EU/China agreement in connection with the WTO dispute settlement proceedings DS492: measures affecting tariff concessions on certain poultry meat products

2018/0281(NLE) - 05/07/2018 - Preparatory document

PURPOSE: to conclude, on behalf of the European Union, the Agreement in the form of an Exchange of Letters between the Union and China in connection with the WTO dispute settlement proceedings: DS492 - measures affecting tariff concessions on certain poultry meat products.

PROPOSED ACT: Council Decision.

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

BACKGROUND: following the WTO panel report adopted on 19 April 2017 in the WTO dispute settlement proceedings DS492 - measures affecting tariff concessions on certain poultry meat products brought by China against the European Union, the EU needed to comply with the findings.

In particular, the panel found that when allocating quantities within tariff rate quotas to supplying countries under WTO rules, the EU should have taken into account as a '**special factor**' China's increased ability to export poultry products to the EU following the relaxation of sanitary measures in July 2008. The reasonable period of time for the implementation of the Panel Report under the WTO rules began on 19 April 2017.

On 12 March 2018, the Council authorised the Commission to open negotiations on a mutually agreed solution with China. Those negotiations were concluded and an agreement in the form of an Exchange of Letters between the European Union and China was initialled on 18 June 2018.

The agreement was signed on behalf of the Union subject to its conclusion at a later date.

It is now necessary to approve the Agreement on behalf of the European Union.

CONTENT: the present proposal calls on the Council to conclude the Agreement in the form of an Exchange of Letters between the European Union and China in relation to DS492 European Union - measures affecting tariff concessions on certain poultry meat products.

The Agreement seeks to open the following tariff rate quotas (TRQ):

- **a TRQ of 6060 tonnes** for the tariff line 1602.3929 (with specific country allocation of 6000 tonnes to China and 60 tonnes to all others), with an in quota duty rate of 10.9%;
- **a TRQ of 660 tonnes** for the tariff line 1602.3985 (with specific country allocation of 600 tonnes to China and 60 tonnes to all others), with an in-quota duty rate of 10.9%;
- **an erga omnes TRQ of 5000 tonnes** for the tariff line 1602.3219, with an inquota duty rate of 8%.

The Commission shall adopt implementing Regulations to expand and manage the relevant quotas. These implementation measures are being prepared in parallel with this proposal. Once the quotas are opened,

the EU and China shall notify the Agreement to the WTO Dispute Settlement Body as a mutually agreed solution in relation to the dispute DS492.

The Commission also needs to provide for transparent and appropriate tariff quota management.

Lastly, the Agreement shall also respect rights of other suppliers, which were agreed in the context of past Article XXVIII GATT negotiations.