

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 219 final

Brussels, 26 April 1979

Recommendation for a

COUNCIL DECISION

concerning the amendment of the tariff concession for
manioc

COM(79) 219 final

EXPLANATORY MEMORANDUM

1. During the Kennedy Round negotiations under GATT in 1967, the Community bound the 6% duty on imports of manioc under tariff heading 07.06 A, so that the ceiling for the levy applicable pursuant to Community rules was at the level of the consolidated rate.

Although the Kingdom of Thailand is not a member of GATT it benefits from this binding by virtue of the most-favoured-nation clause.

2. Since this binding, imports of manioc have increased rapidly. In 1967 imports from all countries amounted to 672 000 t and those from Thailand to 375 000 t.

In 1977 imports reached the level of 3 801 000 t from non-member countries as a whole, of which 3 640 000 t came from Thailand.

3. Since this development has had consequences for the proper functioning of the common organization of the market in cereals and derived products (pigmeat, etc.), the Commission has during the last two years regularly pointed out to the Thai authorities that a further increase might force the Community to take measures to limit these imports.

4. Although the Thai Government did take some measures in 1978 to limit production and therefore the amounts available for export, imports from Thailand amounted in 1978 to the record figure of 5 553 000 t, compared with total imports of 5 840 000 t.

5. Since the increase in imports was likely to increase the difficulties on the internal market, the Commission took the initiative in raising these problems with the Thai authorities. The purpose of the discussions was to obtain a limitation of imports at reasonable levels acceptable to both sides. This initiative was helped by the fact that the Thai Government had in the meantime taken measures enabling it to supervise and control exports so that it was in a position to comply with any agreements concluded with importing countries.

6. In the course of exploratory contacts with the Thai Government, Mr. Gundelach, Vice-President, emphasized the importance and the urgency of reducing Community imports substantially within a reasonable period, and the Thai Government agreed to limit the volume of exports for 1979 to that of 1978 and to start negotiations with the Community with a view to ensuring a gradual reduction in exports to the EEC from 1980 onwards (see document in Annex B describing the results of these contracts). This was agreed on the understanding that the customs duty of 6% would be applicable to the restricted quantities.

The Commission will forward to the Council as soon as possible a proposal on directives for negotiating such an agreement.

7. To avoid placing Thailand in a less favourable position than other suppliers, the tariff concession which at present exists under GATT needs to be amended, replacing it by binding at the same 6% rate but within the limits of a tariff quota the volume of which corresponds to Community imports from the contracting parties to GATT.

8. Consequently, the Commission recommends that, under Article 113(3) of the Treaty, the Council authorize it to conduct the negotiations provided for in Article XXVIII(1) of the General Agreement with a view to amending the concession granted with regard to manioc. The Article 113 Committee will assist the Commission in the negotiations.

The Commission hereby forwards to the Council the draft Decision contained in Annex A.

ANNEX A

**RECOMMENDATION FOR A COUNCIL DECISION
concerning the amendment of the tariff concession for manioc
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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, during the Kennedy Round tariff negotiations concluded in 1967 within the framework of GATT, the Community bound a customs duty of 6% on manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and other similar roots and tubers with high starch or inulin content, fresh or dried, whole or sliced; sago pith (heading No 07.06 A of the Common Customs Tariff), and whereas such binding is embodied in the European Economic Community List (List L XXII - EEC) annexed to the General Agreement on Tariffs and Trade;

Whereas these concessions should be amended;

Whereas, to this end tariff negotiations or consultations must be entered into, pursuant to Article XXVIII of the General Agreement, with the contracting parties to GATT which have rights in respect of these concessions,

HAS DECIDED AS FOLLOWS:

Sole Article

The Commission is hereby authorized, pursuant to Article XXVIII of the General Agreement, to open tariff negotiations or consultations with the contracting parties holding rights, for the purpose of amending the tariff concession in respect of the 6% duty on "manioc, arrowroot, salep and other similar roots and tubers with high starch content, excluding sweet potatoes" (heading No 07.06 A of the Common Customs Tariff).

DRAFT NOTIFICATION

Sir,

With reference to my previous communication dated 19 September 1978 on the Community's wish to invoke the provisions of paragraph 5 of Article XXVIII of the General Agreement, I have the honour of requesting you to inform the Contracting Parties that the European Economic Community wishes to conduct negotiations with a view to correcting or amending a concession contained in the European Economic Community's list.

The Annexes hereto give the wording and the rate of bound duty for the concession to be negotiated and statistics on Community imports of the products concerned.

Formal ending

Signature .

ANNEX I

Tariff Heading	Description	Bound rate
07.06	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and other similar roots and tubers with high starch or inulin content, fresh or dried, whole or sliced; sago pith:	
	A. Manioc, arrowroot, salep and other similar roots and tubers with high starch content, excluding sweet potatoes	6%

Statistics of imports of products falling within heading 07.06 A
from the principal non-Community supplier country and/or direct
beneficiaries of concessions

Average for the years 1975, 1976, 1977

	<u>Tonnes</u>	<u>\$1 000</u>
Extra-EEC	3 002 438	355 475
of which Thailand	2 766 179	324 501
Members of GATT	232 105	30 398
Principal GATT suppliers		
Indonesia	169 415	25 399
Direct GATT beneficiary		
Brazil	3 502	856

AGREED MINUTES

1. H.E. Nam Phoonwathu, The Minister of Commerce of Thailand, and Mr. Finn O. Gundelach, Vice-President of the Commission of the European Communities, met in Bangkok on 21 and 22 March 1979 to discuss, in the spirit of ASEAN - EEC cooperation, the problems arising from Thai exports of tapioca products to the Community.
2. In the light of Community market developments, the Vice-President stressed the urgent need of achieving a halt in the growth of tapioca imports falling under Common Customs Tariff Heading No.0706A from Thailand into the Community and of achieving over a reasonable period of time substantial reductions of these imports. These goals should be attained through agreement between Thailand and the Community.
3. The Minister stated that any reduction of tapioca exports without suitable alternatives would create a chain of adverse effects on socio-politico-economic development and stability not only of Thailand but of the ASEAN region. At the same time, he recognized the internal problems of the Community and, therefore, agreed that tapioca shipments from Thailand to the Community in 1979 would not exceed the total quantity shipped in 1978 and further stated his willingness to negotiate measures, in a spirit of cooperation, with a view to ensuring a gradual reduction of the quantity exported to the Community.
4. The Vice-President noted that the Government of Thailand has taken measures to contain the cultivation and production of tapioca products as well as providing possibilities for stabilizing the exports of these products particularly through the promulgation of the Royal Decree empowering the Minister of Commerce to impose desired export quotas, premiums, and other restrictive measures.

The Minister emphasized that this Decree was promulgated by the Government of Thailand as a demonstration of its good faith towards arriving at mutually acceptable solutions to the Community's problems.

5. The Vice-President further noted the willingness of the Government of Thailand to take, in full cooperation with the Community, appropriate measures for the diversification of tapioca production towards other crops. Both sides agreed that such measures should diminish the dependence of Thailand on tapioca exports to the Community.

They should however not be implemented in such a way as to adversely affect Thailand's balance of payments, or to hamper the economic and social development and political stability of Thailand.

The Minister acknowledged that the Community is already making some contribution towards the goal of diversification and is prepared, within the means at its disposal, to make substantially larger contributions on the basis of projects to be submitted by the Government of Thailand.

6. The Vice-President noted that the Thai Government might consider the introduction of a levy on tapioca exports which should result in some increase in export prices, and that the proceeds from such a levy could be used for crop diversification and, where necessary, for financing the costs of absorbing tapioca in excess of requirement, so as to stabilize agricultural incomes.

7. The Vice-President informed the Minister of the Commission's intention to propose to the Council of the European Communities the engagement of the procedures necessary under Article XXVIII of the GATT for the deconsolidation of the bound rate of duty on tapioca.

The Vice-President particularly stressed that such action or any other actions directed towards imports of tapioca would not be taken with the intention of increasing Community's protection against Thailand but should only be seen as measures to prevent other suppliers undermining specific arrangements with Thailand.

8. It was decided to establish a joint working group to examine and recommend the modalities to ensure the satisfactory implementation of the measures envisaged.

9. The Minister of Commerce of Thailand and the Vice-President will meet before the end of November 1979 to reach agreement on the arrangement to be implemented as from the beginning of 1980 and there after, on the basis of a report of the joint working group.

