

Newsletter on the Common Agricultural Policy

Weekly

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The Common Market gets on with the practical work

With the introduction on 1 July 1967 of common prices for cereals, intra-Community levies now charged on cereals and cereal conversion products - pigmeat, poultry and eggs - at the frontiers between the six member countries will disappear, resulting in complete free trade in these products within the EEC. These first steps towards absolute free trade mean that after eight and a half years of transition the common market in one definite field is becoming a reality.

With the removal of intra-Community levies, a common protective levy will be introduced at the external frontiers: this will mean that in this respect too the Community will have reached its final form in one particular sphere. Production of the agricultural commodities in question by the Member States will then be protected from competition from non-member countries by a levy made up of two components, one representing the difference between EEC and world market prices, the other serving to protect processing and conversion industries, as well as ensuring a certain preferential treatment for Community production. Threshold prices will continue to apply to cereals and sluice-gate prices to the three grain conversion products.

Since in pursuance of the Council decision frontier barriers between the Member States must disappear in a few months, European agriculture is being offered the great opportunities and bright prospects of a free internal market which it should not ignore. Consumers too are beginning to view the common agricultural market in a new light since it is expected to bring with it a more appropriate location of production centres, keener competition and further improvements in quality.

Looking back over the years of the transition period, it can be seen that production and consumption of grain conversion products have already increased considerably in the Community as a whole. Farm incomes have grown in all Member States, particularly in France, where last year they even exceeded the forecasts. Since the introduction of the common agricultural policy, production of the three products in question has increased as shown in the table below.

EEC production of grain conversion products

(in '000 t. grain equivalent)

	1961	1962	1963	1964	1965
Eggs	6 405	6 625	6 915	7 350	6 900
Poultry	2 285	2 450	2 760	3 055	3 235
Pigmeat	13 995	14 890	14 660	15 415	17 150
Total	22 685	23 965	24 335	25 820	27 285
Index	100	106	107	114	120

Ushering in the last phase

The foundation for this forthcoming decisive step was laid by the Council decisions of 15 December 1964 on common cereal prices(+).

I. From 1 July 1967 the following single basic target prices were to apply in the Community.

	<u>Federal Republic of Germany</u>	<u>Belgium</u>
<u>Per ton</u>		
Wheat other than durum	DM. 425	Bfrs. 5 315
Barley	DM. 365	Bfrs. 4 560
Rye	DM. 375	Bfrs. 4 690
Maize	DM. 362.50	Bfrs. 4 430
	<u>France</u>	<u>Italy</u>
Wheat other than durum	FF. 525.5	Lit. 66 300
<u>Durum wheat</u>		
Minimum price guaranteed to growers	FF. 713	Lit. 90 480
Basic target price	FF. 615	
Maize	FF. 445.8	Lit. 55 556.80
Barley	FF. 449	Lit. 55 940
Rye	FF. 461	
	<u>Netherlands</u>	<u>Luxembourg</u>
Wheat other than durum	Fl. 384.63	Lfrs. 5 315
Barley	Fl. 330.33	Lfrs. 4 560
Rye	Fl. 339.38	Lfrs. 4 690
Maize	Fl. 328.06	Lfrs. 4 430

A minimum intervention price of DM 308 per ton will apply to maize throughout the Community.

The decision went far beyond a mere alignment of prices. It provided the necessary foundation for the beginnings of a common agricultural policy and a free internal market.

II. On 11 May 1966 further agreement was reached by the Council on measures necessary for the establishment of a free market. These were:

- (a) the attainment of free movement for both agricultural and industrial products within the Community;

(+) "Newsletter on the Common Agricultural Policy" No. 27, January 1965, with appendix on intervention prices and centres.

- (b) Regulation of receipts and expenditure of the European Agricultural Guidance and Guarantee Fund for the period from 1 July 1967 to 31 December 1969, the date on which the transition period laid down in the EEC Treaty comes to an end;
- (c) In principle the equalization of proceeds of customs duties after the institution of free movement of goods.

The following deadlines are envisaged by these Council decisions:

- (a) Free movement of agricultural products will be attained between 1 November 1966 and 1 July 1968 at the latest.
- (b) The common organization of the market for olive oil will come into effect and the common price for this product will be applied as from 1 November 1966. The common organization of the market in olive oil has actually got under way in the meantime - the first to do so.
- (c) Supplementary provisions for the common organization of the market in fruit and vegetables are to come into effect on 1 January 1967 together with common quality standards for fruit and vegetables marketed within the producing Member States.

The Council has already taken the necessary decisions under this heading.

- (d) The Council decisions of 15 December 1964 on cereals, pigmeat, eggs and poultry are to be implemented by 1 July 1967. By that date too,
 - (i) a start will be made with the first regulations for a future common organization of the market in sugar.
 - (ii) a common organization of the market in vegetable oils other than olive oil - colza, rape and sunflower - will come fully into effect, and
 - (iii) the criteria for a common policy on aids in agriculture will be applied.

III. The Council also took decisions with reference to the products - sugar, milk and milk products, rice, beef and veal - for which free markets remain to be set up, with a view to their establishment over the period between 1 July 1967 and 1 July 1968.

The most important agreements in principle in this sphere were reached by the Council on Commission proposals on 24 July 1966 (+).

A new approach to market organization necessary

Since 1 August 1962 there have been common transitional provisions and procedures governing the development of trade in cereals, pigmeat, eggs and poultry (++).

(+) "Newsletter on the Common Agricultural Policy" No. 9, August 1966

(++) Council Regulations Nos. 19, 20, 21 and 22 of 1962.

These must be replaced by 1 July 1967 by definitive forms of organization of a free market in agriculture. The Commission submitted the necessary proposals to the Council between the end of December 1966 and early January 1967.

The measures which will apply when the final aim of a common organization of these markets is attained will be very different from the transitional measures now in force. Up to now the existing market organizations in the Member States remained relatively free to depart from the basic Community provisions. This was possible partly because of varying agricultural price levels and was often even necessary because of varying conditions resulting therefrom. From 1 July 1967 however there will be a single market; there will no longer be any grounds for allowing individual Member States to take special divergent measures. In future the EEC agricultural market will have the features of a home market, which will necessitate stricter management than at present and intensified intervention to ensure its smooth working. The basic problems involved are the same for all the new regulations.

The EEC Commission has therefore submitted to the Council of Ministers a proposal concerning "the most important general problems relating to market organization in the final stage of the common market". Besides settling these general problems the proposal has other provisions dealing entirely with institutional and procedural matters. These may be summed up as follows:

1. Price fixing

With reference to the new market regulations the Commission proposes that prices be fixed in respect of individual products at a single point of time, namely by 1 August of each year. The procedure of Article 43 of the EEC Treaty will be followed, the Council acting after consultation with the European Parliament.

This procedure is however only to be used in the case of prices having political implications, i.e. prices on which the level of growers' incomes depends. In the Commission's proposal these are:

- (a) The basic target price and the basic intervention price for cereals and the quality standards for which these prices will be fixed.
- (b) The target price and intervention price for white sugar, the minimum price for sugarbeet and the quality standards for which these prices will be fixed.
- (c) The basic target price for slaughtered pigs. This price should serve in future as a basis for determining market intervention and fixing the producer price.

2. Import and export licences

Import and export licences will be required only for trade with third countries, at first for cereals only but later for sugar and possibly pigmeat. Their validity will extend to the entire area of the Community and will not be limited as hitherto to the territory of a single Member State.

3. Determination of levies

At the final stage of the common market uniform levies will apply to the entire Community and must be fixed at Community level. Since rapid decisions must often be taken in the case of cereals and sugar, the Commission proposes that it should itself be responsible for fixing levies on these commodities.

Hitherto the Commission's role has been limited to fixing the cif prices, the levies themselves being fixed by the Member States.

The Commission now suggests that it should itself fix the levies for pigmeat also, though in this case it would do so in co-operation with the Member States through the appropriate Management Committee.

4. Refunds

At present the Member States are free to fix their refunds on exports of the various products governed by common market organizations. The Community simply lays down certain general procedures and places an upper limit on the amount to be refunded. If distortions of competition between the six Member States are to be avoided, this freedom cannot be retained once the single market has been established. Any refund to be fixed must be a uniform one for the whole Community and must be binding on the individual Member States.

The level of refunds should be such as to allow EEC exports to meet international competition.

The uniform nature of the refunds does not necessarily exclude the possibility of some differentiation according to the destination of the exports. When these uniform compulsory refunds are fixed it must be possible to vary them at short notice. The Commission therefore proposes that the amounts of refund should be determined by the Commission itself through the Management Committee concerned. This would be done at regular intervals - once a week has been suggested in the case of cereals.

5. Grain conversion

Once the Community has laid down uniform export refunds it will no longer be possible for individual member countries to remain entirely free in making regulations on trade in conversion products with non-member countries.

6. Regulations in the event of shortages

The Commission has made proposals to the Council for measures to be taken for the benefit of consumers should there be a shortage of agricultural products listed in Annex II to the Treaty. This proposal has not been fully discussed by the Council. Each of the proposed regulations contains a provision allowing for the reduction of levies vis-à-vis non-member countries to meet situations of this kind.

7. Safeguard clause

In intra-Community trade the safeguard clause - which in essence is a ban on imports - must no longer be applied by the Member States individually but by the Community as a whole. In this connection the Commission proposed to the Council that the following be inserted in the protocol: "The Council agrees that the use of the safeguard clause must not conflict with existing international obligations".

The Commission will be charged with the application of the safeguard clause. It is, however, provided that the Commission must examine the relevant agreements and either decide on measures to be applied or reject the agreement; this decision may be brought before the Council. The time-limit within which the Commission must give a decision on agreements of Member States is two days in the case of cereals, sugar, fruit and vegetables and four days in the case of pigmeat, eggs and poultry.

Under the safeguard clauses hitherto in force, the Commission arrived at its decision after consultation with the Management Committee. However since Member States may not resort to safeguard measures in future, and since the Commission must reach a decision within a short space of time it is obvious that this obligatory consultation procedure can no longer be followed. Of course, if circumstances permit, the Commission can naturally make use of the procedure.

The Council of Ministers would then have a dual role in relation to the safeguard clause. In the first place it determines the methods of application, that is to say it establishes what measures the Commission can take and where possible also the criteria for assessing existing or threatened market disturbances. Secondly it can amend or overrule a Commission decision on an agreement signed by a member country.

8. Exceptions

Each of the market regulations hitherto in force includes an article which allows the Commission to waive the provisions of the relevant regulations. Experience has shown that it is very difficult to limit the field of application of this provision once it has been invoked. Owing to the somewhat hard-and-fast nature of several provisions in the basic regulations this is the article to which recourse was had most often in connection with the individual agricultural regulations. Since many considerations - legal and otherwise - can be put forward against the frequent use of this provision the Commission proposes that this article be deleted from the common market regulation.

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Some special provisions

Pigs

In its new form the market organization for pigs makes provision for the regulation of production of live animals and for market intervention in the case of pigmeat. Neither of these processes was customary under the market regulations hitherto in force, though the Council had decided in principle on such measures in 1962; their form must now be determined by the Council following the procedure laid down in Article 43 of the Treaty. They may take the form of support buying or subsidies for private stocks. Such compulsory measures are not arrived at automatically as the case with cereals and sugar. They are rather the result of a Community decision, based in part on the fact that prices are at or below the basic price, and partly on an overall assessment of the market situation for which criteria will be laid down by the Council.

Expenditure of the European Agricultural
Guidance and Guarantee Fund

With the establishment of a single market together with the necessary market-regulating machinery and the amendments proposed by the Commission within the framework of the Council agreement of 15 December 1964 it becomes necessary to supplement or revise certain provisions regarding expenditure by the European Agricultural Guidance and Guarantee Fund. The Commission will consider these questions at a later date and submit proposals to the Council.

Drafts of the new basic regulations

With a view to the application of single prices for cereals, pigs, eggs and poultry and the planning of common market organizations the Commission placed the following draft regulations before the Council:

Draft regulation on the common organization of the market in cereals; draft regulation on transitional measures with a view to the application of common cereal prices.

The transitional measures, which apart from the transition from 1966/67 to the 1967/68 marketing year will only apply for a short time, have been set out in a separate regulation since they must be adopted in 1967 before the forthcoming basic regulation to prevent speculation.

Draft regulation on the common organization of the market in pigs and pigmeat.

Draft regulations on the common organization of the market in eggs and poultry. These last two proposals were only submitted to the Council in the second half of January and are therefore not considered in this report.

Draft regulation on certain measures concerning the common organization of the market in sugar for the 1967/68 marketing year.

Proposed regulation on the progressive establishment of a common organization of the market in sugar.

The two sugar proposals were submitted to the Council at the same time. It was evident that it would be difficult to plan the regulation of the sugar market for the 1967/68 marketing year unless the final market regulation were adopted at the same time, all the more so since the final market regulation must be approved by the Council by 1 July 1967 for technical reasons connected with sugar production.

Draft regulation on a common organization of the market in cereals

Article 1

The common market organization for cereals shall comprise provisions governing prices and trade and shall apply to the following products:

<u>Common customs tariff No.</u>	<u>Description of goods</u>
a) ex 10.01	Wheat (other than durum) and meslin
10.02	Rye
10.03	Barley
10.04	Oats
10.05	Maize
10.07	Buckwheat, millet, canary seed and grain sorghum; other cereals
b) ex 10.01	Durum wheat
c) 11.01 A	Wheat or spelt flour
11.01 B	Meslin flour
ex 11.01 C	Rye flour
ex 11.02 A I	Wheat groats and meal
d)	The products listed in Annex A to the present regulation.

Title I - The price system

Article 2

1. The following prices shall be determined for the Community before 1 August each year and shall apply to the marketing year beginning the following year:
 - (i) one basic target price for each of the following: wheat other than durum, durum wheat, barley, maize and rye;
 - (ii) individual basic intervention prices for wheat other than durum, durum wheat, barley, rye, and - unless Article 4(2) is applied - maize;
 - (iii) a guaranteed minimum price for durum wheat.

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2. The prices shall be fixed for a standard quality which will be determined for each type of cereal mentioned.
3. The basic target price and the basic intervention price shall be fixed for Duisburg-as the wholesale purchase price, ex taxes, delivered storehouse, not unloaded.

The guaranteed minimum price for durum wheat shall be fixed for Palermo at the same stage and on the same conditions as the basic target price.

4. The prices mentioned in this Article and the corresponding quality standards shall be determined in accordance with the procedure laid down in Article 43(2) of the Treaty.

Article 3

For all products listed in Article 1 the marketing year shall begin on 1 August and shall end on 31 July of the following year.

Article 4

The following arrangements shall be made:

1. Fixing of a basic intervention price and of derived intervention prices for wheat other than durum, durum wheat, barley, maize and rye.
2. Only one derived intervention price will be fixed for maize.
3. The intervention prices for wheat other than durum, durum wheat, barley and rye shall be valid from 1 August to 31 May of the following year. From 1 June to 31 July the intervention prices shall be applied which will be valid for the month of August of the following marketing year.

Article 5

Individual Community threshold prices shall be fixed for wheat other than durum, durum wheat, barley, maize and rye in such a way that the selling price of the imported product on the Duisburg market corresponds with the basic target price, allowance being made for differences of quality.

Article 6

For the target, intervention and threshold prices, monthly increases shall be fixed for the whole or part of the marketing year.

Article 7

Throughout the marketing year, the intervention agencies to be designated by the Member States shall be under an obligation to purchase at the intervention price any cereals offered to them that are listed in Article 4 and were harvested in the Community.

Article 8

The intervention agencies shall grant transitional compensation for stocks of wheat other than durum, barley, rye, maize and durum wheat existing

at the end of the marketing year from crops in the Community, provided they exceed a specified minimum quantity.

For each of these types of cereal the transitional compensation shall not exceed the difference between the basic target price of the last month of the marketing year and the basic target price of the first month of the new marketing year.

Article 9

If the intervention price for durum wheat valid for Palermo is lower than the guaranteed minimum price, a subsidy shall be granted in respect of that part of durum wheat production which has been marketed. Throughout the marketing year this subsidy, which shall be uniform for all Community-grown durum wheat, shall equal the difference between the guaranteed minimum price and the above-mentioned intervention price at the beginning of the marketing year.

Article 11

Imports from and exports to non-member States of the products referred to in Article 1 shall in all cases be subject to presentation of an import or export licence issued on application of the party concerned. These licences shall be valid throughout the Community.

Article 12

1. A levy shall be imposed on imports of the products listed in Article 1 a), b) and c) which for each product shall be equal to the difference between the threshold price and the cif price.

The levy to be imposed on hybrid maize coming under heading 10.05A of the common customs tariff shall, however, be limited to the amount resulting from the application of the rate of duty bound in GATT.

2. The cif prices shall be calculated for Rotterdam on the basis of the most favourable offers on the world market, which shall be determined for each product on the basis of the quotations or prices ruling on that market; these quotations or prices shall be adjusted to take account of any variations in quality from the standard for which the threshold price is fixed. Variations in quality shall be expressed by coefficients of equivalence.
3. Where free quotations on the world market are not a determining factor in the offer price and where such offer price is lower than the international quotations, the cif price shall, in the case of the imports in question only, be replaced by a special cif price to be determined in relation to the offer price.
4. The provisions for implementing this Article and more particularly the coefficients of equivalence and the detailed instructions for calculating the cif prices shall be worked out in accordance with the procedure laid down in Article 24.
5. The levies mentioned in this Article shall be fixed by the Commission.

Article 13

1. A levy shall be applied to imports of the products listed in Article 1 d); it shall be made up of two components:
 - A. A variable component, which may be determined and revised on a flat-rate basis,
 - (a) corresponding, in respect of products manufactured from the basic products listed in Article 1 a), to the incidence on the prime cost of these products of the levies on the basic products entering into their manufacture; the resulting amount shall be revised according to variations in the levies applicable to the basic products;
 - (b) fixed, in respect of products not containing basic products listed in Article 1 a), on a basis which takes into account the market conditions for those products listed in Article 1 which are competitive with them;
 - B. A fixed component, determined according to the need for protecting the processing industry.
2. Where effective offers from third countries of the products referred to in Article 1 d) are not made at prices represented by the price of the basic product entering into their composition increased by manufacturing costs, an additional amount, determined in accordance with the procedure laid down in Article 24, may be added to the levy fixed in accordance with paragraph 1 of this Article.
3. On a proposal of the Commission the Council shall, by the voting procedure laid down in Article 43(2) of the Treaty, adopt the necessary arrangements for application of this Article.
4. The levies mentioned in paragraph 1 shall be fixed by the Commission.

Article 14

1. The amount of levy to be charged shall be the amount applicable on the day of import.
2. However, in the case of imports of the products named in Article 1 a) and b), the levy applicable on the day the application for the import licence is lodged, adjusted according to the threshold price obtaining at the expected date of import, shall, at the request of the party concerned, be applied to imports to be effected within the term of the licence, such request to be presented on application for the same. In this event there shall be added to the levy a premium determined at the same time as the levy.
3. The provisions of paragraph 2 may be extended in whole or in part each of the products listed in Article 1 c) and d) by the procedure laid down in Article 24.

4. On a proposal of the Commission the Council shall, by the voting procedure laid down in Article 43(2) of the Treaty, adopt the necessary provisions for fixing the premium rates and determining the measures to be applied in special circumstances and in the event that imports are not effected in the month for which they were scheduled.
5. The premium rates shall be fixed by the Commission.

Article 15

1. In order to permit exports of the products listed in Article 1 in the form mentioned therein or in the form of goods within the meaning of Annex B of this regulation, on the basis of quotations or prices ruling on the world market for the first-mentioned products, the difference between such quotations or prices and Community prices may be covered by a refund on export.
2. The refund shall be the same throughout the Community. It may vary according to the destination of the product exported. Refund of the amount determined shall be effected upon application.

Proposal by the EEC Commission on the remodelling of the common organization of the market in pigmeat

The EEC Commission's proposal for a regulation on the remodelling of the common organization of the market in pigmeat may be summarized as follows:

1. This regulation is intended to replace Regulation No. 20 applicable so far and is to enter into force on 1 July 1967.
2. It covers the same tariff heading as Regulation No. 20; the essential new elements are measures designed to regulate production, and a market intervention system.
3. Measures designed to regulate production may be taken for domestic pigs and pedigree animals for breeding purposes (headings 01.03 A I and II).
4. Market intervention measures may cover pigmeat [carcasses or sides, hams, shoulders, loins, bellies (streaky)] and solid outer pig fat.
5. Before 1 August of every year a basic price will be fixed for slaughtered pigs (standard grade) to become effective on 1 November. By taking into account the sluice-gate price and the levy this price is calculated in a way as to contribute to the stabilization of prices without leading to the building up of structural surpluses.
6. Market intervention takes place if on the markets of the subsidized areas the price for slaughtered pigs has fallen to the basic price or lower and is expected to remain at that level. Intervention is discontinued when the price on the corresponding markets is again higher than the basic price and will probably stay at that level.

The intervention agencies purchase at a price which must not be lower than 90% of the basic price.

7. The sale of products purchased by the intervention agencies is effected in a way to avoid any disturbance of the market and to offer equality of access and treatment to all buyers.
8. On a proposal of the Commission the Council will adopt general provisions governing aid to private stocking.
9. Imports into the Community of products falling under this market organization will be subject to a levy fixed regularly in advance for a period of three months.
10. The amount of the levies on slaughtered pigs is made up of:

- (a) a component corresponding to the incidence on feeding costs of any difference in feed-grain prices between the EEC and the world market.

In fixing the levies to become effective from 1 November, 1 February and 1 May, account will be taken of the trend of feed-grain prices on the world market provided there has been a minimum deviation.

- (b) a component equal to 7% of the average sluice-gate prices effective during the four quarters preceding 1 May of each year. This component will remain the same throughout the year.

The levies on the products under headings ex 02.01 B II, ex 16.01 A and ex 16.02 A II of the common customs tariff will be limited to the amounts bound under GATT.

11. If there are substantial price increases on the Community market and if this situation is liable to continue and to lead to disturbances of the market, the necessary measures may be taken.
12. Sluice-gate prices will be fixed in advance for a period of three months. The sluice-gate price for slaughtered pigs will take into account:
 - (a) the world market price of the feed-grain required for the production of one kilogramme of pigmeat in third countries,
 - (b) a standard amount covering the remaining feeding costs and the general production and marketing costs.

Apart from slaughtered pigs, sluice-gate prices will be fixed only for certain products.

13. When the offer price falls below the sluice-gate price, an additional amount will be charged equal to this difference. For products for which there are no sluice-gate prices a system of pilot and assimilated products may be introduced. If an additional amount is fixed for a pilot product, the levy on the assimilated product may also be increased by an additional amount. This additional

amount may vary according to the offer prices. No additional levy will be applied to imports from countries which undertake to respect the sluice-gate price. Import licences may be required for all imports to which additional amounts do not apply.

14. In order to permit exports to countries outside the Community, refunds may be granted equalling the difference between prices in the EEC and on the world market.
15. For certain products the Council may prohibit recourse to processing traffic practices (rules governing the processing of products imported from third countries and intended for export to third countries).
16. The levies provided for in this regulation will replace the duties of the common customs tariff.
17. In the case of serious disturbances of the market suitable measures may be taken with regard to trade with third countries until the disturbances have been overcome.

The Commission will determine these measures at the request of a Member State or on its own initiative. They must be carried out by the Member States immediately. The Member States may refer the Commission's decision to the Council within three working days.

18. A Management Committee for pigmeat will be set up and will consist of representatives of the Member States with a Commission chairman.
19. The levy and the sluice-gate price will be fixed for the first time for the period 1 July to 31 October 1967. The basic price will also be fixed for the first time for the same period.
20. Should transitional measures be necessary they will be applied up to 31 July 1968 only.

Commission proposal for transitional arrangements leading to a common market in sugar.

Proposed regulation on the establishment of a common organization of the market in sugar.

On 23 December the EEC Commission submitted to the Council its proposals for transitional arrangements leading to a common market in sugar and for the organization of the common market in sugar. The Council will discuss them for the first time towards the end of January.

These proposals are outlined below.

A. Proposal for transitional arrangements, effective from 1 July 1967 to 30 June 1968.

1. In the 1967/68 sugar year the Member States will not increase the difference between the prices valid in the 1966/67 sugar year and the amount of 21.23 u.a. per 100 kg.
2. Every Member State will impose a levy on imports equal to the difference between the offer price and threshold price.
3. Imports of non-denatured sugar will be effected against an award following a call for tender.
4. Member States may grant a refund on exports into other Member States to an amount not exceeding the difference between the threshold price of the exporting country and the lowest threshold price in the EEC, increased by a standard amount for marketing.
5. On exports to third countries a refund may be granted equal to the difference between the prices of the exporting countries and the prices quoted on the world market.
6. In order to support the price of sugar the Member States may take intervention measures so that sugar can be used for feed purposes; they may grant denaturing bonuses and pay subsidies for the manufacture of certain products by the chemical industry.
7. The Member States will ensure that in 1967/68 sugar production does not exceed a specified quantity; otherwise the losses resulting from the sale of the surplus quantity will have to be borne by the sugar manufacturers and the sugar-beet growers.
8. The Council of Ministers shall for each country determine the maximum quantity of sugar which may be carried over to the marketing year beginning on 1 July 1968. This quantity will be apportioned among producers, manufacturers and traders.

9. For the period 1 July 1967 to 30 June 1968 the Member States may grant the same subsidies as in the 1966/67 marketing year; higher rates are not allowed.
- B. Proposal for the establishment of a common organization of the market in sugar:
1. The market organization will cover beet and cane sugar, sugar beet, molasses, syrups, and synthetic honey.
 2. For the area with the largest surplus in the Community a target price will be determined for white sugar before 1 August of each year; this price will apply to the sugar year beginning on 1 July of the following year and shall refer to a specified standard quality excluding packing, ex works, ex tax, loaded on a means of transport chosen by the buyer.
 3. An intervention price for white sugar will be fixed annually for the area with the largest surplus, and derived intervention prices will be determined for other areas.
 4. For areas where intervention prices for sugar are applied, a minimum price will also be fixed for sugar beet.
 5. The Member States will refund the storage costs for white sugar and cane sugar, manufactured from sugar beet or sugar cane grown in the EEC. They will collect a charge from each sugar manufacturer, this charge being the same throughout the Community.
 6. Throughout the sugar marketing year, the intervention agencies will purchase sugar produced in the EEC at the intervention price.
 7. Denaturing bonuses may be granted.
 8. A bonus will be paid for sugar used in the chemical industry.
 9. All imports into and exports from the Community are subject to licensing.
 10. Threshold and cif prices in the Community shall be fixed annually for white sugar, cane sugar and molasses.
 11. A levy will be charged on imports into the EEC.
 12. Where the cif price is higher than the threshold price, a levy may be applied on exports and a subsidy may be granted on imports.
 13. A refund may be granted on exports to third countries.
 14. The levies will replace the customs duties of the common customs tariff.
 15. In the case of serious disturbances of the market, measures may be taken with regard to trade with third countries until the disturbance or threat of disturbance has ceased.

16. The Member States will fix a basic and a maximum quota for each sugar factory.

The basic quantities are as follows:

Germany	1 750 000 t	white sugar	
France	2 400 000 t	"	"
Italy	1 230 000 t	"	"
Netherlands	550 000 t	"	"
BLEU	550 000 t	"	"

These provisions apply till 1975.

17. Quantities manufactured in excess of the maximum quota must not be marketed in the EEC, nor will there be any refund on export.
18. For the quantity of sugar exceeding the basic quantity up to the maximum quantity, the Member States will impose a production charge on the factory, which in turn may impose a charge upon sugar-beet growers.
19. A Management Committee will be set up for sugar.
20. This regulation will enter into force on 1 July 1968.