

COMMISSION OF THE EUROPEAN COMMUNITIES

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POSSIBLE INCLUSION OF CITRUS FRUITS IN THE
SYSTEM FOR STABILIZATION OF EXPORT EARNINGS
(Commission communication to the Council)

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Commission study on the possible inclusion of citrus fruits
in the system for stabilization of export earnings

1. The ACP States have on several occasions insisted that studies should be carried out to examine the possibility of including citrus fruits in the system for stabilization of export earnings (STABEX) (1).
2. The products under consideration are citrus fruits, excluding the juice and other processed fruit products. The two latter categories of products are listed in NIMEXE in such a way that, given the present and foreseeable trends in their exports, it is extremely unlikely that they will ever reach the required dependence level.

As a result, the products likely to be considered are :

- grapefruits and pomelos (NIMEXE code 08.02.70),
- oranges (NIMEXE codes 08.02.02 - 07, 09, 12, 13, 15 - 17, 19, 24, 27),
- tangerines (NIMEXE codes 08.02.29 - 37),
- lemons (NIMEXE code 08.02.50).

3. The ACP States which produce significant quantities of these products are the following :
 31. Swaziland for all four types of fruit. Grapefruits are sent mainly to Europe and Japan, oranges to the Middle East (Saudi Arabia). Fruit of inferior quality is processed in Swaziland and in the Republic of South Africa.
 32. Dominica, which before the ravages of the cyclones David (1979) and Allen (1980) exported the major part of its grapefruit production to the United Kingdom. Since 1976 and before the impact of the cyclones, the exports of grapefruits accounted, on average, for 4 % of total yearly exports.
 33. Saint Lucia provides for its domestic market and exports to Saint Vincent and Grenada.
 34. Jamaica, Saint Vincent and Grenada are producers but not exporters of these products.
 35. Belize exports only processed fruits to the United States.

(1) The following Community declaration in the minutes of the Second Lomé Convention negotiations states : "The ACP States having insisted that studies should equally be carried out in view of possibly including these products (citrus fruits) during the course of the new Convention, the Community declares that at this point in time it cannot promise that these studies will necessarily lead it to a positive reply."

4. It can be concluded from the preceding that only Swaziland and Dominica are really involved.
5. Lemons, tangerines and oranges cannot be considered : in all cases tangerines only play a very marginal role in terms of dependence level in export earnings.

Lemons and oranges represent for Dominica respectively between 0.8 and 0.5 % and 1.4 and 0.8 % of total export earnings ; since 1975 these levels have been steadily declining.

In the case of Swaziland the shares of exports of grapefruits and oranges in total exports have been the following :

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Grapefruits	1.33	2.10	1.89	2.41
Oranges	1.77	3.01	2.40	2.70

Oranges reach the dependence level. However, harvested between May and August, they do not constitute a uniform product in the meaning of the Common Customs Tariff and Nimexe which create a distinction between oranges according to when they are exported 1-15 May (Nimexe Code 08.02.06-08.02.09), 16 May to 15 October (Nimexe Code 08.02.12 and 13) and from 1st April to 15 October (Nimexe Code 08.02.24) according to the variety. This causes a problem relative to reaching the dependence level for each category.

Moreover, oranges are a product covered by the Common Agricultural Policy. Their inclusion in Stabex would give ACP producers a guarantee for losses in quantity, a guarantee which Community producers do not have. This reason and the preceding therefore lead to the conclusion that oranges cannot be considered.

6. As for grapefruits, they are also being produced within the Community. It is a fact that production is yet relatively low, but within the context of enlargement, with the accession of Spain (Canary Islands), it is destined to increase. Consequently extending the Stabex System to include this product would provide ACP producers with advantages and guarantees over and above those given to Community producers.

It is appropriate to recall that grapefruits and pomelos are, like other citrus fruits, subject to the fruit and vegetables sector of Common Agricultural Policy, but unlike other citrus fruits, their only protection is the Common Customs Tariff. In fact, the ACP States benefit from total exemption of these duties. Consequently, it would appear that the inclusion of grapefruits would also be inappropriate.