

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(74) 1841 final

Brussels, 13 November 1974

## COMMISSION COMMUNICATION TO THE COUNCIL

Consultations with Spain, under Article XIX of GATT,  
on the subject of certain cheeses

Recommendation for Council Regulation on the  
conclusion of an agreement with Spain  
on the subject of certain cheeses

(submitted to the Council by the Commission)

COM(74) 1841 final

COMMISSION COMMUNICATION TO THE COUNCIL

Consultations with Spain, under Article XIX of GATT, on the subject of certain cheeses.

The Commission hereby presents to the Council :

1. A report on the consultations which it has held with Spain (Annex I).
2. A recommendation for a Council regulation on the conclusion of the Agreement negotiated with Spain following the consultations (Annex II).

The Commission recommends that the Council conclude this Agreement.

REPORTResults of the consultations between Spain and the EEC on the subject of certain cheeses

1. At Spain's request, consultations were held on 10 and 11 June 1974 and on 1 and 2 July 1974 in Geneva under Article 8 of the Agreement concluded on 5 June 1970 between the EEC and Spain.

Spain made requests for the following :

- (a) An across-the-board increase in the threshold prices of :
- 20 pesetas per kg (27 u.a. per 100 kg) for processed cheeses;
  - 25 pesetas per kg (31 u.a. per 100 kg) for other cheeses;

and a proportional increase in the specific customs duties and the prices to be observed free at Spanish frontier.

As grounds for this request the Spanish Delegation cited the average increase in the price of milk of more than 16 % since 1972 (date of the last adjustment) and the appreciable increase in processing costs, wages, and energy and transport costs over the last few years.

- (b) The introduction of a threshold price for blue-veined cheese, to be written into the Agreement, at the threshold price level laid down for the group comprising Edam, Gouda, etc.

The Spanish Delegation maintained that this was necessary in view of the sizeable increase in recent months of imports of cheeses from certain third countries at very low prices. The Spanish Delegation took the view that to extend the arrangements adopted for the other cheeses dealt with in the Agreement to include this class of cheeses would be the most appropriate way of avoiding disturbances of the internal market.

2. The Commission Delegation took this opportunity of reminding the Spanish Delegation of the importance which the Community attached to finding solutions to a number of problems resulting from the implementation of the said agreement, particularly in connection with the following :

.../..

- (a) The recognition, by the Spanish authorities, of the bodies issuing the certificates for the new Member States.

For goods to be admitted into Spain at the fixed regulatory duty, a certificate issued by an approved body must be presented to the Spanish customs. Since the accession of the new Member States, the relevant bodies in those States have not yet been recognized in respect of the cheeses listed in the Agreement.

- (b) The conversion of the 45 % ad valorem duty into a specific duty not exceeding 45 % of the price to be observed free at Spanish frontier before customs clearance, for cheeses in the group comprising Edam, Gouda, etc., which come under the Spanish Customs Tariff subheading N° 04.04 G I b) 3. The Community exports to Spain cheeses of this type which have undergone a long maturing process and which are therefore much more expensive than the cheeses for which the minimum price is provided.

- (c) Inclusion of cheeses from the new Member States, i.e.: "Danablu", "Mycella" and "Blue Stilton" under subheading 04.04 C 2 of the Spanish Customs Tariff, which will thus entitle them to the special treatment given by Spain to imports of cheeses from the Community.

### 3. Result of the consultations

After the Management Committee for Milk and Milk Products had carried out a technical examination and voted, on 27 June 1974, to reduce the export refunds in order to comply with the new free-at-Spanish-frontier prices, the Article 113 Committee declared itself to be in favour of concluding the Agreement.

The two Delegations have therefore reached agreement on the following points (which they have recorded in approved minutes - see Annex I (a)) :

- (a) The new threshold prices, customs duties and prices to be observed free at Spanish frontier (see Annex I (c)).

However, opinions still differ as to how the Agreement should be interpreted with regard to revising the principles involved in the specific customs duties in line with the increase in the threshold price. The positions adopted by the two delegations are recorded in the approved minutes.

.../..

- (b) The introduction of threshold prices for the blue-veined cheeses of heading 04.04 C 2 of the Spanish Customs Tariff (threshold price : 16 900.82 pesetas/100 kg; price to be observed free at Spanish frontier before customs clearance : 10 149 pesetas/100 kg) and inclusion of Danablu, Mycella and Blue Stilton cheeses under this subheading.
- (c) The customs duty applicable to cheeses of the group comprising Edam, Gouda, etc. will be modified to a specific duty which will not exceed 45 % of the price to be observed free at Spanish frontier before customs clearance.
- (d) The Spanish Government will recognize, as soon as possible, the official Danish, Irish and United Kingdom bodies which will be entitled to issue certificates in accordance with the provisions of the Agreement.

#### 4. Outstanding problems

The two delegations reiterated the following requests :

- The Commission Delegation requested that the Spanish Customs Tariff be amended as follows :
  - i) Saint-Marcellin : to be added to the list of cheeses of subheading 04.04 G I b) 4;
  - ii) Other camembert-type cheeses (for example, the following trade marks : Caprice des Dieux, Suprême des Ducs, Petit Pâtre, Crème des Prés, Coeur de Normandie, etc.) : a definition to be inserted enabling these cheeses to be included under heading 04.04 G I b) 4.
- The Spanish Delegation requested that the EEC amend the Common Customs Tariff as follows :

Addition to CCT heading 04.04 E I b) of a special subheading for "manchego" cheese exempt from any levy or subject to a reduced levy.

The two Delegations agreed to give sympathetic consideration to these problems in order to find solutions as soon as possible.

.../..

5. Commission Recommendation

The Commission recommends that the Council conclude, under Article 113 of the Treaty, an exchange of letters of which drafts are given in Annex I (b) and I (c). These drafts fully reflect the points of agreement noted in the minutes approved by the two Delegations following the consultations. To this end, the Commission presents the draft regulation set out in Annex II.

(in Ptas/100 kg)

Spanish Customs Tariff N°	Product	Threshold price	Customs duty	Price free at Spanish frontier
04.04				
A1 a1	Whole Emmentaler cheeses	17.533,29	3.500	11.700
A1 a2	Whole Emmentaler cheeses	18.386,24	2.800	13.100
A1 b1	Emmentaler pieces	18.789,42	3.430	12.850
A1 b2	Emmentaler pieces	19.667,34	2.700	14.300
A1 c1	Emmentaler pieces	19.509,94	3.400	13.500
A1 c2	Emmentaler pieces	20.478,81	2.700	15.000
A2	Emmentaler, other	17.545,43	45 %	(1)
G2	<u>Blue-veined cheeses</u>	16.900,82	45 %	10.144
D1 a and b	Processed Emmentaler cheese	16.909,66	3.460	11.200
D1 c	Processes Emmentaler cheese	17.284,51	3.590	11.400
D2 a	Other processed cheese	16.114,65	45 %	9.669
D2 b	Other processed cheese	16.518,2	45 %	9.913
D2 c	Other processed cheese	16.912,61	45 %	10.151
D3	Other processed cheese	19.672,00	45 %	(1)
G1 a2	Other (except Parmesan)	18.897,80	45 %	(1)
G1 b1	Cheddar	17.200,00	45 %	10.325
G1 b1	Processed Cheddar	15.741,00	45 %	9.443
G1 b3	Edam (erga omnes)	16.900,82	(2)45 %	10.144
G1 b3	Edam (EEC)	16.270,82	(3)45 %	9.763
G1 b4	Soft cheese	-	45 %	-
G1 b5	Other	19.119,83	45 %	(1)
G1 c2	Fresh cheese	19.119,83	45 %	(1)
G2	Other	19.119,83	45 %	(1)

(1) Variable regulatory duty

(2) Specific duty of 4.565 Ptas/100 kg

(3) Specific duty of 4.393 Ptas/100 kg

## ANNEX I (a)

APPROVED MINUTES

Following consultations which were entered into at the request of the Spanish Delegation under the Agreement of 5 June 1970 between Spain and the EEC, the Spanish and EEC Delegations reached agreement on the following points, subject to the approval of their respective authorities.

1. Alteration of the threshold price applied by Spain to imports of cheeses

The alterations approved by the two Delegations are annexed hereto.

The Community considered that its acceptance of the specific customs duties being raised in line with the increase in the threshold price would in no way prejudice the Agreement being interpreted to include a revision of the principles involved in the specific customs duties laid down in the Agreement.

The Spanish Delegation stated that the Spanish authorities might alter the specific duties if the latter expressed as a percentage of the free-at-Spanish frontier price before customs clearance, did not exceed the percentages which resulted from the Agreement of 5 June 1970.

2. Blue-veined cheese

Subheading 04.04 C 2 of the Spanish Customs Tariff was, once the regulation had been passed, to be amended as follows :

	regulatory duty pesetas per 100 kg/net Weight	Customs duty	Threshold price pesetas per 100 kg/net weight
04.04 C : Blue-veined cheese			
2 : - Gorgonzola, Bleu des Causses, Bleu d'Auvergne, Bleu de Bresse, Fourme d'Ambert, Saingorlon, Edelpilzkäse, Bleu-fort, Bleu de Gex, Bleu du Jura et de Septmoncel, Danablu, Mycel-la et Blue Stilton, which fulfil the conditions stipulated in Note 1	100	45 %	16 900.82



The price to be observed free at Spanish frontier before customs clearance was to be fixed at 10 144 pesetas/100 kg.

Acceptance by the Community of a threshold price being introduced for blue-veined cheeses of subheading 04.04 C 2 of the Spanish Customs Tariff would be conditional upon the cheeses Danablu, Mycella and Blue Stilton being included under this subheading. Pending completion of the necessary administrative formalities, the Community stated that it was prepared to apply the corresponding free-at-frontier price unilaterally. The reciprocal commitments included under points 1 and 2 were to enter into force on 10 July 1974 subject to these threshold prices being applied to all countries.

3. Cheeses of the group comprizing Edam, Gouda, etc.

The customs duty applicable to the products of subheading 04.04 G I b 3 of the Spanish Customs Tariff were to be amended, once the regulation had been passed, so as not to exceed 45 % of the price to be observed free at Spanish frontier before customs clearance.

The commitments to be intered into under points 1, 2 and 3 were to be the subject of appropriate exchange of letters.

4. The relevant authorities were to inform the Spanish Delegation of the official Danish, Irish and United Kingdom bodies which were to be entitled to issue certificates in accordance with the provisions of the EEC/Spain Agreement of 5 June 1970. The Spanish Government was to recognize the said bodies as soon as possible.

However, recognition would not be extended to cheeses imported under preferential arrangements (Edam, Gouda and similar cheeses of subheading 04.04 G I b 3).

The Spanish Authorities were to make every effort to complete as soon as possible the procedures enabling points 3 and 4 to be applied.

.../..

5. Outstanding problems

The two Delegations reiterated the following requests :

The Commission Delegation requested that the Spanish Customs Tariff be amended as follows :

i) Saint-Marcellin : to be added to the list of cheeses of sub-heading 04.04 G I b) 4.

ii) Other camembert-type cheeses (for example, the following trade marks : Caprice des Dieux, Suprême des Ducs, Petit Pâtre, Crème des Prés, Coeur de Normandie, etc.) : a definition to be inserted enabling these cheeses to be included under heading 04.04 G I b) 4.

The Spanish Delegation requested that the EEC amend the Common Customs Tariff as follows :

Addition to CCT heading 04.04 E I b) of a special subheading for "manchego" cheese exempt from any levy or subject to a reduced levy.

The two delegations agreed to give sympathetic consideration to these problems in order to find solutions as soon as possible.

Geneva, 2 July 1974

Head of the Delegation of the Commission  
of the European Communities

Head of the Spanish  
Delegation

Annex I (b)

Geneve

Sir,

With reference to the exchange of letters, initialled today by our Delegations, on the threshold and free-at-frontier prices to be observed for certain cheeses, I note that, with regard to tariff subheading 04.04 G I b 3 (Edam, Gouda, etc. ...), the preferential margin which separates the threshold price applicable to the Community has not been amended and remains at 630 Ptas/100 kg. The corresponding free-at-Spanish-frontier price to be observed by the Community is therefore fixed at 9.763 pesetas/100 kg.

I should be obliged if you would kindly confirm that you are in agreement with the above.

Head of the Delegation of the  
Commission of the European  
Communities

Mr Francisco Botella  
Head of the Spanish Delegation

Annex I (c)

Geneva,

Sir,

Following the consultations which were entered into at the request of the Spanish Delegation with a view to altering the threshold prices for imports into Spain of certain cheeses, fixed by the Agreement of 5 June 1970 between Spain and the EEC and amended on 14 June 1972, I note that our Delegations have reached agreement on the following :

1. The threshold prices applied by Spain to imports of cheeses, including regulatory duty,

The prices to be observed free at Spanish frontier before customs clearance corresponding to the said threshold prices, and the custom duties for the relevant tariff headings are shown hereafter :

Mr Francisco Botella,  
Technical Deputy Secretary-General  
at the Ministry of Agriculture  
Head of the Spanish Delegation

(in Ptas/100 kg)

Spanish Customs Tariff N°	Product	Threshold price	Customs duty	Price free at Spanish frontier
04.04				
A1 a1	Whole Emmentaler cheeses	17.533,29	3.500	11.700
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D3	Other processed cheese	19.672,00	45 %	(1)
G1 a2	Other (except Parmesan)	18.897,80	45 %	(1)
G1 b1	Cheddar	17.200,00	45 %	10.325
G1 b1	Processed Cheddar	15.741,00	45 %	9.443
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G1 b4	Soft cheese	-	45 %	-
G1 b5	Other	19.119,83	45 %	(1)
G1 c2	Fresh cheese	19.119,83	45 %	(1)
G2	Other	19.119,83	45 %	(1)

(1) Variable regulatory duty

(2) Specific duty of 4.565 Ptas/100 kg

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2. Subheading 04.04 C 2 of the Spanish Customs Tariff is amended as follows :

(in ptas/100 kg)

	<u>threshold</u> <u>price</u>	<u>regulatory</u> <u>duty</u>	<u>customs</u> <u>duty</u>	<u>free-at-</u> <u>Spanish-</u> <u>frontier</u> <u>price</u>
04.04 C : Blue-veined cheese				
2 : Gorgonzola, Bleu des				
Causses, Bleu d'Auvergne, Bleu de				
Bresse, Fourme d'Ambert,				
Saingorlon, Edelplizkase, Bleufort,				
Bleu de Gex, Bleu du Jura et de				
Septmoncel, Danablu, Mycella et				
Blue Stilton, which comply with				
the conditions stipulated in				
Note 1	16.900,82	100	45 %	10.144

I should be obliged if you would kindly confirm that you are in agreement with the above.

Head of the Delegation of the  
Commission of the European  
Communities

ANNEX II

Recommendation for Council Regulation  
on the conclusion of an agreement with Spain  
on the subject of certain cheeses

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 113 thereof ;

Having regard to the Decision of the Council of 25 May 1970, authorizing  
the Commission to enter into negotiation or consultation in given circum-  
stances with third countries which are contracting parties to GATT ;

Having regard to the recommendation from the Commission ;

Whereas, at the request of Spain, the Commission has entered into consulta-  
tions with that country with a view to reexamining the price of certain  
cheeses listed in the Agreement of 5 June 1970 between the EEC and Spain,  
as modified on 12 June 1972 ; whereas the Delegation of the Commission and  
that of Spain have reached an agreement and the provisions of this agreement  
are acceptable ;

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement consisting of two exchanges of letters, the texts of which  
are annexed to this Regulation, is concluded on behalf of the European  
Economic Community.

Article 2

The President of the Council is hereby authorized to designate the person  
empowered to sign the exchanges of letters referred to in Article 1 and to  
confer on him the powers required in order to bind the Community.

For the Council,  
The President,