

EUROPEAN COMMUNITY

BACKGROUND INFORMATION

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BACKGROUND NOTE

No. 3/1976

January 21, 1976

EUROPEAN COMMUNITY TO SIGN FIRST ACCORD WITH ALGERIA

The European Community and Algeria have wrapped up negotiations for a wide cooperation agreement. The agreement will cover trade, aid, industrial cooperation and social security.

Like similar agreements reached with Morocco and Tunisia earlier this month (see Background Note No. 1/1976) and one concluded last year with Israel, the agreement with Algeria fits into the Community's "global Mediterranean policy."

Financial Aid

Over the first five years of the agreement, the Community will give Algeria financial aid of 114 million units of account. (The Community's unit of account (UA) for measuring aid is based on a "basket" of its nine members' currencies and ranged in daily value from \$1.31 to \$1.16 in 1975.) The aid will be distributed as follows

- loans of UA 70 million at going rates from the European Investment Bank
- soft term loans of UA 19 million
- grants of UA 25 million

Trade

Algerian industrial products will be given duty free entry into the Community. Ceilings will be set only for refined petroleum products (1,100,000 ^{tons.} a year) and for cork until December 31, 1979.

For farm products, which account for only 8 per cent of Algeria's total exports to the Community, the provisions for wine should be singled out:

- Table wines will benefit from an 80 per cent reduction in customs duties as long as they are not blended and are not sold below minimum floor prices.
- Up to 500,000 hectoliters a year of wines for distillation will receive an 80

per cent reduction in customs duties.

- Quality wines will be exempt from duties within quotas ranging from 250,000 hectoliters the first year to 450,000 the fifth year.

Algeria will receive the same treatment for olive oil as the Community has extended to Morocco and Tunisia. The Community will reduce its import levy on olive oil by UA 0.50 (One UA in trade accounting is equivalent to about \$1.25.) An additional reduction of UA 20 will be granted if Algeria imposes an export tax of an equivalent amount on the olive oil.

Special trade arrangements between Algeria and France under the French System (Protocol 1/7) will be allowed to co-exist temporarily with the Community system.

Migrant Workers

The Community and Algeria will end all discrimination based on nationality in pay and working conditions. Algerian workers and their families living in the Community will benefit from a nondiscriminatory social security system which includes

- totting up all periods of residence and insurance in different member states in calculating pensions and illness expenses
- family allowances and transfer of old age or illness pensions to the country of origin. Algeria will extend similar benefits to Community member state nationals.