



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.11.2007
COM(2007) 751 final

2007/0263 (ACC)

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and New Zealand pursuant to Article XXVIII of GATT 1994 relating to the modification of the WTO tariff quota for New Zealand butter provided for in the EC Schedule CXL annexed to the GATT 1994

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. In its consultations with New Zealand on the new management system for imports, the Commission indicated that it would seek to introduce a reduction of the in-quota tariff rate and a modification of the butterfat specifications in the EC schedule CXL for agricultural products and negotiate these modifications in accordance with paragraph 6 of the Understanding on the Interpretation of Article XXVIII of the GATT 1994.
2. On 14 May 2007, the Council authorised the Commission to notify the WTO that the European Community intended to modify the WTO tariff quota for New Zealand butter for items 0405 10 11, 0405 10 19 and 0405 10 30 included in Schedule CXL of the European Community annexed to GATT. Accordingly, the European Community has notified the WTO on 3 August 2007 of its intention to modify the WTO tariff quota for New Zealand butter in EC Schedule CXL.
3. Negotiations have been conducted by the Commission in consultation with the Committee established by Article 133 of the Treaty and within the framework of the negotiating directives issued by the Council.
4. The Commission has negotiated an agreement in the form of an exchange of letters with New Zealand.

The exchange of letters was initialled by the Commission on November 2007.

5. This proposal asks the Council to approve the agreement in the form of an exchange of letters between the European Community and New Zealand. Once the Council adopts the present Decision, the Commission will notify the WTO of the necessary changes to the European Community's Schedule CXL.

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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 14 May 2007, the Council authorised the Commission to open negotiations under Article XXVIII of the GATT 1994 with a view to modify the WTO tariff quota for New Zealand butter. Accordingly, the European Community notified the WTO on 3 August 2007 of its intention to modify the WTO tariff quota for New Zealand butter in the EC Schedule CXL.
- (2) Negotiations have been conducted by the Commission in consultation with the Committee established by Article 133 of the Treaty and within the framework of the negotiating directives issued by the Council.
- (3) The Commission has successfully negotiated an agreement with New Zealand. The agreement in the form of an exchange of letters between the European Community and New Zealand should therefore be approved,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an exchange of letters between the European Community and New Zealand pursuant to Article XXVIII of the GATT 1994 relating to the modification of the WTO tariff quota for New Zealand butter provided for in Schedule CXL annexed to the GATT 1994 is hereby approved on behalf of the Community.

The text of the agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person empowered to sign the agreement in order to express the consent of the Community to be bound thereby¹.

Article 3

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

Done at Brussels,

*For the Council
The President*

¹ The date of entry into force of the agreement will be published in the *Official Journal of the European Communities*.

ANNEX

AGREEMENT

in the form of an exchange of letters between the European Community and New Zealand pursuant to Article XXVIII of the GATT 1994 relating to the modification of the WTO tariff quota for New Zealand butter provided for in EC Schedule CXL annexed to the GATT 1994

Letter No 1

Letter from the European Community

Brussels,

Sir,

Following negotiations between the European Community (EC) and New Zealand under Article XXVIII of GATT 1994 for the modification of the WTO tariff quota for New Zealand butter provided for in EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), the EC agrees to the conclusions as outlined below.

Final provisions for the WTO tariff quota for New Zealand butter

The tariff quota shall apply to butter of New Zealand origin for the following tariff items:

CN code	Description
ex 0405 10 11 ex 0405 10 19	Butter, at least six weeks old, of a fat content by weight of not less than 80% but less than 85% manufactured directly from milk or cream without the use of stored materials, in a single, self-contained and uninterrupted process
ex 0405 10 30	Butter, at least six weeks old, of a fat content by weight of not less than 80% but less than 85%, manufactured directly from milk or cream without the use of stored materials, in a single, self-contained and uninterrupted process which may involve the cream passing through a stage where the butterfat is concentrated and/or fractionated (the processes referred to as "Ammix" and "Spreadable")

The in-quota tariff rate shall be €70/100 kg.

The quota quantity shall be 74 693 tonnes.

Qualification for the quota is subject to conditions laid down in the relevant Community provisions.

General

The provisions of this Agreement shall be applicable from 1 January 2008.

I would be grateful if you could confirm the agreement of your Government to the above.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the European Community

Letter No 2
Letter from New Zealand

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of today's date, worded as follows:

"Following negotiations between the European Community (EC) and New Zealand under Article XXVIII of GATT 1994 for the modification of the WTO tariff quota for New Zealand butter provided for in EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), the EC agrees to the conclusions as outlined below.

Final provisions for the WTO tariff quota for New Zealand butter

The tariff quota shall apply to butter of New Zealand origin for the following tariff items:

CN code	Description
ex 0405 10 11 ex 0405 10 19	Butter, at least six weeks old, of a fat content by weight of not less than 80% but less than 85% manufactured directly from milk or cream without the use of stored materials, in a single, self-contained and uninterrupted process
ex 0405 10 30	Butter, at least six weeks old, of a fat content by weight of not less than 80% but less than 85%, manufactured directly from milk or cream without the use of stored materials, in a single, self-contained and uninterrupted process which may involve the cream passing through a stage where the butterfat is concentrated and/or fractionated (the processes referred to as "Ammix" and "Spreadable")

The in-quota tariff rate shall be €70/100 kg.

The quota quantity shall be 74 693 tonnes.

Qualification for the quota is subject to conditions laid down in the relevant Community provisions.

General

The provisions of this Agreement shall be applicable from 1 January 2008.

I would be grateful if you could confirm the agreement of your Government to the above."

New Zealand has the honour of confirming its agreement with the contents of this letter

Please accept, Sir, the assurance of my highest consideration.

On behalf of New Zealand

FINANCIAL STATEMENT

FINANCIAL STATEMENT				
1.	BUDGET HEADING: 05 02 12 – Milk and milk products Chapter 10 – Article 1000: Agricultural duties	PDB 2008: €406.0 Mio €1 683.2 Mio		
2.	TITLE: Proposal for a Council Decision on the conclusion of an Agreement in the form of an exchange of letters between the European Community and New Zealand pursuant to Article XXVIII of GATT 1994 relating to the modification of the WTO tariff quota for New Zealand butter provided for in the EC Schedule CXL annexed to the GATT 1994			
3.	LEGAL BASIS: Article 133 of the Treaty			
4.	AIMS: To modify the WTO tariff quota for New Zealand butter by introducing a reduction of the in-quota tariff rate and a modification of the butterfat specifications in the EC Schedule CXL for agricultural products.			
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR (EUR million)	FOLLOWING FINANCIAL YEAR (EUR million)
5.0	EXPENDITURE	–	–	–
	– CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)			
	– NATIONAL AUTHORITIES			
	– OTHER			
5.1	REVENUE	–€11.2 Mio starting from 2008	–	
	– OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
	– NATIONAL			
5.0.1	ESTIMATED EXPENDITURE	–	–	–
5.1.1	ESTIMATED REVENUE			
5.2	METHOD OF CALCULATION: (1)			
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	
OBSERVATIONS:				
It could be estimated that the measure implies a loss of a net amount of approximately €11.2 Mio.				
(1)	Current situation: 77 402 t x €86.88/100 kg = €67.25 Mio Proposal Council decision: 74 693 t x €70.0/100 kg = €52.29 Mio Loss of income: €14.96 * 75% = €11.22 Mio (net amount after deduction of 25% collection costs).			