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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	3 March 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 94 final
Subject:	Proposal for a COUNCIL DECISION authorising the signature of an Agreement in the form of an Exchange of Letters between the European Union and the Eastern Republic of Uruguay 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 the Republic of Croatia in the course of its accession to the European Union

Delegations will find attached document COM(2016) 94 final.

Encl.: COM(2016) 94 final



EUROPEAN
COMMISSION

Brussels, 3.3.2016
COM(2016) 94 final

2016/0057 (NLE)

Proposal for a

COUNCIL DECISION

**authorising the signature of an Agreement in the form of an Exchange of Letters
between the European Union and the Eastern Republic of Uruguay 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 the Republic of
Croatia in the course of its accession to the European Union**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

With the accession of the Republic 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. Such adjustment is due if the adoption of the EU's external tariff regime results in an increase in tariff beyond the level for which the acceding country has bound itself at the WTO.

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 the Republic of Croatia in the course of its accession to the European Union.

Negotiations with the Eastern Republic of Uruguay resulted in a draft Agreement in the form of an Exchange of Letters that was initialled on 18 December 2015 in Nairobi (the Agreement). Consequently, the European Commission proposes to the Council to authorise the signature of the Agreement.

- **Consistency with existing policy provisions in the policy area**

The proposal is consistent with EU practice followed in previous EU enlargements.

- **Consistency with other Union policies**

The proposal follows EU practice which is consistent with the EU external action and agricultural policies.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 207 of the Treaty on the Functioning of the European Union (TFEU), in conjunction with Article 218(5) of the TFEU for the signature of international agreements.

- **Subsidiarity (for non-exclusive competence)**

The proposal falls under exclusive competence of the Union, Article 3(1)(e) of the Treaty on the Functioning of the European Union. The subsidiarity principle therefore does not apply.

- **Proportionality**

The Eastern Republic of Uruguay was affected by the withdrawal of Croatia's concessions. The compensatory adjustments do not exceed Uruguay's rights in this respect. The proposal complies with the proportionality treatment.

- **Choice of the instrument**

A Decision of the Council authorising the signature of the Agreement is required under Article 218(5) TFEU.

3. STAKEHOLDER CONSULTATIONS

- **Stakeholder consultations**

The Council (Trade Policy Committee) has been regularly consulted on the content and advancement of the negotiations. The European Parliament (INTA Committee) has been informed.

4. BUDGETARY IMPLICATIONS

See Financial Statement.

5. OTHER ELEMENTS

- **Implementation plans**

The Commission proposes to the Council that the Agreement in the form of an Exchange of Letters with the Eastern Republic of Uruguay be signed on behalf of the Union. In parallel, a separate proposal on the conclusion of this Agreement is also being submitted to the Council.

As a result of the Agreement the Commission will adopt an implementing Regulation to extend the following tariff rate quotas, pursuant to Article 187(a) of the Single Common Market Organisation (CMO) Regulation (Regulation (EU) No 1308/2013):

- Add 76 tonnes in the country allocated (Uruguay) EU tariff rate quota 'boneless meat of bovine animals, fresh or chilled; edible offal of bovine animals, thick skirt and thin skirt, fresh or chilled', tariff item numbers ex 0201 30 00 and ex 0206 10 95, maintaining the present in-quota rate of 20%. The new tariff rate quota shall be 4 076 tonnes;
- Add 1 875 tonnes into the EU tariff rate quota 'Meat of bovine animals, frozen – Edible offal of bovine animals, frozen', tariff item numbers 0202 and 0206.29.91, maintaining the present in-quota rate of 20%. The new tariff rate quota shall be 54 875 tonnes.

The relevant implementation measures are being prepared in parallel to this proposal.

Proposal for a

COUNCIL DECISION

authorising the signature of an Agreement in the form of an Exchange of Letters between the European Union and the Eastern Republic of Uruguay 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 the Republic of Croatia in the course of its accession to the European Union

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(4), first subparagraph, in conjunction with Article 218(5) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) On 15 July 2013 the Council authorised the Commission to open negotiations with certain other Members of the World Trade Organization under Article XXIV:6 of the General Agreement on Tariffs and Trade (GATT) 1994, in the course of the accession to the European Union of the Republic of Croatia.
- (2) Negotiations have been conducted by the Commission within the framework of the negotiating directives issued by the Council.
- (3) These negotiations have been concluded and an Agreement in the form of an Exchange of Letters between the European Union and the Eastern Republic of Uruguay pursuant to Article XXIV:6 and Article XXVIII of the GATT 1994 relating to the modification of concessions in the schedule of the Republic of Croatia in the course of its accession to the European Union was initialled on 18 December 2015.
- (4) This Agreement should be signed on behalf of the European Union, subject to its conclusion at a later date,

HAS ADOPTED THIS DECISION:

Article 1

The signing of the Agreement between the European Union and the Eastern Republic of Uruguay pursuant to Article XXIV:6 and Article XXVIII of the GATT 1994 relating to the modification of concessions in the schedule of the Republic of Croatia in the course of its accession to the European Union is hereby approved on behalf of the European Union, subject to the conclusion of the said agreement.

The text of the Agreement is annexed to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Agreement on behalf of the Union.

Article 3

The Decision shall enter into force on the day of its adoption.

This Decision shall be published in the Official Journal of the European Union.

Done at Brussels,

For the Council
The President

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL:

Proposal for a Council Decision authorising the signature of an Agreement in the form of an Exchange of Letters between the European Union and the Eastern Republic of Uruguay 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 the Republic of Croatia in the course of its accession to the European Union

2. BUDGET LINES:

Revenue line: Chapter 12 – Customs duties and other duties

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

☒ Proposal has no financial impact on expenditure but has a financial impact on revenue

☐ Proposal has a financial impact on assigned revenue – the effect is as follows:

(EUR million to one decimal place¹)

Revenue line ²	Year N			Year N+1	
	1.3			1.3	
Situation following action					
Revenue line	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
	1.3	1.3	1.3	1.3	1.3

4. ANTI-FRAUD MEASURES

General anti-fraud measures associated with EU customs and quantitative quota administration will apply.

¹ The amounts per year need to be an estimation based on the formula under section 5 with a footnote indicating it, e.g. "indicative amount based on the agreed formula". For the starting year, the yearly amount is normally paid without a reduction or prorata.

² In the case of traditional own resources (agricultural duties, sugar levies, customs duties), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.

5. OTHER REMARKS

(method/formula used for calculation of revenues): Unit value of average similar trade imports for years 2012-2014 multiplied by the new tariff rate quotas volumes multiplied by the in-quota rate duty (20%) minus 25% deduction for collection costs. For subsequent years, the unit value has been considered as constant.