

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 722 final.

Brussels, 26 November 1981

Recommendation for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an exchange of letters between the European Economic Community and the People's Republic of Bulgaria trade in the sheepmeat and goatmeat sector

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

1. Following the negotiating mandate given by the Council to the Commission on 20 December 1979 and pursuant to Regulation (EEC) No 1837/80 on the common organization of the market in sheepmeat and goatmeat, voluntary restraint agreements in respect of exports of products in the sector in question have been made with the following non-member countries:
Argentina, Australia, Austria, Hungary, Iceland, New Zealand, Poland, Rumania, Uruguay and Yugoslavia.
2. Agreement in negotiations for voluntary restraint agreements with some other non-member supplier countries has been held up because the non-member countries in question stated that they were unable either to make such an agreement or to accept a clause concerning the territories where the EEC Treaty applies.
3. As it has meanwhile been possible to resolve these matters with Bulgaria, it is proposed that the proposal for a Council Decision on conclusion with that country of a voluntary restraint agreement in respect of its exports to the EEC in the sheepmeat and goatmeat sector be approved.
4. This voluntary restraint agreement covers, between the EEC of 10 and Bulgaria, the following annual quantities expressed in carcase weight (equivalent weight bone-in):

Live animals:	mt 2.000
Fresh or chilled meat	mt 1.250

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**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 the Commission has conducted negotiations with non-member countries which supply sheepmeat and goatmeat or live sheep and goats, with a view to reaching agreement for voluntary restraint on their exports to the Community;

Whereas the Commission has reached agreement with Bulgaria;

Whereas the said agreement allows trade to be carried on in a manner compatible with the common organization of the market in the sector in question,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an exchange of letters between the European Economic Community and

the People's Republic of Bulgaria trade in the sheepmeat and goatmeat sector 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

For the Council

The President

EXCHANGE OF LETTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE PEOPLE'S REPUBLIC OF BULGARIA
ON TRADE IN SHEEPMEAT AND GOATMEAT

I have the honour to refer to the negotiations recently undertaken between our respective delegations for the purpose of drawing up provisions concerning imports into the European Economic Community of mutton, lamb and goatmeat and live sheep and goats other than pure-bred breeding animals from Bulgaria, in connection with implementation by the Community of the common organisation of the market in sheepmeat and goatmeat.

During these negotiations, our delegations agreed as follows :

1. This arrangement shall relate to :

- live sheep and goats other than pure-bred breeding animals (subheading 01.04 B of the Common Customs Tariff),
- fresh or chilled mutton, lamb and goatmeat (subheading 02.01 A IV a) of the Common Customs Tariff),
- frozen mutton, lamb and goatmeat (subheading 02.01 A IV b) of the Common Customs Tariff).

..../...

2. Within the terms of this Arrangement, the competent Bulgarian authorities undertake to ensure that exports to the Community of the products referred to in Point 1 shall not exceed the following annual quantities :

- 2.000 tons of live animals, expressed as carcase weight bone-in (1);
- 1.250 tons of fresh or chilled meat, expressed as carcase weight bone-in (2).

For this purpose, the appropriate procedures shall be implemented by the competent Bulgarian authorities.

3. Provided that Bulgarian exports do not exceed the quantities given in Point 2 the Community will not apply any quantitative restriction or measure having equivalent effect.

If the Community were to invoke the safeguard clause, the provisions of this Arrangement would not be affected.

4. Of imports from Bulgaria exceed the agreed quantities, the Community reserves the right to suspend further imports from that country until the end of the current year. However, in any case, quantities exceeding the agreed quantity for the current year shall be deducted from the quantities agreed for the following year.

5. The Community undertakes, in respect of imports of products covered by this Arrangement, to restrict the charges levied to the following ad valorem levels :

- 10 % for live animals;
- 10 % for meat.

The Community will not charge, apart from the levies set out above, customs duties or charges having equivalent effect to levies or to customs duties.

(1) 100 kg live weight shall correspond to 47 kg carcase weight (bone-in equivalent weight).

(2) Carcase weight (bone-in equivalent weight). By this term is understood the weight of bone-in meat presented as such as well as boned meat converted by a coefficient into bone-in weight. For this purpose 55 kg of boned mutton corresponds to 100 kg of bone-in mutton and 60 kg of boned lamb corresponds to 100 kg of bone-in lamb.

6. When a new Member State accedes to the Community and if the pattern of trade between Bulgaria and such Member State were to justify it, the Community shall agree to consultations between the two parties with a view to possible adaptation of the quantities given at Point 2.

The quantities given at Point 2 shall not be reduced.

The charges applicable to imports into the said new Member States shall be fixed in accordance with the rules in the Act of Accession, the maximum level of the levy specified in Point 5 of this Arrangement being taken into account.

7. The competent Bulgarian authorities shall ensure compliance with the terms of this Arrangement, in particular by means of the issue by a Bulgarian agency designated for the purpose, of export licences covering the products listed in Point 1, within the agreed quantity limits.

For its part the Community undertakes to adopt all the necessary measures to ensure that the automatic issue of an import licence for the abovementioned products originating in Bulgaria shall be subject to production of an export licence issued by the competent Bulgarian authority.

Detailed rules for the implementation of this system shall be drawn up in such a way that there is no requirement for a security for issue of import licences in respect of the products in question. These detailed rules shall also provide that the competent Bulgarian authorities and the competent Community authorities shall undertake periodical exchanges of information on the quantities in respect of which export and import licences have been issued, broken down, as appropriate, according to destination.

It is hereby agreed that export licences will be valid for a period of three months from their date of issue. The corresponding import licences shall be valid until the date of expiry of the export licences.

Quantities delivered under an export licence shall be deducted from the quantity agreed for the year during which the export licence was issued.

.../...

8. The two Parties agree that steps should be taken to ensure that the smooth operation of the Arrangement is not disturbed by deliveries of sheepmeat and goatmeat products falling under tariff headings not covered by this arrangement.
9. In order to ensure the smooth operation of this Arrangement, the two Parties agree to remain in close contact and to be ready to undertake consultations on any question which might arise in the course of application of this Arrangement. The said consultations must be commenced within a maximum period of 14 days following request by one of the Parties.
10. The annual quantity fixed at Point 2 shall cover the period 1 January to 31 December.

The quantity applicable from the date of implementation of this Arrangement up to 31 December of the current year shall be fixed in proportion to the overall annual quantity and shall take account of the seasonal nature of the trade.

11. This arrangement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the People's Republic of Bulgaria.
12. This Arrangement shall enter into force on 1. January 1982. It shall apply until 31 March 1984, and subsequently for periods of 2 years, subject to the right of either of the Parties to terminate it by giving notice in writing six months before the date of expiry of any one of the said periods. In the case of termination, the Arrangement shall come to an end at the date of expiry of the period in question. In any event, the provisions of this Arrangement shall be reviewed by the two Parties during the six months preceding 1 April 1984, in order to incorporate in it any adaptations which might be necessary.

I should be grateful to you if you would confirm to me that the above sets out correctly the substance of the agreement between our two delegations.

Formal ending.

5

DRAFT

EXCHANGE OF LETTERS
CONCERNING THE CONSULTATIONS FOR WHICH PROVISION IS MADE
IN POINT 9 OF THE EXCHANGE OF LETTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE
PEOPLE'S REPUBLIC OF BULGARIA
ON TRADE IN SHEEPMEAT AND GOATMEAT

With reference to certain specific questions raised during the negotiations for this Arrangement, I hereby point out that it was agreed during the negotiations that, within the context of this Arrangement, if Bulgaria were to raise any concrete problems, they could be covered by the consultations provided for in Point 9 without prejudice to the general content of that point. These problems include :

1. supply of live animals within the quantity agreed for meat;
2. supply of meat within the quantity agreed for live animals;
3. the possibility of advance use, during the current year, of a limited proportion of the quantity agreed for the following year;
4. the possibility of allowing imports of quantities over and above those fixed in Point 2 of the Arrangement if the Community market situation so permits.

For its part, the Community would be prepared to undertake the said consultations in a spirit of cooperation in respect of any requests put forward by Bulgaria.

Formal ending.

DRAFT

EXCHANGE OF LETTERS CONCERNING POINT 2
OF THE EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC
COMMUNITY AND THE PEOPLE'S REPUBLIC OF BULGARIA
ON TRADE IN SHEEPMEAT AND GOATMEAT

I have the honour to refer to the exchange of letters between the European Economic Community and the People's Republic of Bulgaria on trade in sheepmeat and goatmeat.

Further to that exchange of letters and to your request, I would advise you that the competent Bulgarian authorities will ensure that for the period 1 January 1982 to 31 March 1984 there will be no change in the traditional pattern of exports of mutton, lamb and goatmeat and live sheep and goats from the People's Republic of Bulgaria to those market areas in the Community determined as sensitive.

The competent authorities of the People's Republic of Bulgaria will adopt the necessary measures for this purpose.

I should be obliged if you would kindly acknowledge receipt of this letter.

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

FINANCIAL STATEMENT

VI/2634/81

DATE : 16.10.1981

1. BUDGET LINE CONCERNED : 100 (receipts) 1982: 6939 Million ECU
2. ACTION : Draft Council Decision on the conclusion of an agreement in the form of an exchange of letters between the European Economic Community and the People's Republic of Bulgaria on trade in the sheepmeat and goatmeat sectors
3. LEGAL BASIS : Article 113 of the Treaty
4. OBJECTIVES : Conclusion of the voluntary restraint agreement for Bulgarian sheepmeat and goatmeat exports

5. FINANCIAL CONSEQUENCES	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (81)	FOLLOWING FINANCIAL YEAR (82)
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET (REFORMS/INTERVENTIONS)			
- CHARGED TO NATIONAL ADMINISTR.			
- CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
- COMING FROM THE EC (LEVIES, EXPORT RESTRICTIONS)	-1.43 M ECU*	-	- 1.43 M ECU*
- NATIONAL			

YEAR1983..... YEAR1984..... YEAR

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

- 1.43 M ECU* - 0.4 M ECU

5.2 METHOD OF CALCULATION

The agreement covers 2000 t (carcase weight) of live animals
1.250 t of fresh or chilled meat

3.250 t

Normal Levy in October 1981 703.7 ECU/t

Levy reduced to 10% ad valorem
(under the agreement) 264 ECU/t

Loss of revenue 439.7 ECU/t = 3 250 t = 1 429 M ECU

6.0 FINANCIAL PROBLEMS WHICH SHOULD BE COVERED IN RELEVANT CHAPTER OF CURRENT BUDGET ? ~~YES~~/NO

6.1 FINANCIAL PROBLEMS WHICH SHOULD BE COVERED BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? ~~YES~~/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? ~~YES~~/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/~~NO~~

COMMENTS : * Compared with the existing situation the loss of levy is only theoretical. The 10% ad valorem duty is already applied following unilateral declarations by the parties concerned. Conclusion of the agreement therefore merely places the existing situation on a formal basis.

