

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 570 final

Brussels, 6th October 1981

RECOMMENDATION FOR A COUNCIL DECISION

on the opening of negotiations with Yugoslavia with a view to amending Article 11 of the Interim Agreement on Trade and trade cooperation

RECOMMENDATION FOR A COUNCIL DECISION

on the opening of negotiations with Yugoslavia with a view to amending Article 24 of the Cooperation Agreement

(presented by the Commission to the Council)

COM(81) 570 final

EXPLANATORY MEMORANDUM

The purpose of the attached proposals for recommendations for decisions is to obtain negotiating directives from the Council so that the conditions governing the access of baby-beef to the Community market, as laid down in Article 11 of the Interim Agreement and in Article 24 of the Cooperation Agreement, can be re-negotiated and improved.

It was revealed during other negotiations now in progress, i.e. on an adaptation protocol following Greece's accession, that the present conditions governing the access of baby-beef to the Community market are preventing Yugoslavia from maintaining its traditional trade flow on that market and have thrown its trade with the Community off balance.

The main difficulty facing Yugoslavia stems from a combination of two factors, namely :

- the relatively high level of Yugoslavia's domestic price,
- and
- the considerable degree of external protection afforded by Article 11 of the Interim Agreement and Article 24 of the Cooperation Agreement.

In view of this situation, in order to export to the Community in accordance with the above-mentioned Articles, Yugoslavia must overcome the Community's external protection by according high subsidies and making sales at a loss.

This situation has had an obvious effect on trade : there have been no exports to Greece since 1 January of this year, and the quantities exported to the rest of the Community have been negligible, far smaller than the possibilities offered by the Agreement.

The disadvantage at which this situation places Yugoslavia has had the effect of disorganizing the Yugoslav market in beef and veal, with repercussions on livestock, on other sections of the market, on the trade balance and on the country's foreign currency availabilities.

Furthermore, in a wider context, the problem of baby-beef has assumed the proportions of a veritable political crisis in relations between the Community and Yugoslavia, and this is jeopardizing the future of the Agreement signed last year.

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In the light of the political and economic aspects of the situation and also of the fact that Yugoslavia imports an average of 50 000 t a year of beef and veal from the Community, the Commission feels that it is urgent to overcome the present difficulties by improving the conditions governing the access of baby-beef to the Community market.

In order to achieve this, it considers that the levy collected on imports of baby-beef into the Community should be reviewed in the light of the actual circumstances of the Yugoslav market.

The Commission considers it advisable, however, not to modify the quantities laid down in Article 11 of the Interim Agreement or in Article 24 of the Cooperation Agreement or those proposed in order to take account of Greece's accession.

It also considers it essential to ensure full observance of Community preference.

RECOMMENDATION FOR
A COUNCIL DECISION
on the opening of negotiations with
the Socialist Federal Republic of Yugoslavia
with a view to amending Article 11
of the Interim Agreement on trade and trade cooperation

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 view of the difficulties which have arisen in the implementation
of Article 11 of the Interim Agreement between the European Economic
Community and the Socialist Federal Republic of Yugoslavia on trade and
trade cooperation, that Article should be amended,

HAS DECIDED AS FOLLOWS :

Sole Article

The Commission is hereby authorized to open negotiations with a view to
amending Article 11 of the Interim Agreement between the European
Economic Community and the Socialist Federal Republic of Yugoslavia on
trade and trade cooperation in accordance with the directives set out
in the Annex.

The Commission shall conduct these negotiations in consultation
with the representatives of the Member States.

RECOMMENDATION FOR
A COUNCIL DECISION

on the opening of negotiations with
the Socialist Federal Republic of Yugoslavia
with a view to amending Article 24
of the Cooperation Agreement

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Recommendation from the Commission,

WHEREAS, in view of the difficulties which have arisen in the
implementation of Article 24 of the Cooperation Agreement between the
European Economic Community and the Socialist Federal Republic of
Yugoslavia, that Article should be amended,

HAS DECIDED AS FOLLOWS :

SOLE ARTICLE

The Commission is hereby authorised to open negotiations with a
view to amending Article 24 of the Cooperation Agreement between the
European Economic Community and the Socialist Federal Republic of
Yugoslavia, in accordance with the directives set out in the Annex.

The Commission shall conduct these negotiations in consultation
with the representatives of the Member States.

I. DETAILS OF NEW ARRANGEMENTS

1. General arrangements : amount of levy ⁽¹⁾

Article 11 (1) of the Interim Agreement and Article 24 (1) of the Cooperation Agreement would be replaced by a provision reducing the amount of the levy collected on imports to 25% of the basic levy.

2. Specific problems

Since Yugoslav prices and Community prices will not necessarily develop in the same way, and since there could be a change in the balance between the need for a subsidy on the Yugoslav side and the amount of the levy, it would be useful to provide for an annual revision.

In addition, within the limits of the quantities now allocated and proposed, there would be provision for making the system of determining quantities on a monthly basis more flexible to take account of seasonal variations.

II. LEGAL FORM

An agreement in the form of an exchange of letters would be concluded with Yugoslavia.

(1) The tariff arrangements would not be modified, since it would be a matter solely of revising Articles 11 and 24.

