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Report

drawn up on behalf of the Committee on External Economic Relations

on the proposal from the Commission of the European Communities to the Council (Doc. 354/77) for a regulation on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia

Rapporteur: Mr M. MARTINELLI

10.2

English Edition

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By letter of 3 November 1977 the President of the Council of the European Communities requested the European Parliament pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia.

The President of the European Parliament referred this proposal to the Committee on External Economic Relations as the committee responsible and to the Committee on Budgets and the Committee on Agriculture for their opinions.

On 22 November 1977 the Committee on External Economic Relations appointed Mr Martinelli rapporteur.

It considered this proposal at its meeting of 22 November 1977 and, at the same meeting, unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Kaspereit, chairman; Mr Van Aerssen, deputy rapporteur; Mr Amadei, Mr Berkhouwer (deputizing for Mr Baas), Lord Castle, Mr De Clercq, Mr Galluzzi, Mr Radoux, Lord St Oswald and Mr Spicer.

The opinions of the Committee on Agriculture and the Committee on Budgets are attached.

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The Committee on External Economic Relations 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 proposal from the Commission of the European Communities to the Council for a regulation on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 354/77),
 - having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Agriculture and the Committee on Budgets (Doc. 414/77),
1. Recalls that in the Joint Declaration signed in Belgrade on 2 December 1976 the representatives of the Community and Yugoslavia called for greater cooperation between both parties, in particular in trade, industry, agriculture and economic matters;
 2. Points out that the beef trade plays an important part in Yugoslavia's economy;
 3. Approves the Commission's proposal.

¹ OJ No. C 257, 26.10.1977, p.6

EXPLANATORY STATEMENT

1. Import arrangements in respect of beef and veal were originally laid down by Council Regulation (EEC) No. 805/68 of 27 June 1968 on the common organization of the market in beef and veal¹.
2. This regulation was amended by Council Regulation (EEC) No. 425/77 of 14 February 1977, which came into effect on 1 April 1977². The amended regulation provides for a new import system under which higher levies may be charged in certain circumstances.
3. By way of derogation from the original beef and veal regulation, Article V of the Trade Agreement concluded on 26 June 1973 between the European Economic Community and Yugoslavia³ provides for a special import system for Yugoslav baby beef under which the levy applicable is reduced.
4. Although the new import system which came into effect on 1 April 1977 is not at variance with Article V of the abovementioned trade agreement, it nevertheless has an adverse effect on Yugoslav exports of beef to the Community⁴.
5. Such a circumstance would not be in keeping with the spirit of present relations between the Community and Yugoslavia which are characterized among other things by a common desire for greater economic cooperation. This is illustrated by the following extract from the Joint Declaration signed in Belgrade on 2 December 1976⁵:

'While respecting the non-preferential nature of the existing Agreement and in the spirit of Article VII of that Agreement, the two Parties will endeavour to cooperate more effectively in their own mutual interest, particularly in trade, industry, agriculture and economic matters.

With this in mind, everything possible will be done to step up market surveys and sales promotion for the two Parties' goods on their respective markets, particularly for Yugoslavian goods on Community and third country markets'.

¹ OJ No. L 148, 26.6.1968, p. 24

² OJ No. L 61, 5.3.1977, p. 1

³ OJ No. L 224, 13.8.1973

⁴ Cf. technical details given in paras. 1 to 3 of the Commission's explanatory memorandum on the proposal.

⁵ This declaration was distributed to members of the Committee on External Economic Relations in the form of a notice to members (PE 47.097

6. Pending the renewal of the present agreement, which expires on 31 August 1978, the Commission therefore proposes a transitional arrangement comprising:

- a slight reduction in the levy applicable to Yugoslavia under certain conditions,
- voluntary restraint on Yugoslav exports, limiting them to the quantities exported in 1976.

7. In view of the above considerations, the Committee on External Economic Relations approves the Commission's proposal. At the same time it would point out that the beef and veal trade plays an important part in the Yugoslav economy and that the deficit on Yugoslavia's balance of trade with the European Community for this year is estimated at 2,500 million dollars.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman : Mr H. LEMP

On 3 November 1977 the Committee on Agriculture appointed Mr LEMP draftsman.

It considered the draft opinion at its meeting of 22/23 November 1977 and adopted it by 7 votes to 2 with 3 abstentions.

Present: Mr Houdet, chairman; Mr Liogier, vice-chairman; Mr Hughes, vice-chairman and deputy draftsman; Mr Albertini, Mr Durand, Mr Früh, Mr Guerlin, Mr F. Hansen, Mr Howell, Mr Klinker, Mr Scott-Hopkins and Mr Shaw (deputizing for Mr Corrie).

This proposal is designed to facilitate Community imports of certain adult bovine animals and beef originating in Yugoslavia.

Since the abolition of the safeguard clause, the new system for imports has meant that Yugoslavia - which applies a high offer price - finds it more difficult to export to the Community, since under this system levies are applied at a higher rate than the basic levy if the Community's market price is lower than 98% of the guide price. It is therefore proposed that the levies should be reduced in relation to the basic levy so that the meat can be marketed at a lower price in the Community, especially in Italy.

In this way the competitive position of imported 'baby-beef' will be strengthened in relation to other kinds of meat. Yugoslavia would restrict its exports to 1,500 tonnes per month, which corresponds to the average amount exported by Yugoslavia to the Community in 1976.

However, the Committee on Agriculture would draw attention to the problems in the beef and veal sector which have resulted in surpluses. It remains extremely difficult to cope with the instability of the beef and veal market and to control the production cycles which lead to considerable fluctuations.

Furthermore, the conversion premium offered in the attempt to reform the dairy market may lead to a considerable increase in beef and veal stocks without there being any equivalent increase in consumption, since beef and veal consumption increases more slowly than that of pigmeat or poultrymeat. A cautious policy must be pursued in this sector, also with regard to imports from third countries, since beef and veal production increases more rapidly than consumption and this trend can be exacerbated by the cyclical movements on the beef and veal market, which are difficult to control.

However, the Commission is contemplating certain measures calculated to stabilize the beef and veal market. The Committee on Agriculture accepts that the Community must respect the spirit of the agreement with Yugoslavia, even when the market situation is difficult, and points out that beef and veal exports are very important for the Yugoslav economy.

This proposal is designed to maintain Yugoslav beef exports at the same level as in the last few years.

Pending negotiations on an extension of the current trade agreement with Yugoslavia, and in view of the need to maintain the traditional trade pattern, the Committee on Agriculture approves the proposal.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the Chairman of the Committee to Mr KASPEREIT,
Chairman of the Committee on External Economic Relations.

Luxembourg, 2 December 1977

Subject : Proposal for a regulation on levies applicable to imports of
certain adult bovine animals and beef from Yugoslavia (Doc. 354/77)

Dear Mr Kaspereit,

The Committee on Budgets considered the above proposal for a regulation at its meeting of 30 November and 1 December 1977¹.

The European Community has signed a trade agreement with Yugoslavia. To comply with the special dispositions of that agreement, it is necessary, in the case of Yugoslav exports of certain adult bovine animals, to provide for a reduction in the levy which would normally apply. This measure will remain in force until 31 August 1978 and the resulting loss of revenue is estimated at a maximum of 0.6 million EUA for 1977 and a maximum of 2.1 million EUA for 1978. Since the reduction in the levy applicable to Yugoslavia is an unavoidable consequence of the EEC-Yugoslavia Agreement, the Committee on Budgets was able to approve the proposal.

The Commission must nevertheless be reminded that it has already been urged repeatedly by the Committee on Budgets to produce an overall survey of all reductions in import levies which result in loss of revenue for the Community.

Yours sincerely,

(sgd) Erwin Lange

¹ Present : Mr Lange, chairman; Mr van Aerssen, Mrs Dahlerup, Mr Früh, Mr L'Estrange, Mr Radoux, Mr Ripamonti, Mr Schreiber, Mr Scott-Hopkins and Mr Spinelli.