GENERAL AGREEMENT ON TARIFFS AND TRADE

DRAFT REPORT OF COMMITTEE II ON THE CONSULTATION WITH THE EUROPEAN ECONOMIC COMMUNITY

Introduction

1. Under the Decision of the CONTRACTING PARTIES of 7 December 1961, contracting parties were invited to notify any substantial changes in their agricultural policies and Committee II was authorized to carry out consultations with particular contracting parties. In accordance with this Decision the European Economic Community notified the changes in the agricultural policies of the six member States, which were a consequence of the progressive establishment of the common agricultural policy. The most recent changes concerned the organization of the markets of dairy products, of beef and veal, and of rice.

2. The consultation was held from 25 January to February 1965. The Committee had before it document L/2245, containing the texts of three regulations adopted by the Council of the European Economic Community on 5 February 1964, and providing for the progressive establishment of a common organization of markets in respect of:

Dairy Products - Regulation No. 13/64/CEE
Meat of Bovine Animals - Regulation No. 14/64/CEE
Rice - Regulation No. 16/64/CEE.

In addition, the secretariat had prepared a paper - document COM.II/137 - giving a general description of the new system in respect of these three groups of products. This paper had taken into account the great number of regulations which had been adopted in the course of 1964 in implementation of the three basic regulations.

3. In a general introduction the representative of the European Economic Community emphasized the important position of the Community in the world, both as agricultural importer and as agricultural producer. The Community was aware of this and of the responsibilities which resulted therefrom. This was reflected in the insertion in the basic regulations of a reference both to Article 39 and to Article 110 of the Rome Treaty. Article 39 described the objectives of the common agricultural policy, to increase agricultural productivity, to ensure a fair standard of living for the agricultural population, to stabilize markets, to guarantee regular supplies and finally, to ensure reasonable prices in supplies to consumers. Article 110 referred
to the intention of the member States to contribute to the harmonious development of world trade and the progressive abolition of restrictions on international exchanges. He further stated that the Community had accepted the Decision of the CONTRACTING PARTIES of 7 December 1961 and consequently, had notified and consulted on the various regulations on the common agricultural policy. Since the consultation held in 1962 no substantial changes in the regulations examined at that time had occurred. In general, the Community was greatly interested in the procedure of consultations on agricultural policies. Such a procedure was one of the elements of the proposal made by the Community in the context of the Kennedy Round.

4. A member of the Community commenting on this introductory statement pointed out that certain aspects of it relating to the trade negotiations were not for discussion in the Committee. He welcomed the reference to Article 110 of the Rome Treaty which had been inserted in all basic regulations, but in spite of this he felt that the substitution of the various protective measures at the frontier for a system of variable import levies might well have the same or even more restrictive effect. He recognized the position of the Community as the most important agricultural importer. This, in his view, followed naturally from the fact that the total area under cultivation in the Community was appreciably smaller than that in certain other countries, which placed the Community in the position of a natural agricultural importer.

5. Outlining the common policy for the beef and veal sector, the representative of the Community explained first that in the context of achieving the EEC common policy on agricultural products, it was naturally impossible to leave aside that particular sector because of the great importance of bovine meat production in agricultural activity in the EEC, and also the close links between that sector and the no less important one of dairy products. He further recalled that the Community had an overall shortfall in regard to supplies of beef and veal.

6. The representative of the Community observed that the regulations instituting a system which, though seemingly elaborate, was very simple in its mechanisms had been in operation for only about three months. The beef and veal regulation established a new régime in place of the various policies followed hitherto by the member States; it was designed to meet precise objectives - an adequate return on production, stable prices, and a balance between supply and demand for beef and veal within the Community, taking account of imports and exports.

7. The representative of the Community then outlined the main features of the regulation and reviewed the treatment applicable to third countries, the system of intra-Community exchanges, and the provisions applicable to third countries and member States alike. In conclusion, he stated that in the implementation of the beef regulation, account would be taken of the objectives set forth in Articles 39 and 110 of the Rome Treaty.
Guide price

8. Some members of the Committee asked for details as to the relative importance of the two elements determining the guide prices, namely the aim of ensuring an equitable return to Community producers, and the direction to be given to meat production taking into account, among other things, the situation on the dairy market. The representative of the Community stressed the role of the concept of the guide price which, while not making the system too rigid, afforded a price basis to producers so as to enable them to orientate their production. Nevertheless, the close relationship between the meat and dairy sectors required the maintenance of a proper balance to prevent either sector from developing at the expense of the other.

9. A member of the Committee asked why the weighting co-efficients used in computing the price average used to determine the upper and lower limits of guide prices depended solely on internal factors. In reply to that question, the representative of the Community stated that the guide prices were based on the average market prices prevailing in the member States. In order to take account of the relative importance of the quantities of different qualities of cattle which normally were marketed in the member States weighting coefficients were applied. The average market price had been adjusted so as to take account of exceptional economic circumstances and finally an increase in the order of 10 per cent was applied as an incentive to shift from dairy production to beef production.

10. The question was asked whether the elements used for determining the upper and lower limits for the 1965/66 marketing season would be the same as for the 1964/65 season, and more specifically whether the element aimed at encouraging production was based on the return for an average or a marginal production. The representative of the Community replied that the EEC had as yet taken no decision on the matter; he could state, however, that in determining those limits, the Council took account of the production and consumption situation in the Community as well as of market trends, while endeavouring to promote improved production conditions and a better agricultural structure in the common market countries.

11. Some members of the Committee emphasized the vital role being played to the Community markets by guide price levels which conditioned access for producers in third countries. It was pointed out that while the system could be applied liberally, it was also possible that unduly high guide prices might isolate Community producers and develop production in such a way as to leave third countries in the situation of residual suppliers, which might have serious consequences for world market equilibrium. Members of the Committee also stressed the length of the meat cycle: the incentive given to Community production through
high guide prices would only yield its results after a number of years, and would thus create a situation which was at present unforeseeable. The representative of the Community emphasized that it was still too soon to pass judgment on the future effects of a set of regulations which had only recently been brought into operation; he nevertheless wished to assure the members of the Committee that the Community institutions had taken due account of the interests of international trade when drawing up such regulations, and they would continue to bear in mind the effects which implementing measures could have on the structure of international trade.

12. With respect to the determination of the guide price limits for the marketing season 1965/66, some members of the Committee expressed the fear that the high level of prices recorded on the Community markets in 1964 might lead the Community to set higher limits. Even without changes in market prices, this would most likely result in the immediate full application of the levy in some or all member States. The duty now being paid would then be increased by an amount more than double that of the duty. While recognizing the autonomy of the Community in this respect, they expressed their concern that in this way third countries, which had traditional trade interests with member States, would have to carry the burden of adjustments in internal policy objectives of the EEC. After recalling that the EEC had not yet taken a decision in the matter, the representative of the Community pointed out that an increase in the limits would not necessarily cause a concomitant rise in the guide prices of the member States. He added that certain projections for the meat market indicated that future availabilities might be unfavourable, so that even in the event that guide prices were increased there was no reason to assume that a levy would in fact be applied and that, generally speaking, the Community's policy should give rise to any concern. He added that so far, the prices recorded in the Community markets had been higher than the guide prices.

13. Asked whether the member States of the Community would be able to raise their guide prices in the event that the upper and lower limits for the second marketing season were identical to those for the first, the representative of the Community explained that the limits could not remain unchanged because the difference between them must necessarily be reduced. In determining their guide prices the member States were required to observe certain specific criteria. The Council could make recommendations if such prices seemed unwarranted. One member of the Committee asked whether the guide prices could be adjusted in the course of a marketing season if there was a drop in world prices. The representative of the Community explained that the Council could not disregard the world market situation, for otherwise surpluses would accumulate.
In reply to another question he explained that the seasonal differentiation permitted in prices implied that prices must be reduced for a period equal to the period of increase, but that the period of reduction need not necessarily follow immediately. In any case, the above-mentioned authority was provisional and would lapse at the end of the first quarter of 1966.

14. Commenting upon the balance between consumer and producer interests, which the Treaty of Rome required to be maintained, members of the Committee enquired as to what methods were being contemplated for achieving that objective. The representative of the Community explained that the EEC endeavoured to determine the consequences of the price policy but that it was difficult to allocate the burden in an absolutely equitable manner. In reply to other remarks concerning the need for exporting countries to know, when drawing up their production plans, what obstacles they would encounter, he expressed the view that the Community's policy was sufficiently clear to permit those plans to be made.

Intervention measures

15. A member of the Committee asked for clarifications on some provisions concerning intervention measures. The representative of the Community explained that a member State which records a movement in prices and intends to take intervention measures, must inform the Commission and the other member States at least one month beforehand, of the nature and modalities of the measures which it may take; furthermore, intervention measures could be taken only if the average weighted price was below or equal to the intervention price during a period of at least seven days.

16. In reply to a question on the co-ordination of national intervention measures - the conditions for which are to be established by 1 August 1965 - and also concerning the definition of the conditions for applying Community intervention measures in the final stage, the representative of the Community recalled that, on the one hand, the criteria regarding the application of national measures had already been established and that, in those circumstances, the Council intended to examine the results of any application of such measures with a view to harmonizing the situations thus created; on the other hand, with regard to the stage of the single market, the Council was to determine the conditions for applying Community measures to be taken in case of need.

17. A member of the Committee enquired about arrangements for the stocks required by intervention measures. The representative of the Community confirmed that measures could be taken separately in respect of live animals and of frozen meat. As regards the actual storage, it would be in special centres equipped for the purpose; the question whether cattle should be stocked alive or should be slaughtered and frozen was a matter for decision by the member States.
18. In reply to a question concerning the disposal of beef and real stocks held by the intervention agencies, the representative of the Community explained that these stocks could not be sold in the market of a member State unless the internal market price in the importing member States was at least equal to 98 per cent of the guide price. This restriction, however, was suspended as long as a supplementary tariff quota for imports of frozen beef was opened up; when 95 per cent of the tariff quota had been fulfilled the sales restriction applied again. It was furthermore provided that sales from intervention agencies had to take place at a price at least equal to the world market price; this price was determined following the procedure of the Management Committee, on the basis of actual price quotations on the world market. The representative of the Community further confirmed that the intervention measures did not involve the suspension of the issue of import certificates, neither would sales from an intervention agency have any priority on sales of imported beef. The representative of the Community declared further, in reply to a question, that while it was not prohibited to export on concessional terms, nevertheless the member States were observing their international obligations in the matter.

19. A member of the Committee also wished to know whether, if meat from stocks was sold on commercial terms in the world market, the offering price would be affected by the storage costs. The representative of the Community stated that no provision had been adopted in that regard, and recalled that at present no refunds were granted on exports of frozen meat.

20. A member of the Committee noted that a special régime had been laid down in order to enable the German Government to fulfil its commitments under a bilateral trade agreement with Denmark. He enquired whether this agreement would be extended. The representative of the Community explained that there could be no incompatibility with respect to agreements concluded before the common agricultural policy became effective, but that all bilateral agreements concluded between a member State and a third country contained a clause - known as the Community clause - reserving the possibility of modifications or waivers if the agreement proved incompatible with the common agricultural policy, and that the duration of bilateral agreements was limited to the end of 1965.

Customs duties

21. Some members of the Committee wished to know why the provisions relating to frozen meat differed from those adopted for the rest of the sector; the representative of the Community explained that the common external tariff duty on frozen meat would be applied as from 1 April 1965 for practical reasons, namely because the duties levied by the member States were sufficiently homogeneous to permit a more rapid application of the common external tariff.
22. In reply to a question on the possibility of speeding up the process envisaged for achieving the single market, the representative of the Community stated that it was not impossible that common guide prices might be established sooner than had originally been foreseen.

23. With regard to the administration of tariff quotas, the representative of the Community explained that the quotas were opened at the time which the Community institutions considered most appropriate, taking into account the internal market situation, and were then allocated pro rata to imports by each member State; if part of a national quota was not taken up, it could be used by the other member States. Concerning the suspension of customs duties and the opening of additional quotas, he pointed out that as a general rule, the periods covered by those measures were of sufficient duration so that foreign suppliers need not consider themselves as being at a particular disadvantage.

24. A member of the Committee was concerned over difficulties connected with the administration and annual renewal of the quota of 20,000 head for certain grades of heifers and cows. The representative of the Community emphasized that the EEC had always respected its undertakings in the matter and he pointed out that following the interest expressed by a member State, that quota would probably be taken up more easily in future.

Levy system

25. Some members of the Committee expressed the view that customs duties were not the principal measure of protection at the frontier because the levy system could be superimposed on customs duties. The representative of the Community emphasized that the tariff was the normal measure of protection in the sense that the established customs duties were generally applied independently of the market situation and that in a seller's market, such as existed at present for meat, the tariff was the only element of protection.

26. In reply to questions concerning the calculation of the price at importation for meat, the representative of the Community explained that in determining those prices, account had been taken of the quotations on certain European markets having characteristics similar to those of the Community markets. In order to take account of the relative importance for trade with the Community of the markets concerned (Denmark, United Kingdom and Ireland), a weighting coefficient was applied. If the present trading pattern were to change, the weighting coefficient might have to be revised.

27. A member of the Committee noted that frozen meat was sold on the world market at lower prices than fresh and chilled meat, but that the coefficients selected by the Community for calculating the levies were the same for the three categories of meat. After referring to the complications which would arise in trying to determine guide prices for each of the meat qualities, the representative of the Community explained that the coefficients were based on the relationship between prices for live animals and for meat, and were the result of a technical compromise between the different categories of meat and the different prices recorded on the markets of the EEC member States.
28. In reply to a question, the representative of the Community stated that the basis used for calculating the customs duties was the customs valuation, the price at importation determined by the Commission being used only for computing the amount of any levy.

29. A member of the Committee stressed that the regulations seemed relatively liberal so long as the price at importation was based on prices in representative third markets and not on the most favourable purchasing possibility. Some members of the Committee pointed out the variety of conditions which had to be considered in applying the regulations and referred in particular to the fact that duties were bound on some items, and partly bound on some others, while on the remainder - representing the major part of EEC imports, there was no binding. They also noted that the possibility of opening additional tariff quotas for frozen meat was temporary and that some other tariff quotas corresponded to exports by a limited number of countries; in their view it would be desirable for those quotas to follow the pattern of normal trade flows. The representative of the Community replied that the difference noted was the result of international obligations entered into by member States and was at the same time proof of the liberalism underlying the regulations; he pointed out that the extent of the bindings was a matter connected with the trade negotiations.

30. Some members of the Committee remarked that the table of coefficients for calculating the levies, although containing some definitions, apparently ignored the hindquarter joint with three ribs as sold by some suppliers; the representative of the Community stated that he would pass on that comment to the competent services of the Community.

31. A member of the Committee noted that in intra-Community trade, the levy would only be imposed if the internal market price fell below the intervention price, and that in that case the amount of the levy generally would be determined on the basis of 95 per cent of the guide price. He expressed the view that since the third country levy was based on the full guide price, the 5 per cent difference constituted a kind of preference, and additional protection for member States. The representative of the Community confirmed that in intra-Community trade levies could only be imposed either if prices had fallen below the intervention price and if intervention measures were being taken by the member State concerned, or if prices had fallen below a level of 90 per cent of the intervention price. This constituted a kind of preferential treatment which, however, was quite natural under common agricultural policy regulations.

32. In reply to questions concerning the possibility of applying duties and levies at a reduced rate, and more precisely the conditions in which such measures could be adopted, the representative of the Community explained that the provision was designed to give the whole mechanism sufficient flexibility to enable member States which so desired for reasons connected with economic or
social policy, to stabilize internal prices when faced with price movements on the internal market, the world market or both. Although at first sight, for the reasons indicated, the reduction could apply only to customs duties, it was in fact possible to reduce both duties and levies. In applying such measures, the equilibrium of intra-Community trade would require the amounts of the levies with respect to the member States concerned to be adjusted so as to take account of the trend in its market. The representative of the Community also stated that although the regulation mentioned only a reduction of those charges, the Council nevertheless had the necessary authority to grant a total suspension if so requested. Asked whether the Council had the power to make that provision effective in the absence of any request by a member State, he explained that under the Rome Treaty the Council was empowered to make any recommendation it thought appropriate. Lastly, he added that this provision, which was valid for the member States, was applicable only during the transitional period and at the stage of the single market; similar provisions would be applied for the Community market.
Refunds

33. In reply to various questions raised in connexion with the system of refunds, the representative of the Community pointed out that the refund system was a normal feature in most of the common agricultural policy regulations. He recalled that similar provisions enabling governments to subsidize their exports appeared in the legislations of practically all other countries. He explained that the common agricultural policy aimed at stable prices on the Community markets; under present circumstances, these prices were generally higher than world market prices, which, moreover, were subject to fluctuations. The refund system therefore was a necessity for Community exporters who otherwise would not be able to continue participating in world trade. Under the various regulations, however, member States were no longer free, like most other governments, to grant refunds without any limitation. In the case of the beef regulation, such limitation was to be found in the provision that, in general terms, the refund which member States were allowed to grant, could not be more than the difference between internal market prices, and prices prevailing in third countries.

34. The representative of the Community further pointed out that under other common agricultural policy regulations, the regulation on cereals, for example, the amount of the refund was directly linked to the amount of the import levy. In the beef regulation, because of a somewhat more liberal import régime, such a symmetry was not possible. The ultimate effect of the refund in both cases, however, was the same, namely the compensation of the difference between internal market prices, and prices prevailing in third countries.

35. A member of the Committee pointed out that according to the provisions, member States were to determine the amount of the refunds once every month in advance. This, in his view, necessarily involved a certain margin of error as regards the actual price situation at the time of exportation, and could enable Community exporters to sell at prices below the price prevailing on a particular third country market. The representative of the Community explained that the determination of the amount of the refund once a month in advance was chosen for administrative purposes. It would enable exporters to determine their sales conditions. He recognized that in this way a margin of error was unavoidable, but this could also work in the opposite direction. The maximum amount of the refund was not arbitrarily determined, but was based on two objective figures: the average internal market price and the average price prevailing in third countries, noted in the first two weeks of the preceding month. These were figures determined by the Commission on the basis of actual data. Member States, in determining their refunds, were normally not allowed to go beyond this maximum; they were, however, free to determine the amount at a lower level. The most unstable factor in the determination of the maximum amount of the refund was the world market price; the bases for such determination, however, were publicly known well in advance, and third countries could therefore assess beforehand any possible effect of the refunds on the world market.
36. Other members of the Committee expressed the view that the beef regulation, mainly through the price policy to be followed, would tend to increase production within the Community. The incentives given to Community production would frustrate the advantages on the Community market of efficient outside producers, but, not only would efficient exporters be displaced from the Community market, experience under other common agricultural policy regulations had shown that these exporters would meet keener competition in the shrunk world market from subsidized Community exports. In practice, Community exporters, through means of the subsidies, reduced their prices not just to a normal level, but to the lowest price prevailing in third country markets. These members expressed particular concern about the provision that if the refund would prove to be insufficient, member States could be authorized to grant a higher refund. In this way, the Community would not only determine the price within the Community, but also on the world market; undoubtedly this would have a price-decreasing effect. They enquired whether the Community would be prepared to give assurances that Community exporters would not under-cut normal world market prices.

37. The representative of the Community repeated that the maximum amount of the refund was equal to the difference between internal market prices and world market prices. Normally, Community exporters therefore would not be able to sell below world market prices. Since, however, world market prices could fluctuate heavily, a normal application of the regulation could prevent Community exporters from participating in world trade, and from maintaining their traditional exports. In such a case, following the procedure of the Management Committee, a particular member State could be authorized to grant a higher refund. This procedure in itself, and the conditions under which such authorization would be given, constituted again a limitation. It was clear from the wording of the provision that the objective of the refund system was not to conquer the market, but only to maintain traditional exports. The European Economic Community was, in principle, prepared not to sell below specifically defined prices - this was part of the EEC proposal made in the Kennedy Round - but only on the basis of reciprocity.

38. Some members of the Committee expressed their concern that under the refund system of the common agricultural policy regulations, export subsidies had become the general rule applicable to practically all commodities. A possible increase in the guide prices, which at present was being considered by the European Commission, would necessarily influence the amount of the refunds. Since these subsidies would not primarily have an effect on the internal market, but were designed so as to have effects on the outside markets, third countries were directly concerned with the amounts of the subsidies, and with the extent of the application of the system. In the view of these members, the use of export subsidies should be limited to commodities for which the circumstances were exceptionally difficult. If there appeared to be a continuous need for export subsidies, surplus production should be reduced. They regarded the use of export subsidies as an unhealthy practice, and recalled that this view was shared
by the representative of the Community during the consultation held in 1962.
They enquired whether the Community again could confirm that it would abide by the
provisions of Article XVI of the General Agreement and would notify the CONTRACTING
PARTIES of the extent and the nature of the refunds. In this connexion, they
pointed out that member States were required to provide the European Commission
each month with information on quantities exported, and the amount of refunds
granted, and they enquired whether such information would be published.

39. The representative of the Community pointed out that for nearly all important
agricultural products export subsidies were used in international trade by several
countries, and that all countries were forced to intervene on their markets by
one means or another. Any increase in the guide prices would not necessarily mean
an increase in the refunds; this would only be the case if the internal market
price increased. As regards the extent of the application of the refund system,
there was a clear limitation in the financial consequences of such a system; such
financial questions were at present being thoroughly examined by the European
Commission and the member States. The representative of the Community confirmed
that in the application of the common agricultural policy regulations, the Community
would strictly abide by the provisions of the General Agreement. The Community
did not, however, consider the refund simply as an export subsidy; it was a
stabilization measure sui generis, inherent to the common agricultural policy
system. Any obligation to notify the refunds under Article XVI would have to be
examined with this in mind. He further stated that the information which was
provided monthly by member States was primarily to be used for internal purposes.

40. The Committee felt that it was not its task to go into the legal question as
to whether the provisions of Article XVI were applicable to the refunds as applied
by the Community. Several members of the Committee, however, recalled that
Article XVI dealt with "any subsidy, including any form of income or price support,
which operates directly or indirectly to increase exports....". In their view
the wording was such that the provisions of Article XVI clearly applied to the
Community refunds.

41. A member of the Committee noted that the maximum amounts for the refunds in
respect of frozen meat and certain other types of meat, were to be determined in
accordance with the procedure of the Management Committee. He enquired whether
these amounts had already been determined. The representative of the Community
replied that no such decisions had yet been taken, and consequently no export
refunds were being granted; in the present situation of shortage, there was no
great urgency to arrive at a decision in this respect.

Import certificates

42. In reply to questions, the representative of the Community stated that there
was a mandatory provision under which for imports of frozen meat (ex 02.01 AII)
from member States and from third countries, an import certificate was required.
Such certificates were issued automatically on request subject only to the condition of the deposit of a guarantee. The requirement of import certificates therefore was not a measure of a restrictive character; it was only necessary for administrative and statistical purposes.

43. A member of the Committee enquired how the safeguard clause, under which safeguard measures could be taken concerning imports, related to the issue of import certificates. Could the issue of import certificates be suspended, and could imports be prohibited for which an import certificate had already been issued? The representative of the Community replied that the regulation did not provide for the possibility of suspending the issue of import certificates. The wording of the safeguard clause was quite general, and formally member States who invoked this clause were entitled to prohibit imports of products, even if an import certificate had already been issued; there was no difference in treatment for products for which no certificate was required. Depending on the circumstances, however, it was expected that member States might continue to accept imports for which a certificate had already been issued.

44. Some members of the Committee, representing distant suppliers, drew attention to the fact that in several cases exports from their countries required more than 100 days between the time of conclusion of the contract and the arrival of the shipment in the Community. Sometimes these shipments met with extra delays which were not covered by the emergency clauses in the regulations. The time of validity of the import certificates of two months after the month of issue therefore gave rise to a real problem.

Trade barriers

45. The Committee noted that as from the entry into effect of the regulation only the customs duties and levies specifically provided were applied and that all other charges having an equivalent effect had been abolished. It was also noted that with a few exceptions, quantitative import restrictions and measures having an equivalent effect had been abolished. Some members pointed out, however, that certain member States still maintained charges arising from the health regulations in the country concerned. Furthermore, in some countries imports of certain cuts of meat were still prohibited. They were anxious to know whether these charges and import prohibitions would also be removed. The representative of the Community replied that the member States were still in the process of aligning their health regulations. Until common health regulations were effective, member States continued to apply their national regulations, including the charges which they used to impose for sanitary control, and including specific sanitary rules for certain types of meat.
46. In reply to questions raised by another member of the Committee, the representative of the Community stated that a special trade régime had been established with State-trading countries; this régime was based either on a so-called "estimated amount", which was the average of the imports effected in the years 1960 and 1961, or on quotas laid down in bilateral trade agreements with these countries. If imports of a particular product from a State-trading country exceeded the estimated amount by more than 20 per cent, and if the market in one or more member States should suffer, or become liable to suffer, serious disruption, the Commission could decide whether the importing member State had to suspend, or was allowed to maintain, these imports. This was the only case where the Council had taken a decision derogating from the general abolishment of quantitative import restrictions.

47. In reply to another question, the representative of the Community explained that the provision under which it was stated that the grant of import certificates to a specified category of beneficiaries was considered to be a measure having equivalent effect to a quantitative restriction, was included in all regulations in order to avoid differences in interpretation and to make certain that import certificates would indeed be issued to anyone who made a request and provided the deposit required.

48. Some members of the Committee expressed concern about the wide range and the general wording of the safeguard clause. They enquired whether there was a relation between this clause and Article XIX of the General Agreement. They also enquired whether the clause could apply to a single product only, and whether in that case it would apply to all countries without discrimination. They further enquired whether the clause applied only to the transitional period. The representative of the Community confirmed that the safeguard clause would only be applied in exceptional circumstances, such as are provided for in Article XIX of the General Agreement. He explained that the clause was exactly the same as the one contained in the regulations on pig meat, eggs and poultry for example. Its field was restricted to the transitional period; this again was a proof of the liberal concept of the beef regulation. The wording of the provision was quite general and did not exclude the possibility of invoking the clause in respect of one product only. It would then immediately apply to all countries without discrimination. It was, however, difficult to see how a safeguard measure could be limited to one product only since it could then easily be frustrated by imports of substitutable products. He further pointed out that if the clause would be invoked by one member State, there would automatically be set in motion a common procedure under which the Commission and the Management Committee would consider the measures taken by the member State concerned.
Concluding comments

49. Several members of the Committee expressed the view that the regulation had entered into operation only recently. Trade had not yet had sufficient experience with the new rules, and the way in which they were applied. They therefore reserved a final judgement and expressed the hope that an opportunity would be given for a reassessment in the future in the light of experience.

50. A member of the Committee repeated that the level of the guide price was of particular importance to Community producers, but also to third country suppliers, because a high level of the guide price could induce uneconomic production. He recognized that since the import levy would not be in full operation if the internal market price was higher than the guide price, there was some opportunity for a freer play of competition. An increase in the guide price, however, could easily change this situation. He further pointed out that since the levy on imports from other member States would be imposed only if the internal market price had fallen below the intervention price, producers within the Community had an artificial preference on outside suppliers. He repeated his concern regarding the refund system, and expressed the hope that the system would be applied in a careful manner so as not to disrupt third country markets. He expressed his concern on the discretionary power which was built into the safeguard clause, and in the provision under which measures derogating from the regulation could be taken. He expressed the hope that the liberal elements which were included in the beef regulation, were not due to the present market situation only.