EU/Brazil Agreement: modification of concessions in the schedule Croatia in the course of its accession to the EU

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PURPOSE: to conclude an Agreement in the form of an Exchange of Letters between the European Union and Brazil in order to take into account the accession of Croatia to the European Union.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council may adopt the act only with Parliament's approval.

BACKGROUND: with the accession of Croatia, the European Union enlarged its customs union. Consequently, it was required under World Trade Organisation (WTO) rules 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 with respect to the withdrawal of specific concessions in relation to the withdrawal of the schedule of Croatia in the course of its accession to the European Union.

Negotiations with Brazil resulted in a draft Agreement in the form of an Exchange of Letters that was initialled on 12 July 2016 in Geneva.

CONTENT: in this proposal, the Council is asked to adopt a decision relating to the **conclusion of the Agreement in the form of an exchange of letters between the EU and Brazil** pursuant to the General Agreement on Tariffs and Trade1994 relating to the modification of concessions in the schedule of Croatia in the course of its accession to the European Union is approved on behalf of the Union.

The Commission states that the **results of the Agreement** are as follows:

- additional 4 766 tonnes allocated to Brazil under EU tariff rate quota 'Cut of fowls of the species gallus domesticus, frozen', maintaining the present in quota rate of 0%.
- additional 610 tonnes allocated to Brazil under EU tariff rate quota ' Cut of turkey, frozen', maintaining the present in quota rate of 0% ;
- additional 36 000 tonnes under the erga omnes part of the EU tariff rate quota 'Raw cane sugar, for refining', maintaining the present in quota rate of EUR 98 per tonne ;
- additional 78 000 tonnes to the allocation for Brazil under the EU tariff rate quota 'Raw cane sugar, for refining' , maintaining the present in quota rate of EUR 98 per tonne.

As regards the volume of 78 000 tonnes allocated to Brazil under the EU tariff rate quota 'Raw cane sugar, for refining', notwithstanding the bound in quota rate of EUR 98 per tonne, the EU shall autonomously apply:

- during the first six years during which this volume is available, an in quota rate of no more than EUR 11 per tonne, and
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in the seventh year during which this volume is available, an in quota rate of no more than EUR 54 per tonne.

The Commission will adopt implementing regulations to expand and manage the relevant quotas.