



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.04.1997
COM(97) 162 final

1995 REPORT FROM THE COMMISSION TO THE COUNCIL

on the implementation of the long-term national aid scheme for agriculture in the
northern regions in Finland, pursuant to Commission Decision 95/196/EC

Report presented to the Council by the Commission pursuant to Article 143(2) of the Act of Accession to the European Union of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden

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I. INTRODUCTION

Pursuant to Article 142 of the Act of Accession to the European Union of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden, the Commission has authorized Finland to grant long-term national aid to ensure that agricultural activity is maintained in specific regions determined by the Commission and covering agricultural areas situated to the north of the 62nd Parallel and some adjacent areas affected by comparable climatic conditions rendering agricultural activity particularly difficult. When determining those areas, the Commission took special account of the low population density, the proportion of utilized agricultural area (UAA) in relation to the overall area and the proportion of the UAA given over to arable crops for human consumption.

This aid, which may vary by region and be related to physical production factors taking account of the ceilings imposed by the COMs, must not be linked to future production or lead to an increase in production or the level of overall support recorded during a reference period prior to accession, to be determined by the Commission.

The aid must be granted in particular to maintain tradition primary production and processing, to improve structures for the production, marketing and processing of agricultural products, to facilitate the disposal of such products and to ensure that the environment is protected and the countryside preserved.

The Community's enlargement to Austria, Finland and Sweden provides for the immediate alignment of agricultural prices, but alongside the latter and in order to soften the effect of such alignment, Finland is authorized to grant degressive aid for a transitional period to producers of agricultural products subject to the common agricultural policy.

In addition, Finland has the right to maintain a long-term national aid scheme in the northern regions. Since there is provision for the aid scheme in question under Article 142 of the Act of Accession, it must be considered in terms of that Article and not on the basis of Articles 92 and 93 of the Treaty.

In its final version submitted on 20 January 1995, the programme initially presented by the Finnish authorities on 26 October 1994 and later supplemented with additional information and amended in certain respects in response to requests from Commission departments sets out the form and level of aid contemplated and the production factors (number of ha and LU) on which the aid may be paid.

In Decision 95/196/EC of 4 May 1995¹, the Commission determined the northern regions of Finland, set the reference period for checking that aid for the latter regions does not lead to an increase in production or overall support and lays down the ceiling on agricultural production not to be exceeded, the penalty being a reduction in the aid granted.

¹ OJ No L 126, 9.6.1995, p. 35.

1. Demarcation of the northern regions

On 21 February 1994 the Council supplemented its decision in principle on long-term national support for agriculture in specific northern areas by setting the precise values of the criteria to be used in demarcating those areas.

These values were recorded in conference document No CONF.5/94 (GENERAL). The text was ratified unchanged in its entirety and all its details by the conference.

For the Commission's determination of the northern regions of Finland, the abovementioned criteria are as follows:

- all municipalities north of the 62nd Parallel,
- for other municipalities in adjacent areas south of the 62nd Parallel, a population density of not more than 10 inhabitants per square kilometre, less than 10% UAA as percentage of total area of the municipality, and not more than 20% of that UAA under arable crops within the meaning of Regulation (EEC) No 1765/92 and intended for human consumption.

The method applied for demarcating the northern regions is analogous with the practice adopted in defining less-favoured areas in accordance with Community legislation (Directive 75/268/EEC).

The *kunta-kommun* or municipality was selected as the relevant administrative unit for checking compliance with the abovementioned criteria. Where appropriate, municipalities which do not simultaneously meet all three criteria but are completely surrounded by areas which do are included so as to form a homogeneous whole (this involves two municipalities accounting for 705 ha of agricultural land).

Exceptionally, the rural district (*maatalouspiiri/lanbrukdistrikt*) of Mikkeli and the rural district of South Karelia (representing a total UAA of 74 419 ha) and the agricultural areas defined in Area 3 of the Finnish system of aid to agriculture according to the size of holdings in force prior to accession and within the limits existing at 31 December 1993 (with a UAA of 13 646 ha) were selected as territorial units for the purpose of checking compliance with the criteria. It was necessary to treat this area astride the 62nd Parallel as a special case owing to the presence of specific natural handicaps. The area is a region of great lakes, which account for over 20% of the total area of the districts of Mikkeli and South Karelia. The area used for agriculture makes up only 5% of the total (including the lakes). Farmland is thus fragmented and scattered throughout a vast area covered by woodland and lakes.

Treating these areas as a homogeneous whole made it possible to deal with this exceptional case within the European Union. These two areas as a whole meet the agreed thresholds, although no individual municipality taken separately could claim to do so.

This approach, which is the one usually followed when applying Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas, will not only make it easier to administer the scheme but above all help in meeting the special needs of the great lakes region of Finland.

The northern region thus determined represents an area of 1 417 000 ha of UAA or 55.5% of Finland's total UAA (see Map 1) and is subdivided into five subregions, i.e. C1, C2, C2 North, C3 and C4 (see Map 2). Subregions C3 and C4 are subdivided into sub-areas P1, P2, P3 and P4 (subregion C3) and P4 and P5 (subregion C4) (see Map 3) in order to allow for a variation in the aid for bovine animals, sheep and milk.

This subdivision makes it possible to modulate support for agriculture by taking account of the special features of the regions' agricultural economy and the severity of the natural handicaps. To that end, the Nikula index, a synthetic agro-economic index which enables each municipality to be classified in a subregion or subarea, was used in the main.

The northern regions thus demarcated (see maps and Table 4) are annexed to this Report.

2. Reference period

The reference period for agricultural production and overall support before accession not to be exceeded should, on the basis of available national statistics with regard to quantities, be the period 1991-93. Exceptions are cow's milk and bovine animals on the one hand, for which 1992, used to fix the milk quota and the reference herd for Finland, is deemed most appropriate, and on the other hand, horticultural production, for which 1993 has been taken as the basis because of the availability of reliable statistics for that year.

3. Description of Finnish northern region aid programme

The programme submitted by the Finnish authorities pursuant to Article 142 provides for long-term aid for production within the ceilings set out in the Annexes to Commission Decision 95/196/EC.

It covers a wide range of products and is justified on the grounds that Finland's accession entails a major reduction in the level of support for the agricultural economy of the northern regions.

There is provision for the support to vary by region in several cases in order to reflect the conditions existing in Finland.

The Finnish authorities have specified the form in which they intend to allocate the aid. The aid proposed for all plant products (cereals and other arable crops, fruit and vegetables, potatoes for starch production and sugarbeet) is expressed per hectare. For livestock production, the aid is expressed per livestock unit (LU) for bovine animals (excepting heifers), equines, ewes, goats, swine and poultry, while in the case of milk it is expressed per kilogram, and for reindeers and heifers per head of livestock.

The coefficients used for converting livestock into LU are identical to those applied for fixing aid under Articles 138, 139 and 140 in Finland in the Decision approved by the Commission.

There is also provision for aid for the transport of milk and meat from the farm to the first collection or processing centre in certain areas of the northern regions (C4, C3 and C2 North, with the exception of the municipalities that do not belong to regions eligible under Objective 6 of the Structural Funds), which is expressed in Finnish markka per tonne (the average cost is estimated to be FIM 54/t for milk and FIM 0.5/kg for meat). The level of aid was calculated by reference to the average quantity delivered to the dairy per holding, the average density of farms in the dairy's collection area and the average distance between the farms and the dairy.

Aid is also planned for the storage of fruit and vegetables produced in the northern regions, expressed in Finnish markka per cubic metre per year.

For young farmers (under 40 years old) there is provision for flat-rate aid per hectare under pasturage and cereals. The number of recipients is estimated at 19 000.

Aid is also planned for all UAA used for grazing, left fallow and sown to ware potatoes. The same aid is allocated for other crops but the accounting is separate for each type of crop.

It is also planned to grant aid for the Skolt population², "the reindeer industry" and "the natural economy", allocated in the form of a subsidy on the interest rates for loans or as direct grants covering a percentage of 45% to 75% (up to 80-85% for the Skolt population) of the cost of certain small-scale productive investments and rural infrastructure (roads and water supply).

4. Method for calculating northern region aid

To assess the level of aid contemplated by the programme, overall support per product during the reference period was compared with support after accession.

To calculate overall support during the reference period, account was taken firstly of the difference between 1993 prices in Finland and in the Community (indirect support) and secondly of the direct support financed by the national budget in that year.

Support after accession was taken to include not only aid for the northern regions and degressive national aid under Articles 138, 139 and 140 of the Act of Accession applied during the transitional period (1995-96), but also compensatory allowances, agri-environmental aid provided for by the Member State for farmers in the northern regions and aid currently granted under the COMs.

² Ethnic group of around 800 people transferred from Petsamo after the Second World War.

Any change in those amounts resulting in the level of support before accession's being exceeded will entail adjusting the permissible aid for the northern regions from the following calendar year.

The amounts are expressed in national currency as at 1 January 1995 and may be adjusted each year. The Commission Decision will have to be amended to reflect such adjustments.

Aid for the northern regions, with the exception of that for cow's milk (for which there is a quota system), is not granted on the basis of the quantities produced but on that of production factors within the regional limits shown in Annex 4 to Decision 95/196/EC (see Annex 5). Support before and after accession in the northern regions is given in the diagram in Annex 6.

5. Assessment

The Finnish authorities have shown that a difference exists depending on the product between support during the reference period and support after accession. The figures were checked by the Commission departments in close cooperation with the Finnish authorities.

The difference in price levels and the fall in production costs (of pigmeat, eggs and poultry) were checked and no overcompensation was observed.

For fruit and vegetables, where it was estimated that prices in 1995 could turn out to be different from those used as the basis for assessing support, there is provision for a system for adjusting the level of aid to take account of storage aid, in order to avoid any overcompensation from 1996 on. There is also provision for such a review of aid levels in respect of transitional aid under Articles 138, 139 and 140 of the Act of Accession.

Aid for the transport of milk and meat in these remote areas of the Community is to be considered aid to facilitate the disposal of those products in accordance with the third subparagraph of Article 142(3) and is therefore permissible.

The aid per kilogram of meat was "converted" into aid per LU, and the aid for dairy cows and for heifers intended for dairy production was converted into aid per kilogram of milk, and is therefore permissible. The aid for heifers for slaughter (expressed in head of livestock slaughtered and paid after slaughter) and for keeping mares for breeding, foals (1-3 years) and Finnish horses is also acceptable.

In order to avoid an increase in production, a clause inserted in the Decision provides that if production of a product is found to exceed that of the reference period, a proportional reduction in the aid for the product groups concerned will apply the following year. In the case of field-scale production, that clause is applicable if production is 10% higher on average for two consecutive years.

In order to avoid penalizing product groups or subregions (aid varies by subregion) through the application across the board of a reduction in aid in the event of any excess production, the levels of production and support are presented by product and by subregion.

Under these circumstances, the aid arrangements for Finland's northern regions proposed by the Finnish authorities pursuant to Article 142 may be considered to meet the conditions laid down in that Article, and the Decision determining the northern regions of Finland, authorized aid, the reference period and the level of production and overall support was adopted by the Commission on 4 May 1995 (Decision 95/196/EC).

6. Support for agriculture

Main changes in the environment in which Finland's agriculture operates

Finland's accession to the European Union has brought about far-reaching changes in the environment within which Finnish agriculture operates. National agricultural policy underwent a sea change as market prices and the system of support provided for under the EU's common agricultural policy were applied immediately. With a view to the integration of Finnish agriculture within the CAP, the special arrangements laid down in the Act of Accession were implemented.

The impact of accession must be viewed from various standpoints. At the holding level, accession has affected producer prices and those of certain inputs, as well as the level of support overall. These factors have influenced holdings' profitability and income.

The abolition of protection at the frontier and of regulation prices for agricultural products led to a significant reduction in market prices from day one after accession.

The loss of income due to the reduction in market prices for agricultural products was partially offset by the fall in production costs. The remaining income loss was offset by other forms of support. The previous national system of support was replaced by support under the CAP (market support, compensatory allowances and agri-environmental measures) and by national aids provided for in Articles 138, 139 and 140 of the Act of Accession.

For the purposes of regional apportionment of aid, Finland was subdivided into various support zones.

The major forms of support in the various zones in 1995 were as follows:

– **Zone A:**

CAP premiums and compensatory payments;

– **Zone B:**

In addition to the aids provided for in respect of Zone A:

Compensatory allowance provided for in Directive 75/268/EEC and Regulation (EEC) No 2328/91;

– **Zone C1-C4:**

In addition to the aids provided for in respect of Zone B:

Long-term national aids pursuant to Article 142 of the Act of Accession authorized by Commission Decision 95/196/EC to maintain agricultural activity in the northern regions;

– **Finland as a whole:**

In addition to the abovementioned aids:

- National aids pursuant to Articles 138, 139 and 140 authorized by Commission Decision 95/33/EC³ to facilitate the adaptation of Finland's agricultural and horticultural industries to prices set by the market organizations and the integration of Finnish agriculture within the CAP;
- Measures accompanying the reform of the CAP and support pursuant to Regulations (EEC) No 2078/92⁴, No 2079/92⁵ and No 2081/92⁶.

The total amount paid in 1995 as support for agriculture and horticulture in Finland was FIM 12.320 billion, including FIM 2.3 billion as compensation for stocks. Of that amount, FIM 1.677 billion allocated for production support in 1995 was carried over for payment in 1996.

³ OJ No L 6, 9. 1.1996, p. 21.

⁴ OJ No L 215, 30. 7.1992, p. 85.

⁵ OJ No L 215, 30. 7.1992, p. 91.

⁶ OJ No L 208, 24. 7.1992, p. 1.

II. IMPLEMENTATION OF AID FOR NORTHERN REGIONS IN 1995

Aid for the northern regions is not paid to farmers over 65 years old.

1. Livestock production

(a) *Beef/veal*

The northern regions, 73% of Finland's cattle are reared on 44 814 holdings with a stocking density of 1.25 LU/ha.

Table 1

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Total number of cattle reared (LU)	In the reference period	188,550	316,700	35,900	56,550	7,650	605,350
	in 1995	151,586	255,377	28,673	40,063	5,550	481,249
Beef and veal production (t)	In the reference period(1)	18,400	31,700	3,600	5,600	600	59,000
	in 1995(2)	14,142	25,814	2,715	4,028	446	47,144

(1) except for cow's meat (26,300t)

(2) production of cow's meat in 1995: 23,281t

Remarks:

In 1995, both livestock numbers and beef/veal production were below the levels recorded during the reference period. As a consequence, the condition concerning the prohibition on an overrun in production laid down in Article 142 was met.

(b) Suckler cows

53% of Finland's suckler cows are reared on 2 189 holdings (57.7% of national total) in the northern regions.

Table 2

1995

		Subregion					
		C1	C2	C2-North	C3	C4	Total
Production units reared (LU)	In the reference period	6,550	7,100	650	900	150	15,350
	in 1995	7,030	7,229	654	538	37	15,488
Unit aid in 1995 (FIM/LU)	Authorized and applied (1)	100	150	600	1,050	2,150	
Total aid in 1995 (FIM million)	Authorized	0.7'	1.1'	0.4'	0.9'	0.3	3.4
	Paid (2)	0.6	1.0	0.3	0.5	0.1	2.5

- (1) The aid is paid up to the individual quota limit allocated to each producer. The aid is paid in full on a maximum of 30 LU. Between 31 and 50 LU the aid is reduced by 25%. For more than 50 LU the aid is reduced by 50%. The aid is limited to 300 LU in subregions C1 and C2; in subregions C3 and C4 it is limited to 200 and 100 LU/holding respectively.
- (2) Government Decision No 413/95 paragraph 12.
- (3) Aid paid on a minimum of 3 LU

Remarks:

On account of restrictions in the aid allocated, the total aid granted was below the level authorized, despite a very slight increase (0.9%) in total livestock numbers.

(c) Male bovine animals > 6 months

73% of Finland's male bovine animals are reared in the northern regions.

Table 3

1995

		Subregion					
		C1	C2	C2-North	C3	C4	Total
Production units reared (LU)	In the reference period	36,000	62,300	7,250	11,100	1,050	117,700
	in 1995	35,214	58,764	6,370	8,612	1,153	110,113
Unit aid (FIM/LU)	Authorized and applied (1)	650	700	1,150	2900-3400 (2)	4500-6000 (3)'	
Total aid in 1995 (FIM million)	Authorized	23.4'	43.6'	8.3'	35.0'	4.8	115.1
	Paid (4)	16.7	33.4	6.0	20.9	3.1	80.2

- (1) Government Decision No 413/95, paragraphs 12 and 13.
- (2) Sub-areas P1-P2: 2,900 FIM/LU (of which 1,600 annual aid and 1,300 once during the animal's lifetime). P3-P4: 3,400 FIM/LU (of which 1,600 annual aid and 1,800 once during the animal's lifetime)
- (3) Sub-area P4: 4,500 FIM/LU (of which FIM 2,700 annual aid and 1,800 once during the animal's lifetime). P5: 6,000 FIM/LU (of which 2,700 annual aid and 3,300 once during the animal's lifetime)
- (4) Aid paid on a minimum of 3 LU.

Remarks:

The number of livestock raised and the aid granted in 1995 are within the ceiling authorized.

(d) *Heifers for slaughter*

72% of Finland's heifers are raised in the northern regions.

Table 4

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units (head)	Authorized	17,390	30,020	3,380	5,440	810	57,040
	Reared	9,828	18,907	2,105	3,304	391	34,535
Unit aid (FIM/head)(1)	Authorized and applied (2)	460	470	780	1,060	1,640	
Total aid in 1995 (FIM million)	Authorized	8.0	14.1	2.6	5.8	1.3	31.8
	Paid	4.52	8.89	1.64	3.50	0.64	19.19

(1) Aid paid once in an animal's lifetime, at slaughter.

(2) Government Decision No 413/95, paragraph 13.

(3) Aid paid on a minimum of 3 LU.

Remarks:

Figures for the number of animals slaughtered and total aid allocated in 1995 are below those for the reference period.

(e) Ewes and she-goats

57% of ewes and 41% of she-goats in Finland are reared on 2 828 holdings and 62% of Finland's sheepmeat and goatmeat is produced in the northern regions.

Table 5

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units reared (LU)	In the reference period	1,650	1,810	460	790	300	5,010
	in 1995	2,318	2,337	436	629	193	5,913
	in receipt of aid in 1995	1,860	1,899	331	551	164	4,805
Sheepmeat and goatmeat production (t)	In the reference period	223	276	60	111	41	711
	in 1995	303	407	57	101	23	892
Unit aid (FIM/LU)	Authorized and applied	650	700	1,150	3,100 (1) 3,700 (1)'	4,800 (2) 6,400 (2)'	
	Applied on average in 1995(3)	621	691	1,130	3,372 (1)	5,052 (2)	
Total aid in 1995 (FIM million)	Authorized	1 .1'	1 .3'	0 .5'	2 .6'	1 .5'	7
	Paid (5)	1 .2	1 .3	0 .4	1 .8	0 .80	5 .6'

(1) Sub-areas P1-P2: 3,100 FIM/LU. P3-P4: 3,700 FIM/LU

(2) Sub-areas P4: 4,800 FIM/LU. P5: 6 400 FIM/LU

(3) The aid is paid up to the individual quota limit allocated to each holding. The aid is paid in full on a maximum of 30 LU. Between 31 and 50 LU the aid is reduced by 25%. For more than 50 LU the aid is reduced by 50%. In subregions C1 and C2 the aid is limited to 300 LU, in subregions C3 and C4 it is limited to 200 and 100 LU/holding respectively.

(4) Government Decision No 413/95, paragraph 12.

(5) Aid paid on a minimum of 1.5 LU.

Remarks:

In 1995, there was a rise of around 18% in livestock numbers and of around 25.5% in meat production compared with the reference period. Despite the increase in numbers of animals reared in 1995, there was no overrun in the level of support authorized since the aid was limited to a small number of LU.

As a result of the rise in production and pursuant to Article 4(1)(c) of Decision 95/196/EC, the aid for 1996 should be reduced proportionately. Unless the resulting FIM 1.785 million reduction is offset by an increase in aid as a result of the reduction in Community aid or revaluation of the national currency, it must be spread among the regions where the overrun was recorded.

(f) Swine

42% of Finland's pigs are reared in the northern regions.

Table 6

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units reared (LU)	In the reference period	63,700	37,600	2,100	3,150	40	106,590
	in 1995	74,570	43,138	2,172	2,569	3	122,452
Pigmeat production (t)	In the reference period	42,900	24,700	1,300	2,000	6	70,906 (1)
	in 1995	40,673	23,897	1,273	1,420	3	67,264
Unit aid (FIM/LU)	Authorized and applied	0	0	590	590	900	
Total aid in 1995 (FIM million)	Authorized	0	0	1.2'	1.9'	0.04'	3.1'
	Paid (2)(3)	0	0	1.3	1.3	0.0	2.5

(1) Sow's meat (3 100 t) is included

(2) In the case of sows, the full aid payment is limited to 30 LU. Between 31 and 50 LU the aid is reduced by 25%.

For more than 50 LU, the aid is reduced by 50%. In subregions C1 and C2 the aid is limited to 300 LU; in subregions C3 and C4 the aid is limited to 200 and 100 LU/holding respectively.

(3) Aid paid on a minimum of 3 LU.

Remarks:

Despite the 14.9% increase in the number of swine reared, there was no rise in pigmeat production or in the aid granted in the northern regions. The reason behind the increase in the number of swine lies in the fact that from 1995 on, the method for classifying pigs (based on age) has changed to a system based on the weight of the animal. In accordance with the new system, pigs of less than 20 kg are classified as piglets, whereas prior to 1995, piglets were less than three months old. Since the number of LU was calculated for swine other than piglets, the increase in LU is due to this change in statistics. The change has no impact on the reference quantity.

(g) Poultry

30.3% of Finland's poultry is raised in the northern regions, where 30.1% of the country's poultrymeat is produced.

Table 7

1995

		Sub-region					Total
		C1	C2	C2-North	C3	C4	
Production units reared (LU)	In the reference period	23,700	7,700	850	355	5	32,610
	in 1995	20,559	5,838	468 (1)	356 (1)	2 (1)	27,223
Production (tonnes) - eggs	In the reference period	26,000	8,000	1,000	1,000	2	36,002
	Achieved in 1995	14,513	2,784	147	110	0	17,554
- meat	In the reference period	4,820	1,140	10	20	1	5,991
	Achieved in 1995	10,148 (2)	1,457 (3)	0	99	0	11,705
Unit aid in 1995 (FIM/LU)	Authorized	0	0	590	900	1,900	
	Applied (4)	0	0	590	900	1,900	
Total aid in 1995 (FIM million)	Authorized	0 .0'	0 .0'	0 .5'	0 .3'	0 .01'	0 .8'
	Paid (5)(6)	0	0	0 .3	0 .20'	0 .00'	0 .5

(1) Of which 9,590 t broiler meat and 558 t other poultry.

(2) Of which 1,401 t broilers and 56 t other poultry.

(3) The aid is paid in full on a maximum of 30 LU. Between 31 and 50 LU the aid is reduced by 25%. For more than 50 LU the aid is reduced by 50%. In the subregions C1 and C2, the aid is limited to 300 LU; in subregions C3 and C4 it is limited to 200 and 100 LU/holding respectively.

(4) Government Decision No 413/95, paragraph 12.

(5) Aid paid on a minimum of 3 LU.

Remarks:

A major increase in poultrymeat production was recorded in 1995. As a result, a proportionate reduction must be made in the aid in 1996.

The Finnish authorities propose that the figures for authorized production of poultrymeat and eggs be changed and the aid be divided into two categories, one for layers and broilers and another for table fowl and other poultry. These changes result in no increase in the aid planned (see Table below). If the new figures are used, a reduction of 23% in the aid as a result of the overrun in production must be applied in 1996.

Table 8

1995

		Subregion						
		C1	C2	C2-North	C3	C4	Total	
Production units reared (LU)	Laid down in Dec. 95/196/EC	23,700	7,700	850	355	5	32,610	
	New proposal	23,700 (1)	7,700 (2)	850	355	5	32,610	
Production (tonnes) - eggs	Decision 95/196/EC	26,000	8,000	1,000	1,000	2	36,002	
	New proposal	16,950	8,000	1,000	1,000	2	26,952	
-meat	Decision 95/196/EC	4,820	1,140	10	20	1	5,991	
	New proposal	8,335	1,075	10	20	1	9,441	
Total aid (FIM million) laid down in Decision 95/196/EC	1995	0.0	0.0	0.5	0.3	0.01	0.8	
	1996	0.0	0.0	0.5	0.3	0.01	0.8	
	1997	14.5	4.8	1.0	0.5	0.01	20.9	
	1998	29.1	9.6	1.5	0.8	0.02	41.0	
	1999	43.6	14.4	2.0	1.0	0.02	61.0	
	from 2000	58.1	19.3	2.5	1.2	0.02	81.1	
Total aid (FIM million) laid down in the new Finnish proposal (3)	1995	a	0	0	0.4	0.2	0.0	0.6
		b	0	0	0.1	0.1	0.0	0.2
	1996	a	0	0	0.4	0.2	0.0	0.6
		b	0	0	0.1	0.1	0.0	0.2
	1997	a	9.8	3.9	0.8	0.5	0.0	15.1
		b	4.7	0.9	0.2	0.04	0.003	5.8
	1998	a	19.6	7.9	1.2	0.7	0.014	29.4
		b	9.4	1.8	0.3	0.06	0.003	11.5
	1999	a	29.4	11.8	1.6	0.9	0.014	43.7
		b	14.2	2.6	0.4	0.07	0.004	17.3
	from 2000	a	39.2	15.8	2.0	1.1	0.018	58.1
		b	18.9	3.5	0.5	0.1	0.002	23.0

(1) Of which: 16 000 LU laying hens, 8 400 LU broilers and 1 300 LU other poultry

(2) Of which: 8 300 LU laying hens, 900 broilers and 500 other poultry

(3) Total aid for eggs before accession in the northern regions is FIM 109 million

a = laying hens and chicks

b = broilers and other poultry

(h) Horses

Table 9

1995

		Subregion					
		C1	C2	C2-North	C3	C4	Total
Production units raised (LU)	In the reference period	2,400	2,800	340	390	70	6,000
	in 1995	3,511	4,119	566	446	79	8,721

(1) Breeding mares, foals (1-3 years) and Finnish horses.

Remarks:

No aid is planned for this product group for 1995-97. As from 1998, support for horses will be paid in respect of only 20 units per recipient. If there is still an overrun in 1998, a reduction will apply to the aid in 1999.

(i) Reindeer

Reindeer are reared in the northern regions only.

Table 10

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units reared (head)	In the reference period	0	0	0	71,500	157,500	229,000
	in 1995	0	0	0	64,581	143,559	208,140
Production (tonnes)	Authorized	0	0	0	1,073	2,370	3,443
	Achieved in 1995	0	0	0	879	1,941	2,820
Unit aid in 1995 (FIM/LU)	Authorized	0	0	0	160	160	
	Applied (1)	0	0	0	140	140	
Total aid in 1995 (FIM million)	Authorized	0	0	0	11.4'	25.2'	36.6'
	Paid	0	0	0	9.04	20.10	29.14

(1) Government Decision No 413/95 paragraph 13a

Remarks:

In 1995, the number of animals and the level of production were below those recorded during the reference period and total aid allocated in the northern regions was within the ceiling authorized.

(j) Milk

There are 26 870 holdings (1992) producing milk in the northern regions of Finland. They are distributed by subregion as follows: C1 = 8 617; C2 = 13 500; C2 North = 1 696; C3 = 2 624; C4 = 433. They account for 80% of Finland's milk production.

Table 11

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units reared (LU)	In the reference period	96,800	166,800	18,800	30,200	4,500	316,900
	in 1995	90,034	156,542	18,054	25,955	3,704	294,289
Production (tonnes)	In the reference period	524,000	906,000	102,000	184,000	24,000	1,720,000 (1)
	in 1995	517,153 (2)	903,369 (2)	105,745	166,915 (3)	23,750 (4)	1,718,932 (5)
Unit aid in 1995 (FIM/Kg)	Authorized and applied	0.17'	0.18'	0.29'	0.47-0.72 (8)	0.99-1.51 (8)	
Total aid in 1995 (FIM million)	Authorized	86.9'	159.1'	29.8'	101.7'	25.8'	403.1'
	Paid (7)	88.054	162.155	30.596	109.268	25.553	415.646

(1) These quantities can be supplemented by the quantities allocated under the Act of Accession using the reserve decided upon for the Finnish SLOM quota.

(2) Of which 105.5 t and 35.2 t goat's milk in sub-regions C1 and C2.

(3) Of which, by sub-area: C3P1 = 13,580 t, C3P2 = 58,058, C3P3 = 65,826, C3P4 = 26,896 t.

(4) Of which by sub-area: C4P4 = 20,643 t and C4P5 = 3,615 t.

(5) Only 1 715 889 tonnes of milk benefited from northern aid. In the case of 3 043 204 tonnes produced by farmers over 65, the aid was not paid.

(6) Unit aid in FIM/kg for subregion C3: P1 = 0.47, P2 = 0.57, P3 = 0.72 and for C4: P4 = 0.99, P5 = 1.51.

(7) The unit aid applied in 1995 in FIM/kg was: for subregion C3: P1 = 0.459, P2 = 0.558, P3 = 0.704, P4 = 0.705 and for C4: P4 = 0.968, P5 = 1.48.

(8) Government Decision No 413/95, paragraph 6.

(9) For quantities exceeding 200 000 kg per producer, the aid is reduced by 50%

Remarks:

The aid allocated exceeded the total aid authorized. The overrun (FIM 12.5 million, or 3.1%) should be recovered. On 19 September 1996 the Finnish Government amended Government Decision 413/95 (amended by Decisions Nos 1006/95, 1435/95 and 225/96) in order that aid for the northern regions paid in October-December 1996 be reduced by the amount exceeding that authorized for milk in 1995. Following that decision, a general reduction of FIM 0.0317/kg was applied in all the northern regions.

The Commission departments are considering a request from the Finnish authorities relating to:

- (a) a change in the total aid (increase of FIM 4.2 million for 1995 and 1996) as a result of a more accurate estimate of the quantity produced in areas P1-P4 of subregion C3, resulting in a change in the distribution of quantities produced among the areas but no increase in the ceiling on production;
- (b) an increase in the quantity of milk on which the aid is payable and the total aid in subregions C1, C2 and C3 to include the SLOM quantity allocated in 1995 and 1996, and
- (c) the abolition of the restriction with regard to cow's milk whereby the aid for the northern regions is limited to the reference quantity allocated to each producer.

(k) Aid for transport of milk and meat

(k1) Aid for transport of milk

Table 12

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Production units (tonnes)	In the reference period	-	-	(*)	(*)	(*)	
	in 1995	-	-	30,831	148,566	23,786	203,183
Average unit aid (FIM/t)	Authorized	-	-	(*)	(*)	(*)	
	Achieved in 1995	-	-	64,56	38,22	51,62	43,79
Total aid in 1995 (FIM million)	Authorized	-	-	(*)	(*)	(*)	13,5
	Paid (1)	-	-	0	7,7	1,20	8,90

(1) Government Decision No 1373/95

(*) regions of Kainuu and Lappi and Kollismaa district

(k2) Aid for transport of meat

Aid for the transport of all types of meat (FIM 0.704 million - see table below) for 1995 in the province of Lappi will be paid in 1996 in accordance with the arrangements applying prior to accession. The aid is payable on 1 832.6 t.

Table 13

1995

Products	Quantity (kg)		Aid in FIM (1)		Total	
	Area		Area		Quantity (kg)	Aid FIM
	C3 P4 and C4 P4	C4 P5	C3P4 and C4P4 (0.35 FIM/kg)	C4P5 (0.8 FIM/kg)		
Beef and veal	1,483,271	92,866	519,145	74,292	1,576,137	593,437
Sheepmeat	22,662	2,776	7,932	2,220	25,437	10,152
Pigmeat	229,573		80,350			80,350
Other meat	1,433		501			501
Sick animals (number: 28)				19,600		19,600
Total	1,736,939	95,642	607,928	96,112	1,832,581	704,040

(1) Government Decision No 1374/95.

Remarks:

There is no overrun in the total amount authorized for transport aid.

2. Crop production

In the northern regions, irrespective of the type of crop, aid amounting to FIM 200/ha is paid in subregions C2 and C2 North and FIM 400/ha and FIM 800/ha in subregions C3 and C4 respectively.

The aid is not granted to farmers qualifying under pension arrangements.

By product the situation is as follows.

(1) Sugarbeet

Production in the northern regions accounts for only 8.3% of Finland's total.

Leaving aside the general support mentioned above, aid amounting to FIM 500/ha is paid for this crop in subregions C1, C2 and C2 North.

Table 14

1995

		Subregion					Total
		C1	C2	C2-Nord	C3	C4	
Production units cultivated (ha)	In the reference period	3,230	520	0	0	0	3,750
	in 1995	3,358	153	14	0	0	3,525
Sugar production (tonnes)	Authorized	17,570	2,270	0	0	0	19,840
	Achieved in 1995	11,689	458	0	0	0	12,147
Unit aid in 1995 (FIM/ha) (1)	Authorized and applied	500	500+200'	500+200'	0	0	
Total aid in 1995 (FIM million)	Authorized	1.6'	0.4'	0.0'	-	-	2.0
	Paid	1.60	0.10	0.00	-	-	1.7

(1) Government Decision No 413/95, paragraphs 8 and 9.

(2) Aid allocated on a minimum of 3 ha.

Remarks:

In 1995, both production and support were below levels in the reference period.

(m) Potatoes for starch production

The northern regions account for 61.4% of Finland's production.

Leaving aside the general support paid per hectare in subregions C2 and C2 North, aid amounting to FIM 400/ha was paid in all subregions in 1995.

Table 15

1995

		Subregion					Total
		C1	C2	C2-Nord	C3	C4	
Production units (ha)	Authorized	1,700	2,190	0	0	0	3,890
	Cultivated in 1995	4,229	1,830	0	0	2	6,059
Starch (1) production (tonnes)	Authorized	15,590	8,060	0	0	0	23,650
	Achieved in 1995	23,182	8,836	0	116	0	32,134
Unit aid in 1995 (FIM/ha)	Authorized and applied	400	400+200'	400+200	-	-	
Total aid in 1995 (FIM million)	Authorized	1.1'	0.8'	0.0'	-	-	1.9'
	Applied (2)	1.7	1.00	0	-	-	2.6

(1) There is a quota system in operation on potato starch production.

(2) Government Decision No 413/95 paragraphs 8 and 9.

(3) Aid allocated on a minimum of 3 ha.

Remarks:

Following the Council's decision to grant a quota of 54 750 t potato starch to Finland (Regulation (EC) No 1863/95 of 17 July 1995⁷), 61.4% of which is for the northern regions, the Commission is preparing an amendment to Decision 95/196/EC setting the starch production ceiling at 33 560 t, including 24 160 t for subregion C1 and 9 400 t for subregion C2, and overall support at FIM 3.1 million. As a result of that amendment, there has been no overshooting of the reference quantity for production or support.

(n) Cereals and other arable crops

In the northern regions, 51% of Finland's arable land is cultivated on 58 120 holdings (58%).

Table 16

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Cultivated area (ha)	In the reference period	286,780	238,100	20,720	12,600	100	557,700
	in 1995	224,425	176,344	12,562	7,752	117	421,200
Production (tonnes)	In the reference period	900,400	717,800	52,500	32,500	0	1,703,200
	in 1995	706,811	521,480	31,633	19,696	266	1,279,886

The situation is as follows by category of crop.

⁷ OJ No L 179, 29. 7.1995, p. 1.

(n1) Barley, oats and mixed cereals

46.6% of the area under these crops is located in the northern regions and accounts for 44.2% of the country's production. In 1995, only the general support for all areas sown, amounting to FIM 200, FIM 400 and FIM 800 per hectare, was paid in subregions C2 and C2 North, subregion C3 and subregion C4 respectively.

Table 17

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Area cultivated (ha)	In the reference period	248,000	227,050	19,900	12,600	100	507,650
	in 1995	204,218	171,521	12,297	7,719	115	395,870
Production achieved (tonnes)	In the reference period	809,400	680,000	52,000	32,000	0	1,573,000
	in 1995	663,445	510,946	31,289	19,652	266	1,225,598
Unit aid in 1995 (FIM/ha)	Authorized and applied	0	0+200'	0+200'	0+400'	0+800'	
Total aid in 1995 (FIM million)	Authorized	0 .0'	45 .4'	4 .0'	5 .0	0 .1'	54 .5'
	Paid (1)	0 .0	34 .30'	2 .46	3 .09	0 .09	39 .94'

(1) Government Decision No 413/95, paragraph 9.

(2) Aid allocated on a minimum of 3 ha.

Remarks:

In 1995, both production and support were below the levels for the reference period.

(n2) Other cereals and arable crops

In 1995, only the general support amounting to FIM 200/ha was granted in subregions C2 and C2 North. Production in the northern regions accounts for 7.5% of the national total.

Table 18

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Cultivated area (ha)	In the reference period	38,780	10,450	820	0	0	50,050
	in 1995	20,207	4,823	265	33	2	25,330
Production (tonnes)	Authorized	91,400	37,800	500	500	0	129,200
	in 1995	43,366	10,534	344	44	0	54,288
Unit aid in 1995 (FIM/hectare)	Authorized and applied	0	0+200'	0+200'	-	-	
Total aid in 1995 (FIM million)	Authorized	0 .0'	2 .1'	0 .1	-	-	2 .2'
	Applied (1)(2)	0	0 .97'	0 .05	-	-	1 .02'

(1) Government Decision No 413/95 paragraph 9.

(2) Aid allocated on a minimum of 3 ha.

Remarks:

In 1995, both production and support were below the levels for the reference period.

(o) Vegetables, flowers and plants grown under permanent shelter

Of crops grown under permanent shelter, output in the northern regions accounts for 53.3% of national production.

The aid is paid mainly in respect of tomatoes, cucumbers, lettuce, dill, parsley, gherkins, cabbages, sweet peppers, cut flowers, green vegetables and ornamental plants. In 1995, only transitional degressive aid was paid on these crops.

The situation by category of product is as follows.

(o1) Vegetables

Table 19 1995

		Subregion					Total
		C1	C2	C2-Nord	C3	C4	
Area cultivated (ha)	In the reference period	116	29	1.1'	1.1'	0.6'	148
	in 1995	121.4	25.9	1.3	0.7	0.5	149
Production achieved (tonnes)	In the reference period	41,000	10,000	400	400	200	52,000
	in 1995	25,190	4,739	236	98	92	30,355
Unit aid in 1995 (FIM/ha)	Authorized and applied	0	0	0	0	0	0
Total aid FIM million	Authorized	0	0	0	0	0	0
	Applied (1)	0	0	0	0	0	0

(1) Government Decision No 413/95 paragraph 11.

(o2) Flowers and ornamental plants

Table 20 Year: 1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Area cultivated (ha)	In the reference period	26.7'	20	2.6'	5.2'	0.6'	55
	in 1995	26.1	18.9	2.2	4.2	0.6	52
Production achieved (1)	In the reference period	(*)	(*)	(*)	(*)	(*)	60
	in 1995	10.07	4.48	0.61	0.90	0.02	16.08
Unit aid in 1995 (FIM/m ²)	In the reference period and in 1995	0	0	0	0	0	0
Total aid FIM million	In the reference period	0	0	0	0	0	0
	in 1995 (2)	0	0	0	0	0	0

(1) Millions of items.

(2) Government Decision No 413/95 paragraph 11.

Remarks:

There is no provision for aid in 1995. There was no overrun in production.

(p) Field-scale vegetables

Production in the northern regions, which involves 733 holdings, accounts for 24.5% of total national output.

Table 21

1995

		Subregion					Total
		C1	C2	C2-North	C3	C4	
Area cultivated (ha)	In the reference period	1,285	678	52	68	2	2,085
	in 1995	1,402.6	558	55.8	67	1	2,084.4
Production (tonnes)	In the reference period	39,000	20,000	1,600	2,000	60	62,660
	in 1995	39,908	16,318	1,943	2,154	52	60,375
Unit aid in 1995 (FIM/ha)	Authorized and applied	0	0+200'	0+200'	0+400	0+800	
Total aid in 1995 (FIM million)	Authorized	0.0'	0.1'	0.0'	0.0'	0.0'	0.2'
	Applied (1)						

(1) Government Decision No 413/95 paragraphs 8 and 9.

(2) Aid allocated on a minimum of 1.5 ha.

Remarks:

No increase was recorded in production or authorized support.

In accordance with Article 4(1)(d) of Decision 95/196/EC, Finland forwarded information to the Commission in respect of 1995 concerning producer prices recorded on the national market for fruit and vegetables with a view to assessing any need to review the Decision should an increase be recorded in overall support as compared with that in the reference period in accordance with Article 4(2) thereof (see Chapter V).

(q) Apples

The area under apple-trees in the northern regions is very small (around 10 ha), accounting for 2.7% of the total, and is cultivated by 19 farmers. The reason why this area is not included in that under other fruit and vegetables is due to the fact that a different rate of aid applies to this crop.

Table 22

1995

		Subregion					Total
		C1	C2	C2-Nord	C3	C4	
Area cultivated (ha)	In the reference period	5	5	0	0	0	10
	in 1995	3.7	6.3	0	0	0	10
Production (tonnes)	In the reference period	50	50	0	0	0	100
	in 1995	18	40	0	0	0	58
Unit aid in 1995 (FIM/ha)	Authorized and applied	0	0+200'	0+200'	-	-	
Total aid in 1995 (FIM million)	Authorized	0	0.001'	0.0...	0		0.001'
	Paid (1)	0	0.001'	0.0002'	0		0.001'

(1) Government Decision No 413/95 paragraphs 8 and 9.

Remarks:

No increase was recorded in production or support in 1995.

(r) Aid for storage for horticultural produce

Table 23

1995

			Subregion					Total
			C1	C2	C2North	C3	C4	
Quantities stored (m ³) in 1995	<i>With heat control</i>						51,398	
	<i>Without heat control</i>						13,971	
Unit aid in 1995 FIM/m ³ /year	<i>With heat control</i>	Authorized and applied	120	120	120	120	120	
	<i>Without heat control</i>	Authorized and applied	80	80	80	80	80	
Total aid in 1995 (FIM million)		Authorized					15.0'	
		Paid					5.65	

(1) On average 86 FIM(m³)

Remarks:

The authorized ceiling on aid was not exceeded.

(s) Payment per hectare of UAA (land for grazing, left fallow, etc.)

Table 26

1995

		Sub-region					
		C1	C2	C2-North	C3	C4	Total
Total UAA (ha)	Authorized	535,225	646,388	81,644	134,138	19,715	1,417,140
	Cultivated	459,998	534,846	55,091	69,047	8,905	1,127,887

Remarks:

The authorized ceilings on area and aid were not exceeded.

3. Young farmers

In order to encourage young people to continue farming in Finland's northern regions, the Finnish authorities have made provision for aid of FIM 200/ha in subregions C1-C4, the area concerned being estimated at 400 000 ha. The aid is paid on condition that the area of arable land cultivated amounts to at least three hectares. Arable land covered by the set-aside arrangements is deemed to have been sown.

Table 25

1995

		Subregion					
		C1	C2	C2-Nord	C3	C4	Total (m)
Reference period	Unit aid FIM/ha	200	200	200	200	200	
	Total aid FIM million	(*)	(*)	(*)	(*)	(*)	80
Achieved in 1995	Area cultivated. (ha)	183,205	231,779	22,567	30,124	3,461	471,136
	Number of holdings	8,292	9,945	1,157	1,598	265	21,257
	Unit aid FIM/ha(1)	200	200	200	200	200	
	Total aid (FIM million)	36.64'	46.36'	4.51'	6.02'	0.69'	94.22'

(1) Government Decision No 413/95 Article 10

In 1995, the area cultivated by young farmers was 17,8 per cent higher than the maximum allowed. The proportional increase of granted aid was linked to this, which led Finnish authorities to ask to set the above mentioned aid retroactively from 1995 at FIM 94 million a year.

The Commission is considering this request, which does not lead to any overrun in the ceiling on support prior to accession in respect of any crop, with a view to incorporating it in a decision amending Decision 95/196/EC.

4. Land for grazing, left fallow and under ware potatoes

Land for grazing, under ware potatoes and left fallow qualifies for the general support applicable in the northern regions, amounting to FIM 200/ha in subregions C2 and C2 North and FIM 400/ha and FIM 800/ha in subregions C3 and C4 respectively.

Table 24

1995

		Subregion					
		C1	C2	C2-Nord	C3	C4	Total
Area cultivated (ha)	In the reference period	242,112	404,846	60,868	121,464	19,612	849,502
	in 1995	226,069	355,549	42,387	61,126	8,784	693,915
Unit aid in 1995 (FIM/ha)	Authorized	0	200	200	400	800	
	Applied (1)	0	200	200	400	800	
Total aid in 1995 (FIM million)	Authorized	0	81 .1'	12 .2'	48 .5	15 .7	157 .4'
	Applied (2)	0	66 .7	7 .5	23 .2	6 .6	104

(1) Government Decision No 413/95 Article 8

(2) Aid allocated on a minimum of 3 hectares

Remarks:

The authorized ceilings on aid and production were not exceeded.

5. Other aid measures

This covers aid for the Skolt population, the "natural economy" and the "reindeer industry", amounting to FIM 22.7 million a year. This aid was not allocated in 1995.

III. AID FOR THE NORTHERN REGIONS ALLOCATED IN 1995

The aid for the northern regions allocated in 1995 is set out in the summary table below.

Table 27 Summary

Product	Nordic aid applied in 1995						Total eligible aid
	Subregion						
	C1	C2	C2North	C3	C4	Total	
Animal production							
Suckler cows	0.60	1.00	0.30	0.50	0.10	2.50	3.4
Male bovine animals	16.7	33.4	6.00	20.80	3.10	80.10	115.1
Heifers for slaughter	4.52	6.89	1.84	3.50	0.64	19.19	31.8
Ewes - she-goats	1.20	1.3	0.40	1.80	0.80	5.6	7.0
Swine	0	0	1.3	1.3	0.00	2.50	3.1
Poultry	0	0	0.3	0.20	0.00	0.50	0.8
Horses	0	0	0	0	0	0	0
Reindeer	0	0	0	9.04	20.1	29.14	36.6
Milk (1)	88.054	162.155	30.596	109.288	25.553	415.646	403.1
Transport of milk and meat (2)	0	0	0	8.3	1.30	9.6(3)	13.5
Total 1	111.074	206.745	40.536	154.828	51.593	564.776	614.4
Plant production							
Sugar beet	1.80	0.1	0.01	-	-	1.7	2
Potatoes for starch (3)	1.80	1.00	0	-	-	2.6	1.9
Barley, oats, mixed cereals	0	34.3	2.46	3.09	0.09	39.94	54.5
Other cereals and arable crops	0	0.97	0.05	-	-	1.02	2.2
Vegetables, flowers and plants under permanent shelter	0	0	0	0	0	0	0
Field-scale vegetables	0	0	0	0	0	0	0
Apples	0	0.001	0.000	0	0	0.001	0.001
Storage aid						5.65	15
Payment per ha UJA (pasture, set-aside, etc.)	0	86.7	7.5	23.2	6.6	104	157.4
Young farmers (4)	36.64	46.36	4.51	6.02	0.69	94.22	80
Other aids (5)						-	22.7
Total 2						249.131	335.9
GRAND TOTAL						813.907	950.3

(1) FIM 12.5 million will be recovered

(2) Of which 0.7 million for the transport of meat

(3) Overrun due to Reg. 1883/95

(4) Overrun to be accounted for

(5) Not applied in 1995

IV. PRICES FOR FRUIT AND VEGETABLES

According to figures provided by the Finnish authorities pursuant to Article 4(1)(d) of Decision 95/196/EC on producer price levels recorded on the national market, prices in 1995 were (around 18%) below those recorded during the reference period and there was no increase in overall support over the latter.

V. COMMUNITY AID MEASURES APPLIED

Community aid measures (market support, compensatory allowances and agri-environmental measures) applied in the northern regions in 1995 (see table below) resulted in no overrun for any product in the amounts set out in Annex VI to Decision 95/196/EC.

Table 28

FIM million

Community aids					
Zone	1. ANIMAL PRODUCTS	Market support (1)	Compensatory payment (2)	Agri-environmental measures	Grand total
		R.805/68 and 3886/92	under Reg. 2328/91	under Reg. 2078/92(3)	FIM million
		Total	Total	Total	
		FIM million	million	million	
C1	Suckler cows	4.93			
	Male bovine animals	45.070			
	Total	50.927	163.46	127.59	341.977
C2	Suckler cows	5.24			
	Male bovine animals	87.040			
	Total	93.432	282.83	220.779	597.041
C2North	Suckler cows	0.41			
	Male bovine animals	9.130			
	Total	9.524	31.55	24.628	65.702
C3	Suckler cows	0.34			
	Male bovine animals	13.20			
	Total	13.602	44.31	34.589	92.501
C4	Suckler cows	0.03			
	Male bovine animals	1.29			
	Total	1.325	5.84	4.559	11.724
Total	Suckler cows	10.95			
	Male bovine animals	155.61			
	Total	166.810	527.99	412.145	1,108.945
C1-C4	Dairy cows, other bovine animals				
	Total bovine animals				
C1-C4	Ewes, she-goats (4)	6.95	5.53	4.294	16.774
C1-C4	Horses (5)				
	Total 1	175.76	533.51	416.44	1,125.71

(1) For 1995: suckler cows: 1.096 FIM/head (175 ECU/head)
 Male bovine animals : 680 FIM/head (120 ECU/head)

(2) 1.007 FIM/LU

(3) 650 FIM/ha

(4) Ewes, she-goats : 24.2 ECU/head

(5) Finnish horses

Community aid					
Zone	2. Plant products	Market support	Compensatory allowance	Agri-environmental measures	Total
		R.1765/92	under Reg. 2328/91	under Reg. 2078/92	
		Total	Total	Total	
		mio	mio	mio	
C1	Cereals and other arable crops				
	- Barley, oats and mixed cereals	177.5			
	- Wheat, rye, malt barley and other arable crops	26.12			
	Total	203.62	229.542	95.056	528.218
C2	- Barley, oats and mixed cereals	120.30			
	- Wheat, rye, malt barley and other arable crops	5.25			
	Total	125.55	172.302	54.289	352.141
C2North	- Barley, oats and mixed cereals	8.5			
	- Wheat, rye, malt barley and other arable crops	0.20			
	Total	8.70	11.94	3.762	24.402
C3	- Barley, oats and mixed cereals	5.20			
	- Wheat, rye, malt barley and other arable crops				
	Total	5.2	7.136	2.249	14.585
Total	- Barley, oats and mixed cereals	311.50			
	- Wheat, rye, malt barley and other arable crops	31.57			
	Total	343.07	420.92	155.356	919.346
Autres cultures					
C1	- Potatoes for starch production	11.4	4.259	3.324	18.983
C2	- Potatoes for starch production	4.7	1.843	1.439	7.982
C1-C4	Sugar beet		3.348	2.771	6.119
C1-C4	- Field-scale vegetables		2.099	1.638	3.737
C1-C4	- Apples				
C1-C4	- Soft fruits				
C1-C4	- Other crops		60.300		60.300
	Total 2	359.17	492.768	164.528	1,016.466
	TOTAL 1+2	534.93	1,026.275(8)	580.967(7)	2,142.176

(8) Of which FIM 686.355 million borne by the Member State and FIM 339.82 million by the EAGGF.

(7) Of which FIM 290.63 million borne by the Member State and FIM 290.62 million by the EAGGF.

VI. SOCIO-ECONOMIC DEVELOPMENT IN THE NORTHERN REGIONS IN 1995 - IMPACT OF NORTHERN REGION AID MEASURES

1. Economic development of the northern regions

No assessment of economic development in the northern regions can be made in the first year of application. This Report concentrates on production figures and total support paid in 1995 compared with levels in the reference period as set out in the Decision on aid in the northern regions.

The final picture that emerges of economic development in agriculture will be clearer once statistics for 1995 have been finalized, after adjustments are made and by monitoring agriculture and horticulture following accession. Accordingly, in 1994 the Ministry of Agriculture and Forestry introduced a research programme called "MATEUS", one of the principal tasks of which is to provide information on the economic impact of accession to the EU. Some of the studies undertaken in the framework of MATEUS cover the following:

- adjustments due to the EU in Finnish agriculture in 1995-97 ,
- monitoring the development of prices and the effects of the system of aid for horticulture and adjustments in 1995-96,
- the adaptation of agriculture to the CAP,
- the effects of accession on agricultural areas where selected vertically integrated sectors are dominant,
- the importance of the animal feed industry having regard to the remoteness of the region and development measures,
- conditions of life in the country without the adjustments due to the EU,
- farmers' participation in the Finnish agri-environmental programme, reasons why farmers take part or not and the type of farmers concerned,
- monitoring of impact of Finnish agri-environmental programme.

2. Socio-economic situation and trends

The table below sets out certain socio-economic indicators outlining the situation and trends in the northern regions of Finland.

Table 29

Indicator	Northern Region		Finland
	Entire region	Rural area	
Population 31/12/95 (x 1000 inhabitants)	2,031	1,141	5,117
change 1970-95 (x 1000 inhabitants)	+ 65	-115	+ 518
forecast 1995-2030 (x 1000 inhabitants)	- 87	- 108	- 22
population density 31/12/95 inhab/km ²	7	5	15
Net migration 1993 (x 1000 inhabitants)	- 1	- 2	+ 8
Net migration 1994 (x 1000 inhabitants)	- 6	- 7	+ 3
Net migration 1995 (x 1000 inhabitants)	- 7	- 9	+ 3
Rate of population benefiting from infrastructure built by the municipalities			
31.12.85 %	66 %	50 %	76 %
31.12.95 %	71 %	56 %	80 %
Population over 64 as a percentage of the population in 1995	15 %	17 %	14 %
Unemployment rate in 1995 (%)	22 %	21 %	20 %
Number of jobs in agriculture and forestry: 1980	178,507	159,815	279,175
1993	102,086	91,567	162,181
% change	- 42 .8%	- 42 .7%	- 41 .9%
Number of jobs in the other sectors			
1980	687,322	339,260	1,942,964
1993	576,759	284,404	1,715,540
% change	- 14 .6	- 16 .2	- 11 .7

Migration from the northern regions to southern Finland has continued over recent years (- 14 000 inhabitants in 1993-95), this negative trend being more marked in rural areas (- 18 000 inhabitants in 1993-95). This trend is expected to continue in forthcoming decades (- 87 000 inhabitants over the period 1995-2030 according to national statistics for 1995). In 1995 the unemployment rate in the northern regions (22%) was higher than the national average (20%).

3. Current state of agricultural holdings and outlook

In 1995 there were 61 743 agricultural holdings in the northern regions (9% down on the previous year) (see Table 30). The greatest fall affected stockfarms and poultry holdings.

Table 30

	Number of holdings		Difference 94-95	
	in 1994	in 1995	holdings	%
Types of holding in the northern regions				
· dairy cows	26,155	24,232	- 1,923	- 7 .4
· bovine animals	7,505	6,569	- 936	- 12 .5
· swine	3,085	2,921	- 164	- 5 .3
· eggs and poultry	1,055	923	- 132	- 12 .5
· cereals	12,007	10,753	- 1,254	- 10 .4
· other	17,995	16,345	- 1,650	- 9 .2
Total	67,802	61,743	- 6,059	- 8 .9
Farm holdings in Finland	114,472	104,555	- 9,917	- 8 .7

It is estimated that by the year 2000, there will be a 25% fall in the number of holdings of at least five hectares' area.

4. Impact of aid on northern regions

The primary sector still provides a major share of employment in the northern regions and the success in offsetting job losses in agriculture by openings in other sectors of the economy plays an important role. Between 1980 and 1994, only 6% of job losses in agriculture were offset by other sectors in municipalities in the northern regions. This is clear evidence of the importance of northern region support (as of other types of support) in maintaining the population in the area, since it would be very difficult to create alternative employment in the region if agricultural activity were not maintained.

VII. EFFECTS OF AID GRANTED ON ENVIRONMENTAL PROTECTION AND THE PRESERVATION OF THE COUNTRYSIDE (AS PROVIDED FOR IN THE THIRD SUBPARAGRAPH OF ARTICLE 142(3) OF THE ACT OF ACCESSION)

In the northern regions of Finland, as moreover throughout the rest of the country, an agri-environmental programme has been applied pursuant to Regulation (EEC) No 2078/92 on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside.

Pursuant to Article 142, one of the objectives of the aid measures for the northern regions is to protect the environment and preserve the countryside, which was also one of the main objectives of Finland's pre-EU agricultural policy. In the decades prior to accession, the aim of the latter was to maintain both agricultural production and the population in rural areas, in particular in the northern regions. Rates of aid to agriculture varied with the severity of the natural handicaps besetting it. This policy has been continued with the adoption of Article 142 of the Act of Accession. Aid applied in the northern regions is intended to offset the high production costs occasioned by the short growth period and low yields and varies with the conditions specific to each region. Ceilings on production qualifying for aid have been set per subregion in order to prevent the transfer of production to areas where aid payable is higher. The regional ceilings and quotas prevent production rising in subregions, firstly because production not benefiting from support is totally unprofitable, and secondly because the aid is not linked to the actual quantity produced.

The table set out below gives a general overview of the area cultivated per subregion in Finland.

Table 31

Subregion	Number of holdings	Area cultivated ha	ha/ holding	Area of the subregion km ²	Area cultivated (%)
C4	720	8,905	12.37	71,393	0.1
C3	4,095	69,047	16.86	64,779	1.1
C2North	3,116	55,091	17.68	24,290	2.3
C2	26,303	534,846	20.23	67,788	7.9
C1	23,886	459,998	19.26	48,866	9.4
Sub-total 1	58,120	1,127,887	19.41	227,115	4.1
B	29,715	690,478	23.24	47,071	14.7
A	12,475	380,138	30.47	13,518	28.1
Sub-total 2	42,190	1,070,616	25.38	60,589	17.7
TOTAL	100,310	2,198,504	21.92	337,704	6.5

The conditions and restrictions governing support for the northern regions prevent any change in livestock production and any intensification of crop production, which could have undesirable consequences for the environment and the countryside. To sum up, support for the northern regions plays an important part in maintaining the countryside and the natural environment and provides an obstacle to excessive over-afforestation.

VIII. INTEGRATED ADMINISTRATION AND CONTROL SYSTEM (IACS)

Like other types of assistance to farmers, aid for the northern regions is administered and monitored by the information network which operates in Finland, comprising a centralized system at national and regional level and a decentralized system at municipal level.

The decentralized system provides data on most widespread forms of aid granted to farmers, i.e. national support applying to cultivated areas and livestock and CAP aid measures, subsidies for stockfarming (premiums for bovine animals, suckler cows, sheep and goats), the general scheme for agri-environmental support and compensatory allowances, while certain, less widespread aid measures are administered by the centralized system (e.g. additional aid for agri-environmental measures, afforestation, dried fodder, flax and hemp, and structural assistance). The Ministry of Agriculture's centralized system deals with accounting, statistics and markets.

IACS subsystems undertake the management of aid, non-food production and the administration and monitoring of quotas.

Aid applications are fed by farmers into the decentralized information system set up in all 455 municipalities. The system handles data on holdings, processes aid applications, calculates the aid and forwards the information to the centralized system, which carries out the requisite checks, selects the recipients for inspection and makes reports to the EU.

Checks conducted in 1995 on all types of production numbered 11 527 (13.2% of aid applications), of which 65% took place in the northern regions. 45.2% of the checks conducted throughout the country relate to crop production. In the northern regions, there were 438 cases of irregularities observed in respect of all types of aid and penalties applied (4.9% of cases checked).

IX. REQUESTS FROM FINNISH AUTHORITIES

On 5 December 1995 and 5 March 1996 the Finnish authorities forwarded a series of requests, supplemented later on 7, 15 and 25 October and 19 November 1996.

The proposals relate to the following.

1. Requests for amendments to Decision 95/196/EC

- (a) Limiting of northern region aid for cow's milk provided for Article 3(2)(c) of Decision 95/196/EC to reference quantity allocated pursuant to Article 4 of Regulation (EEC) No 3950/92⁸ after reallocation of unused reference quantities pursuant to the second subparagraph of Article 2(1) of that Regulation;
- (b) Increase in total aid for milk owing to more accurate estimate of distribution between areas P1-P4 of subregion C3;
- (c) Increase in quantity of milk qualifying for aid and in total aid in subregions C1-C3 to include SLOM quantity allocated in 1995 and 1996;

⁸ OJ No L 405, 31.12.1992, p. 1.

- (d) Change in quantities of poultrymeat and eggs produced during the reference period, together with adjustment of total aid recorded over the same period and amendment to Annexes to Decision 95/196/EC to distinguish between layers, pullets and chicks on the one hand, and broilers and other poultry on the other hand;
- (e) Allocation from 1997 of aid for storage for wild soft fruit (gathered berries) and wild mushrooms. Maximum aid: FIM 2 million/year;
- (f) Increase in total aid for young farmers (FIM 94 million/year instead of FIM 80 million/year laid down);
- (g) Increase in quantity covered and northern region aid allocated in respect of potatoes for starch production following the increase in the potato starch quota allocated to Finland.

2. Proposals for technical adjustments to Annexes II to VI to Decision 95/196/EC as a result in particular of inaccuracies and shortcomings in regional statistics

These concern:

- poultrymeat
- the SLOM quota for cow's milk
- production of potatoes for starch production
- ceiling on milk production and support
- support for young farmers
- agri-environmental aid, aid for potatoes for starch production and sugarbeet
- area under grazing, ware potatoes and land left fallow
- unit aid for other cereals and arable crops from the year 2000 on: FIM 800/ha instead of FIM 600/ha laid down (correction of typing mistake)
- adjustment of amounts in Annex VI to Decision 95/196/EC for Community aid for potatoes for starch production and sugarbeet following the approval of Finnish agri-environmental programme in autumn 1995.

3. Other requests

No application of reduction in aid for ewes and she-goats in 1996 owing to 1995 overrun in authorized production ceiling, which, given the very low prices for sheepmeat in Finland, would have adverse effects on production in the sector. The grounds for the request are that, on the one hand, the number of animals qualifying for the aid is below the limit laid down in Decision 95/196/EC and, on the other hand, the reduction in Community support expressed in national currency in 1996 is greater than the reduction due to the overrun in the authorized ceiling.

X. ADMINISTRATIVE INSTRUMENTS ADOPTED FOR THE IMPLEMENTATION OF COMMISSION DECISION 95/196/EC

1. Council of State Decision No 413/95 of 23 March 1995 on support in northern regions for agricultural and horticultural production (as amended by Decisions Nos 1006/96, 1435/95 and 225/96)
2. Ministry of Agriculture and Forestry Decision No 31/96 of 18 January 1996 fixing the maximum size of agricultural holdings for the purposes of payment of supplementary aid in 1995
3. Ministry of Agriculture and Forestry Decision No 32/96 of 24 January 1996 on the implementation in 1995 of aid for egg production
4. Council of State Decision No 223/96 of 28 March 1996 on additional premiums for suckler cows for 1995
5. Council of State Decision No 376/96 of 30 May 1996 on aid for horticulture for 1995

XI. CONCLUSIONS

Pursuant to Article 142 of the Act of Accession, the Commission authorized Finland by Decision 95/196/EC of 4 May 1995 to grant long-term national aid for agriculture in agricultural areas situated to the north of the 62nd Parallel and adjoining regions affected by comparable conditions rendering agricultural activity particularly arduous.

By that Decision, the Commission:

- (a) demarcated the areas taking account of low population density, the proportion of agricultural land in relation to the overall area and the proportion of agricultural land given over to arable crops for human consumption, and
- (b) fixed on the one hand, the unit aid and total aid ceiling not to be exceeded taking account of the difference in prices obtaining in the EU and in Finland prior to accession, degressive national aid authorized pursuant to Article 138 of the Act of Accession and Community aid (market aid, compensatory allowances, agri-environmental measures) and, on the other hand, the ceiling on production, any overrun in which will lead to a proportionate reduction in authorized aid in the following year.

As noted in this Report on authorizations granted and results achieved, which has been drawn up with a view to presentation to the Council on the basis of information provided by the Finnish authorities pursuant to Article 143(2) of the Act of Accession, the following points are clear:

1. In most product groups where aid was authorized in the northern regions, there was no overrun in 1995 in the level of production or support authorized.
 - Production was exceeded in respect of:
 - horses, for which there was no provision for aid in 1995;

- poultry, where an overrun in production was recorded and a reduction in proportion to the overrun recorded in 1995 must be applied in the aid authorized in 1996;
 - ewes and she-goats, where a reduction in proportion to the overrun recorded in 1995 should not be applied in the aid authorized for 1996, since the reduction in the aid due to the overrun in production was offset by the reduction in Community aid expressed in national currency.
- An overrun was recorded in the total aid authorized for milk without any overrun in the total quantity authorized. This overrun is due to higher production as compared with that laid down for certain sub-areas in subregion C3 and in subregions C2 and C2 North. This has led the Finnish authorities to apply a general reduction in the aid allocated in 1996 in order to recover amounts unduly paid in 1995.
 - A justified overrun in both production and total aid authorized in respect of potatoes for starch production, as a result of the Council's increasing the quota of potato starch production for Finland (Regulation (EC) No 1863/95).
2. All the aid measures were applied in 1995 except for aid for the Skolt population, the "natural economy" and the "reindeer industry".
 3. Producer prices for vegetables in Finland in 1995 were lower than in the Community. As a consequence, there is no reason to reduce northern region support for such products.
 4. Community aid measures (market aid, compensatory allowances and agri-environmental measures) applied per product were below the level used to fix the northern region aid authorized; as a consequence, their application results in no overrun in support applying before accession.
 5. Checks conducted by the Member State show that the aid has been applied properly.
 6. Aid granted plays an important role in protecting the environment and preserving the countryside and as a consequence it complies with the third subparagraph of Article 142(3) of the Act of Accession.

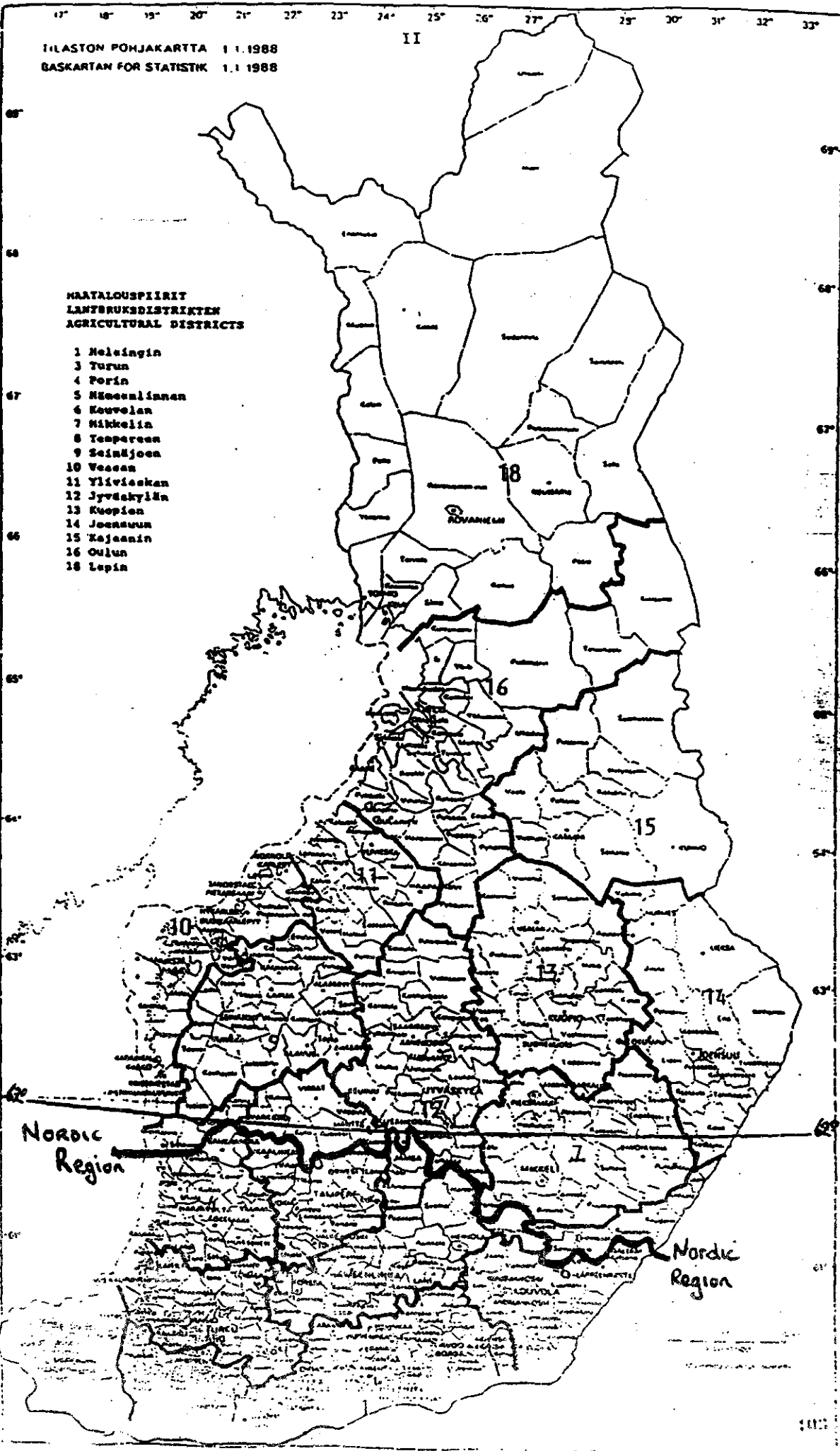
It emerges from the foregoing that, generally speaking, the Finnish authorities have correctly applied Decision 95/196/EC on aid in the northern regions. In the few cases where an overrun has been recorded in production or aid authorized, the aid must be reduced in accordance with the Commission Decision.

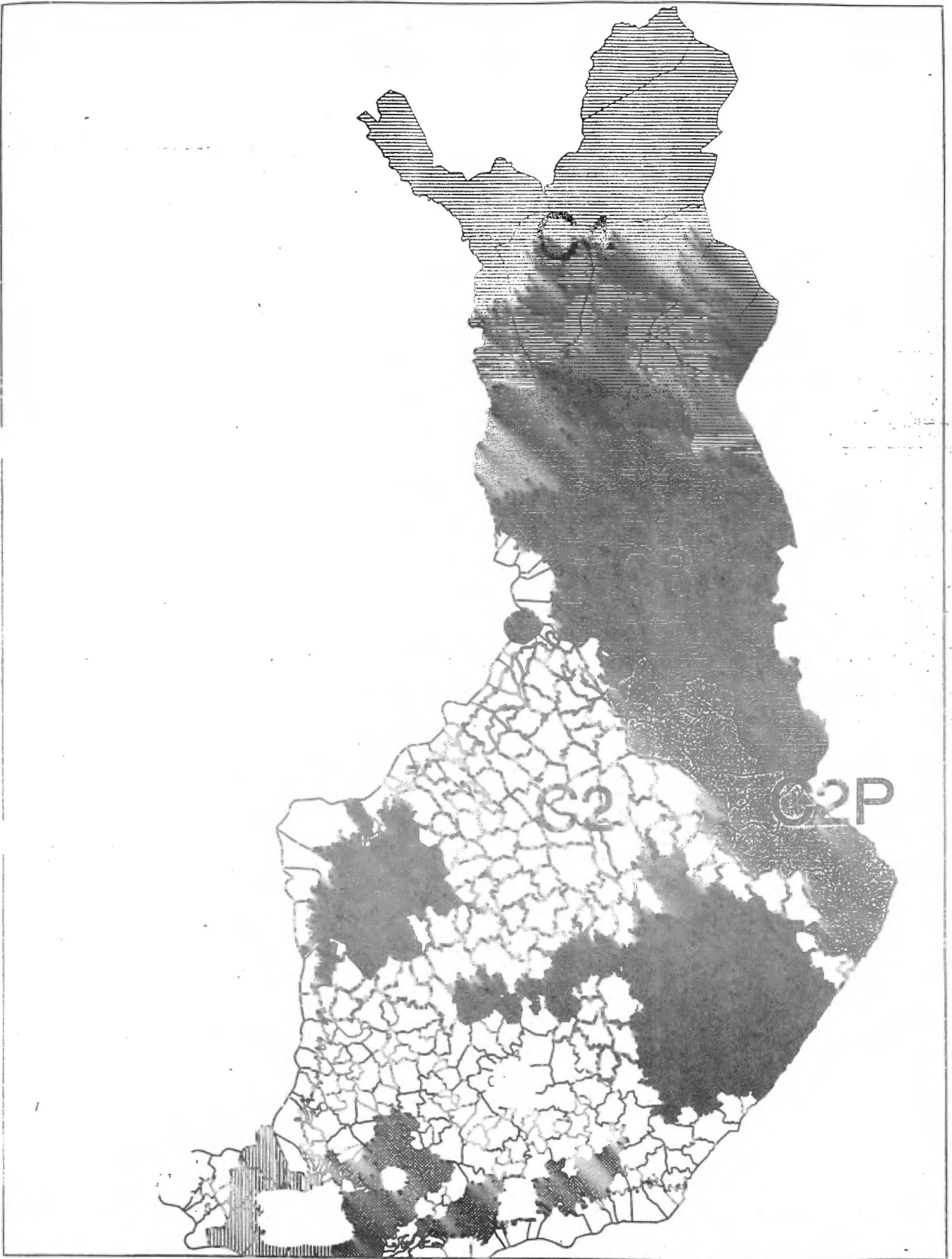
The Finnish authorities have proposed a set of amendments to Decision 95/196/EC, which the Commission is considering.

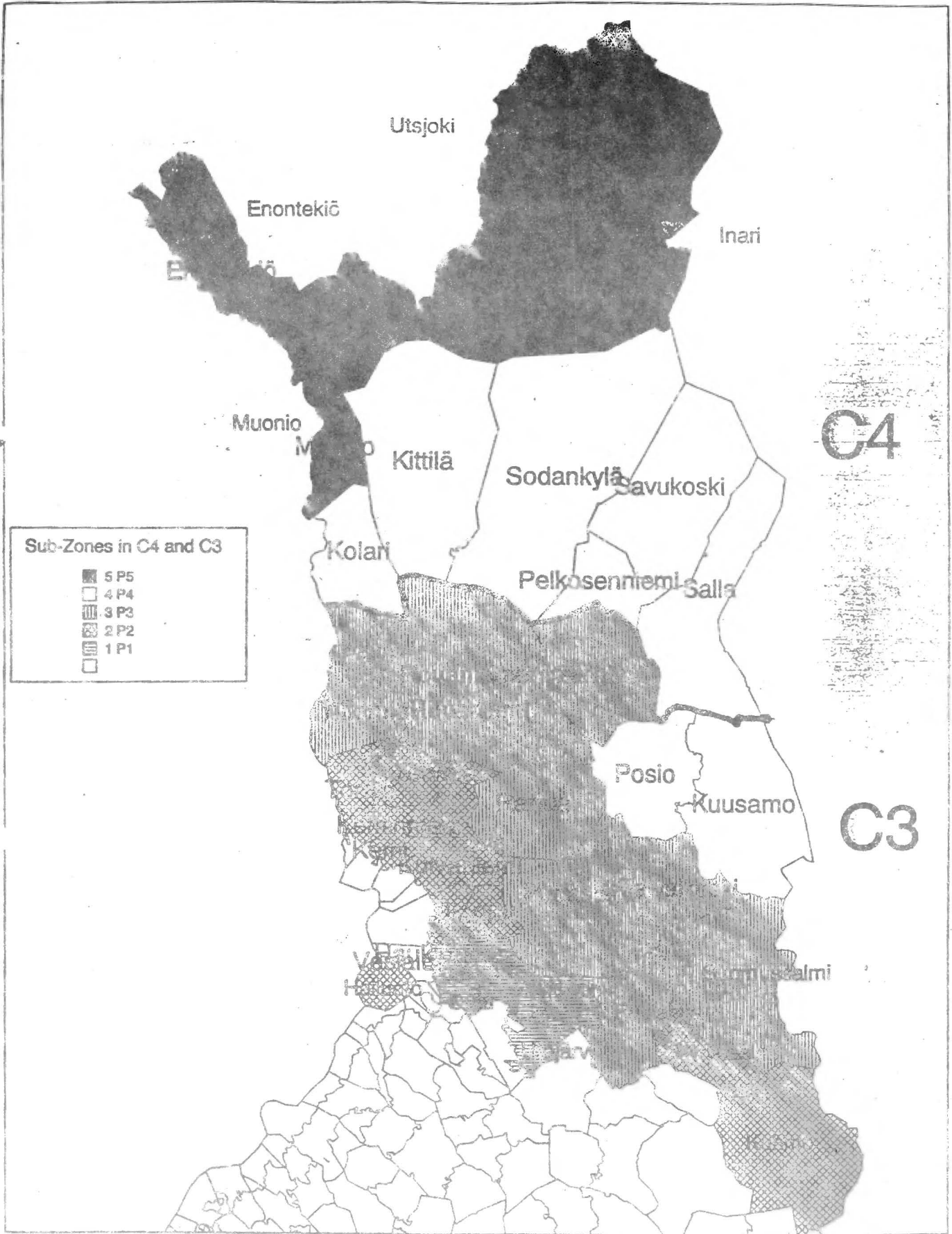
II
TILASTON POHJAKARTTA 1.1.1988
BASKARTAN FOR STATISTIK 1.1.1988

MAATALOUSPIIRIT
LÄNTYRUKSDISTRIKTEN
AGRICULTURAL DISTRICTS

- 1 Helsinki
- 3 Turun
- 4 Porin
- 5 Hämeenlinnan
- 6 Kouvolan
- 7 Mikkelin
- 8 Tampereen
- 9 Seinäjoen
- 10 Vaasan
- 11 Ylivieskan
- 12 Jyväskylän
- 13 Kuopion
- 14 Joensuun
- 15 Kajaanin
- 16 Oulun
- 18 Lapin







ANNEXE 4
FINLAND - Nordic Region - Article 142

Lääni-County name	Total Area km ²	Land Area km ²	Population 1990	Density H/km ²	U.A.A. eligible of which						
					"1990" ha	ha Total	% Total	North 62	Fulfilling 3 criteria	Isolated	Homogeneous area
UUSIMAA	10,254	9,905	1,248,041	126	221,909	0	0.0%	-	-	-	-
TURKU AND PORI	22,355	19,958	694,407	35	479,533	21,690	4.5%	13,981	-	-	7,709
ÅLAND ISLANDS	1,553	1,527	24,604	16	13,393	0	0.0	-	-	-	-
HÄME	20,699	19,230	715,340	37	308,304	35,722	11.6%	33,259	2,268	195	-
KYMI	12,708	10,784	342,629	32	163,440	32,173	19.7%	-	-	-	32,173
MIKKELI	19,887	16,346	208,225	13	122,286	98,138	80.3%	55,382	-	510	42,246
NORTH-KARELIA	22,355	17,783	176,836	10	119,174	119,170	100.0%	119,174	-	-	-
KUOPIO	20,028	16,509	256,781	16	169,550	169,550	100.0%	169,550	-	-	-
KESKI-SUOMI	19,212	16,232	252,815	16	121,485	110,823	91.2%	98,540	6,346	-	5,937
VAASA	26,985	26,018	457,557	18	452,403	452,403	100.0%	452,403	-	-	-
OULU	61,880	56,476	439,249	8	302,137	302,137	100.0%	302,137	-	-	-
LAPPI	99,854	93,058	200,694	2	75,330	75,330	100.0%	75,330	-	-	-
FINLAND	337,770	303,826	5,017,178	17	2,548,944	1,417,140	55.6%	1,319,756	8,614	705	88,065

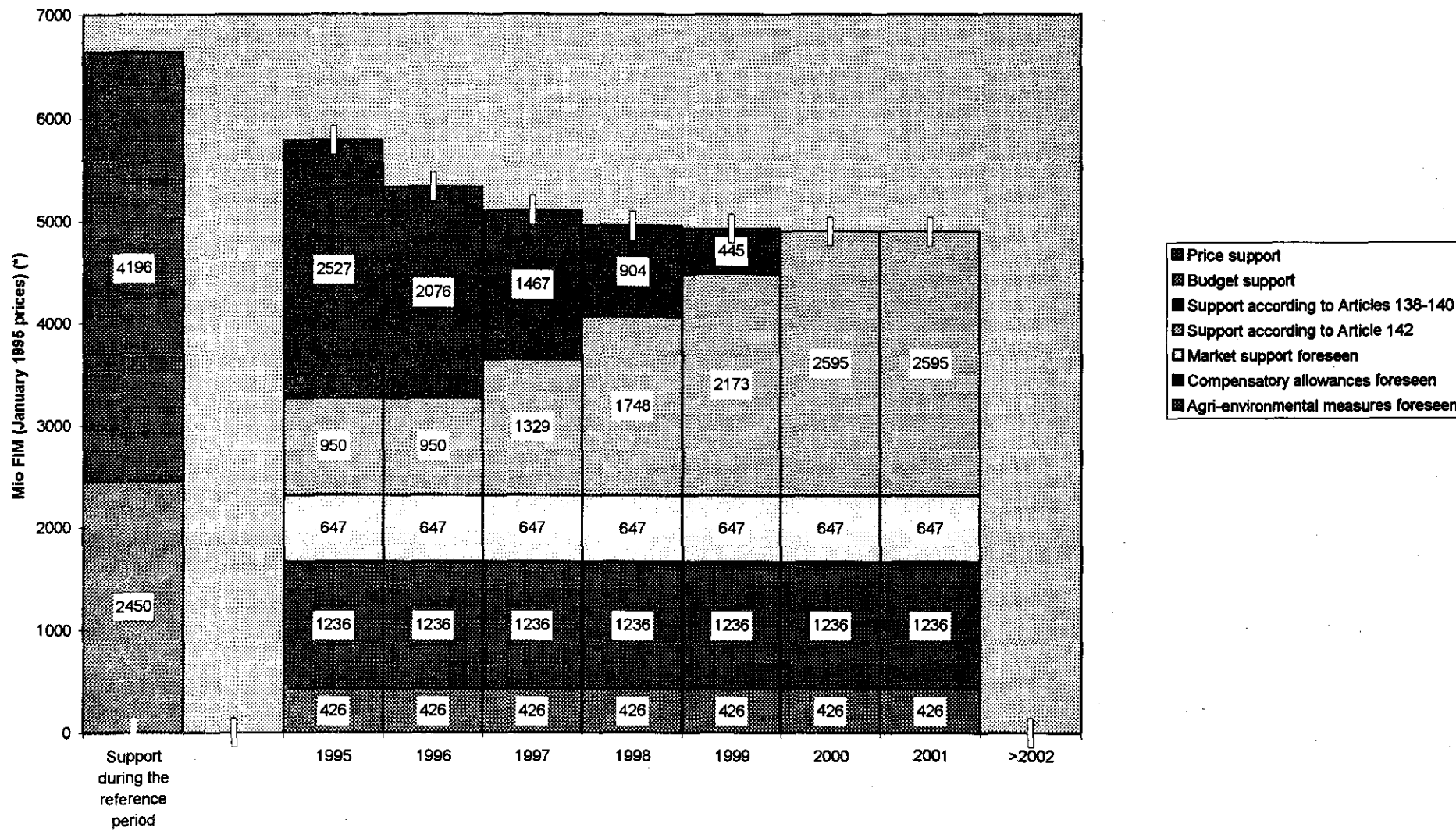
ANNEXE 5
Northern Aid (Article 142)
FINLAND

	Year (in mio FIM)						Year (in mio ECU)					
	1995	1996	1997	1998	1999	> 2000	1995	1996	1997	1998	1999	> 2000
- bovines:												
. suckler cows	3.4	3.4	10.3	17.2	24.1	31.0	0.54	0.54	1.63	2.73	3.83	4.92
. male bovines > 6 months	115.1	115.1	166.9	220.5	274.1	326.4	18.27	18.27	26.49	35.0	43.51	51.81
. heifers for slaughter	31.8	31.8	49.3	67.2	84.6	102.0	5.05	5.05	7.83	10.67	13.43	16.19
- milk	403.0	403.0	597.9	793.0	987.9	1183.2	63.97	63.97	94.90	125.87	156.81	187.81
- sheep/goats	7.0	7.0	9.2	11.5	13.7	16.0	1.11	1.11	1.46	1.83	2.17	2.54
- swines	3.1	3.1	68.8	134.5	200.1	265.7	0.49	0.49	10.92	21.35	31.76	42.17
- poultry	0.8	0.8	20.9	41.0	61.0	81.1	0.13	0.13	3.32	6.51	9.68	12.87
- horses	0	0	0	4.8	9.0	15.0	0	0	0	0.76	1.43	2.38
- reindeer	36.6	36.6	36.6	36.6	36.6	36.6	5.81	5.81	5.81	5.81	5.81	5.81
- milk and meat transport	13.5	13.5	13.5	13.5	13.5	13.5	2.14	2.14	2.14	2.14	2.14	2.14
Total a	614.4	614.4	973.4	1,339.8	1,704.6	2,070.5	97.5	97.5	154.50	212.67	270.57	328.65
- cereals and other arable crops												
. barley, oats and mixed cereals	54.5	54.5	54.3	54.5	54.5	54.5	8.65	8.65	8.65	8.65	8.65	8.65
. other cereals and arable crops	2.2	2.2	9.3	16.4	23.5	30.9	0.35	0.35	1.48	2.60	3.73	4.90
- potatoes for starch production	1.9	1.9	2.5	3.1	3.7	4.3	0.30	0.30	0.40	0.49	0.59	0.68
- sugar beet	2.0	2.0	3.4	4.8	6.2	7.6	0.32	0.32	0.54	0.76	0.98	1.21
- horticulture under perman. shelter	0	0	9.2	51.4	99.0	146.8	0	0	1.46	8.16	15.71	23.30
- field scale vegetables	0.2	0.2	2.1	3.1	3.9	5.1	0.03	0.03	0.33	0.49	0.62	0.81
- storage of vegetables	15.0	15.0	15.0	15.0	15.0	15.0	2.38	2.38	2.38	2.38	2.38	2.38
- payment per ha of UAA	157.4	157.4	157.4	157.4	157.4	157.4	24.98	24.98	24.98	24.98	24.98	24.98
- young farmers	80.0	80.0	80.0	80.0	80.0	80.0	12.70	12.70	12.70	12.70	12.70	12.70
Total b	313.2	313.2	333.4	385.7	445.3	501.3	49.71	49.71	52.92	61.22	70.68	79.57
- aid for Skolt Lapps, "natural economy" and "reindeer industry"	22.7	22.7	22.7	22.7	22.2	22.2	3.60	3.60	3.60	3.60	3.60	3.60
GRAND TOTAL	950.3	950.3	1,329.5	1,748.2	2,172.6	2,594.7	150.84	150.84	211.03	277.49	344.86	411.86

of

**ANNEX 6
DIAGRAMME
Evolution of support in the northern areas of Finland**

4h



(*) 1 green ECU = 7,0207 FIM
1 budget ECU = 5,8163 FIM

ISSN 0254-1475

COM(97) 162 final

DOCUMENTS

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Catalogue number : CB-CO-97-150-EN-C

ISBN 92-78-18352-0

Office for Official Publications of the European Communities

L-2985 Luxembourg