



COMMISSION OF THE EUROPEAN COMMUNITIES

**Brussels, 03.10.1996
COM(96) 474 final**

96/0239 (ACC)

Proposal for a

COUNCIL DECISION

**concerning Protocol 2 of the Agreement between
the European Economic Community and the Kingdom of Norway**

(presented by the Commission)

EXPLANATORY MEMORANDUM

On 27 June the Commission concluded an Agreement with Norway in accordance with the negotiating directives established by the Council. These directives instructed the Commission to negotiate an amendment of Protocol 2 of the Agreement with Norway in order to take account on the one hand of enlargement and of the implementation of the Uruguay Round agreements and on the other hand of the improvement to existing traditional trade on a reciprocal basis.

The Agreement will have to be adopted in the form of an exchange of letters, the legal basis for which is Article 113 of the Treaty. It is in the interests of Community trade that the provisions of this Agreement be put into effect as soon as possible. Norway agrees to implement this Agreement as from 1 September 1996.

For these reasons the Commission therefore proposes that the Council adopt this proposal for a Decision regarding the amendment of Protocol 2.

Proposal for a Council Decision
of 1996
concerning Protocol 2 of the Agreement between
the European Economic Community and the Kingdom of Norway

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 the Agreement in the form of an exchange of letters between the European Community of the one part and the Kingdom of Norway of the other part concerning Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway¹ should be approved to take account of the accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden to the European Union and the implementation of the Uruguay Round Agreement,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an exchange of letters between the European Community, of the one part, and the Kingdom of Norway, of the other part, concerning certain processed agricultural products is approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

Detailed rules for the application of this Decision shall be adopted by the Commission according to the procedure provided for in Article 16 of Regulation (EC) No 3448/93².

¹OJ N° L 171, 27.6.1973, p. 1

²OJ N° L 318, 20.12.1993, p. 18.

Article 3

The President of the Council is hereby authorised to designate the person empowered to sign the Agreement referred to in Article 1 in order to bind the Community.

Done at Brussels,

1996

For the Council

The President

Brussels,

Your Excellency,

I have the honour to confirm the agreement of the European Community to the "Agreed Minutes" annexed hereto concerning Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway.

These "Agreed Minutes" adjust the respective import regimes applied by the Community and Norway provided for in Article 1 (i) of Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway.

I should be grateful if you would confirm the agreement of the Government of the Kingdom of Norway with the content of this letter.

I have the honour to be, Your Excellency,

Yours faithfully

For the Council

The President

Annexes

His/Her Excellency.....

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of today worded as follows:

"I have the honour to confirm the agreement of the European Community to the "Agreed Minutes" annexed hereto concerning Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway.

These "Agreed Minutes" adjust the respective import regimes applied by the Community and Norway provided for in Article 1 (i) of Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway."

I have the honour to confirm the agreement of my Government with the contents of your letter and to the date proposed for the entry into force of the amendments.

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

For the Government of
the Kingdom of Norway

AGREED MINUTES

I. Introduction

1. Following a number of meetings held between officials from the Commission and Norway it was agreed to submit to their respective authorities for approval a series of adjustments to the respective import regimes applied by the Community and Norway for processed agricultural products falling within the scope of Protocol 2 to the 1973 Free Trade Agreement. These adjustments would apply from 1 September 1996.

2. The adjustments referred to in paragraph 1 follow the agreement of both sides that an adaptation of the duties in bilateral trade between the Community and Norway needed to be achieved following GATT implementation by both sides. For that purpose and subject to the Additional Arrangements set out in Part V both parties agreed that the reference rates for the agricultural raw materials set out in Parts II (1.) and III would be applied.

II. Norwegian import regime

1. The following reference rates (NOK/kg) of the agricultural raw materials would be used for the calculation of the duties for the processed agricultural products:

	Matrix (a)	Standard recipes	Actual Content
Whole milk powder (*)	11.78	11.78	11.78
Skimmed milk powder (*)	12.54	12.54	12.54
Butter (*)	13.13	13.13	13.13
Milk for yoghurt	(b)	3.10	3.10
Milk for beverages	(b)	2.30	2.30
Liquid whole milk	(b)	-	1.47
Liquid skimmed milk	(b)	-	1.10
Condensed milk fat	(b)	-	5.13
Condensed milk skimmed	(b)	-	4.87
Milk powder 20 % fat	(b)	-	11.76
Buttermilk powder	(b)	-	12.30
Cream	(b)	-	4.62
Cream mixture	(b)	-	5.49
Heavy sour cream	(b)	-	6.90
Cream powder	(b)	-	11.10
Whey powder	(b)	-	3.09
Caseinates	(b)	-	34.50
Milkalbumin	(b)	-	34.50
Wheat flour (*)	2.02	2.02	2.02

	Matrix (a)	Standard recipes	Actual Content
Rye flour	2.02	2.23	2.02
Durum flour	2.02	1.36	2.02
Barley flour	2.02	-	2.02
Rye wheat flour	2.02	-	2.02
Maize flour	0	-	0
Rice flour	0	-	0
Flour of other cereals	0	-	0
Common wheat	1.57	-	1.57
Durum wheat	1.01	-	1.01
Barley	1.41	-	1.41
Oats	1.21	-	1.21
Rye	1.51	-	1.51
Rye wheat	1.51	-	1.51
Maize	0	-	0
Other cereals	0	-	0
Wheat bran	2.02	-	2.02
Oats bran	2.02	-	2.02
Rolled oats	2.02	-	2.02
Wheat malt	0	-	0
Barley malt	0	-	0
Wheat gluten	0	-	0
Rice	0	-	0
Potato starch (*)	4.55	4.55	4.55
Other starch (*)	4.55	-	4.55
Modified starch	4.55	-	4.55
Glucose and glucose syrup	4.55	4.55	4.55
Sugar	0	-	0
Maltodextrine	0	-	0
Potatoes	0.83	-	0.83
Flour and flakes of potatoes	3.87	12.38	12.38
Beef meat, boneless (14 per cent fat) (*)	26.69	26.69	26.69
Pork meat (23 per cent fat)	19.82	19.82	19.82
Sheepmeat	8.90	-	8.90
Poultrymeat	3.11	-	3.11
Fats other than butter	0	-	0
Frozen raspberries (*)	1.78	-	1.78
Raspberry concentrate	9.22	-	9.22
Frozen blackcurrants	1.78	-	1.78
Blackcurrant concentrate	4.81	-	4.81
Frozen strawberries	1.78	1.89	1.78
Strawberry concentrate	9.22	-	9.22
Apple pulp	0	-	0
Apple concentrate	0	-	0

	Matrix (a)	Standard recipes	Actual Content
Cheese (*)	20.70	20.70	20.70
Cheese powder	12.83	-	12.83
Whole egg powder (*)	46.77	46.77	46.77
Eggs in shell	9.77	-	9.77
Preserved egg yolks (liquid egg yolks)	27.73	27.73	27.73
Egg yolk powder	58.57	-	58.57
Whole egg paste (whole egg not in shell)	9.61	9.61	9.61
Liquid albumen	0	-	0
Albumen in powder	0	-	0

Notes :-

(a) The reference rates for the agricultural raw materials indicated with an asterisk (*) are those upon which the duties are calculated for the processed agricultural products subject to the matrix system - the other reference rates for the raw materials to be declared under this heading are those resulting from the application of the conversion coefficients.

(b) The matrix reference rates for these agricultural raw materials will depend upon the actual milk fat and milk protein content in accordance with the conversion coefficients.

2. Norwegian tariff codes mentioned in these minutes refer to those communicated to the Commission by Norway in its Regular Notification dated 15 February 1996 covering Protocol 2 to the Free Trade Agreement. The terms of these minutes will not be prejudiced by any future changes that may be made in Norwegian tariff nomenclature.

3. The *de minimis* quantity below which a duty would not be applied for flour, starch and/or glucose would be 5 per cent.

4. An additional interval of not less than 5 kg but less than 15 kg of starch and/or glucose assumed to have been used per 100 kg of processed agricultural product would be introduced and within this range a quantity of 12.5 kg of starch/glucose would be taken to calculate the duty. For the interval of not less than 15 kg but less than 25 kg of starch and/or glucose the duty would be calculated on the basis of 22.5 kg.

5. The *de minimis* quantity below which a duty would not be applied for the additional raw materials (meat, cheese, eggs and soft fruits (frozen raspberries, frozen blackcurrants and frozen strawberries)) would be 3 per cent. In calculating the duty fresh soft fruits would be assimilated to frozen on the basis of a one to one conversion.

6. The revised intervals of the notional quantities and the agreed quantities of agricultural raw materials to be taken into account, notably as a result of points 3 to 5 above, are shown in Annex A, (Parts 1 and 2).

7. The duty for Norwegian code 1806.1000 *Cocoa powder containing sugar or other sweetening matter* would be zero.

8. The agricultural element of the duty for Norwegian codes 1806.2012 *Table cream powders in containers or immediate packings, of a content exceeding 2 kg*, 1806.2090 *Other (other than ice cream powders or table cream powders) in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg*, 1806.3100 *Other, in blocks, slabs or bars - filled*, 1806.3200 *Other, in blocks, slabs or bars - not filled*, 1806.9010 *Other chocolate, including sugar confectionery, containing cocoa (other than in blocks, slabs or bars*

weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg), 1806.9022 Table cream powders, 1806.9090 Other edible preparations would be determined from the actual content declared for the raw materials upon which an agricultural duty is applied.

9. The industrial element of the duty for Norwegian code 1901.1010 *Preparations for infant use, put up for retail sale* : of goods of Heading Nos. 04.01 to 04.04 would be zero.

10. The agricultural element of the duty for Norwegian code 1901.2010 *Cake mixes of a content not less than 2 kg* would be corrected so as to be 2.34 NOK/kg calculated on the basis of the standard recipe (35 kg wheat flour, 5 kg potato starch and 3 kg whole egg powder per 100 kg of good).

11. The agricultural element of the duty for Norwegian code 1901.2099 *Cake mixes in containers of a net content of not less than 2 kg (other than doughs)* would be zero for products declared as free from gluten for sufferers of coeliac disease.

12. The agricultural element of the duty for Norwegian code 1904.1090 *Prepared foods obtained by the swelling or roasting of cereals or cereal products (other than "corn flakes")* would be 0.40 NOK/kg and the industrial element would be zero.

13. The agricultural element duty for Norwegian code 1905.2000 *Gingerbread and the like* would be at the fixed rate of 2.09 NOK/kg and the industrial element would be zero.

14. The industrial element of the duty for Norwegian codes 2004.1010 *Edible preparations composed of flour, meal or flakes based upon potatoes containing not less than 75 per cent by weight of potatoes frozen*, 2004.1020 *Edible preparations composed of flour, meal or flakes based upon potatoes (other than containing not less than 75 per cent by weight of potatoes) frozen*, 2005.2010 *Edible preparations composed of flour, meal or flakes based upon potatoes containing not less than 75 per cent by weight of potatoes not frozen*, 2005.2020 *Edible preparations composed of flour, meal or flakes based upon potatoes (other than containing not less than 75 per cent by weight of potatoes) not frozen* would be zero.

15. The duty for Norwegian code 2103.2010 *Tomato ketchup* would be zero.

16. The agricultural element of the duty for Norwegian code 2103.9090 - *Other sauces and preparations therefor mixed condiments and mixed seasonings (other than tomato ketchup and other tomato sauce, mustard flour and meal and prepared mustard, mayonnaise and remoulades and mango chutney liquid)* would be determined from the actual content declared for the raw materials upon which an agricultural duty is applied.

17. The agricultural element of the duty for Norwegian code 2104.1010 *Meat broth in airtight containers* would be maintained at 3.14 NOK/kg calculated on the basis of the standard recipe (15 kg of bovine meat per 100 kg of good).

18. The agricultural element of the duty applying to Norwegian code 2105.0010 *Ice cream and other edible ice containing cocoa* would be 4.12 NOK/kg calculated on the basis of the standard recipe (35 kg of whole milk powder per 100 kg of good). The industrial element would be NOK 0.38/kg.

19. The agricultural element of the duty applying to Norwegian code 2105.0020 *Ice cream containing edible fats* would be calculated on the basis of the standard recipe (35 kg of whole milk powder and 6 kg of frozen strawberries per 100 kg of good). The industrial element would be NOK 0.97/kg.

20. The agricultural element of the duty for Norwegian code 2106.9020 *Preparations of the juice of apples or blackcurrants for the manufacture of beverages* would be 9 per cent *ad valorem* and the industrial element of the duty would be 5 per cent *ad valorem*.

21. The duty for Norwegian code ex. 2106.9030 Other preparations for the manufacture of beverages inter alia concentrated extracts of other juices would be zero.

22. The agricultural element of the duty for Norwegian code 2106.9051 *Cream substitutes* (in dry matter form) would be at the fixed rate of 6.01 NOK/kg.

23. The agricultural element of the duty for Norwegian code 2106.9052 *Cream substitutes* (in liquid form) would be at the fixed rate of 3.01 NOK/kg.

24. The agricultural element of the duty for Norwegian code 2106.9060 *Emulsified fats and similar products containing more than 15 per cent by weight of milk fats* would be 2.63 NOK/kg calculated on the basis of the standard recipe (20 kg of butter per 100 kg of good).

25. The agricultural element of the duty applying under the standard recipe (300 kg of skimmed milk powder) for Norwegian codes 3501.1000 *Casein* and 3501.9010 *Caseinates and other derivatives* would be maintained at the average of the level imposed during the period February 1994 to January 1995 inclusive of 33.75 NOK/kg.

26. The agricultural element of the duty for Norwegian codes 3505.1001 *Esterified or etherified dextrins and other modified starches* and 3505.1009 *Dextrins and other modified starches (other than esterified or etherified)* would be 8.0 NOK/kg on application by the operator to the responsible Norwegian authority.

III. Community import regime

The following basic amounts would be used for the calculation of the agriculture components and the additional duties:

Cereals (common wheat, durum wheat, rye, barley and maize)	7.817 ECU/100 kg.
Long grain husked rice	36.33 ECU/100 kg.
Whole milk powder	162.837 ECU/100 kg
Skimmed milk powder	118.800 ECU/100 kg.
Butter	235.632 ECU/100 kg.
Sugar	46.522 ECU/100 kg.

IV. Renewal of quotas

1. Tariff quotas applied in 1995 on an autonomous basis would be applied retroactively from 1 January 1996.

2. With effect from 1 September 1996 an annual quota of 5,500 tonnes would be opened by the Community for imports of chocolate and other food preparations containing cocoa falling under 1806 except sub-heading 180610 (cocoa powder containing added sugar or other sweetening matter), to which a fixed rate of duty of 35.15 ECU/100 kg would apply. This arrangement would not prejudice exports from Norway to the Community at the rate of duty resulting from the application of the amounts referred to in Part III.

V. Additional arrangements

Both sides agreed to put to their respective authorities the following :-

(a) The reference rates of frozen soft fruits specified in Part II (1.) applied under the matrix, actual content and standard recipes would be subject to annual joint review before 15 June. Such joint reviews would take account of the market prices, the market situation, Norwegian production and imports to Norway. The reference prices and as a result the duties thereafter would be adapted.

(b) The reference rates of the cereals applied in the matrix, actual content and standard recipes by Norway and under the matrix and standard recipes by the Community would be adjusted if the market prices, market situation and/or significant changes in trade indicated such a need. As a result the duties would be adapted. Consultations would be held between the parties prior to such adjustments.

(c) The reference rates of the dairy raw materials applied in the matrix, actual content and standard recipes by Norway and under the matrix and standard recipes by the Community would be adjusted if the market prices, market situation and/or significant changes in trade indicated such a need. As a result the duties would be adapted. Consultations would be held between the parties prior to such adjustments.

(d) The reference rates of starch and glucose applied in the matrix, actual content and standard recipes by Norway and under the matrix and standard recipes by the Community would be adjusted if the market prices, market situation and/or significant changes in trade indicated such a need. As a result the duties would be adapted. Consultations would be held between the parties prior to such adjustments.

(e) If difficulties were to occur in the implementation of the quota concerning chocolate and other food preparations containing cocoa referred to under Part IV appropriate measures would be taken if necessary taking full account of Norwegian interests. Consultations would be held between the parties prior to the introduction of these measures.

VI. Future trading conditions

Both sides agreed to use their best endeavours to improve trading conditions in the future taking account of relevant criteria, such as the evolution of trade flows, bilateral preference applied in trade in processed agricultural products and the evolution of raw materials' markets and prices. In this respect both sides agreed to seek to obtain improved preferential treatment within the context of Protocol 3 of the European Economic Area Agreement.

Quantities to be taken into account within the bands - milk and milk products				
Milk fat % of weight	Milk protein % of weight	Skimmed milk powder	Whole milk powder	Butter
0 - 1.5	0 - 2.5	0	0	0
	2.5 - 6	14	0	0
	6 - 18	42	0	0
	18 - 30	75	0	0
	30 - 60	146	0	0
	60 - >	208	0	0
1.5 - 3	0 - 2.5	0	0	3
	2.5 - 6	14	0	3
	6 - 18	42	0	3
	18 - 30	75	0	3
	30 - 60	146	0	3
	60 - >	208	0	3
3 - 6	0 - 2.5	0	0	6
	2.5 - 12	12	20	0
	12 - >	71	0	6
6 - 9	0 - 4	0	0	10
	4 - 15	10	32	0
	15 - >	71	0	10
9 - 12	0 - 6	0	0	14
	6 - 18	9	43	0
	18 - >	70	0	14
12 - 18	0 - 6	0	0	20
	6 - 18	0	56	2
	18 - >	65	0	20
18 - 26	0 - 6	0	0	29
	6 - >	50	0	29
26 - 40	0 - 6	0	0	45
	6 - >	38	0	45
40 - 55	40	0	0	63
55 - 70	55	0	0	81
70 - 85	70	0	0	99
85 - >	85	0	0	117

Quantities to be taken into account within the bands other than milk and milk products	
Banding	To be applied
Starch/Glucose	
0 - 5	
5 - 15	12.5 (3.13 NOS + 9.38 PS)
15 - 25	22.5 (5.63 NOS + 16.88 PS)
25 - 50	43.75 (10.94 NOS + 32.81 PS)
50 - 75	68.75 (17.19 NOS + 51.56 PS)
75 - >	100 (25 NOS + 75 PS)
Flour	
0 - 5	0
5 - 15	12.5
15 - 25	22.5
25 - 35	32.5
35 - 45	42.5
45 - 55	52.5
55 - 65	62.5
65 - 75	72.5
75 - >	115
Egg	
0 - 3	0
3 - 5	4.5
5 - 10	8.75
10 - 15	13.75
15 - 20	18.75
20 - 30	27.5
30 - 50	45
50 - >	60
Berries	
0 - 3	0
3 - 5	4.5
5 - 10	8.75
10 - 15	13.75
15 - 20	18.75
20 - 30	27.5
30 - 50	45
50 - >	60

Quantities to be taken into account within the bands other than milk and milk products	
Banding	To be applied
Cheese	
0 - 3	0
3 - 5	4.5
5 - 10	8.75
10 - 15	13.75
15 - 20	18.75
20 - 30	27.5
30 - 50	45
50 - >	60
Meat	
0 - 3	0
3 - 6	5.25
6 - 10	7.5
10 - 15	12.5
15 - 20	17.5
20 - >	50

FINANCIAL STATEMENT

1. **BUDGET HEADING:** Article 120 **APPROPRIATIONS:**

2. **TITLE:** Proposal for a Council Decision concerning Protocol 2 of the Agreement between the European Economic Community and the Kingdom of Norway

3. **LEGAL BASIS:** Article 113

AIMS OF MEASURE:
 Adaptation of Protocol 2 of the Agreement between the European Community and the Kingdom of Norway to take account of enlargement and the implementation of the Uruguay Round agreements.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (95)	FOLLOWING FINANCIAL YEAR (96)
	million ecu	million ecu	million ecu
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER	ECU -1.4 million		
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
5.0.1. ESTIMATED EXPENDITURE	1997	1998	1999
5.1.1. ESTIMATED REVENUE			2000

5.2. **METHOD OF CALCULATION:**
 Calculation of loss of customs revenue taking account of tariff reductions and quotas.

- 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: Loss of customs revenue has been calculated on the basis of average duties for the goods for which no fixed duty is applied in accordance with Protocol 2. These calculations have been made on the basis of the agricultural products used.

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DOCUMENTS

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