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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. 149/73) for a regulation concerning the importation into the Community of certain agricultural products originating in Turkey

Rapporteur: Mr Jan BAAS

PE 33.961/fin.

By letter of 25 July 1973 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 concerning the importation into the Community of certain agricultural products originating in Turkey.

On 9 August 1973 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 opinion.

On 13 September 1973 the Committee on External Economic Relations appointed Mr Baas rapporteur.

At its meeting on 13 September 1973 it examined this proposal and unanimously adopted the motion for a resolution together with explanatory statement.

The following were present: Mr de la Malène, chairman and rapporteur in the absence of Mr Baas; Mr Boano, vice-chairman; Mr Thomsen, vice-chairman; Sir Tufton Beamish, Mr Corterier, Mr Kaspereit, Mr Lange, Mr Lenihan, the Earl of Mansfield, Mr Patijn, Mr Radoux, Mr Scholten, Mr. Schulz, Mr Thornley.

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

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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 concerning the importation into the Community of certain agricultural products originating in Turkey

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (Com/73) 1274 final),
 - having been consulted by the Council pursuant to Article 43 of the of the EEC Treaty (Doc. 149/73),
 - 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. 159/73),
1. Approves the proposal for a regulation;
 2. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENT

1. On 30 June 1973 at Ankara the EEC-Turkey Association Council approved in substance Decision 1/73 concerning further concessions in respect of imports of Turkish agricultural products into the Community. It was also agreed that the decision would be formally adopted upon the entry into force (probably 1 October 1973) of the Interim Agreement on early implementation of certain provisions of the Supplementary Protocol to the EEC-Turkey Association Agreement.

The purpose of the Supplementary Protocol, signed in Ankara on 30 June 1973, is to adapt the Association to the new situation created by the recent enlargement of the European Community.

2. The proposed regulation which was referred to the Committee on External Economic Relations sets out the rules for implementing the Association Council's decision. According to the information supplied by the Commission of the European Communities, it should take effect on the same date as Decision 1/73 and the Supplementary Protocol.

3. The draft regulation proposes a reduction in customs duties or in the fixed component charged on imports into the Community of a certain number of agricultural products originating in Turkey which are listed in the Annex: fresh fish, crustaceans, fresh and dried vegetables, pasta, etc.

4. According to the Commission, the cost of these tariff reductions is calculated on the basis of past exchange rates at approximately 400,000 u.a.

5. Turkey, it will be recalled, has benefited up to now from the preferences accorded in the Additional Protocol in respect of about 92% of the agricultural products exported to the Community: tobacco, nuts, raisins, dried figs, citrus fruits, olive oil, durum wheat, etc.

In addition, for a number of agricultural products or processed agricultural products, the Community has drawn up unilateral measures partially or wholly suspending the CCT duties.

The reductions in customs duties recommended in the proposed regulation are based on certain provisions of the Additional Protocol which expressly state (Article 35) that the Association Council can, at the request of either party, examine the effects of the system of preferences applicable to agricultural products and decide what improvements are necessary for the gradual realization of the aims of the Association Agreement. The time-limits laid down for this purpose in Articles 35(3)

have been brought forward one year in the Supplementary Protocol which has just been adopted by the Association Council.

6. The European Parliament most certainly welcomes the measures put forward in the proposal for a regulation, the financial cost being, in any case, very small. They can, indeed, help to reduce Turkey's large payments deficit in trade with the Member States of the Community, even if this deficit is already largely counter-balanced, it is true, by invisible transactions with the same states.

Parliament notes with satisfaction that the Commission's proposal follows the lines recently recommended in Sir Tufton BEAMISH's report (see Doc 125/73 on the recommendations of the Joint Committee for the Association with Turkey of 14 May 1973).

On that occasion Parliament declared itself in favour of the Community intensifying its efforts to promote Turkish products on the Community's markets (~~article~~ 7) and to effect all necessary measures to enable the trade provisions of the Supplementary Protocol to be implemented at an early date (article 3)

The measures proposed by the Commission for reducing the customs tariff will help to achieve these aims. Therefore, the European Parliament approves them and hopes they can be quickly implemented.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the Chairman of the Committee on Budgets to the Chairman of the Committee on External Economic Relations.

Luxembourg, 17 September 1973

Subject: Opinion of the Committee on Budgets on the proposal for a regulation concerning the importation into the Community of certain agricultural products originating in Turkey (Doc.149/73)

Dear Mr de la Malène,

I have the honour to inform you that, at its meeting of 13 September 1973, the Committee on Budgets examined the proposal for a regulation referred to above and had no special observations to make.

Yours sincerely,

Georges SPENALE
p.p. Sergio GUCCIONE

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman: Mr M. VETRONE

The Committee on Agriculture, having been asked its opinion on the proposal from the Commission of the European Communities to the Council for a regulation concerning the importation into the Community of certain agricultural products originating in Turkey, appointed Mr VETRONE draftsman of the opinion.

At its meeting of 12 September 1973 the Committee on Agriculture examined the proposal and unanimously approved the following opinion which was presented orally by Mr LIGIOS deputizing for Mr VETRONE.

The following were present: Mr Heger, Chairman; Mr Ligios, draftsman of the opinion (deputizing for Mr Vetrone), Mr Broeksz (deputizing for Mr Cifarelli); Mr Gibbons, Mr John Hill, Mr Laban, Mr Lefèbvre, Miss Lulling, Mr Hunault, Mr de Koning.

Introduction

1. The Association Agreement between the European Economic Community and Turkey was signed in Ankara on 12 September 1963 and came into force on 12 December 1964. It was, as is generally known, intended to provide for a transitional phase in preparation for Turkey's accession to the Community.

An Additional Protocol, based on Article 238 of the Treaty, subsequently fixed the timetable for applying the above agreement during the transitional period. This protocol came into force on 1 January 1973 but its trade provisions were implemented by an Interim Agreement, based on Article 113 of the Treaty, signed in July 1971.

2. In January 1972 negotiations with a view to adapting and extending the pre-existing agreement to new Member States of the Community were begun.

These negotiations ended in May 1973 with agreement on a Supplementary Protocol, signed in Ankara on 30 June 1973, which, being based on Article 238 of the Treaty, will be submitted to the European Parliament for consultation and to the Parliaments of Turkey and the Member States for ratification.

3. Pending ratification, Turkey and the Community have decided, by means of an Interim Agreement, based on Article 113 of the Treaty, to anticipate implementation of the trade provisions of the Protocol. This agreement was also signed in Ankara on 30 June 1973, and is expected to come into force on 1 October 1973.

4. The Supplementary Protocol contains two types of provisions. Transitional measures, applicable until 1977, are designed to ensure gradual application of the terms of association in relations between Turkey and the three new Member States (gradual and partial reduction of Turkish customs duties on industrial imports from the three new Member States).

Adjustment provisions of a permanent nature, amending existing provisions in the framework of the association between the original Community of the Six and Turkey. While some of these measures are of a formal character (extension of the geographical scope of the Agreement to the new Member States, the use of the English and Danish languages within the Association), others concern matters of substance (adjustment in the volume of Community tariff quotas for petroleum products, cotton yarn and other cotton textiles; the financial aid to Turkey was also raised from 195 million to 242 million u.a. under the terms of the second Financial Protocol.)

In addition, the contracting parties issued a declaration of their intent to study and take those steps which, under the terms of the Association Agreement and the Additional Protocol, appeared most likely to promote Turkey's industrialization.

5. As regards agriculture, during the negotiations for the Supplementary Protocol, the Turkish delegation asked for an early reduction of Community duties on agricultural products, in particular certain priority products, in respect of its exports.

The Turkish delegation expressly suggested that such concessions would compensate Turkey for losses it might suffer subsequent to the accession to the Community system by the three new Member States.

6. Recognizing in broad terms the validity of the Turkish requests, and hence the need to improve the import arrangements as far as possible, the contracting parties agreed not to deal with the particular problems raised by this sector in the Supplementary Protocol but to discuss them in the agricultural review provided for by Article 35 of the Additional Protocol.

But, as the Additional Protocol provides for this review one year after its entry into force (1 January 1973), i.e. on 1 January 1974, both Article 6 of the Supplementary Protocol and Article 10 of the Interim Agreement (signed on 30 June 1973) specify that this review should be brought forward.

7. As a result, the Association Council also met in Ankara on 30 June 1973 and first examined the preferential arrangements applied to agricultural products since 1 September 1971. These consist of a tariff quota for tobacco, dried grapes, nuts and dried figs, and tariff reductions for citrus fruits, table grapes and various fishery products.

In the course of the review, it was found that in the past there had been some increase in exports of tobacco, dried grapes, nuts, lemons, mandarins and certain fishery products, but a fall in exports of dried figs, table grapes, oranges and certain fishery products.

8. The Association Council decided in conclusion to extend the preferential treatment to a certain number of new products (about 20, including, in particular, garlic, dried onions, pasta products, grapefruit and malt) and to increase the preferences on products already affected (in general, an additional tariff reduction of ten percent).

The Association Council closed this meeting by expressing its agreement in principle on these arrangements in Decision No. 1/73.

9. As a result of this decision, the Commission has submitted the present proposal for a regulation dealing with the detailed implementation of the preferential arrangements thus established, to be formally adopted on 1 October 1973.

The Committee on Agriculture was requested to give an opinion on this matter to the Committee on External Economic Relations as the committee responsible.

10. Examination of the proposal: If the proposal under consideration, which stems, as already mentioned, from the agreement in principle reached by the Association Council (decision number 1/73) on 30 June 1973, is to be seen in its proper perspective, several considerations must be borne in mind.

11. Under the prior review procedure of the **Additional Protocol**, further concessions were granted for imports of Turkish agricultural products; this means an effective change in the economic scope of the existing agreement as from 1 October 1973 when this regulation is expected to come into force.

As this change was motivated by the need to take account of the effects of the Community's enlargement, it should be remembered that, in the debate on the Mediterranean policy (report by Mr Rossi - Doc. 177/72), it emerged that the extension of existing agreements to the new Member States would have no implications during the current year. The conclusion was therefore drawn that it would be enough to make the technical and legal adjustments to the agreements first, and that economic adjustments for the period starting in 1974 should be made in all the agreements with the Mediterranean basin countries at a later stage and along lines established in overall negotiations.

12. In addition to the concessions granted to achieve the economic adjustment of the agreements according to an overall scheme, there is now mention of further concessions to Turkey in the press release published after the signature of the Supplementary Protocol in Ankara.

This states that present concessions 'will be supplemented later, in the course of a possible review, by other concessions in respect of products affected by the overall Mediterranean approach. As soon as solutions on this question have been reached, the Community will submit proposals to Turkey. The Community stated that the import arrangements it would propose for tomato concentrate originating in Turkey would take due account of the importance of this product to the Turkish economy. The Community will strive to ensure that such imports receive at least as favourable treatment as imports of the same product originating in those Mediterranean

countries to be considered in the global approach which were in a situation comparable to Turkey's.'

13. It appears therefore that, apart from the additional concessions which may be granted to Turkey in future widely-based overall negotiations with the Mediterranean countries, tariff concessions to compensate for the Community's enlargement have already been granted and are likely to come into force before the effects of the enlargement actually make themselves felt.

14. Given Turkey's productive structure, it is obvious that the greater part of her exports is made up of agricultural products for which the Community is an important outlet (in 1971, out of a total of 324 million dollars-worth of Turkish agricultural exports, the Community accounted for 134.8 million dollars) and the Community had to give the biggest advantages to such products. But it should be pointed out that in relations with Turkey it has not so far been possible to provide (in the spirit of reciprocity and as a matter of principle) for concessions on its agricultural imports from the Community (cereals, fats and oils, even if only in limited quantities in the past).

15. The fact that trade and concessions in the Community's dealings with third countries have so far balanced only at intersectoral level, has induced the Committee on Agriculture on the occasion of earlier discussions on analogous agreements, to express its general concern, not so much at the agreements themselves as at internal measures for the agricultural sector, particularly for those areas where existing problems may be aggravated to the extent of damaging the economic life of some regions.

16. In addition, the Committee on Agriculture, though realizing that when the sum concerned is so small (the present tariff concessions cost the Community 400,000 u.a. in unrealized revenue) any remark will seem out of place, thinks that, in future, it would be wise to bear in mind the general problem raised by the prospect of reduced own resources (Community budget) resulting from a loss of tariff or levy revenue due to concessions made to third countries under special agreements.

17. This said, apart from considerations of a general nature already explained, the Committee on Agriculture has no particular comments to make on the present proposal and therefore issues a favourable opinion on its substance.

