

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 1 October 1981

RECOMMENDATION FOR A COUNCIL DECISION

on the conclusion of an Agreement resulting from the negotiations
and consultations between Austria and the European Economic Community
concerning trade in various agricultural products

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

In accordance with the mandate it received from the Council on 16 December 1980, the Commission conducted negotiations with Austria concerning their reciprocal trade in cheese. At the same time, following Greece's accession to the Communities, the Commission held negotiations with Austria under Article XXIV (6) of the GATT, and, lastly, opened talks with Austria on the adaptation of certain exchanges of letters concerning trade in agricultural products in order to take account of Greece's accession to the Communities.

The negotiations have resulted in a satisfactory overall agreement.

CONCLUSION OF AN AGREEMENT RESULTING FROM THE NEGOTIATIONS AND
CONSULTATIONS BETWEEN AUSTRIA AND THE COMMUNITY ON TRADE IN
VARIOUS AGRICULTURAL PRODUCTS

(Commission Communication to the Council)

The Commission hereby transmits to the Council :

- i. a report on the outcome of the negotiations and consultations between Austria and the Community on trade in various agricultural products (Annex A) ;
- ii. a draft agreement including an agreed minute, a temporary arrangement and two exchanges of letters (Annexes B).

The Commission recommends that the Council approve this Agreement.

To that end it presents a draft decision on the conclusion of the Agreement (Annex C).

Report on the outcome of the

NEGOTIATIONS AND CONSULTATIONS BETWEEN AUSTRIA AND THE
COMMUNITY ON TRADE IN VARIOUS AGRICULTURAL PRODUCTS

1. In accordance with the mandate it received from the Council on 16 December 1980 and following Austria's formal request on 5 February 1981, the Commission held consultations with Austria on the situation regarding the reciprocal trade in cheese.

At these consultations, both parties noted, each for its part, that the situation was unsatisfactory. The conclusion reached by both delegations was that the import systems agreed by Austria and the Community did not correspond to the present market circumstances and that they should be brought into line with the real situation. It proved preferable to adopt a provisional practical solution rather than to seek a definitive adjustment, which would have been difficult to achieve in the present economic circumstances.

The negotiations resulted in a three-year temporary arrangement (see Annex I) the main features of which are the stabilization of reciprocal trade at a certain quantitative level (average of 1978, 1979 and 1980 imports) and the establishment, with reciprocal guarantees, of a satisfactory competitive situation based on the setting up of a concerted discipline mechanism.

2. Following Greece's accession to the European Communities, the Community is obliged to hold negotiations under Article XXIV (6) of the GATT in order to compensate its GATT partners for the injury caused them by the substitution of CCT duties for Greek customs duties bound under GATT. In a letter of 10 June 1981 addressed to the Director-General of GATT, Austria requested the opening of those negotiations with the Community.

The negotiations, which took place at the same time as the negotiations on cheese, resulted in an agreement under which the Community will grant Austria tariff concessions for certain cheeses as compensation for the withdrawal of the tariff concessions bound by Greece (in particular for liquid milk and milk powder, butter and certain cheeses).

Austria stated that it was prepared to include these concessions in the temporary arrangement for cheese (see exchange of letters in Annex II).

3. Greece's accession to the Communities has made it necessary to adapt for the enlarged Community of Ten certain exchanges of letters dating from 1972 concerning concessions which Austria granted on a unilateral basis to the Community of Nine and vice-versa. The consultations on this matter were also held at the same time as the negotiations on cheese. They yielded the following result (see exchange of letters in Annex III) :

- i. for imports into Austria of fresh fruit and vegetables and of wine in casks and bottles, the share of the quotas reserved for the Community is increased by the quantities actually imported into Austria from Greece, on the understanding that Austria will continue, as in the past, to effect imports from the Community under the part of the quota not reserved for it ;
- ii. for imports into the Community of heifers and cows of certain mountain breeds, the Community undertakes to ensure that the tariff quota, amounting at present to 38 000 head, will be opened in time and administered in such a way as to enable this quantity actually to be imported. Austria has abandoned its request for an increase in the figure of 38 000 head to take account of the enlargement of the Community.

4. Both delegations feel that they have reached a balanced overall agreement which is satisfactory to both parties. An agreed minute (see Annex B) was initialled in Geneva on 16 July 1981 and is being submitted for the approval of their respective authorities. The agreed minute comprises an overall agreement on the following points :

(i) Temporary arrangement for a concerted discipline between Austria and the European Economic Community concerning reciprocal trade in cheese ;

(ii) Exchange of letters concerning the outcome of the negotiations between Austria and the European Economic Community under Article XXIV (6) of the GATT following Greece's accession to the European Communities;

(iii) Amendments to the exchange of letters of 21 July 1972 on imports into Austria of fresh fruit and vegetables and wine from the Community and to the procedures for administering the Community's concessions on heifers and cows of certain mountain breeds.

5. The Article 113 Committee, which was closely involved in all the stages of the discussions, delivered a favourable opinion on the conclusion of this overall agreement at its meeting in Geneva on 16 July 1981.

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AGREED MINUTENegotiations and consultations between the Austrian Delegation
and the Delegation of the Commission of the European Communities
concerning trade in various agricultural products

The Austrian Delegation and the Delegation of the Commission of the European Communities have reached an overall agreement covering the following points:

- i) Temporary arrangement for an concerted discipline between Austria and the European Economic Community concerning reciprocal trade in cheese (Annex I);
- ii) Exchange of letters concerning the outcome of the negotiations between Austria and the European Economic Community under Article XXIV(6) of the GATT following Greece's accession to the European Communities (Annex II)
- iii) Amendments to the exchange of letters of 21 July 1972 on imports into Austria of fresh fruit and vegetables and wine from the Community and to the procedures for administering the Community's concessions on heifers and cows of certain mountain breeds (Annex III).

The above provisions will enter into force on the same day.

The delegations have agreed to submit this overall agreement to their respective authorities for approval.

Done at Geneva, 16 July 1981

For the Austrian Delegation

For the Delegation of
the Commission of the
European Communities,

TEMPORARY ARRANGEMENT FOR A CONCERTED DISCIPLINE BETWEEN
AUSTRIA AND THE EUROPEAN ECONOMIC COMMUNITY CONCERNING
RECIPROCAL TRADE IN CHEESE.

- I. The European Economic Community and Austria have held consultations concerning the tariff concessions granted by the two sides for cheese.

During these consultations, both parties noted, each for its part, that the development of reciprocal imports and exports of cheese was not satisfactory, and that certain import arrangements, agreed between them, no longer corresponded to the situation on the market in cheese.

They concluded, by common accord, that the trade arrangements for cheese should be adapted to the requirements of their respective markets, account also being taken of Greece's accession to the Community.

They considered that, under the present circumstances, it would be preferable to seek a practical solution for a limited period rather than to adapt these arrangements on a definitive basis.

- II. Austria and the Community shall temporarily suspend, for an initial period of three years from 1 January 1982 to 31 December 1984, the following provisions arising from their reciprocal concessions:

1. Austria and the Community shall temporarily suspend, for an initial period of three years from 1 January 1982 to 31 December 1984, the following provisions arising from their reciprocal concessions:

ANNEX I, page 2

a) with regard to the arrangements for the importation of Community cheeses into Austria.

i) in Annex II of the Agreement between Austria and the European Economic Community concerning certain types of cheese negotiated under Article XXVIII of GATT of 20 September 1977;

- in the first sub paragraph of paragraph 2, the phrase "accompanied by an approved export document, provided that a free-at-Austrian-frontier price is observed",
- in the second subparagraph of paragraph 2, the phrase "to be observed by the European Economic Community",
- paragraph 3;

ii) in the Agreement in the form of an exchange of letters of 6 April 1981 amending the Agreement on price observance and the arrangements for the importation of certain types of cheese:

- in paragraph 1, the phrase "to be observed by the European Economic Community",
- in paragraph 3, the phrase "in order that the free-at-frontier prices may be observed".

b) with regard to the arrangements for the importation of Austrian cheeses into the European Economic Community:

- the value limits included in the binding under GATT (Schedule LXXII - EEC of the following CCT tariff lines:
04.04 A I a) ex 1
04.04 A I b) 1 ex aa);
- the value limits included in the Community's autonomous concession for Tilsit and Butterkäse falling within CCT subheading 04.04 E I b) 2;
- the value limits included in the Community's autonomous concession for processed cheese falling within CCT subheading 04.04 D I.

2. Austria and the Community will establish for the same period as the suspensions mentioned in paragraph 1 above trade arrangements with the following objectives:
- i. the stabilization of their trade at a quantitative level corresponding to traditional trade
 - ii. the re-establishment and maintenance of a satisfactory competitive situation as regards prices.

3. They agree that, for the period from 1 January 1982 to 31 December 1984, for the cheeses listed below, the quantities traded each year and the duties to be levied on importation may not exceed the following levies:

a) ON IMPORTATION INTO AUSTRIA:

i) Cheese manufactured from cow's milk, falling within subheading 04.04 A of the Austrian Customs Tariff, originating in and coming from the Community, and accompanied by an approved certificate of quality and origin

	<u>Quantity</u>	<u>Import duty</u>
Processed cheese	2 200 t	S 760/100 kg
Blue-veined cheese	650 t	S 560/100 kg
Danbo, Edam, Elbo, Finbo, Fontal, Gouda, Havarti, Malbo, Maribo, Mimolette, Samsø, Tybo	400 t	S 560/100 kg
Tilsit		S 460/100 kg
Emmentaler, Gruyère		S 460/100 kg
Butterkäse, Esrom, Italiceo, Kernheim, Saint- Nectare, Saint-Paulin, Taleggio, Cheddar and the other cheeses not included above of a water content of the non-fatty matter not exceeding 62%, with the exception of those falling within tariff subheading 04.04 A 1 a), b) and c) of the Austrian Customs Tariff))))))))) 1 750 t	

ii) The above cheeses of Community origin may not be imported into Austria unless accompanied by the certificate referred to in paragraph 3(a)(i) above.

b) ON IMPORTATION INTO THE COMMUNITY:

Cheese falling within CCT heading No 04.04 originating in and coming from Austria, accompanied by an approved certificate.

Quantity Import Duty

Emmentaler, Gruyere, Sbrinz, Bergkäse, not grated or powdered, of a minimum fat content of 45% by weight, in the dry matter, matured for at least three months, falling within CCT subheading 04.04 A I or II:

whole cheeses pieces packed in vacuum or in inert gas with rind on at least one side, of a net weight of not less than 1 kg but less than 5 kg	5 000 t (+)18.13 ECU/100 kg 3 000 t(+) 18.13 ECU/100
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Processed cheese, not grated or powdered, in the blending of which only Emmentaler, Gruyere and Appenzell have been used and which may contain, as an addition, Glarus herb cheese (known as Schabziger), put up for retail sale, of a fat content, by weight, in the dry matter, not exceeding 56%, falling within CCT subheading 04.04 DI or DII a)1

3 700 t 36.27 ECU/100 kg

Smoked processed cheese, of a fat content, by weight, in the dry matter, of not less than 40% but not exceeding 48%, falling within CCT subheading 04.04 D II a)1(++)

350 t Full levy

Unpressed Tilsit, matured for not less than one month, and Butterkäse, falling within CCT subheading 04.04 E I b)2

1 500 t 55 ECU/100 kg

Blue veined cheese falling within CCT subheading 04.04 C

Whole Edam cheeses, of a fat content, by weight, in the dry matter, of not less than 40% and of

Annex 1, page 4a

less than 48%, of a net weight not exceeding 350 g ("Geheimratskäse"), falling within CCT subheading 04.04

E I b) 5	800 t	50 ECU/100 kg
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"Fetta" and "Kephalo-Tyri" cheeses made from cow's milk, of a fat content, by weight, in the dry matter, of less than 48% falling within CCT subheading 04.04 E I b)5

150 t	50 ECU/100 kg
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Other cheeses falling within CCT subheading 04.04 E I a) or E I b)5 (++)

200 t	Full levy
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(+) Up to 25% of the quantities allocated for these categories of cheeses are interchangeable.

(++) These cheeses do not have to be accompanied by an approved certificate.

4. Austria undertakes to take the necessary measures to ensure that the quantities it has agreed to import from the Community (see 3.(a)) and the quantities agreed for export to the Community (see 3. (b)) will not be exceeded.

The Community and Austria will take steps to ensure that the benefits which they grant each other will not be jeopardized by other import measures.

5. Austria and the Community undertake, each on its own behalf, to ensure that the prices charged by their exporters are not such as to create difficulties on the importing country's market.

They agree, in this connection, to set up the system for cooperation and the exchange of information described in the Annex to this Arrangement.

If difficulties arise concerning the prices charged, consultations will be held at the request of either party, as promptly as possible, with a view to the adoption of appropriate corrective measures.

6. The two parties may consult each other at any stage concerning the operation of this Arrangement.
7. Consultations may also be held if the objectives of the Arrangement are, or seem likely to be, jeopardized by the importation into Austria of cheeses not covered by this Arrangement, in quantities which are unreasonable compared with traditional levels.
8. In order to ensure constant cooperation in the day-to-day running of export and import operations, the Austrian Government and the Community shall each appoint a Delegate. These Delegates will exchange information on the development of trade as regards prices and quantities marketed.

9. During the first half of 1984, consultations will be held in order to decide whether this Arrangement should be extended, and if so, on what terms.

10. All the provisions contained in this Arrangement will enter into force on the same date. This Arrangement will be approved by the Contracting Parties in accordance with their own procedures.

Done at ,

For the Government of the
Republic of Austria

On behalf of the Council
of the European Communities

ANNEX

With a view to preventing the prices charged by exporters from being such as to create difficulties on the importing country's market, the following information and cooperation system has been set up:

1. Exchange of information

- a) Austria will provide the Commission of the European Communities with the following information on each category of cheese covered by the Arrangement:
 - i. two weeks before the beginning of each quarter, prospective Austrian exports to the Community for the next quarter (anticipated quantities, free-at-Austrian-frontier prices, probably markets);
 - ii. two weeks following the end of each quarter, actual Austrian exports to the Community during the past quarter (quantities and free-at-Austrian-frontier prices, importing member countries).
- b) The Commission of the European Communities will at regular intervals provide price quotations and any other useful information concerning the market in home-produced and imported cheeses.

2. Procedures for importation into Austria

Within the limits of the quantities agreed on (see paragraph 3.(a)) of this Arrangement), licences will be issued on a regular basis on production of a declaration by the importer stating that the import prices correspond to the free-at-Austrian-frontier prices agreed on by the Austrian authorities and the Community (accompanied by the invoice as proof).

Imports should be accompanied by a certificate of origin and quality, issued by the competent authorities of the Community.

DELEGATION OF THE COMMISSION
OF THE
EUROPEAN COMMUNITIES

ANNEX II, page 1

Sir,

I have the honour to refer to the note which the Austrian Permanent Mission in Geneva addressed to the Director-General of GATT on 10 June 1981 concerning Austria's request for the initiation of negotiations with the Community under Article XXIV (6) of the GATT, following Greece's accession to the European Communities.

I noted Austria's claim that, for the following tariff headings, listed in Schedule XXV - Greece, which has been withdrawn, it was, next to the Community, Greece's main supplier during the reference period used for these negotiations (average for 1977/78/79) and that it therefore has a negotiating right:

04.02 A 1 Milk, whether or not containing added sugar, in liquid or paste form

04.02 A 2 Milk, whether or not containing added sugar, in solid form, (block milk or milk powder) (no tare being allowed for the immediate containers)

04.03 B 1 Butter, other than melted, salted or not (no tare being allowed for the immediate containers), in containers of a gross weight of 4 kg or less

04.04.B.1 Cheeses in brine (pheta, toulomotyri).

The negotiations held on this subject between our delegations during the consultations concerning cheese yielded the following results:

- i) In the "Temporary arrangement for a concerted discipline on reciprocal trade in cheese", the following tariff concessions were granted as compensation for the negotiating rights which Austria has under Article XXIV(6)

of the General Agreement (GATT):

ex 04.04 A II	Emmentaler	For 135 t Maximum amount of levy fixed at 18.13 ECU/100 kg
ex. 04.04 E I b) 2	Tilsit and Butterkäse	For 1 092 t Maximum amount of levy reduced to 55 ECU/100 kg
ex.04.04 C	Blue veined cheese)	For 800 t
ex.04.04 E I b) 5	Whole Edam cheeses) of a net weight) not exceeding 350g) ("Geheimratskäse)	Maximum amount of levy fixed at 50 ECU/100 kg
ex. 04.04 E I b) 5	Fetta and Kephalo-) Tyri, made from) cow's milk)	For 150 t Maximum amount of levy fixed at 50 ECU/100 Kg

- ii) The Community gives an undertaking to enter into consultations with Austria, should these concessions not be maintained as a result of the expiry of, or a change in, this temporary Arrangement, in order to give it compensation equivalent to its rights under Article XXIV 56).

I should be grateful if you would confirm whether you are in agreement with the above.

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

AUSTRIAN
DELEGATION

ANNEX II, page 3

Sir,

I have the honour to confirm my agreement to the content of your letter of
, which reads as follows:

"I have the honour to refer to the note which the Austrian Permanent Mission in Geneva addressed to the Director-General of GATT on 10 June 1981 concerning Austria's request for the initiation of negotiations with the Community under Article XXIV (6) of the GATT, following Greece's accession to the European Communities.

I noted Austria's claim that, for the following tariff headings, listed in Schedule XXV - GREECE, which has been withdrawn, it was, next to the Community, Greece's main supplier during the reference period used for these negotiations (average for 1977/78/79) and that it therefore has a negotiating right:

- | | |
|-----------|---|
| 04.02 A 1 | Milk, whether or not containing added sugar, in liquid or paste form |
| 04.02 A 2 | Milk, whether or not containing added sugar, in solid form (block milk or milk powder) (no tare being allowed) for the immediate containers |
| 04.03 B 1 | Butter, other than melted, salted or not (no tare being allowed for the immediate containers) in containers of a gross weight of 4 kg or less |
| 04.04 B 1 | Cheeses in brine (pheta, toulomotyri). |

The negotiations held on this subject between our delegations during the consultations concerning cheeses yielded the following results:

- i) In the "Temporary arrangement for a concerted discipline on reciprocal trade in cheese", the following tariff concessions were granted as compensation for the negotiating rights which Austria has under Article XXIV(6) of the General Agreement (GATT):

ANNEX II, page 4

ex 04.04 A II	Emmentaler	For 135 t Maximum amount of levy fixed at 18.13 ECU/100 kg
ex 04.04 E I b) 2	Tilsit and Butterkäse	For 1 092 t Maximum amount of levy reduced to 55 ECU/100 kg For 408 t Maximum amount of levy fixed at 55 ECU/100 kg
ex 04.04 C	Blue-veined cheese	
ex 04.04 E I b) 5	Whole Edam cheses of a net weight not exceeding 350g ("Geheimratskäse)	For 800 t Maximum amount of levy fixed 50 ECU/100 kg
ex 04.04 E I b) 5	Fetta and Kephalo- tyri, made from cow's milk	For 150 t. Maximum amount of levy fixed at 50 ECU/100 kg

- ii) The Community gives an undertaking to enter into consultations with Austria should these concessions not be maintained as a result of the expiry of, or a change in, this temporary Arrangement, in order to give it compensation equivalent to its rights under Article XXIV (6).

I should be grateful if you would confirm whether you are in agreement with the above".

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

AUSTRIAN
DELEGATION

Sir,

I have the honour to refer to the exchanges of letters of 21 July 1972 concerning the quantitative concessions which Austria granted the Community for fruit and vegetables and wine and the concessions which the Community granted Austria for heifers and cows of certain mountain breeds.

The consultations between our delegations on the adjustment of these concessions following Greece's accession to the Community have yielded the following results:

1) Fruit and vegetables and wine

The share reserved for the Community as constituted at present is raised to:

- 82% of the total quota applicable to fresh fruit
- 65% of the total quota applicable to fresh vegetables
- 52% of each of the total quotas applicable to imports of wine in casks and bottles.

All the other provisions agreed in the exchange of letters remain unchanged.

2. Heifers and calves of certain mountain breeds

The Community undertakes to take the necessary measures to ensure that the annual tariff quota of heifers and cows of certain mountain breeds falling within CCT subheading 01.02 A II, at present totalling 38 000 head, can be opened and administered in such a way as to enable imports actually to take place as from 1 July of each year.

ANNEX III, page 2

This exchange of letters will be approved by the Contracting Parties in accordance with their own procedure.

I should be grateful if you would confirm whether you are in agreement with the above.

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

DELEGATION
OF THE COMMISSION
OF THE
EUROPEAN COMMUNITIES

ANNEX III, page 3

Sir,

I have the honour to confirm my agreement to the content of your letter of
, which reads as follows:

"I have the honour to refer to the exchanges of letters of 21 July 1972 concerning the quantitative concessions which Austria has granted the Community for fruit and vegetables and wine and the concessions which the Community granted Austria for heifers and cows of certain mountain breeds.

The consultations between our delegations on the adjustment of these concessions following Greece's accession to the Community have yielded the following results;

1) Fruit and vegetables and wine

The share reserved for the Community as constituted at present is raised to:

- 82% of the total quota applicable to fresh fruit
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- 52% of each of the total quotas applicable to imports of wine in casks and bottles.

All the other provisions agreed in the exchange of letters remain unchanged.

2. Heifers and calves of certain mountain breeds

The Community undertakes to take the necessary measures to ensure that the annual tariff quota of heifers and cows of certain mountain breeds falling within CCT subheading 01.02 A II, at present totalling 38 000 head, can be opened and administered in such a way as to enable imports actually to take place as from 1 July of each year.

This exchange of letters will be approved by the Contracting Parties in accordance with their own procedures.

I should be grateful if you would confirm whether you are in agreement with the above.

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

RECOMMENDATION FOR A COUNCIL DECISION

on the conclusion of an Agreement resulting from the negotiations and consultations between Austria and the European Economic Community concerning trade in various agricultural products

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 recommendation from the Commission,

Whereas, in accordance with the mandate which it received from the Council on 16 December 1980, the Commission has held consultations with Austria on reciprocal trade in cheese and has reached a satisfactory reciprocal agreement with that country;

Whereas, in accordance with the authorization it received from the Council on 28 April 1981, the Commission initiated negotiations with Austria under Article XXIV (6) of the GATT following Greece's accession to the European Communities, and has reached a satisfactory agreement:

Whereas it was necessary to adapt certain exchanges of letters between Austria and the Community concerning certain agricultural products in order to take account of Greece's accession to the Communities; whereas the Commission, together with Austria, has worked out an appropriate adaptation,

HAS DECIDED AS FOLLOWS :

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Article 1

The Agreement between Austria and the European Economic Community comprising :

- a temporary arrangement for a concerted discipline between Austria and the European Economic Community concerning reciprocal trade in cheese ;
- an exchange of letters concerning the outcome of the negotiations between Austria and the European Economic Community under Article XXIV (6) of the GATT following Greece's accession to the European Communities ;
- amendments to the exchange of letters of 21 July 1972 on imports into Austria of fresh fruit and vegetables and wine from the Community and to the procedures for administering the Community's concessions on heifers and cows of certain mountain breeds ;

is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

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

Done at Brussels,

For the Council
The President