

# European Communities

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### Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 87/76) for a regulation temporarily suspending the autonomous duties in the Common Customs Tariff on a number of agricultural products

Rapporteur: Mr C. LABAN

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By letter of 26 April 1976 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties in the Common Customs Tariff on a number of agricultural products.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and the Committee on Budgets and the Committee on External Economic Relations as the committees asked for their opinions.

The Committee on Agriculture appointed Mr Hansen rapporteur on 27 April 1976. Mr Laban replaced Mr Hansen on 28 April 1976.

It considered this proposal at its meetings of 27 and 28 April 1976 and 18 and 19 May 1976.

At its meeting of 18 and 19 May 1976 the committee unanimously adopted the motion for a resolution and the explanatory statement.

The following were present : Mr Liogier, vice-chairman and acting chairman; Mr Vetrone, vice-chairman; Mr Brégègère, Mrs Dunwoody, Mr Frehsee, Mr Früh, Mr Hansen, Mr Hunault, Mr Kofoed, Mr Martens, Mr Ney, Lord St Oswald and Lord Walston.

The opinion of the Committee on Budgets and of the Committee on External Economic Relations is attached.

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement :

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties in the Common Customs Tariff on a number of agricultural products

The European Parliament,

- having regard to the proposal from the Commission of the European Communities (COM(76) 164 final),
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 87 /76),
  - having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets and the Committee on External Economic Relations (Doc. 123/76),
1. Approves the Commission's proposal;
  2. Welcomes the fact that the Commission is studying the proposal of the European Parliament for a permanent duty reduction for those products subject to tariff suspensions for several years, and urges that action be taken on this question in the near future;
  3. Believes that this would best be done within the framework of generalised preferences in order to help developing countries, or within negotiations on GATT, while taking into account the interests of the processing industries within the Community;
  4. Stresses once more the need to compile statistics on the Community market of products proposed for tariff suspension, in view of the fact that the only information available is that supplied by Member States.

EXPLANATORY STATEMENTThe purpose of the Commission's proposal

1. The purpose of this proposal is the temporary suspension or reduction of duties for certain agricultural products :

- (a) for which suspension of duties is due to expire on 30 June 1976;
- (b) for which new applications by Member States for suspension from 1 July 1976 have been made;
- (c) for which Member States concerned consider that a partial suspension is sufficient due to inadequate Community production; and
- (d) for the implementation of the 'Declaration of Intent concerning commercial relations with certain Asian countries'<sup>1</sup>.

2. The principal intention of this proposal is to ensure that supplies of basic agricultural products are available on sufficiently favourable terms to Community processors so as to allow them to compete with processing industries in third countries.

Products for which total suspension of tariffs is proposed

3. The Commission proposes total tariff suspension for the following products :

i) Fish : Community catches of certain species of fish are insufficient to provide basic materials for their preservation, and must be imported from third countries. Total tariff suspension is therefore proposed in order to maintain the competitiveness of Community processing industries and to check the constant increase in the price of processed fish.

Total tariff suspension is proposed from 1 July 1976 to 30 June 1977 for certain fish products required for the processing industry.

Total tariff suspension is proposed from 1 September 1976 to 31 March 1977, on seasonal grounds, for sardines.

With regard to anchovies, the surplus situation existing in certain Member States has led the Commission to compromise between the interests of the fishermen and those of the consumer by proposing that tariffs be reduced to a level of 5%.

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<sup>1</sup> COM(73) 1801 final, 24.10.1973

ii) Oysters : Mother oysters and spat with high resistance and fast growth qualities must be imported from Japan and Canada to meet increased consumption and reconstitute farms in view of pollution along the Atlantic coast and the high mortality rates resulting in oyster farms. Consequently, the Commission proposes the current total suspension of duties until 30 June 1977.

iii) Mushrooms, bilberries and rose-hips and Cranberries : In view of the high wages for the packing of these products Community production is impossible. Consequently, the Commission proposes to prolong the current suspension of duties until 30 June 1977 in order to provide the Community processing industry, particularly in Germany, with their basic raw material.

iv) Dried white beans : The Commission proposes a renewal for twelve months of the total suspension of duties on dried white beans, used for the production of tinned 'baked' beans in the United Kingdom. This country imports this product from Canada and the United States. Because of the inadequacy of the harvest, prices for this produce increased in 1975 and 1976; total suspension of duties will allow price rises of the finished product to be kept to a minimum.

v) Dates : The Commission proposes a renewal, until 30 June 1977, of the suspension for fresh or dried dates intended for repacking in order to maintain employment in southern France.

This suspension is to be extended to frozen dates at the request of Germany.

Furthermore, the suspension of duties on dates intended for the processing industry (sauces, pickles and bakery products) is proposed.

vi) Saffron : Suspension of duties on saffron is to be continued until 30 June 1977 in view of the increases in import prices.

vii) Ground paprika : The suspension of duties on this product is to be continued until 30 June 1977. This product is intended for mixing with feeding-stuffs for laying hens and is not a substitute for any other product.

viii) Christmas trees : German cut Christmas tree production being insufficient additional imports are required, mainly from Denmark, for whom Community tariffs have only been reduced by 60%. Duties are to be suspended, therefore, for twelve months.

ix) Shelled cashew nuts : The Commission proposes the total suspension of duties on shelled cashew nuts. This proposal had originally been included in the Commission communication on the 'implementation of the Declaration of intent concerning the commercial relations with certain Asian countries'<sup>1</sup>. The sole Asian supplier is India. The tariff suspension is not included in the Commercial Cooperation Agreement with India so as not to delay the signing of the agreement, nor could it be included under generalised preferences since India imports the nuts from Tanzania. Therefore, the product is to be included under the present proposal for a twelve month duty suspension.

#### Requests for tariff suspension not accepted

4. The Commission has received a number of requests for tariff suspension which it has not considered wise to prepare :

- (a) mackerels, for which there is a surplus in the Community;
- (b) honey, for which Community production is suffering from foreign competition;
- (c) and onions, concerning which trade negotiations are at present being undertaken.

#### Total abolition of duties

5. The Committee on Agriculture has urged in previous years<sup>2</sup> that the Commission consider the definite abolition of duties on products for which :

- (a) supplies are obtained almost exclusively from third countries and in particular produce from tropical areas;
- (b) and where it is necessary to keep the cost of Community processing industries to a minimum.

6. It was suggested that such abolition of duties be carried out in the framework of generalised preferences or in negotiations within GATT.

It is recognised that for such specialised products administrative problems do exist, since new tariff subheadings are required. However, this is not an insuperable obstacle, and indeed the Commission proposes a new tariff item for crabmeat (ex 16.05 A).

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<sup>1</sup> COM(73) 1801 final, 24.10.1973

<sup>2</sup> See reports by Mr Howell (Doc. 370/75) and Mr Hansen (Doc. 56/75)



7. The Committee on Agriculture welcomes the fact that the Commission is now studying the European Parliament's suggestion to examine a permanent tariff reduction and requests that action be taken in this field in the near future.

#### Processing industries in the developing countries

8. It should be pointed out that the Commission, in reducing tariffs on certain raw materials, while maintaining high tariffs on the processed product from developing countries, is undermining the ability of processing industries in the developing countries to compete on the Community market.

Therefore, the Commission should examine the effects of such proposals on the attempts of developing countries to establish their own processing industries and their significance to the Community's processing industries. A balance has to be struck between the Community's own economic requirements and the basic principles of a true development policy.

#### Report on the reasons for inadequate supplies of agricultural products

9. The Committee on Agriculture in the past has requested<sup>1</sup> that the Commission submit a report on the reasons for the inadequate supplies of agricultural products which have been the subject of proposals for duty suspension, particularly in the fisheries sector.

The Commission has provided a report on the fisheries sector<sup>2</sup>. This report, however, is too general in nature to help understand the reasons for the inadequate supplies of the particular specialised products referred to in the present proposal.

On the other hand, it does raise important questions on measures which could be taken to increase Community production, particularly through steps to encourage fish farming, for example of salmonoid fish, eels and oysters. The Commission should examine in greater detail the possibilities open here for connection with measures to restructure the inshore fishing industry.

#### Presentation of the Commission's proposals

10. The Committee on Agriculture in the past has criticised the manner in which tariff suspensions have been formulated since it has been difficult to determine easily Community requirements and import figures. In this proposal details of tariff reductions, Community production and imports from third countries are clearly laid down. The Committee on Agriculture welcomes the effort made by the Commission in this respect.

<sup>1</sup> See reports by Mr Howell (Doc. 370/75), Mr Hansen (Doc. 56/75) and Mr Früh (Doc. 116/74)

<sup>2</sup> SEC(75) 639

## Conclusions

11. The Committee on Agriculture approves the present proposal and urges the Commission : to come forward with proposals to abolish permanently duties on products for which Community production is not significant; to take into account the necessity to develop processing industries in developing countries; and to introduce measures to encourage the development of mariculture to increase the Community production of certain species of fish and molluscs.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the committee to Mr HOUDET, chairman of the Committee on Agriculture

Brussels, 20 May 1976

Dear Mr Chairman,

At its meeting of 13 May 1976 the Committee on Budgets considered the proposal from the Commission of the European Communities to the Council (Doc. 87/76) for a regulation temporarily suspending the autonomous duties in the Common Customs Tariff on a number of agricultural products.

Since the requests submitted concern products such as mushrooms, beans, dates and paprika which are produced in insufficient quantities, if at all, within the Community, the loss of revenue caused by the temporary suspension of the autonomous duties in the Common Customs Tariff appears economically justified. For some products, this involves an extension of existing arrangements suspending customs duties due to expire on 30 June 1976, while a number of new requests have been received concerning other products.

In its financial statement the Commission was unable to quantify the loss of revenue since Community statistics are not available for these product groups and cannot be drawn up in the immediate future.

Given the nature of the products, the committee feels, however, that the loss of income from Common Customs Tariff duties will remain relatively slight. The committee was therefore able to approve the Commission's proposal.

I would ask you to consider this letter as a favourable opinion from the Committee on Budgets.

Yours sincerely,

(sgd.) Erwin LANGE

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Present: Mr Lange, chairman; Mr Aigner and Mr Durand, vice-chairmen; Mr Artzinger, Lord Bruce, Mr Caillavet, Mr Cointat, Miss Flesch, Mr Lagorce, Mr Notenboom, Mr Shaw and Mr Yeats.

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Letter from the acting chairman to Mr Roger HOUDET, chairman  
of the Committee on Agriculture

Luxembourg, 2 June 1976

Dear Mr Houdet,

At its meeting of 11 May 1976 the Committee on External Economic Relations considered the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties in the Common Customs Tariff on a number of agricultural products (Doc. COM(76) 164 final).

This proposal concerns the suspension of Common Customs Tariffs duties on a number of agricultural products which are produced on such a small scale in the Community that supply does not meet demand.

There are two sides to the proposal viz:

- the suspension for a further period of duties due to expire on 30 June 1976 and
- new suspensions from 1 July 1976, following applications by certain Member States.

The committee delivered a favourable opinion on a similar proposal last year<sup>1</sup>.

The committee also adopted unanimously<sup>2</sup> the present proposal on the grounds that it was calculated to :

- strengthen competitiveness within the Community in the sector concerned;
- encourage the liberalization of world trade.

Finally, the committee welcomes the Commission's intention to study the suggestion made last year by the European Parliament that in the case of products on which duties have already been suspended for several years, the tariff should be amended permanently and requests the Commission to come up with precise proposals by the end of 1976.

Yours sincerely,

(sgd.) James SCOTT-HOPKINS  
Acting Chairman

<sup>1</sup> Hansen report, Doc. 56/75

<sup>2</sup> Present: Mr Scott-Hopkins, acting chairman; Mr Baas, Mr Bayerl, Mr De Clercq, Mr Dykes, Mr Klepsch, Mr de Koning, Mr Laban, Mr Martens (deputizing for Mr Schultz), Mr Nyborg, Mr Pintat, Mr Spicer, Mr Vandewiele and Lord Walston.