



P R E S S R E L E A S E

European Union Delegation of the European Commission to the Republic of Croatia

Zagreb, 21.12.2004.

PRESS RELEASE

The Stabilisation and Association Agreement with Croatia will enter into force on 1st February 2005.

- **Today Mr Cees VEERMAN, Dutch Minister of Agriculture Nature and Food, as President-in-office of the Council and Mr Olli REHN, Member of the Commission in charge of Enlargement, together with, and Mr Petar COBANKOVIĆ, Croatian Minister of Agriculture, Forestry and Water Management, signed the Enlargement Protocol the Stabilisation and Association Agreement (SAA) with Croatia. The Parties also notified each other that the ratification procedure for the SAA has been concluded. Therefore the SAA will enter into force on 1 February 2005.**

The Stabilisation and Association Agreement (SAA) with Croatia was signed on 29 October 2001. An Interim Agreement on trade and trade-related provisions in force since 1 March 2002. The SAA is an essential cornerstone of the EU's Stabilisation and Association Process with the region.¹ The SAA is the first comprehensive Agreement between the EU and Croatia and covers areas such as:

- Political dialogue;
- Regional cooperation;
- The four freedoms, with the creation of a free trade area by 2007;
- Approximation of Croatian legislation to the Community *acquis*, including precise rules in the fields of competition, intellectual property rights and public procurement;
- Wide-ranging cooperation in all areas of Community policies, including in the area of justice and home affairs.

The full implementation of the SAA will help Croatia in its preparations for EU-membership. Conversely, progress in the accession negotiations will also be dependent on Croatia's fulfilment of its commitments under the SAA. The Commission will continue to help Croatia in the implementation of the Agreement with technical advice and financial assistance.

¹, Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia and Montenegro (including Kosovo as defined by UNSC 1244).



A new set of joint bodies will be established, at ministerial level (Stabilisation and Association Council), at high officials level (Stabilisation and Association Committee) and at technical level (Subcommittees).

An Enlargement Protocol to the SAA had to be negotiated in order to take account of the accession of 10 new Member States to the EU on 1 May 2004. Via this Enlargement Protocol, the new Member States become party to the SAA. Also, the Enlargement Protocol adapts the trade provisions of the SAA, mainly by increasing the volume of tariff quotas. Croatia thereby profits from higher quotas for fisheries and wine products.

Background on relations between the EU and Croatia:

Croatia applied for EU membership in February 2003. In April 2004, the European Commission issued a positive opinion ('avis') on this application and recommended the opening of accession negotiations. This recommendation was endorsed by the June 2004 European Council who decided that Croatia is a candidate country and that the accession process should be launched. The December 2004 European Council requested the Council to agree on a negotiating framework with a view to opening the accession negotiations with Croatia on 17 March 2005 provided that there is full cooperation with ICTY.

Background on the trade provisions of the SAA:

The trade provisions of the SAA are asymmetrically in favour of Croatia. This means that the EU has granted Croatia unlimited duty free access to the market of the enlarged Union for virtually all products. This is important for Croatian exporters as about 70% of Croatia's trade is with the enlarged Union. The only exceptions are baby-beef, fisheries and wine products for which tariff quotas remain. On the Croatian side, tariffs for industrial products will be phased out until 2007. Also tariffs for agricultural products are reduced but remain for a number of sensitive products.

The Enlargement Protocol does not change this pattern. It was a technical exercise which increased remaining tariff quotas in order to take into account traditional trade between Croatia and the new Member States. The quotas for fisheries and wine products from Croatia have thus been increased providing new export opportunities for Croatia.

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