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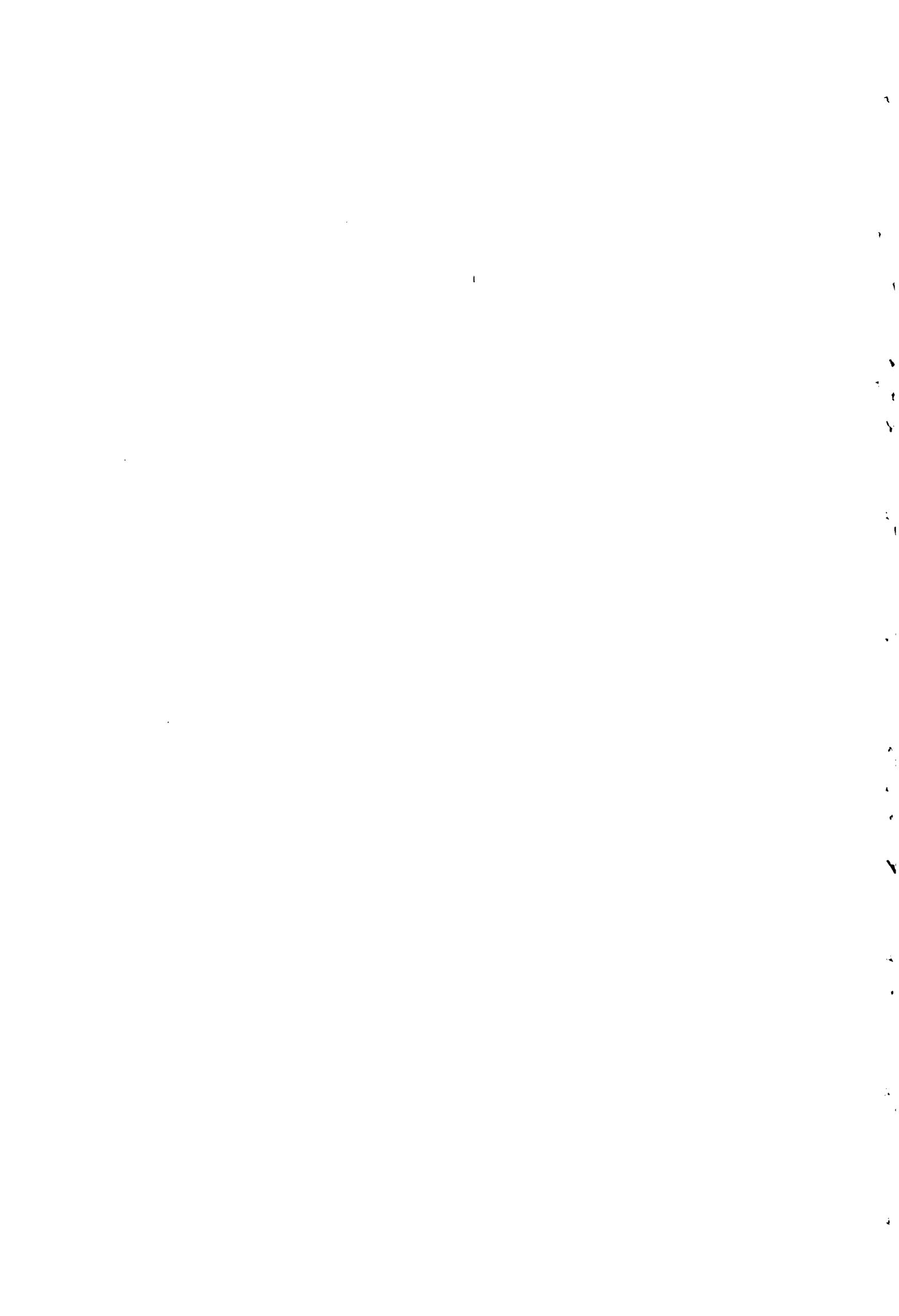
Report

drawn up on behalf of the Committee on Development and Cooperation

on the proposal from the Commission of the European Communities to the Council (Doc. 161/76) for a ⁵regulation amending Regulation (EEC) No. 3015/75 of 17 November 1975 / opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco

Rapporteur: Miss C. FLESCH
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PE 44.945/fin.



By letter of 8 June 1976 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 amending Council Regulation (EEC) No. 3015/75 of 17 November 1975, opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco.

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

On 25 June 1976 the Committee on Development and Cooperation appointed Miss Flesch rapporteur.

The committee considered the proposal at its meeting of 25 June 1976.

At the same meeting the committee unanimously adopted the motion for a resolution and explanatory statement.

Present: Miss Flesch, chairman and rapporteur; Miss Boothroyd, Mr Boano (deputizing for Mr Galli), Mr Broeksz, Mr Deschamps, Mr Baffrini (deputizing for Mrs Goutmann), Mr Girardin, Mr Glinne, Mr Jakobsen, Mr Brøndlund Nielsen, Mr Seefeld (deputizing for Mr Flämig) and Lord Walston.

The opinions of the Committee on External Economic Relations and the Committee on Agriculture are attached.

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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 a proposal from the Commission of the European Communities to the Council for an a regulation amending Council Regulation (EEC) No. 3015/75 of 17 November 1975 opening allocating and providing for the administration of a Ccmmunity tariff quota for raw or unmanufactured flue-cured Virginia type tobacco

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(76) 228 final),
 - having been consulted by the Council (Doc. 161/76),
 - having regard to the Report of the Committee on Development and Cooperation and the opinions of the Committee on External Economic Relations and the Committee on Agriculture (Doc. 207/76),
1. Approves the Commission's proposal;
 2. Underlines, however, that as the European Parliament is only able to give an opinion some weeks after the proposed date of entry into force of the regulation, it will not be possible for the regulation to enter into force until later than the date proposed by the Commission;
 3. Welcomes the flexibility shown by the Commission in proposing a measure which will prevent damage to certain countries exporting this type of tobacco.

EXPLANATORY STATEMENT

Within the framework of the generalized system of preferences, the Community has opened for the period 1 January to 31 December 1976 a quota for raw or unmanufactured flue-cured Virginia type tobacco falling within sub-heading ex 24. X B of the Common Customs Tariff which covers raw tobacco of a value less than 280 u.a. per 100 kg. net weight (Council Regulation (EEC) No. 3015/75 of 17 November 1975)¹.

Due to fluctuations in the rate of conversion of the unit of account into national currencies and in particular to the depreciation of certain national currencies in relation to others, quantities of tobacco are stored in warehouses in Member States and cannot be cleared through customs under sub-heading ex 24. X B because their prices now exceed 280 u.a. Because the price level determines the tariff sub-heading into which the tobacco falls, this tobacco now comes under tariff heading 24. X A1 and it would not now benefit from the preferential rate provided for within the limits of the tariff quota concerned.

The Commission therefore proposes to include tobacco of a value above 280 u.a. per 100 kg. net weight falling under sub-heading ex 24. X A1 within the tariff quota concerned which itself remains unchanged at 38,000 tonnes by applying a preferential rate of 7% with a maximum charge of 45 u.a. per 100 kg. This change is intended to be effective from 1 July 1976, but due to the delay in consulting the European Parliament, it is not likely to enter into force until 1 August 1976, as stated in the letter of consultation from the Council. Since the customs authorities require notice of several weeks before the regulation can be effected, this transitional measure will therefore not be effected until some time later.

This transitional measure will be of benefit to certain developing countries, notably India, which would otherwise be penalized by financial circumstances over which they have no control.

¹ OJ No. L 310, 29.11.1975, p.159

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Letter from the chairman to Miss FLESCH, chairman of the Committee on Development and Cooperation

Brussels, 24 June 1976

Dear Miss Flesch,

At its meeting of 22 June 1976, the Committee on External Economic Relations considered the proposal from the Commission of the European Communities for a regulation amending Council Regulation (EEC) No. 3015/75 of 17 November 1975 opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco (COM(76) 228 final).

While the original regulation set an upper limit for the value of tobacco at 280 u.a. per 100 kg, the depreciation of certain national currencies has caused this limit to be exceeded, and consequently tobacco from developing countries has ceased to benefit from the preferential tariff rates. The Commission proposes that this unfortunate situation should be remedied by raising the maximum price.

The Committee on External Economic Relations finds these measures to be necessary and approves them unanimously.

Yours sincerely,

(sgd.) G. KASPEREIT

Present: Mr Kaspereit, chairman; Mr Scott-Hopkins, vice-chairman; Mr Baas, Mr Bersani, Lord Castle, Mr Cousté, Mr De Clercq, Mr Dykes, Mr Noé (deputizing for Mr Dunne), Mr Schwörer, Mr Spicer and Mr Vandewiele.

OPINION OF THE COMMITTEE ON AGRICULTURE

Letter from Mr HOUDET, chairman of the Committee on Agriculture, to
Miss FLESCH, chairman of the Committee on Development and Cooperation

Paris, 21 June 1976

Dear Miss Flesch,

At its meeting of 21 and 22 June 1976¹ the Committee on Agriculture considered the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No. 3015/75 of 17 November 1975 opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco.

To overcome the difficulties resulting from adaptation of the United Kingdom to the CCT as regards traditional imports into that country of raw or unmanufactured flue-cured Virginia type tobacco falling within subheading ex 24.X B of the CCT and originating in certain South-East Asian countries, particularly India, a Community tariff quota has been opened annually since January 1975.

The continued depreciation of sterling is causing the value of this type of tobacco, expressed in units of account, to rise, as a result of which the quota of raw tobacco cannot enjoy preferential treatment under subheading ex 24.X B since the latter covers only raw tobacco with a value of less than 280 u.a. per 100kg net weight.

Since the tariff quota cannot operate properly, large quantities of this type of tobacco, which have in fact already been imported, cannot be cleared through customs and are being kept in storage.

The Commission therefore proposes that, with effect from 1 July 1976, the tariff quota for tobacco falling under subheading ex 24.X.B, should include the same type of tobacco falling within subheading ex 24.X A I, i.e. tobacco of a value of not less than 280 u.a. 100 kg net weight, while retaining the same allocation among Member States.

¹ Present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mrs Dunwoody, Mr Frehsee, Mr Haase, Mr Hansen, Mr Howell, Mr Kofoed, Mr de Koning, Mr McDonald, Mr Martens, Lord St. Oswald, Mr Suck and Lord Walston

The Committee on Agriculture will not go into the complex technical details of this proposal, which involve inter alia the current monetary conditions affecting trade between, in this case, the United Kingdom and India; it would merely point out that the proposal concerns an ad hoc measure designed to provide a temporary solution that enables the tariff quota to operate as it should, i.e. to guarantee importation, under preferential terms, of a specific quantity of raw tobacco originating in certain developing countries.

The Committee on Agriculture also points out that the quantity of the original quota remains fixed at 38,000 tonnes. The text of the proposal is not entirely clear on this point: it could be inferred from Article 1 that the volume of the quota is to be increased. It is important that the Commission should formulate its intentions more clearly. Since the quota remains at 38,000 tonnes, there is no reason to fear any disruption of Community production. The Commission should, however, check the imported quantities most carefully.

The effect of the present proposal is to group together in one tariff quota flue-cured Virginia type tobacco of subheadings ex 24.X. B and ex 24.X A I.

The Committee on Agriculture emphasizes that it sees the proposal merely as an interim solution aimed at ensuring preferential treatment on the British market for a sensitive product which constitutes an important export for the developing countries concerned and is subject to severe competition from other types of tobacco, and it is on this basis that the committee approves the proposal.

The Commission's proposal does not, however, solve the real problem, i.e. the effects of monetary instability on the raw tobacco trade.

Generally speaking, the Committee on Agriculture considers that annual tariff quotas are not a suitable long-term basis for raw tobacco trade between India and the United Kingdom, and that a definitive system to regulate the marketing of this product in the Community should be sought within the framework of the trade cooperation agreement between the EEC and India.

Yours sincerely,

(sgd) R. HOUDET

