



Plenary sitting

A8-0231/2016

15.7.2016

RECOMMENDATION

on the draft Council decision on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union and the People's Republic of China 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
(15561/2015 – C8-0158/2016 – 2015/0298(NLE))

Committee on International Trade

Rapporteur: Iuliu Winkler

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the draft Council decision on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union and the People's Republic of China 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 (15561/2015 – C8-0158/2016 – 2015/0298(NLE))

(Consent)

The European Parliament,

- having regard to the draft Council decision (15561/2015),
 - having regard to Agreement in the form of an Exchange of Letters between the European Union and the People's Republic of China 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 schedules of the Republic of Croatia in the course of their accession to the European Union (15562/2015),
 - having regard to the request for consent submitted by the Council in accordance with Article 207(4), first paragraph, and Article 218(6), second subparagraph, point (a)(v), of the Treaty on the Functioning of the European Union (C8-0158/2016),
 - having regard to Rule 99(1), first and third subparagraphs, Rule 99(2), and Rule 108(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade (A8-0231/2016),
1. Gives its consent to conclusion of the agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the People's Republic of China.

SHORT JUSTIFICATION

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.

The Commission proposes to the Council that the Agreement in the form of an Exchange of Letters with the People's Republic of China 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.

The results of the Agreement will have to be incorporated, for industrial goods, into Annex I of Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff by means of a Commission implementing regulation amending the Annex, on the basis of Article 9 of Regulation, to reduce the conventional rate of duty fixed in the Common Customs Tariff as follows:

- On tariff line 6404 19 90 (footwear with outer soles of rubbers or plastics - other) lower the current bound EU duty of 17 % to 16,9%
- On tariff line 8415 10 90 (window or wall air conditioning machines "split-system") lower the current bound EU duty of 2,7 % to 2,5%.

For the agriculture quota increases, the Commission will adopt an implementing Regulation to open and administer the following quotas, pursuant to Article 187(a) of the Single Common Market Organisation (CMO) Regulation (Regulation (EU) No 1308/2013):

- On tariff line 0703 20 00 add 2 150 tonnes to the allocation for People's Republic of China under the EU tariff rate quota for garlic, maintaining the present in-quota rate of 9.6%.
- Add 650 tonnes to the allocation for People's Republic of China under the EU tariff rate quota for mushroom of species *agaricus*, prepared, preserved or provisionally preserved; maintaining the present in-quota rates.

Observations from the rapporteur

Your rapporteur welcomes the Agreement with the People's Republic of China and believes the European Parliament should give its consent. The People's Republic of China has the right to have its previous trading rights restored, following its slight erosion due to the enlargement

of the EU customs union with Croatian EU accession.

Article XXIV: 4 GATT rightly underlines that ...'the purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories'. This compensatory Agreement can therefore be seen as yet another sign of the EU's attachment to the multilateral rules-based trading regime, with the WTO at its centre.

The Commission has rightly chosen (1) the increase of tariff rate quotas, and (2) lowering the current bound tariff rates as the instruments of compensation for Chinese products involved as the way of compensating losses.

The **Committee on Foreign Affairs** has delivered its opinion in the form of a letter, and is of the overall opinion that the proposal to conclude the Agreement should be given consent, as the Agreement includes proportionate modifications to the concessions and is consistent with earlier practice and WTO framework, and has taken note of the Commission reports stating that the relevant compensatory adjustments to China are proportionate and do not exceed China's rights as affected by the withdrawal of Croatia's concessions to China.

ANNEXE: LETTER OF THE COMMITTEE ON FOREIGN AFFAIRS

Mr Bernd Lange

Chair

Committee on International Trade

Ref.: D(2016)19080

Subject: Proposal for a Council Decision on the conclusion of the Agreement between the European Union and the People's Republic of China pursuant the provisions of the General Agreement on Tariffs and Trade (GATT) 1994 and relating to the modification of concessions in relation to the accession of Croatia to the European Union (2015/0298 (NLE))

Dear colleague,

I refer to the Commission's proposal of 16 December 2015 for a Council decision to conclude the Agreement between the Union and China on the modification of tariff and quota concessions in relation to the accession of Croatia to the Union.

The proposed Agreement follows a negotiated draft agreement in the form of an Exchange of Letters which was initialled in Brussels on 7 October 2015. I take note that the proposal is consistent with EU practice followed in previous enlargements as well as in compliance with the General Agreement on Tariffs and Trade (GATT). I also take note of the Commission reports stating that the relevant compensatory adjustments to China are proportionate and do not exceed China's rights as affected by the withdrawal of Croatia's concessions to China.

The Committee on Foreign Affairs is of the overall opinion that the proposal to conclude the Agreement should be given consent, as the Agreement includes proportionate modifications to the concessions and is consistent with earlier practise and WTO framework.

I trust that your committee will complete the evaluation of the proposal and will share our positive assessment.

Yours sincerely,

Elmar Brok

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Agreement between the EU and China relating to the modification of concessions in the schedule of the Republic of Croatia in the course of its accession to the EU	
References	15561/2015 – C8-0158/2016 – COM(2015)0654 – 2015/0298(NLE)	
Date of consultation / request for consent	27.4.2016	
Committee responsible Date announced in plenary	INTA 9.5.2016	
Committees asked for opinions Date announced in plenary	AFET 9.5.2016	
Not delivering opinions Date of decision	AFET 15.3.2016	
Rapporteurs Date appointed	Iuliu Winkler 25.1.2016	
Discussed in committee	4.4.2016	15.6.2016
Date adopted	14.7.2016	
Result of final vote	+: 31 –: 2 0: 0	
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikiienė, Maria Arena, Karoline Graswander-Hainz, Yannick Jadot, Ska Keller, Jude Kirton-Darling, Alexander Graf Lambsdorff, Bernd Lange, Emmanuel Maurel, Anne-Marie Mineur, Sorin Moisă, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Iuliu Winkler, Jan Zahradil	
Substitutes present for the final vote	Reimer Böge, Victor Boștinăru, Klaus Buchner, Seán Kelly, Gabriel Mato, Bolesław G. Piecha, Pedro Silva Pereira, Ramon Tremosa i Balcells, Wim van de Camp, Jarosław Wałęsa, Pablo Zalba Bidegain	
Substitutes under Rule 200(2) present for the final vote	Mara Bizzotto, Jozo Radoš, Dariusz Rosati, Paul Rübig, Mylène Troszczynski	
Date tabled	15.7.2016	