

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 6 June 1977

Proposal for a
COUNCIL REGULATION (EEC)

opening, allocating and providing for the administration of a Community tariff quota for wines known as "Cyprus sherry" falling within subheading ex 22.05 C III of the Common Customs Tariff, originating in Cyprus, and introducing subsidies for similar wine products produced in the Community (1977)

(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

On the basis of Article 12 of the Protocol laying down certain provisions relating to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus following the Accession of new Member States to the European Economic Community¹, certain liqueur wines exported by Cyprus under the label of "Cyprus sherry" are imported into the United Kingdom and Ireland at reduced rates of duty and with exemption from the countervailing charge, subject to annual tariff quotas. These arrangements apply only until 30 June 1977.

In conjunction with the above measure, the Community provided for subsidies in favour of the Community wines, similar to Cyprus sherry, that are imported into the two Member States in question.

Persuant to the Act of Accession, the products in question will be subject to the Common Customs Tariff duties as from 1 July 1977.

In order to make it possible to maintain the trade flows for the products in question, Community arrangements should be established in the form of a Community tariff quota to be exempt from duties and the countervailing charge. The system of subsidies applied up to now should also be retained.

At the present time it seems appropriate to fix the quota volume at 100 000 hectolitres for a period from 1 July to 31 December 1977.

This is the purpose of the proposal annexed hereto.

¹OJ No L 133, 21.5.1973, page 88.

Proposal for a
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opening, allocating and providing for the administration of a Community tariff quota for wines known as "Cyprus sherry" falling within subheading ex 22.05 C III of the Common Customs Tariff, originating in Cyprus (1977), and introducing subsidies for similar wine products produced in the Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 and 113 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament¹,

Whereas the exchange of letters referred to in Article 12 of the Protocol laying down certain provisions relating to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus consequent on the Accession of new Member States to the European Economic Community² makes provision for special interim arrangements for the wine product exported under the label of "Cyprus sherry" and intended for direct human consumption, which involve the non-application of countervailing charges on imports of this wine into Ireland and the United Kingdom, up to a maximum annual quota of 200 000 hectolitres;

Whereas, to that end, Regulation (EEC) No 1253/72³, as amended by Regulation (EEC) No 3576/73⁴, as last extended and amended by

.../...

¹ OJ No ,

² OJ No L 133, 21.5.1973, page 88

³ OJ No L 133, 21.5.1973, page 115.

⁴ OJ No L 359, 20.12.1973, page 33.

Regulation (EEC) No 1606/76¹, introduced arrangements for imports of the wine product exported under the label of "Cyprus sherry", originating in and coming from Cyprus, and provided for subsidies for similar wine products produced in the Community as originally constituted and exported to Ireland and the United Kingdom; whereas the arrangements in question apply only until 30 June 1977;

Whereas, as from 1 July 1977, imports of the product in question into the United Kingdom and Ireland, the traditional markets for the wine known as "Cyprus Sherry" should, under the Act of Accession, be subject to the Common Customs Tariff duties;

Whereas, to make it possible to maintain traditional trade flows for the product in question and in particular to allow for the marketing of existing stocks, Community arrangements should be established in the form of a Community tariff quota exempt from customs duties and the countervailing charge;

Whereas these arrangements should not disrupt the market for the Community wines that are similar to "Cyprus sherry"; whereas, to avoid causing an imbalance in the conditions of competition between "Cyprus sherry" and similar Community wines, provision should be made for subsidies in favour of the latter based on the difference, on the markets of the importing Member States, between the prices of Community liqueur wines and the price of "Cyprus sherry";

Whereas a Community tariff quota should be opened under the conditions set out above with a limit of 100 000 hectolitres for the period 1 July to 31 December 1977;

Whereas entry under the above Community tariff quota must be conditional on the presentation of the A. CY. 1 movement certificate and a document which is based on the V.I.1 model annexed hereto and complies with Regulation (EEC) No 2115/76²;

.../...

¹OJ No L 175, 1.7.1976, page 6

²OJ No L 237, 28.8.1976, page 1.

Whereas it is in particular necessary to ensure for all Community importers equal and uninterrupted access to the abovementioned quota and uninterrupted application of the rates laid down for that quota to all imports of the products concerned into all Member States until the quota has been used up; whereas, having regard to the principles mentioned above, the Community nature of the quota can be respected by allocating the Community tariff quota among the Member States; whereas, in order to reflect more accurately the actual development of the market in the products concerned, such allocation should be in proportion to the needs of the Member States, assessed by reference to both the statistics of each State's imports of the said products from Cyprus over a representative period and the economic outlook for the quota period concerned;

Whereas in this case, however, neither Community nor national statistics showing the breakdown for each of the types of wines in question are available; whereas, in these circumstances, the quota volumes should be allocated in initial shares, taking into account demand for these wines on the markets of the various Member States and the requirements that certain Member States have made known;

Whereas, in order to take into account import trends for the products concerned in the different Member States, each of the quota amounts should be divided into two instalments, the first instalment being allocated among the Member States and the second forming a reserve intended ultimately to cover the requirements of the Member States which have used up their initial quota shares; whereas, in order to ensure a certain degree of security to importers in each Member State, the first instalment of the Community quotas should be determined at a level which, under present circumstances, may be 99 % of each of the quota amounts;

Whereas the initial quota shares of the Member States may be used up at different times; whereas, in order to take this fact into account and avoid any break in continuity, it is important that any Member State having used up almost the whole of its initial quota share should draw an additional quota share from the reserve; whereas this must be done by each

.../...

Member State as and when each of its additional quota shares is almost entirely used up, and repeated as many times as the reserve allows; whereas the initial, and additional quota shares must be available for use until the end of the quota period; whereas this method of administration calls for close cooperation between Member States and the Commission, which must, in particular be able to observe the extent to which the quota amounts are used and inform Member States thereof;

Whereas if, at a given date in the quota period, a considerable quantity of the initial share is left over in a Member State, it is essential that each State should return a significant proportion to the reserve to prevent a part of the Community quota from remaining unused in one Member State while it could be used in others;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united in and represented by the Benelux Economic Union, any measure concerning the administration of the quota shares allocated to that economic union may be carried out by any of its members,

HAS ADOPTED THIS REGULATION:

Article 1

1. From 1 July **until** 31 December 1977, the Common Customs Tariff duties in respect of the following products originating in Cyprus shall be totally suspended within the limits of a Community tariff quota of 100 000 hectolitres :

CCT heading No	Description
ex 22.05 C III a) 2	} Liqueur wines known as "Cyprus sherry"
ex 22.05 C III b) 3	
ex 22.05 C IV a) 2	
ex 22.05 C IV b) 3	

.../...

2. The Protocol on the definition of the concept of 'originating products' and on methods of administrative cooperation, annexed to the Agreement between the European Economic Community and Cyprus, shall be applicable.
3. The entry of the wines in question under the tariff quota referred to in paragraph 1 shall be conditional on the presentation of a V.I.1 document. That document shall comply with the provisions of Regulation (EEC) No 2115/76.
4. Within the limits of the above tariff quota, the products referred to in paragraph 1 shall be exempt from the countervailing charges provided for in Regulation (EEC) No 816/70⁽¹⁾ as amended by Regulation (EEC) No ~~1160/76~~. *522/77 (2) but*

Article 2

1. The quotas laid down in Article 1 shall be divided into two instalments.
2. A first instalment, amounting to 99 000 hectolitres, shall be allocated among the Member States; the respective shares, which subject to Article 5 shall be valid until 31 December 1977, shall be as follows:

(in hectolitres)

Benelux	100
Denmark	100
Germany	100
France	100
Ireland	900
Italy	100
United Kingdom	97 600.

3. The second instalment amounting to 1 000 hectolitres shall constitute the reserve.

Article 3

1. If 90% or more of the initial share of a Member State, as laid down in Article 2 (2), or 90% of that share less the amount returned into the reserve, where the provisions of Article 5 have been applied has been exhausted, that Member State shall proceed without delay, by notifying the Commission, to draw a second share equal to 15% of its initial share, rounded up to the next unit where appropriate, to the extent that the amount in the reserve allows.

(1) OJ L 99, 5.5.1970, p.1.
 (2) OJ L 69, 16.3.1977, p.1.

.../...

2. If, after one or other of its initial shares have been exhausted, 90% or more of the second share drawn by a Member State has been used, that Member State shall proceed in the manner specified in paragraph 1 to draw a third share equal to 7.5% of its initial share, rounded up to the next unit where appropriate, to the extent that the amount in the reserve allows.

3. If, after one or other of its second shares have been exhausted, 90% or more of the third share drawn by a Member State has been used, that Member State shall, in accordance with the same conditions, draw a fourth share equal to the third.

This process shall be applied until the reserve is exhausted.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3, the Member States may proceed to draw shares smaller than those fixed in those paragraphs, if there is reason to believe that those shares might not be used up. They shall inform the Commission of the reasons which led them to apply this paragraph.

Article 4

Each of the additional shares drawn pursuant to Article 3 shall be valid until 31 December 1977.

Article 5

The Member States shall return to the reserve, not later than 1 November 1977, the unused portion of their initial share which, on 15 October 1977, is in excess of 20% of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

The Member States shall, not later than 1 November 1977, notify the Commission of the total quantities of the said goods imported up to and including 15 October 1977, and charged against the appropriate Community tariff quota and any quantities of the initial share returned to the reserve.

Article 6

The Commission shall keep account of the shares opened by Member States in accordance with Articles 2 and 3 and shall inform each of them of the extent to which the reserve has been used as soon as it receives the notifications.

.../...

The Commission shall, not later than 5 November 1977, notify Member States of the amount in the reserve after the return of shares pursuant to Article 5.

The Commission shall ensure that any drawing which uses up the reserve is limited to the balance available and, for this purpose, shall specify the amount thereof to the Member State which makes the final drawing.

Article 7

1. The Member States shall take all appropriate measures to ensure that, when additional shares are drawn pursuant to Article 3, it is possible for charges to be made without interruption against their accumulated shares of the Community quota.
2. The Member States shall ensure that importers of the said goods established in their territory have free access to the shares allocated to them.
3. The Member States shall charge imports of the said goods against their shares as and when the goods are entered for home use.
4. The extent to which a Member State has used up its share shall be determined on the basis of the imports charged in accordance with paragraph 3.

Article 8

1. During the period 1 July to 31 December 1977, subsidies shall be granted on the Community liqueur wines similar to "Cyprus sherry" that are dispatched from the producer Member States to other Member States of the Community which have actually imported liqueur wine known as "Cyprus sherry".
2. The subsidies referred to in paragraph 1 shall be calculated on the basis of the difference, on the markets of the importing Member States, between the prices of Community liqueur wine and those of "Cyprus sherry".

.../...

Article 9

Detailed rules concerning the amount of the subsidy and the Community wine products eligible for aid, shall be adopted in accordance with the procedure laid down in Article 7 of Regulation No 24 on the progressive establishment of a common organisation of the market in wine (1).

Article 10

On receipt of a request from the Commission, Member States shall inform it of imports actually charged against their shares.

Article 11

The Member States and the Commission shall cooperate closely in order to ensure that this Regulation is observed.

Article 12

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall apply from 1 July 1977.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

(1) OJ No 30, 20.4.1962, page 989/62.

ANNEX I

No. I. I. I	Country of origin	No A 000 000
	DOCUMENT FOR THE IMPORTATION OF WINES, GRAPE JUICE OR GRAPE MUST	

A. CERTIFICATE

I, the undersigned (1).....
 guarantee that the consignment described below: — is intended for direct human consumption (a)
 — is not intended for direct human consumption (a)

Number of packages, nature, marks and reference Nos	Description and colour of product	Number of bottles	Volume (2)

consigned by (3).....
 to (4).....
 complies with the provisions governing production and entry into circulation in.....
 (5)

is/is not intended for human consumption (a)
 if intended for direct human consumption and has not been subjected to oenological processes permitted under current Community provisions relating to the import in question.

(a) Delete as appropriate. (Place)..... (Date)

Name and address of official agency

(Signature and stamp)

B. ANALYSIS REPORT

I, the undersigned (6).....
 certify that the consignment described in the above certificate has the following analytical characteristics:

- For grape musts or grape juice:
- | | |
|-------------------|----------------------------|
| (a) density | (f) volatile acidity |
|-------------------|----------------------------|
- For wine and grape musts still in fermentation:
- | | |
|-------------------------------------|---------------------------------|
| (b) total alcoholic strength | (g) citric acidity |
| (c) actual alcoholic strength | (h) total sulphur dioxide |
- For all products:
- | | |
|-----------------------------|--|
| (d) total dry extract | (i) presence of products obtained from varieties resulting from interspecific crossings (direct-producer hybrids) or from other varieties not of the species <i>vitis vinifera</i> (7) |
| (e) total acidity | |

(Place)..... (Date)

Name and address of laboratory

(Signature and stamp)

(1) Name and official title of person in charge of the official agency.
 (2) Give amount in figures in hl and litres
 (3) Full name and address of consignor
 (4) Full name and address of consignee.

(5) Name of country of origin of the wine
 (6) Name and official title of person in charge of the laboratory.
 (7) Answer 'yes' or 'no'

ATTRIBUTIONS

1	2	3	4	5
<p align="center">Volume</p> <p>A. Available</p> <p>B. Attributed</p>	<p align="center">Reference number and date of the extracts</p>	<p align="center">Reference number and date of accompanying documents (1) or customs documents</p>	<p align="center">Full name and address of the consignee named on the extract or on the accompanying document</p>	<p align="center">Stamp of the responsible authority</p>
A.				
B.				
A.				
B.				
A.				
B.				
A.				
B.				
A.				
B.				
A.				
B.				

) Where required by Community rules.

FINANCIAL STATEMENT

1. Budget line concerned : Ch. 12 Art. 120

2. Legal basis : Articles 43 and 113

3. Title of the tariff measure :

Proposal for a Council Regulation (EEC) opening, allocating and providing for the administration of a Community tariff quota for wines known as "Cyprus sherry" falling within subheading ex 22.05 C III of the Common Customs Tariff, originating in Cyprus, and introducing subsidies for similar wine products produced in the Community (1977)

4. Objectives :

Extension of tariff arrangements due to expire on 30 June 1977.

5. Method of calculation :

- CCT No : ex 22.05 C III
- Quota volume : 100 000 hl
- Quota duty rate : exemption
- Duty rate CCT : between 14 and 19 u.a./hl

6. Loss of receipts :

approximately 300 000 u.a. (estimate)