EU/China Agreement: modification of concessions in the schedule of Croatia in the course of its accession to the European Union

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PURPOSE: to conclude an Agreement in the form of an Exchange of Letters between the European Union and China pursuant to the General Agreement on Tariffs and Trade (GATT) 1994 relating to the modification of concessions in the schedule of Croatia in the course of its accession to the European Union.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: with the accession of Croatia, the European Union enlarged its customs union. Consequently, it was required under World Trade Organisation (WTO) rules (Article XXIV:6 of the GATT 1994) to enter into negotiations with WTO Members having negotiating rights related to the tariff schedule of Croatia in order to eventually agree on a compensatory adjustment.

On 15 July 2013, the Council authorised the Commission to open negotiations under Article

XXIV:6 of the GATT 1994. The Commission has negotiated with the Members of the WTO holding negotiating rights, the issue of the withdrawal of specific concessions in relation to the withdrawal of the schedule of Croatia in the course of its accession to the EU.

Negotiations with China resulted in a **draft Agreement in the form of an Exchange of Letters that was initialled on 7 October 2015 in Brussels**. It is now appropriate to conclude the Agreement.

CONTENT: the proposal requires the Council to adopt a decision to **conclude the Agreement in the form of an Exchange of Letters with China.** In parallel, a separate proposal on the signature of the Agreement is also submitted.

Negotiations with China resulted in an Agreement containing the following points:

- an increase of the volumes of the existing quotas allocated to China for **garlic** (increased by 2 150 tonnes) and **mushrooms** (increased by 650 tonnes, net weight);
- a EU tariff reduction of -0.1% for **footwear** classified in tariff line 6404 19 90 (lowering the current bound EU duty of 17 % to 16.9%);
- a EU tariff reduction of -0.2% for **air conditioning machines** classified in tariff line 8415 10 90 (lowering the current bound EU duty of 2.7 % to 2.5%).

It is envisaged that these measures will become effective by the second half of 2016.