

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(89) 301 final

Brussels, 16 June 1989

Proposal for a
COUNCIL REGULATION (EEC)
amending Regulation (EEC) No 1277/84 laying down general rules
for the system of production aid for processed fruit and
vegetables

(presented by the Commission)

Comson

EXPLANATORY MEMORANDUM

Subject: Council Regulation (EEC) amending Regulation (EEC) No 1277/84 laying down general rules for the system of production aid for processed fruit and vegetables.

The aim of the above-mentioned regulation is to introduce two amendments to the regulation laying down general rules for the system of production aid in this sector.

The first of these measures relates to the laying down of a maximum ceiling for the levels of production aid which may be paid for tinned peaches and pears, in order to ensure that the production aid is not greater than the difference between the minimum price paid to the community grower and the price paid by competing third country processors for a comparable quality of raw material.

The second measure provides for the neutralising, by means of a system of monetary adjustment, of the monetary gaps which may arise during the course of a marketing year between the green rates and the market rates of the various Community currencies.

The aim of this system is to re-establish an element of competitiveness on Community markets and those of importing third countries.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 426/86 of 24 February 1986 on the common organization of the market in products processed from fruit and vegetables (1), as last amended by Regulation (EEC) No 1125/89 (2), and in particular Article 5(4) thereof,

Having regard to the proposal from the Commission,

Whereas the calculation of production aid pursuant to Article 5 of Regulation (EEC) No 426/86 must take account of the price in third countries; whereas, in order to assess that factor properly in the case of peaches and pears in syrup and/or in natural fruit juice, the farm-gate prices actually paid in the main producing and exporting third countries on the world market for raw material of a quality comparable to that of fresh Community products used for processing should be taken into account; whereas, however, when that price is recorded, the figures should be weighted on the basis of actual exports of finished products from the producing countries concerned on the world market;

(1) OJ No L 49, 27.2.1986, p. 1.

(2) OJ No L 118, 29.4.1989, p. 29.

Whereas currency movements of the different national currencies may, in the absence of specific monetary compensatory mechanisms for this sector, result in distortion between producers in certain Member States; whereas provision should be made, in accordance with a suitable decision-making procedure, for the possibility of using a system of monetary adjustment if this proves necessary to ensure normal conditions of competition;

Whereas Regulation (EEC) No 1277/84 should be amended accordingly (3),

HAS ADOPTED THIS REGULATION:

Article 1

The following paragraphs are hereby added in Article 3 of Regulation (EEC) No 1277/84:

"7. For peaches and pears in syrup and/or in natural fruit juice, the production aid calculated pursuant to the provisions of this Regulation may not exceed the difference between the minimum price paid to the Community producer and the price of the raw material in the main producing and exporting third countries.

(3) OJ No L 123, 9.5.1984, p. 25.

That latter price shall be determined on the basis of farm-gate prices actually applying to fresh products of comparable quality used for processing, weighted according to the quantities of finished products exported by those third countries on the world market.

8. The Commission may, in accordance with the procedure laid down in Article 22 of Council Regulation (EEC) No 426/86^{*}, introduce a system of monetary adjustment which takes account of the impact of actual exchange rates on the prices of the products in question in the various Member States.

^{*}OJ No L 49, 27.2.1986, p. 1."

Article 2

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

FINANCIAL STATEMENT

-EN ADD. (PTR A-522)

Date: 26 May 1989

1. Budget heading: 1512 Appropriations: ECU 226 million

2. Title: Amendment to Regulation (EEC) No 1277/84 laying down general rules for the system of production aid for processed fruit and vegetables

3. Legal basis: Article 5(4) of Council Regulation (EEC) No 426/86 of 24 February 1986

4. Aims of project: With a view to complying with certain undertakings which the Community entered into with certain non-member countries within the GATT, production aid for tinned peaches and pears must be limited to no more than the difference between the minimum Community price and the cost of the raw materials in the competing non-member countries.

	period of 12 months	current financial year (1989)	following financial year (1990)
5. Financial implications			
5.0 Expenditure			
- charged to the EC budget (refunds/intervention)	- ECU 26,7		- ECU 26,7
- national administration	million		million
- other			
5.1 Receipts			
- own resources of the EC (levies/customs duties)			
- national			
5.0.1 Estimated expenditure			
5.1.1 Estimated receipts			

5.2 Method of calculation:

	Peaches	Pears
Aid with current legislation	ECU 147,8/t	ECU 197,3/t
Aid after amendment	ECU 107,1/t	ECU 181,7/T

Calculation of lower expenditure compared with current regulations
 Peaches in syrup (147,8 - 107,1) x 582 000 t x 1,054 (DR) = ECU 25,0 million
 Pears in syrup (197,3 - 181,7) x 102 800 t x 1,054 (DR) = ECU 1,7 million
 The monetary adjustment system for production aid for peaches and pears in syrup and/or in natural juice has negligible impact on the budget.

6.0 Can the project be financed from appropriations entered in the relevant chapter of the current budget ? yes

6.1 Can the project be financed by transfer between chapters of the current budget ? yes/no

6.2 Is a supplementary budget necessary ? no

6.3 Will future budget appropriations be necessary ? yes

Observations:

1. As a guideline, appropriation requirements in the 1990 preliminary draft budget are:
 peaches in syrup : ECU 86,6 million
 pears in syrup : ECU 19,7 million

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