COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25.07.1996
COM(96) 403 final

96/0202 (ACC)

Proposal for a

COUNCIL REGULATION (EC)

on the conclusion of an Agreement in the form of an exchange of letters between the European Community and the State of Israel on the adjustment of the regime for imports into the European Community of oranges originating in Israel and amending Council Regulation (EC) No 1981/94

(presented by the Commission)

Explanatory Memorandum

The Association Agreement between the EU and Israel, signed on 20 November 1995, as well as the Interim Agreement, signed on 18 December 1995, which entered into force on 1 January 1996, did not contain any provisions regarding the new regime applied at the import of oranges into the Community.

The European Community and the State of Israel acknowledged in an exchange of letters on the implementation of the results of the Uruguay Round, which forms part of the Agreement, the necessity of continuing negotiations on this question. This exchange of letters stated that both parties should agree on "an adequate and acceptable entry price, which will enable the importation of 200,000 tonnes of Israeli oranges, a figure which will imply a reduction of 30% from the actual tariff quota for oranges from Israel". The Community has so far agreed with Morocco a reduced entry price for oranges within certain conditions. It is the intention of the Community to restrict this special entry price to the Mediterranean partners of the Community.

Consultations have taken place between Israel and the Community and it has been agreed that 200,000 tonnes of Israeli oranges shall be imported into the Community each season, free of ad valorem duties. Within this quota, reduced entry prices have been agreed upon for the period of 1 December until 31 May of each season.

The provisions of this Agreement shall commence on 1 July 1996.

This Agreement is contained in an exchange of letters (attached).

The implementation of the Agreement with Israel requires a modification of Council Regulation (EC) No 1981/94. In order to ensure timely implementation and for reasons of efficiency, the approval of the agreement and the modifications to the Council regulation are contained in the same legal text.

The Commission herewith recommends this Agreement to the Council for adoption.

Proposal for a

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 in conjunction with the first sentence of Article 228 (2) thereof,

Having regard to the proposal from the Commission,

Whereas, in the context of the Uruguay Round of multilateral trade negotiations the import regime for oranges has been changed;

Whereas the exchange of letters on the implementation of the results of the Uruguay Round which forms part of the Association Agreement signed on 20 November 1995 and of the Interim Agreement between the State of Israel and the European Community[1], which was signed on 18 December 1995 and which entered into force on 1 January 1996, provides that the import regime for oranges originating in Israel will be agreed upon between the European Community and Israel at a later stage;

Whereas an agreement has been reached on certain adjustments of the import regime for oranges from Israel;

Whereas this Agreement should now be approved;

Whereas Council Regulation (EC) no 1981/94 of 25 July 1994[2], opening and providing for the administration of Community tariff quotas for certain products originating in Algeria, Cyprus, Egypt, Israel, Jordan, Malta, Morocco, the Occupied Territories, Tunisia, and Turkey, and providing detailed rules for extending and adapting these tariff quotas, as last amended by Commission Regulation (EC) No 1099/96[3], should be modified to implement the new regime for imports into the European Community of oranges originating in Israel, as provided for in the above-mentioned Agreement, with effect from 1 July 1996;

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[1] OJ No L 71 of 20.3.1996, p. 145

[2] OJ No L 199 of 2.8.1994, p.1.

[3] OJ No L 146 of 20.6.1996, p. 8

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement in the form of an exchange of letters between the European Community and the State of Israel on the adjustment of the regime for imports into the European Community of oranges originating in Israel is hereby approved on behalf of the European Community.

The text of the Agreement is attached to this Regulation.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement so as to bind the Community.

Article 3

Regulation (EC) No 1981/94 is hereby amended as follows:

1) In annex II, in the table relating to order No 09.1323 (fresh oranges originating in Israel), the quota volume of 290 000 tonnes shall be replaced by 200 000 tonnes and the description under column 4 shall read "Fresh oranges : 1 July to 30 June".

2) At the end of annex II the footnote (2) shall be replaced by the following:

   "(2) Within this quota, the agreed entry price beyond which the specific additional duty provided in the Community's list of concessions to the WTO is reduced to zero, is:

   -273 ECU/tonne from 1 December 1996 to 31 May 1997
   -271 ECU/tonne from 1 December 1997 to 31 May 1998
   -268 ECU/tonne from 1 December 1998 to 31 May 1999
   -266 ECU/tonne from 1 December 1999 to 31 May 2000
   -264 ECU/tonne from 1 December 2000 to 31 May 2001

   and from 1 December to 31 May of the following years.

   If the entry price for a consignment is up to 2,4,6 or 8% lower than the agreed entry price, the specific customs' duty shall be equal respectively to 2,4,6 or 8% of this agreed entry price. If the entry price for a consignment is less than 92% of the agreed entry price, the specific customs' duty bound within the WTO shall apply."

Article 4

The Commission shall adopt detailed rules for the application of this regulation, in accordance with the procedure laid down in Article 33 of Regulation (EEC) No 1035/72[4], as last amended by Regulation (EC) No 1363/95[5].

Article 5

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities. It shall apply from 1 July 1996.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, ...

For the Council

The President

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[4] OJ No L 118 of 20.5.1972, p.1

[5] OJ No L 132 of 16.6.1995, p: 8

AGREEMENT

in the form of an exchange of letters between the European Community and the State of Israel on the adjustment of the regime for imports into the European Community of oranges originating in Israel

A. <u>Letter from the Community</u>

Sir,

I have the honour to refer to the negotiations between the Israeli authorities and the European Commission on the regime applied at the import of oranges into the Community originating in Israel.

These negotiations were conducted on the basis of an exchange of letters on the implementation of the new WTO rules following the Uruguay Round, which forms part of the Association Agreement, signed on 20 November 1995, and of the Interim Agreement, signed on 18 December 1995, between Israel and the European Community.

By derogation to Protocol 1 of the said Agreements, it has been agreed that for fresh oranges falling within the code ex 080510:

1. From 1 July to 30 June of each season 200,000 tonnes of oranges originating in Israel are exempted from ad valorem duties upon import into the EC. Ad valorem duties shall be reduced by 60% in respect of quantities imported in excess of this quota.

2. Within this tariff quota, the specific duties will be reduced to zero during the period of 1 December to 31 May if the following entry price levels are respected :

1996/1997: 273 Ecu/tonne
1997/1998: 271 Ecu/tonne
1998/1999: 268 Ecu/tonne
1999/2000: 266 Ecu/tonne
2000/2001: and following 264 Ecu/tonne.

3. If the entry price of a particular lot is up to 2%, 4%, 6% or 8% below the entry price agreed upon under paragraph 1, the specific duty shall be 2%, 4%, 6% or 8% of the agreed entry price as appropriate.

4. If the entry price of a particular lot is below 92% of the agreed entry price; the specific duty bound within the WTO shall apply.

This Agreement shall enter into force upon signature of both parties. It shall be applicable as from 1 July 1996.

I should be obliged if you would confirm that your Government is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration

For the Council of the European Union

B. *Letter from Israel*

Sir,

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

"I have the honour to refer to the negotiations between the Israeli authorities and the European Commission on the regime applied at the import of oranges into the Community originating in Israel.

These negotiations were conducted on the basis of an exchange of letters on the implementation of the new WTO rules following the Uruguay Round, which forms part of the Association Agreement, signed on 20 November 1995, and of the Interim Agreement, signed on 18 December 1995, between Israel and the European Community.

By derogation to Protocol 1 of the said Agreements, it has been agreed that for fresh oranges falling within the code ex 080510:

1. From 1 July to 30 June of each season 200.000 tonnes of oranges originating in Israel are exempted from ad valorem duties upon import into the EC. Ad valorem duties shall be reduced by 60% in respect of quantities imported in excess of this quota.

2. Within this tariff quota, the specific duties will be reduced to zero during the period of 1 December to 31 May if the following entry price levels are respected :

1996/1997: 273 Ecu/tonne
1997/1998: 271 Ecu/tonne
1998/1999: 268 Ecu/tonne
1999/2000: 266 Ecu/tonne
2000/2001: and following 264 Ecu/tonne.

3. If the entry price of a particular lot is up to 2%, 4%, 6% or 8% below the entry price agreed upon under paragraph 1, the specific duty shall be 2%, 4%, 6% or 8% of the agreed entry price as appropriate.

4. If the entry price of a particular lot is below 92% of the agreed entry price; the specific duty bound within the WTO shall apply.

This Agreement shall enter into force upon signature of both parties. It shall be applicable as from 1 July 1996.

I should be obliged if you would confirm that your Government is in agreement with the contents of this letter."

I have the honour to confirm that my Goverment is in agreement with the contents of your letter.

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

For the Government of Israel

FINANCIAL STATEMENT

1. BUDGET HEADING: 120 (CUSTOMS DUTIES)

APPROPRIATIONS:
ECU 14.281 million

2. TITLE:
Proposal for a Council Regulation on the conclusion of an Agreement in the form of an exchange of letters between the European Community and the State of Israel on the adjustment of the regime for imports in the European Community of oranges originating in and imported from Israel and amending Council Regulation (EC) No 1981/94 of 25 July 1994.

3. LEGAL BASIS:

Article 113 of the Treaty

4. AIMS OF PROJECT:
Reduction in the quota of oranges originating in Israel and in entry price levels up to marketing year 2000/2001.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (96) (ECU million)	FOLLOWING FINANCIAL YEAR (97) (ECU million)
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER			
5.1. REVENUE - OWN RESOURCES OF THE EC (~~LEVIES~~/CUSTOMS DUTIES) - ~~NATIONAL~~			(*)

	1998 ECU million	1999 ECU million	2000 ECU million	2001 ECU million
5.0.1. ESTIMATED EXPENDITURE 5.1.1. ESTIMATED REVENUE	(*)	(*)	(*)	(*)

5.2. METHOD OF CALCULATION:
(*) In the past five marketing years, the average price of oranges originating in Israel has been ECU 352/t. This sum is well in excess of the prices proposed in the Regulation. Assuming no change in the situation, the financial implications should be negligible.

6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES/NO

6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? YES/NO

6.2. IS A SUPPLEMENTARY BUDGET NECESSARY? YES/NO

6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? YES/NO

OBSERVATIONS:

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