EU/Brazil and EU/Thailand Agreements: modification of concessions on processed poultry meat

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PURPOSE: to conclude two agreements between the European Union and Brazil and Thailand respectively in order to deal with the problem of potential substitution effects in the import of poultry.

PROPOSED ACT: Council Decision.

BACKGROUND: negotiations under Article XXVIII of GATT 1994 concluded on poultry in 2007 covered tariff lines on poultry meat under heading 0210 as well as one processed poultry line, 1602 32 19 in the EC Schedule CXL: *cooked preparations containing more than 57% of poultry meat.* Limiting the negotiations to the processed poultry line 1602 32 19 was considered to sufficiently prevent potential substitution effects.

Subsequent import data, however, showed a dramatic import surge of processed poultry meat under tariff line 1602 32 30: *preparations containing 25% or more but less than 57% by weight of poultry meat or offal*. This indicated that exporters seemed to take advantage of a relative gap in the EU level of protection, substituting poultry preparations containing more than 57% of poultry meat with preparations containing less than 57%, under tariff line 1602 32 30. Comparable substitution effects were to be expected under other 1602 tariff lines in the future.

In order to comprehensively address these substitution effects affecting the EU poultry industry, the Commission requested from the Council the authorisation to renegotiate the concessions on poultry meat under Chapter 16 of the CN.

The Commission has negotiated with the Federal Republic of Brazil and with the Kingdom of Thailand holding each principal supplying interests and/or substantial interests in various of the tariff lines concerned.

The negotiations have resulted in Agreements in the form of exchanges of letters initialled with Thailand on 22 November 2011 and with Brazil on 7 December 2011. It is necessary to conclude the Agreements.

IMPACT ASSESSMENT: no impact assessment has been undertaken.

LEGAL BASIS: Articles 207(4), first subparagraph and 218(6)(a)(v) TFEU.

CONTENT: following the negotiations opened under Article XXVIII of the GATT 1994 in mid-2009 with Brazil and Thailand, this proposal concerns the conclusion of the Agreements between the European Union and Brazil and Thailand respectively in order to deal with the problem of potential substitution effects in the import of poultry.

BUDGETARY IMPLICATIONS: the financial impact of the Regulation of the European Parliament and of the Council, implementing these Agreements, is indicated in its specific Financial Statement, and can be estimated of a reduction of own resources of an approximated net amount of EUR 1.4 million, after deduction of 25% of collection costs by Member States.