

EUROPEAN ECONOMIC COMMUNITY

COMMISSION

Regulations and Decisions

in the Field of Agriculture

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EUROPEAN ECONOMIC COMMUNITY

THE COUNCIL

REGULATION No. 19

on the gradual establishment of a common organization of the market in cereals

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community, and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy including in particular a common organization of agricultural markets established product by product;

WHEREAS the cereals sector is of special importance in the economy of the Community, both as a source of direct income for producers and as a source of materials for processing and manufacture;

WHEREAS trade in agricultural products between Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transition period would take place, failing co-ordinating action by the institutions of the Community, in accordance with varying procedures and timing; whereas, on the

other hand, a uniform frontier measure covering intra-Community trade would facilitate a progressive and parallel removal of obstacles in all Member States at a pace adapted to the gradual establishment of the common agricultural policy;

WHEREAS such uniform frontier measure, in place of all the various national measures, must first ensure adequate support for the agricultural markets of Member States during the transition period, and secondly permit the gradual establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by a system of intra-Community levies corresponding to the difference in prices in exporting and importing Member States, so as to avoid disturbances in the market of a country where prices are higher, caused by imports from a country where prices are lower;

WHEREAS the substitution of intra-Community levies for other measures which in accordance with the Treaty are to disappear during the transition period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for their gradual reduction;

WHEREAS such progressive reduction of levies in respect of cereals will depend upon the approximation of their prices; whereas on the other hand the levy on processed products based on cereals should consist

of one component equal to the incidence of differences in the prices of the cereals processed and another component representing protection for the processing industry, and whereas provision needs to be made for the progressive and automatic reduction of the latter component;

WHEREAS the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is only justified in relation to the principles laid down in the Treaty if they replace all other protective measures available to Member States at present;

WHEREAS the system to be introduced must enable the preference resulting from the implementation of the Treaty to be maintained in favour of Member States; whereas this requirement may be met by levying, on imports from third countries, charges corresponding to the difference between prices on the world market and those in the importing Member State (such charges to replace all other protective measures at the frontier) and by a standard abatement of the intra-Community levy, fixed so as to permit of the gradual development of intra-Community trade;

WHEREAS the levy system, in conformity with the aims of Article 45 of the Treaty, facilitates the development of intra-Community trade, while at the same time affording guarantees to producers in Member States, so that the said Article will become inoperative;

WHEREAS the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against those which are incompatible with the common market be extended to aids which distort the working of such system; whereas, however, in the case of exports from a Member State where the price is higher to another Member State where the price is lower, continuance of the practice whereby the export price is aligned with the world price is permissible subject to certain specified conditions;

WHEREAS any processing traffic whereby trade between Member States in processed products incorporating imported commodities is based on world prices for such commodities is incompatible with the application of the levy system;

WHEREAS in order to ensure that the necessary guarantees in respect of employment and standard of living are maintained for producers in the Community, it is appropriate to fix annually in each Member State

target prices for the cereals of greatest economic importance and to publish these prices before the winter sowing in order to enable producers to plan their crops;

WHEREAS the establishment of a single market requires that these national target prices be progressively approximated to a common target price; whereas it is therefore necessary that the gap between the highest national target price and the lowest national target price shall not be widened;

WHEREAS in order to afford producers a guarantee that the market price will be constantly maintained at a level as close as possible to the target price, it is desirable to fix an intervention price for the above-mentioned cereals which shall govern the action of the competent authorities in Member States in relation to the target price;

WHEREAS the link between the levy system and this price system can satisfactorily be ensured by determining the threshold price in the importing Member State; whereas in fact intra-Community levies and levies vis-à-vis third countries will be based on that price so that the selling price of imported cereals and flour enables the target price fixed for the above-mentioned cereals to be reached;

WHEREAS in order to facilitate the implementation of the provisions envisaged it is desirable to lay down a procedure for close co-operation between Member States and the Commission within a Management Committee;

WHEREAS the common organization of the market in cereals must be fully established by the end of the transition period,

HAS ADOPTED THE PRESENT REGULATION :

Article 1

With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common organization of the market in the cereals shall be gradually established, comprising a levy system applicable to trade between Member States and to trade between Member States and third countries in the following products :

Common Customs Tariff No.	Description of goods
a) ex 10.01	Wheat (other than durum) and meslin
10.02	Rye
10.03	Barley
10.04	Oats
10.05	Maize
10.07	Buckwheat, millet, canary seed and grain, sorghum; other cereals
b) ex 10.01	Durum wheat
c) 11.01 A	Wheat or spelt flour
11.01 B	Meslin flour
ex 11.01 C	Rye flour
ex 11.02 A I	Wheat groats and meal

d) The processed products listed in the Annex to the present regulation.

Article 2

1. As regards the products set out in Article 1 a) and c), the amount of the intra-Community levy shall be equal to the difference between the free-to-frontier price of the product from the exporting Member State on arrival at the importing Member State, determined according to the provisions of Article 3, and the threshold price in the importing Member State, fixed in accordance with the provisions of Article 4 or Article 8, such difference being reduced by a standard amount determined in accordance with Article 9.

2. The intra-Community levies calculated in accordance with the provisions of paragraph 1 of this Article shall be progressively reduced *pari passu* with the approximation of cereal prices decided by the Council under Article 6.

Article 3

The free-to-frontier price of the product from the exporting Member State on arrival at the importing Member State shall be based on the prices ruling on the most representative markets of the exporting Member State for exports to the importing Member State in question, adjusted for any variations from the standard of quality in respect of which the threshold price is fixed. The Commission shall determine the free-to-frontier price according to criteria established by the procedure laid down in Article 26.

Article 4

With regard to wheat (other than durum) and barley, as also maize and rye in Member States which are major producers of these cereals, the threshold price shall be fixed annually by the Member States for an identical standard of quality in such a way that the selling price of the imported product in the marketing centre of the area having the largest deficit shall, after taking account of the standard amount provided for in Article 2 (1) and the coefficients of equivalence provided for in Article 12, be level with the basic target price provided for in Article 5 below.

Each Member State shall, before 1 March in each year, notify the other Member States and the Commission of the threshold price for the following marketing season. Where the threshold price has not been fixed as stipulated above, it shall be reviewed in accordance with the procedure laid down in Article 26.

Article 5

1. The Member States shall annually determine in respect of each of the products referred to in Article 4, at the wholesale purchasing stage, a basic target price, applicable in the marketing centre of the area having the largest deficit, for a specified standard of quality, taking into account the price to be aimed at for the producer, within the context of the Council's decisions on price-fixing. Such price, fixed before the winter sowing, shall come into force at the beginning of the marketing season. It shall be notified to the other Member States and to the Commission.

2. Where, because of the natural conditions of price formation on the market, the gap between the respective market prices in the marketing centre of the area showing the largest deficit and in the marketing centre having the largest surplus exceeds 5%, Member States shall, on the basis of the target price referred to in the preceding paragraph, determine secondary target prices for the major regional marketing centres related to price differences due to natural conditions of price formation.

3. The Member States shall draw up a monthly scale of target prices, taking storage and interest charges into account, for a period of not less than five months and not more than ten months of the marketing season. The Council shall, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter, adopt the directives necessary for progressive harmonization of the appropriate measures taken by the Member States.

Article 6

1. For the standards of quality of wheat, barley and rye at present in force in each Member State, and in respect of the marketing season starting on 1 July 1962, the Council shall, by unanimous vote on a proposal of the Commission, before 1 April 1962, set upper and lower limits for target prices which shall respectively apply in the marketing centres of the areas having the largest deficits and surpluses in the Member States; for maize, only a lower limit shall be set.

These limits shall apply to all Member States.

2. For the marketing season beginning on 1 July 1962, the upper limits referred to in paragraph 1 of this Article shall be set at a level not more than 7.5% above the wholesale price level corresponding to the minimum guaranteed price to the producer at the beginning of the 1961-62 marketing season in the area with the largest deficit in the Member State currently importing the highest total tonnage of cereals.

3. a) For the marketing season beginning on 1 July 1962, the lower limits provided for in paragraph 1 of this Article shall be fixed for wheat, barley and rye at a level not less than 5% above the wholesale price level corresponding to the minimum guaranteed price to the producer applicable at the beginning of the 1961-62 marketing season in the area having the largest surplus in the Member State currently exporting the highest total tonnage of cereals.

b) For the marketing season beginning on 1 July 1962, the lower limit provided for in section 1 of this Article shall be fixed for maize at a level not less than the wholesale price level corresponding to the average price paid to the producer during the 1960-61 and 1961-62 marketing seasons in the area having the largest surplus in the Member State currently having the greatest production.

4. During the transition period, disparities between the target prices fixed by Member States in accordance with the present Regulation shall be progressively reduced so that a common target price shall be attained by the end of that period.

The Council shall, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter, adopt:

i) before 1 April 1963, the measures to be applied by Member States in the matter of prices for the cereal marketing season commencing 1 July 1963;

ii) each year before 1 July and in the first instance before 1 September 1963, the measures to be applied by Member States in the matter of prices for the marketing of cereals of which the production season starts on 1 October of the year in question.

In arriving at these decisions the Council shall be guided *inter alia* by experience and by certain specified criteria.

The Council shall, on a proposal of the Commission, by unanimous vote lay down these criteria before 1 September 1962. Without prejudice to the objectives of the common agricultural policy, as set out in Article 39 of the Treaty, designed to ensure an equitable standard of living for the agricultural population, such criteria shall take account of the desirability of promoting specialization, in keeping with economic structures and natural conditions in the Community, and thus lead to the determination of a future target price for the Community on the assumption of rationally conducted and economically viable farming in the Community and having due regard to an appropriate price relationship as between the various products.

5. In Member States where the price guarantee applies only to a certain quantity of the products marketed, as provided for under Article 23 (5), the actual prices paid to producers may be lower than the market prices or the intervention prices based on the target price defined in each Member State in pursuance of paragraphs 1, 2, 3 and 4.

Article 7

1. In order to guarantee producers a selling price for their products as near as possible to the target prices, taking market fluctuations into account, Member States shall, before the beginning of the marketing season, determine intervention prices in respect of the products for which target prices are fixed. These intervention prices shall be equal to the target prices, less a fixed percentage to be determined by each Member State within a range between 5% and 10%.

2. Member States may, however, lay down intervention prices in marketing centres other than that in the area having the largest deficit, at a level above the intervention price which would have been laid down allowing for the secondary target prices. This increase in intervention prices shall not exceed, in the centre where the secondary target price is the lowest, 50% of the difference between the target price and the intervention price determined in accordance with paragraph 1. In intermediate centres, the difference between target prices and intervention prices should increase proportionately as the level of secondary target prices approximates to that applying at the centre in the area having the largest deficit.

From the commencement of the third stage the Council shall annually examine the measures taken in pursuance of the provisions of the preceding paragraph in order to ensure that the Member States, by the end of the transition period, shall fix secondary intervention prices having the relationship to target prices which is laid down for the centre with the largest deficit.

3. Throughout the marketing season, the intervention agencies of Member States shall be under an obligation to purchase at the price determined in accordance with paragraphs 1 or 2 of this Article any home-grown cereals offered to them; they may also intervene, throughout the marketing season, in particular by way of purchases, whenever the market situation so requires.

4. The intervention agencies of each Member State may not sell within that State the products purchased in accordance with the provisions of paragraph 3 of this Article on terms which would prevent prices from moving towards the target price for the marketing centre of the place of sale.

They may, however, sell wheat or rye at a lower price, provided that these have been rendered unfit for human consumption, or may, subject to the same proviso, grant a denaturing premium to an amount and on conditions laid down in accordance with the procedure set out in Article 26.

Article 8

1. For such of the products listed in Article 1 a) as are not mentioned in Article 4, including maize and rye in Member States which are not major producers thereof, the threshold price shall be so determined for each of the products, taking into account the standard amount provided for under Article 2 (1), that the level of target prices fixed for home-grown cereals referred to in Article 4 may be attained, that is to say:

- i) for cereals considered as bread-grains, the level of the target prices for bread-grains;
- ii) for other cereals, the level of the other target prices.

The threshold price shall be annually fixed by Member States for an identical standard of quality and notified to the other Member States and to the Commission before 1 April in respect of the subsequent marketing season.

2. As regards the products referred to in Article 1 c) the Council shall, by qualified majority vote on the proposal of the Commission, determine the criteria to

be adopted by Member States in determining the threshold price. In determining these criteria, account shall be taken of:

- i) the need for protecting the processing industry;
- ii) the objectives referred to in paragraph 1 above or, for products manufactured from durum wheat, the need for complying with price levels for durum wheat.

The threshold price shall be notified to the other Member States and to the Commission before 1 March and shall be subject to review in accordance with the procedure laid down in Article 26 in the event of non-compliance with the criteria adopted by the Council.

Article 9

1. The standard amounts provided for in Article 2 shall be determined in such a manner as to promote progressive and regular development of intra-Community trade until a single market be established, having regard to availabilities on the markets of Member States of home-grown cereals or cereals imported from other Member States. As regards the products set out in Article 1 c) account shall be taken of the need for reducing annually by two-fifteenths, from the first year of application of the levy system, the level of protection for the processing industry. Such amounts shall be annually determined, using the procedure laid down in Article 26, in accordance with criteria adopted by the Council on a proposal of the Commission voting according to the procedure laid down in Article 43 of the Treaty. They shall be published prior to the beginning of the marketing season.

2. If during the marketing season intra-Community trade fails to develop in the manner referred to in paragraph 1, the standard amounts provided for in the said paragraph shall be subject to review according to the procedure laid down in Article 26. In this event, the threshold price shall be fixed anew in accordance with the procedure laid down in Article 4 or Article 8.

Article 10

1. The provisions of the present Article shall apply to the products listed in Article 1 a) and c).

2. The amount of the levy vis-à-vis third countries for each product shall be equal to the difference between the cif price of the product calculated on the basis of the most favourable offers on the world market and the threshold price in the importing Member State fixed in accordance with the provisions of Article 4 or Article 8.

3. The cif price referred to in paragraph 2, calculated for a frontier crossing point selected by each Member State shall be determined for each product on the basis of international quotations adjusted to take account of any variations in quality from the standard for which the threshold price is fixed. The Commission shall determine the cif price according to criteria established in accordance with the procedure laid down in Article 26.

4. Where free quotations on the world market are not a determining factor in the offer price and where such offer price is lower than the international quotations, the cif price shall, in the case of the imports in question only, be replaced by a price to be determined by the Commission in relation to the offer price and in accordance with criteria established by the procedure laid down in Article 26.

Article 11

1. As regards durum wheat, the amount of the intra-Community levy in the case of imports from a Member State which is a producer of durum wheat shall equal the difference between the threshold price in the importing Member State and the free-to-frontier price of the produce on arrival at that State from an exporting Member State determined according to the provisions of Article 3, less a standard amount fixed annually in accordance with the procedure laid down in Article 26. The amount of the intra-Community levy in the case of imports from a Member State which is not a producer of durum wheat shall be equal to that charged vis-à-vis third countries.

2. The amount of a levy vis-à-vis third countries shall be equal to the difference between the threshold price in the importing Member State and the cif price of the produce based on the most favourable terms of purchase on the world market; the provisions of Article 10 (3) and (4) relating to the products set out in Article 1 a) and c) shall apply to durum wheat.

3. To permit of exports to Member States from other Member States which are not producers of durum wheat as also from those whose export price is higher than the threshold price of the importing Member State, a refund may be granted in respect of such exports, equal to the refund allowed for exports to third countries under the terms of Article 20 (2). The amount of the intra-Community levy shall be equal, in the case of imports from a Member State which is a producer of durum wheat, to that charged vis-à-vis third countries, less the standard amount referred to in paragraph 1 above.

4. The threshold price of durum wheat shall be fixed by Member State, for an identical standard of quality, at a level not less than 5% above that of wheat (other than durum).

5. Producer Member States shall annually fix, for durum wheat of a specified standard of quality, target prices to apply in the major regional marketing centres of producing areas having regard to price differences arising from the natural conditions of price formation. They shall likewise fix intervention prices in accordance with the provisions of Article 7.

6. Should prices of durum wheat in certain production areas particularly remote from consumption areas fall substantially by reason of the provisions of paragraph 5 above, Member States may, during the first three years of the levy system, grant aids on a diminishing scale designed to mitigate the effects of such fall.

7. The Council, acting in accordance with the procedure laid down in Article 43 of the Treaty, shall, within three years from the date of entry into force of the present Regulation, adopt the provisions necessary for attaining by the end of the transition period a single market in durum wheat for the Community. It may authorize aids to producers on terms and conditions which it shall define.

8. The varieties and characteristics of wheat which qualify for the designation "durum wheat" shall be determined before the entry into force of the levy system in accordance with the procedure laid down in Article 26.

9. Member States shall take the necessary steps to ensure that the provisions of the present Article are applied only to durum wheat. The criteria and procedures therefor shall be laid down in accordance with the provisions of Article 26.

Article 12

The following shall be determined in accordance with the procedure laid down in Article 26:

a) the identical standards of quality for all Member States provided for in Article 4, Article 8 (1) and Article 11 (4) in respect of which threshold prices are to be fixed;

b) the coefficients of equivalence between different qualities so as to permit of adjustments as provided for under Article 3, Article 4, first paragraph, Article 8 (1) and Article 10 (3).

Article 13

The Council shall adopt, in accordance with the procedure laid down in Article 43 of the Treaty, the necessary provisions so that in step with the approximation of cereal prices a single price system be attained for the Community at the single market stage

which, in respect of each of the products and in so far as the present Regulation provides for such measures, shall include:

- a) a basic target price applicable to the whole Community;
- b) a single threshold price;
- c) a single method of determining intervention prices;
- d) a single frontier crossing point for the Community as a basis for determining the cif prices of products from third countries.

Article 14

1. As regards the products referred to in Article 1 d) the amount of the levies both between Member States and vis-à-vis third countries shall be made up of two components:

A. One variable component, which may be determined and revised on a flat-rate basis,

a) corresponding, in respect of processed products manufactured from the basic products listed in Article 1 a), to the incidence on the prime cost of these products of the levies on the basic products entering into their manufacture; the resulting amount shall be revised according to variations in the levies applicable to the basic products;

b) fixed, in respect of processed products not containing basic products listed in Article 1 a), on a basis which takes into account market conditions for the processed products referred to in the foregoing sub-paragraph most closely resembling them;

B. One fixed component, the calculation of which shall take into account the need for protecting the processing industry. In trade between Member States this component shall be reduced by two-fifteenths annually, starting from the first year in which the levy system is operated.

2. Where effective offers from third countries of the products referred to in Article 1 d) do not correspond to the prices resulting from the price of the basic products entering into their composition increased by the cost of manufacture, an additional amount, determined in accordance with the procedure laid down in Article 26, may be added to the levy fixed in accordance with the provisions of paragraph 1 of this Article.

3. On a proposal of the Commission the Council shall, by qualified majority vote, adopt the necessary provisions determining, within the context of the present Article, the method of application for each of the products concerned.

Article 15

1. The amounts of the levies between Member States and vis-à-vis third countries shall be calculated by Member States in accordance with the provisions of Articles 2, 10, 11 and 14, and shall be notified to the other Member States and to the Commission.

2. These amounts shall be amended by the Member States according to variations in the factors on which they have been based. Criteria for the amendment of levies and methods of applying them shall be adopted in accordance with the procedure laid down in Article 26.

Amendments to levies shall be immediately notified to the other Member States and to the Commission.

3. Levies between Member States and vis-à-vis third countries shall be collected by and credited to the importing Member State.

4. Provisions necessary to prevent any diversion of trade in products from Member States or third countries which might arise from differing rates of levy as between Member States or as between Member States and third countries, shall be adopted before 1 July 1962 in accordance with the procedure laid down in Article 26.

Article 16

1. Imports from Member States or from third countries and exports to Member States and to third countries of the products referred to in Article 1, shall in all cases be subject to presentation of an import or export certificate issued by the Member State on application by the party concerned. Member States shall regularly notify the Commission of the quantities covered by the certificates issued.

2. Import certificates for the products mentioned in Article 1 a) and b) shall be valid from the date of issue until the end of the third month following that during which they were issued. Issue of a certificate shall be subject to the lodging of a surety for importation within the term of the certificate, and this surety shall be forfeit if the import does not take place within such time-limit.

The Council shall each year consider, on the basis of a report by the Commission, whether or not it is necessary to amend the period of validity of import certificates. On a proposal of the Commission, the Council shall adopt any amendments by unanimous vote during the second stage and by qualified majority thereafter.

3. The manner in which effect is to be given to the present Article and the term of validity of import certificates for the products referred to in Article 1 c) and d), shall be established in accordance with the procedure laid down in Article 26.

Article 17

1. The amount of the levy to be charged between Member States or vis-à-vis third countries shall be the amount applicable on the day of import.

2. However, in the case of imports from third countries of the products named in Article 1 a) and b), the levy applicable on the day the application for the certificate is lodged, adjusted according to the threshold price obtaining at the expected date of import, shall, at the request of the party concerned, be applied to imports to be effected within the term of validity of the certificate, such request to be presented when applying for the certificate. In this event there shall be added to the levy a premium determined at the same time as the levy.

The scale of premiums shall be decided by the Commission on the basis of criteria to be determined by the Council before 1 May 1962 by unanimous vote on a proposal of the Commission.

Article 18

1. In trade between Member States, whether import or export, the following shall be incompatible with the intra-Community levy system:

- i) the imposition of any customs duty or charge having equivalent effect;
- ii) the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg;
- iii) recourse to Article 44 of the Treaty.

A "measure having equivalent effect" to a quantitative restriction shall include any restriction of the grant of import or export certificates to a specified category of beneficiary.

2. Subject to the provisions of Article 19 (2), the export from one Member State to another of products referred to in Article 1 shall be incompatible with the application of the intra-Community levy system:

a) if the levies applicable to such products in the exporting Member State have not been paid or have been wholly or partly refunded;

b) if there has entered into the manufacture of those products, either during manufacture or at a previous stage of processing, materials referred to in Article 1 which the levies applicable in the exporting Member State have not been paid or have been wholly or partly refunded.

3. The application of the intra-Community levy system shall render Article 45 of the Treaty inoperative, as also any long-term agreements or contracts which were concluded in accordance with the said Article and which may be in force at the date on which the system is introduced.

Article 19

1. As soon as the levy system is applied and subject to the provisions of paragraph 2 of the present Article and of Articles 11 and 23 (4), Articles 92, 93 and 94 of the Treaty shall apply to aids granted by the States or out of States resources, which:

a) directly or indirectly reduce the prices of products listed in Article 1 a), b) and c) below those used directly or indirectly as a basis for calculating the levy; or

b) directly affect the relationship between prices of manufactured products covered by Article 1 d) and market prices for the basic products entering into their manufacture.

2. a) A Member State which, in accordance with the provisions of this Regulation, is entitled to apply levies vis-à-vis another Member State may, upon exports to such Member State, refund an amount equal to the refund granted in respect of exports to third countries under the conditions laid down in Article 20 (2). Where a refund on export is granted, the amount of the levy charged by the importing Member State shall be equal to that charged vis-à-vis third countries in accordance with the provisions of this Regulation, less the standard amount provided for in Article 2 (1).

b) However, an exporting Member State may refund an amount equal to the difference between the free-to-frontier price of the product on arrival at the importing Member State, determined according to the provisions of Article 3, and the threshold price in the importing Member State, this difference being increased by the standard amount provided for in Article 2 (1):

i) when in the said exporting Member State the target price in the marketing centre of the region having the largest surplus is at the lower limit of the range determined in pursuance of Article 6,

ii) in other cases, in respect of quantities corresponding to the traditional flow of trade in the product or products concerned.

The exporting State shall periodically inform the other Member States and the Commission of the quantities exported and the amount of the refunds.

The manner in which effect is to be given to the present sub-paragraph shall be decided in accordance with the procedure laid down in Article 26.

c) As regards exports of surplus production from the Grand Duchy of Luxembourg to a Member State having lower prices, the refund shall be equal to that calculated in accordance with the provisions of the first sentence of b) above.

d) In the case of products referred to in Article 1 d), the amount of the refund and of the levy to be charged where a refund is granted shall be determined in accordance with the procedure set out in Article 20 (2) second sentence.

e) Concurrently with its decisions relating to the approximation of prices, the Council shall make any necessary modifications to the provisions of a), b), c), and d) above, acting by qualified majority on a proposal of the Commissions.

Article 20

1. The application of the levy system to third countries shall entail the abolition of all customs duties or charges having equivalent effect on imports from third countries.

2. In order to permit exports to third countries on the basis of quotations ruling on the world market, the difference between such quotations and prices in the exporting Member State may be covered by a refund, on terms laid down in accordance with the provisions of Article 26. However, in the case of the products referred to in Article 1 d) the Council, acting by qualified majority on a proposal of the Commission, shall determine the criteria for determining the amount of the refunds to be granted at the same time as, in accordance with the provisions of Article 14 (3), it decides on the manner of application of the levy system to such products.

Article 21

1. Application of the levy system to third countries shall, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg, entail the abolition of all quantitative restrictions or measures having equivalent effect on imports from third countries, except as otherwise decided by the Council on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter.

A "measure having equivalent effect" to a quantitative restriction shall include any restriction of the grant of import or export certificates to a specified category of beneficiary.

Article 22

1. If, by the effect of the measures progressively establishing a common organization of the market in cereals, imports should cause or threaten to cause in one or more Member States serious disturbances to the said market likely to jeopardize the objectives laid down in Article 39 of the Treaty, the Member State or States concerned may, during the transition period, take the necessary protective measures in regard to importation of the relevant products.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than the date of their entry into force.

The Member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. Such States must be prepared to enter into negotiations immediately with a view to making temporary arrangements in order to obviate excessive or unnecessary losses to exporters. Such arrangements shall be immediately notified to the other Member States and the Commission.

On the basis of the provisions of paragraph 1 of this Article, and having regard to the importance of not increasing the level of protection between Member States, the Commission shall, after consulting the Member States within the Management Committee set up under Article 25, decide by emergency procedure, within not more than four working days of the notification referred to in the first sub-paragraph above, whether the measures shall be maintained, amended or abolished. The Commission may also decide on measures to be applied by the other Member States.

The Commission's decision shall be notified to all Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council with three working days of its date of notification. The Council shall meet immediately. It may, on the basis of the provisions of paragraph 1, and having regard to the importance of not increasing the level of protection between Member States, amend or annul the Commission's decision by qualified majority vote.

If the Member State which has taken the steps referred to in paragraph 1 above refers the matter to the Council, the Commission's decision shall be held in abeyance; such period of abeyance shall terminate ten days after such reference to the Council if the latter has not by then amended or annulled the Commission's decision.

4. All protective measures affecting trade between Member States shall be applied simultaneously or earlier to third countries, the principle of Community preference being respected.

5. If after the end of the transition period imports from third countries should cause or threaten to cause serious disturbances in the Community to the market in goods covered by Article 1, and particularly if this leads the intervening agencies to make substantial market purchases of the products covered by Article 4, the issue of import certificates in respect of third countries may be suspended, subject to possible derogations in respect of specified destinations, until such time as the disturbance or threat of disturbance shall have subsided.

The manner in which effect shall be given to the above sub-paragraph shall be determined on a proposal of the Commission by the Council voting according to the procedure laid down in Article 43 of the Treaty.

Article 23

1. Member States shall take steps to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may be applied from 1 July 1962.

2. Should any Member State meet with serious difficulties in such adaptation, it may request an extension of the time-limit laid down in the previous paragraph for the said adaptation.

On a proposal of the Commission the Council may, by unanimous vote, authorize such extension for one year, provided that it does not impede the development of trade and is not prejudicial to the interests of other Member States. Such authorization may be renewed for a further year on the same conditions and in accordance with the same procedure.

The Commission shall ensure that the conditions governing the authorization are observed and shall to that end, after consulting the Member States through the Management Committee, issue the necessary directives to the Member States concerned.

3. If in a Member State which is a producer of barley, maize or rye there is at the date when the present

Regulation comes into force no measure of intervention on the market for these products, such State may defer the implementation of the provisions of Article 5 (3) and Article 7 until 30 June 1965.

4. If in a Member State, when the present Regulation comes into force, the end-consumers are not paying for imported cereals the price obtaining for home-grown cereals, such State may grant in respect of domestic consumption only, a uniform subsidy whatever the origin of such cereals. The incidence of such subsidy on consumer prices shall not, in the first year, exceed the incidence of the levy system on the prices ruling before the present Regulation come into force.

In this case, the variable component of the levy provided for in Article 14 (1) A) shall be reduced accordingly. The Council, when adopting the measures to be taken in pursuance of Article 14 (3) and of Article 8 (2), shall decide on the necessary adjustments.

Such a Member State shall gradually reduce the subsidy referred to in the first sub-paragraph of this paragraph so that the disparity in price shall be eliminated not later than the end of the transition period.

5. If when the present Regulation comes into force a Member State is applying a guaranteed price in respect of a certain quantity only, it shall adapt its regulations, without prejudice to the provisions of paragraph 1, in such a way that the requirements of the present Regulation be complied with on this point also not later than the end of the transition period.

Article 24

On a proposal of the Commission, the Council, by unanimous vote during the second stage and by qualified majority thereafter, may amend the list of products referred to in Article 1 d) and take in respect of each of the products referred to in Article 1 measures in derogation of the provisions of the present Regulation.

Article 25

1. A Management Committee for cereals shall be set up, hereinafter called "the Committee", consisting of representatives of Member States with a representative of the Commission as Chairman.

2. In this Committee, the votes of Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 26

1. In cases where the present Regulation expressly provides for the application of the procedure set out in this Article, the Chairman shall refer the matter to the Committee, either on his own initiative or at the request of the representative of a Member State.

2. The Commission's representative shall submit a draft of the measures proposed. The Committee shall render its opinion on these measures within such time-limit as the Chairman may decide according to the urgency of the matters under consideration. A majority of twelve votes shall be required.

3. The Commission shall decide on measures which are applicable immediately. Should such measures, however, not coincide with the opinion adopted by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer application of the measures decided upon for not more than one month from the date of communication.

The Council may within one month take a different decision acting by qualified majority.

Article 27

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

Done at Brussels, 4 April 1962.

Article 28

At the end of the transition period the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience whether to maintain or amend the provisions contained in Article 26.

Article 29

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*. The date of introduction of the levy system instituted by the present Regulation shall, however, be 1 July 1962.

Should transitional provisions be necessary, these shall be adopted, if possible before 1 April 1962, in accordance with the procedure laid down in Article 26.

The Council shall take the decisions provided for by Article 8 (2), Article 14 (3) and Article 20 (2) not later than 1 June 1962.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

By the Council

(signed) M. COUVE DE MURVILLE

President

ANNEX

Common Customs Tariff No.	Description of goods
ex 11.01	Cereal flours ex C. of barley or oats D. of rice E. others
ex 11.02	Cereal groats and cereal meal; other worked cereal grains, pearled, crushed, flattened (including flakes), except husked, glazed, polished or broken rice; germ of cereals including flours thereof: ex A. groats, meal; worked, pearled, crushed and flattened grain ex I. of wheat (except groats and meal) II. of rye III. of other cereals a) barley and oat flakes b) others B. Germ of cereals, including flours thereof
11.06	Flour and meal of sago, manioc, arrowroot, salep and other roots and tubers falling within heading No. 07.06 A. of manioc B. of others
11.07	Malt, roasted or unroasted
11.08 A	Starches: I. maize starch II. potato starch a) for the manufacture of dextrine, size, primings and dressings b) others III. rice starch IV. others
11.09	Gluten and gluten flour, roasted or unroasted
ex 23.02	Bran, sharps and other residues derived from the sifting, milling or other processing of cereal grains A. having a starch content greater than 7% by weight B. others
ex 23.07	Sweetened forage; other preparations used in animal feeding (additives, etc.): ex B. containing cereals or containing products covered by the present Regulation

REGULATION No. 20

on the progressive establishment of a common organization of the market in pigmeat

**THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY,**

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy including in particular a common organization of agricultural markets established product by product;

WHEREAS the production of pigmeat constitutes a substantial factor in agricultural income and it is therefore essential to ensure an adequate return on such production; whereas it is in the interest of producers, of processors and of consumers to restrain price fluctuations as far as possible; and the objective must be to achieve a balance between supply and demand for pigmeat within the Community taking account of imports and exports;

WHEREAS trade in agricultural products between Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent effect, minimum prices, quotas and other quantitative restrictions, the progressive abolition of which during the transition period would take place, failing co-ordinating action by the institutions of the Community, in accordance with varying procedures and timing; whereas on the other hand a uniform frontier measure covering intra-Community trade would facilitate a progressive and parallel removal of obstacles in all Member States at a pace adapted to the progressive establishment of the common agricultural policy;

WHEREAS such uniform frontier measure in place of all the various national measures must first ensure adequate support for the agricultural markets of Member States during the transition period, and secondly permit the gradual establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by a system of intra-Community levies consisting of two components, the first corresponding to the incidence on feeding costs per unit of product of the difference in feed-grain prices as between exporting and importing Member States and designed to avoid disturbances in the market of a country where feed-grain prices are higher as a result of imports from a country where those prices are lower, and the second aimed at protecting the processing industry to allow of its progressive adaptation;

WHEREAS this levy must however include an additional amount if the offer price of imports from a Member State becomes abnormally low;

WHEREAS the substitution of intra-Community levies for other measures which in accordance with the Treaty are to disappear during the transition period would be contrary to the principle of the progressive establishment of the Common Market if provision were not at the same time made for their gradual reduction;

WHEREAS in order to effect this reduction the proper course is to reduce *pari passu* with the approximation of grain prices that part of the levy which corresponds to the incidence on feeding costs of the difference between feed-grain prices, and to reduce progressively and automatically the remaining part;

WHEREAS the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is only justified in relation to the principles laid down in the Treaty if they replace all other protective measures to Member States at present;

WHEREAS the system to be introduced must enable the preference resulting from the implementation of the Treaty to be maintained in favour of Member States; whereas this requirement may be met by levying, on imports from third countries, charges which take account of the incidence on feeding costs of differences between the feed-grain prices of Member States and those on the world market, and by adding a further factor progressively increasing until it equals 7 per cent of the average world price; whereas to this levy *vis-à-vis* third countries there must be added a supplementary amount if the world price becomes abnormally low;

WHEREAS the introduction of a levy system and of protective measures vis-à-vis third countries, affording guarantees to producers in Member States, enables the latter to dispense with all other protective measures ;

WHEREAS the levy system, in conformity with the aims of Article 45 of the Treaty, facilitates the development of intra-Community trade while at the same time affording guarantees to producers in Member States, so that the said Article will become inoperative ;

WHEREAS the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against these which are incompatible with the Common Market be extended to aids which distort the working of such system ; whereas, however, in the case of exports to a Member State from another Member State which applies intra-Community levies, it is proper to allow a refund, determined in the light of the factors which enter into price formation in the markets of the importing Member State and the exporting Member State ;

WHEREAS in order to safeguard the share of Member States in world trade in pigmeat it is necessary that Member States be allowed, upon exports to third countries, to refund an amount corresponding to the incidence of differing feed-grain prices on feeding costs, plus an additional amount fixed by a Community procedure ;

WHEREAS any processing traffic whereby trade between Member States in processed products incorporating imported commodities is based on world prices for such commodities is incompatible with the application of the levy system ;

WHEREAS in order to facilitate implementation of the provisions envisaged, it is desirable to lay down a procedure for co-operation between Member States and the Commission within a Management Committee ;

WHEREAS it is necessary that the common organization of the market in pigmeat be fully established by the end of the transition period,

HAS ADOPTED THE PRESENT REGULATION :

Article 1

1. With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common organization of the market in pigmeat shall be gradually established, comprising a levy system applicable to trade between Member States and to trade between Member States and third countries in the following products :

Common Customs Tariff No	Description of goods
a) 01.03 A II	Live pigs of domestic breed (other than pedigree animals for breeding purposes of whatever age)
b) 02.01 A III a	Domestic pigmeat
ex 02.01 B II	Domestic pig offal
ex 02.05	Unrendered pig fat free of lean meat, fresh, chilled, frozen, salted or in brine, dried or smoked
02.06 B	Pigmeat and edible pig offal, salted or in brine, dried or smoked
15.01 A II	Lard and other rendered pig fats except those intended for industrial purposes other than the manufacture of foodstuffs
c) ex 16.01	Sausage and the like, of meat, offal or animal blood containing pigmeat or pig offal
ex 16.02 A II	Other preparations and preserves of meat and offal containing pig liver
ex 16.02 B II	Other preparations and preserves of meat or offal not specified elsewhere containing pigmeat or pig offal

2. However, as regards headings ex 02.01 B II, ex 16.01 and ex 16.02 A II account shall be taken of the maximum rate of customs duty which would result from acceptance of the offer to bind the duties on these products made under GATT.

Article 2

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Articles 3 and 4 below. This amount shall be reduced in conformity with the provisions of Article 12.

2. The amount of the levies vis-à-vis third countries shall be fixed in accordance with the provisions of Article 5 below. This amount shall be modified by virtue of the provisions of Article 5(1) b) last sentence and 5 (1) c) last sentence, and the provisions of Article 12.

Article 3

1. For pig carcasses the amount of the intra-Community levy for each Member State shall be made up of:

a) one component corresponding to the incidence on feeding costs of any difference in feed-grain prices as between the importing and exporting Member States, this element to be calculated in accordance with the provisions of paragraph 3 below;

b) a fixed component, the addition of which to that referred to in a) shall not, however, result in the sum of the two components exceeding the difference between the average market prices in the exporting and importing Member States, calculated according to the provisions of paragraph 4 below.

The amount arrived at by application of the above portion of sub-paragraph b) shall be modified to take account of transport costs and internal taxes borne by the product in question as also of refunds of such taxes granted upon export of the product.

2. Any determination of the levy at an amount less than that resulting from the application of paragraph 1 above shall be governed by Article 6 (1) and (2).

3. The component referred to in sub-paragraph 1 a) above shall be calculated on the basis of:

a) the quantity of feed-grain required for the production of one kilogramme of pigmeat, such quantity being the same for all Member States;

b) the typical breakdown in each Member State of the quantity referred to under a); before the expiry of the transition period at latest, a uniform breakdown of this quantity shall be fixed for the Community;

c) the wholesale prices of feed-grains in each Member State.

4. a) The average prices referred to in sub-paragraph 1 b) above shall be based on the arithmetical mean of the prices at which wholesale purchases were made in each of the Member States:

- i) for comparable grades of pig carcasses,
- ii) during the three years preceding the entry into force of the present Regulation,
- iii) on the representative market or markets.

b) In calculating the arithmetical mean referred to in a) above, the necessary adjustments shall be made to allow for the incidence on prices during the reference period of factors extraneous to the production and marketing of pigmeat which may seriously have distorted comparison of the prices recorded in the three reference years.

c) If in any Member State the three-year period does not coincide with the duration of a complete price cycle, this period shall be adjusted as necessary.

5. The amount of the levies referred to in the present Article shall be fixed by the Council by unanimous vote on a proposal of the Commission.

Article 4

1. For the products referred to in Article 1(1) a) and b) other than pig carcasses the amount of the intra-Community levy shall, for each Member State be based on the levies fixed for pig carcasses taking into account the ratio existing in each Member State between the price of said products and that of pig carcasses calculated in accordance with the provisions of Article 3 (4).

2. For the products referred to in Article 1 (1) c) the amount of the intra-Community levies shall be determined for each Member State taking into account in particular:

a) in respect of products into the manufacture of which there enter only those products covered by Article 1 (1) b) – the weighted average of the levies determined for those products in accordance with paragraph 1;

b) in respect of products into the manufacture of which there enter also products other than those covered by Article 1 (1) b) – the weighted average of all levies, duties and charges of any kind imposed on imports from Member States of the products which enter into their manufacture.

Furthermore the Council, by unanimous vote on a proposal of the Commission shall not later than 30 June 1962 lay down any additional provisions to be applied in calculating the levies referred to in the present paragraph.

3. The amount of the levies referred to in the present Article shall be fixed by the Council by unanimous vote on a proposal of the Commission.

Article 5

1. The amount of the levies on pig carcasses vis-à-vis third countries shall for each Member State consist of:

a) a component equal to the levy fixed vis-à-vis the Member State in which the average price of pig carcasses calculated according to Article 3 (4) is the lowest;

b) a component corresponding to the difference in feeding costs arising from the difference between feed-grain prices in the Member State in which the

average price of pig carcasses calculated according to Article 3 (4) is the lowest and feed-grain prices on the world market.

In determining this latter component, the provisions of Article 3 (3) a) and b) shall be taken into account. This component shall be fixed in advance for a period of three months taking into account the trend of feed-grain prices in the Member State having the lowest average price for pig carcasses and on the world market during the six months preceding the quarter in which the said component is fixed;

c) a component equal, for the first year of application of the levies, to 2% of the average offer price at which imports into the Community took place during the preceding year. Should the average offer price be lower than the sluice-gate price fixed in accordance with Article 7 for the first quarter in which the levy system is applied, this sluice-gate price shall be taken as the basis. Subsequently the percentage shall be increased by annual steps successively to 3, 4, 5, 5½, 6, 6½, and 7% and calculated on the basis of the average sluice-gate price for the preceding year.

2. For the products referred to in Article 1 (1) a) and b) other than pig carcasses, the amount of the levies vis-à-vis third countries shall be fixed for each Member State on the basis of the amount calculated in accordance with 1 above.

However, in calculating the amounts referred to in 1 a) and b) above, account shall be taken of the ratio existing in each Member State between the price of these products and that of pig carcasses calculated according to the provisions of Article 3 (4).

3. With respect to the products referred to in Article 1 (1) c), the amount of the levies vis-à-vis third countries shall be determined, for each Member State, taking into account in particular:

a) for products into the manufacture of which there enter only those products covered by Article 1 (1) b) – the weighted average of the levies determined for those products in accordance with paragraph 2 above;

b) for products into the manufacture of which there enter also products other than those covered by Article 1 (1) b) – the weighted average of all levies, duties and charges of any kind imposed on imports from third countries of the products which enter into their manufacture.

Furthermore, the Council shall by unanimous vote on a proposal of the Commission lay down not later than 30 June 1962 any additional provisions to be applied in calculating the levies referred to in this paragraph.

4. The amount of the levies referred to in this Article shall be fixed by the Council by unanimous vote on a proposal of the Commission.

Article 6

1. The Commission may authorize a Member State at the latter's request to reduce the amount of the levies as calculated in accordance with Articles 3, 4 and 5. In such case, the levy charged by the said Member State vis-à-vis third countries shall be not less than the levies applied vis-à-vis third countries by the Member State with the lowest average price for pig carcasses calculated according to Article 3 (4).

2. When a Member State invokes the provisions of paragraph 1 above, the reduction in the levies shall apply uniformly to all Member States.

At the same time the Commission shall authorize the other Member States to fix vis-à-vis the aforementioned Member State levies to offset such reduction.

In no case may the reduction in levy vis-à-vis third countries exceed that applied vis-à-vis Member States.

Article 7

1. In order to avoid disturbances due to offers from third countries at abnormal prices, the Council shall, by unanimous vote on the proposal of the Commission during the second stage and by qualified majority thereafter, fix a uniform Community sluice-gate price for pig carcasses, taking into account feed-grain prices on the world market and a representative feed-conversion rate for exporting third countries.

Taking account of the sluice-gate price referred to in the last foregoing sub-paragraph, sluice-gate prices shall be determined for products listed in Article 1 (1) other than pig carcasses.

2. Sluice-gate prices shall be fixed in advance for a period of three months, taking into account the trend in feed-grain prices on the world market during the six months preceding the quarter in which the sluice-gate price is fixed.

3. When the offer price of imports free-to-frontier falls below the sluice-gate price, the amount of the levies as determined according to the provisions of Article 5, and reduced where appropriate in accordance with Article 6, shall be increased in each Member State by an amount equal to the difference between the offer price free-to-frontier and the sluice-gate price.

The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that the price for imports from their territories will be not less than the sluice-gate price and that there will be no diversion of trade.

4. The following shall be determined in accordance with the procedure laid down in Article 20:

- i) the sluice-gate prices for products referred to in Article 1 (1) other than pig carcasses;
- ii) the necessary adjustments to sluice-gate prices in accordance with paragraph 2 above;
- iii) the methods of fixing the additional amounts referred to in paragraph 3 above.

Such additional amounts shall, however, be determined and collected by the importing Member State. A Member State adopting this measure shall immediately notify the other Member States and the Commission thereof; the steps to be taken jointly by the Member States shall be determined according to the procedure laid down in Article 20.

Article 8

1. In trade between Member States, an intra-Community sluice-gate price for pig carcasses shall be fixed for each Member State, calculated by adding to the sluice-gate price vis-à-vis third countries the amount of the levies applied vis-à-vis such countries, less the amount referred to in Article 5 (1) c).

Sluice-gate prices for the products listed in Article 1 (1) other than pig carcasses shall be fixed, taking into account the sluice-gate prices referred to in the foregoing sub-paragraph.

2. The intra-Community sluice-gate price shall cease to apply immediately the intra-Community levies have been eliminated by virtue of Article 12.

3. When the offer prices free-to-frontier of imports from a Member State, increased by the amount of the levy determined according to Article 3 or Article 4, fall below the sluice-gate price, the importing Member State shall increase that levy by an amount equal to the difference between the offer prices increased as aforesaid and the intra-Community sluice-gate price; it shall immediately inform the other Member States and the Commission thereof.

4. The following shall be determined in accordance with the procedure laid down in Article 20:

- i) the intra-Community sluice-gate prices;
- ii) the methods of fixing the additional amounts referred to in paragraph 3 above;
- iii) the measures to be taken jointly by the Member States in the event of paragraph 3 above becoming applicable.

Article 9

1. Should a Member State feel the need to take measures in its home market to counter a substantial fall in prices, such measures must be of a nature not to impede the implementation of the present Regulation.

A Member State intending to take such measures shall be obliged to give the Commission prior notice of the nature thereof; the Commission may address all appropriate observations on the matter to the Member State concerned, after consulting the Member States, in accordance with the provisions of Article 21, through the Management Committee set up under Article 19.

The Commission shall ensure that, in applying such measures, account is taken of the need to promote progressive co-ordination at Community level.

2. On a proposal of the Commission the Council shall in accordance with the procedure laid down in Article 43 of the Treaty, not later than four years after the entry into force of the present Regulation, determine the advisability of Community measures of market intervention and the methods whereby such measures shall be applied at the single market stage. Such measures shall be designed to contribute so far as is possible and necessary to the stabilization of both production and consumer prices.

Article 10

1. A Member State which, in accordance with the provisions of the present Regulation, applies levies vis-à-vis another Member State may, upon exports to such Member State, refund:

a) either an amount corresponding to the incidence on feeding costs for the products referred to in Article 1 (1) of the difference between the prices of feed-grain in the importing and exporting Member States;

b) or an amount equal to the sum of the first two components of the levy vis-à-vis third countries as determined for pig carcasses in accordance with Article 5 (1) a) and b) and for the other products listed in Article 1 (1) in accordance with the provisions of Article 5 (2) and (3). In such case, the importing Member State shall be entitled to charge a levy equal to that charged by such Member State on imports from third countries, less the third element provided for in Article 5 (1) c).

The Grand Duchy of Luxembourg shall, however, be authorized upon export to a Member State where prices are lower to refund a sum equal to the difference between the price of the product free-to-frontier of the importing Member State and the market price in such Member State.

2. Such refunds may not exceed the total levy arising under Article 6 where applicable.

The additional levies which may be introduced under Article 8 (3) shall not be taken into account in calculating the refunds and levies provided for in paragraph 1 above.

3. The amount of such refunds shall be notified to the Member States and to the Commission.

Article 11

1. Upon export of one of the products referred to in Article 1 (1) to a third country, a Member State may refund:

a) an amount corresponding to the incidence on feeding costs of the difference in feed-grain prices as between the exporting Member State and the world market;

b) an additional amount fixed;

i) during the first three years of application of the levy system taking into account price trends in the exporting Member State and on the world market, such amount to be determined in accordance with the procedure laid down in Article 20;

ii) as from the fourth year taking into account price trends in the Community and on the world market, the amount to be not greater than a maximum determined in accordance with the provisions of Article 20.

2. The amount of such refunds shall be notified to the other Member States and to the Commission.

Article 12

As from 1 July 1963 the levies determined in accordance with Articles 3 and 4 shall be subject to annual reduction as follows:

a) the component of the levy resulting from the incidence on feeding costs of the difference in feed-grain prices shall be reduced *pari passu* with the approximation of grain prices;

b) the other component of the levy shall be reduced over a period of seven and a half years at the rate of two-fifteenths a year.

Article 13

On a proposal of the Commission the Council, by unanimous vote during the second stage and by qualified majority thereafter, may exclude certain products from the list of products referred to in Article 1 (1) or may take in respect of the same any

steps in derogation to the present Regulation designed to take account of special conditions affecting such products.

Article 14

1. In trade between Member States, both import and export, the following shall be incompatible with the intra-Community levy system:

i) the imposition of any customs duty or charge having equivalent effect;

ii) the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg;

iii) recourse to Article 44 of the Treaty.

2. The application of the intra-Community levy system shall render Article 45 of the Treaty inoperative as also any long-term agreements or contracts concluded by virtue of the said Article which may be in force at the date on which the said system is introduced.

3. The export from a Member State to another Member State of products listed in Article 1 (1) into whose manufacture there have entered products covered by the said Article on which the levies applicable in the exporting Member State have not been paid or have been wholly or partly refunded shall be incompatible with the intra-Community levy system.

Article 15

1. If, by the effect of the measures progressively establishing a common organization of the market in pigmeat, imports should cause or threaten to cause in one or more Member States serious disturbances to the said market likely to jeopardize the objectives laid down in Article 39 of the Treaty, the Member State or States concerned may, during the transition period, take the necessary protective measures in regard to importation of the relevant products.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than the date of their entry into force.

The Member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. Such States must be prepared to negotiate immediately with a view to making temporary arrangements in order to obviate

excessive or unnecessary losses to the exporters. Such arrangements shall be immediately notified to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above and having regard to the importance of not increasing the level of protection between Member States, the Commission shall, after consulting the Member States within the Management Committee, decide by emergency procedure, within not more than four working days of the notification referred to in the first sub-paragraph above, whether the measures shall be maintained, amended or abolished. The Commission may also decide on measures to be applied by the other Member States.

The Commission's decision shall be notified to all Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within three working days of its date of notification. The Council shall meet without delay. It may, on the basis of the provisions of paragraph 1, and having regard to the importance of not increasing the level of protection between Member States, amend or annul the Commission's decision by qualified majority vote.

4. All protection measures affecting trade between Member States shall be applied simultaneously or earlier to relations with third countries, the principle of Community preference being respected.

Article 16

From the introduction of the levy system and subject to the provisions of Article 10, production of and trade in the products listed in Article 1 (1) shall fall within the scope of Articles 92, 93 and 94 of the Treaty.

Article 17

Member States shall take steps to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation may, except as otherwise herein provided, be applied from 1 July 1962.

Article 18

Application of the levy system vis-à-vis third countries shall, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg, entail the abolition of all quantitative restrictions or measures having equivalent effect on imports from third countries, except as otherwise decided by the Council by qualified majority vote on a proposal of the Commission.

Article 19

1. A Management Committee for pigmeat (hereinafter called "the Committee") shall be set up and shall consist of representatives of the Member States with a representative of the Commission as Chairman.

2. In this Committee the votes of Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 20

1. In cases where the present Regulation expressly provides for the application of the procedure set out in this Article, the Chairman shall refer the matter to the Commission either on his own initiative or at the request of a representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures proposed. The Committee shall render an opinion on these measures within such time-limit as the Chairman may decide according to the urgency of the matters under consideration. A majority of twelve votes shall be required.

3. The Commission shall decide on measures which shall be applicable immediately. Should such measures, however, be at variance with the opinion adopted by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer application of the measures decided upon for not more than one month from the date of communication.

The Council may by qualified majority take a different decision within one month.

Article 21

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

Article 22

At the end of the transition period the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience whether to maintain or amend the provisions of Article 20.

Article 23

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*. The date of introduction

of the levy system instituted by the present Regulation shall, however, be 1 July 1962.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

Done at Brussels, 4 April 1962

By the Council

(signed) M. COUVE DE MURVILLE

President

REGULATION No. 21

on the progressive establishment of a common organization
of the market in eggs

THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community, and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy including in particular a common organization of agricultural markets established product by product;

WHEREAS egg production constitutes a substantial factor in agricultural income and it is therefore essential to ensure an adequate return on such production; whereas it is in the interest of producers, processors and consumers to restrain price fluctuations as far as possible; and the objective must be to achieve a balance between supply and demand for eggs within the Community taking account of imports and exports;

WHEREAS trade in agricultural products between Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent

effect, minimum prices, quotas and other quantitative restrictions, the progressive abolition of which during the transition period would take place, failing co-ordinating action by the institutions of the Community, in accordance with varying procedures and timing; whereas on the other hand a uniform frontier measure covering intra-Community trade would facilitate a progressive and parallel removal of obstacles in all Member States at a pace adapted to the progressive establishment of the common agricultural policy;

WHEREAS such uniform frontier measure, in place of all the various national measures, must first ensure adequate support for the agricultural markets of Member States during the transition period, and secondly permit the gradual establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by a system of intra-Community levies consisting of two components, the first corresponding to the incidence on feeding costs per unit of product of the difference in feed-grain prices as between exporting and importing Member States and designed to avoid disturbances in the market of a country where feed-grain prices are higher as a result of imports from a country where those prices are lower, and the second aimed at protecting the processing industry to allow of its progressive adaptation;

WHEREAS the substitution of intra-Community levies for other measures which in accordance with the Treaty are to disappear during the transition period

would be contrary to the principle of the progressive establishment of the Common Market if provision were not at the same time made for their gradual reduction;

WHEREAS in order to effect this reduction the proper course is to reduce *pari passu* with the approximation of grain prices that part of the levy which corresponds to the incidence on feeding costs of the difference between feed-grain prices, and to reduce progressively and automatically the remaining part;

WHEREAS the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is only justified in relation to the principles laid down in the Treaty if they replace all other protective measures available to Member States at present;

WHEREAS the system to be introduced must enable the preference resulting from the implementation of the Treaty to be maintained in favour of Member States; whereas this requirement may be met by levying, on imports from third countries, charges which take account of the incidence on feeding costs of differences between the feed-grain prices of Member States and those on the world market, and by adding a further factor progressively increasing until it equals 7 per cent of the average world price; whereas to this levy *vis-à-vis* third countries then must be added a supplementary amount if the world price becomes abnormally low;

WHEREAS the introduction of a levy system and of protective measures *vis-à-vis* third countries, affording guarantees to producers in Member States, enables the latter to dispense with all other protective measures;

WHEREAS the levy system in conformity with the aims of Article 45 of the Treaty, facilitates the development of intra-Community trade while at the same time affording guarantees to producers in Member States, so that the said Article will become inoperative;

WHEREAS the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against those which are incompatible with the Common Market be extended to aids which distort the working of such system; whereas, however, in the case of exports to a Member State from another Member State which applies intra-Community levies, it is proper to allow a refund, determined in the light of the factors which enter into price formation in the markets of the exporting Member State and the importing Member State;

WHEREAS in order to safeguard the share of Member States in world trade in eggs, it is necessary that such Member States be allowed upon exports to third countries, to refund an amount corresponding to the incidence of differing feed-grain prices on feeding costs, plus an additional amount fixed by a Community procedure;

WHEREAS any processing traffic whereby trade between Member States in processed products incorporating imported commodities is based on world prices for such commodities, is incompatible with the application of the levy system;

WHEREAS in order to facilitate implementation of the provisions envisaged, it is desirable to lay down a procedure for co-operation between the Member States and the Commission within a Management Committee;

WHEREAS it is necessary that the common organization of the market in eggs be fully established by the end of the transition period;

HAS ADOPTED THE PRESENT REGULATION:

Article 1

With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common organization of the market in eggs shall be gradually established, comprising a levy system applicable to trade between Member States and to trade between Member States and third countries in the following products:

Common Customs Tariff No	Description of goods
ex 04.05 A	Farmyard poultry eggs, in shell, fresh or preserved
ex 04.05 B 1	Farmyard poultry eggs shelled, and egg yolks, fresh, preserved, dried or sweetened, for human consumption

Article 2

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Article 3 below. This amount shall be reduced in conformity with the provisions of Article 9.

2. The amount of the levies *vis-à-vis* third countries shall be fixed in accordance with the provisions of

Article 4 below. This amount shall be modified by virtue of the provisions of Article 4 (1) a) last sentence and 4 (1) c) last sentence, and the provisions of Article 9 b).

Article 3

1. For shell eggs the amount of the intra-Community levy for each Member State shall be made up of:

a) one component corresponding to the incidence on feeding costs of any difference in feed-grain prices as between the importing and exporting Member States, this component to be calculated in accordance with the provisions of paragraph 3 below;

b) a fixed component equal to the incidence of the customs duty in force vis-à-vis other Member States during 1962 on the average free-to-frontier price of shell eggs recorded during 1961; where, however, the customs duty referred to above, taking into account any seasonal customs duties, is less than 5% this component may be brought up to 5% of the aforesaid average price.

2. Any determination of the levy at an amount less than that resulting from the application of paragraph 1 above shall be governed by Article 5 (1) and (2).

3. The component referred to in sub-paragraph 1 a) above shall be calculated on the basis of:

a) the quantity of feed-grain required for the production of one kilogramme of shell eggs, such quantity to be the same for all Member States from the beginning of the third year of application of the levy system;

b) the typical breakdown in each Member State of the quantity referred to under a); before the expiry of the transition period at latest, a uniform breakdown of this quantity shall be fixed for the Community;

c) the wholesale prices of feed-grains in each Member State.

4. With respect to the products referred to in Article 1 other than shell eggs, the amount of the intra-Community level shall be fixed as follows for each Member State:

a) for products made from whole eggs, this amount shall be equal to the amount of the levy applied to the quantity of eggs used in the manufacture of one kilogramme of such products;

b) for products made from the separate components of eggs, this amount shall be fixed on the basis of the levy referred to above, taking into account the average ratio between the commercial value of such components recorded during the year 1961.

5. a) The amount of the levies referred to in the present Article shall be fixed in accordance with the

procedure laid down in Article 17. However, the quantity referred to in paragraph 3 a) above shall be fixed by the Council by unanimous vote on a proposal of the Commission;

b) the Commission may authorize a Member State to apply to the component referred to in sub-paragraph 1 b) above indices designed to take account of seasonal price fluctuations, provided that such indices are consistent with normal price ratios and fluctuations in the average volume of production recorded during different seasons, so that the weighted average of the various factors thus established during the course of one year be not greater than the component determined in accordance with the provisions of the said sub-paragraph 1 b).

Article 4

1. The amount of the levy on shell eggs vis-à-vis third countries shall consist, for each Member State, of:

a) one component corresponding to the incidence on feeding costs of any difference between the price in the importing Member State of each of the feed-grains making up the quantity referred to in Article 3 (3) b) and the price of the same feed-grain on the world market. In calculating this component, account shall be taken of the provisions of Article 3 (3) a) and b). This component shall be fixed in advance for a period of three months, taking into account the price trends for feed-grains in Member States and on the world market during the six months preceding the quarter during which the said component is fixed;

b) a component equal to that fixed vis-à-vis Member States in accordance with the provisions of Article 3 sub-paragraphs 1 b) and 5 b);

c) a component equal, for the first year of application of the levies, to 2% of the average offer price of imports into the Community during the preceding year. Should the average offer price be lower than the sluice-gate price fixed in accordance with Article 6 for the first quarter in which the levy system is applied, this sluice-gate price shall be taken as the basis. Subsequently the percentage shall be increased by annual steps successively to 3, 4, 5, 5½, 6, 6½ and 7% calculated on the basis of the average sluice-gate price for the preceding year.

2. As regards the products referred to in Article 1 other than shell eggs, the amount of the levies vis-à-vis third countries shall be fixed, for each Member State, on the basis of the amount obtained by applying paragraph 1 above in accordance with the provisions of Article 3 (4).

3. The amount of the levies referred to in the present Article shall be fixed according to the procedure laid down in Article 17.

Article 5

1. The Commission may authorize a Member State at the latter's request to reduce the amount of the levies as calculated in accordance with Articles 3 and 4. In such case, the levy charged by such Member State vis-à-vis third countries shall be not less than the levies applied by the Member State having the lowest levy vis-à-vis third countries.

2. When a Member State invokes the provisions of paragraph 1 above, the reduction in the amount of the levies shall apply uniformly to all Member States.

At the same time, the Commission shall authorize the other Member States to fix vis-à-vis the aforesaid Member State levies to offset such reduction.

In no case may the reduction in levy vis-à-vis third countries exceed that applied vis-à-vis Member States.

Article 6

1. In order to avoid disturbances due to offers from third countries at abnormal prices, the Council shall, by unanimous vote on the proposal of the Commission during the second stage and by qualified majority thereafter, fix a uniform Community sluice-gate price for shell eggs, taking into account feed-grain prices on the world market and a representative feed-conversion rate for exporting third countries.

For the products listed in Article 1 other than shell eggs, sluice-gate prices shall be determined having regard to the sluice-gate price of shell eggs and using the method laid down in Article 3 (4) for fixing the levies on the said products.

2. Sluice-gate prices shall be fixed in advance for a period of three months, taking into account the trend in feed-grain prices on the world market during the six months preceding the quarter in which the sluice-gate price is fixed.

3. When the offer price of imports free-to-frontier fall below the sluice-gate price, the amount of the levies as determined according to the provisions of Article 4 and reduced where appropriate in accordance with Article 5, shall be increased in each Member State by an amount equal to the difference between the offer price free-to-frontier and the sluice-gate price.

The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that the price for imports from their territories will be not less than the sluice-gate price and that there will be no diversion of trade.

4. The following shall be determined in accordance with the procedure laid down in Article 17:

- i) the sluice-gate prices for products referred to in Article 1 other than shell eggs;
- ii) the necessary adjustments to sluice-gate prices made in accordance with paragraph 2 above;
- iii) the methods of fixing the additional amounts referred to in paragraph 3 above.

Such additional amounts shall, however, be determined and collected by the importing Member State. A Member State adopting this measure shall immediately notify the other Member States and the Commission thereof; the steps to be taken jointly by the Member States shall be determined in accordance with the procedure laid down in Article 17.

Article 7

1. A Member State which, in accordance with the provisions of the present Regulation, applies levies vis-à-vis another Member State may, upon exportation to such Member State, refund:

- a) either an amount corresponding to the incidence on feeding costs for the products referred to in Article 1 of the difference between feed-grain prices in the importing and exporting Member State;
- b) or an amount equal to the sum of the first two components of the levy vis-à-vis third countries, as determined, for shell eggs, in accordance with Article 4 (1) a) and b), and, for the products listed in Article 1 other than shell eggs, according to the rule set out in Article 4 (2). In such case, the importing Member State shall be entitled to apply a levy equal to that applied by such Member State to imports from third countries, less the third component provided for in Article 4 (1) c).

2. Such refunds may not exceed the amount of the levy arising under Article 5, where applicable.

The supplementary levies which may be established in pursuance of Article 6 (3) shall not be taken into account in calculating the refunds and levies determined in accordance with paragraph 1 above.

3. The amount of these refunds shall be notified to the other Member States and to the Commission.

Article 8

1. Upon exportation of one of the products referred to in Article 1 to a third country, a Member State may refund:

a) an amount corresponding to the incidence on feeding costs of the difference in feed-grain prices as between the exporting Member State and the world market;

b) an additional amount fixed:

i) during the first three years of application of the levy system, by taking into account price trends in the exporting Member State and on the world market, such amount to be determined in accordance with the procedure laid down in Article 17;

ii) from the fourth year, by taking into account price trends in the Community and on the world market, the amount to be not greater than a maximum determined in accordance with the procedure laid down in Article 17.

2. The amount of such refunds shall be notified to the other Member States and to the Commission.

Article 9

From 1 July 1963, the levies determined in accordance with Article 3 shall be subject to annual reduction as follows:

a) the component of the levy resulting from the incidence on feeding costs of the difference in feed-grain prices shall be reduced *pari passu* with the approximation of cereal prices;

b) the other component of the levy shall be reduced over a period of 7½ years at the rate of two-fifteenths a year.

Article 10

On a proposal of the Commission the Council may, by unanimous vote during the first stage and by qualified majority thereafter, exclude certain products from the list given in Article 1 or take in respect thereof such measures by way of exception to the present Regulation as shall allow for special conditions affecting such products.

Article 11

1. In trade between Member States, both import and export, the following shall be incompatible with the intra-Community levy system:

i) the imposition of any customs duty or charge having equivalent effect;

ii) the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg;

iii) recourse to Article 44 of the Treaty.

2. The application of the intra-Community levy system shall render Article 45 of the Treaty inoperative as also any long-term agreements or contracts concluded by virtue of the said Article which may be in force at the date on which the system is introduced.

3. The export from a Member State to another Member State of products listed in Article 1 listed into the manufacture of which there have entered products listed in the said Article on which the levies applicable in the exporting Member State have not been paid or have been wholly or partly refunded shall be incompatible with the application of the intra-Community levy system.

Article 12

1. If, by the effect of the measures progressively establishing a common organization of the market in eggs, imports should cause or threaten to cause in one or more Member States serious disturbances to the said market likely to jeopardize the objectives laid down in Article 39 of the Treaty, the Member State or States concerned may, during the transition period, take the necessary protective measures in regard to the importation of the relevant products.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than the date of their entry into force.

The Member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall not be less than three days. Such States must be prepared to negotiate immediately with a view to making temporary arrangements in order to obviate excessive or unnecessary losses to exporters. Such arrangements shall be immediately notified to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above, and having regard to the importance of not increasing the level of protection as between Member States, the Commission shall, after consulting Member States within the Management Committee set up under Article 16, decide by emergency procedure, within not more than four working days of the notification referred to in the first sub-paragraph, whether the

measures shall be retained, amended or abolished. The Commission may also decide on measures to be applied by the other Member States.

The Commission's decision shall be notified to all Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within three working days of its date of notification. The Council shall meet without delay. It may, on the basis of the provisions of paragraph 1, and having regard to the importance of not increasing the level of protection between Member States, amend or annul the Commission's decision by qualified majority vote.

4. All protective measures affecting trade between Member States shall be applied simultaneously or earlier to relations with third countries, the principle of Community preference being respected.

Article 13

1. From the introduction of the levy system and subject to the provisions of Article 7 above production of and trade in the products listed in Article 1 of this Regulation shall fall within the scope of Articles 92, 93 and 94 of the Treaty.

2. The application of paragraph 1 above shall not conflict with the grant of deficiency payments designed to eliminate the effects of differences in feed-grain prices, if and to the extent that a Member State has hitherto granted such deficiency payments and is still granting them at 1 July 1962. In such case rules shall be adopted in accordance with the provisions of the last sub-paragraph below, by way of derogation from Articles 3, 4, 5, 7 and 8 of this Regulation as also from the Regulation on the financing of the common agricultural policy.

Such deficiency payments shall be progressively abolished during the transition period.

On a proposal of the Commission the Council shall, by unanimous vote during the second stage and by qualified majority thereafter, determine the manner in which effect shall be given to this paragraph.

Article 14

Member States shall take steps to adjust their legislation, regulations and administrative rules so that the provisions of this Regulation, save where otherwise herein provided, may be put into effect from 1 July 1962.

Article 15

1. The application of the levy system in respect of third countries shall entail the abolition of all customs duties or charges having equivalent effect on imports from third countries.

2. The application of the levy system in respect of third countries shall entail, subject to the provisions of the Protocol concerning the Grand Duchy of Luxembourg, the removal of any quantitative restrictions or measures having equivalent effect on imports from third countries, save as otherwise decided by the Council by qualified majority vote on a proposal of the Commission.

Article 16

1. A Management Committee, hereinafter called "the Committee", shall be set up for poultry meat and eggs, composed of representatives of the Member States with a representative of the Commission as Chairman.

2. In this Committee, the votes of the Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 17

1. Where the provisions of the present Regulation expressly call for the application of the procedure defined in the present Article, the Chairman shall refer the matter to the Committee, either on his own initiative or at the request of the representative of a Member State.

2. The Commission's representative shall submit a draft of the measures proposed. The Committee shall render its opinion on these measures within such time-limit as the Chairman may decide according to the urgency of the matters under consideration. A majority of twelve votes shall be required.

3. The Commission shall adopt measures which shall be immediately applicable. Should such measures, however, be at variance with the opinion rendered by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer, for not more than one month from the date of such communication, application of the measures it has decided upon.

The Commission may by qualified majority adopt a different decision within a period of one month.

Article 18

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

Article 19

At the end of the transition period, the Council shall, by qualified majority vote on a proposal of the

Commission, decide in the light of experience whether the provisions of Article 17 shall be maintained or modified.

Article 20

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*. However, the date of introduction of the levy system instituted by the present Regulation shall be 1 July 1962.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

Done at Brussels, 4 April 1962

By the Council

(signed) M. COUVE DE MURVILLE
President

REGULATION No. 22

**on the progressive establishment of a common organization
of the market in poultry meat**

**THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY,**

HAVING REGARD TO the provisions of the Treaty,
and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commis-
sion;

HAVING REGARD TO the opinion of the European
Parliament;

WHEREAS the operation and development of the
common market for agricultural products should be
accompanied by the institution of a common agricul-
tural policy, including in particular a common
organization of agricultural markets established
product by product;

WHEREAS the production of farmyard poultry consti-
tutes a substantial factor in agricultural income and
it is therefore essential to ensure an adequate
return on such production; whereas it is in the
interest of producers, processors and consumers

to restrain price fluctuations as far as possible; and
the objective must be to achieve a balance between
supply and demand for poultry meat within the
Community, taking account of imports and exports;

WHEREAS trade in agricultural products between
Member States is impeded by a number of obstacles,
namely customs duties, charges having equivalent
effect, minimum prices, quotas and other quantitative
restrictions, the progressive abolition of which
during the transition period, would take place,
failing co-ordinating action by the institutions of the
Community, in accordance with varying procedures
and timing; whereas on the other hand a uniform
frontier measure covering intra-Community trade
would achieve progressive and parallel removal of
obstacles in all Member States at a pace adapted to
the gradual establishment of the common agricultural
policy;

WHEREAS such uniform frontier measure, in place of
all the various national measures, must firstly
ensure adequate support for the agricultural markets
of Member States during the transition period and

secondly permit the gradual establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by a system of intra-Community levies consisting of two components; the first corresponding to the incidence on feeding costs per unit of product of the difference in feed-grain prices in the exporting and importing Member States and designed to avoid disturbances in the market of a country where feed-grain prices are higher as a result of imports from a country where those prices are lower, and the second aimed at protecting the processing industry to allow of its progressive adaptation;

WHEREAS the substitution of intra-Community levies for other measures which in accordance with the Treaty are to disappear during the transition period would be contrary to the principle of the progressive establishment of the Common Market if provision were not at the same time made for their gradual reduction;

WHEREAS in order to effect this reduction the proper course is to reduce *pari passu* with the approximation of grain prices that part of the levy which corresponds to the incidence on feeding costs of the difference between feed-grain prices, and to reduce progressively and automatically the remaining part;

WHEREAS the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is only justified in relation to the principles laid down in the Treaty if it replaces all other protective measures available to Member States at present;

WHEREAS the system to be introduced must enable the preference resulting from implementation of the Treaty to be maintained in favour of Member States; whereas this requirement may be met by levying, on imports from third countries, charges which take account of the incidence on feeding costs of the differences between the feed-grain prices of Member States and those on the world market, and by adding a further factor progressively increasing until it equals 7% of the average world price; whereas to this levy *vis-à-vis* third countries there must be added a supplementary amount if the world price becomes abnormally low;

WHEREAS the introduction of a levy system and protective measures *vis-à-vis* third countries affording guarantees to producers in Member States, enables the latter to dispense with all other protective measures;

WHEREAS the levy system in conformity with the aims of Article 45 of the Treaty, facilitates the development of intra-Community trade while at the same time affording guarantees to producers in Member States, so that the said Article will become inoperative;

WHEREAS the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against those which are incompatible with the Common Market should be extended to aids which distort the working of such system; whereas, however, in the case of exports to a Member State from another Member State applying intra-Community levies, it is proper to allow a refund, determined in the light of the factors which enter into price formation in the markets of the exporting and importing Member States;

WHEREAS in order to safeguard the share of Member States in the world poultry trade, it is necessary that Member States be allowed, upon exports to third countries, to refund an amount corresponding to the incidence of differing feed-grain prices on feeding costs, plus an additional amount fixed by a Community procedure;

WHEREAS any processing traffic whereby trade between Member States in processed products incorporating imported commodities is based on world prices for such commodities is incompatible with the application of the levy system;

WHEREAS the Grand Duchy of Luxembourg renounces the authority granted to it in the Protocol signed in Rome on 25 March 1957 to maintain quantitative restrictions on the importation of poultry meat;

WHEREAS in order to facilitate the implementation of the provisions envisaged, it is necessary to lay down procedure for co-operation between Member States and the Commission within a Management Committee;

WHEREAS it is necessary that the common organization of the market in poultry be fully established by the end of the transition period;

HAS ADOPTED THE PRESENT REGULATION:

Article 1

1. With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common organization of the market in

poultry meat shall be gradually established, comprising a levy system applicable to trade between Member States and to trade between Member States and third countries in the following products:

Common Customs Tariff No.	Description of goods
01.05	Live farmyard poultry
02.02	Slaughtered farmyard poultry and edible offals thereof (except liver), fresh, chilled or frozen
02.03	Poultry liver, fresh, chilled, frozen, salted or in brine
15.01 B	Rendered poultry fat
ex 02.05	Unrendered poultry fat, fresh, chilled, frozen, salted or in brine, dried or smoked
ex 16.02 B 1	Other prepared or preserved poultry meat or poultry offal

2. However, as regards headings 02.03 and ex 16.02 B 1, the incidence of the customs duty arising from acceptance of the offer to bind the duties on these products made under GATT, may not be exceeded.

Article 2

1. The amount of the intra-Community levy shall be fixed in accordance with the provisions of Article 3 below. This amount shall be reduced in conformity with the provisions of Article 9.

2. The amount of the levies vis-à-vis third countries shall be fixed in accordance with the provisions of Article 4 below. This amount shall be modified under the provisions of Article 4 (1) a) last sentence, and 4 (1) c) last sentence, and of the provisions of Article 9 b).

Article 3

1. For slaughtered poultry the amount of the intra-Community levy shall for each Member State be made up of:

a) a component corresponding, for a comparable quality, to the incidence on feeding costs of the difference between feed-grain prices in the importing Member State and exporting Member State, this component to be calculated in accordance with the provisions of paragraph 3 below;

b) a fixed component equal to the incidence of the customs duty in force vis-à-vis the other Member

States during the year 1962 on the average price of slaughtered poultry free-to-frontier during the year 1961; should the customs duty referred to above be lower than 6%, however, this component may be brought up to 6% of the afore-mentioned average price.

2. If, at the time when the present Regulation comes into force, a Member State is applying quantitative restrictions or measures having equivalent effect which afford greater protection for domestic production than could be achieved by customs duties or charges having equivalent effect, derogations from the provisions of 1 b) above may be made.

In such case, the amount of the intra-Community levy on slaughtered poultry shall equal, for that Member State, the sum of:

- a) the component referred to in paragraph 1 a) above;
- b) a fixed amount such as when added to the amount indicated under a) above will not make the total greater than the difference between the average market prices in the importing and exporting Member States for the years 1960 and 1961.

In calculating these average market prices the necessary adjustments shall be made to allow for the incidence on prices during the reference period of any factors extraneous to the production and marketing of poultry meat which may have seriously distorted the comparison of prices in the two reference years.

The amount resulting from the implementation of the two foregoing sub-paragraphs shall be modified to take account of transport costs and internal taxes borne by the products considered and of any refund of taxation granted upon export of the said products.

3. Any determination of the levy at an amount less than that resulting from the application of paragraph 1 or 2 above shall be governed by Article 5 (1) and (2).

The component referred to in sub-paragraph 1 a) above shall be calculated on the basis of:

a) the quantity of feed-grain needed for the production of one kilogramme of slaughtered poultry, differentiated according to species, such quantity being the same for all Member States;

b) the typical breakdown in each Member State of the quantity referred to under a); before the expiry of the transition period at latest, a uniform breakdown of this quantity shall be fixed for the Community;

c) the wholesale prices of feed-grain in each Member State.

5. For the products referred to in Article 1 (1) other than slaughtered poultry, the amount of the intra-Community levy in respect of each Member State shall be equal to the amount of the levy imposed on slaughtered poultry, adjusted to take account of the weight ratio between these different products and the slaughtered poultry and, where appropriate, of the average ratio of their respective commercial values.

6. In cases covered by paragraph 1 above, the levies referred to in the present Article shall be fixed according to the procedure laid down in Article 17. The quantity referred to in sub-paragraph 4 a) shall, however, be determined by the Council by unanimous vote on a proposal of the Commission.

In the case covered by paragraph 2 above, the amount of the levies referred to in the present Article shall be fixed by the Council by unanimous vote on a proposal of the Commission.

Article 4

1. In respect of third countries the amount of the levy on slaughtered poultry shall be made up for each Member State of:

a) a component corresponding to the incidence on feeding costs of the difference between the price of each feed-grain making up the quantity referred to in Article 3 (4) b) in the importing Member State and the price on the world market for the same feed-grain. In fixing this component, account shall be taken of the provisions of Article 3 (4) a) and b). This component shall be fixed in advance for a period of three months, taking account of movements in feed-grain prices in the Member States and on the world market during the six months preceding the quarter in which the said component is fixed;

b) a component equal to that fixed vis-à-vis Member States in accordance with the provisions of Article 3 (1) b); in cases, however, where Article 3 (2) applies, this amount shall be equal to the fixed amount determined thereunder in respect of the Member State where the average price of slaughtered poultry is the lowest;

c) a component equal, for the first year of operation of the levy system, to 2% of the average offer prices of imports into the Community from third countries during the preceding year; should the average offer prices be lower than the sluice-gate price fixed in accordance with Article 6 for the first quarter in which the levy is operated, this sluice-gate price shall be taken as the basis. Subsequently the percentage shall be increased by annual steps successively to 3, 4, 5, 5½, 6, 6½ and 7% and calculated on the basis of the average sluice-gate price for the preceding year.

2. For the products referred to in Article 1 (1) other than slaughtered poultry, the amount of the levy vis-à-vis third countries shall be calculated for each Member State on the basis of the amount obtained by applying paragraph 1 above in accordance with the provisions of Article 3 (5).

3. The amount of the levies referred to in the present Article shall be fixed in accordance with the procedure laid down in Article 17.

Article 5

1. The Commission may authorize a Member State at the latter's request to reduce the amount of the levy calculated in accordance with Article 3 and 4. In such case the amount levied by the Member State vis-à-vis third countries shall be not less than the amount of the levies applied by the Member State having the lowest levy vis-à-vis third countries.

2. When a Member State has recourse to the provisions of paragraph 1 above, the amount by which the levies are reduced shall be identical vis-à-vis all Member States.

At the same time the Commission shall authorize the other Member States to fix, vis-à-vis the afore-said Member State, levies to offset this reduction.

In no case may the reduction of the levy vis-à-vis a third country be greater than the reduction vis-à-vis Member States.

Article 6

1. To avoid disturbances resulting from offers from third countries made at abnormal prices, the Council, acting on a proposal of the Commission by unanimous vote during the second stage and by qualified majority thereafter, shall fix a uniform sluice-gate price for the Community for slaughtered poultry, differentiated by species, taking account of world feed-grain prices and a representative feed-conversion rate for exporting third countries.

For products referred to in Article 1 (1) other than slaughtered poultry, sluice-gate prices shall be determined, taking account of the sluice-gate price fixed for slaughtered poultry according to the method laid down in Article 3 (5) for fixing the levies on these products.

2. Sluice-gate prices shall be fixed in advance for a period of three months, account being taken on feed-grain price trends on the world market during the six months preceding the quarter during which the sluice-gate price is fixed.

3. Should offer prices free-to-frontier for imports fall below the sluice-gate price, the amount of the levy determined according to the provisions of Article 4 and reduced where appropriate in accordance with the provisions of Article 5 shall be increased in each Member State by an amount equal to the difference between the offer price free-to-frontier and the sluice-gate price.

The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that on imports from their territory the price applied will not be less than the sluice-gate price and that diversion of trade will be avoided.

4. The following shall be determined according to the procedure laid down in Article 17:

- i) sluice-gate prices for the products referred to in Article 1 (1) other than slaughtered poultry;
- ii) the necessary adjustments of the sluice-gate prices made in accordance with paragraph 2 above;
- iii) the methods of fixing the additional amounts referred to in paragraph 3 above; such additional amounts shall, however, be determined and collected by the importing Member State. The Member State taking this measure shall immediately notify the Commission and the other Member States. The joint measures to be taken by the Member States shall be determined in accordance with the procedure laid down in Article 17.

Article 7

1. The Member State which in accordance with the provisions of the present Regulation applies levies vis-à-vis another Member State may, upon export to such Member State, refund:

- a) either an amount corresponding to the incidence on feeding costs for the products referred to in Article 1 (1) of the difference in feed-grain prices as between the importing and exporting Member State;
- b) or an amount equal to the sum of the first two components of the levy vis-à-vis third countries as determined for slaughtered poultry in accordance with Article 4 (1) a) and b), and for the other products listed in Article 1 (1) in accordance with the provisions of Article 2. In such case the importing Member State shall be entitled to impose a levy equal to the levy applied by such Member State to imports from third countries less the third component provided for under Article 4 (1) c).

2. Such refunds may not exceed the amount of any levy resulting from the application of Article 5.

The additional levies which may be imposed under Article 6 (3) shall not be taken into account in calculating refunds and levies under paragraph 1 above.

3. The amount of these refunds shall be communicated to the other Member States and to the Commission.

Article 8

1. When one of the products referred to in Article 1 is exported from a Member State to a third country, the said Member State may refund:

- a) an amount corresponding to the incidence on feeding costs of the difference between feed-grain prices in the exporting Member State and on the world market;
- b) an additional amount fixed:
 - i) during the first three years of operation of the levy system by taking into account price trends in the exporting Member State and on the world market; such amount shall be determined in accordance with the procedure laid down in Article 17;
 - ii) from the fourth year by taking into account price trends in the Community and on the world market; such amount may not exceed a maximum determined according to the provisions of Article 17.

2. The amount of these refunds shall be communicated to the other Member States and to the Commission.

Article 9

From 1 July 1963 levies determined in accordance with Article 3 shall be subject to an annual reduction as follows:

- a) the component of the levy resulting from the incidence on feeding costs of differences in feed-grain prices shall be reduced *pari passu* with the approximation of cereal prices;
- b) the second component of the levy shall be reduced in seven and a half years at the rate of two-fifteenths per year.

Article 10

On a proposal of the Commission, the Council may, by unanimous vote during the second stage and by qualified majority thereafter, exclude certain products from the list given in Article 1 (1), or may in respect of such products introduce derogations from the present Regulation to meet any special circumstances affecting such products.

Article 11

1. In trade between Member States, both as regards import and export, the following shall be incompatible with the intra-Community levy system:

- i) the imposition of any customs duty or charge having equivalent effect;
- ii) the imposition of any quantitative restriction or measure having equivalent effect;
- iii) recourse to Article 44 of the Treaty.

2. The application of the intra-Community levy system shall render inoperative Article 45 of the Treaty as also any long-term agreements or contracts concluded by virtue of the said Article which may be in force at the date of introduction of such system.

3. The export by one Member State to another Member State of products listed in Article 1 (1) into whose manufacture there have entered products mentioned in the said Article on which the levies applicable in the exporting Member State have not been paid or have been wholly or partly refunded, shall be deemed incompatible with the intra-Community levy system.

Article 12

1. If, by the effect of the measures progressively establishing a common organization of the market in poultry meat, imports should cause or threaten to cause in one or more Member States serious disturbances to the said market likely to jeopardize the objectives laid down in Article 39 of the Treaty, the Member State or States concerned may, during the transition period, take the necessary protective measures in regard to importation of the relevant products.

2. The said Member State or States shall notify the other Member States and the Commission of such measures not later than the date of their entry into force.

The Member State or States applying such measures shall make the necessary arrangements to ensure that goods in transit are not affected; in the case of closing of the frontier the period of grace for goods in transit shall be not less than three days. They must be prepared to negotiate immediately with a view to making temporary arrangements in order to obviate excessive or unnecessary loss to exporters. Such arrangements shall be immediately notified to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above and having regard to the importance of not increasing the level of protection between Member States, the

Commission shall, after consultation with the Member States within the Management Committee set up under Article 16, decide by emergency procedure within not more than four working days of the notification referred to in the first sub-paragraph above whether the measures shall be maintained, amended or abolished. The Commission may also decide on measures to be applied by the other Member States.

The decision of the Commission shall be notified to all Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within three working days of its date of notification. The Council shall meet without delay. It may on the basis of the provisions of paragraph 1 above and having regard to the importance of not increasing the level of protection between Member States amend or annul the Commission's decision by qualified majority vote.

4. All protective measures affecting trade between Member States shall be applied simultaneously or earlier to relations with third countries, the principle of Community preference being respected.

Article 13

Immediately on application of the levy system and subject to the provisions of Article 7 above, Articles 92, 93 and 94 of the Treaty shall be applicable to production of and trade in the products listed in Article 1 (1) above.

Article 14

Member States shall take steps to adapt their legislative provisions, regulations and administrative rules in such a way that the provisions of the present Regulation may, except as otherwise herein provided, be applied from 1 July 1962.

Article 15

1. The application of the levy system vis-à-vis third countries shall entail the abolition of all customs duties or charges having equivalent effect imposed on imports from third countries.

2. The application of the levy system vis-à-vis third countries shall entail the abolition of any quantitative restrictions or measures having equivalent effect imposed on imports from third countries, unless otherwise decided by the Council by qualified majority vote on a proposal of the Commission.

Article 16

1. A Management Committee for poultry meat and eggs, hereinafter called "the Committee", shall be set up, consisting of representatives of the Member States with a representative of the Commission as Chairman.

2. In this Committee the votes of the Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 17

1. Where the provisions of the present Regulation expressly require the application of the procedure set out in the present Article, the matter shall be brought before the Committee by its Chairman, either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the proposed measures. The Committee shall render its opinion on these measures within such time-limit as the Chairman may decide according to the urgency of the matters under consideration. A majority of twelve votes shall be required.

3. The Commission shall adopt measures which shall be immediately applicable. Should they be at variance, however, with the opinion rendered by the Committee, the Commission shall at once notify the Council of such measures. In such case the Com-

mission may defer application of the measures adopted by it for a maximum of one month from the date of such notification.

The Council may by qualified majority vote adopt a different decision within one month.

Article 18

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

Article 19

At the end of the transition period, the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience as to the continuance or amendment of the provisions of Article 17 above.

Article 20

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*. The date of application of the levy system instituted by the present Regulation shall, however, be 1 July 1962.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

Done at Brussels, 4 April 1962

By the Council

(signed) M. COUVE DE MURVILLE
President

REGULATION No. 23

**on the progressive establishment of a common organization
of the market in fruit and vegetables**

**THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY,**

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community, and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy, including in particular a common organization of agricultural markets established product by product;

WHEREAS the production of fruit and vegetables constitutes a substantial factor in agricultural income and the essential objective must be to achieve a balance between supply and demand at fair prices to the producer, taking into account trade with third countries, while encouraging specialization within the Community;

WHEREAS, within the context of the objectives in view, one of the measures to be taken for the progressive introduction of a common organization of markets consists in establishing common standards of quality to be progressively applied to fruit and vegetables entering into intra-Community trade and to the same products offered for sale on the home market of the producing Member State;

WHEREAS the application of these standards should result in eliminating from the market products of unsatisfactory quality, in guiding production to meet consumers' requirements, and in promoting commercial relations based on fair competition, thus contributing to improved returns on production;

WHEREAS the system to be introduced must enable the preference resulting from implementation of the Treaty to be maintained in favour of Member States; whereas if prices are to remain stable on Community markets, the standards of quality must apply likewise to products from third countries; whereas provision must be made for safeguard measures in respect of goods imported from third countries at abnormal prices;

WHEREAS it is desirable to adopt Community rules on the operation of the market and on commercial transactions;

WHEREAS the introduction of a common organization of markets requires that a study be undertaken of the system of aids existing in Member States in order to eliminate aids which are liable to distort the terms of competition and to affect trade between Member States; whereas it is necessary to this end that Articles 92, 93 and 94 of the Treaty be made applicable to fruit and vegetables;

WHEREAS the implementation of the measures for market organization referred to above must be accompanied by the abolition of obstacles to trade; whereas it is desirable that quantitative restrictions or measures having equivalent effect should be

eliminated and recourse to Article 44 of the Treaty should be renounced according to a time-table to be laid down for products classified according to common standards of quality;

WHEREAS in order to facilitate the implementation of the provisions envisaged, it is necessary that procedure be laid down for co-operation between Member States and the Commission within a Management Committee;

WHEREAS it is necessary that the common organization of the market in fruit and vegetables be fully established by the end of the transition period;

HAS ADOPTED THE FOLLOWING REGULATION:

Article 1

With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common organization of the market in fruit and vegetables shall be progressively established.

Article 2

1. Common standards of quality, size and presentation for market (hereinafter called "quality standards") shall be established for each product or group of products.

2. Products to which the quality standards apply shall be acceptable for intra-Community trade only if they comply with the said standards. They shall be accepted for import from third countries only if they comply with the said quality standards or standards that are at least equivalent. The Commission shall take the necessary steps to give effect to this paragraph.

3. The quality standards shall apply from 1 July 1962 to the products listed in Annexes IA and IB. The standards for products listed in Annex IA are set out in Annex II. Standards for the products listed in Annex IB shall be adopted not later than 30 June 1962 in accordance with the procedure laid down in Article 13.

Article 3

1. The quality standards shall be progressively applied to fruit and vegetables sold on the home market of the producing Member State.

The Council shall, on a proposal of the Commission and voting in accordance with the procedure laid down in Article 43 of the Treaty, lay down not later than 31 December 1962 the conditions, methods and time-table for applying these quality standards. The quality standards for such products shall be fully applied not later than 1 January 1968.

Standards for the products listed in Annex IA shall, however, be applied not later than 1 July 1965.

2. The Council shall, on a proposal of the Commission and voting in accordance with the procedure laid down in Article 43 of the Treaty, adopt not later than 30 June 1964 Community rules on the operation of the market and on commercial transactions.

Article 4

1. The Council shall, by qualified majority vote on a proposal of the Commission, decide which products should be added to the list in Annex I, adopt quality standards for such products and determine the date of their entry into force, and shall adjust the time-table set out in Article 9 (2) as necessary.

2. The Council shall, in accordance with the procedure specified in paragraph 1 above, adopt quality standards for products intended for manufacture or processing and determine dates for their entry into force.

3. Adjustments to the quality standards shall be decided by the procedure laid down in Article 13 in accordance with advances in marketing techniques.

Article 5

1. An exporting Member State shall cause products intended for export to another Member State to be inspected for quality before they leave the national territory. The inspecting authority shall issue a certificate in respect of each consignment, indicating the quality class and certifying that at the time of inspection the products conformed to the standards of that class. The certificate shall accompany the goods to their destination.

2. The importing Member State may arrange for official inspection of goods imported from another Member State to check that they conform to the quality standards of the class indicated on the certificate issued by the inspecting authority of the exporting Member State.

Article 6

The arrangements for giving effect to Article 5 shall be decided not later than 30 June 1962 in accordance with the procedure laid down in Article 13; these arrangements shall take account of the need for co-ordinating inspection methods and for a uniform interpretation and enforcement of quality standards.

Article 7

The provisions of Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products covered by tariff heading 07.01, excluding sub-heading 07.01 A, and headings 08.02 - 08.09 of the common customs tariff.

Article 8

1. Customs duties on imports in force between Member States in respect of products covered by heading 07.01, excluding sub-heading 07.01 A, and headings 08.02 - 08.09 of the common customs tariff, shall be progressively reduced until completely eliminated on 1 January 1970.

2. Duties under the common customs tariff on the same products shall be applied in full as from 1 January 1970 without prejudice to the provisions of Article 23 (1) a) of the Treaty.

Article 9

1. Quantitative restrictions on imports and measures having equivalent effect shall be abolished in trade between Member States in the products classified under the provisions of the present Regulation in accordance with the time-table set out in paragraph 2 below.

2. The measures referred to in paragraph 1 above shall be abolished:

- a) in respect of products placed in quality Class "Extra" - not later than 30 June 1962;
- b) in respect of products placed in quality Class I - not later than 31 December 1963;
- c) in respect of products placed in quality Class II - not later than 31 December 1965.

In respect of the said quality classes and on the said dates Member States shall cease to claim benefit of the provisions of Article 44 of the Treaty.

Article 10

1. If, by the effect of measures progressively establishing a common organization of the market in fruit and vegetables, such market should, in one or more Member States, be exposed, by reason of the liberalization of imports within the meaning of Article 9, to serious disturbances likely to jeopardize the objectives laid down in Article 39 of the Treaty, the Member State or States concerned may, during the transition period, take the necessary safeguard measures in regard to the importation of the products referred to in Article 9 (2) b) and c) from the date when, by virtue of the last sentence of Article 9 (2), Article 44 is no longer applicable to such products.

Such measures may not be taken in respect of one quality class unless measures at least equivalent have been introduced in respect of lower classes of the same product.

The degree of protection afforded by the application of such measures must not be greater than the degree of protection existing at the time of entry into force of this Regulation.

2. The Member State or States concerned shall be required to notify the other Member States and the Commission of such measures not later than the date of their entry into force.

The Member State or States applying such measures shall take steps to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. Such States must be prepared to negotiate immediately with a view to making temporary arrangements in order to obviate excessive or unnecessary losses to exporters. Such arrangements shall be notified immediately to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above, the Commission shall, after consulting Member States within the Management Committee set up under Article 12, decide by emergency procedure within not more than four working days of the notification referred to in the first sub-paragraph above, whether the measures shall be maintained, amended or abolished. The Commission may also decide on measures to be applied by the other Member States.

The Commission's decision shall be notified to all Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within three working days of its date of notification. The Council shall meet

without delay. It may, on the basis of the provisions of paragraph 1 above, amend or annul the Commission's decision by qualified majority vote.

4. Safeguard measures taken in accordance with the provisions of paragraphs 1, 2 and 3 above shall not apply to imports of the products referred to in Article 9 (2) a). Member States may, however, request the Commission to authorize the application of such safeguard measures to the said products.

The Commission shall, at the request of the State concerned, determine by emergency procedure and taking into account the measures already applied, the safeguard measures which it deems necessary and in respect of which it shall lay down conditions and methods of application.

5. All safeguard measures affecting trade between Member States must first have been applied to relations with third countries, the principle of Community preference being respected.

Article 11

1. The Council shall, by qualified majority vote on a proposal of the Commission, decide as to the co-ordination and standardization, *pari passu* with the development of the common market organization, of import systems applied by each Member State *vis-à-vis* third countries.

2. If, however, Community markets suffer or become liable to suffer serious disturbances by reason of imports from third countries at prices below a reference price, Member States may suspend such imports or subject them to a countervailing charge on entry which shall be equal in all Member States.

The reference price shall be calculated on the average quotations recorded over a certain period on the producer markets in the Community where price levels are the lowest for products of Community origin and for a specified standard of quality.

The amount of this countervailing charge, which may be determined on a flat-rate basis, shall be equal to the difference between the reference price and the price of the imported product at entry, excluding customs duty.

The suspension of imports shall be decided and the amount of the countervailing charge fixed in accordance with the procedure laid down in Article 13, the Management Committee acting with due regard to the urgency of the matter.

The manner of application of the present section shall be decided not later than 30 June 1962 in accordance with the procedure laid down in Article 13.

Article 12

1. There shall be set up a Management Committee for fruit and vegetables, hereinafter called "the Committee", consisting of representatives of Member States with a representative of the Commission as Chairman.

2. Within the Committee, the votes of the Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 13

1. In cases in which this Regulation expressly provides for the application of the procedure set out in this Article, the Chairman shall refer the matter to the Committee, either on his own initiative or at the request of a representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures proposed; the Committee shall render its opinion on these measures within such time-limit as the Chairman may decide according to the urgency of the matters under consideration. A majority of twelve votes shall be required.

3. The Commission shall decide on measures which shall be applicable immediately. Should such measures, however, be at variance with the opinion adopted by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer application of the measures decided upon for not more than one month from the date of communication.

Done at Brussels, 4 April 1962.

The Council may by qualified majority take a different decision within a period of one month.

Article 14

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

Article 15

At the end of the transition period the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience whether to maintain or amend the provisions of Article 13.

Article 16

Member States shall take steps to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may be applied from 1 July 1962.

Article 17

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

By the Council

(signed) M. COUVE DE MURVILLE
President

Products supplied to the consumer fresh

ANNEX I A

Common Customs Tariff Number

07.01 B I	Cauliflowers
ex 07.01 D	Lettuces, endives (curly green) and batavia (escarole)
ex 07.01 H	Onions
07.01 M	Tomatoes
08.06 A II	Apples other than cider apples
ex 08.06 B	Pears
08.07 A	Apricots
ex 08.07 B	Peaches
08.07 D	Plums

ANNEX I B

07.01 C	Spinach
ex 07.01 D II	Chicory (white)
07.01 F I	Peas
07.01 F II	Beans
ex 07.01 G II	Carrots
07.01 L	Artichokes
ex 08.02 A	Sweet oranges
08.02 B	Tangerines, clementines
08.02 C	Lemons
08.04 A	Dessert grapes
08.07 C	Cherries
08.08 A	Strawberries

ANNEX II/1

Common standards of quality for cauliflowers

I. DEFINITION OF PRODUCT

The present standard shall apply to the flower clusters of *Brassica oleracea* L. species, *bothytis* L. variety for supply to the consumer fresh, excluding those supplied for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for cauliflowers, after preparation for market and packaging.

B. Minimum requirements

The flower clusters must be:

- a) of fresh appearance;
- b) whole;
- c) sound (subject to the special provisions for each class);
- d) clean and, in particular, free from all residue of fertilizer or other dressing;
- e) free from abnormal external moisture;
- f) free from any extraneous smell or taste.

C. Classification

i) "Extra" class

Cauliflowers in this class must be of superior quality. They must be typical of the variety in shape, size and colour.

The flower cluster must be:

- a) well shaped, firm and compact;
- b) of very close texture;
- c) uniformly white or slightly creamy in colour;
- d) free of all blemishes.

In addition, if the cauliflowers are supplied with leaves or trimmed ("en feuilles" or "couronnés") the leaves must be of fresh appearance.

ii) *Class I*

Cauliflowers in this class must be of good quality. They must have the features typical of the variety; the following shall, however, be permissible:

- a) a slight defect in shape or development;
- b) a slight defect in colour;
- c) a very slight woolliness ("duvet").

The flower clusters must in any case be:

- a) firm;
- b) close-textured;
- c) white to ivory in colour (and no other colour);
- d) free from such defects as: spots, growth of leaves in the head, damage by rodents, insects or disease, traces of frost, bruising.

In addition, if the cauliflowers are supplied with leaves or trimmed ("en feuilles" or "couronnés"), the leaves must be of fresh appearance.

iii) *Class II*

This class comprises cauliflowers of marketable quality which cannot be included in the higher classes but satisfy the minimum requirements specified above.

The flower clusters may be:

- a) slightly misshapen;
- b) slightly loose in texture;
- c) yellowish in colour.

They may have:

- a) slight sun scorching;
- b) not more than five small pale-green leaves growing through the head;
- c) slight woolliness (excluding any woolliness damp or greasy to the touch).

They may also have any two of the following defects:

- a) slight traces of damage by rodents, insects or disease;
- b) slight superficial frost damage;
- c) slight bruising,

provided that such defects are not deleterious to the keeping qualities of the product and do not seriously affect its commercial value.

III. SIZING

Cauliflowers shall be sized by the maximum width of the head or by the arc measured over the largest dimension of the upper part of the flower cluster (sizing by this arc has been adopted as a temporary measure).

The minimum diameter shall be 11 cm. and the minimum arc 13 cm.; the difference in size between the smallest and largest flower clusters in any package shall be not more than 4 cm. when sized by diameter or 5 cm. when sized by arc.

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows:

A. Quality tolerances

- i) "Extra" class: 5% by number of flower clusters not fulfilling the requirements for the class but fulfilling those for the next lower class (Class I).

ii) *Class I*: 10% by number of flower clusters not fulfilling the requirements for the class but fulfilling those for the next lower class (Class II).

iii) *Class II*: 10% by number of flower clusters not fulfilling the requirements for the class but fit for consumption.

B. *Size tolerances*

All classes: 10% by number of flower clusters corresponding to the size prescribed for the next class above or below that marked on the package, with a minimum diameter of 10 cm. (or arc of 12 cm.) for flower clusters in the lowest size grade.

C. *Combined tolerances*

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for the "Extra" class;
- b) 15% for Classes I and II.

V. PRESENTATION AND PACKAGING

A. *Presentation*

Cauliflowers may be presented in three forms:

i) *With leaves* ("en feuilles"): cauliflowers with enough sound green leaves of sufficient length to cover and protect the flower cluster completely. The stalk must be cut slightly below the protecting leaves.

ii) *Stripped* ("effeuillés"): cauliflowers with all leaves and the inedible part of the stalk removed. A maximum of five small, tender leaves, pale-green in colour, whole and lying close to the flower cluster may be allowed.

iii) *Trimmed* ("couronnés"): cauliflowers with enough leaves to protect the flower cluster. The leaves must be green and sound and cut to not more than 3 cm. from the edge of the flower cluster. The stalk must be cut slightly below the protecting leaves.

B. *Uniformity*

The contents of any given package must be uniform and must include only flower clusters of the same quality, size, type and shape. Furthermore, flower clusters classed "Extra" must be of uniform colour in any package.

C. *Packaging*

The cauliflowers must be packed tightly, but not so tightly as to damage the flower clusters. Paper and other materials used in packages must be new and non-injurious to food for human consumption. If wrapping materials carry printed matter, the print must be on the outer face only so that it does not come into contact with the product. The cauliflowers when packed must be free from any foreign matter. "Extra" class cauliflowers must be packed with special care, to afford maximum protection for the flower clusters.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages:

A. *Identification*

Packed by }
Despatched by } Name and address or identifying marks.

B. *Nature of goods*

"Cauliflowers" (on closed packages).

C. Origin of goods

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) method of sizing;
- c) size or number of items.

E. Official inspection mark (optional).

ANNEX II/2

Common standards of quality for tomatoes

I. DEFINITION OF PRODUCT

The present standard shall apply to tomatoes, being the fresh fruit of varieties of *Lycopersicon Esculentum Mill* for supply to the consumer fresh, excluding tomatoes for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements for tomatoes at the despatching stage after preparation for market and packaging.

B. Minimum requirements

- i) The tomatoes must be:
 - a) whole;
 - b) sound (subject to the special provisions for each class);
 - c) clean, and in particular free from residues of any treatment;
 - d) free from abnormal external moisture;
 - e) free from any extraneous smell or taste.

- ii) The degree of ripeness must be such that under proper conditions the tomatoes can withstand transport and handling, keep until they reach the place to which they are consigned, and satisfy market requirements on arrival.

C. Classification

i) "Extra" class

Tomatoes in this class must be of superior quality. They must be firm and must have all the features typical of the variety. They must be free from all defects. "Greenbacks" are excluded.

Two types are allowed:

- a) "round" tomatoes;
- b) "ribbed" tomatoes, which are regular in shape but have "ribs", which must not however extend for more than one third of the peripheral distance between the stalk and the extremity.

ii) *Class I*

Tomatoes in this class must be of good quality. They must be of satisfactory firmness, free from serious defects and must have all the features typical of the variety. They may be slightly bruised.

Tomatoes with open or healed cracks are excluded, as are obvious "greenbacks".

Two types are allowed:

- a) round tomatoes;
- b) ribbed tomatoes which must however be regular in shape.

iii) *Class II*

This class comprises tomatoes of marketable quality which cannot be included in the higher classes. They may be irregular in shape, but must satisfy the minimum requirements specified above. They must be fairly firm and must have no open cracks. Healed cracks not more than 3 cm. long are allowed.

III. SIZING

Sizing shall be compulsory for "Extra" class tomatoes.

Size shall be determined according to the maximum diameter of the equatorial section.

The scale of sizes shall be as follows:

- a) 35 mm. up to but not including 40 mm.
- b) 40 mm. up to but not including 47 mm.
- c) 47 mm. up to but not including 57 mm.
- d) 57 mm. up to but not including 67 mm.
- e) 67 mm. up to but not including 77 mm.
- f) 77 mm. up to but not including 87 mm.

Ribbed tomatoes of the largest size may not be placed in the "Extra" class.

For unsized tomatoes in classes I and II the minimum diameter shall be 35 mm.

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows:

A. *Quality tolerances*

- i) "Extra" class: 5% by number or weight of tomatoes not fulfilling the requirements for the class, but fulfilling those for the next lower class (Class I), with not more than 2% tomatoes with cracks.
- ii) *Class I*: 10% by number or weight of tomatoes not fulfilling the requirements for the class, but fulfilling those for the next lower class (Class II), with not more than 5% tomatoes with cracks.
- iii) *Class II*: 10% by number or weight of tomatoes not fulfilling the requirements for the class, but fit for consumption.

B. *Size tolerances*

All classes: in any package, 10% by number or weight of tomatoes corresponding to the size prescribed for the class next above or below that marked on the package, with a minimum size of 33 mm.

C. Combined tolerances

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for the "Extra" class;
- b) 15% for Classes I and II;

V. PRESENTATION AND PACKAGING

A. Uniformity

The contents of any package must be uniform and must include only tomatoes of the same origin, variety and quality. Furthermore, tomatoes in the "Extra" class or Class I must be of uniform colour and ripeness. Where the tomatoes are sized, each package must contain only tomatoes of the same size.

B. Packaging

The packaging used must give the goods adequate protection. With "Extra" class and Class I, the main bulk of the goods must be kept clear of the bottom, sides and lid, if any, by some form of protective material. Paper or other materials used inside packages must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only, so that it does not come into contact with the product. The tomatoes when packed must be free from any foreign matter.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages:

A. Identification

Packed by }
Despatched by } Name and address or identifying marks.

B. Nature of goods

"Tomatoes" (on closed packages).

C. Origin of goods

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) "ribbed" if applicable;
- c) size or the words "not graded by size".

E. Official inspection mark (optional)

If the above information is given on a label, the latter must be fixed to the outside of the package and must be not less than 40 cm² in area.

Common standards of quality for apples and pears

I. DEFINITION OF PRODUCT

The present standard shall apply to eating apples and pears, being the fresh fruit of varieties of *Pyrus Malus L.* and *Pyrus Communis L.* for supply to the consumer fresh excluding apples and pears for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for eating apples and pears after preparation for market and packaging.

The standard applies only to the species as a whole; it is left to each country concerned to decide which varieties shall be subject to it.

B. Minimum requirements

i) The fruit must be:

- a) whole;
- b) sound (subject to the special provisions for each class);
- c) clean, and in particular free from residues of any treatment;
- d) free from abnormal external moisture;
- e) free from any extraneous smell or taste.

ii) The fruit must have been carefully picked by hand and must be sufficiently developed. The degree of ripeness must be such that the fruit can withstand transport and handling, will under proper conditions keep until they reach the place to which they are consigned, and satisfy market requirements on arrival.

C. Classification

i) "Extra" class

Fruit in this class must be of superior quality. They must have the shape, size and colour typical of the variety and must have the stalks intact. They must be free from all defects.

ii) Class I

Fruit in this class must be of good quality. They must have the features typical of the variety but a slight defect in shape, development or colour shall be allowed. The stalk may be slightly damaged.

The flesh must be completely sound, but skin blemishes which do not impair general appearance or keeping qualities shall be allowed for each fruit within the following limits:

- a) elongated blemishes may not be longer than 2 cm;
- b) total area of other blemishes may not exceed 1 cm², with the exception of speckles which must not exceed 0.25 cm²;
- c) pears must not be gritty.

iii) Class II

This class comprises fruit of marketable quality which cannot be included in the higher classes but satisfies the minimum requirements specified above.

Defects of shape, development and colour shall be allowed provided that the fruit retain their typical features. The stalk may be missing provided the skin is undamaged.

The flesh must be free from major defects, but the following skin defects shall be allowed for each fruit, within the following limits:

- a) elongated blemishes not more than 4 cm long;
- b) total area of other blemishes not exceeding 2.5 cm², with the exception of speckles which must not exceed 1 cm².

III. SIZING

Size shall be determined by the maximum diameter of the equatorial section.

Fruit in any package shall not vary by more than 5 mm. in diameter

- a) for "Extra" class fruit;
- b) for Class I and II fruit packed in layers.

Diameter may vary by up to 10 mm for Class I fruit packed in bulk.

There shall be no limit for Class II fruit packed in bulk.

Sizing shall be compulsory for "Extra" class fruit.

There shall be a minimum size for all classes as set out below:

<i>Apples</i>	<i>Extra</i>	<i>I</i>	<i>II</i>
Large varieties	65 mm.	60 mm.	55 mm.
Other varieties	60 mm.	55 mm.	50 mm.
<i>Pears</i>	<i>Extra</i>	<i>I</i>	<i>II</i>
Large varieties	60 mm.	55 mm.	50 mm.
Other varieties	55 mm.	50 mm.	45 mm.

As an exception, there shall be no minimum size for summer pears on a limited list notified by the countries concerned, despatched before 1 August in any year.

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows:

A. Quality tolerances

- i) "Extra" class: 5% by number or weight of fruit not fulfilling the requirements for the class, but fulfilling those for the next lower class (Class I) or, in special circumstances, coming within the tolerated limits for that class.
- ii) Class I: 10% by number or weight of fruit not fulfilling the requirements for the class, but fulfilling those for the lower class (Class II) or, in special circumstances, coming within the tolerated limits for that class.
- iii) Class II: 10% by number or weight of fruit not fulfilling the requirements for the class, excluding obviously rotten or badly-bruised fruit and fruit with open splits.

In no case shall the above tolerances exceed 2% of worm-eaten or spoiled fruit for any class.

B. Size tolerances

All classes: in any package, 10% by number or weight of fruit of the size prescribed for the class next above or below that marked on the package.

C. Combined tolerances

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for the "Extra" class;
- b) 15% for Classes I and II.

All the above percentages shall apply to samples examined during inspection.

V. PRESENTATION AND PACKAGING

A. Uniformity

The contents of any given package must be uniform and must include only fruit of the same origin, variety and quality, and of the same degree of ripeness.

"Extra" class fruit must also be uniform in size and colour.

B. Packaging

The packaging used must give the goods adequate protection. Paper and other materials used must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only so that it does not come into contact with the fruit. When packed the fruit must be free of any extraneous matter, such as leaves or twigs.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages:

A. Identification

Packed by }
Despatched by } Name and address or identifying marks.

B. Nature of goods

- a) "Apples" or "Pears" (on closed packages);
- b) name of variety for "Extra" class and Class I.

C. Origin of goods

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class
- b) size or number of items (except for fruit packed in bulk).

E. Official inspection mark (optional)

(for packages over 15 kg. the marking label used must be not less than 40 cm² in area).

ANNEX II/4

Common standards of quality for peaches

I. DEFINITION OF PRODUCT

The present standard shall apply to varieties of *Prunus persica Sieb and Zucc* for supply to the consumer fresh, excluding peaches for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for peaches, after preparation for market and packaging.

The standard applies only to the species as a whole; it is left to each country concerned to define the varieties which shall be subject to it.

B. Minimum requirements

i) The fruit must be :

- a) whole
- b) sound (subject to the special provisions for each class);
- c) clean and, in particular, free from residues of any treatment;
- d) free from abnormal external moisture;
- e) free from any extraneous smell or taste.

ii) The fruit must have been carefully picked by hand and must be sufficiently developed. The degree of ripeness must be such that the fruit can withstand transport and handling, will under proper conditions keep until they reach the place to which they are consigned, and satisfy market conditions on arrival.

C. Classification

i) "Extra" class

Fruit in this class must be of superior quality. They must have the shape, development and colour typical of the variety, having regard to the production area. They must be free from all defects.

ii) Class I

Fruit in this class must be of good quality. They must have the features typical of the variety, having regard to the production area. The following shall, however, be permissible:

- a) a slight defect in shape or development;
- b) a slight defect in colour.

The flesh must be completely sound, but skin blemishes which do not impair general appearance or keeping qualities shall be allowed. Elongated blemishes may not be longer than 1 cm. The total area of other blemishes may not exceed 0.5 cm².

iii) Class II

This class comprises fruit of marketable quality which cannot be included in the higher classes but satisfies the minimum requirements specified above.

Skin defects which do not impair general appearance or keeping qualities shall be allowed provided that elongated blemishes do not exceed 2 cm. in length and the total area of other blemishes does not exceed 2.5 cm².

III. SIZING

Size shall be determined either by circumference or by the maximum diameter of the equatorial section.

The fruit shall be sized according to the following scale :

<i>Circumference in cm.</i>	<i>Diameter in mm.</i>	<i>Code letters</i>
28 and over	90 and over	AAAA
from 25 up to but not including 28	from 81 up to but not including 90	AAA
from 23 up to but not including 25	from 74 up to but not including 81	AA
from 21 up to but not including 23	from 68 up to but not including 74	A
from 19 up to but not including 21	from 62 up to but not including 68	B
from 17.5 up to but not including 19	from 56 up to but not including 62	C
from 16 up to but not including 17.5	from 50 up to but not including 56	D

The minimum permitted size for the "Extra" class shall be 17.5 cm. (circumference) and 56 mm. (diameter). Peaches 15 to 16 cm. in circumference or 47 to 50 mm. in diameter shall be allowed until 31 July, except for the "Extra" class. Sizing shall be compulsory for all classes.

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows:

A. Quality tolerances

- i) "Extra" class: 5% by number or weight of fruit not fulfilling the requirements for the class but fulfilling those for the next lower class (Class I).
- ii) Class I: 10% by number or weight of fruit not fulfilling the requirements for the class, but fulfilling those for the next lower class (Class II).
- iii) Class II: 10% by number or weight of fruit not fulfilling the minimum requirements, but fit for consumption.

B. Size tolerances

All classes: in any package, 10% by number or weight of fruit within a range of 1 cm. above or below the size indicated on the package.

C. Combined tolerances

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for the "Extra" class;
- b) 15% for Classes I and II.

V. PRESENTATION AND PACKAGING

A. Uniformity

The contents of any given package must be uniform and must include only fruit of the same variety, quality, degree of ripeness and size and, for the "Extra" class, of the same colour.

B. Packaging

The packaging must be such as to afford the goods adequate protection. Paper and other materials used inside the package must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only so that it does not come into contact with the fruit.

The fruit may be packed in one of the following ways:

1. In small separate packs, for direct sale to the consumer;
2. In a single layer, for "Extra" class. In this class each peach must have a protective wrapping, separating it from the other peaches;
3. In one or two layers, for Classes I and II. The fruit when packed must be free of any extraneous matter.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages :

A. Identification

Packed by }
Despatched by } Name and address or identifying marks.

B. Nature of goods

- a) "Peaches" (on closed packages);
- b) name of variety for "Extra" class and Class I.

C. Origin of goods

Production area or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) size or number of items.

E. Official inspection mark (optional).

ANNEX II/5

Common standards of quality for lettuces, curly endives and broad-leaved endives (escarole)

I. DEFINITION OF PRODUCTS

The present standard shall apply to lettuces (varieties of *Lactuca estiva* L., excluding "cutting lettuces"), curly endives (*Cichorium endivia* L. var. *crispa*) and broad-leaved (Batavia) endives (*Cichorium endivia* L. var. *latifolia*), for supply to the consumer fresh.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements for the above-mentioned products after preparation for market and packaging.

B. Minimum requirements

- i) The salads must be:
 - a) whole;
 - b) sound (subject to the special provisions for each class);
 - c) of fresh appearance;
 - d) clean and trimmed, that is, practically free from all leaves which have on them soil, mould or sand, and free from residues or fertilizer or other treatment;
 - e) turgescient;
 - f) not run to seed;
 - g) free from abnormal external moisture;
 - h) free from any extraneous smell or taste.

ii) The salads must be of normal development for the season and time of marketing. In the case of lettuces, a reddish colouring caused by cold weather during growth shall be allowed, provided appearance is not seriously impaired.

iii) The roots must be trimmed off level with the lowest leaves and the cut must be clean on consignment.

C. Classification

i) Class I

Salads in this class must be :

- a) well formed;
- b) firm (except for lettuces grown under glass);
- c) close-headed;
- d) free from damage by animal parasites, disease and defects affecting edibility;
- e) free from any trace of frost and substantially free from any trace of physical damage;
- f) of normal colour for their variety.

Lettuces must have a single, well-formed head; the head may, however, be less well-formed in the case of lettuces grown under glass. The middle of curly endives and broad-leaved endives must be yellow over at least one third of the plant.

ii) Class II

This class comprises salads of marketable quality which cannot be included in the higher classes but fulfil the minimum requirements specified above.

Salads in this class must be :

- a) reasonably well-formed;
- b) free from attack by animal parasites or disease which may seriously affect edibility;
- c) free from serious physical damage

The salads may have a slight colour defect. Lettuces may have only a small heart, while lettuces grown under glass need have no heart. Curly endives and broad-leaved endives must have a yellow centre.

III. SIZING

Size shall be determined according to net weight per 100 units or by that of a single unit.

A. Minimum weight

i) Lettuces :

Lettuces grown outdoors must weigh not less than 15 kg. per 100 units, or 150 grammes each. Lettuces grown under glass must weigh not less than 8 kg. per 100 units, or 80 grammes each.

ii) Curly endive and broad-leaved endive :

Curly endive and broad-leaved endive grown outdoors must weigh not less than 20 kg. per 100 units, or 200 grammes each. Curly endive and broad-leaved endive grown under glass must weigh not less than 15 kg. per 100 units, or 150 grammes each.

B. Uniformity

i) Lettuces

In any package, the variation in weight between the lightest and heaviest units must not exceed:

- a) 20 grammes for lettuces weighing less than 11 kg. per 100 units (110 grammes each);

- b) 40 grammes for lettuces weighing from 11 to 20 kg. per 100 units (110 to 200 grammes each);
- c) 100 grammes for lettuces weighing more than 20 kg. per 100 units (200 grammes each).

ii) Curly endive and broad-leaved endive.

In any package, the variation in weight between the lightest and heaviest units must not exceed:

- a) 150 grammes for curly endive and broad-leaved endive grown outdoors;
- b) 100 grammes for curly endive and broad-leaved endive grown under glass.

IV. TOLERANCES

The tolerances for sub-standard goods in each package shall be as follows:

A. Quality tolerances

- i) *Class I*: 10% of units not fulfilling the requirements for the class, but fulfilling those for Class II.
- ii) *Class II*: 10% of units not fulfilling the requirements for the class, but in no circumstances having defects rendering them unfit for consumption

B. Size tolerances

10% of units not of the size specified, but of a weight not more than 10% above or below the specified weight.

V. PACKAGING AND PRESENTATION

A. Uniformity

The contents of any given package must be uniform and must include only produce of the same variety, quality and size.

B. Packaging

The produce must be properly packed having regard to its size and the type of packaging, i.e. without gaps or crushing.

The goods must be kept clear of the bottom, long sides and lid by a suitable protective material.

Lettuces and curly endives must be packed in two layers, heart to heart (3 layers in the case of returnable package); Cos lettuces and broad-leaved endives may be packed lying flat.

Paper and other materials used must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only, so that it does not come into contact with the produce. The produce when packaged must be free from any extraneous matter such as loose leaves and pieces of stalk.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages:

A. Identification

Packed by }
 Despatched by } Name and address or identifying marks.

B. Nature of goods

- a) "Lettuces", "curly endives" or "broad-leaved endives" (on closed packages);
- b) where applicable, the name of the variety;
- c) where applicable, the words "grown under glass".

C. Origin of goods

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) size (minimum weight per 100 units in kilogrammes or minimum weight per unit) or number of heads.

E. Official inspection mark (optional).

ANNEX II/6

Common standards of quality for onions

I. DEFINITION OF PRODUCT

The present standard shall apply to onions of the species *Allium cepa* L., except for "silver skin" onions and green onions with all their leaves.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for onions as defined in I above, after preparation for market and packaging.

B. Minimum requirements

The bulbs must be:

- a) whole;
- b) sound (subject to the special provisions for each class);
- c) clean and, in particular, free from all residue of fertilizer or other treatment;
- d) free from frost damage;
- e) dry enough for the use intended (in the case of pickling onions, at least the first two outside skins and the stem must be completely dry);
- f) free from abnormal external moisture;
- g) free from any extraneous smell or taste;
- h) the stalk must be twisted or cut off clean and must be not more than 4 cm. long (except for onions in strings).

C. Classification

i) Class I

Onions in this class must be of good quality. They must have the shape and colour typical of the variety.

The bulbs must be :

- a) firm and solid ;
- b) not sprouting ;
- c) without hollow or tough stem ;
- d) without swellings caused by abnormal growth ;
- e) practically free from root tufts.

Small cracks on the outer skin of the bulb shall be allowed.

ii) *Class II*

Onions in this class must fulfil the minimum requirements defined above, but may differ as follows from Class I :

bulbs reasonably firm ;

permitted defects :

- a) shape and colour not typical of the variety ;
- b) sprouting started (not more than 10 % of any batch) ;
- c) signs of rubbing ;
- d) slight marks caused by parasites or disease ;
- e) small healed cracks ;
- f) slight bruising healed and not liable to impair keeping qualities.

III. SIZING

Onions must be graded by size, which shall be determined according to maximum diameter of the equatorial section on the following scale :

i) *Onions to be pickled or otherwise preserved*

- a) 10 mm. up to but not including 15 mm.
- b) 15 mm. up to but not including 20 mm.
- c) 20 mm. up to but not including 30 mm.
- d) 30 mm. up to but not including 45 mm.

with a tolerance of 2 mm. above or below the maximum and minimum respectively.

ii) *Onions to be eaten fresh*

Minimum diameter: 40 mm., with a maximum variation of 20 mm. between onions in any package marked with a single size.

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows :

A. *Quality tolerances*

i) *Class I:* 10% by weight of produce not fulfilling the requirements for the class, but fulfilling those for Class II.

ii) *Class II:* 10% by weight of produce not fulfilling the minimum requirements, but fit for consumption.

B. *Size tolerances*

For onions to be eaten fresh, 10% by weight, per package of the size immediately above or below that marked on the package.

C. *Combined tolerances*

In no circumstances may quality and size tolerances combined exceed 15%.

V. *PACKAGING AND PRESENTATION*

A. *Uniformity*

The contents of each package must be uniform and must include only onions of the same variety, quality and size.

B. *Packaging*

Onions may be packed:

- a) in layers;
- b) in bulk;
- c) in strings (each string consisting of not less than 16 onions with completely dried stems).

When packaged they must be free from any extraneous matter.

VI. *MARKING*

The following must be marked on the packages:

A. *Identification*

Packed by }
Despatched by } Name and address or identifying marks.

B. *Nature of goods "Onions" (on closed packages).*

C. *Origin of goods*

Production area, or national, regional or local trade name.

D. *Commercial specification*

- a) class;
- b) size;
- c) weight.

E. *Official inspection mark (optional) .*

ANNEX II/7

Common standards of quality for apricots

I. *DEFINITION OF PRODUCT*

The present standard shall apply to varieties of *Prunus armeniaca* L., for supply to the consumer fresh, excluding apricots for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for table apricots, after preparation for market and packaging.

B. Minimum requirements

i) The fruit must be :

- a) whole ;
- b) sound (subject to the special provisions for each class);
- c) clean and, in particular, free from residues of any treatment ;
- d) free from abnormal external moisture ;
- e) free from any extraneous smell or taste.

ii) The fruit must have been carefully picked by hand and must be sufficiently developed. The degree of ripeness must be such that the fruit can withstand transport and handling, will under proper conditions keep until it reaches the place to which it is consigned, and satisfy market requirements on arrival.

C. Classification

i) "Extra" class

Fruit in this class must be of superior quality. It must have all the features typical of the variety, having regard to the production area. It must be free of all defects.

ii) Class I

Fruit in this class must be of good quality. It must have the features typical of the variety, having regard to the production area. The flesh must be completely sound. The following shall, however, be allowed :

- a) a slight defect in shape or development ;
- b) a slight defect in colour ;
- c) slight rubbing ;
- d) slight sun-scorching ;

provided they do not impair the external appearance or keeping qualities of the fruit. Elongated blemishes may not exceed 1 cm. in length ; the total area of other blemishes must not exceed 0,5 cm².

iii) Class II

This class comprises fruit of marketable quality which cannot be included in the higher classes but satisfy the minimum requirements specified above.

Skin defects which do not impair general appearance or keeping qualities shall be allowed provided they are not more than 2 cm. in length as regards elongated blemishes or do not cover a total area of more than 1 cm² as regards all other blemishes.

III. SIZING

Size shall be determined according either to circumference or maximum diameter of the equatorial section ; grading by size shall be compulsory for "Extra" class and Class I.

For Classes I and II the minimum size shall be fixed at 30 mm. diameter (10 cm. circumference) with a maximum variation for fruit in one size grade amounting to 10 mm. in diameter (3 cm. in circumference).

For the "Extra" class, the determination of minimum size shall be left to the country concerned, having regard to the variety. This minimum size shall not, however, be less

than the size laid down for other classes. In no circumstances may the maximum variation for fruit in the same size grade be greater than 5 mm. diameter (1.5 cm. circumference).

IV. TOLERANCES

The tolerances for sub-standard goods in any package shall be as follows:

A. Quality tolerances

- i) "Extra" class: 5% by number or weight of fruit not fulfilling the requirements for the class but fulfilling those for the next lower class (Class I).
- ii) Class I: 10% by number or weight of fruit not fulfilling the requirements for the class but fulfilling those for the next lower class (Class II).
- iii) Class II: 10% by number or weight of fruit not fulfilling the minimum requirements but fit for consumption.

B. Size tolerances

All classes: in any package, 10% by number or weight of fruit within a range of 1 cm. above or below the size indicated on the package.

C. Combined tolerances

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for "Extra" class;
- b) 15% for Classes I and II.

V. PACKAGING AND PRESENTATION

A. Uniformity

The contents of each package must be uniform and must include only fruit of the same variety, quality and size and, for the "Extra" class, of uniform colour.

B. Packaging

The packaging must be such as to afford the goods adequate protection. Paper and other materials used must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only, so that it does not come into contact with the fruit. When packed the fruit must be free from any extraneous matter.

The fruit may be packed in one of the following ways:

1. In small separate packs, for direct sale to the consumer;
2. In a layer or more than one separated layers;
3. In bulk, except for "Extra" class.

VI. MARKING

The following must be marked legibly and indelibly on the outside of all packages:

A. Identification

Packed by }
Despatched by } Name and address or identifying marks.

B. Nature of goods

- a) "Apricots" on closed packages;
- b) name of variety for "Extra" class and Class I.

C. Origin of goods

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) size or number of units (except for fruit packed in bulk).

E. Official inspection mark (optional) .

ANNEX II/8

Common standards of quality for plums

I. DEFINITION OF PRODUCT

The present standard shall apply to plums, being the fruit of *Prunus domestica* L., *Prunus institia* L., *Prunus salicina* Lindley (*Prunus triflora* Roxburgh) for supply to the consumer fresh, excluding plums for processing.

II. QUALITY SPECIFICATION

A. General

The standard defines quality requirements at the despatching stage for table plums, after preparation for market and packaging.

B. Minimum requirements

i) The fruit must be:

- a) whole;
- b) sound (subject to the special provisions for each class);
- c) clean and, in particular, free from residue of any treatment;
- d) free from abnormal external moisture;
- e) free from any extraneous smell or taste.

ii) The fruit must be sufficiently developed. The degree of ripeness must be such that the fruit can withstand transport and handling, will under proper conditions keep until it reaches the place to which it is consigned, and satisfy market requirements on arrival.

C. Classification

i) "Extra" class

Fruit in this class must be of superior quality. It must have the shape, development and colour typical of the variety.

The plums must be:

- a) completely free from defects;

- b) almost wholly covered with bloom, according to variety;
- c) firm-fleshed.

"Extra" class plums must have been carefully picked by hand.

ii) *Class I*

Fruit in this class must be of good quality. It must have the features typical of the variety; the following shall however be allowed:

- a) slightly defective shape;
- b) a slight defect in development;
- c) slightly defective colouring.

Skin defects which do not impair external appearance or keeping qualities shall be allowed provided that elongated blemishes do not exceed one-third of the maximum diameter of the fruit. In particular, healed cracks shall be allowed for varieties known as golden greengages ("Reines-Claudes dorées")¹;

The stalk may be damaged or missing, provided there is no possibility of the fruit deteriorating as a result.

Class I fruit must have been carefully picked by hand.

iii) *Class II*

This class comprises fruit of marketable quality which cannot be included in the higher classes but satisfies the minimum requirements specified above.

Skin blemishes which do not impair either external appearance or keeping qualities shall be allowed, provided that they do not exceed one-quarter of the total area of the skin.

III. SIZING

The fruit must be graded by size, starting from a minimum size to be fixed by each country according to class and variety.

IV. TOLERANCES

The tolerances for sub-standard goods in each package shall be as follows:

A. *Quality tolerances*

i) "Extra" class

5% by number or weight of fruit not fulfilling the requirements for the class but fulfilling those for the next lower class (Class I).

ii) *Class I*

10% by number or weight of fruit not fulfilling the requirements for the class, but fulfilling those of the next lower class (Class II).

iii) *Class II*

10% by number or weight of fruit not fulfilling the requirements for the class, but fit for consumption.

B. *Size tolerances*

For all grades: 10% by number or of weight of fruit of the size immediately above or below that marked on the package.

¹ *Definition*: Reines-Claudes ["Abricots verts" (green apricots), "Dauphines", greengages] having a green skin with slightly yellowish tinges.

C. Combined tolerances

In no circumstances may quality and size tolerances combined exceed:

- a) 10% for "Extra" class;
- b) 15% for Classes I and II.

V. PACKAGING AND PRESENTATION

A. Uniformity

The contents of each package must be uniform and must include only fruit of the same variety, quality and size, and for "Extra" class of uniform colour.

B. Packaging

The packaging must be such as to afford the goods adequate protection. Paper and other material used must be new and non-injurious to food for human consumption. If they carry printed matter, the print must be on the outer face only so that it does not come into contact with the fruit. When packed, the fruit must be free of extraneous matter.

The fruit may be packed in any of the following ways:

- 1. In small separate packs, for direct sale to the consumer;
- 2. In a layer or more than one separated layers;
- 3. In bulk, except for "Extra" class.

VI. MARKING

The following must be marked legibly and indelibly on all packages:

A. Identification

Packed by }
Despatched by } Name and address or identifying marks.

B. Nature of produce

- a) "Plums" (on closed packages);
- b) name of variety, for "Extra" class and Class I.

C. Origin of produce

Production area, or national, regional or local trade name.

D. Commercial specification

- a) class;
- b) size or number or units (except for fruit packed in bulk).

E. Official inspection mark (optional).

REGULATION No. 24

on the progressive establishment of a common organization of the market in vine products

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community and in particular Article 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy, including a common organization of agricultural markets established product by product;

WHEREAS there are appreciable divergences in the viticultural policies pursued by the several Member States at national level and whereas, irrespective of the policy followed, surpluses of a permanent nature give rise to serious difficulties in the viticultural economy of certain producer countries;

WHEREAS wine production constitutes an important item in agricultural income, and the common organization must aim at stabilizing markets and prices by adjusting supply to requirements, such adjustment being directed in particular towards high quality production;

WHEREAS the necessary steps to bring about this adjustment require that the potential output be known and the quantity of must and wine available be assessed each year;

WHEREAS the preparation of a viticultural land register, the introduction of a system of crop and stock declarations and the compilation of an annual forecast should make it possible to obtain the data essential for a knowledge of the market;

WHEREAS the detailed arrangements for implementing these measures must be such as to yield information comparable at Community level while taking account of the situation peculiar to each Member State;

WHEREAS it accords with the policy of encouraging quality production that the required characteristics of a quality wine produced in a specified area should be defined;

WHEREAS to facilitate implementation of the provisions envisaged, a procedure should be laid down for close co-operation between Member States and the Commission in a Management Committee,

HAS ADOPTED THE PRESENT REGULATION:

Article 1

Member States shall, not later than 30 June 1963, prepare a viticultural land register which shall thereafter be kept up to date.

This register, based on the general vineyard census, shall include the following minimum information:

- a) total area under vines;
- b) area under vines sub-divided according to type of production;
- c) method of exploitation;
- d) classification of vineyards according to size;
- e) classification of areas under vines according to age;
- f) classification of vine stocks according to year of planting.

Article 2

1. Each year, beginning in 1962,

- a) producers of must and wine shall declare their volume yield during the year;
- b) producers of must and wine, and merchants other than retailers, shall declare their stocks of must and wine, whether from the current or preceding years' harvests. Must and wine imported from third countries shall be stated separately.

2. So far as the development of the common viticultural policy does not require stock declarations to be made before the harvest on a date to be determined under the procedure laid down in Article 7, the harvest and stock declarations shall be made simultaneously not later than 31 December in each Member State.

3. This provision shall not preclude the maintenance in certain States of two different dates, one for stock declarations and the other for harvest declarations, provided that the information collected is brought up to date and is appropriate for use at Community level.

Article 3

At the beginning of each year the Commission shall draw up a forecast in order to determine the resources and assess the requirements of the Community, including foreseeable imports from and exports to third countries.

Article 4

1. The Council shall, not later than 31 December 1962, adopt a Community Regulation as provided for in Article 43 (2) of the Treaty for quality wines produced in specified areas.

2. This Community Regulation, which must take into account traditional conditions of production so far as these are not of a nature to prejudice the policy of encouraging quality production and the attainment of a single market, shall be based on the following factors:

- a) demarcation of the region of production;
- b) varieties of vine stocks;
- c) methods of cultivation;
- d) wine production methods;
- e) minimum natural alcohol content;
- f) yield per hectare;
- g) analysis and appraisal of sensory qualities.

3. Member States may determine in addition to the above factors and taking into account fair and traditional practices, any other production conditions and characteristics which shall be obligatory for quality wines produced in specified areas.

Article 5

The detailed arrangements for implementation of Articles 1, 2 and 3 above shall be adopted in accordance with the procedure laid down in Article 7, within six months from the entry into force of this Regulation.

Article 6

1. A Management Committee for wine (hereinafter called "the Committee") shall be set up, consisting of representatives of the Member States with a representative of the Commission as Chairman.

Done at Brussels, 4 April 1962.

2. In this Committee the votes of Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 7

1. Where the present Regulation expressly provides for the application of the procedure laid down in the present Article, the Chairman shall refer the matter to the Committee either on his own initiative or at the request of a representative of a Member State.

2. The representative of the Commission shall submit a draft of the proposed measures. The Committee shall render its opinion on such measures within a time-limit to be fixed by the Chairman having regard to the urgency of the matter under consideration. A majority of twelve votes shall be required.

3. The Commission shall adopt measures which shall be immediately applicable. Should such measures, however, not coincide with the opinion rendered by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer application of the measures it has decided upon for not more than one month from the date of such communication.

The Council may by qualified majority vote adopt a different decision within a period of one month.

Article 8

The Committee may examine any other question raised by its Chairman either on his own initiative or at the request of a representative of a Member State.

Article 9

At the end of the transition period, the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience whether the provisions of Article 7 above shall be maintained or modified.

Article 10

This Regulation shall be binding in all its parts and directly applicable in every Member State.

By the Council

(signed) M. COUVE DE MURVILLE
President

REGULATION No. 25

on financing the common agricultural policy

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community, and in particular Articles 40, 43 and 199-209 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy including in particular a common organization of agricultural markets;

WHEREAS to enable such common organization to achieve its objectives, it is advisable to set up a European Agricultural Guidance and Guarantee Fund and to determine the conditions under which the same shall operate;

AND WHEREAS, in connection with the setting up of the said Fund and the introduction of a common agricultural policy, the need has become apparent to adopt certain joint rules of financial and budgetary policy;

HAS ADOPTED THE FOLLOWING REGULATION:

Article 1

In order to enable the common organization of agricultural markets to achieve its objectives, there shall be set up a European Agricultural Guidance and Guarantee Fund, hereinafter called "the Fund".

The Fund shall form part of the Community's Budget.

Part I: Single market stage

Article 2

1. Revenue from levies charged on imports from third countries shall be the property of the Community and

shall be appropriated to Community expenditure; the budget resources of the Community shall comprise such revenue together with all other revenues decided in accordance with the rules of the Treaty as well as contributions of Member States in accordance with Article 200 of the Treaty. The Council shall in due course initiate the procedure laid down in Article 201 of the Treaty so as to implement the above provisions.

2. Since at the single market stage price systems will be standardized and agricultural policy will be on a Community basis, the resulting financial implications will fall on the Community. The Fund shall accordingly finance:

- a) refunds on exports to third countries;
- b) measures taken to regulate markets;
- c) joint action decided on in order to achieve the objectives defined in Article 39 (1) a) of the Treaty, including structural alterations required for the satisfactory functioning of the Common Market, without prejudice to the work of the European Investment Bank and the European Social Fund.

Part II: Transition period

Article 3

1. The following expenditure may properly be charged to the Fund:

- a) refunds on exports to third countries, calculated on the net amount of exports and the rate of refund in the Member State whose average refund is the lowest, in accordance with the provisions of the Regulations dealing with individual products;
- b) sums spent on the home market whose aim and effect are identical to those of the refunds referred to in sub-paragraph a) above; the fact that these are identical shall be determined by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter;
- c) other sums spent on the home market in accordance with Community rules; the conditions governing eligibility of the relevant expenditure shall be determined by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter;

d) action undertaken in accordance with Community rules for achieving the objectives set out in Article 39 (1) a) of the Treaty including structural changes necessitated by the development of the Common Market; the conditions governing the eligibility of the relevant expenditure shall be determined by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority thereafter;

2. The Commission shall submit initial proposals in implementation of sub-paragraphs b), c) and d) above not later than 30 September 1962 in order to permit financing by the Community of the operations covered by these sub-paragraphs from the year 1962-1963.

3. From the first year, the Council shall make an annual review, on a report by the Commission, of the consequences entailed by Community financing of refunds on exports, as provided for under paragraph 1 a), on the guidance of production and the development of outlets.

The Council may, by unanimous vote at the request of one of the Member States or of the Commission during the second stage and by qualified majority vote on the proposal of the Commission thereafter, amend the criteria adopted for the financing of these refunds by the Community.

The Council shall also, on a report by the Commission, annually review the effect on the common agricultural policy of the measures for financing by the Community provided for under paragraph 1 b), c) and d) above.

Article 4

Before the expiry of the third year, the Council shall, on a report by the Commission, make a general review covering in particular how the total transactions of the Fund have developed, the nature of its expenditure and the question of eligibility therefor and the apportionment of revenue, as well as the progress made in implementing the common agricultural policy, and more particularly the directions in which the agricultural production of Member States has developed, price approximation, and the development of intra-Community trade. This review shall precede the decisions to be taken in accordance with Article 5 (1) and Article 7 (2).

Article 5

1. The Fund's contribution to expenditure chargeable in accordance with Article 3 (1) a), b) and c), shall, for the first three years, be: one-sixth for 1962-1963, two-sixths for 1963-1964, and three-sixths for 1964-1965.

From 1 July 1965 and until the end of the transition period, the contributions of the Fund shall increase regularly so that, at the conclusion of the transition period, the expenditure chargeable shall be wholly financed by the Fund. In the light of the results of the general review provided for in Article 4, the necessary decision shall be taken by the Council according to the voting procedure laid down in Article 43 of the Treaty.

2. The Fund's contribution to the expenditure chargeable in accordance with Article 3 (1) d) shall, so far as possible, correspond to one-third of the amount determined in implementation of paragraph 1 of this Article.

Article 6

1. The total amount allocated to the Fund to enable it to meet the expenditure referred to above shall be annually determined by the Council in accordance with budgetary procedure.

2. The sums annually determined may be increased by decision of the Council voting in accordance with the same procedure.

Article 7

1. The revenue of the Fund shall consist, during the first three years, of financial contributions from Member States calculated partly according to the scale of contributions set out in Article 200 (1) of the Treaty and partly in proportion to net imports from third countries effected by each Member State.

The two parts of the contributions from Member States shall cover the total revenue of the Fund in the following proportions:

	1962-1963 %	1963-1964 %	1964-1965 %
According to the scale stated in Article 200 (1)	100	90	80
In proportion to net imports	-	10	20

2. Before the end of the third year and in the light of the results of the general review provided for in Article 4, the Council shall, voting according to the procedure laid down in Article 200 (3) of the Treaty, and with a view to ensuring that progress is maintained towards the single market system, draw up

rules as to the Fund's revenue which shall be valid from 1 July 1965 until the end of the transition period.

Article 8

The present Regulation, under the conditions laid down in the Regulations relating to each of the

Done at Brussels, 4 April 1962.

individual products, shall apply to the markets in cereals, pigmeat, eggs and poultry from 1 July 1962, to the market in dairy produce from 1 November 1962 and, as and where necessary, to markets in other products from dates to be determined by the Council.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

By the Council

(signed) M. COUVE DE MURVILLE
President

REGULATION No. 26

**on the application of certain rules of competition to the production of,
and trade in, agricultural products**

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community, and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS it follows from Article 42 of the Treaty that the application to the production of, and trade in, agricultural products of the rules of competition laid down in the Treaty constitutes one of the elements of the common agricultural policy; and whereas the provisions set forth hereunder will require to be supplemented in the light of the development of this policy;

WHEREAS according to the proposals submitted by the Commission for the framing and implementation of the common agricultural policy certain rules of competition must be made immediately applicable to the production of, and trade in, agricultural products, in order to eliminate practices contrary to the principles of the common market and prejudicial to the objectives set out in Article 39 of the Treaty, and in order to create the necessary conditions for the subsequent introduction of a competitive system adapted to the development of the common agricultural policy;

WHEREAS the rules of competition concerning the agreements, decisions and practices referred to in Article 85 of the Treaty, and those concerning the improper use of dominant positions, must be applied to the production of, and trade in, agricultural products in so far as the application of such rules does not hamper the working of national organizations of agricultural markets and does not jeopardize the objectives of the common agricultural policy;

WHEREAS it is appropriate to give special consideration to the position of farmers' associations in so far as one of the main objectives is of such association the joint production of, or trade in, agricultural products, or the use of joint facilities, saving where such joint action excludes competition or jeopardizes the objectives of Article 39 of the Treaty;

WHEREAS in order to avoid impeding the development of a common agricultural policy and in order to provide certainty as to the law and non-discriminatory treatment for the undertakings concerned, the Commission must have sole competence, subject to review by the Court of Justice, to decide whether the conditions laid down in the two previous paragraphs are fulfilled with respect to the agreements, decisions and practices referred to in Article 85 of the Treaty;

WHEREAS, with a view to observance of the Treaty provisions on agriculture and in particular those of Article 39, the Commission must, in the matter of dumping, evaluate all the factors behind the practices complained of, particularly the level of prices at which imports are made from other sources into the

market concerned; and whereas, in the light of this evaluation, the Commission must address the recommendations and authorize the protective measures provided for in Article 91 (1) of the Treaty;

WHEREAS with a view to the implementation, in the development of the common agricultural policy, of the rules concerning aid to the production of, or trade in, agricultural products, the Commission must be enabled to make an inventory of existing, new or contemplated aids, to make appropriate observations to the Member States and to propose suitable measures to them;

HAS ADOPTED THE PRESENT REGULATION:

Article 1

From the entry into force of the present Regulation and subject to the provisions of Article 2 below, Articles 85 to 90 of the Treaty inclusive and the measures taken for their implementation shall apply to all agreements, decisions and practices referred to in Article 85 (1) and Article 86 of the Treaty and which concern the production of, or trade in, the products listed in Annex II of the Treaty.

Article 2

1. Article 85 (1) of the Treaty shall not be applicable to any agreements, decisions or practices referred to in the preceding Article which are an integral part of a national market organization or which are necessary for the attainment of the objectives set out in Article 39 of the Treaty. In particular, it shall not apply to any agreements, decisions or practices of farmers, farmers' associations or associations of these associations belonging to a single Member State in so far as these agreements, decisions or practices concern the production or sale of agricultural products or the use of joint storage, treatment or processing facilities for agricultural products and impose no obligation to charge a specific price, unless the Commission finds that the effect is to eliminate competition or to jeopardize the objectives of Article 39 of the Treaty.

2. After consulting the Member States and hearing the undertakings or associations of undertakings concerned and, if thought fit, any other person or body

corporate, the Commission shall have sole competence, subject to review by the Court of Justice, to give a ruling in a decision which shall be published, as to agreements, decisions or practices for which the conditions laid down in paragraph 1 above are fulfilled.

3. The Commission shall give the said ruling either *ex officio* or at the request of a competent authority of a Member State, or of an undertaking or association of undertakings concerned.

4. Such publication shall name the parties concerned and shall give the essential content of the decision; the interest of the enterprises that their business secrets should not be divulged shall be respected.

Article 3

1. Without prejudice to the provisions of Article 46 of the Treaty, Article 91 (1) thereof shall apply to trade in the products listed in Annex II of the Treaty.

2. With regard to the Treaty's provisions on agriculture, and in particular those of Article 39, the Commission shall evaluate all the factors behind the practices complained of, particularly the level of prices at which imports are made from other sources into the market concerned. In the light of this evaluation, it shall address the recommendations and authorize the protective measures provided for in Article 91 (1) of the Treaty.

Article 4

The provisions of Article 93 (1) and (3) (first sentence) of the Treaty shall be applicable to aids granted to the production of, or trade in, the products listed in Annex II of the Treaty.

Article 5

The present Regulation shall come into force on the day following publication in the *Journal officiel des Communautés européennes*, with the exception of Articles 1 to 3 inclusive, which shall enter into force on 1 July 1962.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

Done at Brussels, 4 April 1962

By the Council
(signed) M. COUVE DE MURVILLE
President

DECISION OF THE COUNCIL

on minimum prices

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY;

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community and in particular Article 44 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinions rendered by the European Parliament;

WHEREAS recourse to minimum price systems should entail the least possible disturbance in the operation of the Common Market and such system may not therefore be laid down in advance for a period exceeding one year;

WHEREAS, in order to satisfy itself that minimum price systems are applied in conformity with the aims of the Treaty, it is necessary that the Commission be in possession of reliable data sufficiently far in advance of the introduction of such systems, and that prior information be furnished by the importing Member State to the exporting Member States to enable them to propose formulas compatible with their legitimate interests;

WHEREAS the methods of calculation and the bases of reference selected for putting the minimum price systems into force should be such as to enable their objectiveness and accuracy to be checked;

WHEREAS it is appropriate to provide for active co-operation between the Member States concerned and the Commission for the accurate and effective application of such systems;

WHEREAS it is desirable that importing Member States resort to the fullest extent possible to a minimum price system which allows the level of imports to be maintained, subject to the prices being higher than the minimum laid down for the product in question;

WHEREAS, since the application of minimum price systems should be non-discriminatory, in cases where

two minimum prices exist for the same product in respect of different Member States enforcement measures must be such as to avoid favouring imports from one Member State;

WHEREAS, in cases where an importing Member State applies an intervention price system, the fixing of the minimum price at a level not more than 5% above the intervention price is sufficient both to provide for the maintenance of the guarantees which the market organization ensures to producers and to avoid the intervention agency having to withdraw imported products from the market;

WHEREAS in other cases the average wholesale price recorded over a sufficiently long period constitutes an objective basis of reference; whereas the choice of such basis of reference is such as to promote the necessary specialization; whereas study of the data relating to the last few years shows that the objectives of Article 39 would not be jeopardized by fixing a minimum price at a level equal to 92% of the average wholesale price;

WHEREAS, however, in case of abnormality in quotations during one or more periods of the reference years, recourse must be had to a correcting factor obtained by comparing the prices recorded on the wholesale market with the average national prime cost;

WHEREAS minimum prices should not handicap imports from Member States as against imports of the same product from third countries thus impeding the development of a natural preference as between Member States; whereas accordingly the implementation of a minimum price system should be accompanied by adaptation of the import system applicable in respect of third countries;

WHEREAS revision of the objective criteria is necessary, so long as minimum price systems are in force, to take account of and expedite technical advances and progress in economic integration; whereas it is for the Council to revise such criteria on the proposal of the Commission; and whereas before reaching a formal decision as to revised criteria, analysis of

the trends of trade in the goods governed by the minimum price system is desirable, since market conditions are affected by a complex of factors the impact of which cannot be determined in advance;

HAS ADOPTED THE FOLLOWING DECISION:

Article 1

A Member State resorting to a minimum price system shall establish it for a period not exceeding one year.

Minimum price systems shall be enforced only during the marketing period for the national product in question.

The period laid down for the enforcement of a minimum price may be advanced or deferred, subject to the approval of the Commission, to take account of early or late production in the importing country for the year in question.

Article 2

1. A Member State proposing to introduce a minimum price system shall adopt a two-stage procedure of prior notification, namely, a statement of intent and the fixing of minimum price levels.

2. The statement of intent shall be notified to the Member States and to the Commission not less than fifteen days before the date proposed for the coming into force of the minimum price system.

The statement of intent shall include:

- a) a report on the market conditions peculiar to the goods in question which in the opinion of the Member State concerned necessitate the application of the system;
- b) details of the systems proposed and the period for which it is to be enforced;
- c) a list of the proposed methods of enforcement, including those to be determined in accordance with Article 5 (2);
- d) the bases of reference and statistical data used in determining the minimum price;
- e) a description of the system to be applied to third countries in respect of the same goods, and methods of application thereof.

Where Article 6 (2) c) and d) applies, the statement of intent shall also include:

- a) an indication either of the annual wholesale price regarded as normal, or of the wholesale price or prices

regarded as normal for the period of the year for which an adjustment is deemed necessary and of the reference years on which such price is calculated;

- b) an indication of the average national prime cost and the factors and methods employed in calculating such cost.

The minimum price level decided upon shall be notified to the other Member States and to the Commission not less than three working days before the system is brought into force. In exceptional cases the importing State may seek the Commission's consent to this rule being waived.

An importing Member State which introduces a system whereby imports are subject to the proviso of the price being higher than the minimum price fixed for the product in question, shall also, within the time-limit specified in paragraph 3, give notice of the minimum price which would be applicable of that State were to have recourse to the alternative system provided for in Article 44 (1) of the Treaty.

Article 3

Upon receipt of the statement of intent provided for in Article 2 (1) the Commission shall, in so far as is necessary and as early as possible, arrange for a multilateral exchange of views at which Member States may submit their observations.

The Commission shall study the proposed measures taking particular account of the following factors:

- a) the import system applied in respect of third countries,
- b) the size of quotas,
- c) the extent of the tariff reduction,
- d) a comparison of the prices charged for goods of identical quality on different national markets with prices at the frontier of the importing State,
- e) average prices recorded for corresponding periods in the preceding years.

Article 4

1. If a system of minimum prices below which imports may be temporarily suspended or reduced is brought into force, the present Article shall apply.

2. The reference price to be compared with the minimum price for the purpose of determining the date on which imports shall be suspended, reduced or resumed, shall be fixed:

- a) at the level of the weighted average quotation recorded on a specified representative wholesale market in the importing State;

b) or, where there are several representative wholesale markets, at the level of the weighted average of the averages referred to under a) above.

Should there be technical difficulties in calculating the weighted averages in respect of certain products, the reference price shall be fixed at the level of the arithmetical mean or of the ruling price on the specified representative market or markets.

3. The reference price shall refer to the identical products on which the minimum price is based. Such product shall be precisely defined as to its commercial and technical characteristics such as species, variety, type, class, quality, size and packing.

4. The result of the calculation provided for in paragraph 2 must be duly notified as early as possible to Member States and to the Commission. Where the calculation is based on the ruling price, the minimum and maximum prices recorded on the specified representative market or markets must likewise be stated.

5. The suspension or reduction of imports shall be subject to evidence that in three consecutive market quotations the reference price has remained below the minimum price fixed for the product in question.

Imports shall be resumed as soon as in three consecutive market quotations the reference price shall have been equal to or higher than the minimum price fixed for the product in question.

The importing Member State shall notify the other Member States and the Commission as early as possible of the date of suspension, reduction or resumption of imports.

6. In the event of suspension or reduction of imports a period of grace of not less than three days must be allowed for goods in transit.

Article 5

1. a) Where an exporting Member State offers to guarantee to an importing Member State which has recourse to Article 44 of the Treaty that a minimum export price will be observed, the importing Member State shall, in so far as it accepts the guarantees offered and as long as such guarantees are effective, apply in respect of such exporting Member State a minimum price system under which imports are subject to the proviso that the price shall be higher than the minimum price fixed for the product in question.

b) Should it appear probable that the minimum export price will no longer be observed, the importing Member

State shall consult the exporting Member State in an endeavour to re-establish the effectiveness of the price guarantees.

c) Failing agreement between the importing Member State and the exporting Member State or where the provisions of sub-paragraphs a) and b) of this paragraph are not applied, the importing Member State may in an emergency resort to the system of minimum prices below which imports may be temporarily suspended or reduced. It shall immediately advise the Commission which shall initiate the necessary consultations and formulate an opinion.

2. An importing Member State which simultaneously applies to different Member States in respect of given product both minimum price systems provided for in Article 44 (1) of the Treaty, shall determine the methods of application of the two systems and fix the minimum price levels in such way as to ensure compliance with the principle of non-discrimination.

Article 6

1. When for a given product a Member State applies, within the context of a national market organization, an intervention price system with a view to attaining a predetermined price level in the interests of the producer, such Member State may not fix the minimum price at a level higher than 105% of such intervention price.

2. a) As regards other products, and subject to the provisions of sub-paragraph c), the minimum price level may not exceed 92% of the average price, calculated by the method stipulated in Article 4 (2) and (3) for reference prices, on the basis of quotations recorded during the three years preceding the entry into force of minimum prices on the most representative wholesale market or markets for the product in question.

b) To allow for seasonal price fluctuations, each year or season may, for fixing minimum seasonal prices calculated on the basis of three-yearly averages, be divided into several periods within which prices show a relative degree of stability. Each period shall not be less than ten days.

c) If in respect of one or more periods of the years taken into consideration, wholesale market prices should have fluctuated substantially from the normal level over the whole or part of a year, the Member State concerned shall, after consulting the other Member States and the Commission, adjust the relevant figures by reference to the average national prime cost.

d) When for the purposes of such adjustment the year or season is divided into several periods, the average of the prices noted for the various periods, weighted

in terms of the average of quantities marketed during the corresponding reference periods, shall not exceed the average national prime cost. Furthermore the relative price levels noted for the various periods shall correspond to the ratios between the averages of the representative wholesale market quotations recorded during the corresponding periods in a normal year.

e) Should the Commission on its own initiative or at the request of a Member State find that the result of the adjustments made pursuant to sub-paragraph c) does not correspond to the fluctuations recorded during the reference period in question, the Commission shall recommend that the Member State concerned correct the minimum price level to such extent as the Commission deems necessary.

Article 7

A Member State applying a minimum price system on the basis of Article 44 of the Treaty shall likewise apply such system to imports, if any, from third countries. To permit the extension of preference in favour of Member States, the minimum price level applicable to imports from third countries shall be fixed at a level higher than that applicable to imports from Member States. Arrangements made in this matter shall be notified to the other Member States and to the Commission.

Article 8

Should a Member State, after applying a minimum price system for one or more years, reintroduce a quota system at the beginning of the following calendar year, the quota for the said year shall be computed according to the rules which the State would have been required to apply had the minimum price system not been in force.

Article 9

The Commission shall, in respect of the products covered by the minimum price system submit to the

Council an annual report, starting with the year running from the entry into force of the present Decision, on the implementation of the provisions of the present Decision and on the evolving pattern of international trade in all its aspects both intra-Community and between Community States and third countries. Such report shall be laid before the European Parliament.

Member States shall furnish the Commission with the necessary information concerning trade developments for the products covered by the minimum price system so that such trade may be viewed in comparison with actual imports of the products in question during the three years preceding the entry into force of the Treaty.

Article 10

On a proposal of the Commission, the Council, by unanimous vote during the three years following the entry into force of this Decision and by qualified majority thereafter, shall review the objective criteria.

The first review shall take place not more than three years after the entry into force of this Decision. Subsequent reviews shall take place at intervals not exceeding three years.

In reviewing the objective criteria the Council shall take account of technical advances and the progress of the common agricultural policy. Such revision shall be directed to an acceleration of technical progress, the approximation of prices and the expansion of trade within the Community.

Article 11

This Decision shall come into force on 1 July 1962.

Article 12

This Decision is addressed to all Member States.

Done at Brussels, 4 April 1962.

By the Council
(signed) M. COUVE DE MURVILLE
President

DECISION OF THE COUNCIL

providing for a countervailing duty to be levied on certain goods made by the processing of agricultural products

THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY,

HAVING REGARD TO the provisions of the Treaty
setting up the European Economic Community and in
particular Article 235 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European
Parliament;

WHEREAS the agricultural policies pursued by the
Member States as regards sugar, molasses, cereals,
potato starch, root chicory and milk, include price
policies to safeguard the employment and standard of
living of the producers concerned;

WHEREAS the resultant prices are not identical in all
Member States, and whereas the elimination of such
differences has not so far kept pace with that of the
obstacles to the free movement of goods within the
Common Market;

WHEREAS certain industries which process the
agricultural products enumerated above and manu-
facture goods exempt from the application of the
agricultural provisions of the Treaty, by reason of
such differences and of the fact that the cost of the
aforementioned agricultural products is in certain
cases reduced to the world market level, are burdened
with unequal charges which may prevent them, in
certain Member States, from meeting competition from
similar industries in other Member States as they
progressively cease to enjoy the protection of customs
duties, quantitative restrictions or measures having
equivalent effect;

WHEREAS in these Member States the sales of agri-
cultural products would thus diminish in so far as it is
intended for processing by the industries in question;

WHEREAS it is necessary to provide measures of
a temporary nature to mitigate the above-mentioned
difficulties which are to be eliminated with the
implementation of the common agricultural policy and
more particularly with the approximation of prices for
agricultural products;

WHEREAS the Treaty lays down no powers for this
purpose,

HAS ADOPTED THE FOLLOWING DECISION:

Article 1

In so far as in a Member State the industries producing
goods to be listed by the Council by a unanimous vote
on the proposal of the Commission are endangered by
competition from similar industries in other Member
States, by reason of the price level existing in such
Member State in respect of sugar, molasses, cereals,
potato starch, root chicory and milk, such Member
State may, upon authorization by the Commission, levy
on the import of the goods set out in the list above-
mentioned, a countervailing duty determined under the
conditions laid down in the following articles, unless
the exporting State applies such duty upon exportation.

Article 2

1. At the request of a Member State and after con-
sultation with the other Member States the Commission
shall declare if, in respect of an industry producing
any of the goods appearing in the list referred to in
Article 1, the conditions laid down in that Article
are fulfilled in the applicant Member State, and if so
shall determine, in respect of the goods in question,
the amount of and methods of applying the duty. The
amount of the duty may be fixed on a flat-rate basis.

The duty shall be determined as follows:

- a) the Commission shall determine the effect on the
production costs of such goods of the difference
between the costs actually borne in respect of the
agricultural products referred to in Article 1 and
entering into the manufacture of such goods;
- b) to the amount representing such effect there shall
be added an amount intended to protect the industry
producing the goods in question in the applicant
Member State. During the first year following the
adoption of the present Decision this latter amount
may not exceed 5% of the import price of the goods in
question in the applicant Member State. Such percent-
age shall be reduced by one fifth in each succeeding
year of application of the present Decision, that is,
by 1% of the price of the goods in questions;
- c) the total of the two factors shall be reduced by the
sum of the customs duties and charges having equiv-
alent effect levied on the import and export of the

goods in question in the applicant Member State and the exporting Member State respectively.

2. Where the protection arising from the levying of the countervailing duty as determined pursuant to paragraph 1 above and of the customs duties and charges having equivalent effect applicable between Member States exceeds the tariff protection existing in the importing Member State at the date of entry into force of the Treaty, the amount referred to in paragraph 1 b) above shall be reduced accordingly.

3. The duty shall be fixed in such manner that it does not adversely effect exports from one Member State as compared with those from another Member State, and in such manner that it safeguards Community preference. The Commission shall, as necessary, make the

levying of the duty subject to the application of adequate measures of protection in respect of third countries.

Article 3

The levying of the duty may not be authorized for a period exceeding one year; the authorization may be extended under the same conditions as those under which it was granted.

Article 4

The present Decision shall apply for a period of three years from the date of its adoption. The Commission shall present an annual report to the Council on the implementation of this Decision.

Done at Brussels, 4 April 1962.

By the Council
(signed) M. COUVE DE MURVILLE
President

DECISION OF THE COUNCIL

establishing the list of products to which the decision of the Council dated 4 April 1962, providing for a countervailing duty to be levied on goods made by the processing of agricultural products is applicable

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community;

HAVING REGARD TO the Decision of the Council dated 4 April 1962, providing for a countervailing duty to be levied on certain goods made by the processing of agricultural products and in particular Article 1 thereof;

HAVING REGARD TO the proposal of the Commission;

WHEREAS the difficulties noted in the above-mentioned Decision may arise more particularly in respect of the goods enumerated in the list hereunder;

WHEREAS it is therefore appropriate to make the above-mentioned Decision applicable to such goods;

WHEREAS other goods may, when necessary, be added to the said list under the conditions laid down in Article 1 of the above-mentioned Decision.

HAS ADOPTED THE FOLLOWING DECISION:

ARTICLE 1

The list referred to in Article 1 of the decision of the Council dated 4 April 1962, providing for a countervailing duty to be levied on certain goods made lby the processing of agricultural products, comprises the following goods;

Common Customs Tariff No.	Designation of goods
17.04	Sugar confectionery, not containing cocoa
18.06	Chocolate and other food preparations containing cocoa
19.01	Malt extracts
19.02	Preparations of flour, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than fifty per cent by weight of cocoa
19.03	Macaroni, spaghetti and similar products
19.04 A	Tapioca substitutes obtained from potato starch
19.05	Prepared foods obtained by the swelling or roasting of cereals (puffed rice, corn flakes and similar products)
19.06	Communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice papers and similar products
19.07	Bread, ships' biscuits and other ordinary bakers' wares, not containing sugar, honey, eggs, fats, cheese or fruit
19.08	Pastry, biscuits, cakes and other fine bakers' wares, whether or not containing cocoa in any proportion
ex 21.01	Roasted chicory and cereal-base roasted coffee substitutes and extracts thereof
21.06 A and B	Natural yeasts (active or inactive)
ex 21.07	Ice cream and ice cream powders
ex 22.02	Drinks with a milk base
22.03	Beer
ex 29.43 A and B	Glucose and lactose
35.01 A and C	Casein, caseinates and casein derivatives
35.05 A	Dextrins and soluble or roasted starches
38.12 A I	Prepared glazings and prepared dressings based on amyloid material

ARTICLE 2

The present Decision shall come into force on the date of its adoption.

Done at Brussels, 4 April 1962

By the Council
(signed) M. COUYE DE MURVILLE
President

DECISION OF THE COUNCIL

Laying down wine import quotas for the Federal Republic of Germany, the French Republic and the Republic of Italy

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the provisions of the Treaty setting up the European Economic Community and in particular Article 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament;

WHEREAS the provisions of the Council's Regulation No. 24 of 4 April 1962 on the progressive establishment of a common organization of the market in vine products constitute the beginning of a common policy of Member States in regard to viticultural problems;

WHEREAS the introduction of a limited quota into the wine import systems in force in the French Republic and the Republic of Italy represents a first step towards a single market, within the framework of a common agricultural policy;

HAVING REGARD TO the wine import requirements and the volume of production in the Federal Republic of Germany;

WHEREAS it is appropriate to provide in the present Decision for the fixing of quotas for the Federal Republic of Germany;

WHEREAS the above-mentioned Regulation No. 24 of 4 April 1962 provides for the adoption of Community regulations for quality wines produced in specified areas;

WHEREAS it is appropriate to institute a temporary system to apply until the entry into force of the said Community regulations by which wines fulfilling national provisions as to quality may be admitted to international trade subject to certain conditions;

HAVING REGARD TO the need to adapt trade expansion to the pace of development of the common market organization;

HAS ADOPTED THE FOLLOWING DECISION:

Article 1

1. From 1 April 1962 the Federal Republic of Germany shall annually open to Member States a quota of 400 000 hectolitres of basic wine for the making of sparkling wine, irrespective of the type of presentation, and a quota of 800 000 hectolitres of table wine, likewise irrespective of type of presentation. Such quota of table wine shall include a maximum of 210 000 hectolitres of white wine. One-fourth of the quota of table wine shall consist of quality wines produced in specified areas.

2. This breakdown of the quota of table wine shall not, however, prevent the entire quota being reached whatever the nature of the table wine entering into international trade, quantities not utilized in one category being transferable to another, always provided that the white wine portion of the quota does not exceed 210 000 hectolitres.

Article 2

From 1 January 1962 the French Republic and the Republic of Italy shall each open to all Member States an annual quota of 150 000 hectolitres of quality wines produced in specified areas, irrespective of the type of presentation.

Article 3

Until the entry into force of the Community regulations for quality wines produced in specified areas as provided for in Article 4 of Regulation No. 24 of 4 April 1962 on the progressive establishment of a common organization of the market in vine products, the following may be admitted to imports within the quotas laid down in Articles 1 and 2 of the present Decision in respect of the import for quality wines produced in specified areas:

a) wines from the Federal Republic of Germany, harvested in one of the sub-regions of the German wine-growing region referred to in Annex I hereto, provided that such wines are made solely from one or more of the stocks indicated in that Annex and are accompanied by a certificate of quality issued by the competent administrative authority;

b) wines from the French Republic which are entitled under French regulations to the description "appellation d'origine contrôlée" or "vins délimités de qualité supérieure" or "vins d'Alsace" provided that they are accompanied by a certificate of origin issued by the competent administrative authority;

c) wines from the Italian Republic, except vermouths, shown in the list annexed to the Franco-Italian Agreement on the protection of "appellations d'origine" and of trade descriptions of certain products, signed in Rome on 29 May 1948, provided that such wines are accompanied by a certificate of origin issued by one of the bodies listed in Annex II hereto;

d) wines from the Grand Duchy of Luxembourg, harvested in the wine-growing localities listed in Annex III hereto, provided that such wines are made solely from one or more of the stocks indicated in that Annex and bear the national mark of Luxembourg wines.

Article 4

The Council, by qualified majority vote on a proposal of the Commission, shall decide annually, in relation

Done at Brussels, 4 April 1962.

to progress in the common organization of the market as to increasing the quotas laid down in Articles 1 and 2.

Article 5

The Commission shall ensure that from 1 January 1962 Member States take steps for the protection in their territory of the wines covered by the quotas laid down in Articles 1 and 2.

In particular, the wines mentioned in Article 3 and included in the quotas laid down in Articles 1 and 2 must be supplied for consumption in containers of 3 litres maximum capacity, indicating on the label the importer and the name and address of the bottling firm.

Article 6

The present Decision is addressed to the Federal Republic of Germany, the French Republic and the Republic of Italy.

By the Council

(signed) M. COUVE DE MURVILLE

President

ANNEX I

List of the sub-regions of the German wine-growing region and of the vine stocks referred to in Article 3

A. Wine-growing sub-regions

- | | |
|--------------------|--|
| 1. Ahr | 8. Mosel - Saar - Ruwer |
| 2. Baden | (for more accurate identification, the single appellations "Mosel", "Saar" or "Ruwer" are also authorized) |
| a) Breisgau | 9. Nahe |
| b) Kaiserstuhl | 10. Rheingau |
| c) Markgräflerland | 11. Rheinhessen |
| d) Ortenau | 12. Rheinpfalz |
| 3. Bergstraße | 13. Siebengebirge |
| 4. Bodensee | 14. Württemberg |
| 5. Franken | |
| 6. Lahn | |
| 7. Mittelrhein | |

B. Vine stocks

- | | |
|-------------------------------------|-------------------------------|
| 1. Riesling | 8. Müller-Thurgau |
| 2. Traminer | 9. Chasselas (Gutedel) |
| 3. Gewürztraminer | 10. Muscat (Muskateller) |
| 4. Pinot gris (Ruländer) | 11. Meunier (Schwarzriesling) |
| 5. Pinot blanc (Weißburgunder) | 12. Lamberger |
| 6. Pinot noir (Blanc Spätburgunder) | 13. Trollinger |
| 7. Sylvaner | |

ANNEX II

List of bodies authorized to issue certificates of origin for the Italian wines mentioned in Article 3

Piedmont

Istituto Tecnico Agrario Sperimentale per la Viticoltura e l'Enologia, Alba (Cuneo)

Stazione Enologica Sperimentale, Asti

Stazione Chimico-Agrario Sperimentale, Turin

Lombardy

Laboratorio Provinciale di Igiene e Profilassi, Reparto Chimico, Sondrio

Laboratorio Provinciale di Igiene e Profilassi, Reparto Chimico, Brescia

Liguria

Ufficio Enologico, Genoa

Venezia Tridentina

Stazione Agraria Sperimentale, San Michele all-Adige

Venezia Euganea

Laboratorio Provinciale di Igiene e Profilassi, Reparto Chimico, Verona

Laboratorio Chimico Compartimentale per le Dogane Imposte Indirette, Verona

Stazione Sperimentale di Viticoltura ed Enologia, Conegliano (Treviso)

Emilia

Laboratorio Governativo di Chimica Agraria presso l'Istituto Tecnico "A. Zanella", Reggio Emilia

Stazione Agraria Sperimentale, Modena

Marches

Laboratorio dell'Istituto Tecnico Agrario, Ascoli Piceno

Tuscany

Istituto di Industrie Agrarie, University of Florence

Laboratorio di Chimica Agraria annexed to the Istituto Tecnico "G. Galilaei", Florence

Laboratorio Chimico Agrario, Siena

Laboratorio di Chimica Agraria, University of Pisa

Cantina Sperimentale, Arezzo

Umbria

Laboratorio di Chimica Agraria, University of Perugia

Lazio

Stazione Chimico-Agraria Sperimentale, Rome

Abruzzi

Stazione Chimico-Agraria Sperimentale, Rome

Campania

Laboratorio di Chimica Agraria, University of Naples, Portici

Istituto Tecnico Agrario Specializzato per la Viticoltura e l'Enologia, Avellino

Apulia and Lucania

Cantina Sperimentale, Barletta

Stazione Agraria Sperimentale, Bari

Calabria

Laboratorio di Chimica Agraria, University of Naples, Portici

Istituto Tecnico Agrario Specializzato per la Viticoltura e l'Enologia, Avellino

Sicily

Laboratorio di Chimica Agraria, annexed to the American Vine Station, Palermo

Istituto Tecnico Agrario Specializzato per la Viticoltura e l'Enologia, Marsala

Istituto Tecnico Agrario Specializzato per la Viticoltura e l'Enologia, Catania

Centro Sperimentale dell'Industria Enologica, Marsala

Laboratorio Chimico Compartimentale delle Dogane e Imposte Indirette, Palermo

Ufficio Enologico, Riposte

Cantina Sperimentale, Noto

Cantina Sperimentale, Milazzo

Sardinia

Istituto Tecnico Agrario, Cagliari

ANNEX III

List of the Luxembourg wine-growing localities and vine-stocks mentioned in Article 3

A. Wine-growing localities

- | | |
|---------------------------------|--------------------------------|
| 1. Schengen | 10. Lenningen |
| 2. Remerschen | 11. Ehnen |
| 3. Wintrange (Wintringen) | 12. Wormeldange (Wormeldingen) |
| 4. Schwebsange (Schwebsingen) | 13. Ahn |
| 5. Bech-Kleinmacher | 14. Machtum |
| 6. Wellenstein | 15. Grevenmacher |
| 7. Remich | 16. Mertert |
| 8. Stadtbredimus | 17. Wasserbillig |
| 9. Greiveldange (Greiveldingen) | |

B. Vine stocks

- | | |
|--------------------------|--------------------------------|
| 1. Riesling | 5. Auxerrois |
| 2. Traminer | 6. Muscat Ottonel |
| 3. Pinot gris (Ruländer) | 7. Rivaner (Riesling Sylvaner) |
| 4. Pinot blanc | 8. Sylvaner |