

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 82 final

Brussels, 9 March 1981

Recommendation for a

COUNCIL DECISION

on the conclusion of a voluntary restraint Agreement with
Hungary in the sheepmeat and goatmeat sector

(submitted to the Council by the Commission)

COM(81) 82 final

EXPLANATORY MEMORANDUM

1. Pursuant to the negotiating brief given to the Commission by the Council on 20 December 1979, voluntary restraint agreements for sheepmeat and goatmeat with Argentina, Australia, New Zealand and Uruguay, and Regulation (EEC) No 1837/80 on the common organisation of the markets in that sector were implemented with effect from 20 October 1980.

The Council is expected to approve similar agreements with Austria, Iceland, Poland and Romania.

2. It was not possible to complete negotiation of comparable agreements at that date with non-member supplier countries which were either waiting for details as to the licence arrangements or were not able to accept a clause concerning the territories where the Treaty establishing the European Economic Community applied, or had not yet replied to the Commission's invitation to open negotiations.
3. As it has been possible meanwhile to resolve these difficulties with Hungary, it is proposed that approval be given to the proposal for a Council Decision on the conclusion of a voluntary restraint agreement in respect of exports of sheepmeat and goatmeat from that non-member country.
4. The agreement covers the following annual quantities for the Community of Ten, expressed as carcase weight (bone-in equivalent weight) :

	<u>Live animals</u>	<u>Fresh or chilled meat</u>	<u>Frozen meat</u>
Hungary	10.050 t.	1.150 t.	0 t.

**Recommendation
FOR A COUNCIL DECISION**

on the conclusion of a voluntary restraint Agreement with Hungary
in the sheepmeat and goatmeat sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 113 thereof,

Having regard to the recommendation from the Commission,

Whereas the Commission has opened negotiations with non-member countries
which supply sheepmeat and goatmeat or live sheep and goats, with a view to
reaching Agreements for voluntary restraint on their exports to the Community;

Whereas the Commission has reached agreement with Hungary;

Whereas the said Agreement allows trade to be carried on in a manner compatible
with the common organization of the market in the sector in question,

HAS DECIDED AS FOLLOWS :

Article 1

1. The Agreement drawn up in the form of an Exchange of Letters on trade in
the sheepmeat and goatmeat sector with Hungary is hereby approved on behalf
of the European Economic Community.
2. The text of the Agreement is annexed to this Decision.

Article 2

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

Done at

For the Council
The President

DRAFT

EXCHANGE OF LETTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE PEOPLE'S REPUBLIC OF HUNGARY
ON TRADE IN SHEEPMEAT AND GOATMEAT

I have the honour to refer to the negotiations recently undertaken between our respective delegations for the purpose of drawing up provisions concerning import into the European Economic Community of mutton, lamb and goatmeat, and live sheep and goats other than pure-bred breeding animals from Hungary, in connection with implementation by the Community of the common organisation of the market in sheepmeat and goatmeat.

During these negotiations, which took place between the two parties who are participants in GATT, our delegations agreed as follows:

1. This Arrangement covers:
 - live sheep and goats other than pure-bred breeding animals (01.04 B);
 - fresh or chilled mutton, lamb and goatmeat (02.01 A IV a);
 - frozen mutton, lamb, and goatmeat (02.01 A IV b).

2. Within the terms of this Arrangement, the competent Hungarian authorities undertake to ensure that exports to the Community of the products referred to in point 1 shall not exceed the following annual quantities :

- 10 050 tons of live animals, expressed as carcase weight bone-in¹
- 1 150 tons of fresh or chilled meat, expressed as carcase weight bone-in²

For this purpose, the appropriate procedures shall be implemented by the competent Hungarian authorities.

3. Provided that Hungarian exports do not exceed the quantities given in point 2 the Community will not apply any quantitative restriction or measures having equivalent effect.

If the Community were to invoke the protective clause, the provisions of this Arrangement would not be affected.

4. If imports from Hungary exceed the agreed quantities, the Community reserves the right to suspend further imports from that country until the end of the current year. However, in any case, quantities exceeding the agreed quantity for the current year shall be subtracted from the quantities agreed for the following year.

5. The Community undertakes, in respect of imports of products covered by this Arrangement, to restrict the charges levied to the following ad valorem levels:

10% for live animals

10% for meat

The Community will not charge, apart from the levies set out above, customs duties or other charges having an effect equivalent to levies or to customs duties.

(1) 100 kg live weight shall compound to 47 kg carcase weight (bone-in equivalent weight). (2)

(2) Carcass weight (bone-in equivalent weight). By this term is understood the weight of bone-in meat presented as such as well as boned meat converted by a coefficient into bone-in weight. For this purpose 55kg of boned mutton corresponds to 100 kg of bone-in mutton and 60 kg of boned lamb corresponds to 100 kg of bone-in lamb.

6. When a new Member State accedes to the Community and if the pattern of trade between Hungary and such Member State were to justify it, the Community shall agree to consultations between the two parties with a view to possible adaptation of the quantities given at point 2.

The quantities given at point 2 shall not be reduced.

The charges applicable to imports for the said new Member State shall be fixed in accordance with the rules in the Treaty of Accession, the maximum level of the levy specified in point 5 of this Arrangement being taken into account.

7. The competent Hungarian authorities shall ensure compliance with the terms of this Arrangement, in particular by means of the issue by a Hungarian agency designated for the purpose of export licences covering the products listed in point 1, within the agreed quantity limits.

For its part the Community undertakes to adopt all the necessary measures to ensure that the automatic issue of an import licence for the abovementioned products originating in Hungary shall be subject to production of an export licence issued by the competent Hungarian authority.

Detailed rules for the implementation of this system shall be drawn up in such a way that no security need be lodged for issue of import licences in respect of the products in question. These detailed rules shall also provide that the competent Hungarian authorities and the competent Community authorities shall undertake periodical exchanges of information on the quantities in respect of which export and import licences have been issued, broken down, as appropriate, according to destination.

It is hereby agreed that export licences will be valid for a period of three months from their date of issue. The corresponding import licences shall be valid until the date of expiry of the export licences.

Quantities delivered under an export licence shall be subtracted from the quantity agreed for the year during which the export licence was issued.

8. The two parties agree that steps should be taken to ensure that the smooth operation of the Arrangement is not disturbed by deliveries of sheepmeat and goatmeat products falling under tariff headings not covered by this Arrangement.

9. In order to ensure the smooth operation of this Arrangement, the two parties agree to remain in close contact and to be ready to undertake consultations on any question which might arise in the course of application of this Arrangement. The said consultations must be commenced within a maximum period of 14 days following^a request by one of the parties.

10. The provisions of this Arrangement shall be accepted without prejudice to the rights and obligations of the parties under GATT.

11. The annual quantity fixed at Point 2 shall cover the period 1 January to 31 December.

The quantity applicable from 1 January 1984 until 31 March 1984 shall be fixed by means of the consultations referred to at point 9 in proportion to the overall annual quantity.

12. This arrangement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the People's Republic of Hungary.

13. This Arrangement shall enter into force on 1.1.84. It shall apply until 31 March 1984, and subsequently for period of 2 years, subject to the right of either of the parties to terminate it by giving notice in writing six months before the date of expiry of any one of the said periods. In the event of termination, the Arrangement shall come to an end at the date of expiry of the period in question. In any event, the provisions of this Arrangement shall be reviewed by the two parties during the six months preceding 1 April 1984, in order to incorporate in it any adaptations which might be necessary.

I should be grateful if you would confirm that the above sets out correctly the substance of the agreement between our two delegations.

Formal ending.

Draft

EXCHANGE OF LETTERS

concerning the consultations for which provisions is made at point 9 of the Exchange of Letters between the European Economic Community and the People's Republic of Hungary on trade in sheepmeat and goatmeat

With reference to certain specific questions raised during the negotiations for this Arrangement, I have the honour to point out that it was agreed during the negotiations that, within the context of this Arrangement, if Hungary were to raise any concrete problems, they could be covered by the consultations provided for in point 9, without prejudice to the scope of that provision. These problems include:

1. supply of live animals in relation to the quantity agreed for meat;
2. supply of meat in relation to the quantity agreed for live animals;
3. possibility of advance use, during a given year, of a limited proportion of the quantity agreed for the following year;
4. possibility in point 2 of the Arrangement where the Community market situation so permits.

For its part, the Community would be prepared to undertake the said consultations in a spirit of co-operation in respect of any requests put forward by Hungary.

Formal ending.

D R A F T

EXCHANGE OF LETTERS RELEVANT TO CLAUSE 2 OF THE
EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC
COMMUNITY AND THE PEOPLE'S REPUBLIC OF HUNGARY ON
TRADE IN SHEEPMEAT AND GOATMEAT

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I have the honour to refer to the exchange of letters on the conditions governing Hungarian exports to the Community in the sheepmeat and goatmeat sector.

Further to that exchange of letters and to your request, I would advise you that the Hungarian authorities will ensure that for the period 1 January 1981 to 31 March 1984, there will be no sensitive change in the traditional trade flows of mutton, lamb and goatmeat and live sheep and goats to the two market areas in the European Economic Community determined as sensitive.

The Hungarian authorities will adopt the necessary measures for this purpose.

*** Formal ending.

FINANCIAL STATEMENT

VI/811/81

DATE : January 1981

1. BUDGET LINE CONCERNED : 100

2. ACTION : Conclusion of a voluntary export restraint agreement with Hungary in the sheepmeat and goatmeat sector, limiting import charges to a maximum of 10 % ad valorem on live animals and on fresh or chilled meat.

3. LEGAL BASIS : Article 113

4. OBJECTIVES : To limit the levy charged to a maximum ad valorem amount of 10 % for products subject to Regulation (EEC) No 1837/80, imported from Hungary, which undertakes to restrain exports to the levels indicated in box 5.2.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (81)	FOLLOWING FINANCIAL YEAR (82)
XXXX CHARGES BY THE ECXXXXXXXXXX XXXX CHARGES BY NATIONAL ADMINSTR. XXXX CHARGES BY NATIONAL ADMINSTR. 5.1 RECEIPTS -OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) -NATIONAL		- 1,225 Million ECU	- 1,47 Million ECU

YEAR ...1983..... YEAR1984..... YEAR

5.0.1 ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS - 1,47 M. ECU - 0,61 M. ECU

5.2 METHOD OF CALCULATION (Base : world price for meat and live animals 2 400 ECU/t.)

Fresh meat, loss of revenue : 10 % against customs duty applicable until 20.10.80	Live animals, loss of revenue : 5 % against customs duty applicable until 20.10.80
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Hungary : 10 050 tonnes live animals 1,2 million ECU
 1 150 tonnes fresh meat276 000 ECU

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? ~~YES/NO~~

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? ~~YES/NO~~

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? ~~YES/NO~~

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? ~~YES/NO~~

COMMENTS :

