



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.07.2006
COM(2006) 377 final

2006/0123 (ACC)

Proposal for a

COUNCIL DECISION

on the conclusion of a Protocol amending the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, on tariff quotas for sugar and sugar products originating in Croatia or in the Community

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, (hereinafter referred to as “the SAA”) was signed in Luxembourg on 29 October 2001 and entered into force on 1 February 2005. An Interim Agreement on trade and trade-related matters was applied since January 2002.

On 28 February 2005 the Council authorised the Commission to enter into negotiations with the Republic of Croatia to amend the preferential arrangements as regards imports of sugar originating in the Republic of Croatia into the Community under the SAA, so as to replace the current duty-free access for unlimited quantities with an annual duty-free tariff quota.

On 14 March 2006, the Commission concluded negotiations with Croatia on a duty-free tariff quota for sugar. This new arrangement, applicable from January 2007 will permit Croatia to export sugar to the EC under a tariff quota and replaces the current arrangements under the Stabilisation and Association Agreement.

The new arrangement sets a duty-free tariff quota for EC imports of sugar from Croatia at a level of 180 000 tonnes and incorporates a reciprocal concession to the Community giving preferential access to the Croatian market for 80 000 tonnes of sugar at reduced duty and under some conditions.

Consequently, the Council is asked to approve the appropriate amendments to the SAA in the form of a Protocol amending the SAA.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133, in conjunction with the first sentence of the first subparagraph of Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) On 28 February 2005 the Council authorised the Commission to enter into negotiations with the Republic of Croatia to amend the preferential arrangements as regards imports of sugar originating in Croatia into the Community under the Stabilisation and Association Agreement between the European Communities and their Member States of the one part, and the Republic of Croatia, of the other part¹ (hereinafter referred to as 'the SAA'), approved by Council and Commission Decision 2005/40/EC, Euratom².
- (2) The Commission has finalised negotiations for a Protocol amending the SAA. The said Protocol should therefore be approved.
- (3) The measures necessary for the implementation of that Protocol should be adopted by the Commission according to the same procedure as that provided for as regards the implementation of Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector³,

¹ OJ L 26, 28.1.2005, p. 3.

² OJ L 26, 28.1.2005, p. 1.

³ OJ L 58, 28.2.2006, p. 1.

HAS DECIDED AS FOLLOWS:

Article 1

1. The Protocol amending the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, on tariff quotas for sugar and sugar products originating in Croatia or in the Community (hereinafter referred to as “the Protocol”), is hereby approved on behalf of the Community.
2. The text of the Protocol is attached to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Protocol in order to express the consent of the Community to be bound thereby.

Article 3

The Commission shall adopt the detailed rules for implementing the Protocol in accordance with the procedure as laid down in Article 39 of Regulation (EC) No 318/2006.

Done at Brussels,

For the Council
The President

PROTOCOL

amending the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, on tariff quotas for sugar and sugar products originating in Croatia or in the Community

THE EUROPEAN COMMUNITY, hereinafter referred to as “the Community”,

of the one part, and

THE REPUBLIC OF CROATIA, hereinafter referred to as “Croatia”,

of the other part,

Whereas:

- (1) The Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, (hereinafter referred to as “the SAA”) was signed in Luxembourg on 29 October 2001 and entered into force on 1 February 2005.
- (2) Negotiations have taken place to alter the preferential arrangements in the SAA with regard to sugar and sugar products originating in Croatia or in the Community.
- (3) Appropriate amendments to the SAA should be adopted,

HAVE AGREED AS FOLLOWS:

Article 1

The SAA is amended as follows:

- (1) Article 27 is amended as follows:
 - (a) in paragraph 1, the first subparagraph shall be replaced by the following:

“The Community shall abolish the customs duties and charges having equivalent effect on imports of agricultural products originating in Croatia, other than those of heading Nos 0102, 0201, 0202, 1701, 1702 and 2204 of the Combined Nomenclature.”;
 - (b) the following paragraph 5 is added:

“5. Certain trade arrangements to apply to sugar and sugar products under the headings Nos 1701 and 1702 of the Combined Nomenclature are set out in Annex IV(h).”.
- (2) In Annex IV, the text in the Annex to this Decision is added as Annex IV(h).

- (3) In the table in Annex I to Protocol 3, the following references are deleted:
- "1702 50 00 – Chemically pure fructose",
 - "1702 90 10 – Chemically pure maltose".

Article 2

The Parties shall meet in the second half of 2008 to review the effects of this Protocol.

Article 3

This Protocol shall form an integral part of the SAA.

Article 4

This Protocol shall enter into force on 1 January 2007.

Article 5

This Protocol is drawn up in duplicate in the Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Slovak, Slovene, Spanish, Swedish, and Croatian languages, each of these texts being equally authentic.

Done at Brussels,

For the European Community

For the Republic of Croatia

ANNEX

"ANNEX IV(h)

referred to in Article 27(5)

1. The Community shall apply duty-free access on imports into the Community for products originating in Croatia of headings 1701 and 1702 of the Combined Nomenclature within a limit of an annual quantity of 180 000 tonnes (net weight).
2. Croatia shall apply a reduced duty access on imports into Croatia of products originating in the Community of headings 1701 of the Combined Nomenclature within a limit of an annual quantity of 80 000 tonnes (net weight), to be applied only once imports from Croatia to the Community of headings 1701 and 1702 of the Combined Nomenclature reach 80 000 tonnes (net weight). On this quantity Croatia will reduce duty rates as follows:
 - on 1 January 2007 the duty shall be reduced to 75 % of the basic duty,
 - on 1 January 2008 the duty shall be reduced to 70 % of the basic duty,
 - on 1 January 2009 and onwards the duty shall be reduced to 50 % of the basic duty.
3. The Community undertakes not to pay export refunds from the Community budget for sugar, syrup and certain other sugar products falling under headings 1701 and 1702 of the Combined Nomenclature when exported in natural state to Croatia. Croatia undertakes not to pay export refunds for sugar exports to the Community."

FINANCIAL STATEMENT

1. BUDGET HEADING: 05 02 05 01 – Refunds Chapter 10 – Agricultural Duties		APPROPRIATIONS B2006: €801 Mio €763,5 Mio		
2. TITLE: Council Decision on the conclusion of a Protocol amending the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Croatia, of the other part, on tariff quotas for sugar and sugar products originating in Croatia or in the Community				
3. LEGAL BASIS: Article 133 of the Treaty				
4. AIMS: To amend the preferential arrangements as regards imports of sugar originating in the Republic of Croatia into the Community under the SAA, so as to replace the current duty-free access for unlimited quantities with an annual duty-free tariff quota, and to set that Croatia shall apply a reduced duty access on imports of products originating in the Community.				
5. FINANCIAL IMPLICATIONS (1)	12 MONTH PERIOD	CURRENT FINANCIAL YEAR 2006	FOLLOWING FINANCIAL YEAR 2007	
	(EUR million)	(EUR million)	(EUR million)	
5.0 EXPENDITURE – CHARGED TO THE EC BUDGET (REFUNDS / INTERVENTIONS) – NATIONAL AUTHORITIES – OTHER	–	–	–	
5.1 REVENUE – OWN RESOURCES OF THE EC (LEVIES / CUSTOMS DUTIES) – NATIONAL	–	–	–	
	2008	2009	2010	2011
5.0.1 ESTIMATED EXPENDITURE	–	–	–	–
5.1.1 ESTIMATED REVENUE	–	–	–	–
5.2 METHOD OF CALCULATION: –				
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				YES NO
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				YES NO
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?				YES NO
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?				YES NO
(1) OBSERVATIONS: This arrangement is without new impact on the EU sugar market balance and also without any financial impact as regards the export refunds. On the other hand, regarding agricultural duties, taking into account that the quantity of recent sugar imports from Croatia is lower than the quantity established in the Stabilisation and Association Agreement, for which the duty is set at ‘0’, no financial impact is foreseeable on budgetary income.				