COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 08.12.1999
COM(1999) 645 final

1999/0262 (ACC)

Proposal for a

COUNCIL DECISION

concerning the conclusion of an 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, on Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway

(presented by the Commission)

<u>EXPLANATORY MEMORANDUM</u>

The trading arrangement applicable to processed agricultural products between the EC and Norway is governed by Protocol 2 to the bilateral free trade agreement and by Protocol 3 to the agreement establishing the European Economic Area.

In 1996, the European Community and Norway agreed in the form of an exchange of letters (Council Decision 96/753/EC of 06.12.1996) to adapt Protocol 2 to the bilateral free trade agreement, in order to take account of the accession of new Member States and the implementation of the Uruguay Round agreements.

Following problems reported by Sweden regarding the import of soft drinks from Norway, the Commission began consultations with Norway in order to find a solution acceptable to both parties. In July 1999 these consultations resulted in a compromise, with a solution for the soft drinks problem and reciprocal improvement of the trading arrangement for margarine and beer, in accordance with the objectives set out in Title VI of the 1996 agreed minutes.

This proposal reflects the above objectives. It is proposed that the Council adopt this Decision.

1999/0262 (ACC)

Proposal for a

COUNCIL DECISION

concerning the conclusion of an 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, on Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with the first sentence of Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) An 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 Norway,[1] has been negotiated on a reciprocal basis for a number of processed agricultural products in order to improve the trading arrangement and solve certain related problems.

(2) Since the measures necessary for implementing this Decision are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission,[2] they should be adopted by the management procedure laid down in Article 4 of that Decision.

(3) The Agreement should be approved,

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 Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway is hereby approved on behalf of the Community.

---

[1] OJ L 171, 27.6.1973, p.1.
[2] OJ L 184, 17.7.1999, p. 23.

The text of the Agreement is attached to this Decision.

Article 2

Rules for the application of this Decision shall be adopted by the Commission, in accordance with the procedure referred to in Article 3 of this Decision.

Article 3

The Commission shall be assisted by the Committee referred to in Article 15 of Council Regulation (EC) 3448/93.[3] Where reference is made to this Article, the management procedure laid down in Article 4 of Decision 1999/468/EC shall be applied. The period provided for in Article 4(3) of Decision 1999/468/EC shall be set at one month.

Article 4

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.

Article 5

This Decision shall enter into force on the first day of the first month following the date on which the parties sign the Agreement in the form of an Exchange of Letters.

Done at Brussels,

For the Council
The President

---

[3] OJ L 318, 20.12.1993, p. 18. Regulation last amended by Regulation (EC) 2491/1998 (OJ L 309, 19.11.1998, p. 28).

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 Norway

A. Letter from the Community

Brussels,

Sir,

I have the honour to confirm that the European Community is in agreement with the «agreed minutes» attached to this letter concerning Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway.

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

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

For the European Community

B. Letter from Norway

Brussels,

Sir,

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

«I have the honour to confirm that the European Community is in agreement with the «agreed minutes» attached to this letter concerning Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway».

I have the honour to confirm that my Government is in agreement with the content of your letter and the proposed date of 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

After several meetings between Commission officials and Norway, it was agreed to submit for approval to their respective authorities a number of changes to the import arrangements applied by the Community and Norway respectively to the processed products covered by Protocol 2 to the 1973 free trade agreement.

The changes will enter into force on the first day of the first month following the date on which the parties signed the Agreement in the form of an Exchange of Letters.

II – Norwegian import arrangements

1. For margarine, the following rights will be applicable:

Tariff n°	Description	Applicable right
15.17 .1021	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this chapter, other than edible fats or oils or their fractions of heading No 1516: - Margarine, excluding liquid margarine -- other ---animal ----containing more than 10% but not more than 15% by weight of milk fats	19,5 %
.1031	---vegetable ---- containing more than 10% but not more than 15% by weight of milk fats	19,5 %
.9032	-other --other ---Liquid margarine ----containing more than 10% but not more than 15% by weight of milk fats	23,5 %
.9041	--Edible liquid mixtures of animal or vegetable fats or oils consisting essentially of vegetable oils: --- containing more than 10% but not more than 15% by weight of milk fats	11,7 %
.9091	---other ----containing more than 10% but not more than 15% by weight of milk fats	0,00
2106 .9060	Edible preparations not elsewhere specified or included : -other --other --emulsified fats and similar products containing more than 15% by weight of edible milk fats	21,2% + 2,63 NOK

III – Community import arrangements for mineral water

1. The Community will open an annual duty-exempt quota for Norway, for goods classified under CN codes 2202 10 00 (Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured) and ex 2202 90 10 (other drinks containing sugar), for the following quantity : 10 million litres in 2000.

2. Outside this quota allocation, the import duty will be 0.048 euro/litre. The duty will be revised annually on the basis of the difference in sugar prices between Norway and the European Union.

3. In following years, if the quota has been used up, it will be increased by 10% on an annual basis. If the quota has not been used up, mineral waters will again be governed by a free trade arrangement.

IV – For goods under HS headings 22.03, the two parties have agreed to apply a duty-free arrangement from the date of entry into force of the Agreement.

FINANCIAL STATEMENT

DATE: 22/09/1999

1.	BUDGET HEADING: Chapter 12 - Article 120	APPROPRIATIONS:		
2.	TITLE: Proposal for a Council Decision concerning the conclusion of an 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, on Protocol 2 to the Agreement between the European Economic Community and the Kingdom of Norway			
3.	LEGAL BASIS: Articles 133 and 300			
4.	AIMS: Implementation of the result of the compromise with Norway (mineral waters containing sugar), with reciprocal improvement of the trading arrangement between the two parties for beer and margarine			
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR [n] (EUR million)	FOLLOWING FINANCIAL YEAR [n+1] (EUR million)
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER			
5.1	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	+ 0.082 EUR million		

		[n+2]	[n+3]	[n+4]	[n+5]
5.0.1	ESTIMATED EXPENDITURE				
5.1.1	ESTIMATED REVENUE				

5.2 METHOD OF CALCULATION:

Impact of the introduction of the duty over and above the quota on headings 2202 10 00 and 2202 10 90 (on the basis of imports from Norway in 1998) --> Additional revenue (customs duties)

2 246 893 litres x at 0.048 €/l = 107 851 €

Impact of the agreed arrangement: Exemption for beer (CN code 2203), on the basis of average imports from Norway from 1996 to 98: --> customs duties not collected

289 000 € x 9% (ad valorem duty on beer) = 26 010 €

Impact: 107 851 € - 26 010 € = 81 841 €

6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?	NO
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?	NO
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?	NO
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?	NO

OBSERVATIONS: