

EUROPEAN PARLIAMENT

Working Documents

1975-1976

22 September 1975

DOCUMENT 254/75

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 204/75) for a regulation laying down special rules for the importation of products in the wine-growing sector originating in certain third countries

Rapporteur: Mr H. FREHSEE

PE 41.584/fin.

By letter of 30 July 1975 the President of the Council of the European Communities consulted the European Parliament, pursuant to Article 43 of the Treaty establishing the European Economic Community, on the proposal from the Commission of the European Communities to the Council for a regulation laying down special rules for the importation of products in the wine-growing sector originating in certain third countries.

On 28 August 1975 the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations and the Associations Committee for their opinions.

The Committee on Agriculture appointed Mr Frehsee rapporteur.

It considered this proposal at its meeting of 16 and 17 September 1975 and adopted the motion for a resolution by 17 votes to 1.

The following were present: Mr Houdet, chairman; Mr Vetrone and Mr Laban, vice-chairmen; Mr Frehsee, rapporteur; Mr Boano, Mr Bourdellès, Mr Creed (deputizing for Mr McDonald), Mr Della Briotta, Mrs Dunwoody, Mr Hughes, Mr Kofoed, Mr De Koning, Mr Lemoine, Mr Ligios, Mr Liogier, Mrs Orth, Lord Walston and Mr Zeller.

The opinion of the Committee on External Economic Relations and that of the Associations Committee will be published separately.

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A

The Committee on Agriculture 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 laying down special rules for the importation of products in the wine-growing sector originating in certain third countries.

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹;
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 204/75);
 - having regard to the report of the Committee on Agriculture and the opinions of the Committee on External Economic Relations and the Associations Committee (Doc. 254/75);
1. Approves the Commission's proposal;
 2. Wonders whether the solutions proposed take account of both objectives, i.e. effective protection of the internal market and smooth, productive trade relations with the Mediterranean countries.

¹ OJ No. C 178, 6 August 1975, p.2

EXPLANATORY STATEMENT

1. At its meeting of 23 and 24 June 1975, the Council of Agricultural Ministers agreed in principle on certain measures for the organization of markets (in particular the market in wine) 'on which agricultural concessions depend in the context of the overall Mediterranean approach'¹

Thus, the Council had already largely defined the framework for reinforcing import regulations, which the proposed regulation and the appropriate implementing regulations are intended to consolidate. Although no formal legal objections can be raised to this procedure, it nevertheless places restrictions in practice on the Commission's freedom to make proposals and on the consultation of Parliament on such proposals. This represents yet another example of the conflict between political necessity and institutional procedure, the solution in this instance not being conducive to institutional balance. To a certain extent this undermines the value of Parliament's opinion, since the broad lines of the decision to be taken by the Council have already been laid down and the rights conferred on the Commission and Parliament by the Treaties can only be safeguarded in full by ignoring the decision reached in the Council.

2. The section of Regulation No. 816/70² dealing with the regulation of trade with third countries (Title II) provides for a procedure designed to prevent disturbances on the Community market caused by offers from third countries at abnormally low prices. To that end reference prices are fixed below which the prices of imported wines must not fall. However, if free-at-frontier offer prices plus customs duties are below the reference prices, additional countervailing charges are imposed which correspond to the difference between the reference price and the offer price plus customs duties. This provision is not, however, applied in the case of third countries which can guarantee that the price of imports of their wines will not be lower than the reference price less customs duties.

Finally, tariff concessions may be granted in agreement with third countries if the country concerned can guarantee that the reference price will be respected.

¹See Council press release in Notice to Members PE 41.244, pages 4 ff

²OJ No. L 99, 5 May 1970, pages 1 ff

3. The effectiveness of the import arrangements outlined above depends on two factors: the reliable surveillance of effective offer prices and the existence of machinery for enforcing reference prices where these are not respected and, if necessary, for cancelling tariff concessions made under guarantee.

4. The first subparagraph of Article 9(3) of basic Regulation 816 /70 already specifies, for the protection of the internal market, that failure to observe the reference price will lead to the imposition of a countervailing charge and thus to an effective increase in the price of imports to the reference price level. In practice this ensures that no market disturbances are caused by imports for which the actual free-at-frontier offer prices are determined. This does not apply, however, to countries which enjoy tariff concessions subject to observance of the free-at-frontier reference price. The basic regulation does not provide for the levying of a countervailing charge in such instances. Under the new regulation, however, if a country enjoying tariff concessions fails to respect the reference price, the full customs duty will be applied in addition to the countervailing charge. This ensures that prices in third countries cannot have an adverse effect on price formation within the Community. Moreover, it may also be decided, under the Management Committee procedure¹, to apply the full customs duty to all future wine imports from the country concerned.

Finally, a countervailing charge may also be levied on countries which have undertaken to respect the reference price without receiving tariff concessions if those countries then fail to respect the reference price.

5. In order to make it easier to ensure that the reference price is respected, 'the granting of tariff concessions shall be subject to presentation of a document issued by the exporting country certifying that the free-at-frontier reference price has been respected'².

In addition, the Member States must regularly inform the Commission of any cases of failure to observe the free-at-frontier reference price. The Management Committee will carry out a monthly review of any measures adopted under Article 9 of the basic regulation and the extreme sanction of suspending the tariff concessions of a third country for all future imports. This should ensure a constant check on the relative suitability

¹See Regulation No. 24 of 4 April 1962, Article 7 OJ No. 30, 20.4.1962, p.989

²Article 2(2)

of the measures applied and on orderly trade with third countries, thus giving the Management Committee an important role in offsetting the internal market protection guaranteed by market organization against orderly trade with third countries.

6. The implementing provisions, like the rules provided for in Article 9 of the basic regulation, will be adopted in accordance with the Management Committee procedure. This applies in particular to the fixing of the offer price necessary for the determination of the countervailing charge.

Finally, this new regulation defines the free-at-frontier reference price as the reference price referred to in Article 9 of the basic regulation less the customs duties actually levied. This means that the reference price is the same for imports from all third countries while the free-at-frontier reference price varies according to the customs duties applicable in the individual countries.

7. As already mentioned in the reference to the Council press release, the present regulation is intended to pave the way for the conclusion of the new preferential agreements to be negotiated with the Maghreb countries, the import arrangements for wine being designed to ensure that market disturbances in the Community can be avoided.

The legislation prepared by the Commission to supplement the protection measures laid down in basic Regulation No. 816/70 is in keeping with the Council's guidelines. Time will show whether this legislation will provide adequate and continuous protection of the domestic market against dumping while at the same time guaranteeing orderly trade. The technical details for actual import control by the customs services and any protection measures that may prove necessary must be laid down in implementing provisions worked out jointly with the experts in the Management Committee. This should ensure that appropriate solutions are found which take account of both objectives, i.e. effective protection of the internal market and smooth, productive trade relations with the Mediterranean countries.

8. Subject to these conditions being fulfilled, the Committee on Agriculture can recommend to Parliament that it adopt the proposed regulation.

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