









DEVELOPMENT AND FUTURE OF THE COMMON AGRICULTURAL POLICY

Following lengthy and difficult negotiations the Council reached political agreement, by a qualified majority, on the reform of the CAP. An overall solution was reached on the basis of a compromise put forward by the Presidency and approved by the Commission.

The main features of the compromise, which amends the Commission's original proposal, are set out below:

I. ARABLE CROPS

- The co-responsibility levies for the 1992/1993, 1993/1994, 1994/1995 and 1995/1996 marketing years are abolished, as are the two alternative aid systems for small producers, linked to the levy.

(a) Prices and aids

The target price for cereals is set at 130, 120 and 110 ecus/t for the 1993/1994, 1994/1995 and 1995/1996 marketing years respectively.

The intervention price is fixed for the same years at 117, 108 and 100 ecus/t.

The basic amount for the compensatory payment is fixed at ECU 25, 35 and 45 respectively for the aforementioned marketing years.

(b) Compensation for set-aside

The limit per farm on the area for which set-aside compensation is paid is abolished.

Compensation for set-aside will take account of the aid arrangements laid down in Regulation (EEC) No 3653/90.

- (c) Rotational set-aside will be set at 15%. Non-rotational set-aside will be permitted but at a higher rate than the 15% decided for rotational set-aside. The rate will be proposed to the Council by the Commission on the basis of a scientific study on the comparative effectiveness in terms of production reduction of rotational and non-rotational set-aside so as to ensure no discrimination between the two systems. If the study proves this to be necessary, the differential between the 15% rate and the non-rotational rate may vary in different regions of the Community. The Council will decide on the basis of this proposal before 31 July 1993.
- (d) Where national environmental rules have the implication that a producer who set aside some of his arable land would thereby be forced to reduce his animal production, such a producer may arrange to transfer his set-aside obligation to another producer. His right to compensation would depend on the full performance of that obligation by the farmer to whom it had been transferred. If the transfer is to a different yield area, the amount of set-aside to be performed would be adjusted accordingly. Such transferred obligations would be subject to the general rules on non-rotational set-aside unless they provided for rotation on the holding on which the responsibility had been undertaken.

(e) Community preference

The difference between the threshold price and the target price will be ECU 45.

(f) Base area

1. Member States which are in a position to apply the individual base area system as proposed by the Commission may opt to do so.

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2. For the Member States which do not apply a system of individual base areas, a regional base area equal to the average of the cultivated areas given over to cereals, oilseeds and protein products in 1989, 1990 and 1991 will be defined for each region within the Member States. Areas left fallow in accordance with a public aid scheme will, where appropriate, be added to the cultivated areas.
3. Region should be understood to mean a Member State or a region within the Member State, at the option of the Member State concerned. Member States may establish yield regions within the base area regions but may not establish yield regions which cross the boundaries of the base area regions.
4. In order to be entitled to compensatory payment, each producer should submit annually an application setting out:
  - (a) surfaces sown with arable crops;
  - (b) surfaces left in set-aside (normal and, where appropriate, special).
5. The area left in set-aside must be equal to at least 15% of the total of (a) + (b) above, or to another percentage in the event of the Council deciding to change the rate of normal set-aside.
6. When the sum of the individual areas for which aid is claimed under the arable producers scheme (including the set-aside provided under that scheme) and under the five-year set-aside scheme is in excess of the regional base area, the following measure will be applied in the region in question:
  - during the same marketing year, the eligible area per producer will be reduced proportionately for the various kinds of aid requested by the producer (normal set-aside, oilseeds and other arable crops);
  - the percentage by which the regional base area is exceeded will be covered, without compensation, by special set-aside measures in the following marketing year.

7. Article 9 of the Commission proposal will be replaced by a provision prohibiting application for aid for land used before 31 December 1991 for permanent pasture, forests, permanent crops or non-agricultural purposes.

- (g) Cereals grown for silage will be treated like other cereals.
- (h) Member States may, in their regionalization plans, apply a different yield figure for maize compared with other cereals provided that they do not thereby increase their total average yield and that they establish a separate base area for maize and require that producers who benefit from this higher yield reduce their maize area through set-aside by the same percentage as they reduce the rest of their area sown to arable crops.
- (i) The requirement that certified seed be used to grow durum wheat which is eligible for aid is dropped.
- (j) Regionalization plans

In drawing up regionalization plans, the Member States may also take into consideration the distinction between irrigated and non-irrigated areas.

In its appreciation of the regionalization scheme submitted by Portugal, the Commission will take into account in particular the data available from the application of Regulation (EEC) No 3653/90.

- (k) Standard quality

The determination of standard quality for cereals will remain a matter for the Council. The Council asks the Commission to submit proposals based on Article 43 of the Treaty to replace Regulation (EEC) No 2735/75.

- (l) Oilseeds

- The principles underlying future arrangements for oilseeds, as proposed in the context of the arrangements for arable crops, are accepted, but the Council asks the SCA to draw up necessary technical



amendments taking account of the arrangements in force for 1992/1993.

- Until the end of the 1994/1995 marketing year, the aid paid to non-professional producers of sunflower seeds in Spain and Portugal will be fixed in such a way as to avoid any distortion which might arise from transitional arrangements for sunflower-seed producers in these countries.

(m) Protein crops

The aid per hectare of protein crops (peas, beans and sweet lupins) is ECU 65 multiplied by the regional yield for other cereals (excluding maize yields in Member States in which there is a separate regionalization for maize).

(n) Other protein crops

The aid regime for lentils, chick peas and vetches will be extended to 1995/1996.

(o) Dried fodder

The Council invites the Commission to submit proposals to continue the annual reduction in aids in this sector, taking due account of the specific situation in the sun-drying sector. For 1994/1995 and future years, support for producers of these products should be either on the basis of a continuation of the specific aid or by inclusion of these products in the general framework of arable-crop aids.

(p) Durum wheat

- Add 1991/1992 as a reference year for determining the marketing year to be taken into account.
- The Council requests the Commission to ensure that the reform in the wheat sector does not prejudice the semolina industry in non-producing Member States. It requests that the Commission take all appropriate measures to ensure a better transparency of this market.

## II. TOBACCO

### 1. Maximum guaranteed quantities:

1992 : status quo  
1993 : 370 000 tonnes  
1994-1997 : 350 000 tonnes.

2. Member States which possess the necessary data which will allow them to do so on the basis of past performance may allocate quotas to producers rather than to processors.
3. The allocation of the quotas by Member State and by variety group - based on production prior to 24 October 1991, the date of the Commission's proposal - will be established in accordance with the table in Annex I.

The entry into force of the reform in 1993 therefore implies that 1992 production will not be taken into account at the time the decision is taken on the quotas and their allocation between groups and Member States.

4. Conversion programme for dark air-cured tobacco in Italy: there will be a conversion programme for hybrids of Geudertheimer and Forchheimer Havana on the same conditions as the programme proposed by the Commission for Mavra and Tsebelia in Greece.
5. The Commission will closely follow market developments and if necessary will take appropriate measures, for example by granting export refunds.
6. Premiums for northern varieties:

During the period laid down by the new regime, producers of northern varieties will receive compensation, financed by the EAGGF, the level of which will be 50% of the difference between present premiums and those applicable under the new regime.

7. Inter-branch organizations and agreements:

(a) Declaration of non-precedent

"The Council declares that decisions on this proposal are without prejudice to the positions Member States may adopt in respect of any future proposals for inter-branch agreements in other sectors."

(b) Criteria for extension of disciplines

Article 8(1) should be extended to make clear that, for an agreement to be considered sufficiently representative for the purpose of extending the rules to be applied, at least 2/3rds of the production or trade must be covered.

(c) Criteria for recognition

Article 3 should be extended to make clear that in order to be recognized an agreement must cover a significant proportion of production or trade. (The term "significant proportion" could be defined in more detail under the Management Committee procedure).

(d) Technical clarifications

(a) Article 2(3)(h) and Article 8(2)(e) - certificates of seeds - replace the draft text by "use of certified seed and monitoring of product quality".

(b) Article 7(3) (quota management). Replace the current text by "-entail the fixing of prices or quotas, without prejudice to measures taken by inter-branch organizations in the framework of the application of specific provisions of Community rules."

### III. MILK

#### (a) Quotas

- The Commission will submit reports to the Council before the beginning of the 1993/1994 and 1994/1995 quota periods on the market situation, accompanied, as appropriate, with proposals, so as to allow the Council to review the decisions taken.
- The Council is invited to take a decision of principle that if it receives satisfactory proof that the quota system has been effectively applied in 1992/1993 in Spain and Greece and that production has therefore been reduced, some adaptation in the global guaranteed quantities of these Member States will be agreed for 1993/1994 onwards (see table in Annex II).

#### (b) For the 1992/1993 marketing year there will be no reduction in quotas.

- The 2,5% reduction in the price of butter is limited to the 1993/1994 and 1994/1995 marketing years.
- The prices for skimmed-milk powder remain unchanged. These decisions will be reviewed annually in the light of market developments.
- The proposed dairy-cow premium is dropped.
- The final date for quota leasing will be 31 December.

#### (c) Consolidation and simplification

The regime to be applied from 1993/1994 will be decided upon by the Council before the end of 1992 on the basis of the Commission's proposals.

- Milk quotas on land affected by environmental constraints:

The Council requests the Commission to propose, in the context of the consolidation and simplification of the milk quota system, a provision which will provide that in the case of the transfer of land where that transfer is designed to improve the environmental situation or the

structure of milk production at the level of the individual farm enterprise or of the region concerned, Member States may provide that all or part of the reference quantity corresponding to the holding or to the part of the holding transferred shall be placed at the disposal of the departing producer if he intends to continue milk production.

#### IV. BEEF

##### 1. Premium arrangements

###### 1.1. General

- The density factor will be fixed at a flat rate of 2 livestock units per hectare, applicable from 1996.
- During the transitional period, the density factor will be introduced as follows:
  - 1993 - 3,5 units/ha
  - 1994 - 3 units/ha
  - 1995 - 2,5 units/ha
- In calculating the density factor, account will be taken of all the animals per farm for which premiums are requested (male bovine animals, suckler cows and sheep) and the number of dairy cattle needed to produce the milk reference quantity attributed to that holding.
- The exclusion criterion will not apply.
- Clause for small holdings for the two types of premium:  
15 livestock units.
- Fodder area, as proposed by the Commission. Areas which are subject to a mixed usage (permanent crops and/or trees as well as pasture) will be dealt with in the implementation rules (Commission procedure).

1.2. Male bovine animals

A Regional Reference Herd, equal to the number of premiums paid in the reference year, will be established for each region within the Member States.

- Member States may choose as the reference year 1990, 1991 or 1992.
- A region will be understood to be a Member State or region within a Member State at the option of the Member State concerned.
- If, in a given region, the number of premium requests exceeds the Regional Reference Herd level, the number of eligible animals per producer will be reduced proportionately.
- In calculating the number of premium requests, only claims for the premium payable at 12 months will be taken into account, but any reduction arising from the Regional Reference herd being exceeded should apply also to the second premium.
- Member States which wish to do so may establish individual reference quantities for their producers within the limits of the Regional Reference Herd.
- A premium for young bovine animals will be fixed at ECU 90 paid at most twice in the life of an animal: once it has reached 10 months and again after it has reached 22 months.
- Where in a Member State the percentage of male bovine animals slaughtered in the period September to November exceeds 40% of total annual slaughterings of that category, an additional premium of ECU 60 per head is payable upon slaughter of such animals during the period 1 January to 30 April only, in the interest of reducing the excessive seasonalization of supplies. The Commission should make a report to the Council, accompanied if appropriate by proposals, on the effect of this system.

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1.3. Suckler cows

- The rights to the suckler-cow premium will be limited for each producer to the number of premiums paid in 1990, 1991 or 1992.
- National reserves and transfer of the premium right: same principles as for sheep.
- Suckler-cow premium: ECU 120.
- The ceiling of 90 head is abolished.

1.4. Calf conversion premiums

- Member States, in the light of their production structures, will apply:
  - . either the calf conversion premium;
  - . or the intervention arrangements for lightweight animals (see point 2 below).

1.5. Extensification premium

Premiums payable to male bovine animals and suckler cows are increased by ECU 30 per head on holdings where producers can prove that their stocking density throughout the year is less than 1,4 LU per forage hectare.

2. Intervention arrangements

- In accordance with details to be determined and for a transitional period of three years, carcasses with a weight between 150 kg and 200 kg may be accepted for intervention.
- The following ceilings on intervention purchases will be fixed:
  - 1993 - 750 000 tonnes
  - 1994 - 650 000 tonnes
  - 1995 - 550 000 tonnes
  - 1996 - 400 000 tonnes
  - 1997 - 350 000 tonnes.

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- Safety net:

Single system; applicable in the Member State in which, during a reference period, the market price is less than 60% of the intervention price.

Purchases taken under the safety net are not included in the quantities specified above.

- O Category young bulls to be excluded from 1993.

In Member States in which this category currently accounts for more than 60% of total slaughtering of male cattle, this exclusion is not applied immediately. Instead, intervention for this category in such Member States is phased out in the period 1993-1997 by placing a progressively reducing ceiling on the maximum quantity which may be taken into intervention in each tender.

- The Council notes the Commission statement that in its decisions on the acceptance of offers of beef for intervention it will take special account of the need to maintain market prices in surplus production regions with a heavy dependence on beef production with the object also of avoiding recourse to the "safety net" especially in such regions.

V. SHEEP

- Individual producers' headage limits are amended as follows:  
= less-favoured regions : 1.000 head  
= other regions : 500 head.

50% premiums are payable beyond these limits.

- An additional reserve will be created equal to 1% of the sum of individual producers' headage limits in the less-favoured regions of each Member State; this reserve will be allocated exclusively to these same regions in accordance with criteria to be defined by Member States.



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- Member States may choose either 1989, 1990 or 1991 as the reference year for the premiums.

Transfer of premium rights:

1. The right to premium attaches to the producers who were in production during the reference period and who continue to produce.
2. When a producer sells or otherwise transfers his holding he may transfer all his premium rights to his successor. He may also transfer his rights to other producers without transferring the holding but in the case of such transfers a proportion of his rights will be surrendered without payment to the national reserve. This proportion will not exceed 15%. Rights acquired by the national reserve without payment will be allocated free to new entrants or other priority producers.

Member States may allow transfers of premium rights other than transfers with the holding to take place

- a) directly between producers or
  - b) through the intermediary of the national reserve.
3. The provisions laid down in paragraph 2 will be subject to the condition that Member States take the necessary measures to avoid premium rights being moved away from sensitive zones or localities where sheep production is especially important for the local economy.
  4. Member States may provide for the leasing of premium rights.
  5. Detailed rules of implementation, including any provision needed to enable Member States to deal with the specific problems which may arise in respect of transfer of premium rights by producers who do not own their land, to be decided in accordance with the Management Committee procedure.
- The premium for light animals is raised from 70% to 80%.

VI. ACCOMPANYING MEASURES

The Commission's proposals on accompanying measures will be adapted to take account of the following amendments:

(a) Environmental protection

- The Regulation will include the possibility of being applied through the establishment of a general national framework which will be defined and possibly completed at regional level.
- The aid arrangements will be used exclusively to compensate those measures having a positive effect on the environment and which also include:
  - = water protection;
  - = the reconversion of arable land into extensive pasture land;
  - = organic farming;
  - = extensification by an increase in area devoted to the present herd;
  - = preservation of environmentally friendly production practices;
  - = courses, training periods and demonstration programmes in the forestry sector and the purchase of material necessary for projects.
- In the context of the aids referred to in agri-environmental measures, Member States will be able to insist that a farmer's obligations be part of an overall plan applicable to the whole farm. In this case the amount of the aids may be calculated as an overall figure taking account of individual amounts laid down.
- The aid arrangements may also be used to compensate measures to encourage the management of land for public access and recreation.

(b) Afforestation of agricultural land

- The Regulation will include the possibility of being applied through the establishment of a general national framework which will be defined and possibly completed at regional level.
- Eligibility of farmers either individually or in association for the premium of ECU 600/ha/year.
- The maximum eligible amount for planting coniferous trees is raised to ECU 3 000/ha.
- Aid for fast-growing varieties giving short-term returns will be limited to the cost of planting and to those whose main livelihood is farming.
- Aids concerning afforestation and maintenance may be grouped together. In this case, payments will be made over a period of five years and the maintenance of new plantations must be ensured.
- Afforestation aids will not be available for Christmas trees.

(c) Early retirement

- The prepension scheme is to be optional at the level of Member States.
- Professional capacity of the incomer instead of the condition laying down two years of work on the agricultural holding.
- Possibility of organizing the handover of land using the services which exist at present.

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The level of EAGGF financing will be 75% in Objective 1 regions and 50% elsewhere.

## VII. VARIOUS STATEMENTS

- The Council notes that there are certain specific problems in introducing the reform of the CAP in various sectors in the new Länder whilst agriculture there is having to adapt to a wholly different policy, and that the means of resolving these problems will need to be specified.
- The Commission will follow the evolution of extensive livestock production in Portugal as a consequence of the redistribution of land which was formally collectivized and of adjustments in the production of arable crops and will, if necessary, make appropriate proposals.
- Statement by the Council and the Commission on the administrability of the reform of the common agricultural policy

"The rules for putting into effect the reform decided by the Council must be kept as simple as possible in order to gain acceptance of the measures by the parties concerned. They also have to take account of the principles of proportionality and subsidiarity and have regard for the particular characteristics of the Member States' administrative structures."

- Statement by the Council

"The Council requests the Commission to take into consideration the practical problems resulting for farmers from the implementation of the reform of the CAP.

The Council invites the Commission to present a report on this subject accompanied, if necessary, by appropriate measures setting out an adequate administrative framework for farmers concerned by direct aid measures and by farm production control measures."

- Statement by the Council

"The Council agrees to take a decision on the proposed Council Regulation establishing an integrated administration and control system for certain Community aid schemes at the latest at the time of the adoption of the legal texts implementing the reform of the common agricultural policy."

- Agri-monetary arrangements

"The Commission takes the view that agri-monetary arrangements will be necessary after the implementation of the internal market on 1 January 1993 until the final completion of economic and monetary union. As part of these new arrangements, the Commission declares its intention of proposing compensatory measures for the negative effects on incomes of important monetary revaluations."

- National implementing rules  
Commission statement

"The correct application of Community law is in the first instance the responsibility of Member States, which are best able to judge, in the context of their own general law and administration practices, the extent to which Community regulations need to be translated into national implementing regulations. The Commission cannot therefore give a definitive clearance to national measures. It can only assess whether Community law has been applied correctly in practice. In any case, the Commission does not have the resources which would enable it to examine all the national measures which might be submitted to it.

On the other hand, the Commission recognizes that Member States may have doubts on individual points and it will make every effort to give guidance on such points within a reasonable time. And, as regards the national regionalization plans provided for in the arable producer scheme, it is prepared, for the first year of application, to operate in accordance with the exceptional procedure which was laid down for the first year of the oilseed regionalization programme."

- Measures for the new German Länder

"1. Agriculture in the territories of the former GDR is still in an unusual situation compared to the rest of the Community. It is subject to an ongoing and deep process of restructuring by which the size and management of many holdings will change as well as their

productive structure. These particular circumstances should be taken into consideration by providing for specific rules for the beef, ewe and suckler-cow premium schemes that make certain aspects of the reform more flexible.

II. The following specific rules are considered to be necessary:

1. Total references for quotas:

- (a) 1 000 000 ewes
- (b) 180 000 suckler cows
- (c) 780 000 young male bovine animals

Possibility of transfers of up to 15% between the last two categories.

2. These reference quantities will be distributed in accordance with national rules, including any regional allocation.

3. Base area: 3 140 000 ha  
Application in the new Länder of the yield applicable in pre-unification FRG.

III. Before the end of the third year of application of the abovementioned specific rules, the Commission will submit a report to the Council accompanied by proposals on the application in the new Länder of the rules which apply in the rest of the Community.

The Council will decide on these proposals before the end of the fourth period of application of the specific rules."

- Environmental protection

"The Council confirms its commitment to pursuing the requirements of environmental protection as an integral part of the CAP and calls on the Commission to make early proposals take full account of these requirements."

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- Transitional national compensation for farmers in Germany

The proposal for a Decision is approved (1).

Commission statement:

"The Commission declares its intention of examining the desirability of extending the transitional national compensation scheme for German farmers decided upon by the Council in 1992. Any extension of the scheme would involve degressive and temporary aid at a reduced level."

- Scheme for raspberries

The proposal for a Regulation is approved (1).

- Food quality

The Council invites the Special Committee on Agriculture to complete its proceedings on food quality before the Council's next meeting, taking into account the position already agreed upon.

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(1) Without prejudice to examination of the European Parliament's Opinion.

1993

	Flue- cured	Light air- cured	Dark air- cured	Fire- cured	Sun- cured	O T H E R			Total tonnes
						Basmas	Katerini	K.Koulak	
ITALY	47 600	51 600	21 800	9 100	15 000				145 100
GREECE	30 000	12 400			20 650	27 500	23 400	20 000	133 950
SPAIN	28 300	4 970	9 000	30					42 300
PORTUGAL	5 500	1 200							6 700
FRANCE	8 000	7 050	13 000						28 050
GERMANY	2 500	6 000	3 500						12 000
BELGIUM			1 900						1 900
	121 900	83 220	49 200	9 130	35 650	27 500	23 400	20 000	370 000



1994

	Flue- cured	Light air- cured	Dark air- cured	Fire- cured	Sun- cured	O T H E R			Total tonnes
						Basmas	Katerini	K.Koulak	
ITALY	47 600	45 000	17 200	9 100	14 000				132 800
GREECE	29 000	12 300			16 400	26 500	22 500	20 000	126 700
SPAIN	28 300	4 970	9 000	30					42 300
PORTUGAL	5 500	1 200							6 700
FRANCE	8 700	7 900	11 000						27 600
GERMANY	2 500	6 000	3 500						12 000
BELGIUM			1 900						1 900
	121 600	77 370	42 600	9 030	30 400	26 500	22 500	20 000	350 000

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ANNEX II

	SPAIN tonnes
Present quota	
- deliveries	4 550 000
- direct sales	527 000
Present estimated production	6 000 000
Difference between quota/production	1 450 000
National buy-up already decided	600 000
<u>SOLUTION</u>	
Revised quota	500 000
Direct sales transfer	150 000
Buy-up financed by the Community	200 000

GREECE: The quota is increased by 100 000 tonnes

PRICES FOR AGRICULTURAL PRODUCTS AND RELATED MEASURES (1992/1993)

The Council reached political agreement, by a qualified majority, on the 1992/1993 price package, on the basis of a Presidency compromise.

The compromise, which met with the Commission's approval, involved amendments to the original Commission proposal. The basic features are set out below:

CEREALS

(a) Durum wheat

Intervention B will be available on the same terms as last year.

(b) Moisture content and specific weight of barley

The Commission confirms the assurances it has already given that it will maintain the existing rules as long as the stabilizer is applied.

(c) Portuguese price alignment

The Portuguese price for soft wheat is reduced to the common price and the aid provided under Regulation (EEC) No 3653/90 is increased accordingly.

SUGAR

The Council notes that the Commission will submit proposals before the end of this year dealing with price alignment in Spain.

OLIVE OIL

By comparison with the Commission's proposals, the common level of the production

aid is increased by 1,5 ECU/100 kg with an equivalent reduction in the intervention and representative market prices. The common level of the production aid for small producers is increased by 4,5 ECU/100 kg by comparison with the Commission's proposals. The level of these prices and aids in Spain and Portugal will be derived from the common levels in accordance with the Treaty rules on transition.

Amendment of Article 12(1) of Regulation 136/66/EEC in order to permit producer groupings, recognized by this Regulation, to put olive oil into intervention.

#### COTTON

To give greater certainty to producers, the price reduction which can be immediately applied in respect of estimated production exceeding the guaranteed quantity in any one year is limited to 15%. This limit does not, however, apply to price reductions needed to correct errors in the estimate of production used the previous year, or to any excess over the 15% limit carried forward from the previous year.

#### WINE

##### (a) Storage contracts for wine

Possibility for the 1991/1992 marketing year of a partial release of the quantity under contract before the end of the nine-month storage period. Some wines stored under this regime may be delivered for distillation provided that this takes place before 1 July.

##### (b) Extension of the derogations granted under Articles 90 and 127 of the Act of Accession from Community rules on mixing red and white wine and on acidity content

The Commission undertakes to consider the need for adaptations of these rules in the context of the forthcoming review of the wine regime.

##### (c) Interspecific varieties of wines

The Commission confirms its intention to study, in the context of reform of the wine regime, the possibility of including interspecific varieties in the list of varieties declared suitable for the production of quality wine p.s.r.

FRUIT AND VEGETABLES

The Council invites the Commission to submit a proposal to continue the special aid granted to Greece in view of the exceptional difficulties created for the normal transport of these products from Greece to other Member States by the situation in the former Yugoslavia.

PROCESSED FRUIT AND VEGETABLES

(a) Processed tomatoes

The Council agrees that the quota system should be reinstated in 1993/1994 and calls upon the Commission to submit a formal proposal to this effect before the end of October 1992.

(b) Processed fruit

The Commission will keep the market for small citrus fruit under review and, if necessary, will propose appropriate measures.

MILK

- Skimmed-milk powder

The Commission will follow market developments in Spain following the application of the Treaty and, if necessary, will submit appropriate proposals.

BEEF

- Suckler-cow premium

ECU 50 per head, as in 1991.

AGRI-MONETARY

The Commission proposal stands for all Member States except Spain and Portugal.

For Spain, the monetary gap will be dismantled by 1/2 the difference between the present monetary gap and 2 points. For Portugal, the monetary gap will be

modified in such a way that the effect on Portuguese prices will be equal to the effect on Spanish cereals and sugar prices.

The remaining gaps including any new gaps that might be created between the date of this Decision and 31 December 1992 will be dismantled on the entry into force of the agri-monetary arrangements associated with the internal market in such a way that applied monetary gaps are avoided and the existing different green rates between sectors are harmonized.

FOOD QUALITY

(refer to the text on the reform of the CAP, p. 22).

TRANSITIONAL NATIONAL COMPENSATION FOR FARMERS IN GERMANY

(refer to the text on the reform of the CAP, p. 22).

SPECIAL SCHEME FOR RASPBERRIES INTENDED FOR PROCESSING

(refer to the text on the reform of the CAP, p. 22).

IMPLEMENTATION OF COUNCIL DIRECTIVES ABOLISHING VETERINARY CHECKS AT INTERNAL BORDERS

Directives 89/662 and 90/425 provided for the introduction of new rules governing veterinary checks, viz. more stringent checks at origin (in order to ensure compliance with Community requirements concerning animals and products trade in which was subject to veterinary regulations at Community level or to ensure compliance with the requirements of the Member State of destination concerning other animals and products of animal origin, where the rules have not yet been harmonized). The deadline set for implementation of these rules, which are designed to result in the abolition of veterinary checks at borders between Member States, is 1 July 1992.

Concern was expressed at the short time available to complete the harmonization of veterinary rules for all animals and products of animal origin subject to veterinary checks, to transpose the relevant Community decisions into national law and to introduce the instruments necessary for conformity therewith and to monitor compliance at origin. The Council therefore held a detailed discussion on the solutions likely to be adopted to take into account any difficulties that might be encountered in abolishing all veterinary checks at borders without jeopardizing their health status, in particular checks concerning animals and products trade in which is not yet harmonized.

At the end of its discussion the Council:

- confirmed its political will to abolish all veterinary checks at internal borders by 31 December 1992 and to introduce as from 1 July 1992 checks



at origin and at destination, as envisaged;

- emphasized its determination to reach decisions regarded as priorities to that end;
- instructed the Permanent Representatives Committee to continue examining further specific difficulties that might arise with regard to certain animals and products and to seek appropriate transitional solutions.

COMMUNITY MEASURES FOR THE CONTROL OF AVIAN INFLUENZA

The Council unanimously adopted the Directive introducing Community measures for the control of avian influenza.

The purpose of the measures is to eradicate avian influenza and to prevent its propagation in the event of an outbreak of the disease, inter alia through systematic slaughtering, with possible recourse to vaccination and rigorous control of the movement of poultry.

In order to ensure that those measures are effective, the Directive lays down obligations for Member States, including:

- the destruction of the carcasses of infected birds;
  - the introduction of a protection zone (3 km) and a surveillance zone (10 km) around infected holdings;
  - the establishment of laboratories providing the technical aid necessary for monitoring the measures for the eradication and surveillance of the disease.
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MISCELLANEOUS DECISIONS

OTHER DECISIONS IN THE AGRICULTURAL SPHERE

The Council adopted Regulations:

- introducing specific measures for table olives. The Regulation involves measures to develop the consumption of table olives and the granting of specific aid for the constitution of working capital aimed at stabilizing supply, in particular through the financing of storage required for the suitable release to the market of the product;
- on the system of minimum import prices for certain soft fruits originating in Hungary, Poland and Czechoslovakia. The purpose of the Regulation is to lay down general rules governing that system of minimum import prices, including the criteria for fixing the level of those prices, and provisions to be invoked in the event of non-compliance with the prices;
- fixing the guideline figure for the 1992/1993 milk year for the fat content of standardized whole milk imported into Ireland and the United Kingdom. That figure is fixed at:
  - 3,50% for Ireland;
  - 4% for the United Kingdom;
- amending Regulation (EEC) No 2390/89 laying down general rules for the import of wines, grape juice and grape must. It involves extending for six months, until 31 October 1992, the derogatory rules introducing a degree of flexibility regarding the certificates of origin and analysis reports to be provided by the United States, provided, however, that the United States offers specific guarantees which are accepted by the Community;

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- amending Regulation (EEC) No 1873/84 authorizing the offer or disposal for direct human consumption of certain imported wines which may have undergone oenological processes not provided for in Regulation (EEC) No 822/87. This amendment extends for six months, until 31 October 1992, the derogation granted to wines originating in the United States as regards the application of certain oenological processes permitted in the Community.

#### OTHER MISCELLANEOUS DECISIONS

##### ECSC

The Council gave its assent under the ECSC Treaty to the granting of:

- a loan to Distrigaz, Belgium (BF 1 000 million, for the co-financing of a pipeline for the transportation of natural gas across Belgium);
- financial aid for steel research projects (ECU 38,7 million for 115 projects) and steel pilot/demonstration projects (ECU 16,7 million for 10 projects).

##### Anti-dumping

The Council adopted the Regulation amending Regulation (EEC) No 1768/89 imposing a definitive anti-dumping duty on imports of video cassettes originating in Hong Kong.

Under this new Regulation the Wai Shing company, which may be regarded as a newcomer to the Community market under the provisions of Regulation No 1768/89,

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and the investigation of which revealed the existence of dumping, will be subject to the following anti-dumping duties:

- a duty equal to the difference between a floor price based on the normal value for each individual model and the net free-at-Community-frontier price, not cleared through customs, payable by the first importer, in respect of the models E-30, E-60, E-90, E-120, E-180, E-195 and E-240, whether normal grade, high grade or super high grade;
- a duty of 13,8% of their net, free-at-Community-frontier price, before duty, for all other video tapes in cassettes.

#### EC-Japan Centre for Industrial Co-operation

The Council adopted a Decision under which "the consolidation of the EC-Japan Centre for Industrial Co-operation and its establishment as a common venture between the Community and Japan are hereby confirmed on behalf of the European Economic Community".

The goal of the EC-Japan Centre for Industrial Co-operation, which is located in Tokyo, is to contribute to industrial co-operation between the Community and Japan, notably by organizing management training programmes for European business executives, providing information on the Japanese business environment and opportunities, and offering programmes for alternative-energy specialists.

The Centre, which was founded in 1986, is jointly financed by the Government of Japan, the Community and private sponsors.

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Environment

Further to the agreement reached at the Environment Council meeting on 12 December 1991 (see press release 9914/91 Presse 229), the Council formally adopted:

- the Regulation establishing a financial instrument for the environment (LIFE);
- the Directive on the conservation of natural habitats and of wild fauna and flora (HABITATS).

The Council also decided on the signing by the Community, subject to conclusion, of:

- the Convention on the Protection of the Marine Environment of the Baltic Sea area (Helsinki Convention as revised in 1992);
- the Agreement on the Conservation of small Cetaceans of the Baltic and North Seas.

Brussels, 20 May 1992

**NOTE BIO (92) 132 AUX BUREAUX NATIONAUX  
CC: AUX MEMBRES DU SERVICE DU PORTE PAROLE**

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**Council of Agricultural Ministers, 19 May 1992  
(G. Klely)**

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The Council resumed its discussion on Tuesday at 20.00 hrs.

The first item discussed was:

A proposal for a Regulation introducing Community measures for control of Avian Influenza. The proposal contains measures aimed at eradicating and preventing the spread of Avian Influenza in the event that outbreaks should occur. This will be done by "stamping-out" with or without the use of vaccine and carefully controlling the movement of poultry, poultry products, vehicles and other substances liable to transmit Avian Influenza virus. Measures will be introduced as soon as the presence of Avian Influenza is suspected. The Council adopted the measures in Directive form.

Amendment to Council Directive 90/425 EEC concerning veterinary and zootechnical checks applicable in intra-community trade in certain live animals and products with a view to completion of the internal market.

The directive fixes the principles concerning the strengthening of the checks at the point of origin, the organisation of checks at the point of destination and the removal of veterinary checks at internal borders. Council has already adopted measures aimed at achieving these objectives but this amendment is necessary to complete the task of removing border checks on animals and products. The date foreseen for the implementation of this directive is 1 July 1992.

Some countries are having difficulty meeting this deadline. While Mr Mac Sharry indicated that he was willing to show flexibility as far as measures which would apply during the transitional period i.e. July-Dec. 1992, he could not accept anything which would jeopardize the completion of the internal market.

The Presidency suggested that the Council should confirm its political will to abolish all veterinary checks by 31 December 1992 and to introduce checks at the point of origin and destination from 1 July 1992.

All Ministers firmly confirmed their determination to meet the 1 January 1993 deadline for abolishing borders, but many needed more time to set up the systems necessary to abolish checks i.e. computerisation, redeployment of staff etc.

The Presidency concluded that where harmonized legislation existed, origin and destination checks should replace border controls. In other areas the Council should speed up its work to ensure that the 1 January 1993 deadline is respected.

### **Price Package 1992/93:**

The Presidency introduced a document which amended slightly some of the Commission proposals indicating an increase in production and for small producers of olive oil from 6 ECU/100 kg (Commission proposal) to 9 ECU/100 kg, a commitment to reintroduce a quota on processed tomatoes from 1993/94 and the introduction of flexibility on the release of wine from storage before the end of the obligatory nine month storage period.

Mr Mac Sharry's reaction to the document was that he could accept all of the amendments.

Most Ministers focused their attention on the cereals sector with many expressing doubts about the possibility of concluding the package until the reform discussions reach a conclusion. Nevertheless many Ministers suggested that the basic co-responsibility levy should be reduced to 3% together with a 1.5% stabiliser CRL plus the 3% automatic price cut.

Some Ministers also proposed a total refund of CRL to those producers committing to setting land aside on a 1 year basis.

Many Ministers also requested the maintenance of the suckler cow premium at 1991 levels (when it was increased for 1 year only) i.e. at a level of 50 ECU/head Community funding plus up to 25 ECU/head from national financing.

Other points made include a further increase in the production aid for olive oil, limit of the stabiliser impact on cotton, maintaining inward processing for dairy products and a continuation of the existing derogations from the 15% moisture content requirement for cereals eligible for intervention.

Responding Mr Mac Sharry said that he was sympathetic to the idea of a total refund of the co-responsibility levy for the temporary set-aside scheme limit at a level of 8% i.e. 5% + 3% and not a lower level. He is prepared to examine the requests for an extension for a further year of the increased level of suckler cow premium but remarked that Ministers seemed to be selective in their interpretation of roll-over - given that they don't want to roll-over the 5% CRL.

### **CAP Reform:**

A Presidency compromise was circulated after which the meeting broke at 10 o'clock to resume at 10 o'clock on Wednesday.

The main points of the compromise are:

- Cereal price reduction of 29% and compensations for these cuts rising to 45 ECU after 3 years.
- option to apply non rotational set-aside but at double the present rate proposed
- Community preference of 40 ECU/tonne i.e. threshold/target price gap
- per hectare compensation on "silage maize"



- tobacco quotas to be fixed at 350,000 tonnes in 1994-1997
- proposal for a dairy cow premium of 75 ECU/cow is dropped; adaptation of milk quotas for Spain, Italy and Greece from 93/94 onwards provided the Council is satisfied that the quota system is being satisfactorily applied
- reduce butter prices by 7.5%
- extra beef premium of 60 ECU/head to help reduce seasonality - paid at slaughter in the January-April period
- safety net intervention for beef to be triggered when market prices at 60% of intervention prices
- ceilings for sheep premia eligibility maintain at 1 000 in LFA's and 350 in other areas with 50% of the premium paid on lives in excess of this number.

Amitiés,

*B. Dethomas*

B. DETHOMAS



Brussels, 20 May 1992

**NOTE BIO (92) 132 (suite 1) AUX BUREAUX NATIONAUX  
CC: AUX MEMBRES DU SERVICE DU PORTE PAROLE**

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Council of Agricultural Ministers, 20 May 1992  
(G. Kiely)

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The Council resumed its discussion this morning in restricted session (Ministers + 1).

Reacting to the Presidency paper Mr Mac Sharry made the following comments:-

- the amendments made are a good reflection of the priorities indicated by Ministers during the bilaterals.
- while the package is broadly in line with expenditure envisaged under the initial proposals Mr Mac Sharry must nevertheless reserve his position at this stage in regard to budgetary impact.
- welcomes the fact that the thrust and objectives of the Commission's proposals have been maintained in control of production, increased competitiveness, more environmentally sensitive agriculture and direct compensation for producers.
- this compromise he said "brings me to the brink of my margin for manoeuvre - indeed beyond it on some points. I could accept these points only in the context of a balanced global package".
- on cereals a price reduction of 29% to 110 ECU is "at the very limit of acceptability - a price of 100 ECU would offer a greater prospect of achieving our objectives".
- given that stabilisers would have brought about a continual erosion of prices, compensation for the price cut at 45 ECU/tonne should remove any cause for dissatisfaction - indeed taken together with compensation for set aside, and the higher aid for protein crops the package is attractive for producers of arable crops.
- he expressed certain reservations on the option to rotate set aside and indicated that the Community would have to revert back to non-rotation if the option of rotation threatened the production control objectives.
- on the possibility of increasing milk quotas for Mediterranean countries - he emphasised that no extra quota would be available if the quota system is not put into operation correctly.
- Mr Mac Sharry regretted the suggestion not to proceed with the dairy cow premium as it provided a means of contributing towards the incomes of farmers with fewer resources in particular those farming extensively. On the other hand Mr Mac Sharry felt that the suggestion for a supplementary

beef premium in that resolving acute seasonality problems in the beef sector is in the Community's interest by bringing about a more regular pattern of supply.

- Concluding, he emphasised to Ministers that all of the objectives of the Commission proposals are fully respected in the paper and he urged Ministers to set aside any doubts or disappointment on individual elements of the package and to recognise it as a balanced global effort to reach agreement on reform.

Amitiés,

A handwritten signature in black ink, appearing to be 'B. DETHOMAS', with a horizontal line underneath.

B. DETHOMAS