

Newsletter on the Common Agricultural Policy

Weekly

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SYSTEM OF TRADE FOR GOODS NOT LISTED IN ANNEX II TO THE TREATY
AND RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

The reader will be aware that on 27 October 1966 the Council adopted Regulation No. 160/66/CEE instituting a system of trade for certain goods resulting from the processing of agricultural products. On the same date it adopted a resolution on the Community's financial responsibility, as from 1 July 1967, for exports to non-member countries of basic agricultural products in the form of goods not listed in Annex II of the Treaty,¹

With a view to implementing these rules, the Commission submitted a number of proposals to the Council. The examination of these proposals took a certain time, so that on 21 March 1967 the Council had to adopt Regulation No. 61/67/CEE postponing by two months the effective date of Regulation No. 160/66/CEE. This gave the Council breathing space to adopt the regulations briefly analyzed beneath, so that the new trade arrangements could come into force on 1 June 1967.²

(a) It was felt that the list of goods covered by the basic regulation (Regulation No. 160/66/CEE) should be confined, in the case of yeasts, to those used in bread-making but on the other hand extended to cover extracts of roasted cereal-based coffee substitutes. The list was duly amended by Council Regulation No. 80/67/CEE of 18 April 1967.³

(b) In pursuance of Article 2(3) of the basic regulation, the Council in Regulation No. 81/67/CEE of 18 April 1967³ assimilated certain agricultural products used in the manufacture of goods covered by the basic regulation to basic products or to products resulting from their processing. The main items covered here are potato starch, which was assimilated to maize starch, and fresh milk assimilated to powdered milk.

¹ See official gazette No. 195, 28 October 1966.

² Ibid. No. 56, 24 March 1967

³ Ibid. No. 81, 26 April 1967

(c) Immediate application of the new trade arrangements to casein and certain casein derivatives would have had the effect of imposing on imports of these goods from non-member countries a charge higher than the customs duties now bound in GATT. On 18 April 1967, therefore, the Council adopted Regulation No. 82/67/CEE deferring the application of the basic regulation to these products until common prices for milk and milk products come into force. The Council has decided, in connection with the common market organization in this sector, that a production refund shall be made for liquid skim milk to be used in the manufacture of these products.

(d) The basic regulation provides for the charging of a tax made up of a fixed component and a variable component on imports of the goods to which it refers. This applies both in intra-Community trade and in trade with non-member countries. For intra-Community trade the regulation laid down that the fixed component should be 1%, this being abolished from 1 July 1967. For trade with non-member countries the fixed components and the standard quantities of basic products to be taken into consideration in calculating the variable components had therefore to be fixed. This was done in Regulation No. 83/67/CEE of 18 April 1967¹ which established tariff specifications for goods covered by the basic regulation and determined the fixed components applicable to these goods and the quantities of basic products to be considered as incorporated in their manufacture.

Offers of reduced rates for the fixed components were made in the Kennedy round, and by Regulation No. 83/67/CEE the Council, anticipating the application of these reduced rates, partially suspended the rates normally applicable.

(e) Again on 18 April 1967, the Council adopted a decision¹ extending all the provisions of the basic regulation to the French Overseas Departments; some of these provisions were not legally applicable to these Departments under Article 227 of the Treaty.

(f) Transitional arrangements had to be made to cover instances of goods exported from one Member State to another before the date on which the trade arrangements came into force and put into free circulation in the importing Member State after that date. Where a countervailing duty has been levied on these goods or where an export refund other than that provided for in the basic regulation has been paid, such goods cannot be made liable in the importing Member State to the tax provided for in that regulation. Council

¹ Official gazette No. 81, 26 April 1967.

Regulation No. 92/67/CEE of 2 May 1967¹ therefore provided that the goods in question would remain subject for a maximum period of two months to the arrangements which had previously applied to them in the importing Member State.

(g) Article 14 of the basic regulation provides that the amount of the refund granted in respect of exports of the goods covered by it to non-member countries may not exceed the amount of the variable component applicable to imports of the same goods, calculated on the basis of the standard quantities of basic products contained in them.

The Council's resolution of 27 October 1966 meant however that provisions had to be implemented to ensure Community financing of exports to non-member countries of basic products in the form of non-Annex II goods as from 1 July 1967. Since the arrangements proposed provided that refunds should be granted on the basis of the quantities of basic products actually used, it was felt that Article 14 should be suspended until 1 July 1967, so that the Member States would not have to amend their own rules and regulations in this matter twice within a short space of time. This suspension was enacted by Regulation No. 100/66/CEE of 22 May 1967.²

(h) Council Regulation No. 101/67/CEE dated 22 May 1967² added an Article 17 bis to the basic regulation. This makes possible the adoption of particular provisions for a special system in respect of trade in the goods in question between Member States and particular States, countries or territories.

(i) In application of this last regulation, the Council adopted two others, Regulations No. 127/67/CEE of 13 June 1967³ and No. 214/67/CEE of 27 June 1967⁴ the first laying down special provisions ensuring preferential treatment for imports from the AASM and the OCT, the second containing similar provisions for imports from Greece.

(j) The Council had adopted transitional measures to ensure the gradual changeover from national cereal prices to the common price system. Council Regulation No. 111/67/CEE of 24 May 1967⁵ contains similar transitional provisions applicable during the months of July, August and September 1967 to the goods covered by the basic regulation.

¹ Official gazette No. 90, 10 May 1967

² Ibid. No. 96, 25 May 1967

³ Ibid. No. 119, 20 June 1967

⁴ Ibid. No. 135, 30 June 1967

⁵ Ibid. No. 107, 5 June 1967

(k) Similarly, as part of the transition to the single price system, Council Regulation No. 170/67/CEE of 27 June 1967¹ recasts the provisions of Regulation No. 48/67/CEE on the common system of trade for ovalbumin and lactalbumin.

(l) In accordance with its above-mentioned resolution of October 1966, the Council in Regulation No. 217/67/CEE of 27 June 1967² laid down conditions for the grant of refunds payable on exports to non-member countries of basic products in the form of non-Annex II goods. The regulation provides for the monthly fixing of the amount of these refunds which are, in most cases, payable in accordance with the quantities of basic products actually used in the manufacture of the exported goods.

The Council did however invite the Commission to report to it before 1 November 1967 on the problems of refunds for basic products exported in the form of non-Annex II goods and, if necessary, to submit proposals for their solution.

(m) To make allowances for the conditions under which refunds are to be granted from now on for non-Annex II goods exported to non-member countries under the trade arrangements introduced by the basic regulation, Article 14 of that regulation was amended by Regulation No. 216/67/CEE of 27 June 1967² to eliminate the link between the amount of the refund and the amount of the variable component.

(n) In application of the provisions outlined above and to make their correct application possible, the Commission, by a Decision taken on 17 May 1967³, extended the field of application of its Decision of 17 July 1962 introducing special methods for administrative co-operation in applying the intra-Community levies introduced as part of the common agricultural policy to the goods covered by the basic Regulation.

(o) Finally, on 25 May 1967 and 9 June 1967, the Commission adopted two regulations (Nos. 103/67/CEE⁴ and 117/67/CEE⁵) fixing the variable components applicable during the month of June 1967 and during the third quarter of 1967 respectively.

¹ Official gazette No. 130, 28 June 1967

² Ibid. No. 135, 30 June 1967

³ Ibid. No. 100, 30 May 1967

⁴ Ibid. No. 99, 29 May 1967

⁵ Ibid. No. 112, 10 June 1967

(p) The Commission has also submitted two proposals to the Council for regulations which involve adding sorbitol and mannitol to the list of goods covered by the basic regulation and consequently entail amendment of Regulation No. 83/67/CEE.¹

NEW FARM PRICES FOR 1968/69

The Council of the European Communities held its 10th meeting on Wednesday 25 and Thursday 26 October 1967 in Luxembourg.

On a proposal of the Commission, it adopted, in the official languages of the Community, a regulation on price measures to be applied in respect of olive oil for the 1967/68 and 1968/69 marketing years.

The Council also adopted, in the official languages of the Community, a regulation fixing the basic price and the standard quality for slaughtered pigs valid for the period from 1 November 1967 to 30 June 1968.

The Council also envisaged noting its agreement - confirmation of this will follow in three days - on the fixing of new common prices for cereals and rice and on the revision of prices for beef and veal, sugar and sugarbeet. These prices will be as follows:

.../...

¹ Official gazette No. 81, 26 April 1967

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Product	Type of price	Previous common price	New common price	Period of application
<u>Durum wheat</u>	Basic target price	125.00	125.00	1.8.68 - 31.7.69
	Basic intervention price	117.50	117.50	" "
	Guaranteed minimum price to producer (at wholesale stage)	145.00	145.00	" "
<u>Wheat other than durum</u>	Basic target price	106.25	106.25	1.8.68 - 31.7.69
	Basic intervention price	98.75	98.75	" "
<u>Barley</u>	Basic target price	91.25	94.44	" "
	Basic intervention price	85.00	87.97	" "
<u>Maize</u>	Basic target price	90.63	94.94	" "
<u>Rye</u>	Basic target price	93.75	97.50	" "
	Basic intervention price	87.50	91.00	" "
<u>Rice</u>	Basic target price	181.20	188.4	1.9.68 - 31.8.69
<u>Olive oil</u>	Production target price	1,150.00	1,152.50	1.11.67 - 31.10.68
	Market target price	800.00	802.50	" "
	Intervention price	730.00	no change	" "
	Threshold price	--	792.50	" "
<u>Oilseeds</u>	Target price	202.50	--	1.7.68 - 30.6.69
	Basic intervention price	196.50	--	" "

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Product	Type of price	Previous common price	New common price	Period of application
<u>Sugar</u>	Minimum price for beet	17.00	17.00	1.7.68 - 30.6.69
	Target price for white sugar	223.50	223.50	" "
	Intervention price	212.30	212.30	" "
<u>Beef and veal</u>	Guide price for nature cattle (on the hoof)	662.50	680.00	1.4.68 - 31.3.69
	Guide price for calves (on the hoof)	895.00	915.00	" "
<u>Pigmeat</u>	Basic price (for slaughtered pigs)	73.50	73.50	1.11.67-30.6.68

Readers are referred to "Newsletter on the Common Agricultural Policy", No. 13: The pattern of farm prices in the EEC.

We wish all our readers a very happy New Year.