

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(74) 1571 final  
Brussels, 3 October 1974

## PROPOSAL FOR A REGULATION (EEC) OF THE COUNCIL

extending the period of validity of Regulation (EEC) No 3576/73 on imports of the wine product exported under the label of "Cyprus Sherry", originating in and coming from Cyprus, and the introduction of subsidies for similar wine products in the Community as originally constituted and exported to Ireland the the United Kingdom.

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(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

The Association Agreement with the Republic of Cyprus makes provision for special treatment, until 1 January 1975 and thereafter in respect of the marketing of the 1974 harvest, of imports of the wine product exported under the label of "Cyprus Sherry", which is one of the country's major exports.

The primary aim of this arrangement, which was the subject of an exchange of letters annexed to the Supplementary Protocol to the Agreement, is to avoid a sudden disruption of traditional exports to Ireland and the United Kingdom after 1 February 1973, when reference prices for wine were applied by the new Member States. Had the reference price been applied to that product immediately, the effect, bearing in mind also certain problems of competition and quality, might well have been to oust the product from the British market. However, in order not to perpetuate arrangements which in the long term would be highly prejudicial to the common organization of markets, particularly since the granting of definitive special treatment could not fail to create a precedent, Cyprus must take measures enabling the arrangements applicable to "Cyprus Sherry" to be aligned as soon as possible on the general arrangements laid down by the Community provisions concerning wine products.

This is why the granting of special interim treatment was made subject to the condition that Cyprus adopt and bring into force during the period in question legislation on wine production corresponding to that of the Community.

In order not to affect traditional trade patterns and deliveries to Irish and United Kingdom markets of similar wine products produced in the Community during the period in which the export arrangements in question apply in respect of "Cyprus Sherry", the quantity of imports coming under those arrangements has, as stated in the exchange of letters, been limited to the quantity actually imported over recent years (200.000 hectolitres). Furthermore, the Council has adopted measures which should enable similar wines of Community origin to compete on equal terms with that wine on the markets in question.

By Regulations (EEC) n° 1253/73 and 3576/73, the Community implemented between 1 February and 31 December 1973, and later extended until 31 December 1973 the provisions of the Agreement as set out in the above-mentioned exchange of letters.

.../...

The Republic of Cyprus, for its part, adopted on 31 August 1973 (i.e. within the time limit set in the exchange of letters) new legislation on wine production which, following the amendments made to it on 23 December 1974, may be considered to correspond to Community legislation and which is to enter into force on 1 January 1975.

In view of the above, the arrangements introduced by Regulation (EEC) n° 1253/73 should, as provided for in the exchange of letters, be extended to cover the marketing of wines of the 1974 harvest.

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REGULATION (EEC) No /74 OF THE COUNCIL

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extending the period of validity of Regulation (EEC) No 3576/73 on imports of the wine product exported under the label of "Cyprus Sherry", originating in and coming from Cyprus, and the introduction of subsidies for similar wine products in the Community as originally constituted and exported to Ireland the the United Kingdom

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof;

Having regard to the proposal from the Commission;

Whereas Council Regulation (EEC) No 1253/73<sup>(1)</sup> of 14 May 1973, as amended by Regulation (EEC) No 3576/73<sup>(2)</sup>, introduced special arrangements for the importation of the wine product exported under the label of "Cyprus Sherry" originating in and coming from Cyprus, and provided for subsidies for similar wine products produced in the Community as originally constituted and consigned to Ireland and the United Kingdom; whereas the arrangements in question are to apply only until 31 December 1974;

Whereas, by the exchange of letters referred to in Article 12 of the Protocol<sup>(3)</sup> laying down certain provisions relating to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus consequent on the Accession of new Member States to the European Economic Community, the Community agreed to extend the arrangements in question to the marketing of wines of the 1974 harvest;

Whereas on 31 August 1973 the Republic of Cyprus adopted new regulations governing wine products; whereas those regulations, following the amendments made to them on 21 December 1973, correspond to those of the Community;

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(1) OJ No L 133, 21 May 1973, p. 115;  
(2) OJ No L 359, 28 December 1973, p. 33;  
(3) OJ No L 133, 21 May 1973, p. 95.

Whereas the Republic of Cyprus has undertaken to make the new regulations applicable from 1 January 1975;

Whereas under the circumstances and in view of such undertaking, the arrangements provided for in Regulation (EEC) n° 3576/73 should be extended to apply to the marketing of wines of the 1974 harvest; whereas, to enable that harvest to be marketed, the arrangements should remain applicable until 31 December 1975;

HAS ADOPTED THIS REGULATION :

Article 1

1. In Article 1 of Regulation (EEC) n° 3576/73 the phrase "from 1 January to 31 December 1974" is replaced by the phrase "from 1 January to 31 December 1975".
2. In Article 4 (1) of Regulation (EEC) n° 3576/73 the date "31 December 1974" is replaced by the date "31 December 1975".

Article 2

This Regulation shall enter into force on 1 January 1975.

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

Done at Brussels,

For the Council  
The President

### FINANCIAL EFFECTS

As in previous years, the "Cyprus Sherry" subsidy may from the financial point of view be regarded as an intervention measure within the meaning of Article 3 (1) of Regulation (EEC) n° 729/70. A proposal for a Regulation amending the Annex to Regulation (EEC) n° 2324/ will be submitted to the Council in the next few weeks.

Expenditure incurred under the Regulation will amount to some 100.000 to 120.000 units of account (on the optimistic assumption that the quantity of wine in question is equivalent to the quantity of liqueur wines not having a registered designation of origin which is exported to third countries - 4.500 hl in 1972, multiplied by 24 u.a./hl) for the period 1 January 1975 to 31 December 1975 (the subsidy will be limited to this period).

That amount will be charged against Article 691 - Intervention in respect of wine - of the 1975 Budget of the European Communities.

<u>Article 691</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Expenditure</u>
	1973		8.703.000 u.a.
	1974	37.300.000	190.000 u.a. (January - April 1974)
	1975	88.900.000	(1975 preliminary draft Budget)

The funds mobilized for the purpose of the proposed measure represent only 0,1 % of the appropriations for wine intervention and would have no important effects on the utilization of appropriations provided for the 1975 Budget.

