COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 175 final Brussels, april 19,1982

CHANGES TO THE CONDITIONS UNDER WHICH CERTAIN PRODUCTS FOR USE

AS ANIMAL FEED ARE IMPORTED INTO THE COMMUNITY

Communication from the Commission to the Council

COM(82) 175 final

GENERAL INTRODUCTION TO THE JOINT QUESTIONS

OF MANIOC AND CORN GLUTEN FEED

1. In its memorandum of 25 October 1981 on "Guidelines for European Agriculture", the Commission drew the Council's attention to the need for a general policy on cereals with action to narrow the gap between Community prices and those charged by its main competitors. The Commission recalled that the Community should institute a programme for the gradual reduction of cereals prices in real terms, so that the difference between the two could gradually be eliminated.

In this context, it noted that this would in the long term centralize the advantage at present enjoyed by cereals substitutes. However, as long as this advantage lasted, difficulties would persist on the Community's cereals market. The Commission therefore suggested that "the Community should ... open discussions with the principal third countries suppliers of cereal substitutes for the introduction of arrangements to ensure that during the period of alignment of prices the volume of imports does not exceed present levels. These discussions should cover all the principal substitutes (and, if necessary, new substitutes) so as to ensure coherence and avoid displacement of demand from one product to another."

- The Commission's guidelines given in the memorandum form the context of the proposals attached to this communication, which the Commission now present to the Council. These proposals follow up the proposals for the 1982/83 marketing year, especially those concerning cereals, which entail sacrifices for Community producers through the fixing of a threshold for guaranteed production (co-responsibility) and concrete, at the same time, an increase in prices substantially smaller than the average increase in Community production costs.
- The Commission wishes to stress the close link, from the point of view of overall concept, between the various proposals. It is only fair that at a time when Community producers are being urged to accept sacrifices in their incomes in the interests of improving the organization of agriculture, non-member countries supplying substitute products should be required to make a corresponding sacrifice. The converse also applies.

It would be extremely difficult for the Community to adopt vis-à-vis non-member countries, especially developing countries, certain restrictive measures if such measures were solely justified by considerations of protectionism and if they were not part of an overall concept the aim of which was the achievement of better balance in the cereals sector.

Thus, the Commission, consistently with the guidelines it submitted to the Council and the price proposals which followed them, now submits the attached proposals on manioc and corn gluten feed. These measures will enable the current problem of cereal substitutes to be stabilized. If, however, the decisions taken this year on cereals prices lie outside the context sketched out above, the Commission will withdraw these proposals.

The reorganization of the cereals sector will take a number of years. The Commission would point out that the aim is to "progressively reduce the gap between the Community's internal prices and those in the USA over a period of years up to 1988".

The Commission will propose the renewal of the annual measures proposed in the annex only if it can be certain that the measures curbing imports of manioc and corn gluten feed will be accompanied by parallel measures concerning the cereals market complying with the guidelines it has sketched out.

As regards the <u>method of management</u> of the tariff quotas for manioc and corn gluten feed, the Commission will present proposals in due course so that the allocation system, under the Commission/Management Committee procedure, provides all Community operators with equal access, without prior distribution of the agreed quantities among the Member States.

MANIOC

- a) Recommendation for a Council Decision concerning the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and Indonesia concerning imports of manioc from Indonesia and other suppliers who are member countries of GATT.
- b) Proposal for a Council Regulation (EEC) on the import system applicable in 1982 to products falling within subheading 07.06 A of the Common Customs Tariff.

EXPLANATORY MEMORANDUM

- 1. On 16 December 1980, to help stabilize manioc imports into the Community (see attached table), the Council decided to authorize the Commission to enter into negotiations with a view to limit imports of this product. This was to be achieved either by the negotiation of voluntary restraint agreements with the main exporting countries other than Thailand or, pursuant to Article XXVIII of GATT, by tariff negotiations or consultations with the contracting parties concerned, with a view to modify the Community tariff concession relating to manioc roots (CCT subheading 07.06 A).
- 2. At the same time the Council authorized negotiations for the conclusion of a cooperation agreement between the Community and Thailand on the production, marketing and trading of manioc.
- 3. On 11 March 1981 the Commission notified the Director General of GATT of its intention to negociate a modification of the concession relating to manioc roots and similar products falling within CCT subheading 07.06 A.

The sole contracting party to respond to this offer of negotiations was Indonesia in its capacity as the main GATT supplier. No other statement indicating readiness to enter into negotiations or consultations was received by the Community within the time limits specified in the relevant GATT procedures. Brazil, which was the original negotiator of the concession and could thus have exercised its negotiation rights, did not respond to the Community's offer either.

The draft agreement, under the form of an exchange of letters to which have led the negotiations with Indonesia, enables the Community to replace temporarily the current system applicable to imports of products falling within CCT subheading 07.06 A* by a system which would limit the quantities admitted into the Community subject to a levy not exceeding 6% ad valorem.

^{*}Subject to a levy not exceeding 6 % ad valorem, with no quantitative restrictions.

4. The negotiations with Thailand on the basis of the draft agreement initialled in Bangkok on 5 November 1980 and annexed to the summary of Council Decisions (679th meeting of 16 December 1980) have not yet been finally concluded.

Thailand has, however, applied autonomous controls to its exports to the Community in accordance with the relevant provisions of the draft agreement.

For 1982 the quantity of manion which Thailand may export has been fixed at 5 million tonnes, a figure which the competent Thai authorities have confirmed as their target for 1982.

- 5. In view of the foregoing, the system currently applicable to imports of products falling within CCT subheading 07.06 A (manioc, arrowroot, salep and other similar roots and tubers with high starch content, excluding sweet potatoes) may be temporarily suspended and the Commission proposes to replace this system by the opening of a tariff quota subject to a levy not exceeding 6 % ad valorem, the quantities and the non-member countries covered by the quota to be determined in accordance with the EEC/Indonesia agreement initialled pursuant to Article XXVIII of GATT and in due compliance with the most-favoured nation clause. In the case of Thailand, which is also covered by this clause, the Commission considers that the quantity to be allocated under the 1982 quota should be autonomously fixed at the level approved for this year in the draft agreement referred to in 4. above.
- 6. Since the arrangements described above would help to stablize manioc imports into the Community, the Commission proposes:
 - to approve the draft proposal for a Council Decision on the conclusion of an agreement in the form of an exchange of letters between the EEC and Indonesia concerning manioc imports from Indonesia and other GATT suppliers;

- to approve the draft proposal for a Council Regulation concerning the import system applicable in 1982 to products falling within CCT subheading 07.06 A*.

^{*}Under these provisions the quantities referred to in sub-section 3 would be limited to 5.96million tonnes in 1982.
(Indonesia: 500 000 tonnes; other members of GATT: 90 000 tonnes; Thailand: 5 million tonnes; others: 370 000 tonnes).

Should imports exceed the maximum quantities specified, a levy calculated in accordance with Council Regulation (EEC) No 2727/75 (common organization of the market in cereals) will be charged.

IMPORTATIONS DE MANIOC DE LA C.E.E.

Année (Pays non-membres du GATT		Pays membres du GATT					Total pays membres	TOTAL		
	Thailande	Chine	Indonésie	Inde	Chypre	EU.	Colombie	Brésil `	ACP 1)	du GATT	, &
1977 1978 1979 1980	3.640 5.668 4.529 4.116	1 1 51 336	144 219 694 372	8 37 27 12.	1 -	1	1 -	2 2 28 12	4 45 42 13	159 305 791 409	3.800 5.974 5.371 4.861
ø 77/79 ø 78/80	4.612	. 18 . 129	352 428	· 24	••			11	i 30	417 500	5.047 5.400
Estimations 1981	± 5.500 ⁽²⁾	<u>+</u> 560	<u>+</u> 470							± 480	± 6.540
Quantité proposée pour 1982	5.000(2	, 370 ⁽³⁾	500	* •		90	***	e. ,		590'	5.960

¹⁾ A noter que les pays ACP non membres du GATT n'ont pas exporté du manioc vers la CEE.

ources: OSCE - Nimexe et
DG VI-C-1 pour 1981

²⁾ Conformement au projet d'accord, et a prévu par consequent une exignant chine et autres pays non membres

Recommendation

for a Council Decision concerning the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and Indonesia concerning imports of manioc from Indonesia and other suppliers who are member countries to GATT

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 in the light of Community market trends for certain agricultural products measures should be taken to achieve greater stability on the market, in particular in respect of manioc;

Whereas to that end negotiations were conducted in accordance with Article XXVIII of GATT with a view to suspending temporarily the Community's tariff concession in respect of imports of products falling within subheading 07.06 A of the Common Customs Tariff;

Whereas in those negotiations agreement has been reached with Indonesia in its quality as principal supplier;

Whereas the Agreement allows the Community to restrict the quantities of products falling within subheading 07.06 A of the Common Customs Tariff which may be imported under the levy which is fixed at a maximum of 6 % ad valorem,

HAS DECIDED AS FOLLOWS :

Article 1

The Agreement in the form of an exchange of letters between the European Economic Community and Indonesia concerning imports of manioc from Indonesia and other suppliers who are member countries of GATT is hereby approved on behalf of the Community.

The text of the Agreement is annexed to this Decision.

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.

Done at

For the Council
The President

EXCHANGE OF LETTERS CONCERNING EEC IMPORTS OF MANIOC FROM INDONESTA AND OTHER GATT SUPPLIERS

- 1. On 11 March 1981 the European Economic Community (EEC) notified the Director-General of CATT of its intention to negotiate a modification of its concession regarding imports of manioc and similar products under Common Customs Tariff heading 07.06A.
- 2. In this respect the EEC and the Republic of Indonesia, in its quality as principal GATT supplier of manior to the EEC have agreed to the following:
 - (a) a suspension of the existing binding laid down in schedule LXXII in respect of manioc and similar products under CCI heading 07.00A;
 - (b) the EEC will establish annual tariff quotas for imports of munioc and similar products under CCT heading 07.06A from GATT suppliers as follows

1982 588 235 tonnes

1983 882,355 temes

1984 882.355 temes

1985 970.590 termes

1986 970.590 tornes

- (c) for imports of manioc from GATT suppliers within the quota limits at 2 (b) above the import levy will be fixed at a maximum of 6 and valorem. Imports over and above these limits will be subject to the variable levy foreseen in the EEC Common Organization of the Cereals market;
- (d) on the basis of average imports in the period 1978 to 1980 a minimum of 85 % of the annual quotas at 2(b) above will be reserved for imports from Indonesia;
- (e) bearing in mind its international rights and obligations, the Community-undertakes to ensure that the position of GATT suppliers on the EEC manioc market during the period covered by the present arrangements is is not undermined by imports from non-GATT Members. In this context the EEC intends to fix an autonomous quota for imports of manioc from non-GATT Members who are not already the subject of alternative bilateral arrangements;

(f) the arrangements at 2(a) (b) (c) (d) and (e) above will remain in force until 31 December 1986 and shall continue to run for subsequent three-year periods unless denounced by either party at least one year before expiry of the initial period or of any subsequent three-year period. However, before notifying the denunciation of the agreement, either party will enter into consultations with the other party in order to seek solutions or to agree upon amendments, which would make it possible to continue the agreement. Furthermore, at the request of either party consultations on trade in manioc may be held if deemed necessary.

PROPOSAL

for a Council Regulation (EEC) on the import system applicable in 1982 to products falling within subheading 07.06 A of the Common Customs Tariff

THE COUNCIL OF THE EUROPEAN COMMUNITES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 113 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas by its Decision of (1) the Council approved the Agreement in the form of an exchange of letters between the European Economic Community and Indonesia in its quality as principal GATT supplier;

Whereas the Agreement is the result of negotiations conducted in accordance with Article XXVIII of GATT with a view to suspending temporarily the Community tariff concession in respect of imports of products falling within subheading 07.06 A of the Common Customs Tariff;

Whereas the Agreement allows the Community to suspend the concession in question;

Whereas the Community has undertaken to allow certain quantities of the products concerned to be imported under the levy which is fixed at a maximum of 6 % ad valorem in the case of contracting parties to GATT; whereas in accordance with the most-favoured nation clause, the Community must give equal treatment to all non-member countries which are not members of GATT and which benefit from that clause,

HAS ADOPTED THIS REGULATION :

(1) 0.J. Nº L

Article 1

In respect of the products falling within subheading 07.06 A of the Common Customs Tariff - manioc, arrowroot, salep and other similar roots and tubers with high starch content, excluding sweet potatoes - the import levy limited to a maximum of 6 % ad valorem shall be applicable to the quantities and non-member countries of origin as follows:

Indonesia
other GATT member countries
Thailand
Other non-member countries not mentioned above
370 000 tonnes

Total : 5 960 000 tonnes

Article 2

Detailed rules for implementation of this Regulation shall be drawn up in accordance with the procedure laid down in Article 26 of Council Regulation (EEC) No 2727/75. (1)

Article 3

- 2. Any quantities imported between 1 January 1982 and the date of entry into force of this Regulation shall be counted against the quantities laid down in Article 1.

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

Done at

For the Council
The President

(1) OJ Nº L281, 1.11.1975, p.1

FINANCIAL STATEMENT

DATE 8

19 March 1982

1. BUDGET LINE CONCERNED: B 1000 (refunds)
100 (levies)

Credits: 1.265.550.000 ECU 1.899.100.000 ECU

2. ACTION 8

Draft regulation of the Council concerning import regime in 1982 for products of sub-heading 07.06 A of CCT.

- 3. LEGAL BASIS: Article 113 and 43 of Treaty.
- 4. OBJECTI VES :

Stabilization of manioc imports in the form of the conclusion of arrangements concerning the manioc trade with Thailand and Indonesia.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT PINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
5.0 EXPERIDITURE		(82)	(83)
(ETTURES IN TELES DUDEN	- 38,34 MECU	- 8,28 MECU (1)	p.m.
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS	1		
5.1 RECEIPTS -CAN RECURCUS OF THE EG (LEVIES/OCENCEEX) -NATIONAL	3,83 MECU	- 3,83 MECU	p.m.

YEAR

YEAR

ALTO

5.0.1 PLURIADRUAL PATTERS OF EXPENDITURE

5.1.1 PLURI ANDRUAL PATTERN OF RECEIPTS

The measure concerns only 1982.

5.2 METHOD OF CALCULATION

Imported quantity 1981:

6.540.000 t.

Limited quantity for 1982:

5.960.000 t.

Reduction:

580.000 t.

As compared to 1981, the reduction of imports will reduce the perception of levies (580,000 t. \times 6 % \times 110 Ecu/t) and will increase the internal consumption of fodder cereals (580,000 t. \times 1,1 = 638.000 t. of cereals). This quantity of 638.000 t should not be exported and reduce the refund as follows (638.000 t. \times 60 Ecu/t).

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ?

YES/XX

cologeits: (1)

In the budgetary forecast for 1982 it has been taken into account a reduction of imports by 500.000 t. Therefore the net incidence for the budgetary year 1982 is limited to - 8,28 MECU concerning refunds.

RECOMMENDATION FOR A COUNCIL DECISION

CONCERNING AMENDMENT OF THE TARIFF CONCESSION

FOR RESIDUES FROM THE MANUFACTURE OF STARCH FROM MAIZE

EXPLANATORY MEMORANDUM

1. The chapter on cereal substitutes in the Commission's memorandum on guidelines for European agriculture transmitted to the Council in connection with the Mandate of 30 May 1980 proposes the following interim solution before the expected effects of the programme for reducing cereal prices are felt:

"Taking into account its international rights and obligations, the Community should therefore open discussions with the principal third country suppliers of cereals substitutes for the introduction of arrangements to ensure that during the period of alignment of prices the volume of imports does not exceed present levels. These discussions should cover all the principal substitutes (and, if necessary, new substitutes) so as to ensure coherence and avoid displacement of demand from one product to another".

The objective and scope of the measures to be taken in connection with cereal substitutes are thus clearly defined in this Commission communication.

Meanwhile, in its price proposals to the Council, the Commission has further stressed its intention to achieve this objective and has presented a first set of practical measures (1).

At a meeting held on 27 January 1982, it instructed the departments concerned to give priority to this matter, bearing in mind the Community's international commitments, and to report without delay (cf. COM (82) Min 634 - meeting of 27 January 1982).

- 2. The aim of this report, now presented, is to review the situation in the light of the Council's preliminary discussions of the Commission's various communications and to suggest measures which could be taken to achieve as effectively as possible the objectives described by the Commission, taking into account, in particular, price correlations between cereals and other agricultural products, import requirements and the Community's international commitments.
- 3. A distinction must be made between cereal substitutes which will not constitute a threat to European agricultural producers in the near future and substitutes which cause problems. This report ignores the first category.

⁽¹⁾ Increase in the import levy on cereal bran and inclusion of certain cereal substitutes in the common organization of markets.

- 4. As far as the second category of products is concerned problem products a further distinction can be made between :
 - a) one group, consisting of products for which the Community is not bound by international commitments preventing it from adjusting import charges (products such as bran, other sharps and flour products and molasses, which are not bound under GATT). Legally speaking the Community is free (1) to act as it whishes and in the manner which appears most appropriate to correct any distortion. However, any change in the import rules governing some of these products could well harm the Community's relations with certain non-member countries and would cause disequilibria between Member States in their arrangements depending on the products they import. The Commission's proposal for a gradual increase in import levies for cereal bran alone reflects this consideration:
 - b) another group of products the customs duties for which are bound under GATT.

 Any measure entailing changes in the import arrangements for these products

 must therefore take into account the need to respect GATT rules. Preparations are already under way for certain measures concerning some of the products in this group:
 - the "price package" includes a proposal that a number of products be brought under the common organization (of the cereal sector) so as to enable imports to the monitored very closely (monitoring system with no economic or trade repercussions);
 - a proposal to suspend the manioc concession bound under GATT (ex 07.06)
 has been submitted.

Only one product in the second group raises problems not dealt with by these proposals i.e. corn gluten feed (CCT ex 23.03), imported mainly from the United States. Possible solutions are described below together with means of implementing them which would be compatible with the Community's rights and obligations vis-à-vis GATT.

⁽¹⁾ Provided that any adjustment by the Community of the import arrangements governing these products takes into account the Community's "preferential" obligations vis-à-vis certain countries.

5. Discussions have already been held with the main supplier of this product (the United States), but no result has been achieved enabling the matter to be settled.

The Community is not challenging the rights enjoyed by its GATT partners in this field. But it cannot agree that its own right to use all the provisions of the GATT should be denied: this instrument provides a wide choice of facilities which may be implemented under certain well-defined circumstances (1). These range from the recourse to temporary measures to definitive release from binding. Since the latter cannot be contemplated - the Commission having clearly stated (cf. paragraph 1) that any solution should, at most, be confined to the period during which cereal prices are being aligned - the introduction of temporary measures would appear to be the most appropriate solution.

6. Imports of corn gluten feed (ex 23.03 of the BN) (95 % of which come from the United States) rose from 700 000 tonnes in 1974 to about 3 million tonnes in 1981 (cf. annexII); they could well increase further in the near future as the production of starch for the manufacture of high fructose corn syrup (isoglucose) and ethanol expands in the United States. It should be noted that in the absence of protection of any kind against imports into the Community of this product, virtually all the United States crop is intended for export to the Community.

As for import prices, their level and changes in them show that they have a negative impact on the use of competing products grown in the Community, name-ly barley, common wheat and maize. In addition, the price of corn gluten feed, which is a by-product, can be kept low because of the subsidies paid by the United States for the production of maize alcohol and the guarantee of high prices given for sugar production in that country.

⁽¹⁾ For example, the introduction of antidumping and countervailing duties (Article VI), quantitative restrictions (Articles XI and XII), emergency action (Article XIX), health measures (Articles XX), unbinding (Article XXVIII) etc.

7. Thus the spectacularly rapid increase in imports of this product, the prices at which it is sold in the Community and the level and the way these prices change (wide fluctuations) are not only causing a problem for Community cereals producers which the foreseeable development of American production of corn gluten feed is likely to aggravate but are also engendering difficulties for certain Community food processing industries, quite apart from the heavy costs chargeable to the EAGGF.

These observations are supported by four developments:

(i) A narrowing of the "feeding stuffs" outlet for cereals which has had an unfavourable impact for Community feed grain producers:

Animal feed is normally the main outlet for Community cereals. Despite a steady increase in Community livestock production and hence an increased demand for animal feed, imported and Community-grown feed grains as a percentage of all animal feed have diminished substantially and are continuing to decline. This is reflected, on the one hand, in the diminished use of cereals grown on the farm itself but not marketed and, on the other, in the lower proportion of cereals now being used in the production of compound feedingstuffs.

Feed grains have gradually been replaced by imported or Community-grown cereal substitutes (Community products to a far lesser degree, given the low output), and the trend is continuing. From 1975 to 1980 the incorporation of cereals into compound feedingstuffs increased by only 9 %, while that of all cereal substitutes more than doubled (+ 110 %) and the amount of corn gluten feed used has increased even more (+ 179 %).

The disadvantage thus suffered by Community producers is amplified by the fact (that Community manufacture of compound feeding stuffs has increased very sharply over the past five years (+ 36 %).

(ii) A drop in cereal-growers' incomes :

The contraction of the market for cereals as animal feed has had adverse effects on Community growers incomes. The prices obtained by Community producers for most of their production have been little higher than intervention prices, whereas producers have a right to expect an income close to the target price. Very heavy imports of cereal substitutes and their use in cattle feed have led to intervention in respect of Community feed grains, either in the form of buying in by the intervention agencies or refunds supporting exports. As a result, during the last two seasons barley and wheat surpluses have tended to force down market prices and these have been at the level of the intervention prices throughout the marketing year despite ample exports, although Community cereal growers expected to receive a price exceeding the intervention price.

Because more wheat and barley had to be exported than would have been necessary in the absence of imports of cereal substitutes, the Community authorities were compelled to recognize the cereals market situation as a "surplus" situation and adopted drastic measures which will be reinforced for the 1982/83 year in respect of the income of producers an the expansion of their production.

(iii) The situation for certain food processing industries:

The Community's food processing industries, which must pay Community prices for Community cereals have no choice but to sell their products, especially their corn gluten feed, at much lower prices because of competition from imported products.

In addition, heavy imports of a wide range of substitutes from ,in particular, the United States, which charges low prices, are creating a situation putting heavy pressure on European prices for by-products of the milling industry and in particular on the Community's starch manufactures.

(iv) Heavier costs for the EAGGF:

Increased availability of feed grains on the Community market, partly reflecting the increase in imports of substitutes, has meant additional intervention (especially in respect of feed wheat), and exports (of wheat and especially of barley) entailing extra costs to the Community budget.

8. The situation indicated above and the need for consistency (manioc having been dealt with elsewhere) entail recourse to the relevant provisions of the GATT by the Community.

The Commission proposes that negotiations and consultations be started under Article XXVIII of GATT with a view to the partial and temporary suspension of the following concession given in Schedule LXXII/EEC relating to the heading:

Customs duty

23.03.AII - Residues from the manufacture of starch from maize (excluding concentrated steeping liquors), of a protein content, calculated on the dry product, not exceeding 40 % by weight

Exemption from customs duty

and for its temporary replacement (until the end of the period of alignment of Community prices on the prices of competing countries) by the following: concession:

Customs duty

23.03.AII - Residues from the manufacture of starch from maize (excluding concentrated steeping liquors), of a protein content, calculated on the dry product, not exceeding 40 % by weight

Exemption from customs duty within a tariff quota of 3 000 000 I

This quantity matches the record performance so far (imports in 1981 : 2 966 000 tonnes) and thus meets the Commission's objective of maintaining imported quantities at their present level.

The Commission takes the view that the suspension of the GATT concession to be negotiated should be applied on an annual basis and should require each year a Commission proposal for lits renewal.

9. The procedure would be as follows:

In accordance with Article XXVIII of the GATT, negotiations should be started with the main supplier holding negotiation rights, namely the United States.

These negotiations would cover the scale of compensation to be offered. Such compensation would be worked out by the Commission in consultation with the Article 113 Committee. It would of course be partial and temporary like the suspension of the concession itself.

10. <u>In conclusion</u>, the Commission proposes to the Council that it authorize the Commission, under Article 113 of the Treaty, to open negotiations and consultations in GATT with a view to the partial and temporary suspension of the tariff concession on corn gluten feed, it being understood that compensation to be conceded will have the same status (i.e. partial and temporary).

For this purpose it submits to the Council the annexed draft decision.

- ANNEXES: I. Commission recommendation for a Council decision concerning amendment of the tariff concession
 - II. Imports of corn gluten feed into the Community
 - III. Comparison of prices

RECOMMENDATION FOR A COUNCIL DECISION CONCERNING AMENDMENT OF THE TARIFF CONCESSION FOR RESIDUES FROM THE MANUFACTURE OF STARCH FROM MAIZE

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 in the course of the negotiations under Article XXIV S 6 of GATT the Community bound the exemption from customs duty for residues from the manufacture of starch from maize (excluding concentrated steeping liquors), of a protein content, nalculated on the dry product, not exceeding 40 % by weight (subheading 23.03.AII of the Common Customs Tariff); whereas this binding is included in the Schedule of the European Economic Community (Schedule LXXII/EEC) annexed to the General Agreement on Tariffs and Trade;

Whereas the said concession should be partially and temporarily suspended;

Whereas to that end tariff negotiations or consultations should be opened, pursuant to Article XXVIII of the General Agreement, with the GATT Contracting Parties holding rights in respect of the concessions in question,

HAS DECIDED AS FOLLOWS:

Sole Article

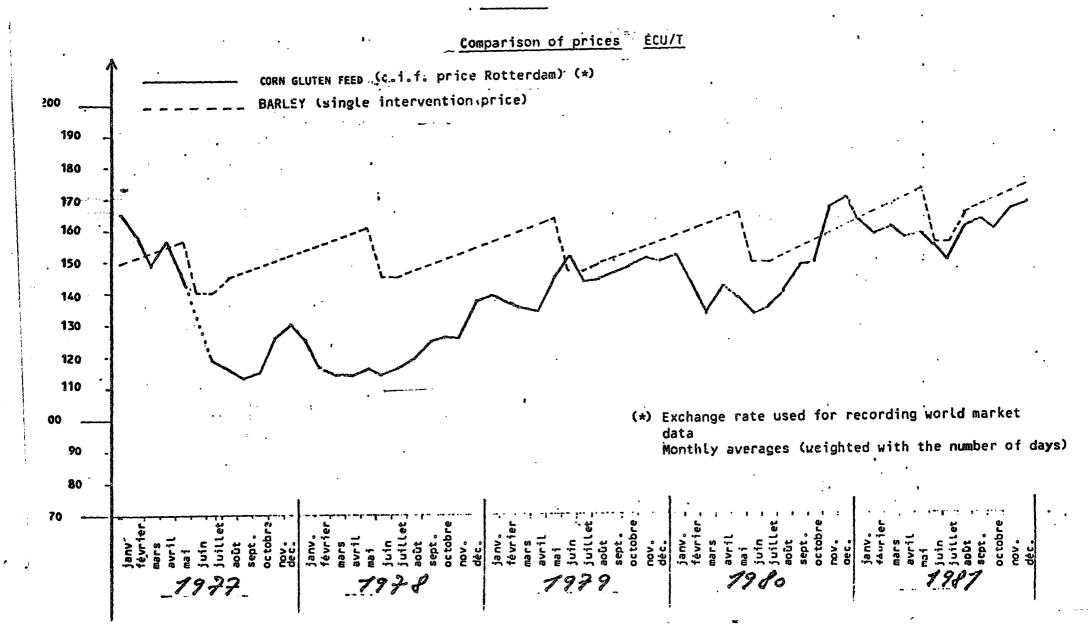
The Commission is hereby authorized to open pursuant to the provisions of Article XXVIII of the General Agreement, tariff negotiations or consultations with — Contracting Parties holding relevant rights with a view to a partial and temporary suspension of the tariff concession bound under GATT concerning residues from the manufacture of starch from maize (excluding concentrated steeping liquors), of a protein content, calculated on the dry product, not exceeding 40 % by weight, falling within subheading 23.03 AII of the Common Customs Tariff.

IMPORT OF CORN GLUTEN FEED INTO THE .NINE

YEAR		QUANTITY (T)			VALUE ('000 \$)						
	TOTAL	USA	TOTAL	CANADA	BRAZIL	. ARGENTINE	TOTAL	USA	CANADA	BRAZIL.	ARGENTINE
1974	696.636	618.965	89 %	1.735	27.091	29.208	91.779	82.103	221	3.643	3.787
1975	929.632	861.397	92 %	2.878	24.706	35.149	118.328	109.768	359	3.253	4.259
1976	1.147.122	1.051.939	91 %	9.559	35.907	34.263	162.766	149.661	1.350	5.040	4.815
1977	1.486.338	1.364.582	91 %	28.050	33.231	46.910	231.224	212.327	4.197	5.277	7.342
1978	1.685.422	1.566.616	92 %	23.965	43.252	41.354	254.479	236.328	3.555	6.740	6.323
1979	2.020.631	1.916.421	94 %	1.502	33.516	58.382	378.288	359.669	313	6.210	10.343
1980	2.596.000	2.476.334	95 %	8.856	31.635	62.814	520.259	497.095	1.348	6.995	12.415
1981*	2.966.000	2.846.000	. 96 %	n.a.	53.000	45.000	n.a.	n.a.	n.a.	n.a.	n.a.

* Figures including estimated UK imports from February till August inclusive (45-000 T per month from USA)

Source: NIMEXE 23.03.15



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