

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.SB/SN/20

22 January 1990

Special Distribution

Surveillance Body

Original: Spanish

STANDSTILL

Notification

1.	<u>Participant notifying:</u> Argentina
2.	<u>Participant maintaining the measure:</u> EEC
3.	<u>Description of the measure (including date of entry into force and reference to any relevant legislation or other document):</u>  By Regulations 1834 and 1835 (entry into force: 30 and 27 June 1989, respectively), the EEC has established rules for aid for high-quality flint maize. By Regulation 1836/89 (entry into force: 30 June 1989) it has set the amount of the subsidy for the 1989/1990 marketing year at ECU 155 per hectare. The purpose is to provide a level of aid that will permit an expansion of the crop.
4.	<u>Products covered, including tariff headings (CCCN where applicable, otherwise national tariff lines):</u>  Flint maize: HS 10 05 90 00
5.	<u>Country or countries to which the measure applies:</u>  The trade effects of the Community Regulation will affect Argentina and other exporters of the product in question.
6.	<u>Relevance of the measure to the standstill commitment:</u>  These are new measures which tend to limit imports of the product into the EEC through the substitution of domestic products for imports. They were adopted after the standstill commitment of the Punta del Este Ministerial Declaration and the decision on standstill in agriculture of the Mid-Term Review. They are considered incompatible with indents (ii) and (iii) of the standstill commitment of the Punta del Este Declaration and with the last part of paragraph 14 of the Decision on Agriculture of the Uruguay Round Mid-Term Review Meeting of the Trade Negotiations Committee.

6. Relevance of the measure to the standstill commitment: (cont'd)

Opinion No. 89/C 159/18 of the EEC Economic and Social Council to the Council, published on 26 June 1989, recognizes that the purpose of the proposed, and subsequently adopted, measure is to displace imports from the Republic of Argentina, the main supplier of the product. It also states that it would be in the interest of the Community not to have to rely, for the bulk of its supplies, on foreign sources.

7. Comments by the participant maintaining the measure:

ANNEX I

(Acts whose publication is obligatory)

Council Regulation (EEC) No. 1834/89  
of 19 June 1989

amending Regulation (EEC) No. 2727/75 on the common organization  
of the market in cereals

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic  
Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>3</sup>,

Whereas high-quality flint maize is not grown in the Community;  
whereas the present mechanism of the common organization of the market  
makes its price unattractive; whereas there is substantial demand for  
these varieties by producers of swollen or roasted cereal products;  
whereas in view of the existence of these outlets the growing of these  
varieties should be encouraged by means of a temporary production aid  
scheme;

Whereas such a scheme must engender neither development of production  
in excess of actual requirements nor an excessive charge to the Community  
budget; whereas the scheme should therefore be restricted to production in  
areas suited to the varieties in question that under the terms of  
cultivation contracts is to go for the particular uses for which these  
varieties are demanded,

HAS ADOPTED THIS REGULATION:

Article 1

The following Article is inserted in Regulation (EEC) No. 2727/75<sup>4</sup>, as  
last amended by Regulation (EEC) No. 1213/89<sup>5</sup>,

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<sup>1</sup>Official Journal No. C 87, 8 April 1989, page 8

<sup>2</sup>Official Journal No. C 158, 26 June 1989

<sup>3</sup>Official Journal No. C 102, 24 April 1989, page 25

<sup>4</sup>Official Journal No. L 281, 1 November 1975, page 1

<sup>5</sup>Official Journal No. L 128, 11 May 1989, page 1

'Article 10a

1. Aid shall be granted for the production of certain varieties of high-quality flint maize in the most suitable areas of the Community.

2. The granting of the aid shall be conditional on

- the conclusion of a cultivation contract including an undertaking by the purchaser to process the maize into products falling within CN Code 1904 10 10,
- the lodging of security against failure to meet the commitment referred to in the first indent.

3. The aid shall be set per hectare of area cultivated.

The aid shall be granted for three years, for the first time for high-quality flint maize sown during the 1989/90 marketing year.

4. The aid rate shall be fixed using the procedure specified in Article 43 (2) of the Treaty.

5. The Council, acting by qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article and, in particular, the quality standards to be used for determining for which varieties the aid is to be granted.

6. Detailed rules for the application of this Article, specifying in particular further terms required in cultivation contracts, shall be adopted using the procedure set out in Article 26.'

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall apply from 1 September 1989.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 19 June 1989

For the Council  
The President

C. ROMERO HERRERA

ANNEX II

Council Regulation (EEC) No. 1835/89

of 19 June 1989

setting general rules on the production aid for high-quality flint maize

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No. 2727/75 of 29 October 1975 on the common organization of the market in cereals<sup>1</sup>, as last amended by Regulation (EEC) No. 1834/89<sup>2</sup>, and in particular Article 10a(5) thereof,

Having regard to the proposal from the Commission,

Whereas Article 10a of Regulation (EEC) No. 2727/75 states that aid is to be granted for the production in certain areas of the Community of certain varieties of high-quality flint maize; whereas under these provisions the quality standards for selection of these varieties should be determined;

Whereas the specific utilization of the product requires 15 per cent moisture content to be obtained by pre-reaping drying; whereas such natural drying can be effected only in areas with suitable weather conditions; whereas the aid scheme should therefore be restricted to areas meeting this criterion;

Whereas, if the aid scheme is to operate satisfactorily, Member States must ensure that the terms on which aid is granted are respected; whereas to this end arrangements should be made for areas sown to be declared and for the exercise of supervision by the Member States,

HAS ADOPTED THIS REGULATION:

Article 1

The aid provided for in Article 10a of Regulation (EEC) No. 2727/75 shall be granted by Member States for the production of high-quality flint maize. The requirements set out below must be met.

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<sup>1</sup>Official Journal No. L 281, 1 November 1975, page 1

<sup>2</sup>See page 1 of this Official Journal

## Article 2

The area sown must be tended in the normal way and, following ripening, the crop must be left standing in the field for a period long enough to allow natural drying to a moisture content not exceeding 15 per cent.

## Article 3

1. For the purposes of this Regulation 'high-quality flint maize' shall be defined as the maize varieties entered in a national seed catalogue that display the following characteristics:

- kernel type: horny,
- kernel tip colour; orange, orange-red, red or dark red,
- flotation test: a maximum of 15 per cent by weight of the sample floats.

2. The list of varieties meeting the definition of high-quality flint maize set out in paragraph 1 and the suitable areas for the production shall be adopted using the procedure set out in Article 26 of Regulation (EEC) No. 2727/75.

## Article 4

1. Member States shall introduce the administrative arrangements, including physical inspection, necessary to ensure that the qualifying requirements for the aid are met. These arrangements shall include:

- (a) an obligation to declare areas sown and the certified seed varieties used. The declaration shall count as an application for aid provided that it is accompanied by the crop contract;
- (b) systematic field checks on the accuracy of declarations, referred to in point (a);
- (c) any other procedures determined, where appropriate, using the procedure set out in Article 26 of Regulation (EEC) No. 2727/75.

## Article 5

The aid to be paid shall be calculated on the basis of the area cultivated.

## Article 6

Member States shall notify the Commission of the action taken pursuant to this Regulation and the areas in respect of which aid has been given.

Article 7

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities,

It shall apply from 1 September 1989.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 19 June 1989

For the Council  
The President

C. ROMERO HERRERA



ANNEX III

Council Regulation (EEC) No. 1836/89  
of 19 June 1989

fixing the production aid for sowings in the 1989/90 marketing year  
of certain varieties of high-quality flint maize

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic  
Community, and in particular Article 43 thereof,

Having regard to Council Regulation (EEC) No. 2727/75 of  
29 October 1975 on the common organization of the market in cereals<sup>1</sup>, as  
last amended by Regulation (EEC) No. 1834/89<sup>2</sup>, and in particular  
Article 10a(4) thereof,

Having regard to the proposal from the Commission<sup>3</sup>,

Having regard to the opinion of the European Parliament<sup>4</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>5</sup>,

Whereas the purpose of the production aid is to encourage the growing  
of high-quality flint maize; whereas the aid must be set at a level that  
will permit an expansion of the crop but not to a volume out of proportion  
with the actual requirements of the Community market;

HAS ADOPTED THIS REGULATION:

Article 1

The production aid for high-quality flint maize provided for in  
Article 10a of Regulation (EEC) No. 2727/75 shall be ECU 155 per hectare  
for maize sown during the 1989/90 marketing year.

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<sup>1</sup>Official Journal No. L 281, 1 November 1975, page 1

<sup>2</sup>See page 1 of this Official Journal

<sup>3</sup>Official Journal No. C 87, 8 April 1989, page 9

<sup>4</sup>Official Journal No. C 158, 26 June 1989

<sup>5</sup>Opinion delivered on 26 April 1989 (not yet published in the  
Official Journal)

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall apply from 1 September 1989.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 19 June 1989

For the Council  
The President

C. ROMERO HERRERA

ANNEX IV

Opinion on:

- the proposal for a Council regulation (EEC) amending Regulation (EEC) No. 2727/75 on the common organization of the market in cereals,
- the proposal for a Council regulation (EEC) setting general rules on the production aid for high-quality flint maize, and
- the proposal for a Council regulation (EEC) fixing the production aid for sowings in the 1988/1989 marketing year of certain varieties of high-quality flint maize<sup>1</sup>

(89/C 159/18)

On 10 April 1989, the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Community, on the above-mentioned proposals.

The Economic and Social Committee decided to appoint Mr. Strauss as rapporteur-general with the task of preparing its work on the subject.

At its 265th plenary session (meeting of 26 April 1989) the Economic and Social Committee adopted the following Opinion unanimously.

1. The Committee supports the proposals of the Commission under which production aid would be introduced over a three-year period to encourage the growing of high-quality flint maize.
2. Flint maize is required for the manufacture of certain types of breakfast cereals. It does not crumble when pounded into flakes. All supplies have currently to be imported, mainly from the Argentine. The Committee is of the view that it would be in the interest of the Community not to have to rely for the bulk of its supplies on foreign sources.
3. Flint maize is lower yielding (only about two-thirds) than other types of maize grown in the EC. Its production is also complex; it has to be left in the field for drying down to 15 per cent moisture content. Insurance and financial costs are therefore higher than for other types of maize.
4. To persuade producers to grow flint maize, a special incentive is required. Given this incentive, growers in Andalucía, and possibly also in some other parts of Southern Europe, could switch from dent to flint maize.

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<sup>1</sup>Official Journal No. C 87, 8 April 1989, pages 8 and 9

5. The Committee concurs with the Commission's view that the proposed production aid must neither encourage production in excess of market demand nor constitute an excessive charge on the Community budget. It therefore welcomes the provision that to qualify for aid producers have to contract with processors who must give an undertaking to process the maize into corn flakes and similar products. The Committee shares the view that the premium should be determined annually so that it can be adjusted in the light of response to the scheme. The system of contracting should also enable the Commission to ensure that the price paid by processors reflects the c.f. price of Plata maize, which is normally above the threshold price.

6. The Committee supports the concept of pump priming. It believes that the scheme should, as intended, operate for three years only. It would then be up to the processors to provide producers with the necessary premium.

7. The Committee regrets the delay which has occurred in framing the proposal. Although it is proposed that a production aid of ECU 155 per ha. should be paid for flint maize sown during 1988/1989, all the maize grown this year will by now have been planted. The Committee is, therefore, of the view that the scheme should run for three years commencing 1989/1990. Early agreement to the Commission's proposal is necessary if sufficient seed is to be procured for significant plantings in 1989/1990.

8. Careful consideration will have to be given to the introduction of the proposed scheme in view of the mid-term agreement on the Uruguay Round of trade negotiations. It should, however, be noted that the Community is now an exporter of maize. A switch from high yielding dent maize to low yielding flint maize will therefore reduce pressure on world markets. Moreover the proposed production aids will cost less than export restitution so that the overall level of EC support expenditure in the maize sector will be reduced.

Done at Brussels, 26 April 1989

The Chairman  
of the Economic and Social Committee

Alberto MASPRONE