

AGREEMENT BETWEEN THE UNITED KINGDOM AND THE KINGDOM OF SPAIN AND RELATED STATEMENTS

Ad Article 18 of the Directive on the structures of excise duties on alcohol and alcoholic beverages

(i) In the context of this Directive, *the Council and the Commission* register the following Agreement between the United Kingdom and the Kingdom of Spain dated 19 October 1992 concerning the rates of excise duty charged in the United Kingdom on 'British Sherry' and the liquor wines with the origin denomination 'Jerez-Xérès-Sherry':

1. The United Kingdom and the Kingdom of Spain hereby agree that the differential between the rate of duty charged in the United Kingdom on intermediate products (as defined in Council Directive 92/83/EEC on the structures of excise duties on alcohol and alcoholic beverages), of a strength not exceeding 15 % alcohol by volume (abv) and the rate charged on intermediate products of a strength over 15 % abv but not exceeding 22 % abv, calculated by dividing the difference between the two rates by the higher rate and expressing the result as a percentage, shall not exceed the following figures:

- from 1 January 1993 to 31 December 1993: 40 %
- from 1 January 1994 to 31 December 1994: 35 %
- from 1 January 1995 to 31 December 1995: 30 %
- from 1 January 1996 to 31 December 1996: 25 %.

Taking into account the importance which the Kingdom of Spain attaches to this question, the United Kingdom declares that it has the firm intention of maintaining the differential of no more than 25 % after 31 December 1996.

2. The Kingdom of Spain undertakes to withdraw the legal proceedings against the United Kingdom commenced on 4 September 1992 and registered in the Court of Justice of the European Communities under number 410914, and to institute no further proceedings connected with the duty differential referred to in Article 1 or with the use of the name "British Sherry" in the United Kingdom in the period up to 1 January 1996.

(ii) *The Council and the Commission* declare that, during 1995, the Council, acting on a proposal from the Commission, and according to the procedure of Article 43 of the EEC Treaty, shall adopt the necessary provisions to put an end to the exceptional regime of Article 129 of the Adhesion Act of the Kingdom of Spain to the European Communities before 1 January 1996.

The United Kingdom undertakes to promote any necessary legislation which would discontinue the authorisation of the use of the name 'British Sherry' on its domestic markets after 1 January 1996.

Furthermore, *the Commission* states that, in the context of the regular reports foreseen in Article 8 of the Council Directive on the approximation of the rates of excises duties on alcohol and alcoholic beverages, it will pay special attention to the rates applied to these products in order to take into account, in particular, the problem of competition between the different categories of drinks concerned.

(iii) *The Council and the Commission* agreed to publish the above agreement and statements simultaneously with the Directive, in the *Official Journal of the European Communities*.