

Supplement to

BULLETIN

of the European Economic Community

N° 12 - 1963

**EXECUTIVE SECRETARIAT OF THE COMMISSION
OF THE EUROPEAN ECONOMIC COMMUNITY**

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Measures to establish a common price level for cereals

Explanatory Memorandum on the Commission's proposals to the Council
(Submitted on 4 November 1963)

1. A proposal to establish a common price level for cereals is put forward below by the Commission. It contains two basic elements :

a) From the marketing year 1964/65 onward the Council would establish on a proposal of the Commission basic target prices to be applicable to durum and other wheat, rye, barley and maize throughout the Community. The basic target prices would be between the highest and lowest basic target prices fixed by the Member States for the 1963/64 marketing year. The basic target price for wheat other than durum would be DM 425 per metric ton. Thereafter the Council, on a proposal of the Commission, would fix basic target prices before 1 August each year, starting by 1 August 1964 for the 1965/66 marketing year; its decision would have to be reached by unanimous vote during the second stage and by qualified majority thereafter.

b) During the transitional period any damage suffered by farm incomes in some Member States as a result of harmonizing cereal prices in a single operation would be fully compensated by such immediate measures as might be appropriate.

After the end of the transitional period these compensatory measures would be replaced by measures taken within the framework of "Community plans to improve the standard of living of the agricultural population", the first of which is to come into force in 1966.

The compensatory measures would be financed by the Community under the conditions laid down in paragraph 23 below.

Consequently, expenditure by the Member States in respect of drawback on exports of cereals, pigmeat, eggs and poultry to non-member countries and intervention on the home market in cereals would from the 1964/65 marketing year onwards be financed entirely by the Agricultural Guidance and Guarantee Fund.

The various reasons behind the Commission's proposal are given below.

1. ESTABLISHMENT OF A COMMON PRICE LEVEL FOR CEREALS IN A SINGLE OPERATION WITH EFFECT FROM THE 1964/65 MARKETING YEAR

2. The level at which the Community is to fix cereal prices under the common agricultural policy is of great significance for the Community's development and its relations with other countries. If the current situation in the Community is analysed, it becomes clear that a solution of this important problem must not be postponed any longer, but that it can be used constructively to stimulate the internal and external development of the Community.

3. The following considerations have led to this view :

a) Domestic

The establishment of a common price level for cereals in a single operation will not only be a decisive advance towards consolidation of the Community but will also help to ease the domestic situation in the Member States, where the annual negotiations on the gradual alignment of cereal prices constitute an element of political disquiet within the various countries.

b) Agricultural

Not until the common price level for cereals has been finally fixed will the outline of economic conditions be definite enough for a clear direction to be given to the adaptation and conversion that will in any case have to be carried through in the agriculture of all Member States. Protracted uncertainty about the level of farm prices, particularly cereal prices, in the Common Market makes it more difficult for farmers to make their medium-term plans and may lead to misinvestments that make it even harder to effect the requisite adaptations.

c) Commercial

The definitive establishment of the cereal price level gives the Community a chance to show in concrete form that its intention

is not to pursue a policy of high prices under the common agricultural policy, which could lead to self-sufficiency, but to maintain reasonable opportunities for imports from non-member countries.

The fate of the coming GATT negotiations obviously depends on whether agreement can be reached on the treatment of farm products. A lasting solution of this issue that will satisfy both importing and exporting countries can be achieved only if a long-term balance is struck between production and demand for the most important products on a world-wide basis, and the negotiations will consequently centre on the production policy and therefore the price policy of the Contracting Parties.

The establishment of common cereal prices will enable the Community to take an active part in and make a positive contribution to these negotiations.

4. Once a common price level is fixed, it will also simplify considerably the procedure for joint organization of the markets in various products. In intra-Community trade it is not only the levy on cereals that will disappear but also, in the case of all processed products, that part of the levy hitherto based on the differences in cereal prices among the Member States. What remains of the levy in intra-Community trade in livestock products and products processed from cereals will then to all intents and purposes be merely specific duties, and these will automatically be reduced in the course of the transitional period. Similarly, refunds in intra-Community trade will disappear — and with them many difficulties that beset intra-Community trade in the processed products in question. The drawback granted on exports to non-member countries can be made uniform.

5. On the other hand a gradual reduction in each year of the transitional period in the difference between the highest and lowest target prices would make no change in the current procedure by which the common organization of markets is introduced, in the political disquiet felt in the various countries and in most of the difficulties experienced by farmers when making their medium-term investments for adaptation and conversion, even if the cereal price level to be aimed at in the Community for the end of the transitional period were laid down by Council decision before 1 January 1964.

6. One reason why this solution is unrealistic is that, in an expanding economy

where all the factors affecting prices — supply and demand at home and on world markets, costs, wages and so on — are constantly changing, it is impossible to fix prices for a point several years ahead and then work towards them in annual stages. Particularly in the case of prices which, like cereal prices, occupy a key position with respect to price levels in an important branch of the economy — agriculture and food — wrong decisions could affect the whole economic situation.

7. These considerations show that the Common Market can most effectively be made a reality and the Community can best contribute to the harmonious development of world trade if the common price level for cereals is fixed from the 1964/65 marketing year on.

The Commission therefore proposes that by 1 January 1964 the Council should fix common target prices for durum and other wheat, rye, barley and maize for the 1964/65 marketing year. Subsequently the Council would, on a proposal of the Commission, review these target prices before 1 August each year, starting by 1 August 1964 for the 1965/66 marketing year; its decision would have to be reached by unanimous vote during the second stage and by qualified majority thereafter.

8. The operation of the common organization of the cereal market once there are common basic target prices for durum and other wheat, rye, barley and maize requires that the Council shall act, on a proposal of the Commission, to expand or amend Council Regulation No. 19 in connection with provisions covering the following:

a) In the interests of producers, intervention prices must be fixed in order to prevent market prices from falling below a certain level. These prices must be graduated according to regions: basic intervention prices will be fixed for the areas with the largest deficit, and derived intervention prices will be fixed for the other areas under cultivation by reference to the current cost of transport to the nearest area of largest deficit. The areas of largest deficit are the areas embracing the marketing centres of Rotterdam, Amsterdam, Veghel, Terneuzen, Duisburg, Cologne, Brussels, Liège, Ghent and Antwerp, and the area of southern Italy (including the islands), with the marketing centres of Reggio di Calabria, Messina, Catania, Palermo, Cagliari and Olbia;

- b) The fixing of quality standards for target and intervention prices;
- c) The fixing of the additions and deductions to intervention prices which would offset differences in quality;
- d) Uniform arrangements for monthly graduation of prices;
- e) Uniform arrangements for fixing threshold prices for cereals for which no target price has been fixed;
- f) A uniform procedure for determining intervention prices;
- g) The special situation on the durum wheat market will necessitate producer subsidies.

II. LEVEL AND STRUCTURE OF COMMON PRICE LEVEL FOR CEREALS

9. The level of target prices for 1964/65 will be determined primarily by the consideration that price alignment must not lead to any dangerous extension of acreage under cereals in the Community. The forecast development of cereal production and consumption in the EEC is that total cereal import requirements, which averaged about ten million metric tons over the years 1956/57 to 1958/59, may be of the same order of magnitude in another ten to twelve years if — as in the past ten years — there is no change in the acreage under cereals in the Community. An assessment of the possible effects of price alignment at a level between the highest and the lowest current level in the Community on the acreage under cereals in the various member countries gives the following results:

A reduction of cereal prices in Germany will hardly cause acreage under cereals to be cut back. In Italy, any reduction in the acreage under wheat will presumably be offset by an increase in the area under maize and perhaps barley. Higher cereal prices in the Netherlands, Belgium and Luxembourg could hardly induce any expansion, since the use already being made of the available farmland is close to the optimum. In France, however, there are still an estimated 1.6 to 2 million hectares of land in reserve which could be sown if prices rise too high, but this need not be expected — according to various surveys — as long as producer prices in France do

not go up more than 12%. The target price for wheat in Chartres, in the area with the largest surplus in France, was fixed at FF 452 per ton (DM 366 per ton) at the beginning of the 1963/64 marketing year. Other things being equal, an increase of about 9% would bring it up to FF 493 per ton (DM 400 per ton). Under a regional price system, it is true, there would be rather higher target prices in the growing area in north-western France; but as the acreage under cereals in this region has already attained the economic optimum, no extension of land under cultivation is to be expected. In some parts of central and eastern France, on the other hand, where the biggest land reserves are situated, the price increase will be lower than in the Chartres area; on the whole, then, an increase of the target price for wheat in Chartres to FF 493 (DM 400) per ton should not lead to any dangerous extension of land under cereals in France.

As transport costs from Chartres to the area with the largest deficit in the north-west of the Community (see paragraph 8a) are about DM 25 per ton, the basic target price for wheat other than durum would have to be fixed at DM 425 per ton to ensure that surplus wheat can be moved from the Chartres area.

10. The target prices for barley, rye, maize and durum wheat are fixed in the light of the supply situation and the probable trend in consumption of the various cereals. The Community has a growing need for coarse grains (particularly barley and maize), whereas there is a tendency for more rye and wheat other than durum to be produced than can be sold inside or outside the Community. If the price relationship between barley and wheat other than durum provided a further incentive for farmers to sow the latter, there might be surplus production of it in some Member States. Under the common organization of the market in cereals, any such surplus would have to be bought up at the intervention price and sold after denaturing as coarse grain on the internal market. Under Regulation No. 25 the cost of this would have to be borne by the Agricultural Guidance and Guarantee Fund. The price relationship must therefore be fixed in such a way as to prevent this from happening.

Table 1 below shows the basic target prices, basic intervention prices and threshold prices for those cereals for which target prices are fixed; they are to apply for specified standards of quality at the beginning of the 1964/65 marketing year.

TABLE 1

Basic target prices, basic intervention prices and threshold prices at the beginning of the 1964/65 marketing year

National currency per metric ton

	DM	FF	Lit.	Bfrs. Lfrs.	Fl.
<i>Wheat other than durum :</i>					
Basic target price	425	524.36	66 406	5 312.5	384.63
Basic intervention price	395	487.54	61 719	4 937.5	357.48
Threshold price	420	518.39	65 625	5 250.0	380.10
<i>Rye :</i>					
Basic target price	375	462.85	58 594	4 687.5	339.38
Basic intervention price	350	432.00	54 688	4 375.0	316.75
Threshold price	370	456.68	57 813	4 625.0	334.85
<i>Barley :</i>					
Basic target price	370	456.68	57 813	4 625.0	334.85
Basic intervention price	345	425.82	53 906	4 312.5	312.23
Threshold price	365	450.51	57 031	4 562.5	330.33
<i>Maize :</i>					
Basic target price	375	462.85	58 594	4 687.5	339.38
Basic intervention price	350	432.00	54 688	4 375.0	316.75
Threshold price	370	456.68	57 813	4 625.0	334.85
<i>Durum wheat :</i>					
Basic target price	500	617.14	78 125	6 250.0	452.50
Basic intervention price	470	580.11	73 438	5 875.0	425.35
Threshold price	495	610.96	77 344	6 187.5	447.98

Table 2 shows the basic intervention prices and the derived intervention prices to be applied from the beginning of the 1964/65 marketing year at important marketing centres in the Member States, compared with the intervention prices fixed for the same centres by the Member States at the beginning of the 1963/64 marketing year.

11. The broad effects that will follow in the various Member States from the fixing of cereal prices at this common level will be (1):

In the Federal Republic of Germany all cereal prices (durum and other wheat, rye, barley and maize) will fall; the basic intervention price will be 11-15% lower than in the 1963/64 marketing year.

In Luxembourg wheat prices will fall 16%, rye prices 7.5%.

Italian wheat prices will go down; those for wheat other than durum will be about 11% below the 1963/64 level. Prices for coarse grain (maize and barley), on the

(1) The prices quoted are the intervention prices; the change in market prices and producer prices will not necessarily be the same.

TABLE 2

Intervention prices at the beginning of the 1963/64 and 1964/65 marketing years

In DM per metric ton

	Wheat other than durum		Rye		Barley		Maize		Durum wheat	
	1963/64	1964/65	1963/64 (1)	1964/65	1963/64 (1)	1964/65	1963/64 (1)	1964/65	1963/64	1964/65
GERMANY (F.R.) :										
Duisburg	442.50	395.00	402.50	350.00	383.50	345.00	—	350.00	—	—
Passau	427.50	368.99	387.50	323.99	368.50	318.99	—	323.99	—	—
LUXEMBOURG :										
Mersch (1964/65)	444.00	382.68	401.76 (2)	377.68	323.20	332.68	—	337.68	—	—
BELGIUM :										
Brussels (1964/65)	388.80	395.00	300.80	350.00	323.20	345.00	—	350.00	—	—
NETHERLANDS :										
Rotterdam (1964/65)	372.27	395.00	269.75 (3)	350.00	300.06 (3)	345.00	—	350.00	—	470.00
FRANCE :										
Lille	346.68	389.33	265.58	344.33	282.92	339.33	323.75	344.33	—	—
Chartres	346.68	374.74	265.58	329.74	279.68	324.74	306.25	329.74	—	—
Toulouse	346.68	362.23	265.58	314.59	286.16	309.59	305.04	314.59	423.98	452.69
ITALY :										
Reggio Calabria	419.20	395.00	382.47 (4)	350.00	263.79	345.00	254.51	350.00	547.20 (5)	433.52
Reggio Emilia	400.00	357.92	382.47 (4)	298.11	263.79	293.11	254.51	312.92	531.20	—
Rome	409.60	368.32	382.47 (4)	314.63	263.79	309.63	254.51	323.32	531.20	451.13

(1) For 1963/64 in the Netherlands, Luxembourg and Italy, intervention prices are estimated at 93 % of the target prices.

(2) Applies only to milling quota.

(3) Excluding the acreage subsidy for sandy soils (DM 193 per hectare), equivalent to DM 55 per ton for barley (3.5 t/ha) and DM 64.30 per ton for rye (3 t/ha).

(4) Target price and intervention price derived from threshold price.

(5) Intervention price includes producer subsidy of DM 25.60 per ton in Calabria and Sicily and DM 41.60 per ton in Sardinia.

other hand, will rise, and this will affect the price of livestock products. In the area with the largest surplus (Reggio Emilia) intervention prices for maize will go up 23% and those for barley 15%, though the rise in market prices will be lower since they were often unduly high in 1963/64.

All cereal prices will increase in France and the Netherlands. In France the 1964/65 prices for wheat other than durum will be 8% up on 1963/64, those for barley 16% and those for maize 1%. In the Netherlands the rise will be some 6% for wheat and 15% for barley.

Wheat prices in Belgium will not rise much (about 2%); barley prices will go up about 7% both here and in Luxembourg.

III. MEASURES TO ATTAIN THE AGRICULTURAL OBJECTIVES OF THE TREATY

A. COMPENSATORY MEASURES

12. Within the Common Market, the gradual elimination of customs duties and quantitative restrictions will itself gradually bring about a common level of prices for non-agricultural products. For some important agricultural products, however, basic target prices are fixed annually by the Council, so a common price level will depend on decisions to be taken by the Council. Now if, for the reasons adduced above, common basic target prices for cereals are, in the interest of the Community, fixed in a single operation for the 1964/65 marketing year, it would seem advisable that during the transitional period compensatory measures under Articles 42 and 43 of the Treaty should be applied to offset the reduction in farm incomes that will occur in those Member States where cereal prices are considerably reduced at one stroke (Germany, Italy and Luxembourg).

13. Why compensation will be needed

a) The medium- and long-term investments made by farmers in past years, mostly with borrowed capital, were based on calculations of amortization and interest based on the present level of prices.

b) The level of farm prices, in the context of the economy as a whole corresponded to a certain level of prices for producer goods. These prices, which are of great

significance for farm incomes since they determine the level of operating costs, will reach a common level only with the gradual realization of the common market.

c) Any assessment of farm incomes must take account not only of the current price level but also of the social security systems applicable to the agricultural sector in the various Member States. At the moment considerable divergences persist. Harmonization of social provisions in the agricultural sector is to be brought about gradually.

d) Existing differences between competitive positions in the production and marketing of agricultural products can only be removed gradually.

e) In agriculture, as in other sectors, the common market means that the structure of production, demand and prices will no longer be the same as they had been in the national markets. Farmers must adapt the organization of their businesses to new conditions. This will take some time. In many cases it is not possible to speed up the process of adaptation; in others it will require additional investment.

f) Apart from these economic considerations, it would be contrary to the spirit of the Treaty (Article 2) and the objectives of the common agricultural policy [Article 39 (1 b)] if the establishment of a common agricultural market were to cause any appreciable reduction of farm incomes in one part or another of the Community.

Calculation of the loss of income

The Council, acting on a proposal of the Commission, will determine the amount (expressed in units of account) of the income lost during the 1964/65 marketing year as a result of reduced cereal prices in Germany, Italy and Luxembourg.

15. The calculation will be made on an overall basis for the agriculture of the Member States concerned; the following points will be taken into account:

a) The average quantities of cereals, pigs, eggs and poultry sold over several years;

b) The amount by which the average producer prices for wheat other than durum and, where appropriate, for barley, rye, oats, maize and durum wheat are expected to fall in 1964/65 below the 1962/63 level as a result of measures decided by the Council in connection with the establishment of the common level of cereal prices;

c) The amount of the fall or rise in average producer prices for pigs, eggs and poultry to be expected in the Federal Republic of Germany and Italy respectively following the alignment of coarse-grain prices in the Community;

d) The saving or higher costs for agriculture resulting from cheaper or dearer feedingstuffs following the alignment of cereal prices in the Member States concerned.

16. The estimated reduction of farm incomes in certain member countries due to a common level of cereal prices being fixed is shown in Table 3.

As these are measures to offset the effect on farm incomes of the fall in cereal prices, they should not be substituted for efforts already made by the Member States to improve farm incomes but should supplement them.

On the other hand, the fact that the compensatory measures may be in the form of contributions to improve social benefits or of subsidies to increase productivity or to promote rationalization in agriculture in no way restricts Member States' freedom of action in these fields. The same applies in the case of subsidies to growers of durum wheat — up to the amounts and in accordance with the arrangements fixed by the Council.

TABLE 3

Reduction of farm incomes in certain member countries caused by the fixing of a common level of cereal prices

Million units of account

Effect on incomes of :	Germany (F.R.)	Italy	Luxembourg
Alignment of wheat and rye prices	— 50	— 84	— 0.7
Alignment of barley and maize prices, including effect on pig, egg and poultry prices	— 115	+ 59	—
Saving or higher costs on purchase of feedingstuffs	+ 25	— 40	— 0.2
Overall effect on income	— 140	— 65	— 0.9

Implementation of the compensatory measures

17. The compensatory measures may take any of the following forms :

a) Direct payments to farmers who suffer a loss of income owing to the fall in cereal prices;

b) Contributions to improve social benefits available exclusively to farmers and their families;

c) Subsidies to increase productivity and for rationalization in agriculture;

d) Subsidies to growers of durum wheat — the arrangements by which they should be granted to be decided by the Council on a proposal of the Commission.

The fact that these aids include measures to improve social benefits for the farming population (such as government subsidies to old-age pension funds) will promote the attainment of the objectives set out by the Commission in its action programme for social policy in agriculture; in accordance with these objectives, measures relating to social policy in agriculture are given priority over similar measures in branches of the economy for which the Treaty makes no provision for a common policy.

Conditions for making direct payments

18. Member States which decide to make direct payments must observe the following principles :

a) Direct payments are to be made in cash once a year to farmers whose incomes are reduced by the fall in cereal prices:

b) Such payments must not be tied to the price of certain agricultural products or producer goods; the scale according to which total payments are allocated to the various farms entitled to assistance must be clear and simple; it must be in line with statistics valid for a period before 31 December 1963;

c) It must be possible in certain circumstances to compound the payments, e.g. for rationalization, for the afforestation of marginal land or to enable farmers to leave the land and set up in some other occupation; as this is in accordance with the aim of stimulating progress in agriculture and helping to solve long-term problems with the aid of direct payments, the terms on which the latter can be compounded should be made so favourable that there is an incentive to utilize this means of raising capital.

Sums for compensatory measures and direct payments

19. These compensatory measures can be applied during the transitional period only; during this time the Member States concerned should expend on compensatory measures each year the sum by which farm incomes are reduced (see paragraphs 14-16).

From 1970 on, the compensatory measures will be replaced by measures taken under Community plans to improve the standard of living of the agricultural population, which will apply throughout the Community. In each of the Member States concerned this group of measures must offer safeguards for employment and living standards in agriculture comparable with those provided by the compensatory measures in 1969, account being taken of any adaptations that prove possible and of the requisite specialization.

20. The sum that can be paid out direct under these compensatory measures must be reduced by stages, for the following reasons:

a) During the transitional period, further progress will be made in establishing a common market in other sectors affecting farm incomes (e.g. prices for producer goods, wages, competition on agricultural markets, transport rates, taxes and charges), so assistance intended to offset differences in these sectors will gradually lose its importance;

b) During the transitional period much necessary conversion and adaptation will be carried out on farms; these developments have been placed on the right lines thanks to the early decision on the level of farm prices in the EEC [see paragraph 3 (b)] and will be encouraged by subsidies as part of the compensatory measures and by the possibility open to farmers to compound direct payments; after 1966 in particular they will be further stimulated by measures under the Community plan to improve the standard of living of the agricultural population (see paragraph 25), which will be taken by the Member States with financial assistance from the Community;

c) Moreover, it can be expected that the structure of the economically active population will continue to change in the years to come.

21. The rate at which direct payments are discontinued will be determined by the following considerations:

a) The first three years after cereal prices fall must be regarded as an initial stage; any necessary conversion of farms must be made and any measures to be taken by Member States or the Community in the agricultural or other sectors must be introduced during this stage;

b) By 1970 at latest, however, there must no longer be any discrimination between producers in the Community (Article 40 (3) of the Treaty).

22. Consequently,

i) In the first three years (1964, 1965 and 1966) direct payments made by each Member State concerned under the compensatory measures may not exceed the reduction in farm incomes in that State, as calculated in accordance with paragraphs 15 and 16;

ii) This maximum will be reduced gradually in each Member State over the following three years until in 1969 it is only two-thirds of the original total; it is once again stressed that this in no way restricts the right of Member States to grant compensation in one or more of the forms specified in paragraph 17 (b-d).

Financial contribution of the Community

23. In a resolution passed on 28 March 1963 (Document No. 19) the European Parliament stated its view that "if the future price level adversely affects the income of

certain farmers, the latter should be assured of a fair income by the operation of the common agricultural policy as a whole and in particular by the granting of Community subsidies on a regional basis”.

The alignment of cereal prices in a single operation is a measure intended to consolidate the Community within and strengthen its position in the coming international negotiations (see paragraph 3), so it is logical for the compensatory measures to be financed from the Community budget.

As the first Community plan starting in 1966 provides specifically for financial contributions from the Community to supplement similar financial measures by the Member States, the contribution of the Community to the compensatory measures should be gradually reduced from 1967 until it is only two-thirds of the original figure in 1969. The financial contributions received by the Federal Republic of Germany, Italy and Luxembourg from Community funds under the first Community plan should be at least equal to the amount by which their financial contributions to the compensatory measures are reduced.

24. Now if the Community assumes responsibility for the loss of income on farms which will occur in some of the Member States as a result of the measures to establish a common level of cereal prices with effect from the 1964/65 marketing year, it would be legitimate to lay down that the Community shall take over in full other financial burdens resulting from the common organization of the market in cereals and the other products which depend on these cereals. It is therefore proposed that from the 1964/65 marketing year on expenditure by Member States in respect of drawback on exports of cereals, pigmeat, eggs and poultry to non-member countries and in respect of intervention on the domestic market in cereals shall, notwithstanding Article 5 (1) of Council Regulation No. 25, be financed completely by the Agricultural Guidance and Guarantee Fund.

B. COMMUNITY PLANS TO IMPROVE THE STANDARD OF LIVING OF THE AGRICULTURAL POPULATION

25. One of the main aims of the Treaty and of the common agricultural policy in particular is to ensure a fair standard of living for the agricultural population. At the moment, however, living standards and

incomes in large sections of the Community's agricultural population compare unfavourably with those in other economic sectors. The development of the Common Market will everywhere help to increase prosperity in agriculture; above all, the extra purchasing power of consumers will enable farmers to dispose at economic rates of their expanding production. The requisite adaptation — particularly the continual improvement of agricultural productivity — is in progress in all Member States. As regards progress in productivity, agriculture is not lagging behind the other branches of the economy, but the disparity in living standards and incomes between agriculture and other sectors can only be narrowed rapidly enough if the current rate of progress is stimulated by certain specific measures. From 1966, therefore, the Council is to draw up, on a proposal of the Commission, Community plans to improve the standard of living of the agricultural population.

These plans must take account of the following points:

a) Among the agricultural population there are wide disparities in living conditions and incomes, and Community action must seek to deal in particular with those points where they are so serious as to endanger the harmonious development of the Community;

b) The problems facing agriculture in a rapidly expanding industrial economy vary greatly from region to region, depending on whether farms are in centres of industrial concentration or in areas where the general economic structure is underdeveloped. In the latter case, lasting improvement in the conditions in agriculture can only be obtained under a development plan covering the whole economy of the regions concerned;

c) The living standards of the agricultural population depend not only on the income per head derived from farming but also on social conditions. At present all Member States ensure, under schemes which form part of their social arrangements, the transfer to the agricultural population of a portion of the national income — but the extent to which this is done varies widely from country to country.

26. The Community plans should therefore comprise the following forms of action:

a) Measures to improve farm incomes in areas where structural conditions are unfavourable;

b) Special programmes covering certain classes of farm in a particularly unsatisfactory economic and social situation (hill farms, farms that are too small or too far from a market);

c) Improving social service schemes as they affect farmers;

d) Direct subsidization of incomes in accordance with Community rules; this must not be tied to specific products.

27. The income of farms in areas where the general economic structure is underdeveloped can only be improved by means of co-ordinated financial assistance with a view to recasting the economic structure both inside and outside agriculture. In these areas, then, the measures referred to in paragraph 26 (a) will include:

i) Improving the conditions in which farm products are produced and marketed;

ii) Stepping up vocational training and the advisory services for agriculture;

iii) Enlarging farms that are too small;

iv) A supplementary old-age insurance scheme for farmers who leave the land but are too old to take up a new livelihood;

v) Converting farm land to non-agricultural purposes;

vi) Providing training and retraining facilities for younger farmers who wish to take up an occupation outside farming;

vii) Creating jobs outside agriculture;

viii) Improving infrastructure, including schools.

28. Social policy in agriculture is an important means of ensuring that farmers have an adequate standard of living. At present the level of social benefits for the farming population varies considerably among the Member States. With the development, under the common agricultural policy, of common organizations for the various markets and the fixing of a common price level, economic conditions in agriculture are coming steadily closer to those obtaining on a domestic market, so priority will have to be given to measures of social policy in agriculture. The measures envisaged by the Commission in its action programme for social policy in agriculture will therefore have to be speeded up and pushed through with vigour.

29. If the measures detailed in paragraph 26 (a, b and c) are not sufficient to bring about a lasting improvement in living standards on farms throughout the Community

in good time, they must be reinforced by the grant of direct income subsidies to certain sections of the farming population on conditions applying to the whole Community and laid down according to the procedure specified in Article 43.

30. A distinction must be made between those general conditions that must be met whenever such a subsidy is granted and the specific conditions that may differ with each of the subsidies approved by the Council. The general conditions will be as follows:

a) Income subsidies must not be tied to the price of specific agricultural products or producer goods;

b) They must be allocated according to a scale that can be applied without administrative difficulty;

c) Recipients must have the option of compounding them on terms to be laid down by the Council on a proposal of the Commission;

d) They may be granted only to a limited class of farmers, particularly to those benefiting from measures taken concurrently in accordance with paragraph 26 (a or b) as part of the Community plan;

e) They may be granted only for a period laid down in advance, which shall not exceed four years.

In each case the subsidies granted can be extended by an extra four years, but due regard must be had to any adaptations that prove possible and to the requisite specialization, any improvement in agricultural productivity and any progress in the realization of the common market in those sectors that have a lasting effect on the income and living standards of the farmers concerned.

31. The Community will make financial contributions to help implement any measures which the Member States enact under the Community plan. The size of the contribution and the conditions governing it will be laid down in each case as the Community plan is drawn up. The financial contributions will be raised:

a) from the Agricultural Guidance and Guarantee Fund and the European Social Fund, in so far as the regulations governing these funds permit, and

b) from the Community budget.

The Commission submits the following

draft regulations to the Council with a view to implementing the above proposals:

1. Council Regulation No. .../63/EEC amending Council Regulation No. 19 with a view to unification of cereal prices in the Community.

2. Council Regulation No. .../63/EEC fixing cereal prices for the 1964/65 marketing year and designating marketing centres.

3. Council Regulation No. .../63/EEC on compensatory measures and elaboration of Community plans to improve the standard of living of the agricultural population.

4. Council Regulation No. .../63/EEC supplementing the provisions laid down in Article 5 (1) of Council Regulation No. 25 on the financing of the common agricultural policy.

Proposal for a Council Regulation amending Council Regulation No. 19 with a view to unification of cereal prices in the Community

(Submitted by the Commission to the Council on 22 November 1963)

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community and in particular Articles 42 and 43 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas Article 6 of Council Regulation No. 19 lays down a progressive alignment of cereal prices by way of decisions to be taken each year throughout the transitional period;

Whereas without definite fixing of the price level of cereals in the EEC it will not be possible to establish a clear picture of economic conditions and to give unequivocal guidance to the process adaptation and conversion in agriculture; whereas the long uncertainty over farm prices and especially cereal prices in the Common Market makes medium-term planning more difficult for farmers and can lead to misinvestment;

Whereas, therefore, it is advisable to fix a uniform price for the Community from the 1964/65 marketing year onwards and with this in view to amend Regulation No. 19, as already to some extent provided for in Article 13 of the said regulation;

Whereas it must be possible to offset surpluses from the producing areas against demand in the deficit areas within the Community, and whereas it is therefore advisable to establish derived target and intervention prices calculated on the basic target

and intervention prices with due allowance for transport costs and storage facilities;

Whereas the movement of cereals within the Community will be free only if there is harmonization of the measures by which the appropriate agencies in the various Member States intervene on the cereals market;

Whereas it does not seem possible to fix the price of durum wheat high enough to maintain production in the Community in present conditions while at the same time preserving the normal world market relationship between prices for durum and for other kinds of wheat, and whereas it is nevertheless advisable to maintain this relationship in the Community in view of the possibilities of substituting either of these products for the others, and it will therefore be necessary to provide for aid on a diminishing scale to the production of durum wheat;

Whereas in view of the special market situation of certain processed products, especially wheat starch and potato starch, and of the need for the industry to maintain prices competitive with those of substitute products, it may prove necessary to decide that the basic products used in these industries can, through refunds paid to producers, be made available at a price lower than that established in the Community for the said basic products;

Whereas the establishment of a uniform price throughout the Community means that in trade between Member States levies on cereals will disappear and whereas, so long as levies are not paid to the Community, steps must be taken to ensure that levies on cereals imported from non-member coun-

tries be paid to the Member State in which these cereals are consumed;

Whereas the elimination of intra-Community levies on cereals justifies the application of Articles 92-94 of the Treaty to products covered by the common organization of the market in cereals;

Has adopted the present Regulation :

Article 1

Articles 1 - 20 and Article 23 of Council Regulation No. 19 on the Gradual Establishment of a Common Organization of the Market in Cereals shall be replaced by the following provisions :

" Article 1

With a view to ensuring the development of the Common Market and of the common agricultural policy, a common organization of the market in cereals shall be established, comprising a price system and a levy system, applicable to the following products :

The basic target price fixed shall be the sales price to dealers free unloading point in certain marketing centres in the areas of largest deficit in the Community. It shall apply to a specified standard of quality.

The basic target price shall be fixed for the duration of the marketing year which shall begin on 1 August of each year and end on 31 July of the following year; in the case of maize, however, the marketing year shall run from 1 October of each year to 30 September of the following year.

2. The characteristics of wheat which qualifies for the designation "durum wheat" shall be determined in accordance with the procedure laid down in Article 26.

3. The marketing centres and the standard of quality to which the basic target price shall be applicable shall be determined by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.

Common Customs Tariff No.	Description of products
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 1	Wheat groats and meal
d) The processed products listed in the Annex to the present regulation.	

Article 2

1. A basic target price for the Community shall be fixed in respect of each of the following cereals: wheat other than durum, durum wheat, barley, maize and rye.

4. Before 1 August each year the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter, shall fix the basic target prices for the next marketing year.

Article 3

1. *Derived target prices for the cereals referred to in Article 2 shall be fixed in respect of regionally important marketing centres outside the areas of largest deficit.*

Regional distribution of the cereal crops, storage and transport facilities shall be taken into account in the selection of the marketing centres in respect of which the derived target prices are fixed.

The number of these marketing centres in each Member State shall be related to the volume of cereals produced in that State.

The derived target prices shall be determined on the basis of the basic target prices, due allowance being made for the cost of transport to one of the marketing centres to which the derived target price is to be applicable, and to the facilities for storage.

2. *The marketing centres in respect of which the derived target prices are applicable shall be designated by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.*

3. *The derived target prices shall be fixed each year at the same time and by the same method as the basic target prices.*

Article 4

1. *In order to guarantee producers selling prices which are as close as is possible, in the light of market fluctuations, to the target prices, basic and derived intervention prices shall be fixed for the cereals referred to in Article 2.*

These intervention prices shall be equal to the target prices less a fixed percentage; such fixed percentage shall be at least 5% and at most 10% of the basic target price.

Intervention prices shall be fixed for the period from 1 August to 15 June of the following year, and, in the case of maize, from 1 October to 31 August of the following year, in respect of all marketing centres for which a target price has been fixed. These prices shall apply to the quality standards to which the target prices apply, free unloading point in the marketing centres listed.

For the period from 16 June to 31 July (in the case of maize from 1 to 30 September) the intervention prices applicable to the first month of the following marketing year shall be applied.

2. *The intervention prices shall be fixed each year at the same time and by the same method as the basic target prices.*

Article 5

1. *In order that the marketing of crops may be spread over the whole year, the target and intervention prices shall be stepped up monthly. In fixing the monthly increases the cost of storage, the rate of interest in the Community, and withdrawals from stock shall be taken into account.*

The monthly increases shall be fixed for at least five months of the marketing year. As many increases shall be fixed in addition as are needed to ensure that when harvests are normal the intervention agencies in the Community shall not be obliged, owing to the absence of price scaling, to purchase cereals which are needed for consumption during the current marketing year.

2. *The monthly price increases shall be fixed by the Council each year at the same time and by the same method as the basic target prices.*

Article 6

1. *Throughout the marketing year the intervention agencies of the Member States must purchase any home-produced cereals offered them. Such purchases can be made only at the intervention price subject to the adjustments provided for in paragraphs 2 and 3.*

2. *If the quality of the cereals offered for sale by way of intervention does not meet the standard of quality in respect of which the intervention price has been fixed, any increases or reductions needed to balance the difference of quality shall be taken into account.*

3. *Before delivery of any cereals to an intervention agency which is to take them over, the seller must offer them to the agency; this offer shall be as for delivery in a marketing centre for which an intervention price has been fixed. The physical take-over of the cereals by the agency may be:*

a) *At the marketing centre named by the seller; in this event the price paid to the seller shall be equal to the intervention price;*

b) *In agreement with the person holding the cereals, at the point where they are stored at the time the offer is made; in this event the price paid to the seller shall be equal to the intervention price applicable at the marketing centre designated by the seller less the cost of transport from the storage point to the marketing centre;*

c) At some other place named by the intervention agency; in this event the price paid to the seller shall be equal to the price referred to in (b) above. The cost of transport from the point where the cereals are stored at the time of the offer to the point where the cereals are physically taken over shall be borne by the intervention agency.

4. The Council shall, on a proposal from the Commission, decide by qualified majority the amount of increases or deductions justified by differences of quality.

5. The manner in which effect is given to the present Article shall be established in accordance with the procedure laid down in Article 26.

Article 7

1. The intervention agencies of a Member State can export to a non-member country or sell within their own territory the goods purchased in conformity with Article 6; they shall not sell such goods on terms which would prevent prices from being formed at or near the level of the target price applicable in the nearest marketing centre for which a target price has been fixed.

2. They may however sell wheat at a lower price, provided that it has been rendered unfit for human consumption, or may, subject to the same proviso, grant a denaturing premium in respect thereof.

3. Implementing regulations under the present Article, especially those concerning the selling prices of denatured wheat and the level of the denaturing premium, shall be established in accordance with the procedure laid down in Article 26.

Article 8

1. In order that a proper balance may be established between the prices fixed for durum wheat and those fixed for other wheat, aid on a diminishing scale may be granted to producers of durum wheat.

The maximum amount of such aid shall be determined each year at the same time and by the same method as the basic target prices.

The arrangements for the grant of such aid, which may take into account differences of quality, shall be determined according to the procedure laid down in Article 26.

The Council shall, on a proposal of the Commission, decide by qualified majority

vote before 1 August 1969 whether aid to the production of durum wheat shall cease.

2. The Council may, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter establish a system of refunds on production for the items listed in Article 1 (d), intended to bring down the price of the raw materials used in them.

Article 9

1. For wheat other than durum, durum wheat, barley, maize and rye, threshold prices shall be fixed each year for the same standard of quality as is taken for the basic target price and in such a manner that on the market of the frontier transit point decided for the Community the selling price of the imported product is in line with the target price.

2. The threshold prices shall be fixed annually by the Council at the same time and by the same method as the basic target prices.

3. The Community's frontier transit point shall be decided by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.

Article 10

1. For such of the products listed in Article 1 (a) as are not mentioned in Article 2, the threshold price shall be so determined for each of the products that the level of basic target prices fixed for home-grown cereals referred to in Article 2 may be attained in the areas of largest deficit. The threshold prices shall be fixed each year for a specific standard of quality at the same time and by the same method as the basic target prices.

2. As regards the products referred to in Article 1 (c) the Council shall, by qualified majority vote on the proposal of the Commission, determine the criteria to be adopted in determining the threshold prices. In determining these criteria, account shall be taken of:

- i) The need to protect the processing industry;
- ii) The objective referred to in paragraph 1.

The threshold prices shall be fixed annually before 1 April for the next marketing year in accordance with the procedure laid down in Article 26.

Article 11

1. On imports of the products listed in Article 1 (a, b, and c) from non-member countries a levy shall be charged which, for each product, shall be equal to the difference between the cif price of the product calculated on the basis of the most favourable offers on the world market and the threshold price.

2. The cif price calculated for the frontier transit point referred to in Article 9 shall be determined for each product on the basis of international quotations adjusted to take account of any variations from the standard of quality for which the threshold price is fixed. The Commission shall determine the cif price according to criteria established in accordance with the procedure laid down in Article 26.

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 international quotations, the cif price shall, in the case of the imports in question only, be replaced by a price to be determined by the Commission in relation to the offer price.

Article 12

The following shall be determined according to the procedure laid down in Article 26:

- a) The standards of quality provided for in Article 10 (1).
- b) The coefficients of equivalence between different qualities used to make the adjustments laid down in Article 11 (2).

Article 13

1. On imports from other Member States the levies shall be as follows:

a) For the products listed in Article 1 (a) and (b) imported from non-member countries and re-exported, the levy to be charged shall be the amount applicable to imports of that product from non-member countries on the day the product was imported;

b) For products listed in Article 1 (c) the levy to be charged shall be 9/15 of the amount representing protection for the processing industry vis-à-vis non-member countries in the calculation under Article 10 (2) of the threshold price for such products;

c) Of products listed in Article 1 (d) the levy to be charged shall be 9/15 of the amount laid down under Article 14 (1b) as protection for the processing industry against competition from non-member countries.

2. The levies referred to in this Article shall be applied not longer than until the end of the transitional period. From 1 August 1965, the levies referred to in paragraph 1 (b) and (c) shall be reduced each year by 2/15 of the amount applicable on 1 July 1964 as protection of the processing industry vis-à-vis non-member countries.

Article 14

1. When imported from non-member countries the products listed in Article 1 (d) shall be subject to a levy which shall be made up of two components:

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

a) corresponding, for processed products manufactured from the primary products listed in Article 1 (a), to the incidence on their production costs of the levies on the primary products used in their manufacture; the resulting amount shall be revised according to variations in the levies applicable to the primary products;

b) fixed, in respect of processed products not containing primary products listed in Article 1 (a) in the light of market conditions for the processed products referred to in the foregoing sub-paragraph most closely resembling them.

B: One fixed component, to be calculated in the light of the protection to be given to the processing industry.

2. Where effective offers from third countries of the products referred to in Article 1 (d) do not correspond to the prices resulting from the price of the primary products used in their production, as increased by the cost of processing, an additional amount, determined in accordance with the procedure laid down in Article 26, may be added to the levy.

3. Implementing regulations to this Article shall be adopted by the Council, on a proposal of the Commission, by qualified majority vote.

Article 15

1. The amounts of the levies shall be fixed by the Commission in accordance with the provisions of Articles 11, 13 and 14, and shall be notified to the Member States.

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

3. Until the end of the transitional period at the latest levies shall be charged by the importing Member State and their yield shall accrue to the latter.

4. The provisions necessary to ensure the application of the provisions laid down in Article 13 (a) in intra-Community trade in the products listed in Article 1 (a) and (b) shall be adopted according to the procedure laid down in Article 26.

Article 16

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

2. Import certificates for the products mentioned in Article 1 (a) and (b) shall be valid from the date of issue until the end of the third month following that during which they were issued. The Council shall each year consider, on the basis of a report by the Commission, whether or not it is necessary to amend the period of validity of the import certificate. Any amendments shall be adopted by the Council on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.

3. Issue of a certificate shall be subject to the lodging of a surety for importation or exportation within the term of the certificate, and this surety shall be forfeit, either in part or in toto, if the import or export does not take place within the time-limit.

4. The manner in which effect is to be given to the present Article and the term of validity of import or export certificates for the products referred to in Article 1 (c) and (d), and the provisions concerning the term of validity of the import certificate and the surety in case of act of God shall be established according to the procedure laid down in Article 26.

5. The provisions of the present Article shall cease to apply to trade amongst Member States at the latest on expiry of the transitional period.

Article 17

1. The amount of the levy to be charged shall be the amount applicable on the day of import.

2. However, in the case of imports from non-member countries of the products named in Article 1 (a) and (b) the levy applic-

able on the day the application for the certificate is lodged, adjusted according to the threshold price obtaining at the expected date of import, shall, at the request of the party concerned, be applied to imports to be effected within the term of validity of the certificate, such request to be presented when applying for the certificate. In this event there shall be added to the levy a premium determined at the same time as the levy.

3. The Council shall, on a proposal of the Commission, adopt implementing regulations for the present Article by unanimous vote during the second stage and by qualified majority vote thereafter; this shall apply in particular to the criteria for fixing the scale of premiums and to the measures to be applied in exceptional circumstances.

The Council can by the same procedure decide to fix in advance the levy for the products listed in Article 1 (c) and (d) and to lay down the necessary implementing regulations.

The scale of premiums shall be decided by the Commission.

Article 18

1. In trade between Member States, whether import or export, the following shall be incompatible with the present regulation:

i) The levying of any customs duty or charge having equivalent effect;

ii) The imposition of any quantitative restriction or measure having equivalent effect, except as provided in the Protocol concerning the Grand Duchy of Luxembourg;

iii) Recourse to Article 44 of the Treaty.

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

2. The export from one Member State to another of products referred to in Article 1 shall be incompatible with the present regulation if the levies applicable to such products in the exporting Member State have not been paid or have been wholly or partly refunded.

3. On the export from one Member State to another of products in the preparation or processing of which products listed in Article 1 have been used either in the present or an earlier stage of preparation or processing, the levies applicable to such latter products must have been paid in the exporting

Member State and must not have been wholly or partly refunded.

Article 19

1. Except as otherwise provided in the present regulation, Articles 92 to 94 of the Treaty shall apply to the production of and trade in products listed in Article 1.

2. Until the end of the transitional period at the latest the Member States may grant refunds on exports to other Member States of products set out in Article 1 (a) and (b) imported from non-member countries. The amount of the refund may not be higher than the amount of the levy applicable to imports from non-member countries on the day of export.

Article 20

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

2. In order to permit exports to non-member countries on the basis of quotations ruling on the world market, the difference between such quotations and prices in the Community may be covered by a refund. The Council, acting by qualified majority vote on a proposal of the Commission, shall determine the criteria for determining the amount of the refunds. The amount of the refund shall be decided by the Commission.

All other provisions for implementation of the present paragraph shall be adopted in accordance with the procedure laid down in Article 26.

3. The conditions under which the products listed in Article 1 may be imported from non-member countries free of levy and under customs control for re-export to non-member countries in the form of products listed in Article 1 (c) and (d) shall be determined in accordance with the procedure laid down in Article 26.

Proposal for a Council Regulation No. ... fixing cereal prices for the 1964/65 marketing year and designating marketing centres

(Submitted by the Commission to the Council on 22 November 1963)

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation No. 19 as amended by Council Regulation No.

Article 23

1. If in a Member State, when the present regulation comes into force, the end-consumers are not paying for imported cereals the price obtaining for home-grown cereals, such State may grant in respect of domestic consumption only, a uniform subsidy whatever the origin of such cereals.

The amount per 100 kg may not exceed the average amount granted per 100 kg during the 1963/64 marketing year.

In this event the Member State shall grant a corresponding subsidy on imports of the products listed in Article 1 (c) and (d), where this price is directly influenced by this measure.

From 1 August 1965 such a Member State shall reduce the amount of the subsidy by one fifth annually.

The provisions for implementation of the present Article shall be adopted in accordance with the procedure laid down in Article 26."

Article 2

The amendments to Regulation No. 19 shall enter into force on 1 July 1964.

In derogation from Article 1 of the present regulation the beginning of the 1964/65 marketing year shall be 1 July 1964 for all cereals.

Any provisions needed to ensure a smooth change-over from the 1963/64 arrangements to those for 1964/65 shall be adopted in accordance with the procedure laid down in Article 26 of Regulation No. 19.

The present regulation shall enter into force on the day after its publication in the official gazette of the European Communities.

The present regulation shall be binding in all its parts and directly enforceable in all Member States.

.../63/EEC, and in particular Article 2 (3, 4), Article 3 (2, 3), Article 4 (2), Article 5 (2), Article 8 (1), Article 9 (2, 3) and Article 10 (1) thereof;

Having regard to the proposal of the Commission;

Whereas more than half of the cereals imported by the Community go to supply the needs of the Netherlands, Belgium and north-west Germany, and whereas there is a considerable shortage of wheat other than durum in southern Italy and the Italian islands, and whereas marketing centres must be designated in these two areas of largest deficit, in which the basic target prices for wheat other than durum and for coarse grain will obtain; whereas for durum wheat a deficit exist in the north-west of the Community, in the Marseilles region and in northern Italy, which must be taken into account in designating the marketing centres;

Whereas outside the deficit areas mentioned, some marketing centres must be designated in the wheat-growing areas in order to fix derived target and intervention prices; whereas the number of marketing centres should be limited so that the system of derived prices may afford producers in all the important growing areas sufficiently precise guidance as to prices whilst preserving simplicity and clarity, and whereas any intervention should be limited as far as possible to major storage and trans-shipment centres;

Whereas in view of the importance of the north-western deficit area of the Community and of the port of Rotterdam to the import of cereals, Rotterdam must be designated as the frontier-crossing point for the purposes of fixing threshold and cif prices;

Whereas in deciding cereal prices for the 1964/65 marketing year in the Community, due regard must be had to the objectives of the common agricultural policy and to the contribution which the Community wishes to make towards a harmonious development of world trade;

Whereas it is the purpose of the common agricultural policy to ensure a fair standard of living for the rural population, reliability of supplies and reasonable prices to consumers; whereas in view of the objectives of the common commercial policy a price policy which may lead to self-sufficiency in cereals must be avoided; whereas it follows that the basic target prices for the 1964/65 marketing year must be fixed neither too high nor too low but should, due regard being had to the importance attaching to the above-mentioned objectives, strike a balance between the upper and the lower limits of the target prices obtaining in the 1963/64 marketing year;

Whereas there already is in the Community a large surplus of wheat other than durum, and whereas the import requirements for coarse grain are very high; whereas coarse grain prices must be fixed in close relation with prices for wheat other than durum so that the various kinds of cereals shall be grown in relation to needs and the use of wheat for fodder purposes shall not decline; whereas otherwise the present surplus of wheat other than durum would increase by the 3 to 5 million tons at present used on the farms directly as fodder;

Whereas the monthly adjustments to target and intervention prices must, with due regard to the cost of storage and financing, be so fixed that the harvest can be stocked during the marketing year without impeding the regular marketing of the crop;

Whereas since durum wheat is grown only in France and Italy, it is only in these two countries that a maximum must be fixed for aid to the growing of this crop,

Has adopted the present Regulation :

Article 1

1. The basic target and intervention prices for cereals shall be fixed for the following marketing centres :

a) For wheat other than durum, rye, barley and maize : Rotterdam, Amsterdam, Terneuzen, Veghel, Antwerp, Ghent, Brussels, Liège, Duisburg and Cologne, Reggio di Calabria, Messina, Catania, Palermo, Cagliari and Olbia;

b) For durum wheat : Rotterdam, Marseilles, Bologna.

2. The derived target and intervention prices shall be fixed for the marketing centres listed in the Annex to the present regulation.

3. For the purpose of fixing threshold and cif prices the frontier crossing point of the Community shall be Rotterdam.

Article 2

For the 1964/65 marketing year —

a) The basic target and intervention prices shall be fixed as follows :

In u.a. per m.t.

	Basic target price	Basic intervention price
Wheat other than durum	106.25	98.75
Rye	93.75	87.50
Barley	92.50	86.25
Maize	93.75	87.50
Durum wheat	125.00	117.50

Article 3

b) The derived target and intervention prices are laid down in the annex to the present regulation.

For each month of the 1964/65 marketing year the target prices shall be increased as follows :

In u.a. per m.t.

	Wheat other than durum	Durum wheat	Rye	Barley	Maize
1964					
July	—	—	—	—	—
August	—	—	—	—	—
September	0.95	0.95	0.85	0.85	—
October	1.90	1.90	1.70	1.70	—
November	2.85	2.85	2.55	2.55	0.85
December	3.80	3.80	3.40	3.40	1.70
1965					
January	4.75	4.75	4.25	4.25	2.55
February	5.70	5.70	5.10	5.10	3.40
March	6.65	6.65	5.95	5.95	4.25
April	7.60	7.60	6.80	5.95	4.25
May	8.55	8.55	7.65	5.95	4.25
June	9.50	9.50	8.50	5.95	4.25
July	9.50	9.50	8.50	5.95	4.25
August	—	—	—	—	4.25
September	—	—	—	—	4.25

Article 4

Intervention prices shall be simily increased until 15 June 1965, and in the case of maize until 31 August 1965

For each month of the 1964/65 marketing year threshold prices shall be fixed as follows :

In u.a. per m.t.

	Wheat other than durum	Durum wheat	Rye	Barley	Maize	Oats	Sorghum	Millet, Buck-wheat Alpia
1964								
July	105.00	123.75	92.50	91.25	92.50	85.00	87.50	86.25
August	105.00	123.75	92.50	91.25	92.50	85.00	87.50	86.25
September	105.95	124.70	93.35	92.10	92.50	85.85	88.35	87.10
October	106.90	125.65	94.20	92.95	92.50	86.70	89.20	87.95
November	107.85	126.60	95.05	93.80	93.35	87.55	90.05	88.80
December	108.80	127.55	95.90	94.65	94.20	88.40	90.90	89.65
1965								
January	109.75	128.50	96.75	95.50	95.05	89.25	91.75	90.50
February	110.70	129.45	97.60	96.35	95.90	89.25	92.60	90.50
March	111.65	130.40	98.45	97.20	96.75	89.25	93.45	90.50
April	112.60	131.35	99.30	97.20	96.75	89.25	93.45	90.50
May	113.55	132.30	100.15	97.20	96.75	89.25	93.45	90.50
June	114.50	133.25	101.00	97.20	96.75	89.25	93.45	90.50
July	114.50	133.25	101.00	97.20	96.75	89.25	93.45	90.50
August	—	—	—	—	96.75	—	—	—
September	—	—	—	—	96.75	—	—	—

Article 5

The maximum amount of aid to the growing of durum wheat shall be fixed as follows for the 1964/65 marketing year :

France : 10.65 units of account per metric ton marketed;

Italy : 13.35 units of account per metric ton marketed.

The present regulation shall be binding in all its parts and directly enforceable in all Member States.

ANNEX

In u.a. per m.t.

Marketing centre	Derived target price				Derived intervention price			
	Wheat other than durum	Rye	Barley	Maize	Wheat other than durum	Rye	Barley	Maize
NETHERLANDS								
Lochem	105.15	92.65	91.40	92.65	97.65	86.40	85.15	86.40
Meppel	105.28	92.78	91.53	92.78	97.78	86.53	85.28	86.53
Groningen	104.94	92.44	91.19	92.44	97.44	86.19	84.94	86.19
BELGIUM								
Roulers	105.45	92.95	91.70	92.95	97.95	86.70	85.45	86.70
Oudenaarde	103.33	92.83	91.58	92.83	97.83	86.58	85.33	86.58
Namur	105.41	92.91	91.66	92.91	97.91	86.66	85.41	86.66
LUXEMBOURG								
Mersch	103.17	90.67	89.42	90.67	95.67	84.42	83.17	84.42

Marketing centre	Derived target price				Derived intervention price			
	Wheat other than durum	Rye	Barley	Maize	Wheat other than durum	Rye	Barley	Maize
<i>GERMANY (F.R.)</i>								
Broichweiden	105.03	92.53	91.28	92.53	97.53	86.28	85.03	86.28
Siegen	104.49	91.99	90.74	91.99	96.99	85.74	84.49	85.74
Soest	104.49	91.99	90.74	91.99	96.99	85.74	84.49	85.74
Münster	104.28	91.78	90.53	91.78	96.78	85.52	84.28	85.53
Minden	103.95	91.45	90.20	91.45	96.45	85.20	83.95	85.20
Braunschweig	103.81	91.31	90.06	91.31	96.31	85.06	83.81	85.06
Hildesheim	103.92	91.42	90.17	91.42	96.42	85.17	83.92	85.17
Hannover	103.80	91.30	90.05	91.30	96.30	85.05	83.80	85.05
Holzminden	103.13	90.63	89.38	90.63	95.63	84.38	83.13	84.38
Northeim	102.63	90.13	88.88	90.13	95.13	83.88	82.63	83.88
Lingen	103.97	91.47	90.22	91.47	96.47	85.22	83.97	85.22
Münsterlager	101.19	88.69	87.44	88.69	93.69	82.44	81.19	82.44
Bremen	103.74	91.24	89.99	91.24	96.24	84.99	83.74	84.99
Hamburg	103.06	90.56	89.31	90.56	95.56	84.31	83.06	84.31
Lübeck	103.12	90.62	89.37	90.62	95.62	84.37	83.12	84.37
Kiel	103.11	90.61	89.36	90.61	95.61	84.36	83.11	84.36
Rendsburg	102.92	90.42	89.17	90.42	95.42	84.17	82.92	84.17
Flensburg	102.61	90.11	88.86	90.11	95.11	83.86	82.61	83.86
Niederlahnstein	104.99	92.49	91.24	92.49	97.49	86.24	84.99	86.24
Ludwigshafen/ Mannheim	104.90	92.40	91.15	92.40	97.40	86.15	84.90	86.15
Kirn	103.92	91.42	90.17	91.42	96.42	85.17	83.92	85.17
Saarbrücken	102.64	90.14	88.89	90.14	95.14	83.89	82.64	83.89
Hanau	104.65	92.15	90.90	92.15	97.15	85.90	84.65	85.90
Kassel	102.73	90.23	88.98	90.23	95.23	83.98	82.73	83.98
Marburg	102.91	90.41	89.16	90.41	95.41	84.16	82.91	84.16
Hünfeld	102.89	90.39	89.14	90.39	95.39	84.14	82.89	84.14
Stuttgart	104.23	91.73	90.48	91.73	96.73	85.48	84.23	85.48
Aulendorf	101.68	89.18	87.93	89.18	94.18	82.93	81.68	82.93
Aalen	102.85	90.35	89.10	90.35	95.35	84.10	82.85	84.10
Gerabronn	102.89	90.39	89.14	90.39	95.39	84.14	82.89	84.14
Würzburg	104.43	91.93	90.68	91.93	96.93	85.68	84.43	85.68
Bamberg	104.12	91.62	90.37	91.62	96.62	85.37	84.12	85.37
Schwabach	102.73	90.23	88.98	90.23	95.23	83.98	82.73	83.98
Schwandorf	101.34	88.84	87.59	88.84	93.84	82.59	81.34	82.59
Gersthofen	101.31	88.81	87.56	88.81	93.81	82.56	81.31	82.56
Landshut	100.52	88.02	86.77	88.02	93.02	81.77	80.52	81.77
Straubing	100.78	88.28	87.03	88.28	93.28	82.03	80.78	82.03
Passau	99.75	87.25	86.00	87.25	92.25	81.00	79.75	81.00
<i>FRANCE</i>								
Laon	103.01	90.51	89.26	90.51	95.51	84.26	83.01	84.26
Soissons	104.02	91.52	90.27	91.52	96.52	85.27	84.02	85.27
Lille	104.83	92.33	91.08	92.33	97.33	86.08	84.83	86.08
Compiègne	104.02	91.52	90.27	91.52	96.52	85.27	84.02	85.27
Creil	104.62	91.52	90.27	91.52	96.52	85.27	84.02	85.27
Senlis	102.81	90.31	89.06	90.31	95.31	84.06	82.81	84.06
Arras	104.73	92.23	90.98	92.23	97.23	85.98	84.73	85.98
Abbéville	103.21	90.71	89.46	90.71	95.71	84.46	83.21	84.46
Albert	102.50	90.00	88.75	90.00	95.00	83.75	82.50	83.75
Amiens	103.42	90.92	89.67	90.92	95.92	84.67	83.42	84.67
La Ferté Gaucher	101.69	89.19	87.94	89.19	94.19	82.94	81.69	82.94

Marketing centre	Derived target price				Derived intervention price			
	Wheat other than durum	Rye	Barley	Maize	Wheat other than durum	Rye	Barley	Maize
Meaux	103.42	90.92	89.67	90.92	95.92	84.67	83.42	84.67
Melun	103.42	90.92	89.67	90.92	95.92	84.67	83.42	84.67
Corbeil	103.62	91.12	89.87	91.12	96.12	84.87	83.62	84.87
Rethel	103.72	91.22	89.97	91.22	96.22	84.97	83.72	84.97
Nogent-s/Seine	102.81	90.31	89.06	90.31	95.31	84.06	82.81	84.06
Troyes	102.20	89.70	88.45	89.70	94.70	83.45	82.20	83.45
Châlons-s/Marne	103.62	91.12	89.87	91.12	96.12	84.87	83.62	84.87
Reims	103.82	91.32	90.07	91.32	96.32	85.07	83.82	85.07
Ste-Menehould	102.20	89.70	88.45	89.70	94.70	83.45	82.20	83.45
Chaumont	102.20	89.70	88.45	89.70	94.70	83.45	82.20	83.45
Nancy	102.61	90.11	88.86	90.11	95.11	83.86	82.61	83.86
Strasbourg	103.60	91.10	89.85	91.10	96.10	84.85	83.60	84.85
Caen	102.71	90.21	88.96	90.21	95.21	83.96	82.71	83.96
Evreux	102.00	89.50	88.25	89.50	94.50	83.25	82.00	83.25
Rouen	103.21	90.71	89.46	90.71	95.71	84.46	83.21	84.46
Le Légué	102.35	89.85	88.60	89.85	94.85	83.60	82.35	83.60
St-Malo	102.35	89.85	88.60	89.85	94.85	83.60	82.35	83.60
Rennes	101.04	88.39	87.14	88.39	93.54	82.14	80.89	82.14
Nantes	101.07	88.57	87.32	88.57	93.57	82.32	81.07	82.32
Le Mans	100.36	87.34	86.09	87.34	92.86	81.09	79.84	81.09
Bourges	100.38	87.88	86.63	87.88	92.88	81.63	80.38	81.63
Chartres	101.19	88.69	87.44	88.69	93.69	82.44	81.19	82.44
Châteaudun	101.19	88.69	87.44	88.69	93.69	82.44	81.19	82.44
Châteauroux	100.50	87.41	86.16	87.41	93.00	81.16	79.91	81.16
Blois	101.28	88.40	87.15	88.40	93.78	82.15	80.90	82.15
Montargis	102.61	90.11	88.86	90.11	95.11	83.86	82.61	83.86
Pithiviers	101.59	89.09	87.84	89.09	94.09	82.84	81.59	82.84
Tours	100.79	87.78	86.53	87.78	93.29	81.53	80.28	81.53
Dijon	100.67	88.17	86.92	88.17	93.17	81.92	80.67	81.92
Auxerre	101.90	89.40	88.15	89.40	94.40	83.15	81.90	83.15
Sens	102.61	90.11	88.86	90.11	95.11	83.86	82.61	83.86
Angoulême	98.15	84.96	83.71	84.96	90.65	78.71	77.46	78.71
La Pallice	100.86	88.22	86.97	88.22	93.36	81.97	80.72	81.97
Poitiers	99.86	86.58	85.33	86.58	92.36	80.33	79.08	80.33
Montluçon	99.86	86.58	85.33	86.58	92.36	80.33	79.08	80.33
Limoges	99.11	85.61	84.36	85.61	91.61	79.36	78.11	79.36
Lyon	101.90	89.40	88.15	89.40	94.40	83.15	81.90	83.15
Périgueux	99.26	86.44	85.19	86.44	91.76	80.19	78.94	80.19
Bordeaux	101.17	88.67	87.42	88.67	93.67	82.42	81.17	82.42
Bayonne	101.35	88.85	87.60	88.85	93.85	82.60	81.35	82.60
Pau	99.44	86.63	85.38	86.63	91.94	80.38	79.13	80.38
Saint-Palais	99.55	86.77	85.52	86.77	92.05	80.52	79.27	80.52
Mont-de-Marsan	99.33	86.49	85.24	86.49	91.83	80.24	78.99	80.24
Agen	99.15	86.31	85.06	86.31	91.65	80.06	78.81	80.06
Castelnaudary	98.33	85.42	84.17	85.42	90.83	79.17	77.92	79.17
Toulouse	98.06	84.90	83.65	84.90	90.56	78.65	77.40	78.65
Auch	98.06	84.90	83.65	84.90	90.56	78.65	77.40	78.65
Sète	100.56	86.73	85.48	86.73	93.06	80.48	79.23	80.48
<i>ITALY</i>								
Taranto	101.71	88.07	86.82	89.21	94.21	81.82	80.57	82.96
Bari	100.85	86.61	85.36	88.35	93.35	80.36	79.11	82.10
Potenza	101.14	87.34	86.09	88.64	93.64	81.09	79.84	82.39
Napoli	101.33	87.58	86.33	88.83	93.83	81.33	80.08	82.58

Marketing centre	Derived target price				Derived intervention price			
	Wheat other than durum	Rye	Barley	Maize	Wheat other than durum	Rye	Barley	Maize
Foggia	100.30	85.88	84.63	87.80	92.80	79.63	78.38	81.55
Campobasso	100.48	86.12	84.87	87.98	92.98	79.87	78.62	81.73
Pescara	98.88	83.96	82.71	86.38	91.38	77.71	76.46	80.13
Roma	99.58	84.91	83.66	87.08	92.08	78.66	77.41	80.83
Grosseto	98.41	82.79	81.54	85.91	90.91	76.54	75.29	79.66
Perugia	92.24	82.56	81.31	85.74	90.74	76.31	75.06	79.49
Ancona	98.09	82.35	81.10	85.59	90.59	76.10	74.85	79.34
Firenze	97.43	81.41	80.16	84.93	89.93	75.16	73.91	78.68
Livorno	97.43	81.41	80.16	84.93	89.93	75.16	73.91	78.68
La Spezia	97.28	81.20	79.95	84.78	89.78	74.95	73.70	78.53
Genova	96.98	80.78	79.53	84.48	89.48	74.53	73.28	78.23
Reggio Emilia	96.98	80.78	79.53	84.48	89.48	74.53	73.28	78.23
Bologna	97.13	80.99	79.74	84.63	89.63	74.74	73.49	78.38
Ferrara	97.13	80.99	79.74	84.63	89.63	74.74	73.49	78.38
Ravenna	97.43	81.41	80.16	84.93	89.93	75.16	73.91	78.68
Faenza	97.28	81.20	79.95	84.78	89.78	74.95	73.70	78.53
Alessandria	96.68	80.36	79.11	84.18	89.18	74.11	72.86	77.93
Piacenza	96.83	80.57	79.32	84.33	89.33	74.32	73.07	78.08
Milano	96.53	80.14	78.89	84.03	89.03	73.89	72.64	77.78
Mantova	96.98	80.78	79.53	84.48	89.48	74.53	73.28	78.23
Brescia	96.68	80.36	79.11	84.18	89.18	74.11	72.86	77.93
Verona	96.83	80.57	79.32	84.33	89.33	74.32	73.07	78.08
Padova	96.98	80.78	79.53	84.48	89.48	74.53	73.28	78.23
Vicenza	96.83	80.57	79.32	84.33	89.33	74.32	73.07	78.08
Venezia	96.83	80.57	79.32	84.33	89.33	74.32	73.07	78.08
Treviso	96.83	80.57	79.32	84.33	89.33	74.32	73.07	78.08
Alba	96.53	80.14	78.89	84.03	89.03	73.89	72.64	77.78
Torino	96.53	80.14	78.89	84.03	89.03	73.89	72.64	77.78
Vercelli	96.53	80.14	78.89	84.03	89.03	73.89	72.64	77.78
Udine	96.53	80.14	78.89	84.03	89.03	73.89	72.64	77.78

In u.a. per m.t.

	DURUM WHEAT	
	Derived target price	Derived intervention price
<i>FRANCE</i>		
Montpellier	123.00	115.50
Carcassonne	121.53	114.03
Toulouse	120.67	113.17
<i>ITALY</i>		
Firenze	123.29	115.79
Roma	120.28	112.78
Pescara	121.18	113.68
Bari	118.69	111.19
Napoli	118.52	111.02
Taranto	117.63	110.13
Reggio Calabria	115.88	108.38
Palermo	115.13	107.63
Catania	115.58	108.08
Cagliari	117.48	109.98
Olbia	119.60	112.10

Proposal for a Council Regulation on compensatory measures and elaboration of Community plans to improve the standard of living of the agricultural population

(Submitted by the Commission to the Council on 22 November 1963)

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community and in particular Articles 42, 43 and 209 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

1

Whereas common target prices have been established from the 1964/65 marketing year for durum wheat, other wheat, barley, maize and rye, in order to further the establishment of the Common Market and the Community's contribution to the harmonious development of world trade;

Whereas the common target prices for the 1964/65 marketing year have been fixed at a level between the highest and lowest target prices fixed by Member States in 1963/64, with due regard to farm incomes and the interests of consumers in the Community and to the EEC's supply situation;

Whereas this modification of the previous situation will cause a reduction of farm incomes in certain Member States where cereal prices will fall abruptly and sharply, namely the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg;

Whereas medium- and long-term investments made by farmers in these Member States in the past years rested upon calculations of interest and amortization based on the present price level;

Whereas national farm prices corresponded to a certain level of costs of the means of production, which will reach a common level only in the course of the gradual establishment of the Common Market during the transition period;

Whereas the still existing differences between competitive positions in the production and marketing of agricultural produce can be eliminated only gradually;

Whereas the speedier adaptation of farm organization, necessary for the alignment of cereal prices from the 1964/65 market-

ing year, is impracticable in many cases and requires heavy investment in others;

Whereas in order to estimate the incomes of farmers and their families it is necessary to take into account not only prices but also the system of social benefits in force in the individual Member States;

Whereas the European Parliament in its resolution of 28 March 1963, "considers that if the future price level adversely affects the income of certain farmers, the latter should be assured of a fair income by the operation of the common agricultural policy as a whole and in particular by the granting of Community subsidies on a regional basis";

Whereas in order to ensure under these conditions the harmonious development of economic activities in the Community as a whole and a fair living standard for the farming population, in accordance with Articles 2 and 39 (1 b) of the Treaty, the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg should compensate, during the transition period, the reduction in farm incomes resulting from lowered cereal prices in 1964/65 by measures such as :

a) Direct payments to farmers who suffer a loss of income owing to the reduction of cereal prices;

b) The improvement of social benefits payable specifically to farmers and their families;

c) Action to further the aim set out in Article 39 (1 a) of the Treaty;

d) Aids to growers of durum wheat.

Whereas direct payments must not have the effect of delaying any necessary adjustments or specialization and must consequently not be tied to particular crops; whereas they must also promote progress in agriculture and contribute to the solution of long-term problems, and whereas farmers should have the option of compounding for a capital sum, with which they can reorganize or convert their farms, or, leave the land and set up in some other occupation;

Whereas in order to calculate the reduction in farm income resulting from the lowering of cereal prices in 1964/65 account should be taken of :

a) The average quantities of cereals, pigs, eggs and poultry sold over several marketing years:

b) The amount by which the average producers' prices of cereals affected by price reduction will drop during the 1964/65 marketing year in relation to 1962/63:

c) The amount of the fall in average producers' prices for pigs, eggs and poultry which must be expected in the Federal Republic of Germany following the alignment of feed-grain prices in the Community:

d) Higher costs for agriculture in Italy and Luxembourg since bought fodder will become dearer:

e) The partial making up of loss of income in Italy by higher prices for feed-grain, eggs and certain meats, and in Germany by the saving due to lower prices of bought fodder:

Whereas the reduction of income calculated on this basis in Federal Germany, Italy and Luxembourg, to be compensated annually during the transition period, is respectively 140. 65 and 0.9 million units of account:

Whereas direct payments must be discontinued by the end of the transition period, since the alignment of cereal prices should in any case have been achieved by the end of that period and by that time at the latest there must no longer be any discrimination between producers in the Community:

Whereas the first three years after the lowering of cereal prices are to be considered as an initial stage, during which any necessary conversion of farms must be made and measures introduced by the Member States and the Community in the field of agricultural policy and other sectors without immediate effect upon farm incomes; and whereas during this period, consequently, the estimated reduction in income may be compensated entirely by direct payments:

Whereas during the transition period progress will be made by instituting a common market in certain sectors which affect farm incomes and numerous necessary adjustments and conversions will be made in farming activities; whereas from 1966 measures taken as part of the first Community plan to improve the standard of living of the agricultural population will reinforce the efforts of farmers and the measures of Member States; and whereas by the end of the transition period at the latest there must no longer be any discrimination between producers in the Com-

munity and consequently provision must be made from 1967 for the gradual reduction of the maximum amount of direct payments:

Whereas a smooth transition towards the final stage may be facilitated by gradually strengthening, during the transition period, measures to improve social benefits and to further the aim set out in Article 39 (1 a) of the Treaty:

Whereas the compensatory measures will make good the loss of income suffered by farmers by reason of the alignment of cereal prices in 1964/65, the object of which is to consolidate the Community within and strengthen its position in international negotiations; whereas it is consequently for the Community to finance these measures out of its budget; whereas it would seem proper that the estimated loss of income for the first three years should be entirely made up from this source; and whereas, however, this charge on the Community budget must be reduced from 1967 onwards, as the first Community plan to improve the standard of living of the agricultural population will include similar measures, to the financing of which the Community must contribute on a scale at least equal to the reduction referred to:

II

Whereas at the present moment living standards and incomes in large sections of the Community's agricultural population compare unfavourably with those in other economic sectors, and progress is not at present rapid enough to narrow the disparity within a reasonable time unless it is stimulated by certain specific measures; and whereas provision must be made immediately for Community plans to improve the standard of living of the agricultural population, the first of which will be put into effect from 1966:

Whereas among the agricultural population there are wide disparities in living conditions and incomes, and Community action must therefore be taken where the handicaps are so serious as to be an obstacle to the harmonious development of the Community, that is, in regions where the general economic structure is under-developed; and whereas these conditions in agriculture can only be permanently improved through special programmes for the economic development of such regions;

Whereas there is a need of special programmes at Community level to benefit certain types of farm where the economic and

social situation is particularly unsatisfactory;

Whereas the living standards of the agricultural community do not depend entirely on the income derived from farming, but are also affected by the level of social benefits, which at present varies considerably among the Member States and, furthermore, appears in certain States insufficient to afford farmers and their families a fair standard of living; and whereas steps should therefore be taken to improve the social benefits payable to them;

Whereas the measures referred to above may not suffice to bring about in good time a lasting improvement in the living standards of the agricultural population in all Community regions; and whereas provision must therefore be made for direct aids to income to be granted temporarily to certain sections of the agricultural population according to Community criteria;

Whereas aids to income must not have the effect of delaying any agricultural conversion or specialization rendered necessary by the Common Market, but on the contrary must have a forward-looking purpose; whereas consequently they must not be tied to particular products, and there must be the option of compounding for a capital sum so that farmers who leave the land may provide themselves with some other means of livelihood;

Whereas the Community plans will play an important part in achieving the aims of the common agricultural policy; whereas the Community should therefore contribute to these plans from its own budget, mainly through the European Agricultural Guidance and Guarantee Fund and the European Social Fund in so far as the regulations governing these funds permit;

Whereas in order to avoid a sudden fall in farm incomes in the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg, the second Community plan must offer safeguards for employment and living standards among the agricultural population of these Member States.

Has adopted the following Regulation:

Article 1

1. In order to make good the loss of farm incomes resulting from the fixing of a common target price for cereals by Council

Regulation No. the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg shall take during the transition period compensatory measures in accordance with Articles 2 to 4 below, to which the Community will contribute in accordance with Article 5.

The reduction of income is reckoned to be 140, 65 and 0.9 million units of account in the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg respectively

2. From 1966 the standard of living of the agricultural population in all Member States shall be improved by measures taken under Community plans for this purpose drawn up in accordance with Articles 6 to 9.

1. Compensatory measures

Article 2

The compensatory measures may take the form of:

a) Direct payments made under Articles 3 and 4 to farmers whose incomes have been reduced by the fixing of common target prices for cereals under Council Regulation No.;

b) Improvement of social benefits payable specifically to farmers and their families;

c) Action to further the aim set out in Article 39 (1 a) of the Treaty;

d) Aids to growers of durum wheat granted under the terms of Article 8 (1) of amended Council Regulation No. 19.

Article 3

1. During the years 1964 to 1966 inclusive direct payments may not exceed the following amounts:

a) Federal Republic of Germany:
140 million units of account

b) Italian Republic:
65 million units of account

c) Grand Duchy of Luxembourg:
0.9 million units of account

2. Direct payments may not exceed:

a) in 1967 nine tenths

b) in 1968 four fifths

c) in 1969 two thirds
of the amounts stated in paragraph 1.

Article 4

1. The conditions for granting direct payments are to be determined by the Member States concerned.

Direct payments may not be tied to the prices obtaining for one or more agricultural products after 31 December 1963 or to the quantities produced after that date.

2. Direct payments shall be made annually in cash. The recipients shall have the option of compounding for a capital sum on terms to be decided by the Member States concerned.

3. The Member States shall inform the Commission of the conditions governing direct payments which they lay down in pursuance of paragraphs 1 and 2 above —

a) In respect of conditions applicable from 1964 to 1966, at least two months before they take effect;

b) In respect of conditions applicable from 1967 to 1969, before 1 July 1966.

Article 5

1. The Community shall contribute, within the limits stated in Article 3, to the financing of compensatory measures taken under Article 2.

2. Community expenditure incurred by financing compensatory measures shall form a separate section of the Community budget.

3. The States concerned shall submit an annual application to the Commission before 1 May for refund of expenditure during the previous year in respect of compensatory measures to be borne by the Community in pursuance of paragraph 1. This application shall be accompanied by a statement of all the compensatory measures taken during the said year.

The Commission shall make refunds according to procedure to be established under Article 209 of the Treaty.

II. Community plans to improve the standard of living of the agricultural population

Article 6

1. The Council, following the procedure laid down in Article 43 of the Treaty, shall establish, according to the principles set out in Articles 7 to 9 below and at the latest six months before the beginning of each period, four-year Community plans to

improve the standard of living of the agricultural population, hereinafter called Community plans.

2. The first Community plan shall be established before 1 July 1965 for the period from 1 January 1966 to 31 December 1969.

Each of the succeeding Community plans shall be drawn up in the light of a report, to be submitted by the Commission to the Council, on the effects of the current Community plan on the standard of living of the agricultural population.

3. The Community plans shall be implemented by the Member States.

Article 7

1. The Community plans shall comprise the following categories of measures —

a) Special programmes to improve the incomes of persons engaged in agriculture in regions to be determined where structural conditions are unfavourable;

b) Special programmes to improve the economic and social situation of certain classes of farms to be determined which are particularly handicapped by structural or natural conditions;

c) Measures to improve social benefits payable to farmers and their families.

2. The Community plans may comprise direct aids to farm incomes in accordance with the following criteria —

a) Such aids must not be tied to the prices or quantities produced of one or more agricultural products;
(former sub-paragraph b) deleted)

b) They may be given only to limited categories of farmers, mainly those for whose benefit measures are to be taken under paragraph 1 a) and b);

c) There shall be an option to compound for a capital sum on terms to be decided.

Article 8

The Community shall contribute to the financing of measures by Member States under the Community plans.

The necessary expenditure is to be borne by the European Agricultural Guidance and Guarantee Fund and the European Social Fund, in so far as the regulations governing those funds permit. Any part of such expenditure which may not be charged to the said Funds will form a special section of the Community's budget.

Article 9

1. The Community's contribution to the financing of measures taken by the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg to implement the first Community plan must be at least equal to the reduction in the Community's contribution to compensatory measures under the terms of Article 5.

2. The measures taken under the Community plan for 1970-73 must ensure that in

the Federal Republic of Germany, the Italian Republic and the Grand Duchy of Luxembourg, due account being taken of any adaptation or specialization, employment conditions and standards of living in agriculture are equivalent to those attained in 1969 by the compensatory measures referred to in Article 1 (1).

The present regulation shall be binding in all its parts and directly enforceable in all Member States.

Proposal for a Council Regulation supplementing the provisions laid down in article 5, paragraph 1, of Regulation No. 25 on the financing of the common agricultural policy

(Submitted by the Commission to the Council on 22 November 1963)

The Council of the European Economic Community,

Having regard to the Treaty setting up the European Economic Community, and in particular Articles 43 and 209 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas in accordance with Article 5 (1) of Regulation No. 25 the European Agricultural Guidance and Guarantee Fund's contribution to expenditure chargeable in accordance with Article 3 (1 a, b and c) of the said regulation shall be one-sixth for 1962/63, two-sixths for 1963/64 and three-sixths for 1964/65; and whereas the same article provides that from 1 July 1965 and until the end of the transitional period the contributions of the Fund shall increase regularly so that at the conclusion of the transitional period the expenditure chargeable shall be wholly financed by the Fund;

Whereas from the beginning of the 1964/65 marketing year for cereals Regulations No./EEC and No./EEC establish for the main types of cereals a uniform price level which will also govern the prices of processed products from cereals and the prices for pigmeat, eggs and poultrymeat;

Whereas Council Regulation No. .../EEC contains the provision that the Community financing of compensatory measures adopted by the Member States from 1964 to

1966 shall fully cover the losses of earnings that result from the establishment of uniform cereal prices; whereas it is laid down that the funds to be provided for this purpose from the Community budget can be reduced only as the first Community plan to improve the standard of living of the agricultural population, to which the Community is also contributing, comes into effect;

Whereas in these circumstances it seems advisable to provide that the European Agricultural Guidance and Guarantee Fund shall, as from 1 July 1964, in addition bear the full cost of applying Article 3 (1 a, b and c) of Regulation No. 25, to cereals, pigmeat, eggs and poultrymeat.

Has adopted the present Regulation :

Article 1

The following sub-paragraph shall be added to Article 5 (1) of Regulation No. 25 on the Financing of the Common Agricultural Policy :

However, the expenditure chargeable in accordance with Article 3 (1 a, b and c), as these are applied to the products listed in Regulations Nos. 19 to 22, shall from 1 July 1964 be borne entirely by the Fund.

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

