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**COM (81)619**

**Vol. 1981/0188**

Historical Archives of the European Commission

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# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 619 final

Brussels, 22 October 1981

Recommendation for a

COUNCIL DECISION

concerning the conclusion of an Agreement resulting from  
the negotiations and consultations between Finland and  
the European Economic Community concerning trade in  
various agricultural products

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(submitted to the Council by the Commission)

COM(81) 619 final

## EXPLANATORY MEMORANDUM

In accordance with the mandate it received from the Council on 16 December 1980, the Commission conducted negotiations with Finland concerning their reciprocal trade in cheese. At the same time, following Greece's accession to the Communities, the Commission held negotiations with Finland under Article XXIV (6) of the GATT.

The negotiations have resulted in a satisfactory overall agreement.

CONCLUSION OF AN AGREEMENT RESULTING FROM THE NEGOTIATIONS AND  
CONSULTATIONS BETWEEN FINLAND AND THE COMMUNITY ON TRADE IN  
VARIOUS AGRICULTURAL PRODUCTS

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(Commission Communication to the Council)

The Commission hereby transmits to the Council :

- i. a report on the outcome of the negotiations and consultations between Finland and the Community on trade in various agricultural products (Annex A) ;
- ii. a draft agreement including an agreed minute and a temporary arrangement (Annex B).

The Commission recommends that the Council approve this Agreement.

To that end it presents a draft decision on the conclusion of the Agreement (Annex C).

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Report on the outcome of the

NEGOTIATIONS AND CONSULTATIONS BETWEEN FINLAND AND THE  
COMMUNITY ON TRADE IN VARIOUS AGRICULTURAL PRODUCTS

1. In accordance with the mandate it received from the Council on 16 December 1980 and following Finland's request, the Commission held consultations with Finland on the situation regarding the reciprocal trade in cheese.

At these consultations, both parties noted, each for its part, that the situation was unsatisfactory. The conclusion reached by both delegations was that some features of the import systems in force in Finland and the Community did not correspond to the present market circumstances and that they should be brought into line with the real situation. It proved preferable to adopt a provisional practical solution rather than to seek a definitive adjustment, which would have been difficult to achieve in the present economic circumstances.

The negotiations resulted in a three-year temporary arrangement (see Annex I) the main features of which are the stabilization of imports into the Community from Finland at a certain quantitative level (average of 1978, 1979 and 1980 imports), the progressive opening of the Finnish market to Community exports and the establishment, with reciprocal guarantees, of a satisfactory competitive situation based on the setting up of a concerted discipline mechanism.

2. Following Greece's accession to the European Communities, the Community is obliged to hold negotiations under Article XXIV (6) of the GATT in order to compensate its GATT partners for the injury caused them by the substitution of CCT duties for Greek customs duties bound under GATT. In a letter of 11 June 1981, Finland requested the opening of those negotiations with the Community.

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The negotiations, which took place at the same time as the negotiations on cheese, resulted in an agreement under which the Community will grant Finland tariff concessions in the cheese sector as compensation for the withdrawal of the tariff concessions bound by Greece (in particular for certain cheeses).

Finland stated that it was prepared, without binding under GATT, to include these concessions in the temporary arrangement for cheese (see exchange of letters in Annex II).

3. Both delegations feel that they have reached a balanced overall agreement which is satisfactory to both parties. An agreed minute (see Annex B) was initialled in Helsinki on 31 August 1981 and is being submitted for the approval of their respective authorities. The agreed minute comprises an overall agreement on the following points :

- (i) Temporary arrangement for a concerted discipline between Finland and the European Economic Community concerning reciprocal trade in cheese ;
- (ii) Exchange of letters concerning the outcome of the negotiations between Finland and the European Economic Community under Article XXIV (6) of the GATT following the accession of Greece to the European Communities.

AGREED MINUTE

Negotiations and consultations between the Finnish Delegation  
and the Delegation of the Commission of the European Communities  
concerning trade in various agricultural products

The Finnish Delegation and the Delegation of the Commission of the European Communities have reached an overall agreement covering the following points :

- (i) Temporary arrangement for a concerted discipline between Finland and the European Economic Community concerning reciprocal trade in cheese (Annex I) ;
- (ii) Exchange of letters concerning the outcome of the negotiations between Finland and the European Economic Community under Article XXIV (6) of the GATT following the accession of Greece to the European Communities (Annex II).

The delegations have agreed to submit this overall agreement to their respective authorities for approval.

Done at Helsinki, 31 August 1981

For the Finnish Delegation

For the Delegation of  
the Commission of the  
European Communities,



TEMPORARY ARRANGEMENT FOR A CONCERTED DISCIPLINE BETWEEN  
FINLAND AND THE EUROPEAN ECONOMIC COMMUNITY CONCERNING  
RECIPROCAL TRADE IN CHEESE.

- I. The European Economic Community and Finland have held consultations concerning their reciprocal trade in cheese.

During these consultations, both parties noted, each for its part, that the development of reciprocal imports and exports of cheese was not satisfactory, and that certain import arrangements, agreed between them, no longer corresponded to the situation on the market in cheese.

They concluded, by common accord, that the trade arrangements for cheese should be adapted to the requirements of their respective markets, account also being taken of the accession of Greece to the Community.

They considered that, under the present circumstances, it would be preferable to seek a practical solution for a limited period rather than to adapt these arrangements on a definitive basis.

- II. Finland and the Community have agreed to conclude a temporary arrangement, the provisions of which are as follows :

1. Finland and the Community shall temporarily suspend, for an initial period of three years from 1 January 1982 to 31 December 1984, the following provisions of the arrangements for the importation of cheeses into the Community :

- the value limits included in the binding under GATT (Schedule LXXII - EEC of the following CCT tariff lines :

04.04 A I a) ex 1

04.04 A I b) 1 ex aa) ;

- the value limits included in the Community's autonomous concession for Tilsit and Butterkäse falling within CCT subheading 04.04 E I b) 2 ;
- the value limits included in the Community's autonomous concession for processed cheese falling within CCT subheading 04.04 D I.

2. Finland and the Community will establish for the same period as the suspensions mentioned in paragraph 1 above the following trade arrangements.

For the period from 1 January 1982 to 31 December 1984, for the cheeses listed below, the quantities traded each year and the duties to be levied on importation may not exceed the following levels :

a) ON IMPORTATION INTO THE COMMUNITY :

Cheese falling within CCT heading No 04.04 originating in and coming from Finland, accompanied by an approved certificate :

	<u>Quantity</u>	<u>Import duty</u>
- Finlandia, of a minimum fat content of 45 % by weight, in the dry matter, matured for at least 100 days, in rectangular blocks, of a net weight of not less than 30 kg, falling within CCT subheading 04.04 E I b) 5	5 850 t, including a maximum of 2 900 t for Finlandia	18,13 ECU/100 kg
- Emmentaler, Gruyere, Sbrinz and Bergkäse, not grated or powdered, of a minimum fat content of 45 % by weight, in the dry matter, matured for at least three months, falling within CCT subheading 04.04 A I or II :		
. whole cheeses		
. pieces packed in vacuum or in inert gas with rind on at least one side, of a net weight of not less than 1 kg but less than 5 kg	1 350 t	18,13 ECU/100 kg

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	<u>Quantity</u>	<u>Import duty</u>
- Processed cheese, not grated or powdered, in the blending of which only Emmentaler, Gruyere and Appenzell have been used and which may contain, as an addition, Glarus herb cheese (known as Schabziger), put up for retail sale, of a fat content, by weight, in the dry matter, not exceeding 56 %, falling within CCT subheading 04.04 DI or DII a) 1	500 t	36.27 ECU/100 kg
- Other	0 t	-

b) ON IMPORTATION INTO FINLAND

Cheese falling within heading n° 04.04 of the Finnish Customs Tariff, originating in and coming from the Community, and accompanied by an approved certificate of quality and origin

	<u>Quantity</u>	<u>Import duty</u>
04.04.150 fresh cheese, curd		2/3 of the levy
	overall quantity of	
200 processed cheese	400 t for 1982	1/3 of the levy
300 whey cheese	500 t for 1983	2/3 of the levy
400 mould-cured cheese	600 t for 1984	1/3 of the levy
901 Emmentaler-type cheeses		full levy
	with no restrictions as to type or quality	
902 Edam-type cheeses		full levy
909 other cheeses		1/3 of the levy

3. Finland undertakes to take the necessary measures to ensure that :
  - i. the quantities it has agreed to export to the Community (see 2. (a)) will not be exceeded ;
  - ii. import licences will be granted regularly and in such a way that the quantities it has agreed to import from the Community (see 2. (b) ) can be reached.

The Community and Finland will take steps to ensure that the benefits which they grant each other will not be jeopardized by other import measures.

4. Finland and the Community undertake, each on its own behalf, to ensure that the prices charged by their exporters are not such as to create difficulties on the importing country's market.

They agree, in this connection, to set up the system for cooperation and the exchange of information described in the Annex to this Arrangement.

If difficulties arise concerning the prices charged, consultations will be held at the request of either party, as promptly as possible, with a view to the adoption of appropriate corrective measures.

5. The two parties may consult each other at any stage concerning the operation of this Arrangement and may, by common accord, alter it if necessary by reference in particular to the trend of market prices, production, marketing or consumption of home-produced and imported cheeses.
6. In order to ensure constant cooperation in the day-to-day running of export and import operations, the Finnish Government and the Community shall each appoint a Delegate. These Delegates will exchange information on the development of trade as regards prices and quantities marketed.

7. During the first half of 1984, consultations will be held in order to decide whether this Arrangement should be extended, and if so, on what terms.
  
8. All the provisions contained in this Arrangement will enter into force on the same date.

Done at

For the Government of the  
Republic of Finland

On behalf of the Council  
of the European Communities

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With a view to preventing the prices charged by exporters from being such as to create difficulties on the importing country's market, the following information and cooperation system has been set up :

- 1) Finland will provide the Commission of the European Communities with the following information on each category of cheese covered by the Arrangement :
  - two weeks before the beginning of each quarter, prospective Finnish exports to the Community for the next quarter (anticipated quantities, free-at-Finnish-frontier prices, probable markets) ;
  - three weeks following the end of each quarter, actual Finnish exports to the Community during the past quarter (quantities and free-at-Finnish-frontier prices, importing member countries).
  
- 2) The Commission of the European Communities will at regular intervals provide price quotations and any other useful information concerning the market in home-produced and imported cheeses.

Sir,

I have the honour to refer to the note which the Finnish Permanent Mission in Geneva addressed to the Permanent Representative of the Commission of the European Communities in Geneva on 11 June 1981 concerning Finland's request for the initiation of negotiations with the Community under Article XXIV (6) of the GATT, following the accession of Greece to the European Communities.

I noted Finland's claim that, for the following tariff headings, listed in Schedule XXV - Greece, which has been withdrawn, it was Greece's main supplier outside the Community :

- 04.04 B 5 "Dutch cheeses"
- 04.04 B 9 Other prepared cheeses.

As a result of the negotiations held on this subject between our delegations during the consultations concerning cheese, concessions were included in the "Temporary arrangement for a concerted discipline on reciprocal trade in cheese" as compensation for the rights which Finland has under Article XXIV (6).

The Community gives an undertaking to enter into consultations with Finland, should this temporary Arrangement expire, in order to give it compensation equivalent to its rights under Article XXIV (6).

I should be grateful if you would confirm whether you are in agreement with the above.

Please accept, Sir, the assurance of my highest consideration.

Sir,

I have the honour to confirm my agreement to the content of your letter of \_\_\_\_\_, which reads as follows :

"I have the honour to refer to the note which the Finnish Permanent Mission in Geneva addressed to the Permanent Representative of the Commission of the European Communities in Geneva on 11 June 1981 concerning Finland's request for the initiation of negotiations with the Community under Article XXIV (6) of the GATT, following the accession of Greece to the European Communities.

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The Community gives an undertaking to enter into consultations with Finland, should this temporary Arrangement expire, in order to give it compensation equivalent to its rights under Article XXIV (6).

I should be grateful if you would confirm whether you are in agreement with the above".

Please accept, Sir, the assurance of my highest consideration.



RECOMMENDATION FOR A COUNCIL DECISION

concerning the conclusion of an Agreement resulting from the negotiations and consultations between Finland and the European Economic Community concerning trade in various agricultural products

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, in accordance with the mandate which it received from the Council on 16 December 1980, the Commission has held consultations with Finland on reciprocal trade in cheese and has reached a satisfactory agreement with that country in a spirit of reciprocity;

Whereas, in accordance with the authorization<sup>which</sup> it received from the Council on 28 April 1981, the Commission initiated negotiations with Finland under Article XXIV (6) of the GATT following the accession of Greece to the European Communities and has reached an acceptable agreement,

HAS DECIDED AS FOLLOWS :

Article 1

The Agreement between Finland and the European Economic Community comprising :

- a temporary arrangement for a concerted discipline between Finland and the European Economic Community concerning reciprocal trade in cheese ;

- an exchange of letters concerning the outcome of the negotiations between Finland and the European Economic Community under Article XXIV (6) of the GATT following the accession of Greece to the European Communities;

is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement in order to bind the Community.

Done at Brussels,

For the Council  
The President