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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.12.1999
COM(1999) 707 final

1999/0282(ACC)

Proposal for a

COUNCIL DECISION

**concerning the conclusion of an Agreement in the form of an Exchange of Letters
between the European Community, of the one part, and the Swiss Confederation, of the
other part, on Protocol 2 to the Agreement between the European Economic
Community and the Swiss Confederation**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The trading arrangement applicable to processed agricultural products between the European Community and the Swiss Confederation is governed by Protocol 2 to the bilateral free trade agreement.

Following problems reported by France regarding the import of soft drinks from Switzerland, the Commission began consultations with Switzerland in order to find a solution acceptable to both parties. These consultations resulted in a compromise with a solution for the soft drinks problem and reciprocal improvement of the quotas opened by the two parties following the accession of Austria, Finland and Sweden.

This proposal reflects the above objectives. It is proposed that the Council adopt this Decision.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with the first sentence of Article 300(2) thereof,

Having regard to the proposal from the Commission¹,

Whereas:

- (1) An agreement in the form of an exchange of letters between the European Community, of the one part, and the Swiss Confederation, of the other part, concerning certain processed agricultural products covered by Protocol 2 to the Agreement between the European Economic Community and the Swiss Confederation,² has been negotiated on a reciprocal basis in order to improve the trading arrangements and solve certain related problems.
- (2) Since the measures necessary for implementing this Decision are management measures within the meaning of Article 2 of Council Decision 1999/468/EEC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission,³ they should be adopted by the management procedure laid down in Article 4 of that Decision.
- (3) The Agreement should be approved,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an Exchange of Letters between the European Community, of the one part, and the Swiss Confederation, of the other part, concerning Protocol to the Agreement between the European Economic Community and the Swiss Confederation is hereby approved on behalf of the Community.

¹ OJ L ..., ..., p. ...

² OJ L 300, 31.12.1972, p. 189

³ OJ L 184, 17.7.1999, p. 23.

The text of the Agreement is attached to this Decision.

Article 2

Rules for the application of this Decision shall be adopted by the Commission, in accordance with the procedure referred to in Article 3(2) of this Decision.

Article 3

1. The Commission shall be assisted by the management committee on horizontal questions concerning trade in processed agricultural products not listed in Annex II referred to in Article 15 of Council Regulation (EC) No 3448/93.⁽⁴⁾
2. Where reference is made to this Article, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in accordance with the provisions of Article 7(3) thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be set at one month.

Article 4

The President of the Council is hereby authorised to designate the person in power to sign the Agreement referred to in Article 1 in order to bind the Community.

Article 5

This Decision shall enter into force on *[date to be determined]*.

Done at Brussels,

For the Council
The President

⁴ OJ L 318, 20.12.1993, p. 18. Regulation last amended by Regulation (EC) No 2491/98 (OJ L 309, 19.11.1998, p. 28).

AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

between the European Community, of the one part, and the Swiss Confederation, of the other part, concerning Protocol 2 of the Agreement between the European Economic Community and the Swiss Confederation.

A. Letter from the Community

Brussels,

Sir,

I have the honour to confirm that the European Community is in agreement with the "agreed minutes" attached to this letter concerning a number of changes to the import arrangements applied by the Community and the Swiss Confederation respectively to processed agricultural products, certain of which are covered by Protocol 2 to the 1972 free trade agreement. These changes precede an overall revision of Protocol 2 to be initiated shortly.

I should be obliged if you would confirm that the Government of the Swiss Confederation is in agreement with the content of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the European Community

B. Letter from Switzerland

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

"I have the honour to confirm that the European Community is in agreement with the "agreed minutes" attached to this letter concerning a number of changes to the import arrangements applied by the Community and the Swiss Confederation respectively to processed agricultural products, certain of which are covered by Protocol 2 of the 1972 free trade agreement. These changes precede an overall revision of Protocol 2 to be initiated shortly."

I have the honour to confirm that my Government is in agreement with the content of your letter and the proposed date of entry into force of the amendments.

Please accept, Sir, the assurance of my highest consideration.

For the Government of the Swiss Confederation

Agreed minutes

I – Introduction

A number of meetings were held between European Commission officials and officials of the Swiss Confederation following a significant increase in exports of lemonade from Switzerland into the European Community.

After these meetings, it was agreed to submit for approval to their respective authorities a number of changes to the import arrangements applied by the Community and the Swiss Confederation respectively to processed agricultural products, certain of which are covered by Protocol 2 to the 1972 free trade agreement.

These changes will enter into force on *[date to be determined]*. As far as Switzerland is concerned, pending internal procedures for the ratification of this agreement, it will be applied provisionally from *[same date as above]*.

As regards soft drinks, the two parties may decide, before the end of the second year following the entry into force of this agreement, to extend the measures laid down therein on the basis of the provisions of the free trade agreement.

II – Swiss import arrangements

1. The Swiss Confederation will open the following annual tariff quotas for the European Community:

Swiss tariff codes	Description	Quotas	Applicable rate of duty
0505 10 90	Feathers of a kind used for stuffing and down, other than raw, washed.	12 tonnes	Exempt
2202 10 00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured.	35 million litres	Exempt
2202 90 90	Other non-alcoholic beverages.	13 millions litres	Exempt
2402 20 20	Cigarettes containing tobacco, with a maximum unit weight of 1.35 g.	242 tonnes	Exempt
2403 10 00	Smoking tobacco, whether or not containing tobacco substitutes in any proportion.	99 tonnes	Exempt

2. The following year, the quotas will be increased by 10%.

III – Community import arrangements

1. The Community will open the following annual quotas for Switzerland:

CN Code	Description	Quotas	Applicable rate of duty
1302 20 10	Pectic substances, pectinates and pectates: dry	605 tonnes	Exempt
2101 11 11	Extracts, essences and concentrates with a coffee-based dry matter content of 95% or more by weight	1 870 tonnes	Exempt
2101 20 20	Extracts, essences and concentrates of tea or maté	132 tonnes	Exempt
2106 90 92	Food preparations/other containing no milk fats, sucrose, isoglucose, glucose or starch or containing, by weight, less than 1.5% milk fat, 5% sucrose or isoglucose, 5% glucose or starch	935 tonnes	Exempt

2. The following year, the quotas will be increased by 10%.

3. Soft drinks

- The Community will open an annual duty-exempt quota for the Swiss Confederation, for goods classified under CN Codes 2202 10 00 (waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured) and ex 2202 90 10 (other drinks containing sugar), for the following quantity: 75 million litres.
- Outside this quota allocation, the import duty will be 9.1%.
- In the following years, if the quota has been used up, it will be increased by 10% on an annual basis. If the quota has not been used up, mineral waters will again be governed by a free trade arrangement.

IV – As regards rules of origin, the provisions of Protocol 3 of the Switzerland-EC Free Trade Agreement will apply.

FINANCIAL STATEMENT

DATE: 24/11/1999

1.	BUDGET HEADING: Chapter 12 - Article 120	APPROPRIATIONS:			
2.	TITLE: Proposal for a Council Decision concerning the conclusion of an Agreement in the form of an Exchange of Letters between the European Community, of the one part, and the Swiss Confederation, of the other part, on Protocol 2 to the Agreement between the European Economic Community and the Swiss Confederation.				
3.	LEGAL BASIS: Articles 133 and 300.				
4.	AIMS: Implementation of the result of the compromise with Switzerland (mineral waters containing sugar) with reciprocal improvement of the trading arrangement between the two parties through a reciprocal increase in existing quotas.				
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR [n] (EUR million)	FOLLOWING FINANCIAL YEAR [n+1] (EUR million)	
5.0	EXPENDITURE	[...]	[...]	[...]	
	- CHARGED TO THE EC BUDGET (REFUNDS/ INTERVENTIONS NATIONAL AUTHORITIES OTHER				
5.1	REVENUE				
	- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) NATIONAL	+0,897 Mio EUR			
		[n+2]	[n+3]	[n+4]	[n+5]
5.0.1	ESTIMATED EXPENDITURE				
5.1.1	ESTIMATED REVENUE				
5.2	METHOD OF CALCULATIONS: Impact of the introduction of the duty over and above the quota on headings 2202 10 00 and 2202 10 90 (on the basis of estimated imports from Switzerland in 1999: 150 million litres) → Additional revenue (customs duties) 75 000 000 litres with a value of EUR 15 million → Calculation of <i>ad valorem</i> duty = € 5 000 000 x 9.1 % = €1 365 000 Impact of increase (10%) in zero-rated quotas Decrease in revenue (customs duties not collected) <i>Ad valorem</i> duty. Total for the 4 quotas = € 4 672 280 Impact of increase (10 %) = 4 672 280 x 10 % = € 467 228 Impact: € 1 365 000 - € 467 228 = € 897 772				
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				NO
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				NO
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?				NO
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?				NO
	OBSERVATIONS: [...]				