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I

(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 3226/89

of 23 October 1989

on the application of Decision No 2/89 of the EEC—Austria Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Article 1

Having regard to the proposal from the Commission,

Decision No 2/89 of the EEC—Austria Joint Committee shall apply in the Community.

Whereas the Agreement between the European Economic Community and the Republic of Austria ⁽¹⁾, signed on 22 July 1972 entered into force on 1 January 1973;

The text of the Decision is attached to this Regulation.

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 2/89 further amending Article 8 of that Protocol;

Article 2

Whereas it is necessary to apply that Decision in the Community,

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

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

Done at Luxembourg, 23 October 1989.

For the Council

The President

H. NALLET

⁽¹⁾ OJ No L 300, 31. 12. 1972, p. 2.

DECISION No 2/89 OF THE EEC—AUSTRIA JOINT COMMITTEE

of 21 August 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE,

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Republic of Austria, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

Article 8 of Protocol 3, as last amended, is hereby amended as follows:

- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800',
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 21 August 1989.

For the Joint Committee

The Chairman

G. WAAS

COUNCIL REGULATION (EEC) No 3227/89

of 23 October 1989

on the application of Decision No 3/89 of the EEC—Finland Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas the Agreement between the European Economic Community and the Republic of Finland ⁽¹⁾, signed on 5 October 1973 entered into force on 1 January 1974;

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 3/89 further amending Article 8 of that Protocol;

Whereas it is necessary to apply that Decision in the Community,

Article 1

Decision No 3/89 of the EEC—Finland Joint Committee shall apply in the Community.

The text of the Decision is attached to this Regulation.

Article 2

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

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

Done at Luxembourg, 23 October 1989.

For the Council

The President

H. NALLET

(¹) OJ No L 328, 28. 11. 1973, p. 2.

DECISION No 3/89 OF THE EEC—FINLAND JOINT COMMITTEE

of 11 August 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE;

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Republic of Finland, signed in Brussels on 5 October 1973,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

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- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800',
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 11 August 1989.

For the Joint Committee

The Chairman

P. BENAVIDES

COUNCIL REGULATION (EEC) No 3228/89

of 23 October 1989

on the application of Decision No 2/89 of the EEC—Iceland Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Article 1

Having regard to the proposal from the Commission,

Decision No 2/89 of the EEC—Iceland Joint Committee shall apply in the Community.

Whereas the Agreement between the European Economic Community and the Republic of Iceland⁽¹⁾, signed on 22 July 1972 entered into force on 1 April 1973;

The text of the Decision is attached to this Regulation.

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 2/89 further amending Article 8 of that Protocol;

Article 2

Whereas it is necessary to apply that Decision in the Community,

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

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

Done at Luxembourg, 23 October 1989.

For the Council

The President

H. NALLET

⁽¹⁾ OJ No L 301, 31. 12. 1972, p. 2.

DECISION No 2/89 OF THE EEC—ICELAND JOINT COMMITTEE

of 4 August 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE,

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Republic of Iceland, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

Article 8 of Protocol 3, as last amended, is hereby amended as follows:

- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800',
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 4 August 1989.

For the Joint Committee

The Chairman

P. BENAVIDES

COUNCIL REGULATION (EEC) No 3229/89

of 23 October 1989

on the application of Decision No 2/89 of the EEC—Norway Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Article 1

Having regard to the proposal from the Commission,

Decision No 2/89 of the EEC—Norway Joint Committee shall apply in the Community.

Whereas the Agreement between the European Economic Community and the Kingdom of Norway ⁽¹⁾, signed on 14 May 1973 entered into force on 1 July 1973;

The text of the Decision is attached to this Regulation.

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 2/89 further amending Article 8 of that Protocol;

Article 2

Whereas it is necessary to apply that Decision in the Community,

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

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

Done at Luxembourg, 23 October 1989.

For the Council

The President

H. NALLET

⁽¹⁾ OJ No L 171, 27. 6. 1973, p. 2.

DECISION No 2/89 OF THE EEC—NORWAY JOINT COMMITTEE

of 8 August 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE,

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Kingdom of Norway, signed in Brussels on 14 May 1973,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

Article 8 of Protocol 3, as last amended, is hereby amended as follows:

- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800';
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 8 August 1989.

For the Joint Committee

The Chairman

E. BERG

COUNCIL REGULATION (EEC) No 3230/89

of 23 October 1989

on the application of Decision No 2/89 of the EEC—Sweden Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas the Agreement between the European Economic Community and the Kingdom of Sweden ⁽¹⁾, signed on 22 July 1972 entered into force on 1 January 1973;

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 2/89 further amending Article 8 of that Protocol;

Whereas it is necessary to apply that Decision in the Community,

Article 1

Decision No 2/89 of the EEC—Sweden Joint Committee shall apply in the Community.

The text of the Decision is attached to this Regulation.

Article 2

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

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

Done at Luxembourg, 23 October 1989.

For the Council
The President
H. NALLET

⁽¹⁾ OJ No L 300, 31. 12. 1972, p. 97.

DECISION No 2/89 OF THE EEC—SWEDEN JOINT COMMITTEE

of 20 September 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE,

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Kingdom of Sweden, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

Article 8 of Protocol 3, as last amended, is hereby amended as follows:

- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800',
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 20 September 1989.

For the Joint Committee

The Chairman

S. BRATTSTRÖM

COUNCIL REGULATION (EEC) No 3231/89

of 23 October 1989

on the application of Decision No 2/89 of the EEC—Switzerland Joint Committee altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas the Agreement between the European Economic Community and the Swiss Confederation ⁽¹⁾, signed on 22 July 1972 entered into force on 1 January 1973;

Whereas by virtue of Article 28 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, which forms an integral part of the said Agreement, the Joint Committee adopted Decision No 2/89 further amending Article 8 of that Protocol;

Whereas it is necessary to apply that Decision in the Community,

Article 1

Decision No 2/89 of the EEC—Switzerland Joint Committee shall apply in the Community.

The text of the Decision is attached to this Regulation.

Article 2

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

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

Done at Luxembourg, 23 October 1989.

For the Council

The President

H. NALLET

⁽¹⁾ OJ No L 300, 31. 12. 1972, p. 189.

DECISION No 2/89 OF THE EEC—SWITZERLAND JOINT COMMITTEE

of 21 August 1989

altering the limits expressed in ecus in Article 8 of Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation

THE JOINT COMMITTEE,

HAS DECIDED AS FOLLOWS:

Having regard to the Agreement between the European Economic Community and the Swiss Confederation, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, and in particular Article 28 thereof,

Whereas the equivalents of the European units of account in some national currencies on 3 October 1988 were lower than their equivalents on 1 October 1986; whereas, this fact, as a result of the automatic change of base date provided for in Article 8 (4) of Protocol 3 would lead, on the conversion into the national currencies concerned, to a lowering of the effective limits for simplified documentary requirements; whereas, in order to avoid this, the limits expressed in ecus should be raised,

Article 1

Article 8 of Protocol 3, as last amended, is hereby amended as follows:

- in paragraph 1 (c), 'ECU 4 400' is replaced by 'ECU 4 800',
- in paragraph 2, 'ECU 310' is replaced by 'ECU 340' and 'ECU 880' by 'ECU 960'.

Article 2

This Decision shall enter into force on 1 May 1989.

Done at Brussels, 21 August 1989.

For the Joint Committee

The Chairman

B. de TSCHARNER

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 25 September 1989

concerning the adaptation to the voluntary restraint agreement between the European Economic Community and New Zealand on trade in mutton, lamb and goatmeat

(89/572/EEC)

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 proposal from the Commission,

Whereas the Community has taken measures to stabilize the markets for sheepmeat and goatmeat; whereas it intends to bring about a better integration of its markets;

Whereas, within the context of these adjustments to the common market organization, it is appropriate to adapt the voluntary restraint agreements with certain third countries in this sector with a view to obtaining a stabilization of imports and an improvement in the import price;

Whereas the Commission has conducted negotiations in this connection with New Zealand which have resulted in an Agreement,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an Exchange of Letters between the European Economic Community and New

Zealand concerning the adaptation to the voluntary restraint agreement between the European Economic Community and New Zealand on trade in mutton, lamb and goatmeat 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, 25 September 1989.

For the Council

The President

H. NALLET

AGREEMENT

in the form of an Exchange of Letters relating to the adjustment of the Agreement concluded in 1980 between the European Economic Community and New Zealand on trade in mutton, lamb and goatmeat

A. Letter No 1

Sir,

I have the honour to refer to the Exchange of Letters of 17 October 1980 constituting an Agreement between the Community and New Zealand (hereinafter referred to as 'the Parties') establishing provisions relating to the import of mutton and lamb and goatmeat into the Community from New Zealand (hereinafter referred to as 'the Principal Agreement') and to negotiations held between our respective delegations for the purpose of establishing temporary derogations from certain of those provisions concurrent with the implementation of measures to stabilize the European Community sheepmeat sector and to reform the European Community internal sheepmeat regime in order to achieve a unified European Community sheepmeat market. Having regard to the interests of both the Parties in the stability and strength of that market; and on the basis of the above measures being implemented by the Community, I have the honour to propose the following derogations from the Principal Agreement which shall remain in force for the duration of this Agreement.

Clause 1

Temporary derogations

The following derogations from the Principal Agreement shall apply:

A. Access and quantity

In clause 2 of the Principal Agreement, as modified by clause 6 of the Principal Agreement, the ceiling figure of '245 500', representing the annual ceiling, in tonnes, on the total quantity of imports each year into the Community of mutton, lamb and goatmeat from New Zealand, shall be deemed to have been replaced by '205 000'. This ceiling shall be deemed to include a maximum in 1989 of 6 000 tonnes of lamb imported into the European Community from New Zealand in a form which has never been frozen, a maximum of 7 500 tonnes in 1990, a maximum of 9 000 tonnes in 1991, and a maximum of 10 500 tonnes in 1992.

B. Tariff

In clause 5 of the Principal Agreement, the words 'a maximum amount of 10 % *ad valorem*' shall be deemed to be replaced by the word 'zero'.

C. Price surveillance

With a view to improved sheepmeat prices within the Community, the Parties shall monitor the prices for lamb in accordance with the procedures contained in the Annex to this Agreement and shall consult as necessary in accordance with its provisions.

Clause 2

Consultation

Notwithstanding clause 1.C of this Agreement, either Party may request consultations concerning the operation of this Agreement at any time.

Clause 3

GATT obligations

The provisions of this Agreement shall be agreed without prejudice to the rights of New Zealand and the Community under GATT.

Clause 4

Entry into force

This Agreement shall enter into force on 1 January 1989 and shall remain in force until 31 December 1992 provided that, if either Party gives notice of denunciation of the Principal Agreement in accordance with clause 14 of that Agreement, this Agreement shall cease to have effect on the same date as that on which the Principal Agreement ceases to have effect.

Clause 5

Review

Within six months prior to expiry of this Agreement, its provisions shall be reviewed. In this review, account shall be taken of:

- (a) the effects of the reforms of the Community's sheepmeat regime;
- (b) the effect of this Agreement upon the operation of the Community sheepmeat market and upon New Zealand's returns from that market; and
- (c) the imports into the Community of mutton, lamb and goatmeat from other third countries during the term of this Agreement.

I have the honour to propose that if the foregoing is acceptable to your Government, this letter and your confirmatory reply shall together constitute an Agreement between the Community and the Government of New Zealand on the matter.

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

*For the Council of the
European Communities*

ANNEX

Price surveillance procedure

1. Pursuant to clause 1.C of this Agreement, New Zealand and the European Community will monitor:
 - (a) the representative market prices for Community-produced lamb in each Member State, such prices to be calculated for each Member State on the basis of the average price paid for such products over each monthly period in that Member State;
 - (b) the representative market prices for New Zealand frozen lamb carcasses in each Member State, such prices to be calculated for each Member State on the basis of the average prices for such products over each monthly period in that Member State.
2. The relationship between the representative market prices for New Zealand frozen lamb carcasses in each Member State of the Community and the representative market prices for Community-produced lamb in each such Member State (hereinafter referred to as 'the price relationship') will be compared with the benchmark level specified below for each such Member State, according to the region of the Community within that Member State falls. The comparison will be made on the basis of a monthly average of the percentage price relationship between representative market prices for New Zealand frozen lamb carcasses in each Member State and the representative market prices for Community-produced lamb in the same Member State. If this comparison indicates that the price relationship has, in two Member States in the same month, moved below the benchmark levels for those Member States, the Parties shall, at the request of either, enter into technical consultations with a view to determining the factors causing the downward movement in the price relationship below the benchmark level for each of those Member States, whether that downward movement still obtains, and the relative importance of the factors:

Member States by region	Benchmark levels for the relationship between prices of imported frozen lamb and prices of domestically produced lamb
Northern Member States (Belgium, Denmark, Federal Republic of Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom)	55 %
Southern Member States (Greece, Italy, Portugal, Spain)	45 %

3. When any determination pursuant to paragraph 2 is made, the factors to be taken into account by the Parties shall include traditional and seasonal price relationships and fluctuations, the prices of cuts, the impact of prices of other meats, and other exceptional factors.
4. Should either Party consider that the downward movement of the relationship between prices for New Zealand frozen lamb carcasses and Community-produced lamb below the benchmark levels in the particular Member States under consideration (hereinafter referred to as 'the particular Member States') and their remaining at such lower levels is indicative of a problem, the Parties shall consider any recommendations arising out of the technical consultations for the resolution of the problem. The Parties should in this situation agree on such measures as they consider appropriate to restore the price relationship in those Member States to the benchmark levels, having due regard to the cause or causes of the situation.
5. Should the Parties in the technical consultations fail to reach agreement on appropriate measures to resolve the problem, the Consultative Committee established under clause 10 of the Principal Agreement may be convened at a senior policy level at the request of either Party to give the matter urgent consideration.
6. Should the Parties in the official consultations in the Consultative Committee similarly fail to reach agreement on appropriate measures satisfactorily to resolve the problem, consultations shall be held between the European Community Commissioner for Agriculture and the New Zealand Minister of External Relations and Trade for resolution. If a solution cannot be found, the Commission would then be able to initiate a procedure for appropriate adjustment to the tariff on its being established that the downward movement of the price relationship below benchmark levels in the particular Member States is attributable to the prices at which New Zealand frozen lamb carcasses are being sold in those Member States by New Zealand exporters, provided that the maximum rate of the tariff following any such adjustment shall be 10 % *ad valorem*. Such adjustment shall remain in effect for no longer than the price relationship remains below benchmark levels in the particular Member States as attributed above.

7. New Zealand and the Community adopt as targets for achievement by the end of 1992 an improvement in the previously defined benchmark levels for the relationship between the representative market prices for New Zealand frozen lamb in each Member State of the European Community as follows:

Member States by region	Targeted rate of improvement over present benchmark levels
Northern Member States	Five percentage points
Southern Member States	Eight percentage points

B. Letter No 2

Sir,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

I have the honour to refer to the Exchange of Letters of 17 October 1980 constituting an Agreement between the Community and New Zealand (hereinafter referred to as "the Parties") establishing provisions relating to the import of mutton and lamb and goatmeat into the Community from New Zealand (hereinafter referred to as "the Principal Agreement") and to negotiations held between our respective delegations for the purpose of establishing temporary derogations from certain of those provisions concurrent with the implementation of measures to stabilize the European Community sheepmeat sector and to reform the European Community internal sheepmeat regime in order to achieve a unified European Community sheepmeat market. Having regard to the interests of both the parties in the stability and strength of that market, and on the basis of the above measure being implemented by the Community, I have the honour to propose the following derogations from the Principal Agreement which shall remain in force for the duration of this Agreement.

Clause 1

Temporary derogations

The following derogations from the Principal Agreement shall apply:

A. Access and quantity

In clause 2 of the Principal Agreement, as modified by clause 6 of the Principal Agreement, the ceiling figure of "245 500", representing the annual ceiling, in tonnes, on the total quantity of imports each year into the Community of mutton, lamb and goatmeat from New Zealand, shall be deemed to have been replaced by the figure of "205 000". This ceiling shall be deemed to include a maximum in 1989 of 6 000 tonnes of lamb imported into the European Community from New Zealand in a form which has never been frozen, a maximum of 7 500 tonnes in 1990, a maximum of 9 000 tonnes in 1991, and a maximum of 10 500 tonnes in 1992.

B. Tariff

In clause 5 of the Principal Agreement, the words "a maximum amount of 10 % *ad valorem*" shall be deemed to be replaced by the word "zero".

C. Price Surveillance

With a view to improved sheepmeat prices within the Community, the Parties shall monitor the prices for lamb in accordance with the procedures contained in the Annex to this Agreement and shall consult as necessary in accordance with its provisions.

Clause 2

Consultation

Notwithstanding clause 1.C of this Agreement, either Party may request consultations concerning the operation of this Agreement at any time.

Clause 3

GATT obligations

The provisions of this Agreement shall be agreed without prejudice to the rights of New Zealand and the Community under GATT.

Clause 4

Entry into force

This Agreement shall enter into force on 1 January 1989 and shall remain in force until 31 December 1992 provided that, if either Party gives notice of denunciation of the Principal Agreement in accordance with clause 14 of that Agreement, this Agreement shall cease to have effect on the same date as that on which the Principal Agreement ceases to have effect.

Clause 5

Review

Within six months prior to expiry of this Agreement, its provisions shall be reviewed. In this review, account shall be taken of:

- (a) the effects of the reforms of the Community's sheepmeat regime;
- (b) the effect of this Agreement upon the operation of the Community sheepmeat market and upon New Zealand's returns from that market; and
- (c) the imports into the Community of mutton, lamb and goatmeat from other third countries during the term of this Agreement.

I have the honour to propose that if the foregoing is acceptable to your Government, this letter and your confirmatory reply shall together constitute an Agreement between the Community and the Government of New Zealand on the matter.'

I have the honour to confirm that the foregoing is acceptable to my Government and that your letter, together with this reply, shall constitute an Agreement in accordance with your proposal.

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

*For the Government
of New Zealand*

ANNEX

Price surveillance procedure

1. Pursuant to clause 1.C of this Agreement, New Zealand and the European Community will monitor:
 - (a) the representative market prices for Community-produced lamb in each Member State, such prices to be calculated for each Member State on the basis of the average price paid for such products over each monthly period in that Member State;
 - (b) the representative market prices for New Zealand frozen lamb carcasses in each Member State, such prices to be calculated for each Member State on the basis of the average prices for such products over each monthly period in that Member State.
2. The relationship between the representative market prices for New Zealand frozen lamb carcasses in each Member State of the Community and the representative market prices for Community-produced lamb in each such Member State (hereinafter referred to as 'the price relationship') will be compared with the benchmark level specified below for each such Member State, according to the region of the Community within that Member State falls. The comparison will be made on the basis of a monthly average of the percentage price relationship between representative market prices for New Zealand frozen lamb carcasses in each Member State and the representative market prices for Community-produced lamb in the same Member State. If this comparison indicates that the price relationship has, in two Member States in the same month, moved below the benchmark levels for those Member States, the Parties shall, at the request of either, enter into technical consultations with a view to determining the factors causing the downward movement in the price relationship below the benchmark level for each of those Member States, whether that downward movement still obtains, and the relative importance of the factors:

Member States by region	Benchmark levels for the relationship between prices of imported frozen lamb and prices of domestically produced lamb
Northern Member States (Belgium, Denmark, Federal Republic of Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom)	55 %
Southern Member States (Greece, Italy, Portugal, Spain)	45 %

3. When any determination pursuant to paragraph 2 is made, the factors to be taken into account by the Parties shall include traditional and seasonal price relationships and fluctuations, the prices of cuts, the impact of prices of other meats, and other exceptional factors.
4. Should either Party consider that the downward movement of the relationship between prices for New Zealand frozen lamb carcasses and Community-produced lamb below the benchmark levels in the particular Member States under consideration (hereinafter referred to as 'the particular Member States') and their remaining at such lower levels is indicative of a problem, the Parties shall consider any recommendations arising out of the technical consultations for the resolution of the problem. The Parties should in this situation agree on such measures as they consider appropriate to restore the price relationship in those Member States to the benchmark levels, having due regard to the cause or causes for the situation.
5. Should the Parties in the technical consultations fail to reach agreement on appropriate measures to resolve the problem, the Consultative Committee established under clause 10 of the Principal Agreement may be convened at a senior policy level at the request of either Party to give the matter urgent consideration.
6. Should the Parties in the official consultations in the Consultative Committee similarly fail to reach agreement on appropriate measures satisfactorily to resolve the problem, consultations shall be held between the European Community Commissioner for Agriculture and the New Zealand Minister of External Relations and Trade for resolution. If a solution cannot be found, the Commission would then be able to initiate a procedure for appropriate adjustment to the tariff on its being established that the downward movement of the price relationship below benchmark levels in the particular Member States is attributable to the prices at which New Zealand frozen lamb carcasses are being sold in those Member States by New Zealand exporters, provided that the maximum rate of the tariff following any such adjustment shall be 10 % *ad valorem*. Such adjustment shall remain in effect for no longer than the price relationship remains below benchmark levels in the particular Member States as attributed above.

7. New Zealand and the Community adopt as targets for achievement by the end of 1992 an improvement in the previously defined benchmark levels for the relationship between the representative market prices for New Zealand frozen lamb in each Member State of the European Community as follows:

Member States by region	Targeted rate of improvement over present benchmark levels
Northern Member States	Five percentage points
Southern Member States	Eight percentage points

EXCHANGE OF LETTERS

comprising an understanding relating to the Agreement concluded in 1980 between New Zealand and the European Economic Community on trade in mutton, lamb and goatmeat

A. Letter No 1

Sir,

I have the honour to refer to the Agreement between New Zealand and the European Economic Community on trade in mutton, lamb and goatmeat signed on 17 October 1980. I now have the honour to reaffirm New Zealand's intention that the marketing of New Zealand lamb within the Community will be conducted on an orderly basis. Moreover, New Zealand confirms that it will, in order to facilitate orderly market development and as a temporary measure for the next two years, ensure that exports to the market areas described below, being considered still to be sensitive markets, will be subject to administrative restraint by New Zealand on the following terms.

New Zealand will ensure that exports to France and Ireland in 1989 will be limited to a quantity of 6 150 tonnes carcase weight equivalent for France and to a quantity of 450 tonnes carcase weight equivalent for Ireland.

In respect of 1990, these limits will be increased by 20 %.

I should be obliged if you would kindly acknowledge receipt of this letter.

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

For the Government of New Zealand

B. Letter No 2

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'I have the honour to refer to the Agreement between New Zealand and the European Economic Community on trade in mutton, lamb and goatmeat signed on 17 October 1980. I now have the honour to reaffirm New Zealand's intention that the marketing of New Zealand lamb within the Community will be conducted on an orderly basis. Moreover, New Zealand confirms that it will, in order to facilitate orderly market development and as a temporary measure for the next two years, ensure that exports to the market areas described below, being considered still to be sensitive markets, will be subject to administrative restraint by New Zealand on the following terms.

New Zealand will ensure that exports to France and Ireland in 1989 will be limited to a quantity of 6 150 tonnes carcase weight equivalent for France and to a quantity of 450 tonnes carcase weight equivalent for Ireland.

In respect of 1990, these limits will be increased by 20 %.

I should be obliged if you would kindly acknowledge receipt of this letter.'

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

*For the Council
of the European Communities*