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Report

drawn up on behalf of the Committee on Development and Cooperation

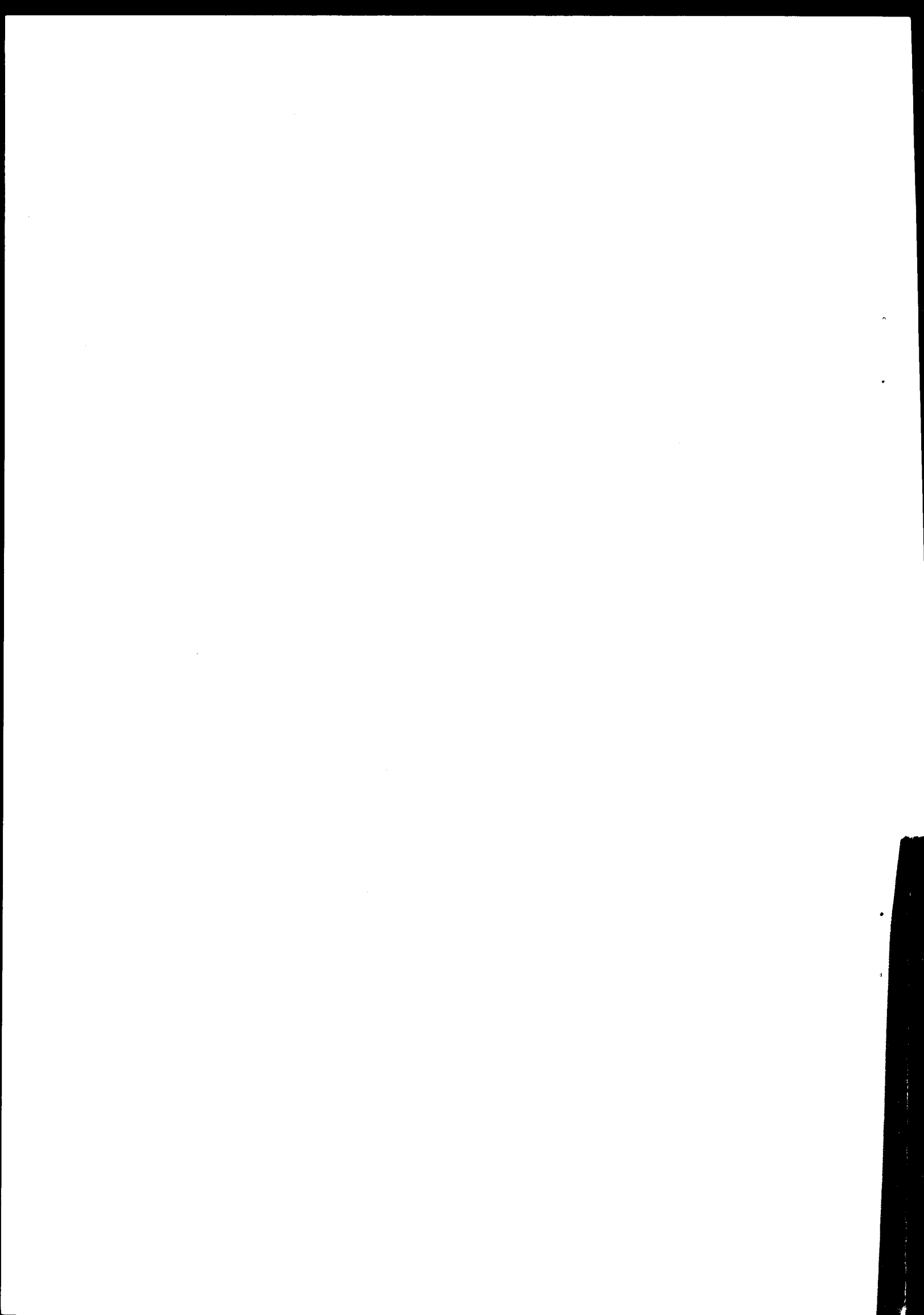
on the proposals from the Commission of the European Communities to the Council (Doc. 140/73)

- I. for a regulation amending Council Regulation (EEC) No. 859/72 on the treatment to be accorded to certain fruit and vegetables originating in the Associated African States and Madagascar or in the Overseas Countries and Territories

- II. for a Regulation amending Council Regulation (EEC) No. 860/72 on the treatment to be accorded to certain fruit and vegetables originating in the United Republic of Tanzania, the Republic of Uganda or the Republic of Kenya

Rapporteur : Mr. Maurice DEWULF

PE 33.973/final



By letter of 18th July 1973 the Council of the European Communities, pursuant to Article 43 of the EEC Treaty, requested the opinion of the European Parliament on two proposed regulations amending Council Regulations (EEC) Nos. 859/72 and 860/72 on the treatment to be accorded to certain fruit and vegetables originating in AASM countries, Overseas Countries and Territories and East Africa.

On 9 August 1973 this document was referred to the Committee on Development and Cooperation as the Committee responsible and to the Committee on Agriculture for its opinion.

On 17 September 1973 the Committee on Development and Cooperation appointed Mr. Dewulf rapporteur.

At the same meeting the Committee on Development and Cooperation adopted unanimously, with one abstention, the motion for a resolution and the accompanying explanatory statement.

The following were present: Mr. Dewulf, acting chairman and rapporteur, Mr. Adams, deputizing for Mr. van der Sanden, Mr. Armengaud, Sir Douglas Dodds-Parker, Miss Flesch, Mr. Härzschel, Mr. James Hill, Mrs. Iotti, Mr. Kollwelter, Mr. Nolan, Lord Reay, Mr. Seefeld.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement :

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council :

- I. for a regulation amending Council Regulation (EEC) No. 859/72 on the treatment to be accorded to certain fruit and vegetables originating in Associated African States and Madagascar or in the Overseas Countries and Territories
- II. for a Regulation amending Council Regulation (EEC) No. 860/72 on the treatment to be accorded to certain fruit and vegetables originating in the United Republic of Tanzania, the Republic of Uganda or the Republic of Kenya.

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (Doc. COM(73) 94 final);
- having been consulted by the Council on 17 July 1973, pursuant to Article 43 of the EEC Treaty (Doc. 140/73);

- having regard to the report of the Committee on Relations with African States and Madagascar (Doc. 310/72);
- having regard to the report of the Committee for Development and Cooperation (Doc. 162/73);

1. Reaffirms its position of ¹15 February 1973 on this problem, namely that

a) on 17 December 1971, in the light of the opinions of its Committee on Relations with African States and Madagascar and of its Committee on Agriculture, it unanimously approved the proposals of the Commission of the European Communities that the above-mentioned products originating in the AASM, the OCT and the East African States should be freely imported duty-free into the Community for a whole year;

b) it pointed out that, under the provisions of the regulations adopted by the Council on 25 April 1972, these products would from that date be subject to customs duties during certain periods of the year;

¹ OJ C 14 of 27 March 1973, pp.53-54

c) it stressed that, by comparison with imports from third countries, the quantities imported from the Associated States were very modest and could in no way harm Community agriculture, whereas the psychological and political damage to the Community's prestige resulting from the above decision was to be regarded as considerable;

d) it emphasized the need for greater consistency in the development policy of the Community, which can hardly, on the one hand, give financial and technical aid to encourage the production of certain fruits and vegetables in the Associated States while curbing the marketing of these products on the other;

2. Regrets that the Commission ~~was~~ obliged to choose the second and, ~~for~~ the Associated States, less favorable of the two alternatives proposed by Mr REY, the mediator between the EEC and the AASM, believing as it does that the Commission should have stood by its original proposal, supplementing it if necessary - in accordance with Mr REY's first alternative - by a safeguard clause to be applied in the event of serious disturbances of the market;
3. Notes that, in this unsatisfactory situation, the proposals of the Commission of the Communities confirm the provisional arrangements, decided by the Council in March 1973, improving the arrangements provided for in the regulation of 25 April 1972;
4. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENT

1. The Commission's two proposals are identical and concern the treatment to be accorded to fruit and vegetables originating, in the one case, in the AASM, and, in the other, in the East African States.

The scheme proposed simply confirms the provisional decision taken last March by the Council on a proposal from the Commission of the European Communities introducing improvements, after one year of application, in the conditions laid down by Regulations 859 and 860 of 25 April 1972.

2. It should be noted that these regulations of April 1972 restricted to certain periods of the year duty-free imports of these fruit and vegetables from the countries mentioned. This decision aroused strong protests from the Associated States concerned, because it called into question the principle of duty-free imports of their products into the Community. The Associated States' objection was essentially based on the fact that on 25 April 1972, the Community had taken a unilateral decision to reimpose these duties on their products for certain periods of the year, without regard for the opinion expressed by its associates.

3. The matter had been referred to the appropriate bodies of the Association. The Parliamentary Conference of the EEC-AASM Association itself had supported the AASM request that the regulation be reconsidered. Like the Associated States, it felt that this new arrangement was not only disputable in principle but also unjustified on economic grounds since the interests of European producers of similar and competing fruit and vegetable products had never suffered any harm on the Community market as a result of imports from the Associated States. The tonnages exported by these countries to the Community are minimal (only 1,800 metric tons in 1970) while the Community markets 21 million metric tons of similar products produced in the Community and imports from third countries more than twenty times the amount imported from the AASM.

4. To settle the dispute, a good offices mission entrusted to Mr REY recommended :

- either that the Commission restore the earlier system exempting these products from duties throughout the year, with a safeguard clause in case of serious market disturbances, or

- that it should extend the periods of suspension of customs duties.

5. On receipt of these recommendations, the Commission presented to the Council, on 9 February 1973, a provisional proposal which adopted the first of the mediator's alternatives, that is, the one less favorable to the Associated States but more acceptable to the Council. For their part the AASM did not press for a modification of the Community's position.

6. The Parliament gave its opinion on this proposal in its resolution of 27 March 1973 following the report of your committee.

7. In conclusion, these proposals for a regulation confirm and prolong the provisional system which came into force 1 March 1973 and extend the periods during which AASM products can be imported duty-free into the Community without restoring the total exemption they enjoyed before April 1972.

Under these circumstances, your committee can do no more than confirm its opinion of March 1973, while recognizing that the system set out in the proposed regulations does indeed ensure satisfactory outlets for products from the Associated States during the off-season period.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman of the opinion: Mr. HOUDET

The Committee on Agriculture, requested to deliver an opinion on the proposals for regulations as set out in Document 140/73, unanimously adopted the following opinion on 12 September 1973.

The following were present: Mr. Héger, acting chairman replacing the rapporteur (who was unable to attend), Mr. Broeksz (deputizing for Mr. Cifarelli), Mr. Gibons, Mr. John Hill, Mr. Hunault, Mr. Kavanagh, Mr. de Koning, Mr. Labban, Mr. Lefebvre, Mr. Ligios, Miss Lulling, Mr. Martens, Mr. Radoux (deputizing for Mrs. Orth).

1. The Committee on Agriculture has been requested to deliver an opinion to the Committee on Development and Cooperation on the proposed regulations dealing with import arrangements applicable to certain fruit and vegetables originating in the Associated African States and Madagascar or in the Overseas Countries and Territories, and the United Republic of Tanzania, the Republic of Uganda or the Republic of Kenya (Doc. 140/73).

The Committee on Agriculture has already, on several occasions, given consideration to this problem, which has been the subject of various opinions of the European Parliament on the basis of reports drawn up by the Committee on Relations with African States and Madagascar and the Committee on Development and Cooperation.

The two themes of this opinion are the economic aspects and an analysis of the successive legal arrangements.

1. Successive legal arrangements

A. Yaoundé I

2. Under Yaoundé I, which came into force in 1963, and during the transitional period between the end of Yaoundé I and the implementation of Yaoundé II (1 June 1969 - 31 December 1970), the tariff arrangements applicable to imports of fresh fruit and vegetables originating in the AASM into the Community were the intra-Community arrangements. Hence, from 1 July 1968, which marked the finalization of the customs union between the Six, these products were exempt from customs duty on entry to the Community.

B. Yaoundé II

3. This convention, which came into force on 1 January 1971, modified the import arrangements for agricultural products originating in the AASM. The provisions of this Convention, in particular those of Protocol No.1, Article 2, affecting agricultural products subject to customs duty within the framework of the common organization of markets, were dissimilarly applied by Member States of the Community, some of which continued to grant duty-free entry to imports of fresh fruit and vegetables originating in the AASM, while others applied the arrangements for third countries.

4. In December 1971, the Commission submitted proposals for regulations to remedy this situation, which was both disorderly and alien to the objectives of the Community's policy towards the Associated States. The proposed regulations made provision for the duty-free entry of certain fresh fruit and vegetables originating in the AASM and, by analogy, the

countries of the Arusha Agreement.

Both the Committee on Relations with African States and Madagascar and the Committee on Agriculture had delivered a favourable opinion on these proposals for regulations (see Doc.219/71 of 15 December 1971, draftsman: Mr DEWULF).

The Council pronounced on these proposals in April 1972, when it adopted Regulations No. 859/72 and No. 860/72 (OJ L 101 of 28 April 1972). However, these regulations were more restrictive than the Commission's proposals since they limited duty-free entry of the products concerned to certain periods of the year.

5. These regulations gave rise to differences of opinion between the Community and the Associated States, which were voiced in several sittings of the Association Council and, at parliamentary level, at several meetings of the EEC-AASM Joint Committee. The AASM were particularly averse to the introduction of different arrangements for different periods of the year.

It was under these circumstances that the Council decided - at its meeting of 13 October 1972 in Luxembourg - to accept the proposal of the Associated States to seek a solution by appointing Mr Jean REY as mediator, the result of which was a compromise which involved an alternative: the reintroduction of duty-free entry coupled either with a specific safeguard clause or with an improvement of the 'periodic' arrangements in favour of the AASM.

C. Transitional arrangements applicable from 1 March 1973 :

6. Although the position of all the Associated States was not yet known at the beginning of 1973, it nevertheless seemed probable that an improvement in the periodic arrangements would be the formula adopted at ministerial level, and the Commission, in January 1973, therefore submitted proposals (see Doc. 309/72) for the immediate adjustment of those arrangements. These proposals followed the line taken by the Council which, when it adopted the regulations in April 1972, had agreed to reconsider the periodic arrangements one year after their introduction in order to make any necessary improvements.

The European Parliament, acting on the report of the Committee for Relations with African States and Madagascar with an opinion from the Committee on Agriculture, pronounced in favour of these proposals. The Council adopted two regulations along these lines, which were, however,

only of a transitional nature pending an official pronouncement on the part of the AASM.

D. The proposals under consideration

7. These proposals finalize, for the remaining period of validity of the Association Agreement, i.e. until 31 January 1975, the provisional regulations adopted in March 1973 subject to an adjustment in the two months' period (October and November) in respect of beans.

II. Economic aspects

A. The provisions of the proposed regulations

8. Following the arrangements currently in force, with the qualification indicated in para. 7, the proposed regulations provide, in all, for the duty-free entry of the following products on importation into the Community:

- leguminous vegetables, in particular peas and beans (duty between 10% and 17%);
- pimentos or sweet peppers (duty: 9%);
- aubergines and other vegetables of tariff heading 07.01 T (duty: 16%);
- papaws (duty: 6%);
- melons and other fresh fruit of tariff heading 08.09 (duty: 11%).

Nevertheless this exemption is only valid during certain periods of the year which vary according to the products but which, in general, extend between October/November and May.

B. Amounts actually imported

9. Although imports of the products concerned have undoubtedly soared over the past few years, rising from an average of 490 metric tons for the period 1965-1967 to 1,770 metric tons on average for the years 1968 to 1970, to 1,800 metric tons in 1971 and 3,500 metric tons in 1972, they still represent an extremely modest portion of total Community imports of fresh fruit and vegetables. These figures should, in fact, be compared with the figures for total imports of the same products from all third countries. These imports amounted to 104,053 metric tons in 1970 and 114,822 tons in 1971 (the overall figures for 1972 are not available).

Therefore the Committee on Agriculture, which has in the past subscribed to the principle of duty-free import arrangements, can continue to do so with no fear of damaging consequences for Community producers.

Indeed, it is conceivable that imports in 1973 will be lower than in 1972, since some of these products come from Sahel countries (Senegal, Upper-Volta, Niger) which are wholly or in part affected by this year's drought.

10. A further consideration emerges from the table below:

EEC imports of products affected by these regulations

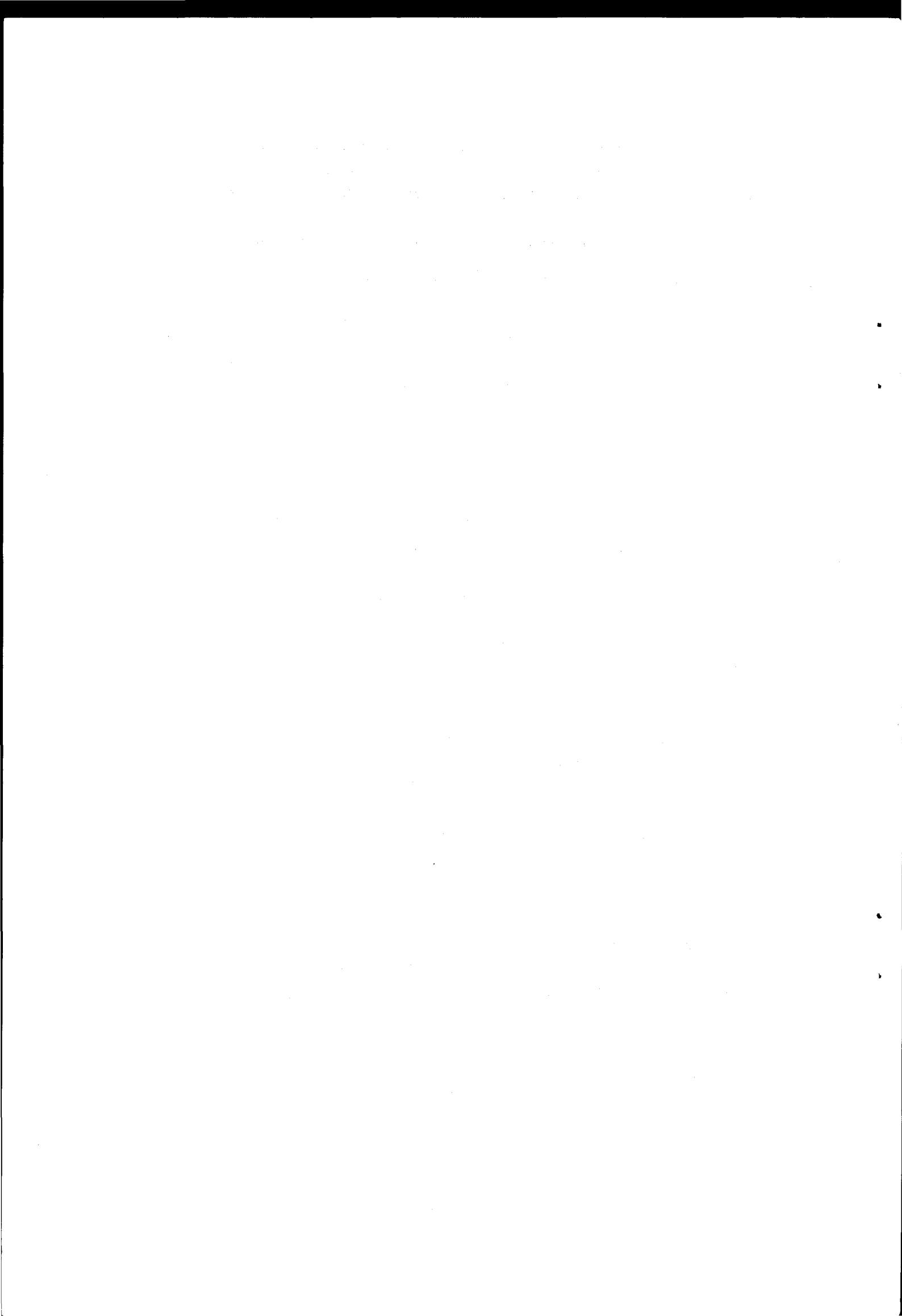
		Imports from the AASM	Total Imports	%
1970	Quantity	1,862 metric tons	104,053 metric tons	1.8
	Value	\$1,032,000	\$29,566,000	3.5
1971	Quantity	1,808 metric tons	114,822 metric tons	1.6
	Value	\$1,130,000	\$32,051,000	3.2

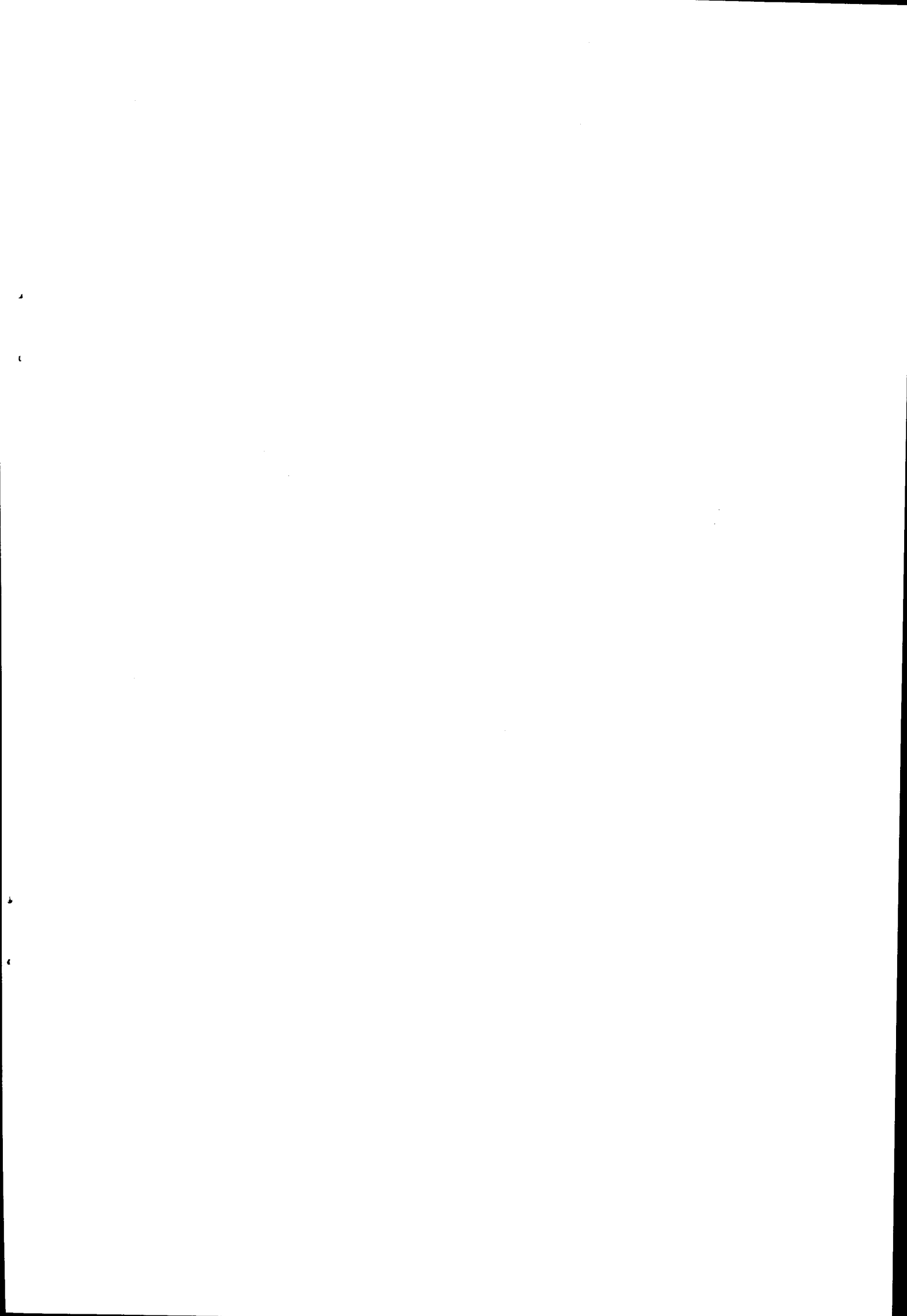
It will be noted that the percentage value, by comparison with the total imports of these products, is approximately twice the percentage quantity. This is explained by the fact that transport costs, usually involving air transportation, weigh heavily on the final cost even if the prime costs are originally quite low. Under these circumstances, the competitive dangers on the Community market are minimal. However, the periodic arrangements do mean that the duty-free imports arrive at a time when there are few comparable products from within the Community.

11. Finally, it should be recalled that the general safeguard clauses which are partly comprised in Regulation No. 1035/72 on the common organization of the market in fruit and vegetables (OJ L 118 of 20 May 1972) and partly in Article 16 of Yaoundé II are applicable to imports of fruit and vegetables originating in Associated States, even if there is no specific safeguard clause.

Conclusion

12. The observations made in this opinion compel the Committee on Agriculture to reiterate the views it expressed in December 1971 and February 1973 and deliver a favourable opinion on these proposals for regulations.





Luxembourg
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