

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 20 February 1976

Correction of date

COMMISSION COMMUNICATION TO THE COUNCIL ON THE
AGREEMENT EEC/CYPRUS

Commission Communication to the Council
on the agreement EEC/Cyprus

1. On 16 October 1973 the Commission transmitted to the Council a recommendation for a decision on the opening of negotiations with Cyprus for the conclusion of an agreement supplementing the Association Agreement with new provisions on trade in the agricultural sector and with arrangements for economic and financial cooperation.¹

This document takes account of work carried out since October 1973 on the Community's relations with the Mediterranean countries.

2. In a Declaration concerning agricultural products annexed to the Association Agreement between the Community and Cyprus - which was signed on 19 December 1972 and entered into force on 1 June 1973 - the Community stated that it was "prepared to re-examine with the Republic of Cyprus, the agricultural content of the Agreement in the light of the result of work in progress with a view to a global approach on the Community's relations with the Mediterranean countries. In the course of this work the interests of Cyprus shall also be taken into consideration".

The new Agreement with Israel entered into force on 1 July 1975 and the Agreements with the three Maghreb countries and Malta are scheduled to enter into force in the near future. In addition, the Community has opened negotiations with Egypt, Syria and Jordan.

¹COM(73) 1968 final of 10 October 1973.

"Taking into account the progress made in the negotiations with the various Mediterranean countries and that it would also be desirable to include Cypriot interests in this context, the Commission considers that the Community should reopen consideration of an improvement in agricultural concessions with regard to this country and thus give effect to the declaration annexed to the EEC/Cyprus Agreement. "

3. At the close of the negotiations for the conclusion of an Association Agreement the Cypriot Delegation transmitted to the Head of the Community Delegation a letter dated 7 December 1972¹ in which it stressed the importance which the Government of Cyprus attached to the establishment of economic, financial and technical cooperation.

In its Communication to the Council on relations between the Community and the Mediterranean countries², the Commission considered that the progressive establishment of free trade areas or, as in the case of Cyprus, a customs union between the enlarged Community and the Mediterranean countries should be supplemented by economic cooperation. At its meeting of 6-7 November 1972 the Council agreed to the incorporation of a section on cooperation in the projected agreements.

4. The Commission recommends that the Council adopt the Directives set out in the Annex.

¹SEC(72) 4552 of 8 December 1972.
²SEC(72) 3111 final of 27 September 1972.

I. ARRANGEMENTS FOR TRADE IN AGRICULTURAL PRODUCTS

A. Treatment applicable to imports into the Community

1. The Community would reduce the duties on the agricultural products originating in Cyprus set out in the Annex in accordance with the conditions stated for each of those products.
2. The concessions would be granted on the basis of the duties effectively applied at any given time vis-à-vis third countries.
3. The transitional measures set out in the Protocol laying down certain provisions relating to the Agreement establishing an Association between the Community and Cyprus would be applicable.

B. Other provisions

1. The Contracting Parties would lay down provisions to promote the harmonious development of trade in agricultural products not covered by the Agreement, relating to veterinary and other matters and regarding the seeking of solutions in the event of difficulties in their trade in agricultural products.
2. The Agreement would include a provision whereby the Contracting Parties would examine, as from the beginning of 1978 and in accordance with the procedure adopted for negotiating the Agreement itself, the results of the arrangements adopted on agricultural matters and any improvements that might be made to them from 1 January 1979.

Accordingly, it would be agreed that all the agricultural concessions, including the arrangements proposed for "Cyprus Sherry", could not be renegotiated when the content of the second stage of the Association Agreement is determined.

Negotiations on the second stage could be opened from 1 January 1976 so as to ensure the follow-on from the first stage, which will end on 30 June 1977.

II. PROVISIONS ON ECONOMIC AND FINANCIAL COOPERATION

The Agreement would set the objective to be attained in respect of cooperation, define the means to be employed to this end and establish the procedures for implementing them.

(a) Objective of cooperation

The objective of cooperation would be to contribute to Cyprus's development by supplementing the efforts made by the country, and thus strengthen the economic links existing between Cyprus and the Community on as wide a basis as possible and to the mutual benefit of the Parties.

(b) Fields of cooperation

(i) The cooperation envisaged would cover the ways and means -- for measures having financial implications, within the limits of the amount and on the terms to be laid down in the Financial Protocol -- of promoting in particular:

the exchanging of information on the economic and financial situation and on the trend of that situation, insofar as is necessary to ensure the Agreement functions properly;

the development of production and economic infrastructure, especially with a view to diversifying Cyprus's economic structure and, in particular, to promoting the industrialization of Cyprus and modernizing the agricultural sector;

the marketing and promotion of sales of products exported by Cyprus.

(ii) The Commission will also investigate whether specific measures in the following fields could be of value to Cyprus:

appropriate cooperation in the industrial field and on scientific, technological and environment protection matters;

the encouragement of private investment from the Community on mutually satisfactory terms.

(iii) In selecting cooperation schemes account would be taken of:

the objectives and priorities set by Cyprus's development plans and programmes;

the desirability of carrying out integrated schemes by combining different operations;

the desirability of promoting forms of cooperation within a regional context.

(c) Financial cooperation

Financial cooperation would be the subject of a separate Financial Protocol concluded with Cyprus. Its duration would be limited to five years.

The schemes to be financed and the various forms, general terms and details of financial aid to be granted to Cyprus would be comprehensively laid down in this Financial Protocol by reference to the country's economic and financial situation. The specific conditions for each project would then be determined according to the nature of the project, which would be examined on its own merits.

Form and amount of financial assistance:

The financial assistance would comprise loans from the European Investment Bank out of its own resources, grants and special loans, the amounts involved to be determined at the appropriate time.

Loans from the EIB's own resources would be granted on the normal terms for EIB loans in particular as regards duration, grace period and interest rate, subject to any interest rate subsidies that might be granted.

In the case of Cyprus "grants" would include a flat-rate reserve for interest rate subsidies (an average subsidy of around 2% having been adopted as a basis for calculation).

Special loans would be granted for 40 years with a 10-year grace period and a 1% interest rate.

III. RULES OF ORIGIN

The rules of origin laid down in the Agreement with Cyprus would be prolonged, subject to any adjustments which might appear necessary to ensure harmonization with those applicable to other countries.

The Association Council would be empowered to decide on any modification of the rules of origin.

Reductions in duties proposed by the Community for agricultural products originating in

CYPRUS

ANNEX

CCT	Description	AGREEMENT		PROPOSAL	
		Rate of reduction	Period of application	Rate of reduction	Period of application
1	2	3	4	5	6
17.01	Vegetables, fresh or chilled:				
	A. Potatoes:			40%	1 June - 30 June
	II. New potatoes:				
	b. from 16 May to 30 June			60%	1 Nov. - 30 Apr.
	F. Leguminous vegetables, shelled or unshelled:				
	II. Beans:			40%	1 Jan. - 31 March
	ex a. From 1 October to 30 June			60%	15 Feb. - 15 May
	G. Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots:				
	ex II. Carrots			30%	1 Oct. - 31 Dec.
	ex H. Onions,				
	L. Artichokes			60%	15 Nov. - 30 Apr.
	M. Tomatoes:			40%	
	ex I. From 1 November to 14 May:			60%	
	S. Sweet peppers				
	Other:			60%	1 Dec. - 30 Apr.
	- Aubergines,			50%	1 Jan. - 30 Apr.
	- Stick celery,			60%	1 Dec. end Feb.
	- Courgettes,				

1	2	3	4	5	6
08.02	Citrus fruit, fresh or dried : ex A. Oranges : -Fresh ex B. Mandarins (including tangerines and satsumas); clementines, wilkings and other similar citrus hybrids : -Fresh ex C. Lemons : -Fresh D. Grapefruit	40% 40% 40% 40% - - -		60% 60% - 80%	18 June-17 July
08.04	Grapes, fresh or dried : A. Fresh ex I. Table grapes : B. seeds	- - -		50% 100% within the framework of a quota to be fixed	
08.08	Berries, fresh : A. Strawberries : ex II. From 1 August to 30 April :	- - -		60%	1 Nov. - 31 Marc
ex 08.09	Other fruit, fresh : - Melons, - Watermelons, Seeds, fruit and spores, of a kind used for sowing :	- - -		50% 30% 60%	1 Nov. - 31 May 1 Apr. - 15 June
12.03	(a) This concession is solely for seeds complying with the provisions of the directives of the marketing of seeds and plants				

1	2	3	4	5	6
12.08	<p>Locust beans, fresh or dried, whether or not kibbled or ground, but not further prepared; fruit kernels and other vegetable products of a kind used primarily for human food, not falling within any other heading:</p> <p>A. Locust beans</p> <p>B. Locust bean seeds</p>	100%	5	100%	
20.06	<p>Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit:</p> <p>B. Other:</p> <p>II. Not containing added spirit:</p> <p>a. Containing added sugar, in immediate packings of a net capacity of more than 1 kg:</p> <p>2. Grapefruit segments</p> <p>ex 8. Other fruits</p> <p>ex 9. Mixtures of fruit: fruitsalad</p> <p>b. Containing added sugar, in immediate packings of a net capacity of 1 kg or less:</p> <p>2. Grapefruit segments</p> <p>ex 8. other fruits: Grapefruit</p> <p>ex 9. Mixtures of fruit: fruitsalad</p> <p>c. Not containing added sugar, in immediate packings of a net capacity</p> <p>1. Of 4.5 kg or more:</p> <p>ex dd. Other fruits</p> <p>- grapefruit segments</p> <p>- grapefruit</p> <p>- orange segments</p> <p>2. Of less than 4.5 kg</p> <p>ex bb. Other fruits and mixtures of fruit</p> <p>- grapefruit segments</p> <p>- grapefruit</p>	-	4	80%	self-limitation
				80%	self-limitation
				80%	self-limitation
				55%	self-limitation
				80%	self-limitation
				80%	self-limitation
				55%	self-limitation
				80%	self-limitation
				80%	self-limitation
				40%	self-limitation
				80%	self-limitation
				80%	self-limitation

1	2	3	4	5	6
x 20.07	<p>Fruit juices (including grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit:</p> <p>A. Of a specific gravity exceeding 1.33 at 15° C:</p> <p>III. Other:</p> <p>ex a.: Of a value exceeding 30 u.a. per 100 kg net weight:</p> <p>- Orange juice</p> <p>- Grapefruit juice</p> <p>ex b.: Of a value not exceeding 30 u.a. per 100 kg net weight:</p> <p>- Orange juice</p> <p>- Grapefruit juice</p> <p>B. Of a specific gravity of 1.33 or less at 15° C:</p> <p>II. Other:</p> <p>a. Of a value exceeding 30 u.a. per 100 kg net weight:</p> <p>1. Orange juice</p> <p>2. Grapefruit juice</p> <p>b. Of a value of 30 u.a. or less per 100 kg net weight:</p> <p>1. Orange juice</p> <p>2. Grapefruit juice</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p> <p>70%</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>

1	2	3	4	5	6
22.05	<p>Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol:</p> <p>C. Other:</p> <p>I. Of an actual alcoholic strength not exceeding 13° in containers holding: ex a. 2 litres or less: - Wine of fresh grapes</p> <p>II. Of an actual alcoholic strength exceeding 13° but not exceeding 15°, in containers holding: ex a. 2 litres or less: - Wine of fresh grapes</p> <p>III. Of an actual alcoholic strength exceeding 15° but not exceeding 18°, in containers holding: a. 2 litres or less: ex 2. Other: - Wine of fresh grapes</p> <p>IV. Of an actual alcoholic strength exceeding 18° but not exceeding 22°, in containers holding: a. 2 litres or less: ex 2. Other: - Wine of fresh grapes</p>	-	-	75% ^{1,2} 75% ^{1,2} 75% ^{1,2} 75% ^{1,2}	-

¹Excluding "Cyprus Sherry"

²The tariff reduction is subject to the reference price being observed.

FINANCIAL RECORD SHEET (1)drawn up for the budget for the 1977 financial year 1977 (2)A. PART 1: INTERVENTION APPROPRIATIONS

(for old and new projects)

1. RELEVANT BUDGET HEADING

To be opened in connection with the entry into the budget of appropriations intended to cover financial aid (1977 Budget).

2. TITLE OF BUDGET HEADING

Financial and technical cooperation with the Republic of Cyprus.

3. LEGAL BASIS

Article 238 of the EEC Treaty (Council to take a decision as regards opening negotiations with Cyprus)

4. DESCRIPTION, AIM(S) AND GROUNDS FOR THE PROJECT

Financing aids granted to Cyprus on the basis of the financial protocol.

5. AMOUNT (in U.A.)

The Community will fix the amount of aid when the time comes.

5.0. MULTIANNUAL TIMETABLE

The financial protocol will remain in force for no more than five years.

5.1. RATE OF UTILIZATION DURING THE FINANCIAL YEAR NOW BEING PREPARED

The rate of utilization of the appropriations will depend on the date of ratification of the protocol by the Member States.

5.2. To be determined in due course.

6. TYPE OF CONTROL TO BE APPLIED

The control methods will be those set out in the Council's Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities.

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- (1) This financial record sheet concerns only the section on financial and technical cooperation with the Republic of Cyprus, which will be entered in the budget. All other projects (normal and special loans) will be financed through the European Investment Bank. The agricultural section of the document implies less revenue for the Community.
- (2) In view of the time required before the financial protocol is ratified by the Member States, this document will have no implications for the 1976 Budget.

B. PART 2: ADDITIONAL DATA TO BE PROVIDED FOR A NEW PROJECT (1)

7. TOTAL COST OF THE PROJECT OVER ITS ENTIRE EXPECTED DURATION
To be assessed.
8. INFORMATION REGARDING STAFFING AND THE REQUISITE APPROPRIATIONS
FOR OPERATING EXPENDITURE FOR IMPLEMENTING THE PROJECT
(for the current financial year, for the next three years, and - if
possible - for the entire duration of the project)
The project will be financed from the Commission's operating budget.
9. PROJECT FINANCED FROM
(see above).

(1) The Commission Decision of 28 November 1973 on the new budgetary guidelines mentions the need to draw up a "financial memorandum" for each new project, consisting of the two parts of the financial record sheet.