

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 128/75

Report

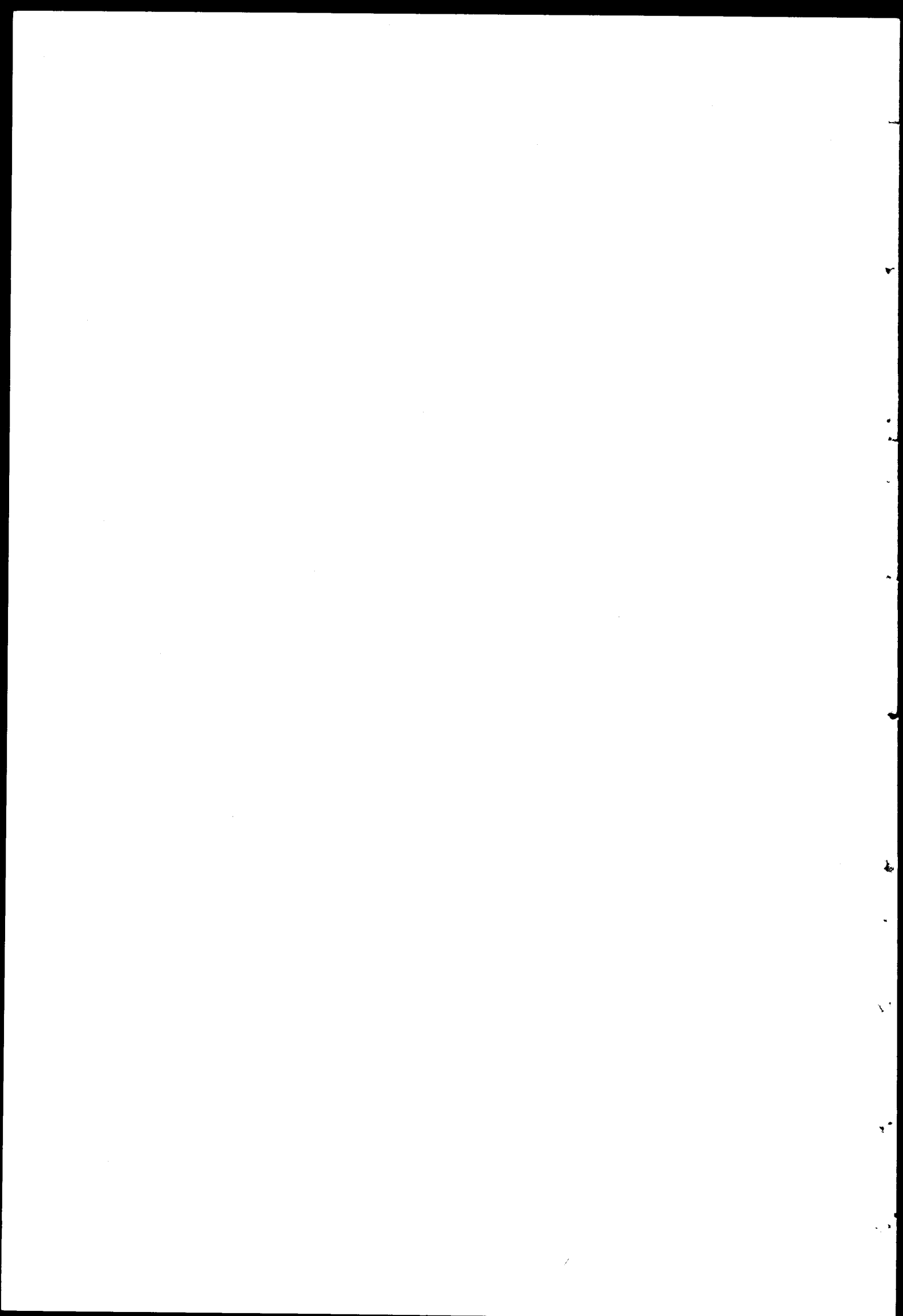
drawn up on behalf of the Committee on Development and Cooperation

on the proposals from the Commission of the European Communities to the Council (Doc. 81/75) for /

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 C I of the Common Customs Tariff, originating in the ACP States
- II. a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories)

Rapporteur : Mr A. ZELLER

PE 40.740/fin.



By letter of 30 April 1975 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 CI of the Common Customs Tariff, originating in the ACP States, and a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories)

At the plenary sitting of 12 May 1975, the President of the European Parliament referred these proposals to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture and the Committee on External Economic Affairs for their opinions.

On 14 May 1975 the Committee on Development and Cooperation appointed Mr ZELLER rapporteur.

At its meeting of 3 June 1975, the committee held a general discussion on the draft report. After detailed consideration the committee unanimously adopted the motion for a resolution and the explanatory statement.

Present: Miss Flesch, chairman; Mr Sandri, vice-chairman; Mr Zeller, rapporteur; Mr Aigner, Mr Broeksz, Mr Glinne, Mrs Kellett-Bowman, Mr Lagorce, Mr Mursch, Mr Brøndlund Nielsen, Mr Nolan, Mrs Iotti and Mr Schuijt.

The opinions of the Committee on Agriculture and the Committee on External Economic Relations will be published separately.

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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 the proposals from the Commission of the European Communities to the Council for

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 C I of the Common Customs Tariff, originating in the ACP States
- II. a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories)

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council (Doc. 81/75),
 - having regard to the report of the Committee on Development and Cooperation and the opinions of the Committee on Agriculture and the Committee on External Economic Relations (Doc. 128/75),
1. Approves, in principle, the Commission's proposals;
 2. Once again affirms that agreement was reached, in an exchange of letters on the occasion of the signing of the Lomé Convention on 28 February 1975, on advance implementation of the measures concerned, i.e. from 1 July 1975;
- with regard to the first proposal (COM(75) 160 final)
3. Calls on the Commission to create appropriate conditions for development of the traditional flows of trade between the ACP and the Community on the one hand and the ACP and Member States on the other;
 4. Supports the Commission's proposal that the first period of application should be extended to 30 June 1976;

¹

OJ No. C 109, 16.5.1975, p. 1 and 4

5. Requests the Commission to ensure that all Community importers have equal and continuous access to the quotas and that the tariff rates envisaged for the quotas shall be applied to all imports of the articles concerned in all Member States without a break until the quota is exhausted;
6. Urges that the quota be allocated according to the actual needs of the Member States, with due account being taken of the provisions of Protocol No. 7 to the Lomé Convention and of those of the EEC Treaty;
- with regard to the second proposal (COM(75) 174 final)
7. Considers this proposal very important since trade in agricultural products is of great consequence for a number of ACP countries;
8. Notes that certain conditions and limitations are envisaged in specific cases to prevent disturbances on the EEC market in the event of a considerable increase in imports; considers, however, that the limitations should be kept as far as possible to a minimum by means of orderly management of Community markets in order to ensure that the ACP countries effectively benefit from the arrangements;
9. Supports the Commission's proposal to take measures to encourage the import of certain goods originating in the ACP States to the French Overseas Departments since there have always been close trade links between the ACP States and these Departments;
10. Finally, emphasizes that the Council and Commission must take all the requisite steps to ensure that the provisions are applied from 1 July 1975, thus enabling the Community to fulfill the commitments it has entered into vis-à-vis its partners.

EXPLANATORY STATEMENT

1. The two present proposals represent the first application of the interim provisions of the Lomé Convention.
2. As regards the first proposal (COM(75) 160 final), according to Article 2(1) of the Lomé Convention, signed on 28 February 1975, and Protocol No. 7, products falling within subheading 22.09 C I (rum, arrack and tafia) originating in the ACP States shall be imported duty free into the Community until a common organization of the market for alcohol comes into force. At the same time conditions must be created which allow development of the traditional trade between the ACP States and the Community on the one hand and the ACP and the Member States on the other hand. The preferential treatment is restricted to a quantity based on the largest quantities imported annually from the ACP States during the last three years increased by an annual growth rate of 40% on the British market and 13% on the other Community markets.
3. Although the date of implementation of the Lomé Convention is not yet known, since the ratification procedure has first to be concluded, the exchange of letters at Lomé on 28 February 1975 provides for the autonomous advance implementation of this tariff measure during the period 1 July 1975 to 29 February 1976. In order not to disturb seasonal fluctuations in the trade in these products the Commission proposes that the application of this measure should be extended to 30 June 1976, and Parliament approves this proposal.
4. During the last three years imports of the products concerned were as follows:

	<u>- in hectolitres of pure alcohol</u>		
	<u>1971</u>	<u>1972</u>	<u>1973</u>
Benelux	982	1,852	2,420
Denmark	2,203	3,243	2,604
Germany	7,896	8,904	10,493
France	12,291	5,249	5,397
Ireland	1,300	1,900	3,100
Italy	231	416	496
United Kingdom	95,130	109,640	126,290
	<u>120,033</u>	<u>131,204</u>	<u>150,800</u>

Taking these figures and the rate of growth provided for in Protocol No. 7, the volume of imports for the period concerned amounts to 204,503 hectolitres of pure alcohol. All Community importers must have equal, continuous access to this quota and the tariff rates envisaged for the quota must be applied without a break to all imports of the goods concerned in all the Member States until the

quota is exhausted. The Community character of this quota can be maintained by allocating shares of the Community tariff quota to the Member States. In order to take the fullest possible account of the actual market trends for the goods concerned, allocation should be based on the needs of Member States which can be calculated from the statistics for imports of the goods mentioned originating in the ACP States during a representative period of importation and on the economic prospects for the period set for the quota concerned.

In the present case the tariff quota is to be allocated to the Member States on the basis of the largest quantities imported annually into the Community during the three-year period mentioned above. In these circumstances the initial percentage share in the quota volume is as follows:

Benelux	1.5	Ireland	2.0
Denmark	2.0	Italy	0.3
Germany	6.6	United Kingdom	79.8
France	7.8		

5. The proposal for a regulation opening this tariff provides, as usual, for division of the quota volume into tranches. The first tranche is to be allocated to Member States and the second to be held as a reserve to cover at a later date the requirements of Member States which have used up their initial share. To give importers of each Member State some certainty the first tranche of each Community tariff quota should be fixed at a percentage of the quota volume; the Commission's view is that this figure should be 90%.

6. Parliament sees no reason for not approving the proposal for a regulation opening the Community tariff quota referred to above, especially in view of the exchange of letters at Lomé on 28 February 1975 on the advance implementation of a number of provisions at the new Convention.

7. The second proposal (COM(75) 174 final) concerns the arrangements for certain agricultural and processed agricultural products. Article 2(2) of the Lomé Convention lays down that, for those agricultural products which come under a common organization of the market within the meaning of Article 40 of the Treaty and those which are subject, on importation into the Community, to specific rules introduced as a result of the implementation of the common agricultural policy, the Community will ensure, as a general rule, more favourable treatment than the general treatment applicable to the same products originating in third countries, where these products originate in the ACP States and where Community rules provide, in addition to customs duties, for the application for other measures relating to their importation. The Convention also provides for exemption from customs duties for those

products which come under a common organization of the market and for which Community provisions in force at the time of importation do not provide, apart from customs duties, for the application of any other measure relating to their importation. (The regulation on the Association between the Overseas Countries and Territories - OCT - with the EEC contains identical provisions for agricultural and processed agricultural products originating in these countries and territories; if the present regulation is promulgated in time it can also apply to goods originating in the OCT).

8. On the occasion of the signing of the Lomé Convention, the Community and the ACP States agreed in an exchange of letters to apply autonomously from 1 July 1975 certain provisions of the Convention relating to trade, including those of Article 2(2)(a). It must therefore be ensured that the exemption from duties can be applied from 1 July 1975. The Community also decided to apply identical provisions for trade with the OCT from the same date.

9. Favourable treatment on the basis of Article 2(2)(a) of the Convention only applies to originating products within the meaning of Protocol No. 1 annexed to the Convention on the definition of the concept of 'originating products' and on methods of administrative cooperation. The provisions on the definition of the concept of 'originating products' and methods of administrative cooperation constitute part of the Council decision on the advance application of a number of provisions of the Convention concerning trade.

10. In connection with these advantages it is planned, in some cases, to provide for certain conditions and limitations to certain annual and multi-annual quantities. In respect of certain products the necessary safeguard measures are to be included, for immediate application if disturbances in the Community markets occur as a result of a substantial increase in imports of goods originating in the ACP States. Parliament notes this provision but considers that these limitations should be kept to a minimum in order to ensure an effective advantage for the ACP States.

11. As there have traditionally been close trade links between the ACP States and French Overseas Departments, Parliament supports the Commission proposal to take measures favouring the import of certain products originating in the ACP States into these French Overseas Departments. Provisions identical to those concerning the ACP States exist for agricultural and processed agricultural products originating in the Overseas Countries and Territories associated with the EEC. These provisions and the provisions on the definition of the concept of 'originating products' and methods of administrative cooperation are also to apply as from 1 July 1975.

12. The object of the proposal for a regulation referred to above is to fulfill the obligation entered into by the Community in respect of the following products:

- beef and veal
- fishery products
- oleaginous products
- certain cereals
- rice
- products processed from cereals and rice
- fruit and vegetables
- products processed from fruit and vegetables
- raw tobacco
- goods falling within regulation (EEC) No. 1059/69
- other products subject to a common organization of the market for which there are no import measures other than customs duties.

13. As regards the financial implications, the Commission put the annual amount not collected in customs duties and in levies at between 45 to 55 million units of account, on the basis of trade in 1971 and 1972 in general (for maize, in 1968 and 1969) and on the basis of application of the Common Customs Tariff. Here the question arises as to what the figure would be for the financial implications if statistics for the last three years of trade were taken. Parliament therefore requests the Commission, if possible, to make the calculation on the basis of figures for trade for more recent years.

14. Although it is not yet known when the Lomé Convention will be implemented, it is urgently necessary that a number of provisions of the Convention on trade - including Article 2(1) and Article 2(2) - should come into force as from 1 July 1975. In a number of resolutions and recommendations the European Parliament and the Parliamentary Conference of the Association have repeatedly drawn attention to the fact that the transition from the second Yaounde Convention to the Lomé Convention should not incur any disadvantages for the ACP countries, and especially for the AASM countries. As the encouragement of trade is an especially important question and contributes to the general improvement of the economic position of the developing countries any difficulties should be removed as quickly as possible. Furthermore this constitutes the first application of the interim provisions of the Lomé Convention, and Parliament therefore considers it very important that the Community should immediately fulfill the commitments it has entered into towards its partners in the third world.

European Communities

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 128/75/ANNEX

OPINIONS

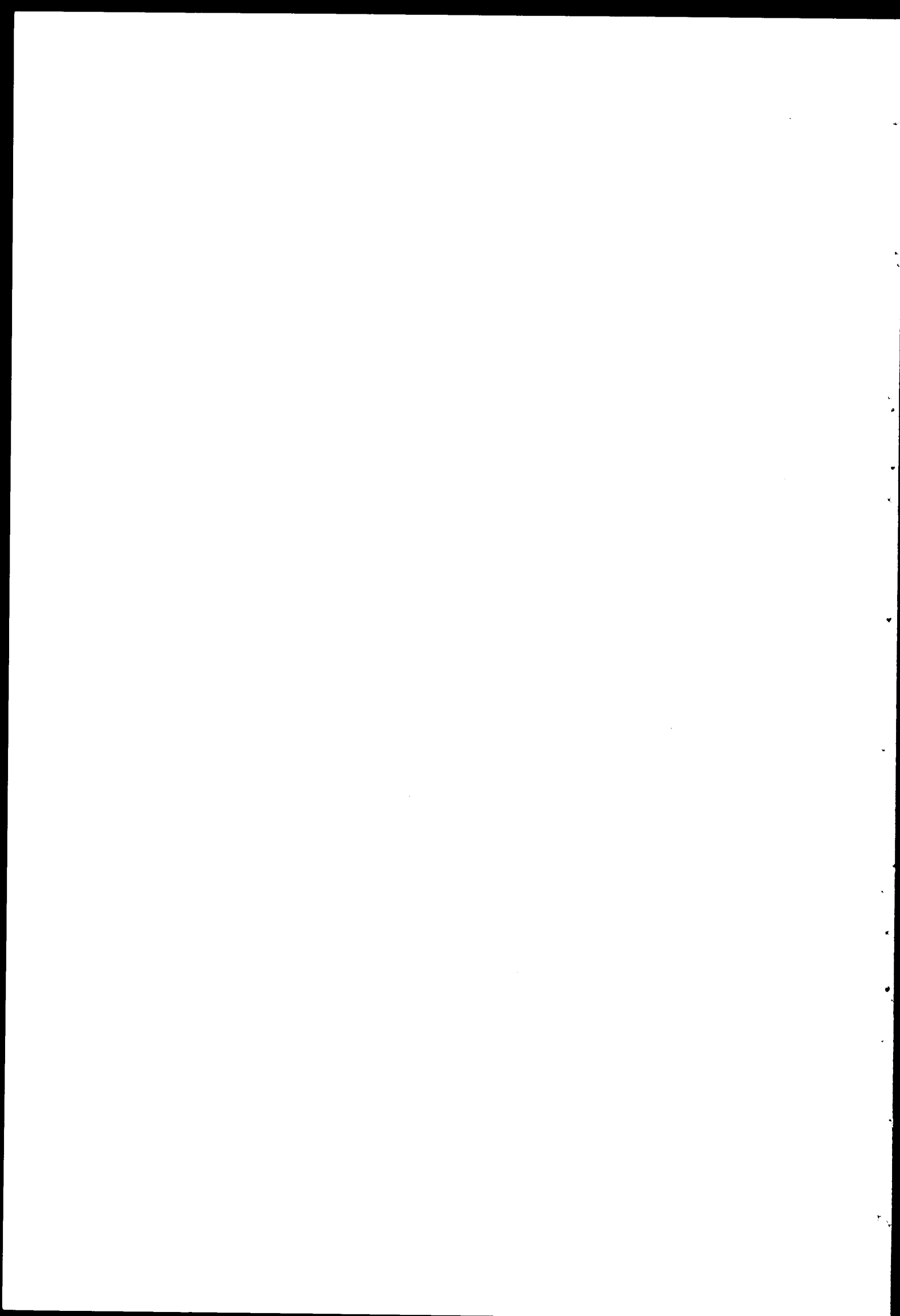
of the Committee on Agriculture

and the Committee on External Economic Affairs

on the proposals from the Commission of the European Communities to the Council (Doc. 81/75) for

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 C I of the Common Customs Tariff
- II. a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories)

PE 40.740/fin.



Opinion of the Committee on Agriculture

Draftsman: Mr Frankie Hansen

On 22 May 1975 the Committee on Agriculture appointed Mr Hansen draftsman of the opinion. It considered the draft opinion at its meeting of 16 June 1975, and adopted it by eight votes for, with two abstentions.

The following were present: Mr Houdet, chairman; Mr Votrone, vice-chairman; Mr Hansen, draftsman; Mr Bourdelles, Mr Brégère, Mr Cifarelli, Mr Liogier, Mrs Orth, Lord St. Oswald and Mr Zeller.

The purpose of the Commission's proposals

1. In the course of the negotiations between the ACP countries and the EEC, it became clear that, despite all the diligence of those concerned, the renewal and enlargement of the Association would not be achieved before the expiry of the Yaoundé and Arusha Agreements.

2. Consequently, the Commission submitted to the Council proposals¹ providing for two transitional stages :

- the first, extending the Yaoundé and Arusha Agreements until 30 June 1975;
- the second, providing for the advance implementation of certain provisions of the future convention, particularly in the trade sector.

3. On the occasion of the signing of the Lomé Convention on 28 February 1975, it was agreed, in an exchange of letters, to apply autonomously from 1 July 1975 certain provisions relating to trade in goods, including those in the agricultural and agricultural processed products sectors².

4. The purpose of these present proposals is to give effect to this second transitional stage in the agricultural sector³.

5. The trade advantages to be accorded to the ACP countries are also to be extended to the Overseas Countries and Territories on the grounds that : these countries and territories should not suffer from less favourable treatment; and that a number of these will soon be reaching independence and will be eligible to adhere to the Lomé Convention.

6. Accordingly, the European Parliament is called upon to give its opinion on three regulations applying the provisions of that Convention and the exchange of letters :

- (a) a proposal to open and allocate a Community tariff quota from 1 July 1975 until 30 June 1976 for rum from ACP states;
- (b) a proposal for a regulation to provide for the advance implementation of the import arrangements laid down in the Lomé Convention for certain agricultural and agricultural processed goods originating in the African, Caribbean and Pacific States. This import

¹ Doc. 433/74

² Mentioned in Article 2(2) of the Convention

³ Other proposals seek to give effect to this transitional stage in the industrial sector

regime is to provide:

- more favourable treatment than that accorded to Third Countries for products subject to measures in addition to customs duties (variable levies or quantitative restrictions)
- exemption from customs duties for those products for which those duties are the only measures applied;

(c) a recommendation for a regulation extending identical provisions to trade between the Community and the Overseas States and Territories for an intermediary period from 1 July 1975.¹

7. In cases of sensitive products (such as beef and veal, oils and fats, rice, fruit and vegetables, unmanufactured tobacco and certain nursery products) provision is made for appropriate safeguard measures in cases where the Community market should be unduly disturbed, or for import ceilings to prevent such disturbances occurring.

Import regime for rum, arrack and tafia from ACP States

8. Article 2(1), together with Protocol No 7, of the Lomé Convention, provides for the duty free import of rum, arrack and tafia into the Community.

9. This duty free entry is to be restricted to an quantity calculated on the basis of the largest imports in the last three years, increased by an annual growth rate of 40% for the British market and 13% on the other Community markets.

10. The Lomé Convention, in an exchange of letters, provided for the autonomous advance implementation of this tariff measure during the period 1 July 1975 to 29 February 1976. It is proposed that this should be autonomously extended until 30 June 1976 so as not to disturb seasonal trade fluctuations.

11. Imports of the products concerned during the last three years for which complete statistics are available were as follows :

	- in hectolitres of pure alcohol -		
	1971	1972	1973
Benelux	982	1,852	2,420
Denmark	2,203	3,243	2,604
Germany	7,896	8,904	10,493
France	12,291	5,249	5,397
Ireland	1,300	1,900	3,100
Italy	231	416	496
United Kingdom	95,130	109,640	126,290
TOTAL EC	120,033	131,204	150,800

¹ The opinion of the Committee on Agriculture on this recommendation is given separately, Doc. 131/75/Annex.

12. Consequently, on the basis of the growth rates given above, the Community tariff quota proposed has been fixed at 204,503 hectolitres of pure alcohol.

13. This Community quota has been allocated among Member States on the basis of maximum imports over the last three years, as follows :

Benelux	1.5	Ireland	2.0
Denmark	2.0	Italy	0.3
Germany	6.6	United Kingdom	79.8
France	7.8		

14. As is common in such tariff quotas, these initial shares have been divided into two tranches, to take into account future import trends, equivalent to 90% of quota volumes, as follows :

Benelux	2,760 hl of pure alcohol	Ireland	3,680 hl of pure alcohol
Denmark	3,680 hl of pure alcohol	Italy	560 hl of pure alcohol
Germany	12,140 hl of pure alcohol	United Kingdom	146,830 hl of pure alcohol
France	14,350 hl of pure alcohol		

A second tranche of 20,503 hectolitres constitutes a reserve and upon which members can draw a second share equal to 15% of its initial share. Further third and fourth shares are to be equal to 7.5% of the initial share.

15. Those quantities to be imported free shall be fixed each year until the entry into force of a common organisation of the market in alcohol¹.

Proposed import regime for certain agricultural and processed agricultural products

16. Article 2(2) of the Lomé Convention lays down that :

(a) those products subject to import measures, in addition to customs duties, shall be granted more favourable treatment than that accorded to Third Countries:

beef and veal, certain processed fruit and vegetables, cereals, rice, processed cereals and rice, certain processed agricultural products, fish, certain fruit and vegetables, certain oils and fats, and tobacco;

(b) those products presently subject only to customs duties are to be admitted free:

flax and hemp, hops, silkworms, nursery products, seeds, dehydrated fodder and other products listed in Annex II to the Treaty.

¹ The products under consideration here (rum, arrack and tafia) are considered at the moment as industrial products, not being included in Annex II of the Treaty.

17. Advantages granted are to be combined with safeguard measures or import ceilings, in the case of beef and veal, oils and fats, rice fruit and vegetables, tobacco, so as to restrict imports in the event of a disturbance on the Community market, or prevent such disturbances occurring.

Advantages granted by sector

18. Taking the import advantages to be granted, sector by sector, the picture is as follows :

Beef and veal

19. The products of the beef and veal sector are to be imported free of customs duties.

20. The exemption from customs duties shall be partially or totally suspended, on a proposal from the Commission and a decision taken by the Council by a qualified majority, when imports into the Community of live bovine animals from an ACP state exceed the greatest annual imports recorded between 1969 and 1974, increased by an annual gross rate of 7%.

Fishery products

21. Fresh, chilled, frozen, salted, dried, smoked, prepared or preserved fish crustaceans and molluscs, and their flours and meals, are to be imported free of customs duties.

Oils and fats

22. Oil seeds and oleaginous fruits, fats and oils, margarine, residues of oil cakes (excluding olive oil and its products), are to be imported free of customs duties.

23. Should the volume of imports of oil seeds undergo any appreciable change, the Council is to take special measures.

Cereals

24. The following cereals are to be imported, subject to the levy laid down in the appropriate regulations reduced by :

- 1.50 u.a. per tonne in the case of maize;
- and 50% in the case of millet and grain sorghum.

Rice

25. The levy applicable to rice shall be reduced by 50%, and a further figure per 100 kg.:

- 0.30 u.a. for paddy and husked rice;
- 0.45 u.a. for semi-milled and milled rice;
- and 0.25 u.a. for broken rice.

26. These provisions shall only apply if the c.i.f. export price and the applicable levy are equal to or more than :

- the threshold price for husked rice, milled rice and broken rice, reduced by 0.30, 0.45 and 0.25 u.a. respectively;
- for paddy rice, the threshold price of husked rice, adjusted by reference to the conversion rate, manufacturing costs and the value of by-products, reduced by 0.30 u.a.

27. Imports of rice from the ACP countries are to be suspended partially or totally when they exceed average imports over the previous three years, increased by 5%.

Products processed from cereals and rice

28. The levy applicable to the following products shall be the levy applicable reduced by the fixed component : products processed from cereals and rice¹.

The variable levy shall be reduced :

- by 0.15 u.a. per 100 kg. for roots and tubers, such as manioc, arrowroot and sweet potatoes;
- by 0.30 u.a. per 100 kg. for flours and meals from the above products;
- by 50% for certain other starches.

The variable component is not to be charged on arrowroot.²

Fruit and vegetables

29. The following products are to be imported free of customs duties :

fresh or chilled leguminous vegetables, radishes (*Raphanus satinus*), sweet peppers and certain other vegetables; fresh or dried grapefruit and certain other citrus fruits; papaws and passion fruit; and certain other fresh fruits of the exotic varieties.

30. Fresh or dried oranges and mandarins are to be subject to customs duties equal to 20% of the Common Customs Tariff.

31. If serious disturbances arise following substantial increases in imports of these products from ACP countries, or if they should lead to a deterioration in the economic situation of a region in the Community, the Commission may take, or authorise the Member State or States to take, the necessary safeguard measures.

¹ As laid down in Annex A of Regulation No 120, O.J. No 117, 19.6.1967, p. 2269; and in Article 1(1)(c) of Regulation No 359 of 25.7.1966, O.J. No 174, p. 1.

² Overseas Countries and Territories only

Products processed from fruit and vegetables

32. Products processed from fruit and vegetables are to be imported free of customs duties.

The following products are not to be subject to the levy on added sugars laid down in Article 2 of Regulation (EEC) No 865/68¹ :

- certain prepared or preserved grapefruit segments; pineapples; mixtures of pineapples, papaws and passion fruit²;
- certain pineapple juices; and pineapple, papaw and passion fruit juice mixtures².

Unmanufactured tobacco

33. Unmanufactured tobacco is to be imported free of customs duties.

34. If serious disturbances arise as a result of substantial increases in imports from ACP countries, or if they lead to the deterioration in the economic situation of a region, the Commission may take, or authorise a Member State or States to take, the necessary safeguard measures.

Certain goods resulting from the processing of agricultural products

35. Goods manufactured from basic agricultural products (cereals, milk or cream, butter, beet and cane sugar and molasses) are subject, according to Article 5 of Regulation (EEC) No 1059/69,³ to :

- a fixed ad valorem duty;
- and a variable component to take into account the difference between prices of basic products in the Community and those in Third Countries.

36. The fixed component is not to be charged on imports from ACP countries.

37. The variable component is not to be charged on the following :

white chocolate, chocolate and chocolate goods; sugar confectionery; certain flours, etc. used as infant food or for dietic or culinary purposes; tapioca and sago; certain breads, biscuits, cakes and pastries containing 50% or more weight of starch and less than 5% sucrose.

¹ O.J. No L 153, 1.7.1968, p. 8.

² Not containing added spirit

³ O.J. No L 141, 12.6.1969. p. 1.

38. These provisions may be adapted by the Council to take into account Community market trends.

Other Markets

39. The following are to be admitted free of customs duties :

flax and hemp, hops, silkworms, seeds, dehydrated fodder, nursery products (with the exception of cut flowers, foliage and branches, fresh or dried, suitable for bouquets or ornamental purposes¹) and other products in Annex II of the Treaty.

Observations

40. The 46 countries signatories to the Lomé Convention are amongst the poorest in the world, with an average per capita GNP of \$148.

The Community is the largest trading partner, taking 54% of their exports. In 1973 Community agricultural imports from ACP countries amounted to \$1,018 million (13.4% of the total from Third Countries).

41. For the great majority of products covered by this proposal, there is almost no competition between those products exported by these tropical African, Caribbean and Pacific countries and Community agriculture.

42. There are, for example, virtually no beef imports if one compares the export figures with those of total Community imports.

43. Total imports of fresh, frozen and preserved fish are equally limited :

	<u>Fresh and frozen</u>	<u>Preserved</u>
World	360,827	118,196
EAMA	8,480	36
AOM	7,000	950
ACP	9,288	0

44. Tobacco imports from ACP countries are similarly limited in importance :

	<u>Imports EEC (6) 1972</u>
World	345,258
ACP	9,264

¹ These products have been excluded since no reference price for imports exists.

45. The more sensitive products are those in the citrus fruit and tobacco sectors. But here, imports from ACP countries of products covered by the agreement are limited :

	<u>Imports EEC (6) 1972</u>	
	<u>Mandarins</u>	<u>Oranges</u>
World	464,812	1,791,731
AOM	156,191	341,307
EAMA	26	28
other ACP	68	0

When compared with imports from Mediterranean countries, the proportion originating from ACP countries is minimal :

	<u>% of imports from Third Countries</u>	
	<u>Mediterranean</u>	<u>ACP</u>
tobacco	12%	5.6%
fruit juices	37%	4.3%
vegetables	50%	3.7%
bananas and fresh pineapples	50%	5.0%

Conclusions

46. The Committee on Agriculture approves the Commission's proposal to establish a tariff quota for rum, arrack and tafia, but wishes to express its reservations as to the distinction made between the British and other Community markets in the calculation of duty free quantities.

47. In January 1975 the European Parliament declared itself in favour of an interim agreement to take effect on 1 July 1975 to permit a transitional period between the old association agreements (Yaoundé, Arusha and Council Decision of 29 September 1970 concerning the Overseas Countries and Territories) and the implementation of the Lomé Convention.

The Committee on Agriculture is in broad agreement with the proposals on which it has now been called to give an opinion. Safeguard clauses, adapted to the needs of each sector, have been included to protect the most sensitive products.

48. However, concern must be expressed over the possibility of the market being disturbed in those products upon which certain regions heavily rely, and in particular fruit and vegetables, processed fruit and vegetables and tobacco.

There can be no disagreement, in principle, to the granting of the agreed concessions to these developing nations. But underdeveloped regions in the Community should not be made to pay the cost.

49. Consequently, to ensure that those regions producing citrus fruit, products of citrus fruit and tobacco should not suffer, the market organisation of those products within the Community should be urgently re-examined to prevent loss of income occurring. These complementary measures could most appropriately be in the form of premiums, or an increase in premiums, to producers¹.

50. At the same time, import control procedures must be rigorously enforced to ensure that reference prices for produce from ACP and other Third Countries are strictly observed.

51. Subject to the above observations, the Committee on Agriculture believes that it can approve the Commission's proposals.

¹ The Council has taken note of the French delegation's request that the need to compensate Community producers for concessions granted to ACP countries should be incorporated into any future reorganisation of the common markets of the fruit and vegetable sectors.

Opinion of the Committee on External Economic Relations

Draftsman: Mr E. Muller

On 20 May 1975 the Committee on External Economic Relations appointed Mr Emile Muller draftsman of the opinion.

At its meeting of 10 June 1975 the committee considered the draft opinion and adopted it, with one abstention.

The following were present: Mr Kaspereit, chairman and deputy draftsman; Mr Thomsen, Mr Bermani and Mr Boano, vice-chairmen; Lord Bethell, Mr Cousté, Mr Dunne, Mr Schwörer (deputizing for Mr Schulz) and Mr Spicer.

1. As it is likely to take some considerable time before the Lomé Convention is ratified and enters into force, the Community has agreed in an exchange of letters with the other parties to the Convention to take autonomous measures as regards customs duties and trade so as to ensure the continuity of trade by the advance application of the relevant provisions.

2. With respect to the first proposal for a regulation submitted by the Commission, Article 2(1) of the Lomé Convention and Protocol No. 7 provide for a maximum quantity to be fixed annually of the products falling within subheading No. 22.09 C I of the CCT (rum, arrack and tafia) and originating in the ACP countries to be exempt from customs duty on importation into the Community.

Letters exchanged in Lomé provide for the autonomous advance implementation of this tariff measure from 1 July 1975 to 29 February 1976. The first proposal made by the Commission in this connection is that the application of this measure should be extended to 30 June 1976 in order not to disturb seasonal fluctuations in the trade in these products.

3. Otherwise, the first proposal for a regulation contains provisions on opening, allocating and providing for the administration of a Community tariff quota for the abovementioned products and period for an imported quantity of 204,503 hectolitres of pure alcohol.

As usual, this tariff quota is divided into two tranches, the first being allocated amongst the Member States on the basis of the largest quantities imported annually during the last three years and the second held as a Community reserve.

As already stated, this proposal for a regulation covers technical measures to be taken to implement some of the agreements between the Community and the ACP States. The Committee on External Economic Relations approves these measures in principle but points out that the annual growth rates of 13% and 40% by which it is proposed the largest quantities imported should be increased are not in line with the development of imports by the various Member States in the past and that the considerable difference between the two percentages may disturb the development of the Member States' markets.

4. The second proposal for a regulation concerns another field dealt with in Article 2(2) of the Lomé Convention. It proposes autonomous implementing measures for the advance application of the Convention. In particular

- agricultural products which come under a common organization of the market within the meaning of Article 40 of the Treaty and goods subject, on importation into the Community, to specific rules introduced as a result of the implementation of the common agricultural policy will, as a general rule, be assured of more favourable treatment than the general treatment applicable to the same products originating in third countries, where Community rules provide, in addition to customs duties, for the application of other measures relating to their importation;
- goods to which, apart from customs duties, no other measures relating to their import apply as a result of the common organization of the market will, under the Lomé Convention, be exempt from customs duties.

5. This proposal for a regulation concerns not only the ACP countries, but also the Association of the Overseas Countries and Territories with the EEC, and this ensures that these countries and territories will not suffer any disadvantage. The products concerned are many and varied, extending from beef and veal, fishery products, oleaginous products and cereals to fruit and vegetables and so on. It would appear to be important that the Commission reserves the right to take appropriate measures if practically any of these products and the concessions granted cause disturbances of the market or unfavourable developments. This particularly applies to the sensitive tobacco, fruit and vegetable sector.

In addition, provision is made for special measures to strengthen the existing close trade links between the ACP countries and the French overseas departments in particular.

6. Provided that the precautions and protective measures proposed by the Commission are effective and sufficiently flexible, especially in the event of major changes or disturbances in the market, the Committee on External Economic Relations approves this proposal for a regulation.

