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THE NEW REGULATION OF THE AGRICULTURAL MARKETS

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AGRICULTURAL MARKETS: THE NEW REGULATIONS

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Foreword

The first issue of **Green Europe** for 1993 offers, in a single reference volume, a collection of accessible and reliable information on the basic regulations governing all the agricultural products that come under the common agricultural policy

This information is presented in the form of data sheets, i.e for each of the 19 common market organizations a datasheet describes its essential features, gives references to the relevant legislation and provides information on current prices and stocks of the various products

Green Europe 1/93 thus gives a detailed overview of agricultural markets policy in the wake of the May 1992 CAP reforms in the same way that **Green Europe 5/90** was concerned with agricultural structures policy following the 1988 reform of the structural Funds

The information contained in this edition of Green Europe may also be found in our new database "Rural society". This database focuses on Community policies and programmes of particular interest to agriculture and the rural regions the common agricultural policy, structural policies, fisheries, the environment, social affairs, new technologies, energy, small and medium sized businesses and tourism. The database now has 200 datafiles but this number is bound to increase as these policies develop

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31-3-1993

AGRICULTURAL MARKETS:
THE NEW REGULATIONS

The common organisations of the market

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1. The products covered:

- cereals as grain. common wheat, durum wheat, barley, rye, maize, oats, sorghum, millet, buckwheat, canary seed

- products of initial processing of cereals (wheat flour, groats, meal, malt, potato and cereal starch, etc.) or certain cereal substitutes (manioc root, etc)

2. Basic Regulations:

- Regulation (EEC) No 2727/75 as last amended by Regulation (EEC) No 1738/92,

- Regulation (EEC) No 1765/92 (compensatory payments and annual set-aside), as last amended by Regulation (EEC) No 3738/92,

- Regulation (EEC) No 1766/92 of June 1992

The new rules of Regulations (EEC) Nos 1765/92 and 1766/92 will apply from the 1993/94 marketing year

3. Philosophy of the new system

The system is designed for the joint management of cereals, oilseeds and protein crops, given that these three types of crop are interdependent and that areas are sown to one or the other depending on the year The long-term objective is therefore to establish a joint market organization governed by the same basic mechanisms

The new system is based on a reduction in the price of cereals offset by a compensatory payment per hectare, on condition that the farmer undertakes to set aside a certain percentage of the land on which he cultivates arable crops (cereals, oilseeds and protein crops)

4. *Prices*

The marketing year runs from 1 July to 30 June

The target price is to be reduced to ECU 110/t over three years, in the following stages

	Target price	Intervention price
1993/94	ECU 130/t	ECU 117/t
1994/95	ECU 120/t	ECU 108/t
1995/96	ECU 110/t	ECU 100/t

The threshold price will be ECU 45 higher than the target price, to ensure adequate Community preference

To take account of the cost of storing cereals in the Community, and to ensure that supply is spread out in line with demand, monthly increases are applied to the intervention and threshold prices during all or part of the marketing year The number of monthly increases is fixed at seven, from November to May inclusive, coinciding with the intervention period

For the 1992/93 prices, see OJ No L 180, 1 7 1992

5. *Management of the internal market*

The new system is based on compensatory payments and an annual set-aside scheme (Council Regulation (EEC) No 1765/92 of 30 June 1992)

5.1. *Compensatory payments*

Compensatory payments are designed to offset the reduction in the price of cereals Payments are calculated on a regional basis The Member States determine the base area for each region

5.1.1. Base area

The base area is defined as the average number of hectares within a region sown to arable crops or set aside under a five-year scheme during 1989, 1990 and 1991

Member States may opt to apply a base area system for each producer, where the individual base area is also established as the average number of hectares sown to arable crops or set aside during 1989, 1990 and 1991

The Member States are to draw up regionalization plans setting out the criteria for the establishment of production regions and their yields

In their regionalization plans, the Member States may apply a different yield figure for maize, in which case separate areas must be established for maize and for other arable crops

Average cereal and where possible oilseed yields must be separately calculated for each region

5.1.2. The amount of the compensatory payment

The amount of the compensatory payment is fixed per hectare and granted on the basis of the regional base area

(a) Cereals

1993/94 ECU 25/t x cereal yield
1994/95 ECU 35/t x cereal yield
1995/96 ECU 45/t x cereal yield

The average yield is calculated for each region by taking the years 1986/87 to 1990/91 and eliminating the years of highest and lowest yield If maize is to be treated separately, a separate yield for it is calculated

(b) Oilseeds

A Community reference amount for oilseeds has been set at ECU 359/ha on the basis of a projected reference price of ECU 163/t (1)

The projected reference amount is regionalized by multiplying the Community reference amount of ECU 359/ha by the difference between the cereals yield for that region and the average cereals yield for the Community (4 6 t/ha). Member States may also opt to calculate the regional differentiation on the basis of the oilseed yields, in which case the amount of ECU 359/ha will be multiplied by the difference between the oilseeds yield for that region calculated as in (a) above and the average oilseeds yield for the Community (2 36 t/ha)

In the case of producers of sunflower seed in Spain and Portugal, a national projected reference amount will be fixed as the point of departure for regionalization

Portugal:	ECU 272/ha
Spain:	ECU 295/ha in 1993/94
	ECU 311/ha in 1994/95

(c) Protein crops
ECU 65/t x average cereal yield (calculated as in (a) above)

Where the sum of the individual areas in respect of which aid is requested exceeds the regional base area, the eligible area per producer will be reduced proportionately for all the aid paid during the marketing year in question

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(1) Calculation method

The Community price for oilseeds is taken to be 2 1 times the cereals price For example, if the market price for cereals is ECU 150/t then the basis for oilseed aid would be 2 1 x 150 = ECU 315/t. With the world price at ECU 163/t, a total offset would require aid of 315 - 163 = ECU 152/t
If we then multiply ECU 152/t by 2 36 t/ha, the average Community yield for oilseeds, the figure obtained for the reference amount is ECU 359/ha

5.2. Set-aside

Participation by farmers in the set-aside scheme is optional, but in order to receive compensatory payments to offset the price reductions, farmers must set aside a certain percentage of their arable base area There are two schemes

* GENERAL SCHEME

Compulsory rotational set-aside of 15% (can be changed each year) of the base area for producers producing more than 92 tonnes of cereals

* SIMPLIFIED SCHEME

Compulsory set-aside does not apply to farmers who produce up to 92 tonnes of cereals (small producers) Such producers receive the compensatory payment at the rate applicable for cereals for all areas sown to arable crops

Set-aside land may be used for non-food purposes (neither human nor animal consumption) or for growing peas for human consumption

Where a Member State opts for a separate base area for maize, producers must set aside 15% of the area sown to maize on their holdings Member States may also allow the transfer of set-aside obligations between holdings and even between regions The conditions remain the same (number of hectares, rotation, etc)

Areas under permanent pasture, permanent crops, forest or non-food crops on 31 12 1991 are not eligible for the set-aside scheme

* Compensation for set-aside

The premium is fixed at ECU 45/t x average regional cereal yield (revisable amount), starting in 1993/94.

In addition, where the permitted national area under cereals, oilseeds and protein crops is exceeded, the areas under those crops declared by each farmer for the purposes of compensation will be reduced by the same percentage as the overrun, and that percentage will be added to the set-aside obligation for the following year, without compensation

Irrigated areas used exclusively for maize production must also be set aside, but compensation will be paid only on the basis of the average yield for all cereals

* Structural measure five-year set-aside

1992/93 was the last marketing year in which new applications could be submitted under the set-aside scheme referred to in Article 2 of Regulation (EEC) No 2328/91 (5-year set-aside of 20% of arable land) Producers continuing to participate in the scheme after this date may withdraw between 1 September and 15 December during the period 1992-96, this option is restricted to holdings subject to the annual set-aside obligation Utilization of set-aside land as extensive pasture and for the production of lentils, chick peas and vetch is extended

* Practical arrangements

Before 15 May prior to harvesting, producers must
have sown the seed
have submitted their application, together with the reference documents for identifying the land (1 document for sowings, 1 document for set-aside land)

In the case of rape seed obligation to use certified seed of a variety approved by the Commission in order to benefit from the compensatory payment

In the case of oilseeds possibility of an advance payment of up to 50% of the projected regional reference amount

Payment dates between 16 October and 31 December following the harvest

6. Other market management measures

6.1. Intervention

Intervention agencies designated by the Member States are obliged (subject to certain requirements concerning quantity and quality) to buy in cereals offered to them without restrictions as to volume, during a specified period (November to May, except in Italy, Spain, Greece and Portugal, where intervention opens on 1 August and ends in April) The intervention price refers to the wholesale stage for goods delivered to the warehouse, before unloading

Buying-in is carried out on the basis of the intervention price, with increases or reductions for adjusting to quality

Where the market situation so dictates, special intervention measures may be decided on, particularly where, in one or more regions of the Community, market prices fall, or threaten to fall, in relation to the intervention price

6.2. Production refunds

A production refund may be granted for starch obtained from maize, wheat or potatoes and for certain derivatives The refund is fixed periodically The industries benefiting from the refund are chiefly the chemical, board and paper and pharmaceutical industries.

6.3. Compensatory payments to producers of potatoes intended for starch manufacture

The amount of the payment applies to the quantity of potatoes needed for making one tonne of starch (ECU 40 in 1993/94, ECU 56 in 1994/95, ECU 72 in 1995/96) The payment is adjusted according to the starch content of the potatoes

6.4. *Supplement to the compensatory payment for durum wheat*

This supplement (ECU 297/ha) is intended to support production in the traditional production regions of the Community for qualities suitable for the production of pasta It is paid on the area sown to durum wheat in traditional areas (defined by the Commission) up to the number of hectares sown to durum wheat during the years 1988 to 1992 (the producer may choose which year)

7. *Trade*

7.1. *Intra-Community trade*

Under the principle of free movement, neither customs duties nor levies are charged

However, as part of the transitional measures for the new Member States, accession compensatory amounts are levied or granted to offset differences between intervention prices

7.2. *Trade with non-member countries*

7.2.1. *Imports*

Import arrangements are based on a levy equal to the difference between the threshold price for the product in question and its cif price at Rotterdam The levy is fixed by the Commission for each type of cereal and for processed products (common-wheat and rye flour, common- and durum-wheat groats and meal), in the latter case, the threshold price reflects the need to protect the processing industry

In the case of other processed products (the "products of first processing") and malt, which have no threshold price, the levy fixed by the Commission has two components

- a variable component, which may be fixed and revised on a flat-rate basis, whereby the producer pays the difference between the Community and world prices for the cereals used,

- a fixed component, designed to protect the processing industry.

In the case of products of "second processing", the arrangements have been simplified so that a single levy is charged, with no issue of import licences and no advance-fixing (i e agreeing levies in advance)

The levy to be charged is that applicable on the day of importation However, for products based on durum and common wheat, maize, barley, rye, sorghum, buckwheat, millet, canaryseed, etc , the levy applicable on the day on which application for a licence is lodged (advanced fixing), adjusted on the basis of the threshold price and increased, where applicable, by a premium to take account of short term fluctuations on the world market, is applied to imports to be effected during the period of validity of the licence.

The Commission may suspend advance-fixing where this is warranted by the market situation for a maximum of three days

There are some exceptions to the general rule of import levies

Inward processing traffic is designed to enable the processing industry to work in the best financial conditions imported raw materials are exempt from levies in so far as they are processed into products for export

Preferential agreements between the EEC and certain countries or groups of countries (particularly the ACP states, trade with which is governed by the Lomé Convention) provide for partial or total exemption from levies

The special agreement concluded within GATT on cereal substitutes fixes zero or very low levels of protection at Community borders

7.2.2. Exports

Export refunds may be granted to cover the difference between Community prices and prices on the world market

Refunds are applied in identical fashion throughout the EEC, are fixed periodically by the Commission and the level may vary depending on the destination or specific characteristics of the cereals

As a rule, since 1975 refunds have been fixed by tendenng procedure their scope is therefore much more precise as regards beneficiaries, periods and the products concerned The refund procedure is as follows: exporters lodge an application (stating the type and quantity of product and the level of refund requested) The Commission then fixes a maximum refund level and selects only offers less than or equal to that maximum refund

The amount of the refund can also be fixed in advance and adjusted after the fact on the basis of a correctmg factor and movements in threshold prices

In the event that world prices reach or exceed the Community price level, appropriate measures may be adopted to safeguard the EEC's supply and maintain price stability.

8. Expenditure

In 1992, expenditure amounted to ECU 6 423 million, i e 18 3% of EAGGF Guarantee Section appropriations

9. Stocks (1 000 t)

	common wheat	durum wheat	barley	rye	maize
December 1985	10 027	1 022	4 315	1 062	-
December 1986	7 716	1 114	2 867	1 115	96
December 1987	2 910	1 443	3 022	750	22
December 1988	3 321	1 280	2 789	904	18
December 1989	2 346	927	2 713	1 203	840
December 1990	5 870	1 458	3 873	1 600	29
December 1991	5 105	3 384	4 231	3 455	-
December 1992	7 496	4 261	5 526	2 378	874

1. *Products covered:*

- grain rice paddy rice, husked rice, semi-milled and wholly-milled rice, broken rice

- processed products rice flour, flaked rice, rice groats and meal, etc

2. *Basic Regulations:*

Regulation (EEC) No 1418/76, as last amended by Regulation (EEC) No 674/92, in particular.

- Articles 5 and 6 intervention,
- Article 8a: production aid for indica rice;
- Article 17: export refunds for rice

3. *Prices*

The marketing year runs from 1 September to 31 August of the following year

Each year the Council fixes

- a single intervention price for (unhusked, unmilled) paddy rice, below which market prices for paddy rice in areas of surplus production may not fall In order to support prices, the intervention agencies designated by Member States must buy in paddy rice harvested in the Community which is offered to them at 94% of the intervention price, during the intervention period from 1 January to 31 July,

- a target price for husked rice derived from the intervention price and increased by a market component, paddy rice processing costs and the cost of transport between the surplus area or production area (Vercelli, Italy) and the deficit area or consumption area (Duisburg, Germany)

- Monthly increases

The target and intervention prices are subject to monthly increases fixed annually by the Council at the same time as prices are fixed The monthly increases take account of storage costs and are designed to stagger sales to intervention

A carry-over payment may be applied at the end of the marketing year to prevent the sale of large quantities into intervention prior to the entry into force of the intervention price for the following year

- a threshold price derived from the target price minus the cost of transport from Duisburg to Rotterdam, unloading costs and trading margin, valid for all Community frontiers, the threshold price is fixed for each marketing year for husked rice, wholly-milled round-grain rice and wholly-milled long-grain rice It serves as a reference for the fixing of levies on imports from non-member countries It is also subject to monthly increases

4. Management of the internal market

Production

- highly localized and limited to the Mediterranean countries,

- diversified a distinction is made between round-grain, medium-grain, long-grain A and long-grain B

Consumption

- mainly human consumption, once the rice has been through a series of mechanical processes

- These processing operations produce a by-product known as "broken rice", the uses of which are very different to those for grains animal feed and certain processing industries

4.1. Aid for certain varieties

From 1987/88 to 1991/92, an aid per hectare was introduced for indica varieties in order to encourage conversion to types of rice for which there is market demand.

4.2. Production refund

A production refund is granted for broken rice used in starch manufacture and brewing within the Community

5. Trade

Community preference is guaranteed by charging agricultural levies on imports and granting export refunds

All imports of rice or broken rice require an import licence

5.1. Import levies

To ensure that imported husked rice cannot be sold at a price lower than the target price, the cif price of the most favourable offers must not be lower than the threshold price The amount of the import levy is calculated weekly by the Commission for the different categories of rice

5.2. Export refunds

In order to enable Community producers to participate in international trade, export refunds cover the difference between prices on the world market and Community prices Refunds may vary according to destination They are fixed periodically (ordinary law) or granted by tendering procedure

6. Expenditure

In 1992, EAGGF Guarantee Section appropriations amount to ECU 133 million, i.e 0 4% of the Guarantee Section's budget

7. Price levels 1992/1993 (in ECU per tonne):

	EUR 11	Portugal
- Target price for husked rice	545.52	545.52
- Intervention price for paddy rice	313.65	332.21

1. The products covered:

- sugarbeet, sugar cane
- beet sugar and cane sugar
- certain other sugars, pulps, molasses, products of sugarbased first-stage processing,
- isoglucose (cereal sugar)

2. Basic Regulations

Regulation (EEC) No 1785/81, as last amended by Regulation (EEC) No 3484/92

3. Management of the internal market

3.1. Production quota scheme

The scheme provides price and sales guarantees differentiated according to quotas allocated to undertakings and then added together for each Member State, thus forming the national basic quantities
The present scheme is applicable until 1992/93

Sugar production falls into the following categories·

A sugar or A isoglucose production within the A quota
Production within the A quotas does not cover overall Community consumption

The full-price guarantee is limited in quantity to the A quota The guarantee may be reduced to 98% of the white sugar intervention price by applying the basic production levy

B sugar or B isoglucose production outside the A quota and within the B quota

This quantity is equal to a percentage of the basic quota and a function of regional specialization in the cultivation of beet or cane and production references

The two quotas added together normally exceed consumption within Community

C sugar or C isoglucose production exceeding the sum of the A and B quotas or quota-free production

All sugar and isoglucose production exceeding the A and B quotas, known as C sugar and C isoglucose, may not be sold on the Community internal market C sugar and C isoglucose must be exported in the natural state for sale on the world market without refund

Sugar

The A quota amounts to 11 187 million tonnes
The B quota amounts to 2 488 million tonnes

Isoglucose

The A quota amounts to 240 743 tonnes
The B quota amounts to 50 342 tonnes

These quotas are allocated between the Member States as follows

	SUGAR in '000 t white sugar		ISOGLUCOSE in '000 t dry matter	
	A	B	A	B
France (mainland)	2560	759	16	4
Fr.overseas depts	436	47	-	-
East Germany	648	199	29	7
West Germany	1990	612	-	-
Denmark	328	97	-	-
Greece	290	29	11	2
Spain	960	40	75	8
Ireland	182	18	-	-
Italy	1320	248	17	4
Netherlands	690	182	7	2
Portugal (mainland)	54	5	8	2
Azores	9	1	-	-
Belgium/Luxembourg	680	146	57	16
United Kingdom	1040	104	22	6

3.2. Budget neutrality

Budget neutrality is the unusual feature of this arrangement: the production levies have to cover all the costs arising from the sale of Community sugar surpluses so that only the cost relating to the export of a quantity of sugar equivalent to the preferential imports constitutes a net expenditure for the Community budget

A distinction is made between two types of levy
- sugar and isoglucose production levies
- sugar storage levies

3.3. Production levies

A and B sugar and A and B isoglucose are the quantity which the undertaking can produce and sell directly on the Community or world market The cost of supporting the market for these two sectors is covered by a maximum basic levy of 2% of the intervention price for white sugar The basic levy consequently applies to the entire A and B production In addition, in the event of a shortfall, a B levy, limited to 37 5% of the intervention price for white sugar, is applied to B sugar or isoglucose Where the sector costs are not entirely covered by receipts from the basic levy and the B levy a supplementary annual levy is introduced This is applied as follows:

- the amount of the supplementary levy is fixed as soon as the data are available for calculating the balance not covered out of expenditure during the marketing year,

- the supplementary levy is levied on each undertaking as a proportion of the payments it has to make under the two "normal" levies for the marketing year in question

For the 1988/89 to 1990/91 marketing years a supplementary levy covered, where applicable, the outstanding amounts observed for each of these three marketing years It has been extended up to June 1993.

3.4. Storage levy

This levy is paid by undertakings to offset the flat-rate reimbursement of storage costs for A and B sugars which they are granted under the system for compensating storage costs at Community level

3.5. Storage

Throughout the marketing year the intervention agencies are obliged under certain circumstances to purchase the sugar offered at the intervention price
The sugar which is the subject of intervention remains in storage, however, in firms' own silos and warehouses at the operator's risk
The storage costs are then reimbursed to operators on a flat-rate basis, financed by the storage levy

The system applies to quota sugar

3.6. Production refunds

The production refunds granted for the manufacture of certain chemical substances were introduced in the past to ensure fair competition with the use of starch products in the manufacture of the same products and the use of sugar at the world market price

Since 1990 only the competitive ratio with the price of sugar on the world market has been taken into account for the calculation of the refunds

3.7 Measures to encourage the sale of raw sugar

These are measures to encourage the transport and refining of sugar from the French overseas departments and raw sugars destined for the Portuguese refineries (Art 303 of the Accession Treaty) and for the French and British refineries (Art 9 of Regulation (EEC) No 1785/81)

4. Prices

The marketing year runs from 1 July to 30 June in the following year Prices exist for white or raw sugar, which are eligible for intervention, and for beet so as to pass on the cost of price maintenance and market support to the producer level. Each year the Council therefore fixes two sets of prices

- for beet,
- for sugar

4.1. Sugarbeet prices

4.1.1. Basic price

Derived from the intervention price for white sugar, the basic price takes account of the processing margin, yield, the undertakings' earnings from sales of molasses and, optionally, the cost incurred in delivering beet to undertakings

4.1.2. Minimum price

Defined as a percentage of the basic price depending on whether it relates to A beet (used in the production of A sugar) or B beet (used in the production of B sugar) It is the price at which the processing undertaking which has the A and B quotas is required to purchase the standard quality raw material (at 16° polarisation)

The minimum price for A beet is set at 98% of the basic price. For B beet it is set at 60 5% of the basic price, the levy for B being fixed at its maximum rate of 37 5%

For the areas for which an intervention price derived from white sugar is fixed, the minimum prices for A beet and B beet are increased by a sum equal to the difference between the derived intervention price for the area and the intervention price, a coefficient of 1 30 being applied to this sum

4.2. Sugar prices

4.2.1. Target price

Fixed each year for standard quality white sugar (i e category 2) to which the intervention price applies, unpacked, ex-factory, loaded onto a means of transport chosen by the purchaser It is almost 5% higher than the intervention price

4.2.2. Intervention price

An intervention price for white sugar of a specific standard quality is fixed each year for non-deficit areas and a derived intervention price is fixed for each of the deficit areas (Italy, Ireland, the United Kingdom and Portugal)

An intervention price for raw sugar is also fixed each year on the basis of the white sugar intervention price, account being taken of the flat-rate amounts for processing and yield

4.2.3. Threshold price

The Council fixes a threshold price annually for white sugar, raw sugar and molasses, for the purpose of guaranteeing Community preference
The threshold price for white sugar is equal to the target price plus the costs, calculated at a flat rate, of transport from the Community area having the largest surplus to the most distant deficit consumption area in the Community, taking into account the storage levy
The threshold price for raw sugar is derived from that for white sugar, taking account of flat-rate amounts for processing and yield

5. Trade

The trading system is based on a threshold price, intended to guarantee preference, which is fixed, as stated above, for white sugar, raw sugar and molasses

5.1. Import levy

The levy represents the difference between the threshold price and the cif price of the most favourable offers of imported sugar

Community commitments towards the ACP countries (formalized in the IVth Lomé Convention, Protocol 8) are an exception to the general system of import levies a quantity of 1 3 million tonnes of white sugar equivalent is imported under a preference system whereby the levy does not apply
Moreover, a reduced levy ıs applied to imports of certain quantities of raw sugar from non-Community countries ıntended for refining in Portugal (Act of Accession)

5.2. Export refunds

Export refunds are fixed periodically or by means of weekly tenders for the major proportion of surplus productıon

6. Expenditure

Expenditure on the sugar sector varıes essentially in line with widely fluctuating world sugar prices In 1988, expenditure amounted to 7 9% of all EAGGF Guarantee Section appropriations The expenditure is borne entirely by the producers save for the part corresponding to preferential imports
In 1992, appropriatıons ın the budget of the EAGGF Guarantee Section amounted to ECU 2 117 millıon, ı e 5 9 %

7. 1992/93 price levels

	EUR 11	Spaın
Basıc sugarbeet prıce	40 ECU/t	46.08 ECU/t
Interventıon prıce for white sugar	530.1 ECU/t	595.7 ECU/t

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1. *Products covered*

- olives
- raw or refined olive oil
- residues thereof

2. *Basic Regulations*

Regulation (EEC) No 136/66, as last amended by Regulation (EEC) No 2046/92, in particular

- Article 5(1) production aid,
- Article 5(4) measures to improve quality,
- Article 11(1) consumption aid,
- Article 11(6) information and promotion measures,
- Articles 12 and 13 storage costs,
- Article 20 refunds on olive oil,
- Article 20a production refunds for preserves,
- Regulation (EEC) No 154/75 register of olive oil cultivation,
- Regulation (EEC) No 2732/92 improving the quality of olive oil production

3. *Prices*

The marketing year runs from 1 November to 31 October

Production target price

Fixed annually by the Council at a level which is fair to producers and keeps Community production at the required level

Representative market price

Fixed annually by the Council at a level which will permit disposal of olive oil produced, account being taken of competition from other vegetable oils imported free of customs duties This price may be adjusted during the marketing year in the event of substantial fluctuations

Intervention price

Fixed annually by the Council, this is the price at which intervention agencies are obliged to buy in standard-quality olive oil offered by producers during the intervention period (four months)

Threshold price

fixed by the Commission in such a way that the selling price for imported products at a Community frontier is the same as the representative market price

4. Management of the internal market

A mixed system has been introduced, using both price support and deficiency payments, in the form of production aid and consumption aid, for the purpose of both guaranteeing an adequate income for producers and making the product competitive on the market alongside oils produced from oilseeds.

4.1. Production aid

Production aid is restricted to a maximum guaranteed quantity of 1 35 million tonnes of olive oil a year The purpose of the aid is to ensure a fair income for producers Producers producing more than 500 kg/year receive aid on the basis of the quantity produced, the amount is the same throughout the EEC and fixed each year by the Council

Other producers receive a fixed amount of aid on condition that the olives have been harvested

These small producers (who produce less than 500 kg of olive oil per year), receive a higher level of aid (ECU 81 62/100 kg as opposed to ECU 70 83/100 kg), which is not subject to a reduction if the maximum guaranteed quantity is overrun.

Small producers also benefit from additional aid of ECU 3/100 kg during periods when stabilizers are applied to the intervention price

However, production aid is reduced by a certain percentage, fixed by the Council, intended to finance the costs of producers' organizations (1.5%), quality improvement schemes (2%) and establishment of the olive cultivation register (2 5%)

4.2. Consumption aid

Consumption aid is granted for packaged olive oil (in containers of no more than 5 litres) in the Community where the production target price, less production aid, is higher than the representative market price

It is equal to the difference between these two amounts The sum of the production and consumption aids is therefore equal to the difference between the target price and the representative market price

This aid is granted to packaging undertakings subject to certain conditions

A certain percentage of the aid is withheld to cover the operating costs of trade organizations and to finance consumption promotion campaigns

4.3. Intervention

The intervention agencies may buy in olive oil at the intervention price during the last four months of the marketing year

In addition, in order to mitigate the effects of harvest fluctuations, the Council may require intervention agencies to form a buffer stock The Commission may also allow recognized producer groups to conclude storage contracts for the olive oil they market when the market price is approaching the intervention price

4.4. Market equilibrium

The Council has fixed the maximum guaranteed quantity at 1 350 000 tonnes of olive oil Where actual production ascertained at the end of the marketing year is less than the MGQ, the difference is added to the MGQ for the following year In such cases the production aid is paid in full Conversely, where production exceeds the MGQ, plus any quantity carried forward from the previous year, the production aid for the marketing year in question is reduced proportionately to the overrun This reduction in production aid does not apply to producers producing less than 500 kg

In addition, since the 1990/91 marketing year, the stabilizer mechanism is also applied to the intervention price for olive oil

Where an overrun is recorded, the intervention price is reduced proportionately, up to a maximum of 3%

4.5. Production refunds

Production refunds may be granted to facilitate the disposal of olive oil to the canning/bottling industry

5. Trade

In order to prevent fluctuations on the world market from affecting the Community market, imports of untreated olive oil are subject to a levy equal to the difference between the threshold price and the world market price In the case of treated oil, a fixed component is added to this difference to protect the processing industry

Where real market trends cannot be determined on the basis of quotations on the world market, the levy may be fixed by tendering procedure

Imports of olive-residue oil and residues obtained from the extraction of oil are subject to a levy derived from the levy applicable to oil
Similarly, export refunds may be granted
Tunisia has been granted a quota at reduced levies for exports to the Community of 46 000 tonnes of olive oil.

6. Expenditure

In 1992, expenditure on olive oil amounted to ECU 1 759 million, i e 4 9% of EAGGF Guarantee Section expenditure

7. Stocks

Year		Public stocks
		(1 000 tonnes)
December	1985	63
	1986	264
	1987	299
	1988	346
	1989	83
	1990	67
	1991	18
	1992	71

8. Price levels (1992/93) (ECU/t)

	Eur 10	Spain	Portugal
Production target price	3 220.1	3 220 1	3 220.1
Intervention price	2 023.7	1 832 7	1 984.8
Production aid	843.3	554 7	529.8
Consumption aid	459 0	457.5	482.5

A. RAPE AND SUNFLOWER SEED

1. The products concerned

Rape and sunflower seed, soya beans

2. The basic Regulations

Regulation (EEC) No 136/66, Regulation (EEC) No 3766/91 applicable during the 1992/93 marketing year and Regulation (EEC) No 1765/92, as last amended by Regulation (EEC) No 3738/92, which will replace Regulation No 3766/91 for oilseeds sown for harvesting after 1 July 1993

3. Prices

The marketing year runs from 1 July to 30 June
Prices are established freely on the Community market

4. The new system of management for the internal market (see also data sheet CEREALS)

From the 1993/94 marketing year the arable crop aid scheme (Regulation (EEC) No 1765/92) will apply to oilseeds
The maximum guaranteed areas are abolished and there are no longer guaranteed prices but only an aid per hectare fixed at Community level, then regionalized to take account of average historic yields

For implementing the reform from 1993/94 onwards, the Council has fixed the aid at ECU 359/hectare To be paid in two parts, at the beginning of the marketing year and at the end of the marketing year, this aid is adjustable to follow price changes on the world market and payable to farmers who set aside 15% of their arable land

In practice, if the average of world prices for the three main oilseeds (swede, rape, sunflower, soya) varies within 8% of the projected reference price (ECU 163/t), no adjustment will be made. However, if the price increases or decreases exceed this percentage, the compensation granted per hectare will decrease or increase accordingly

Member States have the choice of implementing regionalization on the basis of the average regional cereal yields or average oilseed yields, the average aid of ECU 359/ha being the point of departure

Since the base areas are established for total field crops, the land set aside may have been under cereals or oilseeds Sunflower in Spain and Portugal will continue to be governed by a special scheme during the 1993/94 and 1994/95 marketing years

5. *The trade system*

Imports are not subject to the levy and the Common Customs Tariff (CCT) applies to

- oilseeds and oilcake . zero duty
- crude vegetable oils zero to 10%

6. *Expenditure*

Expenditure entered in the 1992 EAGGF Guarantee Section budget is ECU 3 721 million, i e 10 4% of the total of this budget

7. *Aid and price levels 1992/93*

- Reference price · ECU 163/t
- Average Community aid for a historical yield for the Community as a whole of 4 6 t of cereals or 2.36 t of oilseeds per hectare ECU 384/ha

Except for sunflower seed in Spain (ECU 292/ha) and Portugal (ECU 272/ha)

B. FLAX SEED

1. The products concerned

Flax seed (textile flax and linseed).

2. The basic Regulations

Regulation (EEC) No 569/76, as last amended by Regulation (EEC) No 2048/92.

3. Institutional prices

The marketing year runs from 1 August to 31 July of the following year

Each year the Council fixes a guide price at a level intended to ensure a fair income for producers

4. Management of the internal market: aid

Production aid equal to the difference between the guide price and the world price is granted to growers on a quantity of seed calculated at a standard rate on the basis of average regional yields per hectare

5. Expenditure

Expenditure entered in the 1992 EAGGF Guarantee Section budget is ECU 70 million, i e 0,2 % of the total of this budget

6. Price levels (1992/93 marketing year) (ecu/t)

	Eur 11	Spain
Guide price for seed	544.90	516 70

C. Hemp seed

1. The products concerned

Hemp seed

2. The basic Regulation

Regulation (EEC) No 3698/88

3. Prices and aid

The marketing year runs from 1 August to 31 July of the following year.

Aid of ECU 245.90/t is granted for the 1992/93 marketing year on production as assessed using an indicative yield, which may vary by homogeneous production zone

PEAS, FIELD BEANS AND LUPINS

1. The products concerned

- Peas and field beans
- Sweet lupins

2. The basic Regulations

- Regulation (EEC) No 1431/82 (which will continue to apply to protein plants harvested and identified - i e. for which aid has been applied for - by 30 June 1993) This Regulation was last amended by Regulation (EEC) No 1750/92

- Regulation (EEC) No 1765/92, which replaces Regulation (EEC) No 1431/82 for protein plants sown for harvesting after 1 July 1993 This Regulation was last amended by Regulation (EEC) No 3738/92

3. Management of the internal market

* From the 1993/94 marketing year onwards, the support system for arable farmers (Regulation No 1765/92) (described in the data sheet for cereals) is to replace the previous arrangements of price fixing, production aid and maximum guaranteed quantities

* As regards protein plants in particular, the aid for 1993/94 is ECU 65 multiplied by the historic cereal yield for the region (maize being excluded if it is treated separately by the Member State) It will be granted at this level if the producer sets aside 15% of his arable land

If this is not the case, the aid is the same as that granted for cereals

From the 1994/95 marketing year onwards, the Council may decide

- either to continue the system as it is,
- or change it in the same way as that for oilseeds (advance payment and balance corrected by the world price)

* Prices are determined freely on the market

4. Expenditure

Appropriations entered for this sector in the 1992 EAGGF Guarantee Section budget are ECU 477 million, i e 1 3 % of this budget

5. Level of prices and aid 1992/93.

Peas and field beans

Activating threshold price	ECU 440.1/t
Guide price	ECU 290.3/t
Minimum price for peas	ECU 253.4/t
Minimum price for field beans	ECU 234.7/t

Lupins

Activating price	ECU 423.4/t
Minimum price	ECU 284.2/t

DRIED FODDER

1. The products concerned

- Dehydrated fodder (dried artificially by heating) or sun-dried fodder (lucerne, clover, other)
- Protein concentrates obtained from lucerne juice and grass juice

2. The basic Regulations

Regulation (EEC) No 1117/78, as last amended by Regulation (EEC) No 2275/89

3. Institutional prices

The marketing year runs from 1 May to 30 April Each year the Council fixes a guide price at a level ensuring a fair income for producers

4. Management of the internal market

- When the world market price is lower than the guide price, aid is granted to processors Fixed monthly, it is a percentage of the difference between these two prices for dehydrated fodder

- The aid for sun-dried fodder is calculated by deducting a fixed amount

5. Expenditure

Appropriations entered for this sector in the 1992 EAGGF Guarantee Section budget are ECU 416 million, i e 1 2% of this budget

6. *The level of prices and aid 1992/93*

Guide price :	ECU 178.61/t
Percentage for calculating the aid :	80%
Difference between aid for dehydrated and sun-dried fodder :	ECU 32.94/t

7. *The reform*

Reduction of the aid percentage to 70% for 1993/94 and, for 1994/95 and subsequent marketing years, a Council Decision, based on a Commission report

- either to continue the scheme
- or include it in the aid scheme for arable crops (Regulation (EEC) No 1765/92)

1. *The products*

- milk, cream fresh, concentrated, sweetened
- butter, cheese and fresh cheeses
- lactose and syrup of lactose
- compound feedingstuffs for animals containing milk products

2. *Basic Regulations*

- Regulation (EEC) No 804/68 as last amended by Regulation (EEC) No 2071/92
- Regulation (EEC) No 2073/92 promotion of consumption and enlargement of markets
- Regulation (EEC) No 2074/92 additional levy

3. *Prices*

The milk year runs from 1 April to 31 March of the following year

The prices fixed by the Council are

a) the guide price fixed for liquid milk with a fat content of 3 7%, it is the price that it is hoped to secure for all milk sold during the year as far as a market exists

b) the intervention price fixed for butter, skimmed milk powder and certain cheeses (grana padano and parmigiano reggiano)

c) the threshold price the Council also fixes for the following milk year the threshold prices for certain products These prices are fixed so that the price level of imported milk products correspond to the guide price for milk.

As part of the CAP reform, the Council has already fixed the prices for milk years 1993 to 1995 (see point 8) Of particular note are a 5% reduction in the intervention price for butter and a gradual alignment of prices in Portugal on the Community price

4. *Management of the Community market*

4.1 *Intervention*

4.1.1 *Public intervention*

For butter if market prices fall below 92% of the intervention price the Commission starts buying-in by invitation to tender in the Member States concerned

For skimmed milk powder, provision is made for buying in between 1 March and 31 August each year

Once in storage, these products are sold by tender, by direct sale or under special measures (see 4 1 4)

4.1.2 *Storage aid*

Aid for private storage is granted·

- for butter stored for at least 4 months between 1 April and 1 September
- for grana padano of at least 9 months of age, for parmigiano reggiano of at least 15 months of age, for provolone of at least 3 months of age

Aid may be granted for other storable cheeses

4.1.3. *Production aid*

a) Aid for milk used in animal feed makes it possible to reduce the price of the milk proteins used in feedingstuff production and make them competitive with substitute products, in particular vegetable proteins

Article 10 of Regulation (EEC) No 804/68 states that aid is to be granted for skimmed milk and skimmed milk powder used in animal feeds

Regulation (EEC) No 986/68 specifies that this aid is granted for

- skimmed milk produced and processed in the dairy and then sold to farmers
- skimmed milk used by farmers on the farm where it was produced
- skimmed milk powder
- skimmed milk powder and skimmed milk used in the manufacture of compound feedingstuffs.

The amount of this aid for feeding of animals, and in particular calves, is fixed in the light of the intervention price for skimmed milk powder, the trends in supplies of this product, the price of calves and price of the competing proteins

This figure, generally fixed annually, is modified only if one of the factors indicated above varies appreciably

A higher, special aid can be granted for liquid skimmed milk and skimmed milk powder intended for feeding to animals other than young calves of less than four months old

This aid is paid by the intervention agency of the Member State on the territory of which the dairy is situated

The aid paid for skimmed milk powder makes it possible to sell the major part of the dried skimmed milk produced in the Community

Regulations (EEC) Nos 1105/68 and 1725/79 lay down detailed rules for granting this aid

b) Aid for milk processed into casein

Regulation (EEC) No 987/68 specifies the rules which govern aid towards processing into casein or caseinate

This raw material is intended for industrial processing To encourage its production, aid is granted to the manufacturer such that the income from the sale of the skimmed milk processed into casein corresponds to the income to be earned from the sale of skimmed milk powder

The aid is paid by the intervention agency of the Member State on the territory of which the casein is produced

4.1.4 Disposal of intervention stocks

a) Special measures to dispose of butterfats

Article 12 of Regulation (EEC) No 804/68 states that "other measures" than those specifically provided for can be taken when surpluses of milk and milk products arise or threaten to arise

On this basis, aid is granted to encourage the disposal of surplus butter to

- non-profit-making bodies (Reg 2191/81) and recipients of social assistance (Reg 2990/82)

- the armed forces and similar formations in the Member States (Reg 2191/81)

- manufacturers of pastry products and ice cream (Reg 570/88)

- manufacturers of other foodstuffs (Reg 570/88).

Various other measures have been taken for this purpose in the past but are no longer currently being implemented (sale of "Christmas butter", certain sales at reduced prices, etc)

b) Aid for skimmed milk concentrate intended for animal feed

Under the "other measures" provided for in Article 12 of Regulation (EEC) No 804/68 provision has been made for aid to be granted for the use of skimmed milk concentrate in the feeding of animals other than calves (see Regulation (EEC) No 865/84)

c) Article 26 of Regulation (EEC) No 804/68 states that Community aid can be granted for milk distributed to schoolchildren

4.2 *Market stability*

4.2.1. *Co-responsibility levy*

Council Regulation (EEC) No 1079/77 of 17 May 1977 establishes a co-responsibility levy imposed in a uniform way on all milk delivered to dairies and on certain sales of milk products direct from the farm.

Originally the levy was set at 3% of the guide price of milk, since the 1989/90 milk year both mountain and hill areas and less-favoured regions have been exempted. For other areas the rates have been reduced to

- 1% for producers whose reference quantities are less than or equal to 60 000 kg
- 1 5% for producers whose reference quantities are higher than 60 000 kg.

The co-responsibility levy will be abolished from 1st April 1993.

<u>Additional levy</u>

Article 5(c) of Regulation (EEC) No 804/68 provides for an additional levy to control the growth of milk production

It is set at 115% of the guide price for milk during a 12-month period and above a given reference quantity (See 4 2 2. below)

This levy is extended, under Regulation (EEC) No 2074/92 for a further period of 7 years as from 1 April 1993

4.2.2. *Milk quotas*

In April 1984 the Council introduced a quota system for milk production This mechanism is based on national quotas composed of

- a quantity for deliveries to dairies

- a quantity for direct sales by the producers

In the event of overrunning his reference quantity a producer must pay an additional levy It amounts to 115% of the guide price for milk in the case of deliveries to dairies and 75% of this price in the case of "direct sales"

In the case of deliveries to dairies, a Member State can penalize, within a dairy which has not overrun its quota, those producers having exceeded their reference quantity by more than 20 000 kg It is possible to transfer unused quotas within or between regions

The national quotas are currently as follows (in '000 tonnes)

Member State	Reference Quota 92/93	RESERVE EEC	SLOM (2)	+1 %
BELGIUM	2881.036	0	6 574	32 11
DENMARK	4369.390	0	9 620	48.82
GERMANY	27154.205 (1)	0	161 046	234.23
GREECE	520.615	0	0	5 37
SPAIN	4361.750	50 000	0	46 50
FRANCE	23042 430	0	64 027	256 34
IRELAND	4725.600	303 000	117 958	52 80
ITALY	8224.210	0	0	87 98
LUXEMBOURG	237.175	25 000	1 674	2 65
NETHERLANDS	10709.205	0	47.886	119 79
PORTUGAL	1743.420	0	0	0
U.K	13702.993	65.000	191.215	153 30
EEC	101672.029	443 000	600.000	1039.886

(1) including 6157 620 for the territory of the former German Democratic Republic
(2) linked to the herd conversion premiums and discontinuation of milk production

* The quota system is the main component of the policy for milk and milk products There will be a 2% reduction in quotas, phased over milk years 1993/94 and 1994/95

* A decision in principle has been taken to increase guaranteed quantities for Spain (500 000 tonnes) and Greece (100 000 tonnes) as long as proof of the application of the system in 1992/93 is supplied

* In addition, producers changing their holding will be able to transfer all or part of the reference quantity assigned to them

4.2.3. The utilization of the co-responsibility levy

The funds levied as a contribution from producers can be used to finance schemes·

- to enlarge markets inside the Community

- to enlarge markets outside the Community

- to find new outlets and improve products

These funds were thus used in milk year 1990/91

- to finance specific measures in annual programmes set up each milk year such as

    - the promotion of milk products
    - research
    - milk for schoolchildren
    - butterfat for ice cream and pastry

- to finance priority measures of the EAGGF

    - improving milk export conditions
    - disposal of butter
    - aid for skimmed milk powder

4.2.4. Aid to reduce production

Premium for giving up milk production

The reduction in milk production achieved in 1984 and 1985 proved insufficient to improve the dairy market and so the Council decided on a further reduction of overall quantities spread over 1987/88 and 1988/89 This was carried out by means of a voluntary cessation scheme, backed by a premium granted to producers ceasing their production of ECU 6 a year per 100 kg for 7 years

For the 8th period (1991/92) the Council decided on a reduction of 2% in guaranteed quantities (dairy deliveries and direct sales) linked to an allowance of ECU 10 relating to the reduction of individual reference quantities as well as compensation for ceasing milk production Reg

(EEC) No 1637/91 introduces this scheme and specifies the conditions on which compensation is paid

Reg (EEC) No 1336/86 lays down the amount of compensation for final cessation of milk production but also provides that these EAGGF funds may as availability permits, be used by the Member States for restructuring

5. *Trade*

The normal system of levies and refunds applies to milk and milk products The calculation of the levy is carried out for a pilot product, with products being classed in homogeneous groups The levy is equal to the difference between the threshold price and the lowest world market prices recorded, adjusted to free-at-frontier The threshold price of the pilot product takes account of factors such as the fat/protein ratio, the basic price for milk and Community preference

6. *Expenditure*

In 1992, 16 25% of the EAGGF Guarantee Section budget (42% in 1980), i e approximately ECU 5 695 million

7. *Butter and skimmed milk powder in store*

('000 tonnes)

Year	Public stocks of butter	Private stocks of butter	Public stocks of skimmed milk powder
December 1985	994	131	541
December 1986	1 333	80	855
December 1987	860	65	600
December 1988	120	151	11
December 1989	21	132	5
December 1990	251	84	333
December 1991	261	52	434
December 1992	170	100	57

8. *Price levels (1992/93 milk year) in ECU/t*

	EUR 11	PORTUGAL
Milk guide price	268 1	268.1
Butter intervention price	2 927.8	2 927.8
Skimmed milk powder intervention price		
"spray"	1 724 3	2 070
"roller"	1 638 1	(former GDR only)
Grana padano cheese 30-60 days intervention price	3 796.7	
Grana padano cheese 6 months	4 704.3	
Parmigiano-Reggiano 6 months	5 192.1	

1993/94 MILK YEAR

	EUR 11	PORTUGAL
GUIDE PRICE - milk	264 7	264.7
INTERVENTION PRICE		
- butter	2 854 6	2 854.6
- skimmed milk powder	1 724 3	1 954.8
- Grana padano cheese 30-60 days	3 727 1	-
6 months minimum	4 632 1	-
- Parmigiano-Reggiano cheese	5 120.7	-

1994/1995 MILK YEAR

	EUR 11	PORTUGAL
GUIDE PRICE - milk	261.3	261.3
INTERVENTION PRICE		
- butter	2 781.4	2 781.4
- skimmed milk powder	1 724 3	1 839.5
- Grana padano cheese 30-60 days	3 698.4	-
6 months minimum	4 601 8	-
- Parmigiano-Reggiano cheese	5 090.4	-

7	MILK AND MILK PRODUCTS	52

1. *Products covered*

- live bovine animals

- meat: fresh, chilled or frozen meat, offal, preparations, preserves

2. *Basic Regulations*

Regulation (EEC) No 805/68, as last amended by Regulation (EEC) No 2066/92

The new system introduced by Regulation (EEC) No 2066/92 enters into force on 1 January 1993

3. *Management of the internal market: the new system*

The reform covers the prices for beef and veal, premiums and intervention It also takes account of environmental concerns

3.1. *Prices*

The marketing year runs from the first Monday in April to the day before in the following year

The prices fixed for this market are

- the guide price· for adult bovine animals (more than 300 kg) it takes account of the situation on the markets for both beef and dairy products This is the targeted average price on the Community market for all grades marketed during the marketing year,

- the intervention price the price on which market support measures are based It is fixed for adult male bovine animals of grade R3 on the basis of carcase weight

The intervention price for adult male bovine animals of grade R3 is to be reduced by 15% over three years

- 1 July 1993 ECU 325 85/100 kg carcase weight
- 1 July 1994 ECU 308 70/100 kg carcase weight
- 1 July 1995 ECU 291.55/100 kg carcase weight

- market prices are defined by category and grade, on the basis of the Community grid for carcases of adult bovine animals This grid standardizes carcase classification, allowing market prices to be recorded by carcase weight and facilitating the application of market measures

3.2. Public intervention

Intervention is opened if, for two consecutive weeks,

- the average market price in the EEC for the grade or class of grades of meat in question is less than 84% of the intervention price, and
- the average market price in the Member State for the grade or class of grades concerned is less than 80% of the intervention price

The buying-in price is determined by tendering procedure Invitations to tender for one or more grades or class of grades are suspended once the intervention conditions are no longer met

* Quantities bought into intervention throughout the Community may not exceed the following quantities per year

1993 750 000 tonnes
1994 650 000 tonnes
1995 550 000 tonnes
1996 400 000 tonnes
1997 350 000 tonnes

* However, a safety net has been maintained, and intervention Buying-in under the safety-net arrangements are not included in the above quantities Safety-net intervention is opened by tendering procedure, and all eligible tenders are accepted

- if, during two consecutive weeks, average Community market prices for bullocks and young bulls fall below 78% of the intervention price,

- where the market price for bullocks and young bulls falls below 60% of the intervention price in a Member State or region, the categories concerned are then bought in the Member States or regions where the prices have fallen below that limit

The products bought in are disposed of in accordance with rules laid down by the Council, the detailed arrangements for which are decided by the Management Committee

* Intervention will be restricted to good-quality butchers' meat, so that young bulls of Grade 0 will be excluded from 1993 In Member States where this grade currently accounts for more than 60% of all slaughters of male bovine animals, this exclusion will not apply immediately Intervention for this grade is staggered over the period from 1993-97 by means of a gradually decreasing ceiling on the maximum quantity which may be sold into intervention under each tendering procedure

* During a three-year transitional period light carcases weighing 150-200 kg may be sold to intervention where producers forego the grant of a premium of ECU 100 per young male calf of a dairy breed withdrawn from production before the age of ten days

3.3. Private storage

In addition to public intervention, private storage aid schemes may also be introduced Such schemes make it possible to stabilize the market without unduly affecting traditional marketing channels

3.4. Premium schemes

* To prevent an excessive concentration of animals, support provided in the form of premiums is restricted to a maximum stocking density per hectare of forage area

The new maximum densities will be phased in gradually

- 1993 3 5 LU/ha (*) of forage area
- 1994 3 LU/ha of forage area
- 1995 2 5 LU/ha of forage area
- 1996 onwards 2 LU/ha of forage area

(*) LU = livestock unit

In determining stocking density, account is taken of all animals in respect of which premiums have been applied for and of the number of dairy cows needed to produce the reference quantity of milk allocated to the holding

The forage area will be assessed in accordance with standards established at Community level to take account of areas exclusively used for the production of forage and areas used both for forage and for products not intended for consumption by the animals (the latter will be taken into account only on the basis of the proportion of forage crops they produce) Areas under maize or other cereals for silage in respect of which compensatory payments are received under the "arable land" scheme are not included in the forage area

The maximum stocking density does not apply to small holdings with less than 15 livestock units

Producers can benefit from four different premiums

3.4.1. Special premium for young male bovine animals

The existing premium (for not more than 90 animals per holding and age category) for male bovine animals has been maintained and is fixed at

ECU 60 for 1993
ECU 75 for 1994
ECU 90 from 1995

The premium is payable twice in the life of each animal, at the ages of 10 months and 22 months The premium is not subject to an individual limit, but each Member State must establish the number of animals within a region in respect of which a premium was paid during one of three years to be chosen as the reference year 1990, 1991 or 1992 If the regional ceiling is exceeded, the number of eligible animals per producer is reduced proportionately Individual ceilings may also be established if the Member States so wish

In order to deseasonalize slaughterings in Member States where the number of castrated male bovine animals slaughtered during the period from September to November exceeds 40% of annual slaughterings of such animals, an additional premium of ECU 60 per head may be granted for animals slaughtered during the period from 1 January to 30 April This system was introduced as an experimental measure and the Commission must submit a report on its effects, together with any appropriate proposals.

3.4.2. The suckler cow premium

To qualify for the premium, producers must show that they deliver no milk or milk products produced on their holding or that their production does not exceed 120 000 kg on the basis of the reference number of eligible suckler cows reduced by between 1 and 3% (for the establishment of the national reserve)

Each producer's entitlement to the premium is restricted to the number of premiums paid in 1990, 1991 or 1992 (the reference year chosen by the Member State) The premium amounts to

ECU 70 in 1993
ECU 95 in 1994
ECU 120 from 1995

Member States may grant an additional premium of ECU 25 per cow, ECU 20 of which will be financed by the EAGGF Guarantee Section in the case of Ireland, Northern Ireland, Greece, Portugal and other regions of southern Italy, Spain and France whose development is lagging behind

A national reserve and the possibility of transferring premium rights have been introduced, based on the same principles as for sheep (see the information sheet on sheep and Articles 4d, 4e and 4f of Regulation (EEC) No 2066/92)

3.4.3. Calf processing premium

Member States may, taking account of their production structures, introduce either a processing premium for calves or special intervention arrangements for lightweight carcases

This measure is an attempt to stem the surplus production of previous years by granting ECU 100 for each male dairy-breed calf slaughtered before it reaches the age of ten days or by permitting the sale into intervention, in accordance with detailed rules to be determined, of animals of 150 to 200 kg carcase weight during a transitional period of three years

3.4.4. Premium for extensive production

With a view to encouraging environmentally-friendly production, the special premium for male bovine animals and the suckler cow premium may be increased by ECU 30 per head where producers can prove that the stocking density on their holding is less than 1 4 LU per hectare of forage area

Other provisions For the territory of the new German Länder, where the livestock sector is in the process of being restructured, the number of eligible animals has been fixed as follows

- 780 000 male bovine animals for the special premium,
- 180 000 suckler cows

4. Trade

To protect the Community market from imports from third countries, an import levy is charged It can be fixed in advance in contracts The basic levy represents the difference between the guide price and the free-at-frontier price plus import duty

The levy actually charged can be more than or less than this basic levy depending on price on representative markets in the Community

There are two exceptions to this general rule

- in the case of frozen meat intended for processing, special import arrangements require an annual balance to be drawn up showing supplies to and requirements of the Community processing industry The quantities thus determined may be partly or fully exempt from the levy, subject to the issue of a certificate,

- in the case of young male bovine animals intended for fattening in the EEC

Export refunds may be granted, fixed in advance and set at different levels depending on the destination

5. Expenditure

In 1992, the appropriations for this sector entered in the budget for the EAGGF Guarantee Section amounted to ECU 4636 million,i e 12 9% of the budget

6. Stocks

Years	Public stocks (1000t)	Private stocks (1000t)
end of December 1985	734	
1986	571	133
1987	755	110
1988	425	215
1989	135	120
1990	650	0
1991	950	0
1992	1090	0

7. Price levels in 1992/93

- Guide price for adult bovine animals ECU 2 000/t
- Intervention price for quality R3 cat A ECU 3 430/t
- Intervention price for quality R3 cat C ECU 3 430/t

1. *Products covered*

- live sheep and goats
- fresh, chilled or frozen meats
- offal
- processed products

2. *Basic Regulations*

Regulation (EEC) No 3013/89, as last amended by Regulation (EEC) No 2069/92, in particular:

Article 5 ewe premium
Article 5a: individual limit per producer
Article 5b national reserves
Article 5c dispensations for new Lander

and Regulation (EEC) No 2070/92 amending Regulation (EEC) No 3493/90 establishing the general rules concerning the payment of the premium to producers of sheepmeat

3. *Prices*

The marketing year runs from the first Monday in January to the day preceding that day in the following year

Each year the Council fixes a basic price the same throughout the EEC, it is established for sheep carcases and is used for calculating the amount of the ewe premium

To take account of seasonal variations on the market, this price is seasonally adjusted

4. *Management of the internal market*

4.1. *Ewe premium and variable slaughter premium*

4.1.1. *The scheme up to 1989*

In order to ensure a fair standard of living for farmers and to stabilize markets, a premium was granted to compensate farmers for their loss of income

Before the 1989 reform, the Community was divided into seven regions At the end of the marketing year, the income loss was estimated for each region on the basis of the market prices recorded during the year This income loss was calculated as the difference between the basic price and the arithmetic mean of the market prices recorded during the year The income loss allowed the amount of the premium payable per ewe to be calculated for each region

This was done by multiplying the income loss by a coefficient representing, for each region, the normal annual average production of lamb per ewe

In the less-favoured areas, an advance on the premium was payable to producers during the year The balance was calculated at the end of the year so that the amount of the premium corresponded to the actual income loss

In Great Britain (Region 5), a different system operated a variable slaughter premium was paid when prices recorded on the representative markets of that region were below a "guide level" corresponding to 85% of the basic price The guide level was seasonally adjusted and the variable slaughter premium was equal to the difference between the guide level and the market prices recorded during the week

In the case of intra-Community exports, where the variable premium had been paid it was recovered at the point of exit from Region 5 This was called "clawback"

4.1.2. *The new scheme*

* A Community quotation for standard quality, corresponding to the most widespread production for specialized flocks, is established

A distinction is made between light-lamb and heavy-lamb producers, all producers of sheep's milk being taken to be light-lamb producers, save proof to the contrary.

The loss of income to producers is any difference between the basic price and the arithmetic mean of the market prices recorded during the marketing year

The amount of the premium is devided by applying a technical coefficient for "heavy lambs" or, at 80% of that rate, "light lambs" to the loss of income

* The "heavy lamb" technical coefficient reflects for the whole of the Community the average production of meat from heavy lambs per ewe producing such lambs

The premium is paid at the full rate up to the limit of

- 1 000 animals per producer in less-favoured areas,
- 500 animals per producer in other areas
- Above these limits, the premium is reduced by 50%

In 1993, a ewe (or she-goat) must be at least one year old or must have given birth at least once to be eligible

The premium for she-goats is 80% of that for ewes paid to producers of heavy lambs

* Since the 1991 marketing year, an additional premium of ECU 4 per ewe has been paid as part of the rural development measures for mountain and hill farms and farms in other less-favoured areas This aid was increased to ECU 5 5 for the 1992 marketing year

This premium is paid subject to an individual limit per producer:

The premium is payable to producers to whom the premium was granted in 1991 and who have also submitted an application for 1992

1) Producers who were granted the premium before 1992 will receive the premium in 1993 and subsequent years within the limit of the number of animals for which the premium was paid in 1991 (multiplied by a coefficient - see 4.1 4).

2) In the case of producers who received little or no premium in 1991, the number of animals in respect of which payments were made in the most recent marketing year will be taken into account (if the premium was not paid as a result of a penalty, the number of animals recorded on the day of inspection will be taken into account)

3) In the case of producer groups or associations, the premium will be paid to the group or association, but each producer member will be allocated an individual limit in accordance with a specific rule

4.1.3. Transfer of the premium rights

If a farm is sold or changes hands, the premium rights are transferred to the person taking over the farm

However, a farmer can also transfer his premium rights, fully or partially, to other producers without transferring his farm In such cases, a maximum of 15% of the rights is paid into the national reserve of the Member State (see 4 2)

Detailed rules for the application of this rule are still to be decided at Community level

The Member States must, however, take measures to prevent such transfers outside sensitive areas where sheepmeat production is of economic importance, and/or may allow transfers to be made directly (or via the national reserve) between producers

4.1.4. Calculating the coefficient

$$\text{Coeff} = \frac{\text{No of animals qualifying for the premium in 1989, 1990 or 1991}}{\text{No of animals qualifying for the premium in 1991}}$$

4.2. *Creation of an initial reserve*

Each Member State creates a reserve equivalent to not less than 1% and not more than 3% of the sum of the individual limits of its producers The quantities making up this reserve are deducted from the premium rights of the individual producers The Member State uses the reserve to grant rights, within the set limits, to producers who

- submitted an application before 1992 and have proved that the application of the limits threatens the viability of their farms, taking account of the implementation of an investment programme prior to 1993,

- submitted an application for a premium for 1991 which does not reflect the actual situation as a result of special circumstances,

- did not submit an application for a premium for 1991,

- have acquired a share of land used by other producers for sheep-rearing

Special case for Germany the reserve is calculated on the basis of the sum of the individual limits of the producers in the old Lander

4.3. *Creation of an additional reserve*

Equal to 1% of the sum of the individual limits of the producers in the less-favoured areas Member States grant rights to producers in less-favoured areas within the limits of this reserve

Special case for Germany same as above (4 2)

4.4. *New Länder*

There is a regional ceiling of one million animals which has to cover both the quantities to be distributed and the reserve to be created for these Lander

4.5. *Market intervention: Private storage*

A private storage system has been introduced along with the new scheme to act as a "safety net" as follows

- The Commission may open private storage if the price on the Community market and the price in a region are less than 90% of the seasonally adjusted basic price

- The Commission may open private storage by invitation to tender if prices on the market are less than 85% of the seasonally adjusted basic price

- The Commission must open private storage by invitation to tender in the region or regions where the market price is less than 70% of the seasonally adjusted basic price

- Use of the tendering procedure allows the Commission to determine the precise quantities it wishes to store and to set the appropriate rate of aid with a view to operating the system efficiently

4.6. *Market balance*

The Council fixes a maximum guaranteed level This is set at 63 400 000 head of ewes

For every 1% by which this maximum guaranteed level is exceeded, the basic price used for calculating the ewe premium is reduced by 1% for that year (7% from 1993) The she-goat premium is modified in the same way

5. *Trade*

Import arrangements differ depending on the products imported Thus, the CCT rates of duty apply to offal

A levy is applied to live animals other than pure-bred animals for breeding and to chilled or frozen meats

This levy is equal to the difference between the seasonally adjusted basic price and the free-at-Community-frontier offer price established on the basis of the purchasing possibilities most representative as regards quality and quantity recorded during the period prior to the fixing of the levy

For products bound under the GATT, however, the levies are restricted to 20% of the ad valorem duty

As part of the voluntary restraint agreements concluded with the main non-Community supplying countries (12 countries, of which the most important in volume terms is New Zealand), these levies are restricted to 10% ad valorem However, until the end of 1993 this levy will be temporarily reduced to zero as part of the temporary adjustments to the voluntary restraint agreements

While export refunds are theoretically provided for, this instrument has never been used

6. Expenditure

In 1992, EAGGF Guarantee Section expenditure amounted to ECU 1 821 million, or 5 2% of its budget

7. Price levels

- Basic price for the 1992/93 marketing year

EUR 12 ECU 422.95/100 kg deadweight

1. Products covered

- live animals, except pure-bred animals for breeding
- meat, offal, lards and fats
- processed products

2. Basic Regulations

Regulation (EEC) No 2759/75, as last amended by Regulation (EEC) No 1249/89

3. Prices

The marketing year runs from 1 July to 30 June of the following year Each year the Council fixes a basic price for Grade U pig carcases for that marketing year (carcases of a weight of not less than 60 kg but less than 120 kg) The price represents the average production cost, including slaughter costs The level must be such as to contribute to stabilizing market prices without leading to the formation of structural surpluses in the Community

The buying-in price, derived directly from the basic price (between 78% and 92%), is the price at which the intervention agencies buy in to public intervention The price is fixed in accordance with the Management Committee procedure

Each quarter, the Commission calculates a sluice-gate price corresponding to the production cost in third countries, the world market price for feedingstuffs and other production and marketing costs being taken into account

4. *Management of the internal market*

4.1. Intervention

4.1.1. Public intervention

Considered a cereal-based processed product, pigmeat is governed by an economic cycle of approximately three years during which time price fluctuations can be 40% or over When the market price remains between 92% and 103% of the basic price, public intervention is optional, but it is obligatory between 92% and 78% of the basic price

Nevertheless, ıt should be emphasised that buying-in has not taken place for several years now

4.1.2. Private storage

Recourse to private storage is more frequent because of its greater flexıbility

The amount of aid for private storage is determined by invitation to tender or by advance fixing

5. *Trade*

An import levy ıs fixed every quarter for ımports from third countries The levy is made up of one component equal to the difference between prices on the world market and within the Community for the quantity of feed grain required for the production of one kilogram of pigmeat, and one component equal to 7% of the sluice-gate price Where the free-at-frontier price for a product falls below the sluice-gate price, an additional levy equal to the difference between the two prices is applied As from 1 March 1992 a reduced levy is applicable to certain imports from Hungary, Poland and Czechoslovakıa In 1992, up to 44 000 tonnes are eligible for the reduction

Exports qualify for a refund which is fixed for each product and uniform throughout the Community This refund may be set at different levels depending on the destination and is based on the difference between the world market price and the price within the Community

6. Expenditure

The appropriations entered in 1992 in the EAGGF Guarantee Section budget amount to ECU 263 million, i e 0 7% of that budget

7. Price levels

Basic price
1992/93 ECU 1897/t (slaughter weight)

1. Products covered

- eggs eggs in shell, eggs not in shell, and egg yolks liquid, cooked, frozen, dried

- poultry live, slaughtered, offal, livers, fats, preserves

2. Basic Regulations

Regulation (EEC) No 2771/75, as last amended by Regulation (EEC) No 1235/89 (eggs)
Regulation (EEC) No 2777/75, as last amended by Regulation (EEC) No 1235/89 (poultry)

3. Prices

There is no marketing year. There is no guaranteed price, but these intensively produced, cereal-derived products qualify for a sluice-gate price fixed in advance by the Commission for each quarter in accordance with the Management Committee procedure The sluice-gate price comprises

- an amount equal to the price on the world market for the quantity of feed grain required for the production in third countries of a kilogram of the product,

- a standard amount representing other feeding costs and overhead costs of production and marketing

4. Management of the internal market

The common organization of the market in eggs and poultry is very flexible There are no guaranteed prices, only a series of measures to improve the organization of production, processing and marketing, as well as quality and forecasting No intervention measures are laid down

5. *Trade*

Imports of eggs and poultry are subject to a levy fixed in advance for each quarter This levy is made up of

- a component equal to the difference between the world price and the price within the Community for the quantity of feed grain required to produce 1 kg of the product concerned,

- a component equal to 7% of the sluice-gate price

Where the free-at-frontier price for a product falls below the sluice-gate price, an additional levy equal to the difference between the two prices is applied

Exports may qualify for refunds which may be set at different levels depending on the destination

6. *Expenditure*

In 1992, the appropriations entered in the EAGGF Guarantee Section budget for the eggs and poultry sector amount to ECU 259 million (0,7%)

1. *The products concerned*

This common organization of the market covers a number of fruit and vegetables [see Article 1(2) of Regulation (EEC) No 1035/72] The marketing years for some of these products are fixed as follows

- cucumbers	1 January to 31 December
- tomatoes	1 January to 31 December
- aubergines	1 January to 31 December
- courgettes	1 January to 31 December
- cauliflowers	1 May to 30 April
- cabbage lettuces	1 July to 30 June
- broad-leaved (Batavian) endives	1 July to 30 June
- artichokes	1 October to 30 September
- cherries	1 April to 30 September
- apricots	1 May to 31 August
- peaches and nectarines	1 May to 31 October
- table grapes	1 May to 30 April
- plums	1 June to 31 October
- pears	1 June to 31 May
- apples	1 July to 30 June
- lemons	1 June to 31 May
- mandarins	1 October to 15 May
- satsumas	1 October to 15 May
- clementines	1 October to 15 May
- sweet oranges	1 October to 15 July
- nuts	1 September to 31 August
- carobs	1 September to 31 August

2. *Basic Regulations*

- Regulation (EEC) No 1035/72, as last amended by Regulation (EEC) No 1754/92
- Regulation (EEC) No 2511/69, Article 6 marketing of Community citrus fruits
- Regulation (EEC) No 2601/69 processing of oranges, mandarins, satsumas and clementines

- Regulation (EEC) No 1035/77 processing of lemons
- Regulation (EEC) No 789/89 specific measures for nuts
- Regulation (EEC) No 1195/90 schemes to promote apples
- Regulation (EEC) No 1201/90 schemes to promote citrus fruits
- Regulation No 1196/90 restructuring of mandarin groves
- Regulation No 1200/90 restructuring of apple orchards
- Regulation (EEC) No 1198/90 institution of a register of citrus cultivation

3. *Prices*

Each year, for all or part of the marketing year in question, the Council fixes two types of prices for the following products cauliflowers, tomatoes, apricots, aubergines, peaches, nectarines, lemons, table grapes, apples, pears, mandarins, satsumas, clementines and oranges These prices are established for pilot products, i e for quality class I of a given variety, packed in a given way and for specified sizes

Basic price

This is fixed for each product taking into account the need to contribute to the support of producers' incomes, to ensure stability of prices and taking into consideration the interests of consumers

Buying-in price

This is fixed at a level which varies between 30% and 65% of the basic price for the pilot products, it is used to determine the levels of intervention prices and the amount of the corresponding compensation

These two prices are used to derive the withdrawal price for withdrawing produce from the market and the public buying-in price

4. *Management of the Community market*

The fresh fruit and vegetable market is characterized by.
- a wide range of products and qualities
- major fluctuations by year and by region

- the perishable and delicate nature of the products
- the seasonal character (albeit decreasingly) of the products on the market due to diversity of origin and to an increase in imports

4.1. Regulation of production

The aim of this common market organization is to balance supply and demand at a fair price level for growers, taking into account trade with non-Community countries and the necessary specialization inside the Community

The means to achieve this objective are

- common quality standards for products marketed in the EEC or intended for export (size and quality classes) Four classes are generally used extra, I, II and possibly III (marketing of III is currently prohibited)

Annex I to Regulation (EEC) No 1035/72 lists the fruit and vegetables subject to quality standards The standards apply at all stages of marketing including the retail stage,

- the constitution of producer groups which assist in the operation of the market organization.

- a withdrawal system to take produce off the market in cases of disturbance, and

- a system for trade with non-Community countries (see 5 below)

4.1.1. Withdrawal operations

The instruments of the withdrawal system are

- the withdrawal price,

Derived from basic prices and the buying-in price, this is the price below which the producer organizations withdraw from sale the products delivered by their members, who receive a compensation payment These payments are reimbursed under certain conditions by the EAGGF in the form of financial compensation paid to producer organizations The products withdrawn from the market are not returned to the usual marketing channels but are diverted to special uses or are destroyed Withdrawal prices are at maximum equal to the buying-in price, multiplied by factors to take account of variety, quality, size and presentation, plus an amount equal to 10% of the basic price

For growers not affiliated to producer groups, and in the event of serious crisis, a Member State can ask for intervention buying-in, for which financial compensation is also paid

- Public buying-in price

In the event of serious crisis on the market, the intervention agencies can buy surplus produce at a price which does not exceed the buying-in price multiplied by factors for variety, quality, size and presentation This possibility is, in practice, not currently used.

4.1.2. Special provisions for citrus fruit

These are

- "penetration" premiums paid by Member States and refundable by the EAGGF, to increase Community market outlets by encouraging the marketing of Community citrus fruits on Community markets other than those of the producer country,

- financial compensation to promote the processing of oranges (of certain varieties) and lemons, paid to processors who adhere to a minimum price fixed before each marketing year

In addition, with effect from the 1990/91 marketing year, it has been decided

- to establish a citrus register,
- to establish for three marketing years a premium for grubbing up mandarin groves,
- to promote and improve the quality of citrus fruits, and
- to cover from the Community budget the disposal of withdrawal products to charity organizations

4.1.3. Special provisions for apples

With effect from the 1990/91 marketing year, it has been decided

- to establish for three marketing years a single premium for complete grubbing-up of orchards less than 20 years old
- to promote and improve the quality of apples
- to cover from the Community budget the disposal of withdrawal products to charity organizations

4.2. Market stability

Stabilization measures apply to the following products

- fresh tomatoes
- oranges
- lemons
- satsumas
- mandarins
- clementines
- nectarines
- peaches
- apples
- cauliflowers

This list can be extended to other fruit and vegetables that are subject to the price and intervention system when the market conditions for a given product are causing a large amount of intervention In the case of fresh fruit and vegetables, the stabilization measures are based not on the volume of production, as in most other sectors, but on the quantity which may be withdrawn from the market

For this purpose, an intervention threshold is fixed before the beginning of the marketing year for the products concerned Exceeding this threshold brings a reduction in the basic price and relevant buying-in price during the following marketing year This reduction may not be more than 20% however The reduction in prices in one marketing year is not taken into account in subsequent years for fixing basic and buying-in prices In other words, the reductions are not cumulative

Main features of the system of stabilizers for the various products in the sector

a) Fresh tomatoes

* Intervention threshold EUR 12 600 800 t

* Penalty in the event of overrun

Reduction in basic price and buying-in price by 1% for each tranche of 31 000 t (EUR 12) of overrun

* Limit on the reduction 20%

b) Oranges and lemons

* The intervention thresholds will be calculated according to the percentage below applied to the average production for the fresh produce market in the previous five marketing years

1989/90 13 5%
1990/91 12 0%
As from 1991/92 10%
This threshold is raised by the average quantity processed in marketing years 1984/85 to 1988/89

* Penalty

Reduction in basic and buying-in price by 1% per tranche of 37 000 t overrun in the case of oranges and 11 200 t in the case of lemons (EUR 12) Quantities processed with EC aid are added to withdrawals in calculating the overrun

* Limit on the reduction 20%

c) Satsumas, clementines and nectarines

* The intervention thresholds are fixed at 10% of the average production for the fresh market and, in the case of satsumas and clementines, of average production processed with EC aid in the previous five marketing years for which data are available

* Penalty

Reduction of basic and buying-in price by 1% per tranche of 3 100 t overrun (EUR 12) in the case of satsumas, 8 100 t (EUR 12) in the case of clementines and 3 000 t (EUR 12) in the case of nectarines The quantities of satsumas and clementines processed with EC aid are added to withdrawals in calculating the overrun

* Limit on the reduction 20%

d) Mandarins

* The intervention thresholds are fixed as a percentage of the average production for the fresh market or processed with EC aid in the previous five marketing years 1989/90 35%, 1990/91 20%, as from 1991/92 10%

* Penalty
Reduction of basic and buying-in price by 1% per tranche of 3 000 t overrun Quantities processed with EC aid are added to withdrawals for calculating the overrun

* Limit on the reduction 20%.

e) Peaches

* The intervention thresholds are calculated at the following percentages of the average production for the fresh market over the last five marketing years - 1989/90 17%, 1990/91 15%, as from 1991/92 12%

* Penalty
Reduction in basic and buying-in price by 1% per tranche of 23 000 t overrun (EUR 12)

* Limit on the reduction 20%

f) Apples

* The intervention threshold is fixed as a percentage of average production for the fresh market of the five previous marketing years 1989/90 6%, 1990/91 4%, as from 1991/92 3%

* Penalty

Reduction in basic and buying-in price by 1% per tranche of 85 100 t overrun (EUR 12)

* Limit on the reduction 20%

g) Cauliflowers

* The intervention threshold is fixed at 3% of average production for the fresh market over the previous five marketing years

* Penalty

Reduction in basic and buying-in price by 1% per tranche of 20 000 t overrun (EUR 12)

* Limit on the reduction 20%

Comments

In all the above cases, the threshold overrun is assessed on the basis of withdrawals during the marketing year, except in the case of apples, for which an average is taken of withdrawals over the last three years

The penalty in the event of an overrun applies to the marketing year following the year in respect of which an overrun has been recorded

5. *The trade system*

5.1. *Imports*

Protection at the external borders is ensured by observance of a "reference price" For each product and origin, the "entry price" is determined by taking market prices recorded on representative markets and comparing them with the reference price The difference between the two prices gives a countervailing charge fixed by the Commission and functioning as a levy

5.2. Exports

Export refunds may sometimes be granted for certain products and for certain destinations, compensating in principle for the difference between the internal price and the world price

6. Expenditure

In 1992 the total appropriations in the EAGGF budget (Guarantee Section) were ECU 832 million, i e 2 3% of that budget

7. Price levels

The basic and buying-in prices for the 1992/93 marketing year appear in OJ No L 147 of 29 May 1992, p 7

1. The products covered

- frozen and dried vegetables
- preserved fruit and vegetables
- frozen, dried, preserved fruit
- fruit juices and pastes

2. Basic Regulations

Regulation (EEC) No 426/86, as last amended by Regulation (EEC) No 1569/92

3. Prices

Before the beginning of the marketing year the Commission fixes, in accordance with the Management Committee procedure, the amount of aids as well as the minimum prices which the processor undertakes to pay the producer in order to qualify for the Community aid

4. Management of the internal market

4.1. Processing aid

In order to make products processed from Community fruit and vegetables competitive with imports, the Council introduced an aid in 1978 as part of an overall Mediterranean policy The aid is designed to guarantee producers a fair income by ensuring that the processing industry observes a minimum price which it undertakes to pay the producer in order to qualify for the aid

The Commission fixes a minimum price each year under the Management Committee procedure The price is fixed for individual products before the beginning of the marketing year on the basis of the minimum price for the previous year, changes in the basic price for fresh products and the need to ensure normal marketing of fresh produce to the various destinations, including supplies to the processing industry.

The arrangements apply to tomato, fig, peach and pear products, cherries in syrup, prunes and, for a temporary period (see b) below), dried grapes

a) The amount of aid for the above products is fixed in such a way as to ensure disposal of Community products It takes into account

- the amount of aid fixed for the previous marketing year,

- the difference between the cost of the raw material applied in the Community and that in the main competing non-member countries,

- the changes in the volume of external trade and prices, where the latter criterion means a reduction in the amount of aid

The aid is fixed according to the net weight of the processed product and is paid to processors only for processed products obtained from raw materials harvested in the Community, for which the party concerned has paid at least the minimum price and which meet the minimum quality requirements

b) In the case of sultanas, dried muscatel grapes and currants, the minimum price to be paid to the producer is being reduced gradually during the 1990/91, 1991/92, 1992/93 and 1993/94 marketing years

From the 1990/91 marketing year up to the 1993/94 marketing year this price is be reduced by ECU 19 941/100 kg per marketing year It will no longer be fixed as from the 1994/95 marketing year

In order to compensate for the reduction in the minimum price during these four marketing years, a cultivation aid is gradually being introduced As from the 1994/95 marketing year it will replace the existing production aid which will no longer be applied

The amount of the cultivation aid is fixed per hectare on the basis of the average yield per hectare and takes account of.

- the need to ensure that the areas traditionally used to grow the relevant crops are maintained;

- the outlets available for these dried grapes

If the specialized areas used for the production of dried grapes exceed a maximum guaranteed Community area, the amount of the aid is reduced for the following marketing year according to the extent by which the area is exceeded The maximum guaranteed area is the average of the areas used for these crops during the marketing years 1987/88, 1988/89 and 1989/90

The aid ıs granted once the areas have been harvested and the products have been dried for processing

As from the 1991/92 marketing year, producers who replant their vineyard to combat phylloxera and who do not benefit from aids provided for under the operational programme will receive the aid during three marketing years.

c) There ıs a production aid also for preserved pineapples

Its objective is to keep pnces to the industry competitive with those of the main non-Community producer countries and to guarantee producers of fresh pineapples an adequate income Accordingly, productıon aid is granted to processors who undertake to pay producers at least the minimum price fixed each year It offsets the difference between the Community price and the price of products imported from non-member countries

4.2. Market balance

The products which are subject to budgetary expendıture stabilization mechanısms are the following

- tomato products
- dried grapes
- Williams pears and Rochas pears preserved in syrup and/or natural fruit juice
- peaches in syrup and/or natural fruit juice

The stabilization measures in force in this sector are of two kinds and vary according to the product

a) the fixing of a guarantee threshold which, if exceeded, results in a proportional reduction in production aid during the following marketing year,

b) the limiting of the aid to certain quantities fixed in advance, an arrangement equivalent to a production quota scheme Quotas are fixed for each firm

The first arrangement applies to dried grapes, peaches and preserved pears and was used for processed tomatoes until 1985 A decision was taken to replace it temporarily (until 1991/92) by a quota arrangement for processed tomatoes During that period, thresholds were fixed but the system was not applied For 1992/93, only the threshold system will apply

Summary of the operating procedures for the stabilizers for processed fruit and vegetables

a) PROCESSED TOMATOES

* Guarantee threshold applied in 1992/93

- Level (expressed in volume of fresh tomatoes processed)

Total 6 596 787 t of which 4 317 339 concentrates
1 543 228 skinned
736 220 other

- Penalty in case of an overrun

Reduction of the aid the following financial year in respect of the overrun of the threshold and in proportion to the overrun for each of the quantities fixed The overrun is calculated on the basis of the average of the quantities produced during the three marketing years preceding the marketing for which the aid is to be fixed However, during the period of application of the arrangement to restrict production aid, the quantities to be used for determining any overrun of the threshold are those which have benefited from the aid and not the total of the quantities produced.

- Comments

No restriction on the reduction of the aid

For the marketing year 1992/93, the overrun is calculated on the basis of the quantity processed during this same marketing year and the reduction applies to the aid for this same marketing year

* Production quota (restricting aid for the current financial year) applied from 1985 to 1991/92 inclusive

Level (expressed in volume of fresh tomatoes processed) (in tonnes)

Same quantities as the guarantee thresholds but broken down by producer Member State

Tomato concentrates

E	550 000
F	278 691
GR	967 003
I	1 655 000
P	832 945
DE	33 700

Skinned tomatoes

E	240 000
F	73 628
GR	25 000
I	1 185 000
P	19 600

other

E	177 050
F	40 087
GR	21 593
I	453 998
P	42 192
DE	1 300

Penalty in case of an overrun

For each processing firm, the aid to be paid for its output, within the limit of the quantities allocated to it, is reduced in respect of any overrun of the total quantities as against the quantity fixed

Comments

One of the three transfer possibilities may be authorized·

- 25% of the quantities of skinned tomatoes granted to a firm of the quantities granted to it for tomato concentrates and other tomato products

- 5% of the quantities of concentrate to other products

- 5% of other products to concentrates

Firms which begin to produce a tomato product in 1990/91 qualify for the aid Producer Member States reserve 2% of the total quantities fixed by each group of products for the allocation of a quota to these new firms The quota for each firm may not exceed its processing capacity less 30%

b) DRIED GRAPES

Guarantee threshold

Level	
Currants	68 000 t
Sultanas	93 000 t
Muscatel grapes	4 000 t

Penalty

Reduction in the minimum price to the producer for the following marketing year on the basis of the overrun of each threshold (1% overrun = 1% reduction). The overrun is calculated on the basis of the average of the quantities produced during the three marketing years preceding the marketing year for which the minimum price to be paid to the producer must be fixed In the case of muscatel grapes, the Community will not contribute to the storage and disposal costs of production remaining unsold at the end of the financial year

c) WILLIAMS AND ROCHAS PEARS IN SYRUP AND/OR NATURAL FRUIT JUICE

Guarantee threshold

Level 102 805 t

Penalty in the event of an overrun (for the following marketing year)

Reduction in aid for the following marketing year on the basis of the overrun of the threshold The latter is assessed on the basis of the three marketing years preceding the marketing year for which the aid must be fixed

d) PEACHES IN SYRUP AND/OR NATURAL FRUIT JUICE

Guarantee threshold

Level 582 000 t

Penalty in the event of an overrun (for the following marketing year)

Reduction in aid for the following marketing year on the basis of the overrun of the threshold The latter is assessed on the basis of the average of the quantities produced during the three marketing years preceding the marketing year for which the aid is to be fixed

5. Trade

The arrangements at external borders can be summarized as the application of the Common Customs Tariff to imports and the possible grant of export refunds Dried grapes, of which there is a serious shortfall, and processed cherries alone qualify for a minimum price at the border and hence a countervailing duty

6. Expenditure

In 1992 expenditure amounted to ECU 732 million, i e 2 1% of EAGGF Guarantee Section appropriations for that year

1. Products covered

- grape juice and must, whether or not containing added sugar, whether or not concentrated;
- partially fermented grape must, wine from fresh grapes, whether or not containing added vinous alcohol,
- fresh grapes other than table grapes,
- wine vinegar,
- wine lees and grape marc

2. Basic Regulations

The common organization of the market in wine was initially governed by Regulation No 24 of 4 April 1962 The present basic Regulation is Regulation (EEC) No 822/87, as last amended by Regulation (EEC) No 1756/92, comprising in particular

- in Title I rules governing production and control of wine-growing potential,
  Articles 6 and 7 prohibiting new planting and regulating exercise of the right to replant,
  Article 80 providing for a Community vineyard register enabling planting, production and financing to be monitored and verified (Regulations (EEC) Nos 2392/86 and 649/87),

- in Title II oenological practices and processes,

- in Title III the price system and intervention rules,
  Articles 32, 34 and 42 private storage aid,
  Article 35 distillation of the by-products of winemaking,
  Articles 36, 38, 39, 41 and 42 intervention in the form of distillation,
  Articles 35, 36, 37, 39 and 40 taking over of alcohol obtained from compulsory distillation,

- in Title IV trade with third countries,
  Article 56 refunds,

- in Title V rules governing release to the market,

In addition, Regulation (EEC) No 1442/88 provides for permanent abandonment premiums for land under vines

Regulation (EEC) No 2167/92 fixes the buying-in prices and aids applicable in 1992/93 to intervention measures

3. Prices

The wine year runs from 1 September to 31 August of the following year

The aim of this market organization is to stabilize markets and ensure a fair standard of living for producers Various types of market intervention are possible for this purpose, on the basis of a system of prices decided by the Council

Guide price

Fixed for each type of table wine at a level ensuring adequate remuneration for the producer, of the average prices recorded during the two previous wine years and of price trends during the current wine year

In view of the market surpluses, however, these prices have been frozen since 1990
There are guide prices for six types of table wine

- three red:

RI - between 10% and 12% vol
RII - between 13% and 14% vol
RIII - varieties of the 'Portugieser' type

- three white:

AI - between 10% and 12% vol
AII - varieties of the Sylvaner or Muller-Thurgau type
AIII - varieties of the Riesling type

Activating price

Constitutes a threshold price which activates the intervention system It corresponds to 92% of the guide price for each type of table wine

Representative price

Established each week, it is the average producer price for each representative market for the relevant type of table wine

This price makes it possible to determine whether intervention measures should be activated However, current overproduction of wine is characterized by stocks at the end of the marketing year equal to more than four months' demand for wine products so intervention is now a permanent rather than an occasional feature

4. Management of the internal market

Given the widely differing climatic conditions from north to south, the Community is divided into seven geographical zones which determine oenological practices (Title II of Regulation (EEC) No 822/87 - enrichment and acidification)

Apart from the production of table grapes and dried grapes, the diversity of Community vineyards results in the production, from wine-grape vine varieties, of a large number of different wines broken down for the purposes of market management into two categories

- table wines (including local wines),
- quality wines produced in specified regions (quality wines psr)

Management of the wine sector is via two types of measure

- withdrawals from the market (storage, distillation) decided each year on the basis of an annual supply balance,

- a system of grubbing premiums accompanied by a prohibition on new planting intended to reduce wine-growing potential (land under vines) to achieve a balanced market

The permanent abandonment measures (grubbing premium) and the restrictions on planting concern the entire wine-growing sector, whereas the intervention measures principally affect table wines Special production rules apply to quality wines psr (Regulation (EEC) No 823/87)

4.1. *Withdrawals from the market*

4.1.1. *Distillation*

Distillation is activated at the beginning of the wine year in order to remove surplus production from the market The scales drawn up are intended to penalize high yields

A forward estimate is drawn up at the beginning of each wine year on the basis of data provided by the Member States This determines availabilities (production and stocks) and uses (human consumption, export and industrial uses) and therefore shows foreseeable stocks at the end of the wine year To determine the surplus, the foreseeable stocks are compared to the desirable levels, put at around four months' supply (cf 4 1 3)

A minimum guaranteed buying-in price is set for all distillation (at levels which vary depending on the type of distillation) Distillers who pay these minimum prices are granted aid to dispose of the alcohol manufactured or, in the case of compulsory distillation, they may deliver the alcohol to the intervention agency

4.1.2. *Preventive distillation (Article 38)*

At the beginning of each wine year, if the harvest forecast so warrants, the Commission may decide on preventive distillation at 65% of the guide price for each type of table wine Producers may make voluntary use of this option if they believe that they will have difficulty in marketing their entire harvest The quantities which can be distilled are restricted to a proportion of the production of each holding and may be deducted from the quantities for compulsory distillation

4.1.3. Compulsory distillation

A distinction is made between:

- compulsory distillation of by-products of winemaking (by-product delivery, Article 35) the purpose of this compulsory distillation is to ensure that marc and lees are not overpressed and to prevent the placing on the market of poor-quality wine with low natural alcoholic strength,

- compulsory distillation of wine other than table wine (Article 36): this concerns surplus wine from the Cognac area, wine from table grapes and grapes for drying, etc,

- compulsory distillation of table wines (Article 39)

The Commission decides on compulsory distillation where

(a) availabilities recorded at the beginning of the wine year exceed the level of normal demand by more than four months' supply or,

(b) production exceeds the level of normal demand by more than 9%, or

(c) the weighted average of the representative prices for all types of table wine remains below 82% of the guide price from the beginning of a wine year

In such cases, the total quantity to be distilled is fixed by the Commission and then shared out between the different production regions of the Community on the basis of the difference between the production of the region during the year in question and 85% of the average production over the 1981/82, 1982/83 and 1983/84 wine years in that region The Council has agreed temporarily that this percentage may be varied so that compulsory distillation can be managed more efficiently

Producers distil a quantity proportionate to their yield in accordance with a scale drawn up each year by the competent authorities of the Member States in collaboration with the Commission

Distillation must be completed before the end of the wine year

4.1.4. Support distillation (Article 41)

In wine years during which compulsory distillation is decided on, the Commission allows automatic entitlement to support distillation Where compulsory distillation is not decided on, the Commission can decide to authorize support distillation. Producers receive a minimum guaranteed price for a limited quantity fixed at 82% of the guide price for each type of wine, provided that they fulfil their obligations under the market regulations (compulsory distillation, wine by-product deliveries, etc)

4.1.5. Distillation under special support measures for long-term storage contract holders (Article 42)

This distillation scheme is designed to ensure that winegrowers do not have to dispose of their wine at a price lower than the activating price, provided that they have concluded long-term storage contracts These distillation arrangements were used for the last time during the 1990/91 wine year

4.1.6. Temporary withdrawals

Private storage aid is available for table wine and grape must for the purpose of freezing the level of availabilities for a given period

Aid is also granted to encourage utilization of grape must, in order to improve the competitiveness of must produced in the Community

Restorage aid used to be granted to enable winegrowers to free their cellars prior to harvest by storing their wine in other premises (this aid is no longer paid)

4.2. Market stabilization

As a result of the structural imbalance in the market caused by a continuing reduction in consumption, the stabilization measures implemented in 1988 have increased efforts to bring supply into line with demand and adjust production potential

4.2.1. As regards market withdrawals, the highest yields are penalized as a result of a strengthening of the deterrent character of compulsory distillation

- where the total quantity subject to compulsory distillation does not exceed 10% of the quantity disposed of on the market (normal utilization), the buying-in price for table wine delivered for compulsory distillation (Article 39) is equal to 50% of the guide price,

- where the total quantity subject to compulsory distillation exceeds 10% of normal utilization, the buying-in price for table wine delivered for compulsory distillation is equal to 50% of the guide price up to a maximum of 10% of normal utilization and 7 5% of the guide price for quantities in excess of 10% of normal utilization

Theoretical example of how the buying-in price for compulsory distillation is calculated

From 1990/91:

(GP = Guide price)
Where the quantity to be distilled is:

(a) less than 10% of utilization:
the buying-in price for wine delivered for distillation = 50% of GP

(b) equal to 25% of utilization:
the buying-in price for wine delivered for distillation =

$$\frac{50\%\ GP\ (10\%) + 7.5\%\ GO\ (15\%)}{(25\%)}$$

Buying-in price = 24.5% of GP

4.2.2. The permanent abandonment scheme is now applicable in all winegrowing areas (including quality wines, Regulation (EEC) No 1442/88, applicable to the 1988/89 to 1995/96 wine years) The grubbing-up premium has been increased twice since 1980, it increases with the yield (between ECU 1 200 and 10 800/ha) Growers who receive an abandonment premium after voluntarily grubbing their vines (personal decision) lose the corresponding replanting rights.

The planting of vines requires prior possession of planting rights. Except in a few cases, new plantings are currently prohibited and vines can only be planted on the basis of replanting rights obtained where vines have been grubbed up without a premium

5. Trade

As a general rule, the Common Customs Tariff applies to all imports, and customs duties vary according to the alcoholic strength of the product

A reference price derived from the guide price is fixed each year by the Commission for certain products and serves as a minimum price for wine imports The difference between the reference price and the entry price of the product plus customs duties is made up by a countervailing charge Agreements with certain non-member countries grant preferential tariff concessions provided that the reference price is observed To facilitate exports, refunds may be paid at rates which differ according to the destination

6. Expenditure

In 1992, appropriations amounted to ECU 1 581 million, i e 4 9% of EAGGF Guarantee Section appropriations

7. Stocks of alcohol ('000 hl pure alcohol)

August 1985	**2 966**
August 1986	**3 784**
August 1987	**5 940**
August 1988	**9 051**
August 1989	**11 000**
August 1990	**9 641**
August 1991	**6 007**
August 1992	**4 785**

8. Price levels

Guide price for the different types of wine for the 1992/93 wine year

EUR 12

RI - ECU 3 21/% vol/hl
RII - ECU 3 21/% vol/hl
RIII - ECU 52 14/hl

AI - ECU 3 21/% vol/hl
AII - ECU 69 48/hl
AIII - ECU 79 35/hl

14	WINE	102

1. The products concerned

The 42 Community varieties of raw tobacco

2. The basic regulations

Regulation (EEC) No 727/70, replaced, with effect from the 1993 harvest, by Regulation (EEC) No 2075/92

The latter fundamentally reforms the rules governing this market, in particular the premium and stabilizer system It abolishes intervention and refunds and introduces a supervisory agency for the scheme.

3. The new management system for the internal market

3.1. The premiums

Each year the Council fixes the premiums to be paid to producers supplying their tobacco to a processor on the basis of a cultivation contract The premiums are intended to contribute to producers' incomes within the framework of production meeting the market's needs and to make it possible to dispose of the tobacco produced in the Community

With effect from 1993 and up to 1997, a single premium will be fixed for each of the eight groups into which the 42 varieties fall The premium is increased by 10% in the case of contracts signed between producers' groups and processors.

However, the varieties produced in Germany, Belgium and France will receive a supplementary amount equal to 50% of the difference between the premiums currently granted and those fixed under the new scheme

3.2. Market equilibrium

* The purpose of the measures is to stabilize production and reorientate it towards the varieties in most demand on the market

* A maximum global guaranteed quantity is fixed at 370 000 tonnes for 1993 This will fall to 350 000 tonnes from 1994 onwards

* Within this limit, the Council has fixed specific guarantee thresholds for each group of varieties for 1993 and 1994

* In order to ensure these thresholds are adhered to, a system of processing quotas has been introduced for the period from 1993 to 1997 These quotas, laid down by group of variety, are shared among the producing Member States as indicated in OJ No L 215 of 30 7 1992, page 79

* For the 1993 and 1994 harvests, each Member State will distribute the portion allocated to it among the first processors, based on historical data This is a temporary allocation which may be reviewed subsequently

However, the Member States are authorized, from 1993 onwards, to distribute quotas among producers if sufficient data exist for this purpose Some Member States have chosen that option

* First processors or producers may not conclude cultivation contracts or be reimbursed the amount of the premium for quantities exceeding the quota allocated to them

3.3. Orientation of production

* A Community research and information fund, financed by a deduction not exceeding 1% from the premiums granted, has been set up in order to orientate Community production towards the least harmful tobacco varieties

* Inter-branch organizations and agreements will play a greater role (see Regulation (EEC) No 2077/92)

* A conversion programme has been introduced for the varieties Mavra, Tsebelia, Forchheimer Havanna and hybrids of Geudertheimer

3.4. Controls

A supervisory agency for the Community tobacco scheme has been established in each Member State

4. Trade

Only the Common Customs Tariff can provide protection vis-à-vis imports
Export refunds are abolished by Regulation (EEC) No 2075/92

5. Expenditure

Appropriations entered for this sector in the 1992 EAGGF Guarantee Section budget are ECU 1 307 million, i e 3 7% of this budget

6. The level of prices and premiums

- For the 1992 harvest, the norm prices, intervention prices and premiums for leaf tobacco, and the derived intervention prices for baled tobacco are given in OJ No L 215 of 30 7 1992, pages 43 and 44.

- For the 1993 harvest, the premiums for leaf tobacco and the supplementary amounts are given in OJ No L 215 of 30 7 1992, page 78

1. Products covered

- hops
- certain by-products such as hop powder, vegetable saps and extracts of hops.

2. Basic Regulations

Regulation (EEC) No 1696/71, as last amended by Regulation (EEC) No 3124/92

3. Management of the internal market

The marketing year runs from 1 September to 31 August of the following year

The common organization of the market is based on producer groups, aid to producers and a certification procedure whereby certificates are issued only to Community products or imports of a minimum quality standard valid for a specific marketing stage

3.1. Aid to producers

Each year the Council fixes direct aid per hectare sown to hops, which differs according to the group of varieties aromatic, bitter and others The level of aid takes account of the current position and foreseeable trend of the market, price trends on non-Community markets and costs

3.2. Aid for switching to new varieties

The difficulty of disposing of bitter hops led the Community to introduce a special aid of ECU 2 500/hectare, up to a maximum of 1000 ha per Member State, for switching to aromatic varieties

4. *Trade*

The only protection at the Community's frontiers is the application of the Common Customs Tariff, but measures may be taken in the event of serious disturbances of the market caused by imports or exports In addition, hops and hop products from non-member countries must comply with minimum marketing requirements

5. *Expenditure*

In 1992, EAGGF Guarantee Section appropriations amounted to ECU 15 million, i e less than 0 01% of the Guarantee Section's budget

1. Products covered

- rice and spelt seeds
- dried leguminous vegetables
- hybrid maize and sorghum
- oilseeds and oleaginous fruit
- seeds, fruit and spores for sowing

2. Basic Regulations

Regulation (EEC) No 2358/71, as last amended by Regulation (EEC) No 1740/91

3. Prices

The marketing year runs from 1 July to 30 June of the following year

The Commission fixes a reference price for each type of hybrid maize and sorghum for sowing Any countervailing charges on imports of these products are calculated on the basis of this price

4. Management of the internal market

The only mechanism is a direct production aid scheme for each species or group of varieties, with aid paid per quintal of seeds produced The level of aid is fixed for two years, but can be reviewed if there is a danger of disturbance on the Community market

5. *Trade*

A countervailing charge may be collected on imports of each type of hybrid maize and sorghum for sowing

6. *Expenditure*

In 1992, EAGGF Guarantee Section appropriations amounted to ECU 86 million, i e 0 3% of the Guarantee Section's budget

1. Products covered

- cut flowers and foliage

- flowering bulbs and tubers

- live plants, nursery products, potted plants

2. The basic regulations

Regulation (EEC) No 234/68, as last amended by Regulation (EEC) No 3336/92

3. Management of the internal market and trade

This market organization consists simply of monitoring prices and volumes of sensitive products, i e roses and carnations imported from Mediterranean countries, mainly Cyprus, Jordan, Israel and Morocco, as part of the management of tariff quotas, as well as following the evolution of Community production (prices, volumes)

18	FLOWERS AND ORNAMENTAL PLANTS	112

A. FLAX AND HEMP

1. The products covered

- Straw and fibres of flax and hemp

2. Basic Regulations

Regulation (EEC) No 1308/70, as last amended by Regulation (EEC) No 2057/92

3. Prices

The marketing year runs from 1 August to 31 July of the following year

The market organization does not include producer price guarantees, Community preference or sales guarantees

4. Management of the internal market

4.1. Production aid

Each year the Council fixes two rates of flat-rate aid per hectare harvested, one for flax and one for hemp
Producers of fibre flax and hemp may also receive seed production aid (see sheet on flax and hemp seed)

4.2. Promotional measures

In the case of flax, a certain percentage of the flat-rate aid per hectare (currently 10%) is used to finance promotional measures and the search for new outlets

4.3. Storage aid

Where there is a temporary imbalance between the supply of and demand for fibres, holders of fibres may enter into private storage contracts and receive private storage aid

5. Trade

There are no customs duties on imports

6. Expenditure

In 1992, EAGGF Guarantee Section appropriations for this product amounted to ECU 33 million.

7. Production aid

For the 1992/93 marketing year aid for fibre flax was fixed at ECU 374 36 per hectare (EUR 12)
Aid for hemp was fixed at ECU 339 42 per hectare (EUR 12)

B. COTTON

1. The products covered

Ginned and unginned cotton

2. Basic Regulations

Cotton is not listed in Annex II to the Treaty but a scheme for it was introduced by Protocol 4 to the Greek Act of Accession of 1979, as amended by Protocol 14 to the Act of Accession of Spain and Portugal

Regulation (EEC) No 2169/81, as last amended by Regulation (EEC) No 2053/92, lays down the general rules for the system of aid

3. Prices

The marketing year runs from 1 September to 31 August of the following year

The Council fixes for the marketing year

<u>a guide price</u> for unginned cotton to support production in the southern regions of the Community where it is important and to ensure a fair income for producers,
<u>a minimum price</u> for unginned cotton to provide a guaranteed income for producers which the purchaser is required to pay the producer to be eligible for further direct aid for unginned cotton

4. Management of the internal market

4.1. Intervention

There is no system of intervention and no intervention price

4.2. Production aid

Direct aid compensates for the gap between the guide price and the (calculated) world market price for unginned cotton

The aim is to support producers' income while ensuring that supplies reach the processing companies at the world market price

4.3. Market balance

A system of maximum guaranteed quantities involving the following basic steps has operated since 1987/88

- The Council fixes the maximum guaranteed quantity (MGQ) for unginned cotton for the marketing year (701 000 tonnes for each marketing year from 1992/93 to 1995/96),

- Before the beginning of each marketing year the Commission determines the estimated production of unginned cotton If this exceeds the MGQ, the aid for that year is reduced accordingly;

- The reduction is limited to 15% but anything over that limit is carried over to the next marketing year,

- At the end of the marketing year, the actual production is determined and the reduction is adjusted to compensate for any discrepancy between estimated and actual production

4.4. Aid to small producers

To lessen the effects of the maximum guaranteed quantity scheme for small producers (less than 2 5 hectares of cotton), flat-rate aid of ECU 250 per hectare is granted
However, the rate of aid is reduced if a maximum guaranteed area is exceeded (73 043 hectares)

5. Trade

There are no customs duties on imports from non-member countries

6. Expenditure

In 1992, EAGGF Guarantee Section appropriations for this product amounted to ECU 630 million

7. Prices

Guide price 1992/93 ECU 1027 9 per tonne
Minimum price 1992/93 ECU 976 5 per tonne
These prices are for cotton with 10% moisture content and 3% impurities

C. SILKWORMS

1. Basic Regulations

Regulation (EEC) No 845/72, as last amended by Regulation (EEC) No 2059/92

2. Management of the internal market

Production aid

This market organization, the marketing year for which runs from 1 April to 31 March of the following year, consists simply of the granting of aid per box of silkworm eggs used, on condition that rearing was successful
Aid for 1992/93 was ECU 111 81 per box used (EUR 12)

3. Expenditure

In 1992, EAGGF Guarantee Section appropriations for this product were ECU 1 million

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