



## Sound management of agricultural trade: role of licences and certificates

**On 9 June, the Commission adopted a Regulation<sup>(1)</sup> updating the common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products and introducing a number of substantive amendments. This revision is designed to clarify and simplify the rules for the benefit of both traders and administrations. It will allow licences and certificates to be used more efficiently in the management of the Community agricultural markets, particularly where the Union's international trade obligations are concerned.**

Under Community legislation, the importation or exportation of agricultural products is, as a rule, subject to a licence or certificate (see box). Common rules have been drawn up in this connection for the different categories of products. These rules have frequently been revised following developments in the different branches of agriculture. Consolidation of the previous Regulation<sup>(2)</sup> was, therefore,

essential and is in keeping with the move to simplify agricultural legislation (see Newsletter No 11). The changes which have proven to be desirable in the light of experience include a number of substantive amendments, especially the following:

- Clearer definition of the persons entitled to use licences and certificates: the customs declaration must be made by the titular holder or transferee or their representative (Article 24(1)).
- Option for Member States to set up an information system that avoids the movement of licences and certificates (Article 25). Licences and certificates are then held by the issuing body or the authority responsible for payment of the refund. This simplified procedure will reduce the risk of loss and prevent falsification of certificates.

*(continued on page 2)*

### Licences and certificates: a management tool for the agricultural markets

Import and export licences and advance fixing certificates have been introduced by the Council for most of the common market organisations (CMOs) for agricultural products. Some basic facts:

- Import and export licences and advance fixing certificates authorise and oblige traders to import or export the specified quantity of the products concerned during the period of their validity. Products requiring a licence or certificate are defined in the Council Regulations for the different CMOs. A licence or certificate is not necessary for transactions such as the provisioning of boats, etc. or those which are of a non-commercial nature or have a minor commercial impact. The issue of a licence or certificate is generally conditional upon the payment of a security (fixed by the Commission for each type of product on a weight basis or as a percentage of the export refund). All or part of the security is lost if the obligation is not fulfilled.
- Some export licences (advanced fixing certificates) entail advance fixing of the export refund, which enables exporters and managing departments to know the amount in advance. They are used in all cases where there is a refund, including those involving products not requiring an export licence.
- In the case of an invitation to tender in an importing third country or in the cases provided for in the Community rules relating to individual product sectors, the licence applies only to the country specified.

Licences and certificates play an important role in the management of the agricultural markets:

- They enable the departments managing the markets to conduct a forward analysis of imports and exports without waiting for external trade statistics.
- In particular, they make it possible to establish the quantities of products earmarked for export and the amount of expenditure to be charged to the EAGGF Guarantee Section budget for export refunds (aimed at offsetting the difference between Community prices and world prices). This data has to be transmitted to the World Trade Organisation in Geneva. Licences and certificates thus make it easier to comply with international agreements on agriculture, particularly the multilateral agreement concluded in GATT in 1994 (Uruguay Round), which provides for a reduction in the different forms of support for exports.
- Licences and certificates also serve as tools in the management of tariff quotas (quotas of products imported from third countries at preferential rates) and safeguard measures (quantitative restrictions or tariff measures applied under international agreements with a view to limiting imports which would have serious adverse effects on producers in the Union).

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- Fixing, for each product, of the maximum quantity up to which a licence or certificate is not required (Annex III to the Regulation). In order to obtain such a waiver, therefore, it is no longer necessary to calculate the quantity for each product on the basis of the amount of security provided for in the relevant sectoral Regulation.
- Raising from € 5 to € 60 the amount of security at or below which a licence or certificate may be issued without the security having to be paid (Article 15(3)), in order to prevent administrative costs from exceeding the amount of the security<sup>(3)</sup>.
- Reduction in the amount of the security to be forfeited for failure to use an export licence with advance fixing of the refund, provided that the unused licence is returned to the issuing body swiftly and, in any event, at least one month before the end of the GATT year<sup>(4)</sup> for which it was issued (Article 35(2)). The objective is to encourage exporters to return licences in sufficient time to allow the remaining quantities to be reused during the current GATT year. The carrying forward of quantities from one year to the next is no longer permitted as from the 1999/2000 marketing year.
- Relaxation of the penalties for failure to present proof of use of export licences with advance fixing of the refund within the time limit set (Article 35(4)(b)).
- Possibility of waiving the obligation to provide proof that use was made of the licence in order to secure release of the security if the authorities are already in possession of the necessary information (Article 35(4)(d)).

(1) Regulation (EC) 1291/2000, Official Journal L 152, 24.6.2000. This Regulation, which entered into force on 1 July, will apply to licences and certificates applied for from 1 October 2000. However, the reduced forfeit will apply to licences and certificates issued from 1 July 2000.

(2) Regulation (EEC) 3719/88.

(3) In addition, Article 5 of the horizontal Regulation on securities – Regulation (EEC) 2220/85 – applies to licences and certificates. Under this Article, where the security is between €60 and €500, it may be replaced by an undertaking to pay a sum equal to that which would have been payable had a security been lodged.

(4) Marketing year during which, under the 1994 GATT agreements, a fixed quantity of each Community agricultural product may be exported with a refund.

## In brief

### Wines and spirits: agreements with South Africa

The technical agreement concluded on 9 June should pave the way for the finalisation in July of two bilateral wine and spirits agreements between the Union and South Africa. These agreements are aimed in particular at reciprocal protection of geographical indications, including appellations of origin and certain traditional spirit names; the protection afforded to Community appellations of origin is greater than that provided at multilateral level. They also cover mutual recognition of technical standards such as rules on wine production, recognition of import licences issued by the exporting country, direct cooperation between control authorities and the settlement of disputes. They are scheduled to come into effect on 1 September 2000. These agreements fall within the general scope of the Agreement on Trade, Development and Cooperation concluded between the two parties last year (see Newsletter No 10).

### Priorities of the French Presidency of the Union in the agricultural sphere

The agricultural priorities of the French Presidency include a discussion on the administrative simplification of the CAP (market organisations, rural development) and the adaptation of sectors not yet reformed under Agenda 2000, namely: fruit and vegetables (the sector needs stabilising), sugar (the present arrangements come to an end in 2001 and a new approach needs to be proposed), pigmeat (for which the Commission has proposed a solidarity fund for farmers), rice (see the reform proposed by the Commission in Newsletter No 23) and fibre crops. The Presidency will also ensure that the Ministers of Agriculture are regularly involved in developments in the agricultural negotiations being conducted in the World Trade Organisation and in the context of enlargement.



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