

COMMISSION OF THE EUROPEAN COMMUNITIES

COM (89) 543 final

Brussels, 8 November 1989

Proposal for a
COUNCIL DECISION

concerning adjustments to the voluntary restraint agreements
for sheepmeat and goatmeat concluded with Argentina,
and Australia.

(presented by the Commission)

Explanatory memorandum

1. The changes recently decided on for improving the operation of the common organization of the market in sheepmeat and goatmeat will result in tighter discipline and a decrease in support for Community producers.

As the Commission has emphasized several times in its communications to the Council on the future of the CAP, the extra effort being required from the Community's agricultural producers must be backed up by parallel import measures. This in turn will make it necessary to make adjustments to the voluntary restraint agreements concluded between the Community and the main supplier countries.

2. It was against this background and in line with the conclusions of the European Council of February 1988 that the Council adopted negotiating directives for this subject on 15 November of the same year. Negotiations, notably with Argentina and Australia, followed and resulted in the attached draft agreements.
3. The essential elements of the adjustments to be made are as follows:
 - maintaining or, if necessary, reducing the quantities initially provided for;
 - setting up a system of import price surveillance;
 - restricting the opportunities for importing chilled meat;
 - total suspension of import levies;
 - provisions for sensitive areas of the Community for 1989 and 1990.
4. The issue of sensitive areas will be addressed in an additional exchange of letters between the Community and the countries concerned. The following has been agreed with regard to quantities:
 - (a) Argentina
For 1989, Argentina will ensure that exports to France are limited to 1500t and those to Ireland to 100t (carcase weight equivalent). These limits will be increased by 20% in 1990.
 - (b) Australia
For 1989, imports from Australia into France will be limited to 970t and those into Ireland to 100t (carcase weight equivalent). These limits will be increased by 20% in 1990.

PROPOSAL FOR A COUNCIL DECISION

concerning adjustments to the voluntary restraint agreements
for sheepmeat and goatmeat concluded with Argentina,
and Australia.

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 Proposal from the Commission,

Whereas the Community has taken measures to stabilize the market in
sheepmeat and goatmeat and whereas it intends to bring about better
integration of that market;

Whereas in the context of those adjustments to the common organization of
the market it would be opportune to make adjustments to the voluntary
restraint agreements concluded in the sector with certain third countries,
in order to stabilize imports and improve import prices,

Whereas the Commission has held negotiations on the matter which have led
to agreements with Argentina and Australia.

HAS DECIDED AS FOLLOWS:

Article 1

1. The Agreements in the form of exchanges of letters concerning
adjustments to the voluntary restraint agreements for sheepmeat and
goatmeat with the following countries:

-Argentina
-Australia

are hereby approved on behalf of the European Economic Community.

The texts of the Agreements are attached to this Decision.

Article 2

The President of the Council is hereby authorized to designate the person
empowered to sign the Agreements in order to bind the Community.

Done at Brussels,

For the Council,
The President

EXCHANGE OF LETTERS RELATING TO THE 1980 AGREEMENT BETWEEN
THE EUROPEAN COMMUNITY AND ARGENTINA ON
TRADE IN MUTTON, LAMB AND GOATMEAT.

A. Letter N°1

Sir,

I have the honour to refer to the exchange of letters of 14 October 1980 constituting an Agreement between the European Community and Argentina establishing provisions relating to import of mutton and lamb and goatmeat into the Community from Argentina and to negotiations held between our respective delegations for the purpose of establishing temporary derogations from certain of those provisions concurrent with the implementation of measures to stabilise the European Community sheepmeat sector and to reform the European Community's internal regime in order to achieve a unified European Community sheepmeat market. Accordingly, they have agreed on the following derogations from the Principal Agreement which shall remain in force for the duration of this Agreement.

Clause 1

A. Access and quantity

In Clause 2 of the Principal Agreement as modified by Clause 6 of the Principal Agreement, the ceiling figure of 23.000 t representing the annual ceiling in metric tonnes on the total quantity of imports each year into the European Community of mutton, lamb and goatmeat from Argentina, shall be deemed to have been replaced by the figure of 19.000 t. This ceiling shall be deemed to include a maximum in 1989 of 1.000 metric tonnes of lamb imported into the European Community from Argentina in a form which has never been frozen, a maximum of 1.200 metric tonnes in 1990, a maximum of 1.400 metric tonnes in 1991, and a maximum of 1.600 metric tonnes in 1992.

B. Tariff

In Clause 5 of the Principal Agreement, the words "a maximum amount of 10%, ad valorem" shall be deemed to be replaced by the word "zero".

C. Price surveillance

With a view to improved sheepmeat prices within the European Community, prices for lamb imported from Argentina will be monitored in accordance with the procedures contained in the annex to this Agreement.

Clause 2

Consultation

Notwithstanding Clause 1 C) of this Agreement either Party may request consultations concerning the operation of this Agreement at any time.

Clause 3

GATT obligations

The provisions of this Agreement shall be agreed without prejudice to the rights of Argentina and the European Community under GATT.

Clause 4

This Agreement shall enter into force on 1 January 1989 and shall remain in force until 31 December 1992.

Clause 5

Within 6 months prior to expiration of this Agreement, its provisions shall be reviewed.

I have the honour to propose that, if the foregoing is acceptable to your Government, this letter and your confirmatory reply shall together constitute and evidence an Agreement between the European Economic Community and Argentina on the matter.

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

For the Council
of the EC

ANNEX

Price Surveillance Procedure

1. The European Community will monitor the prices in each Member State for imported frozen lamb carcasses from Argentina on the basis of the average prices over each monthly period.
2. The relationship between the prices for imported frozen lamb carcasses from Argentina in each Member State and the market prices for Community produced lamb in each such Member State will be compared with the benchmark level specified below for each such Member State. If this comparison indicates that the price relationship has, in two Member States in the same month, moved below the benchmark levels for those Member States, technical consultations will take place at the request of either Party to determine factors causing the downward movement.

Member States by region	:	Benchmark levels for the relationship between prices of imported frozen lamb carcasses and prices of domestically produced lamb.
Northern Member States (Belgium, Denmark, Federal Republic of Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom)	:	55 percent
Southern Member States (Greece, Italy, Portugal, Spain)	:	45 percent

3. In the event that the downward movement of the relationship between prices for Argentinian frozen lamb carcasses and Community produced lamb below the benchmark levels in the particular Member States under consideration and their remaining at such low levels is indicative of a problem, the Parties shall consider any recommendations arising out of the technical consultations for the resolution of the problem. If the problem identified is attributable to the prices at which Argentinian frozen lamb carcasses are being sold in those member states by Argentinian exporters then Argentina would take what action is available to it to restore the price relationship between frozen lamb carcasses and Community produced lamb in those member states to the benchmark levels.

4. Should the Parties in the technical consultations fail to reach agreement on appropriate measures to resolve the problem, the Consultative Committee established under Clause 10 of the Principal Agreement may be convened at a senior policy level at the request of either Party to give the matter urgent consideration. If agreement cannot be reached at official level, the matter may be referred by either party to the EC Commissioner for Agriculture and the Argentinian Minister of ... for resolution.

5. Argentina and the European Community adopt as targets for achievement by the end of 1992 an improvement in the previously defined benchmark levels for Northern Member States by 5 percentage points and for Southern Member States by 8 percentage points.

B. Letter N° 2

Sir,

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

"I have the honour to refer to the exchange of letters of 14 October 1980 constituting an Agreement between the European Community and Argentina establishing provisions relating to import of mutton and lamb and goatmeat into the Community from Argentina and to negotiations held between our respective delegations for the purpose of establishing temporary derogations from certain of those provisions concurrent with the implementation of measures to stabilise the European Community sheepmeat sector and to reform the European Community's internal regime in order to achieve a unified European Community sheepmeat market. Accordingly, they have agreed on the following derogations from the Principal Agreement which shall remain in force for the duration of this Agreement.

Clause 1

A. Access and quantity

In Clause 2 of the Principal Agreement as modified by Clause 6 of the Principal Agreement, the ceiling figure of 23.000 t representing the annual ceiling in metric tonnes on the total quantity of imports each year into the European Community of mutton, lamb and goatmeat from Argentina, shall be deemed to have been replaced by the figure of 19.000 t. This ceiling shall be deemed to include a maximum in 1989 of 1.000 metric tonnes of lamb imported into the European Community from Argentina in a form which has never been frozen, a maximum of 1.200 metric tonnes in 1990, a maximum of 1.400 metric tonnes in 1991, and a maximum of 1.600 metric tonnes in 1992.

B. Tariff

In Clause 5 of the Principal Agreement, the words "a maximum amount of 10%, ad valorem" shall be deemed to be replaced by the word "zero".

C. Price surveillance

With a view to improved sheepmeat prices within the European Community, prices for lamb imported from Argentina will be monitored in accordance with the procedures contained in the annex to this Agreement.

Clause 2

Consultation

Notwithstanding Clause 1 C) of this Agreement either Party may request consultations concerning the operation of this Agreement at any time.

Clause 3

GATT obligations

The provisions of this Agreement shall be agreed without prejudice to the rights of Argentina and the European Community under GATT.

Clause 4

This Agreement shall enter into force on 1 January 1989 and shall remain in force until 31 December 1992.

Clause 5

Within 6 months prior to expiration of this Agreement, its provisions shall be reviewed.

I have the honour to propose that, if the foregoing is acceptable to your Government, this letter and your confirmatory reply shall together constitute and evidence an Agreement between the European Economic Community and Argentina on the matter."

I have the honour to confirm the foregoing is acceptable to my Government and that your letter together with this reply shall constitute an Agreement in accordance with your proposal.

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

For the Government
of Argentina

ANNEX

Price Surveillance Procedure

1. The European Community will monitor the prices in each Member State for imported frozen lamb carcasses from Argentina on the basis of the average prices over each monthly period.
2. The relationship between the prices for imported frozen lamb carcasses from Argentina in each Member State and the market prices for Community produced lamb in each such Member State will be compared with the benchmark level specified below for each such Member State. If this comparison indicates that the price relationship has, in two Member States in the same month, moved below the benchmark levels for those Member States, technical consultations will take place at the request of either Party to determine factors causing the downward movement.

Member States by region	:	Benchmark levels for the relationship between prices of imported frozen lamb carcasses and prices of domestically produced lamb.
	:	
	:	
	:	
	:	
	:	
Northern Member States (Belgium, Denmark, Federal Republic of Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom)	:	55 percent
	:	
	:	
Southern Member States (Greece, Italy, Portugal, Spain)	:	45 percent
	:	
	:	

3. In the event that the downward movement of the relationship between prices for Argentinian frozen lamb carcasses and Community produced lamb below the benchmark levels in the particular Member States under consideration and their remaining at such low levels is indicative of a problem, the Parties shall consider any recommendations arising out of the technical consultations for the resolution of the problem. If the problem identified is attributable to the prices at which Argentinian frozen lamb carcasses are being sold in those member states by Argentinian exporters then Argentina would take what action is available to it to restore the price relationship between frozen lamb carcasses and Community produced lamb in those member states to the benchmark levels.
4. Should the Parties in the technical consultations fail to reach agreement on appropriate measures to resolve the problem, the Consultative Committee established under Clause 10 of the Principal Agreement may be convened at a senior policy level at the request of either Party to give the matter urgent consideration. If agreement cannot be reached at official level, the matter may be referred by either party to the EC Commissioner for Agriculture and the Argentinian Minister of ... for resolution.

5. Argentina and the European Community adopt as targets for achievement by the end of 1992 an improvement in the previously defined benchmark levels for Northern Member States by 5 percentage points and for Southern Member States by 8 percentage points.

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EXCHANGE OF LETTERS RELATING TO THE 1980 AGREEMENT BETWEEN
THE EUROPEAN COMMUNITY AND AUSTRALIA ON
TRADE IN MUTTON, LAMB AND GOATMEAT.

A. Letter N° 1

Sir,

I have the honour to refer to the exchange of letters of 14 October 1980 constituting an Agreement between the European Community and Australia establishing provisions relating to import of mutton and lamb and goatmeat into the Community from Australia and to negotiations held between our respective delegations for the purpose of establishing temporary derogations from certain of those provisions concurrent with the implementation of measures to stabilise the European Community sheepmeat sector and to reform the European Community's internal regime in order to achieve a unified European Community sheepmeat market. Accordingly, they have agreed on the following derogations from the Principal Agreement which shall remain in force for the duration of this Agreement.

Clause 1

A. Access and quantity

In Clause 2 of the Principal Agreement, as modified by Clause 6 of the Principal Agreement, the quantity of 17.500 t expressed in carcass weight shall be deemed to include a maximum in 1989 of 1.500 metric tonnes of lamb imported into the European Community from Australia in a form which has never been frozen, a maximum of 2.000 metric tonnes in 1990, a maximum of 2.500 metric tonnes in 1991, and a maximum of 3.000 metric tonnes in 1992.

B. Tariff

In Clause 5 of the Principal Agreement, the words "a maximum amount of 10%, ad valorem" shall be deemed to be replaced by the word "zero".

C. Price surveillance

With a view to improved sheepmeat prices within the European Community, prices for lamb imported from Australia will be monitored in accordance with the procedures contained in the annex to this Agreement.

Clause 2

Consultation

Notwithstanding Clause 1 C) of this Agreement either Party may request consultations concerning the operation of this Agreement at any time.

Clause 3

GATT obligations

The provisions of this Agreement shall be agreed without prejudice to the rights of Australia and the European Community under GATT.

Clause 4

This Agreement shall enter into force on 1 January 1989 and shall remain in force until 31 December 1992.

Clause 5

Within 6 months prior to expiration of this Agreement, its provisions shall be reviewed.

I have the honour to propose that, if the foregoing is acceptable to your Government, this letter and your confirmatory reply shall together constitute and evidence an Agreement between the European Economic Community and Australia on the matter.

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

For the Council
of the European Communities

Price Surveillance Procedure

1. The European Community will monitor the prices in each Member State for imported frozen lamb carcasses from Australia on the basis of the average prices over each monthly period.
2. The relationship between the prices for imported frozen lamb carcasses from Australia in each Member State and the market prices for Community produced lamb in each such Member State will be compared with the benchmark level specified below for each such Member State. If this comparison indicates that the price relationship has, in two Member States in the same month, moved below the benchmark levels for those Member States, technical consultations will take place at the request of either Party to determine factors causing the downward movement. The factors that will be taken into account by the parties in such consultations shall include traditional and seasonal price relationships and fluctuations, the prices of cuts, the impact of prices of other meats, and other exceptional factors.

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Northern Member States (Belgium, Denmark, Federal Republic of Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom)	:	55 percent
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3. In the event that the downward movement of the relationship between prices for Australian frozen lamb carcasses and Community produced lamb below the benchmark levels in the particular Member States under consideration and their remaining at such low levels is indicative of a problem, the Parties shall consider any recommendations arising out of the technical consultations for the resolution of the problem. If the problem identified is attributable to the prices at which Australian frozen lamb carcasses are being sold in those member states by Australian exporters then Australia would take what action is available to it to restore the price relationship between frozen lamb carcasses and Community produced lamb in those member states to the benchmark levels.
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For the Government
of Australia

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Price Surveillance Procedure

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FINANCIAL STATEMENT

Date : 4 October 1989

1. BUDGET HEADING : 100

APPROPRIATIONS : ECU 1152,8 million
from 1990 draft budget

2. TITLE : Proposal for a Council Decision concerning adjustments to the voluntary restraint agreements for sheepmeat and goatmeat concluded with Argentina and Australia.

3. LEGAL BASIS : Article 113 of the Treaty

4. AIMS OF PROJECT : Import of the following quotas of sheepmeat at a levy of 0%:
19 000 t from Argentina
17 500 t from Australia

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (89)	FOLLOWING FINANCIAL YEAR (90)
	5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (INTERVENTIONS)	p.m. ¹	p.m. ¹
5.1 RECEIPTS - OWN RESOURCES OF THE EC (LEVIES)	ECU - 6 million	-	ECU - 5 million

1991....1992....
5.0.1 ESTIMATED EXPENDITURE	p.m.	p.m.		
5.1.1 ESTIMATED RECEIPTS	ECU -6 million	ECU -6 million		

5.2 METHOD OF CALCULATION The average import levy on sheepmeat is ECU 1750 per tonne. However, the levy on imports from Argentina and Australia is restricted to the autonomous duty of 10% bound under GATT, and is therefore approximately ECU 150 per tonne. The elimination of this duty would result in a loss of revenue over 12 months of 36.500 t x ECU 150/t x 1,107 = ECU 6 million. The impact for the 1990 financial year is limited to ECU 5 million.

6.0 CAN THE BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?
measure S/NO

6.1 CAN THE BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ?
measure S/NO

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ? NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES

OBSERVATIONS : Since no firm undertaking on import prices was given in the agreements, zero-levy imports of meat may have the effect of depressing prices on the Community market and thus cause more premiums to be granted; this in turn will result in a greater drain on the Community budget. The degree to which this will happen is difficult to predict.

FICHE D'IMPACT SUR LA COMPETITIVITE ET L'EMPLOI

Proposition de décision du Conseil concernant
l'adaptation des accords d'autolimitation avec l'Argentine et l'Australie
dans le secteur des viandes ovine et caprine.

Ces projets d'accords envisagent une modification du régime à l'importation
actuellement applicable dans le cadre des accords d'autolimitation conclus
respectivement avec l'Argentine et l'Australie dans le secteur des viandes
ovine et caprine.

Dans la mesure où ils prévoient essentiellement, d'une part, le respect des
quantités réellement importées et, d'autre part, l'instauration d'une
procédure de surveillance des prix à l'importation, ces projets n'ont
pratiquement pas d'impact sur les entreprises. On peut également considérer
que les modifications proposées ne leur imposeront pas de coûts
supplémentaires.

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DOCUMENTS

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