

Dear Colleagues,

Back from holidays, I found Florence's email concerning the proposals of trade liberalization. You'll find below my comments for each country.

First of all, I wanted to inform you that our report concerning the EU protection is on the website. It is a first draft, in French, but the appendixes which give detail about tariffs, quotas and trade (for the lists of products you gave me) are in English. The final version – in English – will be soon available on the website with a new version of the appendixes (there were some errors for melons in the first version of the Appendixes). And finally, you will receive (by the end of August) the CD Rom of our software "MEDITAR" which gives you all the tariff measures for fruit and vegetables for the year 2004.

Some general comments about the proposal.

- I understand very well that the proposal is by definition arbitrary. So you choose to define general rules. But, why choosing general rules if the negotiations remain bilateral? Perhaps we could take into account both trade (and its distribution during the year) and tariffs, to define some proposal country by country and product by product. Thus, for some products, the proposal will not be to add one month to the window but two or three months. Perhaps, for some other products the proposal is not to increase the volume of quota (that can't be filled during the window allowed) but to extend the window to the whole year In my comments, I've tried to do this exercise.
- Nevertheless, can we define the scenarios from a bilateral point of view without taking into account the competition among Mediterranean countries. In other words, what are the impact of these proposals on the preferential margins of the other Mediterranean countries?
- In a same order of ideas, for some instrument (notably for the trigger prices¹) can we propose to reduce it without taking into account the EU commitments at the WTO. Can the EU do what it wants concerning this instrument? I don't know. The EU and Morocco had negotiated agreed entry price just after the agreements of the URAA as a compensation on certain products. For oranges, agreed entry price is also applied to Egypt and Israel. Perhaps the only room for negotiation, is to align the trigger price to the agreed entry price where it exists.
- Finally, for this list of products and for each country, it could be interesting to understand which type of instrument is very restricting. It would help us to discuss new scenarios.

I hope my comments are understandable and will be useful !

Best regards
Emmanuelle

¹ What do you call "minimum import price"? Is it the "trigger price" i.e for products with entry price system?

MOROCCO

PRODUCT	CURRENT SITUATION 2004	EU-MED PARTIAL LIB SCENARIO	Emmanuelle comments
Tomato	Quota : 200 000 T Tariff 0% inside the quota Agreed entry price	Increase of the quota from 213000 tons, to 400000 tons with no change in the windows or minimum entry price.	
Courgettes	Quota 15000 tons Tariff 0% inside the quota	Increase of the quota from 15000 tons, to 40000 tons with no change in the windows or minimum entry price.	<ul style="list-style-type: none"> ♦ Notice that Morocco has an agreed entry price ♦ I have a problem : I don't have the same values as yours for the total volume of quotas! It is 20 000 tons from the year 2004....
Green beans	0% tariff from November to May	The current import windows would be increased from 01/11-31/05 to 01/- 30/06	<ul style="list-style-type: none"> ♦ Morocco has significant exports in May, June and October. During these three months, Morocco benefits from the GSP tariff. We could propose to extend the window to these three months and thus the preference period will be from October to June. I have made a similar proposal for Egypt
Clementines	Quota 125 000 tons	Increase of the quota from 125000 tons, to 200000 tons with no change in the windows or minimum entry price.	<ul style="list-style-type: none"> ♦ AGREED ENTRY PRICE ♦ The quota allowed to Morocco is not filled.... Morocco exports 95220 tons of Clementines, i.e 83% of the quota is filled. Is it necessary to increase the quota? What is the main constraint for clementines exports?
Melons	0 % tariff from October to May	The current import windows would be increased from 15/10-31/05 to 15/09- 30/06	The current exports of melons are from April to June. Perhaps it is more important to extent the window to June...???
Strawberries	0 % tariff from November to March	The current import windows would be increased from 01/11-31/03 to 01/10- 30/04	

ISRAEL

PRODUCT	CURRENT SITUATION 2004	EU-MED PARTIAL LIB SCENARIO	Emmanuelle comments
Tomato	MFN trigger price Quota 10000 0 % tariff inside the quota	Increase the quota to 20000tons	<ul style="list-style-type: none"> ♦ If we propose to reduce the trigger price to TR, why don't we propose to reduce it also for Israël? ♦ So the alternative is perhaps: <ul style="list-style-type: none"> ○ To maintain the current volume of quota, but to reduce the trigger price to the Morocco agreed entry price ○ To increase the quota but at the actual MFN trigger price.
Avocado	0% tariff from June to December 4% rest of year	The current import windows would be increased to 01/05- 30/01	<ul style="list-style-type: none"> ♦ Israel has important exports all during the year except from May to August. ♦ The preferences are allowed from June to December ♦ Why not propose to extend the preferences on the whole year? ♦ Israel is the only Mediterranean country which exports avocados to the EU
Pepper	Quota : 15000 ton Tariff : 0,9 % in the quota 4,3 % outside quota	Increase the quota to 40 000 tons	<ul style="list-style-type: none"> ♦
Potatoes	Quota : 30000 tons 0% tariff inside the quota	Increase the quota to 225 000 tons	<ul style="list-style-type: none"> ♦ Israel exports potatoes from January to May (the volume of exports is 647% above the volume of quotas) ♦ The quotas is opened from Jan to March ♦ The proposal could be : ♦ Increase the quota and the period of application of the quota : from January to May.

EGYPT

PRODUCT	CURRENT SITUATION 2004	EU-MED PARTIAL LIB SCENARIO	Emmanuelle Comments
Tomatoes	MFN entry price 0 % ad.valorem from January to march	The current import windows would be increased to 01/12- 30/04	Compared to other products, is tomato a sensitive product for Egypt?
Potatoes	Quota : 130000 t Tariff : 1,8 % inside the quota	Increase the quota to 260000 t with no change in the windows or minimum entry price.	<ul style="list-style-type: none"> ♦ <u>Attention</u> : NO ENTRY PRICE ♦ Although the strongest export period is in Feb and March, Egypt exports are also significant in April. During this month, benefits only from GSP duty rate. ♦ We could propose to extend the window at least until April.
Green beans	Reduced tariff (1,37 %) from November to April	The current import windows would be increased to 01/11-31/05	<ul style="list-style-type: none"> ♦ Egypt has significant exports in May, June and October. During these three months, Egypt benefits from the GSP tariff. We could propose to extend the window to these three months and thus the preference period will be from October to June.
Onions	Quota : 15000 tons 0% tariff in the quota from Feb. to may ;	Increase the quota to 30000 t with no change in the windows or minimum entry price.	<ul style="list-style-type: none"> ♦ <u>Attention</u> : NO ENTRY PRICE ♦ 61% of Egypt exports are realised ♦ during the period of quotas but less than the quantity allowed. The rest is exported from November to January and in June and July at the GSP preferences ♦ On the whole year, Egypt exports more than the volume of quota. ♦ SO, I don't understand your proposal ! If you propose to increase the quota, you must also propose to change the windows and extend the preference from November to July.
Oranges	Agreed entry price Inside a quota (about 50000tons, windows are changing)	Increase the quota to 70000 tons (windows to be defined)	
Strawberries	Quota: 1000 tons 0% inside the quota	Increase the quota to 4000 tons with no change in the windows or minimum entry price.	

Grapes	???		<p>Egypt has very small exports of grapes while it benefits from preferences . For this product, there is a trigger price from July to November and no preference during this period. Two questions : is this small volume of exports due to the nature of the EU protection? Or because the Egypt exports potential of grapes is small? In other words, is “grapes” a sensitive product for Egypt?</p>
Melons	<ul style="list-style-type: none"> ♦ Quota in 2004 from Jan to May and from 15/10 to 31/12 (the window is 15/10 to 31/5) ♦ Quota = 1000 tons ♦ The In quota tariff = 0% ♦ Outside the quota, the tariff is GSP tariff (5.3%) 		<p><u>Comments</u> : Egypt has renegotiated in 2004 its preference. Untill 2004, there were no quotas but zero tariff only from January to March. The result of the new agreement is an extension of the window but within a quota. In 2004, the quota was filled. Egypt exported 14% more than the volume of quota.</p> <p>A proposal could be to increase the volume of quota.</p>

TURKEY
Fresh fruits and vegetables

PRODUCT	CURRENT SITUATION 2004	EU-MED PARTIAL LIB SCENARIO	Emmanuelle Comments
Tomato	MFN entry price 0% tariff ad.valorem	Reduction of entry price -25%	<ul style="list-style-type: none"> ♦ Why -25% of the entry price? ♦ Why not to align on the agreed entry price allowed to Morocco? ♦ If we propose to apply the agreed entry price, we must define a volume of quota : these very large preference allowed to Morocco is defined within a quota.
Clementines and others	MFN entry price 0 % ad.valorem	Reduction of the entry price -25%	Idem
Lemons	MFN entry price 0% ad.valorem	Reduction of entry price -25%	<ul style="list-style-type: none"> ♦ There is no agreed entry price for any country. So can the EU now negotiate a new entry price? Is this proposal compatible with the EU commitments at the WTO?
Cherries	MFN entry price 0% ad.valorem	Reduction of entry price -25%	<ul style="list-style-type: none"> ♦ Idem as for lemons ♦ Are you sure that the trigger price is restricting? When we visited the cherries firm, they told us that they acceded to the EU market at zero tariff : that means that their price is above the trigger price.?????
Onions	Quota : 2000 tons 0% tariff inside the quota	Increase the quota to 8000	