



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.04.1999  
COM(1999)209 final

99/0100 (ACC)

Proposal for a

**COUNCIL REGULATION (EC)**

**concerning the conclusion of the Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Hungary on the reciprocal establishment of tariff quotas for certain wines, and amending Regulation (EC) No 933/95 opening and providing for the administration of Community tariff quotas for certain wines**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

1. In 1993, the European Community concluded an Agreement with Hungary on the reciprocal establishment of tariff quotas for certain wines. This Agreement was to run initially until 31 December 1998. In 1993 the European Community also concluded an Agreement with Hungary on the reciprocal protection and control of wine names, of unlimited duration.
2. The Council has authorised the Commission to commence negotiations with Hungary with a view to concluding a new agreement in the form of an additional protocol to the Europe Agreement, to replace the two above Agreements with a scope extended to include spirits. Pending the conclusion of these negotiations, the Council has also authorised the Commission to commence negotiations with Hungary with a view to extending the Agreement on the reciprocal establishment of tariff quotas for certain wines for a further year so as to preserve reciprocal preferential treatment after 31 December 1998, taking into account the consequences of the accession of Austria, Finland and Sweden.
3. The negotiations with Hungary to extend the Agreement concerning tariff quotas for certain wines have resulted in the draft exchange of letters to which this proposal relates. This draft provides for the Agreement to be extended provisionally for a further year, pending the conclusion of the negotiations for an additional protocol to the Europe Agreement.
4. The purpose of this proposal is to ask the Council to adopt the results of the negotiation with Hungary as set out in the attached draft exchange of letters and the measures needed to implement them, including the amendment of Council Regulation (EC) No 933/95.

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## **COUNCIL REGULATION (EC)**

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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,

- (1) Whereas an Agreement in the form of an Exchange of Letters on the reciprocal establishment of tariff quotas for certain wines between the European Community and the Republic of Hungary<sup>1</sup> was signed on 29 November 1993;
- (2) Whereas that Agreement expires on 31 December 1998;
- (3) Whereas in order to preserve reciprocal preferential treatment and to continue to promote the development of trade in wine the Agreement should be extended until 31 December 1999;
- (4) Whereas Council Regulation (EC) No 933/95 of 10 April 1995 opening and providing for the administration of Community tariff quotas for certain wines originating in Bulgaria, Hungary and Romania<sup>2</sup> opened tariff quotas for certain wines in accordance with the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Hungary; whereas, following the new Agreement in the form of an Exchange of Letters, Regulation (EC) No 933/95 has to be amended accordingly;
- (5) Whereas, in order to facilitate the implementation of certain provisions of the Agreement, the Commission should be authorised to adopt the necessary legislation for implementation of the Agreement in accordance with the procedure laid down in Article 83 of Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organisation of the market in wine<sup>3</sup>,

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<sup>1</sup> OJ L 337, 31.12.1993, p. 83.

<sup>2</sup> OJ L 96, 28.4.1995, p. 1. Regulation last amended by Regulation (EC) No 813/98 (OJ L 116, 18.4.1998, p. 1).

<sup>3</sup> OJ L 84, 27.3.1987, p. 1, as last amended by Regulation (EC) No 1627/98 (OJ L 210, 28.7.1998, p. 8).

HAS ADOPTED THIS REGULATION:

*Article 1*

The Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and Hungary on the reciprocal establishment of tariff quotas for certain wines is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Regulation.

*Article 2*

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

*Article 3*

The Commission is hereby authorised to adopt the necessary acts for implementation of the Agreement, in accordance with the procedure laid down in Article 83 of Regulation (EEC) No 822/87.

*Article 4*

In Regulation (EC) No 933/95, Article 1 is hereby amended as follows:

1. In Article 1(1), the table under (b) "Wines originating in Hungary" shall be replaced by the following table:

"Order No	CN code (1)	Description (2)	Volume of quota (1.1 - 31.12.1999) (hl)	Quota duty (% of basic duty)
09.7007	ex 2204 29	Wines of fresh grapes	113 460	40
09.7009	ex 2204 10	Quality sparkling wine, in containers holding not more than 2 litres	3 700	40
09.7011	ex 2204 21	Quality wine, including wine of superior quality and quality wine bearing the geographical indication "Tokaj" and wine bearing the name "Tajbor"	216 930	40"

2. In the first subparagraph of Article 1(2), point (d) shall be replaced by the following:

“(d) quota No 09.7009:

*‘This is to certify that the wine referred to in this document is a quality sparkling wine in accordance with Hungarian Law on wine-growing’;*”

3. In the first subparagraph of Article 1(2), point (e) shall be replaced by the following:

“(e) quota No 09.7011:

*‘This is to certify that the wine referred to in this document is a quality wine, including wine of superior quality and quality wine bearing the geographical indication "Tokaj" and wine bearing the name "Tajbor" in accordance with Hungarian Law on wine-growing’.*”

4. In Article 1(2), the second subparagraph shall be deleted.

#### *Article 5*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 May 1999.

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

Done at Brussels,

*For the Council  
The President*

## ANNEX

### AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

#### amending the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Hungary on the reciprocal establishment of tariff quotas for certain wines

##### *A. Letter from the Community*

Brussels, ..... 1999

Sir,

I have the honour to refer to the Agreement of 29 November 1993 in the form of an exchange of letters between the European Community and the Republic of Hungary on the reciprocal establishment of tariff quotas for certain wines and to the negotiations which have taken place between the European Community and the Republic of Hungary with a view to adapting the said Agreement following the accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden to the European Union, and to extending the Agreement beyond 31 December 1998.

I hereby confirm that the European Community and the Republic of Hungary have agreed on the following:

I. Table 1 in the Annex to the said Agreement shall be replaced by the following table:

“Quantities of wine originating in the Community and qualifying for tariff reductions

Hungarian customs tariff code	Description	1999 Quantity in hectolitres
ex 2204 21	Wine of fresh grapes	51 170
ex 2204 29		63 500
ex 2204 10	Quality sparkling wine, whether or not produced in specified regions, in containers holding not more than two litres	3 390”

II. Table 2 in the Annex to the said Agreement shall be replaced by the following table:

“Quantities of wine originating in Hungary and qualifying for tariff reductions

CN code	Description	1999 Quantity in hectolitres
ex 2204 21	Quality wine, including wine of superior quality and quality wine bearing the geographical indication “Tokaj” and wine bearing the name “Tajbor”	216 930
ex 2204 29	Wine of fresh grapes	113 460
ex 2204 10	Quality sparkling wine in containers holding not more than two litres	3 700”

III. Point 3(a) of the said Agreement shall be replaced by the following:

“In the case of duties applied by Hungary to imports of wine originating in the Community:

- in 1993: 90% of the basic duty,
- in 1994: 80% of the basic duty,
- in 1995 and subsequent years: 70% of the basic duty,
- in 1999, in accordance with the principle of standstill, the duties applicable will be as indicated in the following table:

**Duties applied by Hungary to imports of wine originating in the Community**

<b>Hungarian CN code</b>	<b>Description</b>	<b>Applicable duties in 1999</b>
ex 2204 10	Quality sparkling wine, whether or not produced in specified regions, in containers holding not more than two litres	21% ad valorem
2204 21, excluding 2204 21 79 2204 21 80 2204 21 94 01 2204 21 98 01 2204 21 99 01	Wine in containers holding two litres or less	28% ad valorem
2204 21 79 2204 21 80		10,5% ad valorem
2204 21 94 01 2204 21 98 01 2204 21 99 01		70% of 1999 applicable MFN duty
2204 29, excluding 2204 29 79 2204 29 80 2204 29 94 01 2204 29 98 01 2204 29 99 01	Wine in containers holding more than two litres	28% ad valorem
2204 29 79 2204 29 80		10,5% ad valorem
2204 29 94 01 2204 29 98 01 2204 29 99 01		70% of 1999 applicable MFN duty

This exchange of letters shall be approved by the Contracting Parties in accordance with their respective procedures.

This Agreement shall enter into force on the day of its signature. It shall apply from 1 May 1999 to 31 December 1999, in accordance with the respective legislation and regulations of the Contracting Parties. It shall expire on 31 December 1999. During the first half of 1999, negotiations will take place with a view to concluding an additional Protocol to the Europe Agreement covering both wines and spirits. Moreover, the additional Protocol to the Europe Agreement will define the modalities of a co-operation between Hungary and the European Community to support the implementation of a programme for progressive application by Hungary of the “acquis communautaire” in the field of wine and spirits, particularly as regards reinforcing the supply management and control instruments in the wine sector (including the establishment of a wine register).

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

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

*On behalf of the Council of the European Union*



B. Letter from the Republic of Hungary

Brussels, .....1999

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 Agreement of 29 November 1993 in the form of an exchange of letters between the European Community and the Republic of Hungary on the reciprocal establishment of tariff quotas for certain wines and to the negotiations which have taken place between the European Community and the Republic of Hungary with a view to adapting the said Agreement following the accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden to the European Union, and to extending the Agreement beyond 31 December 1998.

I hereby confirm that the European Community and the Republic of Hungary have agreed on the following:

- I. Table 1 in the Annex to the said Agreement shall be replaced by the following table:

"Quantities of wine originating in the Community and qualifying for tariff reductions

Hungarian customs tariff code	Description	1999 Quantity in hectolitres
ex 2204 21	Wine of fresh grapes	51 170
ex 2204 29		63 500
ex 2204 10	Quality sparkling wine, whether or not produced in specific regions, in containers holding not more than two litres	3 390"

- II. Table 2 in the Annex to the said Agreement shall be replaced by the following table:

"Quantities of wine originating in Hungary and qualifying for tariff reductions

CN code	Description	1999 Quantity in hectolitres
ex 2204 21	Quality wine, including wine of superior quality and quality wine bearing the geographical indication "Tokaj" and wine bearing the name "Tajbor"	216 930
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III. Point 3(a) of the said Agreement shall be replaced by the following:

“In the case of duties applied by Hungary to imports of wine originating in the Community:

- in 1993: 90% of the basic duty
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- in 1995 and subsequent years: 70% of the basic duty.
- in 1999, in accordance with the principle of standstill, the duties applicable will be as indicated in the following table:

**Duties applied by Hungary to imports of wine originating in the Community**

<b>Hungarian CN code</b>	<b>Description</b>	<b>Applicable duties in 1999</b>
ex 2204 10	Quality sparkling wine, whether or not produced in specified regions, in containers holding not more than two litres	21% ad valorem
2204 21, excluding 2204 21 79 2204 21 80 2204 21 94 01 2204 21 98 01 2204 21 99 01  2204 21 79 2204 21 80  2204 21 94 01 2204 21 98 01 2204 21 99 01	Wine in containers holding two litres or less	28% ad valorem  10,5% ad valorem  70% of 1999 applicable MFN duty
2204 29, excluding 2204 29 79 2204 29 80 2204 29 94 01 2204 29 98 01 2204 29 99 01  2204 29 79 2204 29 80  2204 29 94 01 2204 29 98 01 2204 29 99 01	Wine in containers holding more than two litres	28% ad valorem  10,5% ad valorem  70% of 1999 applicable MFN duty

This exchange of letters shall be approved by the Contracting Parties in accordance with their respective procedures.

This Agreement shall enter into force on the day of its signature. It shall apply from 1 May 1999 to 31 December 1999, in accordance with the respective legislation and regulations of the Contracting Parties. It shall expire on 31 December 1999. During the first half of 1999, negotiations will take place with a view to concluding an additional Protocol to the Europe Agreement covering both wines and spirits. Moreover, the additional Protocol to the Europe Agreement will define the modalities of a co-operation between Hungary and the European Community to support the implementation of a programme for progressive application by Hungary of the “acquis communautaire” in the field of wine and spirits, particularly as regards reinforcing the supply management and control instruments in the wine sector (including the establishment of a wine register).

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

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

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

*For the Government of the Republic of Hungary*