



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and the United States of America relating to the modification of concessions with respect to cereals provided for in Schedule CXL annexed to the GATT 1994

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. On 26 July 2002, the Council authorised the Commission to notify the WTO that the European Community intended to modify concessions on items 1001 10 50 (durum wheat), 1001 90 95 (spelt, common wheat and meslin, except spelt for sowing) 1002 00 00 (rye), 1003 00 50 (barley), 1005 (maize, except hybrid seeds), 1007 00 90 (grain sorghum, except hybrids for sowing) included in Schedule CXL of the European Community annexed to GATT. Accordingly, the European Community has notified the WTO on 26 July 2002 of its intention to modify certain concessions in EC Schedule CXL (circulated in G/SECRET/15).
2. Negotiations have been conducted by the Commission in consultation with the 133 Committee and within the framework of the negotiating directives issued by the Council.
3. The Commission has negotiated with the United States of America, the WTO Member having a principal supplying interest in items 1001 90 95 (spelt, common wheat and meslin, except spelt for sowing) and 1003 00 50 (barley), an agreement in the form of an exchange of letters which will lead to the modification of certain concessions in European Communities Schedule CXL.

The exchange of letters was paraphed by the Commission on 12 November 2002.

4. This proposal asks the Council to approve the agreement in the form of an exchange of letters between the European Community and the United States of America.
5. The application of this agreement provides otherwise than certain provisions of Council Regulation (EEC) No 1766/92, which therefore needs to be modified. In order to ensure the application of this agreement from 1 January 2003, this decision enables the Commission to derogate from the provisions concerned for a transitional period, i.e. until the modification has entered into force, but not later than 30 June 2003.

The Commission will present a proposal for the necessary modification to the Council Regulation at the same time.

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and the United States of America relating to the modification of concessions with respect to cereals provided for in Schedule CXL annexed to the GATT 1994

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 Commission¹,

Whereas:

- (1) On 26 July 2002, the Council authorised the Commission to open negotiations under Article XXVIII of the GATT 1994 with a view to modify certain concessions for cereals. Accordingly, the European Community notified the WTO on 26 July 2002 of its intention to modify certain concessions in EC Schedule CXL (circulated in G/SECRET/15).
- (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 negotiated, with the United States of America, the WTO Member having a principal supplying interest, an agreement in the form an exchange of letters.
- (4) The agreement in the form of an exchange of letters between the European Community and the United States of America should therefore be approved.
- (5) In order to ensure that the agreement may be fully applied by 1 January 2003 and pending the amendment of Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals², the Commission should be authorised to adopt temporary derogations from that Regulation

¹ OJ C ..., ..., p. ...

² OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

- (6) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission³,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an exchange of letters between the European Community and the United States of America relating to the modification of concessions with respect to cereals provided for in Schedule CXL annexed to the GATT 1994 is hereby approved on behalf of the Community.

The text of the agreement is attached to this Decision.

Article 2

To the extent necessary to permit the full application of this agreement by 1 January 2003, the Commission may derogate from Regulation (EEC) No 1766/92, in accordance with the procedure referred to in Article 3(2) of this Decision, until that Regulation is amended but at the latest until 30 June 2003.

Article 3

1. The Commission shall be assisted by the Management Committee for Cereals instituted by Article 23 of Regulation (EEC) No 1766/92.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

Article 4

The President of the Council is hereby authorised to designate the person empowered to sign the agreement in order to express the consent of the Community to be bound thereby⁴.

³ OJ L 184, 17.7.1999, p. 23.

⁴ The date of entry into force of the agreement will be published in the Official Journal of the European Communities.

Done at Brussels,

*For the Council
The President*

ANNEX

AGREEMENT

in the form of an exchange of letters between the European Community and the United States of America relating to the modification of concessions with respect to cereals provided for in EC Schedule CXL to the GATT 1994

Letter No 1

Letter from the European Community

Brussels,

Sir,

The European Community (EC) and the United States of America, with respect to the concessions on cereals provided for in EC Schedule CXL to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), agree to the conclusions as outlined below.

Common Wheat

- (1) For item 1001 90 95 (other spelt, common wheat, and meslin), the concessions contained in EC Schedule CXL shall continue to apply to high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125).
- (2) (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96), and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 metric tons.

(b) Within the tariff quota specified in (2)(a) above, 572 000 metric tons shall be allocated to the United States of America. Subject to prior approval by the United States of America, in the event the United States of America is unable to fill its allocation, this allocation may be opened to other countries.

(c) The in-quota tariff rate for the tariff quota specified in (2)(a) above shall be 12 €/metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of July 1, 2002 or the most-favoured-nation rate of duty.
- (3) Once the EC has established the tariff quota as specified in (2) above, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), and meslin under item 1001 90 95 contained in headnote 6 of EC Schedule CXL.

Barley

- (4) (a) For item 1003 00 50 (barley), the EC shall establish a tariff quota of 50 000 metric tons for malting barley (barley intended for the production of malt used for

manufacture of beer aged in vats containing beechwood and with quality criteria as specified in Article 2(3) of Commission Regulation (EC) No 1234/2001 (22 June 2001), OJ No L 168, 12) and a tariff quota for all other barley of 300 000 metric tons.

(b) The in-quota tariff rate for the malting-barley tariff quota specified in (4)(a) above shall be 8 €/metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1003 00 50 (barley) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty. The in-quota tariff rate for the all-other-barley tariff quota specified in (4)(a) above shall be 16 €/metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1003 00 50 (barley) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty.

- (5) Once the EC has established the tariff quotas as specified in (4) above, the EC need not apply the concessions for item 1003 00 50 (barley) contained in headnote 6 of EC Schedule CXL.

General

- (6) The tariff quotas specified in (2) and (4) above shall open on 1 January of each year.
- (7) The tariff quotas specified in (2) and (4) above shall be managed on a first-come, first-served basis.
- (8) Any modification of concessions in EC Schedule CXL pursuant to (3) and/or (5) above shall add the concessions specified in (2), (4), and (6) above to EC Schedule CXL.
- (9) The EC recognises that the United States of America has initial negotiating rights with respect to the concessions contained in headnote 6 of EC Schedule CXL and the concessions specified in (2), (4) and (6) above.
- (10) With respect to the notification of 26 July 2002 by the EC of its intention to modify certain concessions in EC Schedule CXL (circulated in G/SECRET/15), the EC is not modifying concessions contained in EC Schedule CXL on item 10019095 as specified in (1) above and on items 1001 10 50 (durum wheat), 1002 00 00 (rye), ex 1005 (maize, except hybrid seed), and ex 1007 (grain sorghum, except hybrids for sowing) and shall notify the WTO of such.

This agreement shall be approved by the Parties in accordance with their own procedures.

The provisions of this agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.

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

On behalf of the European Community

Letter No 2

Letter from the United States of America

Brussels,

Sir,

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

“The European Community (EC) and the United States of America, with respect to the concessions on cereals provided for in EC Schedule CXL to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), agree to the conclusions as outlined below.

Common Wheat

- (1) For item 1001 90 95 (other spelt, common wheat, and meslin), the concessions contained in EC Schedule CXL shall continue to apply to high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125).
- (2) (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96), and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 metric tons.

(b) Within the tariff quota specified in (2)(a) above, 572 000 metric tons shall be allocated to the United States of America. Subject to prior approval by the United States of America, in the event the United States of America is unable to fill its allocation, this allocation may be opened to other countries.

(c) The in-quota tariff rate for the tariff quota specified in (2)(a) above shall be 12 €/metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of July 1, 2002 or the most-favoured-nation rate of duty.
- (3) Once the EC has established the tariff quota as specified in (2) above, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), and meslin under item 1001 90 95 contained in headnote 6 of EC Schedule CXL.

Barley

- (4) (a) For item 1003 00 50 (barley), the EC shall establish a tariff quota of 50 000 metric tons for malting barley (barley intended for the production of malt used for manufacture of beer aged in vats containing beechwood and with quality criteria as specified in Article 2(3) of Commission Regulation (EC) No 1234/2001 (22 June 2001), OJ No L 168, 12) and a tariff quota for all other barley of 300 000 metric tons.

(b) The in-quota tariff rate for the malting-barley tariff quota specified in (4)(a)

above shall be 8 €metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1003 00 50 (barley) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty. The in-quota tariff rate for the all-other-barley tariff quota specified in (4)(a) above shall be 16 €metric ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1003 00 50 (barley) in EC Schedule CXL as of 1 July 2002 or the most-favoured-nation rate of duty.

- (5) Once the EC has established the tariff quotas as specified in (4) above, the EC need not apply the concessions for item 1003 00 50 (barley) contained in headnote 6 of EC Schedule CXL.

General

- (6) The tariff quotas specified in (2) and (4) above shall open on 1 January of each year.
- (7) The tariff quotas specified in (2) and (4) above shall be managed on a first-come, first-served basis.
- (8) Any modification of concessions in EC Schedule CXL pursuant to (3) and/or (5) above shall add the concessions specified in (2), (4), and (6) above to EC Schedule CXL.
- (9) The EC recognises that the United States of America has initial negotiating rights with respect to the concessions contained in headnote 6 of EC Schedule CXL and the concessions specified in (2), (4) and (6) above.
- (10) With respect to the notification of 26 July 2002 by the EC of its intention to modify certain concessions in EC Schedule CXL (circulated in G/SECRET/15), the EC is not modifying concessions contained in EC Schedule CXL on item 10019095 as specified in (1) above and on items 1001 10 50 (durum wheat), 1002 00 00 (rye), ex 1005 (maize, except hybrid seed), and ex 1007 (grain sorghum, except hybrids for sowing) and shall notify the WTO of such.

This agreement shall be approved by the Parties in accordance with their own procedures.

The provisions of this agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.”

The United States of America has the honour of confirming its agreement with the contents of this letter.

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

On behalf of the United States of America

FINANCIAL STATEMENT

1. BUDGET HEADING: Article 100		APPROPRIATIONS: EUR 1 121.7 Mio		
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 the United States of America relating to the modification of concessions with respect to cereals provided for in Schedule CXL annexed to the GATT.				
3. LEGAL BASIS: Article 133 of the Treaty				
4. AIMS: To modify concessions with respect to certain cereals provided for in Schedule CXL annexed to the GATT.				
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2002 (EUR million)	FOLLOWING FINANCIAL YEAR 2003 (EUR million)	
5.0 EXPENDITURE				
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	-	-	-	
- NATIONAL AUTHORITIES				
- OTHER				
5.1 REVENUE	(1)	-	(1)	
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)				
- NATIONAL				
	2004	2005	2006	2007
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?				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:				
(1) Since the tariff quotas are established for wheat, except for high quality wheat, and barley on the basis of real import quantities and the in-quota tariff rates fixed at the actual level (i.e. before the entry into force of the Agreement), the effect on own resources should be neutral.				

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994

EXPLANATORY MEMORANDUM

1. On 26 July 2002, the Council authorised the Commission to notify the WTO that the European Community intended to modify concessions on items 1001 10 50 (durum wheat), 1001 90 95 (spelt, common wheat and meslin, except spelt for sowing) 1002 00 00 (rye), 1003 00 50 (barley), 1005 (maize, except hybrid seeds), 1007 00 90 (grain sorghum, except hybrids for sowing) included in Schedule CXL of the European Communities annexed to GATT and was prepared to enter into negotiations and consultations with WTO members under Article XXVIII of GATT 1994.
2. Negotiations have been conducted by the Commission in consultation with the 133 Committee and within the framework of the negotiating directives issued by the Council.
3. The Commission has negotiated with Canada, the WTO Member having a substantial supplying interest in item 1001 90 95 (spelt, common wheat and meslin, except spelt for sowing) an agreement in the form of an exchange of letters which will lead to the modification of certain concessions in European Communities Schedule CXL.

The exchange of letters was paraphed by the Commission on 12 November 2002.

4. This proposal asks the Council to approve the agreement in the form of an exchange of letters between the European Community and Canada.
5. The application of this agreement provides otherwise than certain provisions of Council Regulation (EEC) No 1766/92, which therefore needs to be modified. In order to ensure the application of this agreement from 1 January 2003, this decision enables the Commission to derogate from the provisions concerned for a transitional period, i.e. until the modification has entered into force, but not later than 30 June 2003.

The Commission will present a proposal for the necessary modification to the Council Regulation at the same time.

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994

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 Commission⁵,

Whereas:

- (1) On 26 July 2002, the Council authorised the Commission to open negotiations under Article XXVIII of the GATT 1994 with a view to modify certain concessions for cereals. Accordingly, the European Community notified the WTO on 26 July 2002 of its intention to modify certain concessions in EC Schedule CXL (circulated in G/SECRET/15).
- (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 negotiated with Canada, the WTO Member having a substantial supplying interest, an agreement in the form of an exchange of letters.
- (4) The agreement in the form of an exchange of letters between the European Community and Canada should therefore be approved.
- (5) In order to ensure that the agreement may be fully applied by 1 January 2003 and pending the amendment of Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals⁶, the Commission should be authorised to adopt temporary derogations from that Regulation.
- (6) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁷,

⁵ OJ C,, p. ...

⁶ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

⁷ OJ L 184, 17.7.1999, p. 23.

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an exchange of letters between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994 is hereby approved on behalf of the Community.

The text of the agreement is attached to this Decision.

Article 2

To the extent necessary to permit the full application of this agreement by 1 January 2003, the Commission may derogate from Regulation (EEC) No 1766/92, in accordance with the procedure referred to in Article 3(2) of this Decision, until that Regulation is amended but at the latest until 30 June 2003.

Article 3

1. The Commission shall be assisted by the Management Committee for Cereals instituted by Article 23 of Regulation (EEC) No 1766/92.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

Article 4

The President of the Council is hereby authorised to designate the person empowered to sign the agreement in order to express the consent of the Community to be bound thereby⁸.

Done at Brussels,

*For the Council,
The President*

⁸ The date of entry into force of the agreement will be published in the Official Journal of the European Communities.

ANNEX

AGREEMENT

in the form of an exchange of letters between the European Community and Canada pursuant to Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the GATT 1994

Letter No 1

Letter from the European Community

Brussels,

Sir,

Following negotiations between the European Community (EC) and Canada under Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), the EC agrees to the conclusions as outlined below.

- (1) With regard to the EC notification G/SECRET/15 of 26 July 2002, for durum wheat and rye as well as for high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), the concessions contained in the EC Schedule CXL shall continue to apply.
- (2) (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 tons.

(b) Within the tariff quota specified in (2)(a) above, 38 000 tons shall be allocated to Canada. Subject to prior approval by Canada, in the event Canada is unable to fill its allocation, this allocation may be opened to other countries.

(c) The in-quota tariff rate for the tariff quota specified in (2)(a) above shall be 12 €/ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of July 1, 2002 or the most-favoured-nation rate of duty.
- (3) Once the EC has established the tariff quota as specified in (2) above, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No

L 161, 125), and meslin under item 1001 90 95 contained in headnote 6 of EC Schedule CXL.

- (4) The tariff quota specified in (2) above shall open on 1 January of each year.
- (5) The tariff quota specified in (2) above shall be managed on a first-come, first-served basis. Both parties will consult on the other aspects of the management of the quota.
- (6) The EC recognises that Canada has initial negotiating rights with respect to the concessions specified in (1) and (2) above.

This agreement shall be approved by the Parties in accordance with their own procedures.

The provisions of this agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.

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

On behalf of the European Community

Letter No 2

Letter from Canada

Brussels,

Sir,

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

"Following negotiations between the European Community (EC) and Canada under Article XXVIII of GATT 1994 for the modification of concessions with respect to cereals provided for in EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), the EC agrees to the conclusions as outlined below.

- (1) With regard to the EC notification G/SECRET/15 of 26 July 2002, for durum wheat and rye as well as for high quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), the concessions contained in the EC Schedule CXL shall continue to apply.
- (2) (a) For other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), and meslin under item 1001 90 95 (other spelt, common wheat, and meslin), the EC shall establish a tariff quota of 2 981 600 tons.

(b) Within the tariff quota specified in (2)(a) above, 38 000 tons shall be allocated to Canada. Subject to prior approval by Canada, in the event Canada is unable to fill its allocation, this allocation may be opened to other countries.

(c) The in-quota tariff rate for the tariff quota specified in (2)(a) above shall be 12 €/ton, and the out-of-quota tariff rate shall be no higher than the lower of the bound rate of duty for item 1001 90 95 (other spelt, common wheat, and meslin) in EC Schedule CXL as of July 1, 2002 or the most-favoured-nation rate of duty.
- (3) Once the EC has established the tariff quota as specified in (2) above, the EC need not apply the concessions for other spelt, medium and low quality common wheat (as specified in Annex I to Commission Regulation (EC) No 1249/96 (28 June 1996), OJ No L 161, 125), and meslin under item 1001 90 95 contained in headnote 6 of EC Schedule CXL.
- (4) The tariff quota specified in (2) above shall open on 1 January of each year.
- (5) The tariff quota specified in (2) above shall be managed on a first-come, first-served basis. Both parties will consult on the other aspects of the management of the quota.

(6) The EC recognises that Canada has initial negotiating rights with respect to the concessions specified in (1) and (2) above.

This agreement shall be approved by the Parties in accordance with their own procedures.

The provisions of this agreement shall be applicable from 1 January 2003.

I would be grateful if you could confirm the agreement of your Government to the above.”

Canada has the honour of confirming its agreement with the contents of this letter.

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

On behalf of Canada

FINANCIAL STATEMENT

1. BUDGET HEADING: Article 100	APPROPRIATIONS: EUR 1 121.7 Mio			
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 Canada relating to the modification of concessions with respect to cereals provided for in Schedule CXL annexed to the GATT.				
3. LEGAL BASIS: Article 133 of the Treaty				
4. AIMS: To modify concessions with respect to certain cereals provided for in Schedule CXL annexed to the GATT.				
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2002 (EUR million)	FOLLOWING FINANCIAL YEAR 2003 (EUR million)	
5.0 EXPENDITURE				
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	-	-	-	
- NATIONAL AUTHORITIES				
- OTHER				
5.1 REVENUE	(1)	-	(1)	
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)				
- NATIONAL				
	2004	2005	2006	2007
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? 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:				
(1) Since the tariff quotas are established for wheat, except for high quality wheat, on the basis of real import quantities and the in-quota tariff rates fixed at the actual level (i.e. before the entry into force of the Agreement), the effect on own resources should be neutral.				