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

2016/0307(NLE) - 28/10/2016 - Legislative proposal

PURPOSE: to conclude the Agreement in the form of an Exchange of Letters between the European Union and Brazil pursuant to Article XXIV:6 and Article XXVIII of 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 adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: with the accession of Croatia, the European Union enlarged its customs union. Consequently, the European Union 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 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 which should now be approved on behalf of the European Union.

CONTENT: under this proposal, the Council is asked to adopt a Decision to **conclude the Agreement in the form of an Exchange of Letters with Brazil**. In parallel, a separate proposal on the signature of this Agreement is also being submitted to the Council.

The Commission will adopt implementing Regulations to expand and manage the relevant quotas, pursuant to the Single Common Market Organisation (CMO) Regulation (Regulation (EC) No 1308/2013).

The results of the Agreement are as follows:

- add 4 766 tonnes to the country allocated (Brazil) EU tariff rate quota 'Cut of fowls of the species gallus domesticus, frozen', tariff item numbers 0207.14.10, 0207.14.50 and 0207.14.70, maintaining the present in quota rate of 0%;
- add 610 tonnes to the country allocated (Brazil) EU tariff rate quota ' Cut of turkey, frozen', tariff item numbers 0207.27.10, 0207.27.20 and 0207.27.80, maintaining the present in quota rate of 0%;
- add 36 000 tonnes under the erga omnes part of the EU tariff rate quota 'Raw cane sugar, for refining', tariff item 1701.13.10 and 1701.14.10, maintaining the present in quota rate of EUR 98 per tonne;
- add 78 000 tonnes to the allocation for Brazil under the EU tariff rate quota 'Raw cane sugar, for refining', tariff item 1701.13.10 and 1701.14.10, 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', tariff item 1701.13.10 and 1701.14.10, 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
- in the seventh year during which this volume is available, an in quota rate of no more than EUR 54 per tonne.

These implementation measures are being prepared in parallel to this proposal.

BUDGETARY IMPLICATIONS: this is solely **limited to revenue**. The estimated amounts are **EUR 4.4 million per year**.