

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(94) 1571 final

Brussels, 21.12.1994

REPORT FROM THE COMMISSION TO THE COUNCIL

on the situation and prospects of the rum market
pursuant to Council Decision 91/482/EEC on the association
of the overseas countries and territories with the
European Economic Community (Article 2(b) of Annex V on rum)

Report on OCT rum

Annex V, on rum, to Council Decision 91/482/94 of 25 July 1991 on the association of the overseas countries and territories (OCT) with the EEC establishes the quantities of OCT rum that may be imported free of customs duty until 31 December 1995.

Until 31 December 1993, the annual tariff quota was set at 15 000 hectolitres of pure alcohol (HPA). For the year running from 1 July 1994 to 30 June 1995, the Council increased the quota by 1 740 HPA, to 16 740 HPA.

I. Article 2(b) of Annex V states that "for the arrangements applicable from 1996, the Council, acting by a qualified majority on a proposal from the Commission, shall establish, before 1 February 1995, on the basis of a report that the Commission will send to the Council before 1 February 1994, the arrangements for the projected abolition of the Community tariff quota, taking into account the situation and prospects on the Community rum market and of the exports of the OCT and ACP States".

These are exactly the same terms as those used in Protocol 6, on rum, to the Fourth ACP-EEC Convention, with the sole difference that the Annex V text refers to "exports of the OCT" as well as those of the ACP States.

This report will therefore confine itself to OCT exports, as the other aspects involved have already been covered by the ACP rum report, and apply equally in the case of the OCT.

II. The statistics for this report are taken from two sources, namely EUROSTAT (total annual Community imports) and DG XXI (preferential imports under the July-June tariff quota).

A. The EUROSTAT figures cover all twenty OCT for the period 1982-93. Table "OCT 1" shows only those OCT that actually exported rum to the Community, however limited the quantities involved. OCT not appearing in the table registered no exports at all.

The figures show that most of the OCT rum imported came from the Netherlands Antilles. The quantities were negligible until 1985, and between 1986 and 1990 fluctuated between 4 500 HPA and 7 100 HPA, with the exception of 1986, when there were no imports. Since 1990, the trend has been sharply downward, with only 3 HPA being imported in 1993.

The incidence of the other OCT is tiny, often relating to one year only.

- B. DG XXI's statistics for the utilization rate for the tariff quota from July 1988 to June 1994 show a maximum of 4 740 HPA, or 32%, in 1988/89. Since then, the quantities of OCT rum imported free of customs duty have dwindled to virtually nothing (zero in 1991/92, 1 HPA in 1992/93 and 8 HPA in 1993/94).

In other words, most OCT rum imports entering the Community do so without benefit of the preferential arrangements.

III. We can therefore conclude as follows:

- OCT rum accounts for a negligible share of the Community's rum imports;
- most OCT rum is not imported under the preferential arrangements;
- utilization of the tariff quota has never exceeded 50%, and for the last three years has not even mustered 1%.

Given the tiny quantities involved, the abolition of the quota would have no impact on Community producers.

There is therefore no reason why the abolition of the quota from 1 January 1996, as mooted by the Council in Annex V to Decision 91/482/EEC, should not go ahead.

The quota should be duly abolished from that date, without prejudice to the Community's right to review the arrangements during the second half of the period covered by Decision 91/482/EEC should imports of OCT rum increase to the extent that they adversely affect Community production, particularly of traditional rum.