

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 751 final

Brussels, 20th November 1980

RECOMMENDATION FOR A COUNCIL DECISION
AUTHORIZING NEGOTIATIONS FOR A COOPERATION AGREEMENT
BETWEEN THAILAND AND THE COMMUNITY ON THE PRODUCTION AND
MARKETING OF MANIOC AND TRADE IN THAT PRODUCT

(presented by the Commission to the Council)

COM(80) 751 final



Explanatory memorandum

1. In the course of his visit to Thailand from 3 to 5 November Mr. Gundelach and Thailand's trade minister, Mr. Kambhato, signed a text to be submitted to the Council and the Thai Government for approval with a view to the conclusion of a cooperation agreement between Thailand and the Community on the production and marketing of manioc and trade in that product.
2. The Commission accordingly recommends that the Council adopt the decision (Annex I) authorising it to draw up a formal agreement with Thailand on the basis of the text signed by Mr. Gundelach, which is annexed to the draft decision.
3. The Commission would also draw the Council's attention to the recommendation submitted by it concerning the amendment of the tariff concession on manioc (COM(79)219 of 26 April 1979), and urges the Council to approve it, in view of the need to protect Thailand against a deterioration of its position on the Community market in relation to other non-member countries which export this commodity to the Community.

Recommendation
for a Council Decision
authorizing negotiations for a cooperation
agreement between Thailand and the Community
on the production and marketing of manioc and
trade in that product

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Recommendation from the Commission for negotiations for a cooperation agreement between Thailand and the Community on the production and marketing of manioc and trade in that product,

Whereas such negotiations should enable an agreement to be concluded on the basis of the annexed text,

HAS DECIDED AS FOLLOWS:

Article 1

The Commission is hereby authorized to conduct negotiations for a cooperation agreement between Thailand and the Community on the production and marketing of manioc and trade in that product.

Article 2

The Commission shall conduct the negotiations on the basis of the text in annex, in consultation with the representatives of the Member States.

Done at

For the Council

OUTLINE OF AN AGREEMENT ON COOPERATION
BETWEEN
THAILAND AND THE EUROPEAN ECONOMIC COMMUNITY
IN
RELATION TO MANIOC PRODUCTION, MARKETING AND TRADE

H.E. Tamchai KAMBHATO, Minister of Commerce of the Kingdom of Thailand and Mr. F.O. GUNDELACH, Vice President of the Commission of the European Communities, met in Bangkok on November 3-5, 1980 to further examine, in a spirit of cooperation, the problem existing in Thailand and in the European Communities with regard to manioc, in continuation of the meeting between H.E. Nam PHOONWATHU, former Minister of Commerce of Thailand and Vice President Gundelach in Bangkok on 21st and 22nd March 1979.

As a result of their discussions, the Minister and the Vice President agreed to submit to the Government of Thailand on the one side, and to the Council of the European Communities on the other side, the following outline of an agreement on cooperation between Thailand and the European Economic Community in relation to manioc production, marketing and trade.

Paragraph I

Taking into account the objectives of agricultural development and crop diversification in Thailand and of stabilizing the manioc markets in Thailand and the Community, Thailand undertakes to manage its exports of manioc within the subheading 07.06 A of the CCT to the Community during the six-year period from 1981 to 1986, divided into 3 phases, in such a way as to ensure that these exports do not exceed quantities agreed between Thailand and the Community.

Phase I

For the years 1981 and 1982, export quantities shall be

- a) 5.0 million tonnes per year; and
- b) an additional quantity of not more than 10 % of the annual quantity mentioned in sub-paragraph a) which shall be allowed for this two year period and which may be utilized in full, either wholly in one year or partially in both years, in

- 64 -

order to accommodate the usual fluctuation in the production of primary commodities and to facilitate the stabilization of manioc markets in Thailand and the Community.

Phase II

For the years 1983 and 1984 export quantities shall be

- a) 4.5 million tonnes per year; and
- b) an additional quantity of not more than 10 % of the annual quantity mentioned in sub-paragraph a) which shall be allowed for this two year period and which may be utilized in full, either wholly in one year or partially in both years, in order to accommodate the usual fluctuation in the production of primary commodities and to facilitate the stabilization of manioc markets in Thailand and the Community.

Phase III

During the first half of 1984, the export quantities for the years 1985 and 1986 shall be jointly fixed at a level below that fixed for Phase II. The same principle in sub-paragraph b) of Phase I and Phase II shall be applied. The extent of this further reduction shall be determined taking into account :-

- the effectiveness of the measures taken by the Community to safeguard Thailand's position on the Community's market.
- the level of the maximum levy on imports into the Community of the quantities to be agreed for this phase.
- Thailand's achievements in crop and market diversification.
- overall effects of Phase I and II on Thailand's economy and in particular her foreign exchange earning position.
- the situation and trends on the Community's agricultural markets.

It is understood that the quantities referred to in this paragraph shall not cover quantities in transit or re-exported to destinations outside the Community, or those subject to inward processing arrangements.

Paragraph 2

If serious additional balance of payments difficulties due to the control of exports of manioc, or major difficulties in the sensitive manioc production regions arise in Thailand or, if serious difficulties arise on the Community's markets for agricultural products, the two parties shall enter into consultation with a view to establishing whether such difficulties exist and, if necessary, shall agree on appropriate measures to be applied for the duration of these difficulties.

Paragraph 3

The Community undertakes to limit the levy applicable to imports of manioc covered by the agreement to a maximum amount of 6 % ad valorem and to ensure that Thailand enjoys MFN treatment with respect to the rate of the levy. For the agreed quantities, the other import conditions shall be those existing under the present GATT binding.

Paragraph 4 *

Taking into account its international rights and obligations, the Community shall take appropriate measures to ensure that Thailand's position on the Community manioc market during the period covered by the agreement will not be significantly undermined by a substantial increase in the quantities of manioc imported from other countries. In this context the Community will also bear in mind the importance of imports of carbo-hydrate products which could compete directly with manioc.

Paragraph 5

Thailand shall ensure that the quantities covered by the agreement do not exceed the limits specified therein by ensuring that export certificates are not issued for any amount beyond such limits.

For its part, the Community shall undertake to adopt all necessary provisions to issue import licences for the products referred to above originating in Thailand, subject to the presentation of an export certificate, issued by the competent authority designated by the Thai Government. The import licence shall be issued within 7 days of such presentation.

* Thailand's comments on Paragraph 4

"Appropriate measures" include the following :

1. Establishment of a global tariff quota system for third countries other than Thailand. In establishing such a system, due consideration shall be given to the prevailing level of total imports of manioc into the Community relative to the quantities agreed upon between Thailand and the Community:
2. Taking into account the Community's international obligations, exports from Thailand exceeding the agreed quantities shall not be discriminated against in any variable levy system or by any other measure which the Community may introduce in the future in relation to the quantities imported from third countries into the Community exceeding the global tariff quota mentioned in the preceding paragraph.

- 6 -

The date of issue of export certificates shall determine the year to which the quantities shipped are to be attributed.

The competent authorities of both parties shall periodically exchange information necessary for verifying the actual quantities exported and imported so as to facilitate the implementation of the agreement.

Paragraph 6

COOAVE The Community shall do its utmost to provide assistance for projects aimed at rural development and crop diversification in Thailand, and particularly in the poorest cassava-producing regions of the country. It is to be understood that projects under crop diversification shall also include research projects on the marketing of diversified crops as well as on the utilization of manioc.

In providing this assistance, the Community shall, apart from its own financial resources, seek the cooperation of other bilateral and multilateral donors, including in particular Member-States of the Community.

The Community shall also consider means of promoting private investment from Community sources in projects relating to diversification.

Paragraph 7

When the proper functioning of this agreement so requires meetings will be held at ministerial level between the Government of the Kingdom of Thailand and the Commission of the European Communities.

A permanent joint working group shall be set up, composed of representatives of the Community and of Thailand.

The group shall ensure that the agreement is being properly applied and is functioning smoothly.

It shall review regularly the progress of rural development and crop diversification in Thailand as well as the trends of production, trade and consumption of manioc in Thailand, the Community and the world, and market developments of carbo-hydrate products directly competitive with manioc.

The group would discuss any matter relating to the application of the agreement that may be put forward by either party and would recommend appropriate solutions to the competent authorities.

Meetings of the group would be held as often as is found necessary, and in any case at least once a year, at a time and place to be agreed.

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Paragraph 8

The agreement is concluded for the period running from 1 January 1981 to 31 December 1986.

It shall continue to run for subsequent three year periods based on the quantities established for 1985 and 1986 if it is not denounced by either party at least one year before expiry of the initial six year period or of any subsequent three year period.

However, before notifying the denunciation of the agreement, either party should enter into consultation with the other party in order to seek solutions or to agree upon amendments, which would make it possible to continue the agreement.

Bangkok, November 5, 1980

J. Clark

Tim Gundersen

