

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

on the Community position in respect of the improvement of administrative cooperation between the Community and Greece in the fruit and vegetable sector.

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I. 1 - The EEC-Greece Association Council at its meeting on 24 March 1976 agreed to request the Working Group, composed of Greek experts and experts from the Commission, responsible for examining the outstanding problems to be solved in the framework of the harmonization of agricultural policies to draw up a report containing specific suggestions for improving administrative cooperation between the Community and Greece in the peach sector as soon as possible.

The Group in question met on 11 May 1976 ; it became obvious, however, that the differences of opinion which existed between the Greek and Commission experts made it impossible, in spite of the efforts made, to arrive at a common position.

Thus the Group was obliged to state that it was unable to formulate specific joint suggestions for the Association Committee with a view to improving administrative cooperation in the peach sector in 1976.

The Community will therefore be required, at the next meeting of the Association Committee and at that of the Association Council scheduled for the end of May or beginning of June, to adopt a position on this matter and express an opinion on what seems at present to be the Greek position.

To enable the Community to ascertain the latter, the Commission considers it necessary to analyse the information available and to formulate proposals.

2 - According to statements made at the meeting of the Association Council on 24 March and information given during discussions within the "ad hoc" Group, Greece would be ready, for the 1976 marketing year, to adopt the Community rules in force for peaches in respect both of market mechanisms and price levels. In return, however, it expects that in the framework of what it considers "advance harmonization", the Community will cease applying the import mechanisms provided for by the common organization of the market. It would also be prepared to institutionalize and to strengthen exchanges of information on the situation on the market in the product in question. It considers, however, that this institutionalization would have only a subsidiary role, serving inter alia more to supervise existing mechanisms than to lay down guidelines as to the measures which may need to be taken to ensure market stability and to avoid disturbances.

This position appears, at least in part, to be due to the fact that although in principle Greece appears to admit the distinction between "harmonization of agricultural policies" and "administrative cooperation", in fact it fears that the solutions decided on in the framework of this "cooperation" might later prejudice those which will be adopted in the framework of harmonization decisions if Community rules are accepted as of this year.

3 - The Commission for its part recalls that one has to distinguish very clearly between "administrative cooperation" and "harmonization", since the latter cannot be conceived of for a single product but must extend at least to the whole of a given market organization.

The Commission also considers that in the context of "improvement of administrative cooperation" and particularly in this specific case since it concerns just a single product, peaches, and a single marketing year, 1976, economic considerations are at least as important as legal and institutional considerations, the object of the operation being to avoid market disturbances and the consequences perhaps of a political nature, which such disturbances could entail.

II. 1 - In this perspective, "the improvement of administrative cooperation" should in the Commission's opinion consist principally in the institutionalization of a better, more complete and more prompt exchange of information between the Commission departments responsible for managing the market in the product in question and the corresponding Greek agencies, bearing on all the factors likely to permit a proper appraisal of the market situation with a view to the measures to be taken by both sides to avoid disturbances on the market which would not be profitable to either party.

"The improvement of administrative cooperation" in respect of peaches would therefore consist principally in a reciprocal effort whereby :

- Greece would take all measures necessary to apply the Community grading and intervention system for peaches,
- the Community would take all measures necessary in the framework of existing Community provisions to avoid as far as possible the application of countervailing charges ;
- both parties would remain in permanent contact during the marketing year with a view to giving each other the maximum of information to permit an assessment of how the year was progressing.

2 - To this end the Community should, at the next meeting of the Association Council, propose that the Council agree to institutionalize the following :

- a) Exchanges of information before the beginning of the marketing year between the Commission departments responsible for managing the market in this product and the corresponding Greek agencies, bearing on production and marketing estimates in the Community and in Greece (two meetings, one during the first and the second during the last week of June) ;
- b) Regular exchanges of information by telex, during the marketing year, wherever considered useful, on the market situation and its foreseeable trend, with particular reference to :
  - short term supplies,

- withdrawals effected and foreseeable, \_\_\_\_\_
- the measures adopted in the framework of market management, such as aid for exports to non-member countries, marketing restrictions .....etc.

In the context of this information the Greek authorities would also keep the Commission informed of exports to the Community, past and foreseeable ;

c) Daily transmission (telex) :

- by the Commission, of the prices recorded for Community products on the representative producer markets as well as the prices recorded for Greek products on the representative import markets ;
- by Greece, of the prices recorded for Greek products on the representative producer markets.

III. 1 - It is the Commission's view that the proposal in II. 2. represents the true meaning of "improvement of administrative cooperation".

However, one must also be prepared for the eventuality that the Greek Delegation, as was the case within the "ad hoc" Experts Group responsible for finding joint solutions, might find this insufficient and want to give "administrative cooperation" a wider scope, implying specific commitments on both sides going beyond what is proposed in II.

It has become evident that in return for the application in Greece of the Community system, the Greek authorities consider that the Community should reserve the same treatment for Greek peaches as that accorded to Community peaches.

This would imply in particular the suppression of all countervailing charges, whatever the prices recorded on the import markets of the Community.

2 - In general the Commission considers that such commitments exceed the framework of "administrative cooperation".

It also calls the attention of the Council to the fact that the next marketing year for peaches promises to be particularly difficult because in addition to the particularly sensitive nature of this product the 1976 harvest should, according to estimates, be of the same order as that of 1974 during which 80 000 metric tons of peaches were withdrawn from the market.

Furthermore, past experience shows that prices for the Community product on the representative import markets during the important marketing periods were generally at a level very close to the reference price plus the customs duty (between 10 % and 20 % above the reference price).

Where the Greek product is concerned, the application of the Community system would enable it to enter the Community import markets at, on average, 10 % above the reference price.

Greek prices below this level would imply that the application of the Community system in Greece was not having the same effect on prices as in the Community.

Furthermore, experience acquired by the Community shows that the application of a market organization requiring in particular the institution of the means necessary for the proper operation of its machinery may, particularly at the outset, come up against unforeseen difficulties. Such difficulties, in the delicate market situation which is expected for the peach sector, would lead to very serious disturbances in the Community. Therefore, for the 1976 marketing year it is necessary to introduce import arrangements for Greek peaches which, without hindering exports carried out under the normal conditions of application of the Community system by Greece, would protect the Community market from disturbances due to difficulties in the operation of the said mechanisms.

Looking at it from this angle the Commission considers that the Community might cease applying countervailing charges when the prices for Greek peaches were at a level which was at least equal to the reference price plus 50 % of the customs duty.

If the investigations normally carried out in the framework of the Community system were to show that the prices for this product were below that level, then the countervailing charge would be applied.

3 - To conclude, the Commission proposes that if the Community considers that the improvement of "administrative cooperation" should also involve special arrangements, such as those indicated in III. 2, it is necessary that the Community proposes that the Association Council :

A) Agree to institutionalize the procedures mentioned in II. 2

B) In addition, that it should take note :

a) of a statement by the Community whereby for peaches originating in Greece the deduction made in respect of customs duty by the Commission in calculating the entry price in accordance with Article 24 of Regulation (EEC) No 1035/72 would be limited to 50 % of the duties recorded in the Common Customs Tariff.

In the event, however, of the entry price for Greek products calculated as outlined in the above paragraph being at a level lower than the reference price for the period laid down in Article 25 of 25 a of Regulation (EEC) No 1035/72, the provisions in respect of countervailing charges, as set out in Regulation (EEC) No 1035/72, would be applied in their entirety.

b) of a statement by Greece whereby it would apply :

- the common quality standards actually applied in respect of this product in the Community, under the conditions laid down in Title I of Regulation (EEC) No 1035/72 ;
- the Community intervention system under the following conditions :

- 1) the Greek producer associations would withdraw peaches from the market in accordance with the provisions of Article 18 of Regulation (EEC) No 1035/72,
- 2) in the event of the Greek market being in a serious crisis situation within the meaning of Article 19 (1) of Regulation (EEC) No 1035/72, the agency designated by the Greek State would buy in the peaches offered to it under the conditions laid down in that Article. However, the products would be bought in at the price referred to in Article 18,
- 3) the products withdrawn from the market or bought in would be disposed of in one of the ways provided for in Article 21 of Regulation (EEC) No 1035/72 and actually adopted in the Community for the product in question.

It would also undertake not to grant direct or indirect aid to the marketing of the product in question other than aid intended to promote export to third countries other than the EEC.

