

## AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

between the European Community and the Kingdom of Thailand under Article XXVIII of GATT 1994 for the modification of concessions with respect to rice provided for in the EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994)

### A. Letter from the European Community

Sir,

Following negotiations between the European Community (EC) and the Kingdom of Thailand (Thailand) under Article XXVIII of GATT 1994 for the modification of concessions with respect to rice provided for in the EC Schedule CXL annexed to the *General Agreement on Tariffs and Trade 1994* (GATT 1994), the EC and Thailand agree to the conclusions as outlined below.

1. The bound rates of duty for husked rice (HS subheading 1006 20), for semi-milled and milled rice (HS subheading 1006 30) and for broken rice (HS subheading 1006 40) shall be respectively 65 €/t, 175 €/t and 128 €/t.
2. The EC shall apply a rate of duty for semi-milled and milled rice (HS subheading 1006 30) in accordance with Paragraphs 3 to 6.
3. The Annual Reference Import Level shall be calculated as the average volume of total semi-milled and milled rice imports entering the EC-25 from all origins in the marketing years (from 1 September to 31 August) 2001/2002-2003/04 plus 10% (i.e. 337,168 tonnes).
4. Six-Month Reference Import Level: In each marketing year, a six-month reference import level shall be calculated as 47 percent of the annual reference import level calculated in Paragraph 3 above (i.e. 158,469 tonnes).
5. Mid-Year Adjustment to Applied Tariff Rate: Within 10 days after the end of the first six months of each marketing year, the EC shall review and, if necessary, adjust the applied tariff rate as follows:
  - (a) If actual semi-milled and milled rice imports for the just-completed six-month period are more than 15 percent *above* the six-month reference import level for that period, as calculated under Paragraph 4 above (i.e. more than 182,239 tonnes), the EC shall apply a tariff rate of 175 Euro/t.
  - (b) If actual semi-milled and milled rice imports for the just-completed six-month period are less than or equal to the six-month reference import level for that period, as calculated under Paragraph 4 above, increased by 15 per cent (i.e. less than or equal to 182,239 tonnes), the EC shall apply a tariff rate of 145 Euro/t.

For purposes of (a) and (b) above, actual semi-milled and milled rice imports are all imports entering the EC-25 from all origins under the HS subheading 1006 30.

6. End-of-Year Adjustment to Applied Tariff Rate: Within 10 days after the end of the marketing year, the EC shall review and, if necessary, adjust the applied tariff rate as follows:

- (a) If actual semi-milled and milled rice imports for the just-completed marketing year are more than 15 percent *above* the annual reference import level for that 12-month period, as calculated under Paragraph 3 above (i.e. more than 387,743 tonnes), the EC shall apply a tariff rate of 175 Euro/t.
- (b) If actual semi-milled and milled rice imports for the just-completed marketing year are less than or equal to the annual reference import level for that 12-month period, as calculated under Paragraph 3 above, increased by 15 per cent (i.e. less than or equal to 387,743 tonnes), the EC shall apply a tariff rate of 145 Euro/t.

For purposes of (a) and (b) above, actual semi-milled and milled rice imports are all imports entering the EC-25 from all origins under the HS subheading 1006 30.

7. TRQ: The EC shall open a new annual TRQ of 13,500 tonnes of semi-milled and milled rice of which 4,313 tonnes shall be allocated to Thailand. The in-quota rate shall be zero.

8. Broken rice: For rice with HS subheading 1006 40, the EC shall apply an import duty of 65 €/ton.

9. The volume of the current TRQ of broken rice shall be increased to 100,000 tonnes. The in-quota duty shall be equal to the duty of paragraph 8 above less 30.77 per cent.

10. Data: The calculation of the annual and six-month actual import levels under Paragraphs 5 and 6 above shall be determined using EC rice imports license data. The EC shall publish these data on the internet on a weekly basis.

11. Transparency: The EC shall promptly provide public notice of any adjustment in the applied tariff rate.

12. Consultation: At the request of either party, the parties shall, within 30 days of the receipt of such a request, enter into consultations on matters covered by this agreement.

13. The provisions of this agreement shall be applicable as from September 1, 2005.

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*