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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

¹ Document declassified by the European Commission on 29 September 2023.

RESTREINT UE



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 5 November 2004

14249/04

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PROPOSAL

from:	European Commission
dated:	29 October 2004
Subject:	Proposal for a RECOMMENDATION FROM THE COMMISSION TO THE COUNCIL authorising the Commission to enter into negotiations with the Republic of Croatia and the former Yugoslav Republic of Macedonia, respectively, with a view to modifying the Stabilisation and Association Agreements between the European Communities and their Member States, of the one part, and the Republic of Croatia and the former Yugoslav Republic of Macedonia, of the other part

Delegations will find attached a European Commission proposal submitted under a covering letter from Ms Patricia BUGNOT, Director, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: SEC(2004) 1353



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.10.2004
SEC(2004) 1353 final

RESTREINT UE

Proposal for a

RECOMMENDATION FROM THE COMMISSION TO THE COUNCIL

authorising the Commission to enter into negotiations with the Republic of Croatia and the former Yugoslav Republic of Macedonia, respectively, with a view to modifying the Stabilisation and Association Agreements between the European Communities and their Member States, of the one part, and the Republic of Croatia and the former Yugoslav Republic of Macedonia, of the other part

DECLASSIFIED

A. EXPLANATORY MEMORANDUM

1. Under the Stabilisation and Association Agreements between the European Communities and their Member States, of the one part, and the Republic of Croatia² and the former Yugoslav Republic of Macedonia³, of the other part, the Community has granted unlimited duty-free access to the Community market for nearly all agricultural commodities, including sugar. The key aim of these measures is to revitalise these countries economies through a privileged access to the Community market.
2. Steep increases in the levels of sugar imports, in particular from Croatia as well as from Serbia and Montenegro, have raised questions about the economic sustainability of the developments in that sector. Given current market conditions, the trade concessions encourage the Western Balkan countries to export their domestic production of originating sugar to the Community market while supplying domestic consumption from imported sugar (notably cane sugar from Brazil). However, this is not a sound development in the long term.
3. The conclusions of the Thessaloniki Summit highlighted the objective of future Western Balkan accessions to the European Union. In fact, the Commission has recently recommended entering into accession negotiations with Croatia and in March 2004 the former Yugoslav Republic of Macedonia submitted its membership application. To achieve this goal, these countries should rather be on develop their economies on the basis of sustainable development, market integration and alignment with Community structures. In addition, the current incentives for these countries to export domestic production and import for domestic consumption create trade flows for which third countries can seek compensation as and when Croatia and the former Yugoslav Republic of Macedonia join the EU.
4. The modification of the import regime for each of the Western Balkans countries, while allowing the respect of present trade concessions, will prepare their sector for the adjustments needed to perform within a realistic and economically sustainable environment.
5. The Commission considers, therefore, that the Community should enter into negotiations with the Republic of Croatia and the former Yugoslav Republic of Macedonia, in order to amend the existing preferential arrangement for Community imports of sugar from these countries by introducing appropriate tariff quotas.
6. If the SAA with the Republic of Croatia has not entered into force by the time negotiations are concluded, the amendments will be adopted under the Interim Agreement⁴ currently in force. Subsequently, these adjustments would be superseded by similar arrangements in the SAA.

² COM(2001) 371 of 9 July 2001.

³ OJ L 84, 30.3.2004, p. 13.

⁴ OJ L 40, 12.2.2002, p. 9.

7. Alongside this proposal, the Commission is presenting a Council Regulation making similar amendments to Council Regulation (EC) No 2007/2000⁵ which grants exceptional trade measures to the remaining Western Balkan countries under the Stabilisation and Association process.

B. CONCLUSION

In the light of the above, the Commission recommends that:

- the Council authorise the Commission to enter into negotiations with the Republic of Croatia and the former Yugoslav Republic of Macedonia, respectively, in order to propose amendments to the preferential arrangements, with a view to introducing tariff quotas on sugar, in the respective bilateral agreements with Croatia and the former Yugoslav Republic of Macedonia;
- the Commission pursue these negotiations in consultation with a special committee appointed to this effect.

⁵ OJ L 240, 23.9.2000, p. 1. Regulation as last amended by Regulation (EC) No 607/2003 (OJ L 96, 3.4.2003, p. 18).