

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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PART I - INDUSTRY

SHIPBUILDING

By deciding, in November 1984, to extend until 31 December 1986 the 1981 directive on aid to shipbuilding, the Community gave itself the means to pursue in-depth adjustment of its industry, while observing the rules of competition, in a manner socially acceptable, regionally balanced and well-founded from the economic aspect. Given this threefold concern, the Commission accepted for 1985 and 1986 rates of aid similar to those in effect in the two preceding years in return for detailed and strict restructuring commitments which, though with different modalities in the member States to take account of the specific characteristics of their industrial structures, are all bringing substantial reductions of production capacity and jobs.

Given the persistent and worsening crisis in the shipbuilding sector worldwide, the Community authorities are examining the aid system to be applicable after 1986, on the basis of a proposal by the Commission for a more restrictive and selective policy on production aid.

STEEL INDUSTRY

The objectives set by the Community for restructuring its steel industry by the expiry date of the code of aid have been attained. Henceforth, steel undertakings in the Community will have to rely solely on their own financial results to maintain their activities and finance additional structural adjustment still necessary in order to improve their competitiveness and achieve a better balance between supply and demand.

Nevertheless, although to date restructuring has raised the average rate of capacity utilization to some 70 per cent and allowed positive conclusions to be drawn on viability prospects for the various Community undertakings in the absence of aid and in normal market conditions, considerable over-capacity still exists in the European steel sector, so that many undertakings are still vulnerable.

Accordingly, the Commission considered it still necessary to make provision, under Article 95 of the ECSC Treaty, for limited possibilities of aid to the steel industry after 1985, and to that end adopted Decision No. 3484/85/ECSC (O.J. No. L 340 of 18 December 1985).

This new policy marks an important stage in the progressive dismantling of aid in this sector and stipulates that, as from 1 January and until 31 December 1988, only the following aid will be authorized: aid to research and development on condition that certain objectives are pursued (reduction of production costs, improvement of product quality, etc.); aid to environmental protection measures designed to facilitate adjustment to new legal standards for protection of the environment; and aid to closure.

Apart from this limited aid, the Commission is resolved not to grant any public subsidization to the steel industry after 1 January 1986.

Annex: Total aid granted to the Community steel industry (1 February 1980 - 31 December 1985).

ANNEX

Aid granted to the Community Steel Industry since 1 February 1980<sup>1</sup>  
(in ECU million)

	A Total aid notified since 1.2.1980	B Total aid authorized at 31.12.1985
BELGIUM	4,259	4,256
DENMARK	81	81
GERMANY, FED. REP. OF	4,522	3,844
GREECE	6	-
FRANCE	9,222	9,141
IRELAND	264	264
ITALY	12,105	12,068
LUXEMBOURG	631	631
NETHERLANDS	456	456
UNITED KINGDOM	5,768	5,640
TOTAL EEC	37,314	36,381

<sup>1</sup> Date of adoption of first code of aid

PART II - AGRICULTURE

A. GENERAL REMARKS

1. The measures notified concern only products which are the subject of a Common Agricultural Policy, namely, the following sectors:

- Cereals
- Rice
- Bovine meat
- Pigmeat
- Sheepmeat
- Eggs
- Poultry
- Oils and fats
- Sugar and isoglucose
- Dairy products
- Fishery products
- Fruit and vegetables and products processed from fruit and vegetables
- Tobacco
- Wine
- Fibre flax and hemp
- Hops
- Seeds
- Silkworms
- Peas, broad beans and horse beans used in animal feed
- Dehydrated fodder
- Soyabeans
- Products of the agri-foodstuffs industries (products "not in Annex II")

2. The measures notified include all the price support measures introduced by the common market organizations that can involve participation either by the Community's financing organization or by the government of a member State, to the extent that such measures derive from the Community regulations.

3. With respect to the total amount of aid for each sector, it should be noted that the data relate to payments made by the European Agricultural Guidance and Guarantee Fund (EAGGF) in the course of the years or periods during which the exports were effected.

B. MEASURESI. EXPORT REFUNDS

For certain of the sectors governed by a market organization, the Common Agricultural Policy provides for the possibility of granting export refunds.

The purpose of export refunds is to cover, as far as possible and in order to enable exports to be effected at international trade prices, the difference between those prices and Community prices.

The refund is the same for the whole of the Community; a differential may be applied according to destination or time (months of delivery). The amount of the refund is fixed periodically. The periodicity of the fixing is different for each sector because of the special characteristics of each sector. In order to facilitate export operations in the case of the majority of products a system has been introduced whereby refunds can be fixed in advance. The refund is paid to the exporter.

The total amount of export refunds financed by the EAGGF during the past few years, and for each sector, is as follows:

Product	(ECU million)		
	Refunds 1983	Refunds 1984	Refunds 1985
Cereals	1,525.0	918.3	1,076.7
Rice	67.9	26.9	36.6
Sugar <sup>1</sup>			
Olive oil	9.7	8.1	19.2
Oils and fats	3.7	0.4	3.4
Peas, broad beans and horse beans	-	-	-
Dehydrated fodder	-	-	-
Flax and hemp	-	-	-
Cotton	-	-	-
Silkworms	-	-	-
Fruit and vegetables	58.1	58.6	74.5
Wine	20.2	18.6	18.9
Tobacco	27.9	36.5	32.0
Seeds	-	-	-
Hops	-	-	-

<sup>1</sup> Starting with the 1981/1982 marketing year, the export refunds on domestic sugar have been entirely financed out of producer contributions by producers of sugar and isoglucose and sugar beet and sugar cane producers of the Community.

(ECU million)

Product	Refunds 1983	Refunds 1984	Refunds 1985
Apiculture	-	-	-
Dairy products	1,326.8	1,943.4	2,028.2
Bovine meat	828.2	1,392.7	1,338.6
Sheepmeat and goatmeat	-	-	-
Pigmeat	120.2	157.0	102.9
Eggs and poultry	123.3	69.8	63.2
Products of the agri-foodstuffs industries <sup>1</sup>	343.2	382.4	440.8
Fishery products	8.2	0.9	- 0.1
<b>Total expenditure</b>	<b>4,462.4</b>	<b>5,013.6</b>	<b>5,234.9</b>

<sup>1</sup>Products "not in Annex II".

## II. MEASURES ON THE INTERNAL MARKET

1. In order to stabilize markets and assure the agricultural population of an equitable standard of living, the Common Agricultural Policy provides, in the market organization regulations for the different products, intervention and aid measures which vary according to the nature of the product and the special characteristics of the market.

2. The cost of these intervention and aid measures is, as a general rule, financed by the EAGGF. During the past few years, by product sector, they have amounted to:

(ECU million)

Product	Interventions 1983	Interventions 1984	Interventions 1985
Cereals	916.2	731.7	1,233.5
Rice	25.0	20.9	13.5 <sup>1</sup>
Sugar	7.6 <sup>1</sup>	11.7 <sup>1</sup>	11.6 <sup>1</sup>
Olive oil	665.6	1,088.3	673.0
Oils and fats	941.9	655.2	1,107.2
Peas, broad beans and horse beans	84.6	139.4	255.5
Dehydrated fodder	57.7	76.1	116.9
Flax and hemp	19.3	19.2	27.2
Cotton	140.1	88.2	212.7
Silkworms	0.6	0.6	0.7
Fruit and vegetables	1,138.0	1,396.0	1,156.2
Wine	639.0	1,204.0	902.5
Tobacco	643.4	739.9	830.9
Seeds	43.0	42.4	46.4
Hops	8.2	8.4	8.2
Apiculture	4.4	0.7	-
Dairy products	3,069.3	3,498.3	3,905.0
Bovine meat	908.3	1,154.1	1,407.2
Sheepmeat and goatmeat	305.6	433.5	502.4
Pigmeat	24.8	38.9	62.5
Eggs and poultry	-	-	-
Products of the agri-foodstuffs industries <sup>2</sup>	-	-	-
Fishery products	17.5	14.7	16.2
<b>Total expenditure</b>	<b>9,660.1</b>	<b>11,362.2</b>	<b>12,489.3</b>

<sup>1</sup> Storage costs are not included because this refund is financed out of contributions by manufacturers.

<sup>2</sup> Products "not in Annex II".

C. ANALYSIS BY SECTORS"CEREALS" SECTOR(a) Intervention measures

(i) Each year, an intervention price is fixed for common wheat, rye, barley and maize, as well as for durum wheat, at which the intervention agencies are obliged to buy in products harvested in the Community and offered to them provided the offers are made during a certain period and comply with certain conditions, in particular as regards quality and quantity.

The intervention price is fixed for a given standard quality for each of these cereals. If the quality of the cereal differs from the standard quality, the price is adjusted in accordance with the relevant scale of price increases and reductions. The price applies in all intervention centres fixed at the beginning of the marketing year for each cereal.

Intervention prices are fixed at the beginning of the marketing year (1 July) and are increased monthly to take account of warehousing and interest costs for stocking cereals in the Community as well as of the necessity for stock disposal in accordance with market needs.

Product	(ECU/t.)		
	1984/85	1985/86 <sup>2,3</sup>	1986/87 <sup>3</sup>
Common wheat	182.73	179.44	179.44
	213.14 <sup>1</sup>	-	-
Durum wheat	312.08	312.08	299.60
Rye	184.58	181.23	170.47
Barley	182.73	179.44	170.47
Maize	182.73	179.44	179.44

<sup>1</sup>Reference price in respect of the average bread-making grade (in the case of special intervention measures at the level of the minimum bread-making grade), this price was reduced by ECU 11.62/t. in 1983/84 and by ECU 17.62/t. in 1984/85.

<sup>2</sup>Price applicable for 1985/86 marketing year under Commission Regulation (EEC) No. 2124/85 establishing interim protective measures in the cereals sector.

<sup>3</sup>Prices applicable in the Community of Ten.

Spanish prices are to be aligned with Community prices over the seven years following accession.

The Portuguese Republic is progressively adapting the EPAC monopoly so as to liberalize imports and marketing of cereals in Portugal.

(ii) In order to deal with special situations which may arise in certain regions of the Community, special intervention measures may be taken by intervention agencies on a decision of the Commission, after consulting the Management Committee.

Such measures may be decided when, in any region of the Community, prices fall substantially in relation to the intervention price.

(b) Aid is granted for the production of durum wheat having certain qualitative and technical characteristics (suitability for making semolina and macaroni-type foods or for bread-making). The aid is granted on a per hectare basis and its amount varies depending on the region concerned, or is limited to certain regions.

Aids to production since the 1984/85 marketing year amounted to:

Product	(ECU/ha)		
	1984/85	1985/86	1986/87
Durum wheat	101.31 <sup>1</sup>	101.31 <sup>1</sup>	113.79
	89.34 <sup>2</sup>	101.31	16.26 <sup>5</sup>
	79.29 <sup>3</sup>	101.31	

(c) Compensatory allowance

A compensatory allowance may be granted for any common wheat, durum wheat, rye, barley and maize remaining in stock at the end of the marketing year. Its purpose is to bridge the gap between any higher price at the end of the marketing year, resulting from monthly increases, and the generally lower price at the beginning of the new marketing year, to prevent thereby a mass movement of cereals to intervention at the end of the marketing year, and to ensure satisfactory supplies for the processing industry.

<sup>1</sup> For Central and South Italy, Marseilles, Toulouse, Ardèche, Drôme, mountainous and less-favoured areas.

<sup>2</sup> For Greek mountain regions that received government aid prior to accession.

<sup>3</sup> For other Greek regions.

<sup>4</sup> The aid is the same throughout the Community of Ten

<sup>5</sup> For Spain

**(d) Production refund**

A production refund is granted:

- for maize and common wheat used by the starch-making industry in the manufacture of starch;
- for maize and common wheat used for the manufacture of quellmehl intended for bread-making;
- for potato starch;
- for maize groats and meal (grits) used in making glucose by the direct hydrolysis process;
- for maize groats and meal (grits) used in making beer.

The refund is granted in order to enable the industries manufacturing these products to remain competitive vis-à-vis the prices of such products manufactured outside the Community and the prices of substitute products.

The production refunds are as follows:

Product	(ECU/t.)		
	1986/87	1987/88	1988/89
Maize	15.00	10.00	5.00
Wheat	20.00	14.00	7.00
Potato starch	24.00	16.00	8.00

Since 1 July 1986 a second production refund is paid to users of maize starch, wheat starch or potato starch for the production of certain chemicals, paper and textiles. This refund is variable and is calculated as the difference between the world price (CIF Rotterdam) and the intervention price for maize. In 1986/87, the refund has been reduced by 50 per cent. The calculation takes into consideration the amounts mentioned above which are paid to starch producers.

"RICE" SECTOR(a) Intervention measures

Each year an intervention price for paddy rice is fixed for the principal surplus-production marketing centre in the Community - Vercelli. This price applies in all other intervention centres. The intervention agencies are obliged to buy in any rice harvested in the Community, provided offers comply with certain conditions, in particular in respect of quality and quantity.

The intervention price is fixed for a given standard quality. If the quality offered differs from the standard quality, the price is adjusted by the application of price increases or reductions.

The intervention price is fixed for the beginning of the marketing year (1 September) and increased each month to take account of warehousing and interest costs for stocking as well as of the necessity for stock disposal in accordance with market needs.

The intervention prices fixed at the beginning of marketing years were as follows:

	(ECU/t.)		
	1984/85	1985/86	1986/87
Vercelli	314.19	314.19	314.19

(b) Compensatory allowance

In addition, a compensatory allowance may be granted for the paddy rice and the husked rice obtained therefrom remaining in stock at the end of the marketing year. The purpose of this allowance is to give maximum compensation for the difference between the prices in force at the end of one and the beginning of the next marketing year.

(c) Production refund

A production refund is granted in respect of brokens used by the starch-making industry for the manufacture of starch and brokens used by breweries in making beer.

For the three most recent marketing years and until 1988/89, the production refunds have been fixed as follows:

(ECU/t.)		
1986/87	1987/88	1988/89
18.00	12.00	6.00

Since 1 July 1986 a production refund is paid to users of rice starch or derivatives thereof for the production of certain chemicals, paper and textiles. This refund is variable and is calculated as the difference between the world price (CIF Rotterdam) and the intervention price for maize. In 1986/87, the refund has been reduced by 50 per cent. The calculation takes into consideration the amounts mentioned above which are paid to starch producers.

"DAIRY PRODUCTS" SECTOR

(a) Intervention measures

Each year an intervention price is fixed for butter, skimmed milk powder and Grana Padano and Parmigiano-Reggiano cheeses and the national intervention agencies buy in at this price any such products of Community origin offered to them which comply with certain quality and packaging conditions.

The intervention prices fixed for the last few marketing years were as follows:

(ECU/100 kg.)

Intervention price valid for	Milk marketing year		
	1984/85	1985/86	1986/87
Butter	319.70	313.20	313.20
Skimmed milk powder	165.88	174.04	174.04
Cheese:			
- <u>Grana Padano</u>			
- 30-60 days	381.75	388.93	388.93
- at least 6 months	472.75	480.33	480.33
- <u>Parmigiano-Reggiano</u>	521.61	529.19	529.19

(b) Aid to private storage

In order to reduce any quantities offered for intervention buying-in or to deal with a certain market imbalance, a system of aid for private storage is operated for:

- butter bearing an official inspection mark, and prime-quality cream;
- cheese:
  - . Grana Padano aged at least 9 months
  - . Parmigiano-Reggiano aged at least 15 months
  - . Provolone

provided they have been produced in the Community and comply with certain conditions.

(c) Aid for skimmed milk for animal feed

Aids are granted for skimmed milk and skimmed milk powder manufactured in the Community and intended for animal feed.

Both milk and powder must be either directly denatured or incorporated in some compound feedingstuff intended for livestock.

(d) Aid for skimmed milk processed into casein

Aid is granted for skimmed milk produced in the Community and processed into casein provided both the milk and the casein produced from it comply with certain conditions.

(e) Other measures

- Measures may be taken, in years in which they are found necessary, to support the market for long-keeping cheeses, if such cheeses comply with certain conditions. These measures are taken, in particular, in the form of aid for private storage.
- When surpluses of dairy products develop, or threaten to develop, measures other than the above may be taken to facilitate their disposal or to prevent the development of new surpluses. A number of measures are currently in force to facilitate butter disposal on the Community market; inter alia, aid is granted for use in the form of concentrated butter for cooking, incorporation in certain foodstuffs and for direct consumption by certain categories of persons or institutions.
- In order to encourage consumption by young people, aid is granted to member States which operate an aid programme for milk distributed in schools so that pupils can obtain milk at a reduced rate.

(f) Co-responsibility levy

The milk producer pays a compulsory levy as a percentage of the target price for milk; the proceeds are designed to encourage and increase disposal of dairy products.

(g) Additional levy payable by producers or purchasers of cow's milk

An additional levy has been introduced on quantities of milk exceeding those delivered in 1981, plus 1 per cent. The Community has fixed the corresponding quantities for each member State. In this connection, the Council adopted Regulation (EEC) No. 856/84 (O.J. No. L 90 of 1 April 1984) and Regulation (EEC) No. 857/84 (same O.J.).

The total quantity of "deliveries" envisaged for the Community (including Spain) is 103,729 million tons for 1986/87. In parallel, the Council has fixed a total quantity for direct sales to consumers in the amount of 4.1 million tons. Within the total quantity for deliveries, the member State determines reference quantities (quotas) either for individual producers (formula A), or for dairies (formula B). On any quantities exceeding those quotas, a levy is applied equivalent to 75 per cent of the target price for milk for formula A and 100 per cent for formula B.

The total quantities will be reduced by 2 per cent as from 1 April 1987 and by a further 1 per cent on 1 April 1988. In order to facilitate the decline in deliveries and direct sales resulting from the reduction of total quantities, a Community system has been set up to finance definitive cessation of production (Regulation (EEC) No. 1336/86 - O.J. No. L 119 of 8 May 1986, page 19) providing for the grant of an allowance to producers who so request, in return for an undertaking on their part to cease milk production definitively.

"OILS AND FATS" SECTOR

A. Olive oil

The market organization system for olive oil is made up as follows:

1. Each year an intervention price is fixed for olive oil, and the intervention agencies are obliged to buy in at this price any olive oil of Community origin which may be offered to them. The intervention price is fixed for a given standard quality. If the quality of olive oil offered differs from the standard quality, the price is adjusted in accordance with a scale of price increases or reductions. The intervention price is fixed before the beginning of the marketing year (1 November) and increased each month to take account of average storage and interest costs in the Community.
2. An aid to producers is granted in respect of olive oil produced in the Community from olives harvested in the Community. It is designed to contribute to establishing a fair income for producers.
3. A representative market price is fixed at a level permitting disposal of olive oil production, taking into account prices of competing oils.
4. A consumption aid is granted, equal to the difference between the production target price, less the production aid, and the representative market price. This aid is designed to facilitate the marketing of Community olive oil.

The various elements mentioned above were fixed at the following levels:

(ECU/100 kg.)

	1983/84	1984/85		1985/86	
		up to 15.3.85	since 16.3.85	up to 20.5.86	since 21.5.86
Intervention price	229.92	227.62	227.62	227.62	227.62
Production aid	70.26	69.56	69.56	70.95	70.95
Representative market price	196.87	196.87	200.43	198.59	194.06
Consumption aids	52.29	49.80	37.87	53.02	66.50

5. Production refund for olive oil used in the manufacture of preserves

The purpose of this refund is to enable beneficiaries to buy on the Community market, at prices close to world market prices, the quality of oil which they use most frequently for their manufacturing.

(ECU/100 kg.)

	1983/84	1984/85	1985/86
- Olive oil produced in the Community and used in member States other than Spain and Portugal	107.65	102.04	109.31
- Olive oil other than referred to above, used in member States other than Spain and Portugal	55.36	61.43	57.49
- Olive oil used in Spain	-	-	12.63*
- Olive oil used in Portugal	-	-	83.83*

\* As from 1 March 1986

B. Oilseeds

1. Colza, rape and sunflower seed

(a) Intervention measures

An intervention price is fixed each year and the intervention agencies are obliged to buy in at this price any products of Community origin offered to them.

During the 1982/83 marketing year and for the first time, a single intervention price was fixed for all intervention centres in the Community and this system continues to be applied. The intervention price is fixed for a given standard quality. If the quality of the products offered to the intervention agency differs from the standard quality, the price is adjusted in accordance with a scale of price increases and reductions.

The intervention price is fixed at the beginning of the marketing year and is increased each month to take account of average storage and interest costs in the Community.

For colza and rapeseed, the opening date of the marketing year is 1 July; for sunflower seed it is 1 August. The opening basic intervention prices were fixed as follows:

	(ECU/100 kg.)		
	1984/85	1985/86	1986/87
Colza and rapeseed			
- EEC 10	42.92	42.15 <sup>1</sup>	42.15
- Spain	-	-	36.63
- Portugal	-	-	42.15
Sunflower seed			
- EEC 10	53.27	52.47	53.47 <sup>2</sup>
- Spain	-	-	37.95
- Portugal	-	-	53.47

<sup>1</sup> Decision by the Commission as a precautionary measure

<sup>2</sup> Given the higher oil content of the standard quality, this price represents no change.

(b) New system of guaranteed maximum quantities

In order, inter alia, to avoid any excessive increase in production, the Community introduced a guarantee threshold system, with effect from the 1982/83 marketing year for colza seed and from the 1984/85 marketing year for sunflower seed. When actual production exceeded the guarantee thresholds, a reduction was applied to the target price and intervention price for the next marketing year.

In order to strengthen the dissuasive character of the provisions in force, in April 1986 the Council decided to replace the "guarantee threshold" system by a new system limiting the amount guaranteed to producers. Under this system, which resembles that applied in the cotton sector, the Council fixes guaranteed maximum quantities each year for which grant of the total amounts of aid is guaranteed. For the 1986/87 marketing year these guaranteed maximum quantities are 3.5 million tons for colza and rapeseed (plus 10,000 tons for Spain) and 1.7 million tons for sunflower seed (1.2 million tons for Spain). When production estimated before the beginning of the marketing year exceeds the guaranteed maximum quantity, the unit amount of aid is reduced proportionally, as from the beginning of the marketing year, subject to a maximum of 5 per cent of the target price. If actual production is different from production estimated at the beginning of the marketing year, the guaranteed maximum quantity for the next marketing year is adjusted to take account of that difference. This can result in an additional reduction of aid for the next marketing year. The main new feature of the system now applicable in this sector as compared with the guarantee threshold system is that in the event that the guaranteed maximum quantity is exceeded, the penalty is applied during the

same marketing year, and not during the next marketing year as had been the case under the guarantee threshold system. In addition, any access will now be calculated on the basis of production for a single marketing year, and not average production over the three most recent marketing years.

(c) Aid

Aid is granted for seeds harvested and processed in the Community when the target price is higher than the world market price.

The amount of aid granted is, in principle, equal to the difference between these two prices. It varies directly with the world market price as determined periodically on the basis of the most favourable genuine purchasing opportunities.

(d) "Double zero" colza and rapeseed

In order to encourage by differential prices the "double zero" colza varieties having a low glucosinolate content, which yield oilcake better suited for animal feed than that obtained from the traditional varieties, the Council has decided to grant a bonus additional to the target price for these varieties. For the 1986/87 marketing year, this bonus is set at ECU 1.25/100 kg.

2. Soyabeans

Aid

Under the system, the Community fixes each year a guide price and a minimum selling price at levels that are fair to producers. When the guide price is higher than the world market price for soyabeans, aid equal to the difference between these two is granted for soyabeans of Community origin.

The aid is granted to the purchaser who concludes a contract with the producer providing for payment of a price not lower than the minimum price. The guide price and the minimum price have been fixed at the following levels:

	(ECU/100 kg.)		
	1984/85	1985/86	1986/87
Guide price			
- EEC 10	57.01	57.58	57.58
- Spain	-	-	42.34
- Portugal	-	-	57.58
Minimum price			
- EEC 10	50.17	50.67	50.67
- Spain	-	-	35.43
- Portugal	-	-	50.67

### 3. Flax-seed

#### Production aid

In order to develop the production of flax-seed within the Community and, in particular, with a view to affording better support in favour of the cultivation of oil-bearing flax-seed, a system of aid for production has been introduced in respect of all flax-seed produced within the Community.

The system involves fixing a guide price each year at a level deemed to be fair to producers. When the guide price for a marketing year is higher than the average world market price, aid equal to the difference between these two prices is granted to Community producers.

Aid is granted for a volume of production calculated from a target yield for the area harvested.

The guide price and the amount of aid have been fixed as follows:

(ECU/100 kg.)

	Guide price	Aid
1983/84	54.590	17.265
1984/85	54.860	16.633
1985/86	55.410	29.471
1986/87	55.410	

"SUGAR" SECTOR

1. Each year, an intervention price for white sugar is fixed for the non-deficit areas of the Community; the intervention agencies are required to buy in the sugar concerned at those prices throughout the marketing year.

Intervention prices derived from these prices are also fixed for each of the deficit areas.

The intervention price is fixed for a standard quality; if the quality of sugar is different, the price is adjusted in accordance with a scale of increases or reductions.

In addition, an intervention price derived from the intervention price for white sugar is fixed for raw sugar of a standard quality after allowing for a uniform refining margin and notional yield.

Intervention Price

	(ECU/100 kg.)		
	1984/85	1985/86	1986/87
White sugar	53.47	54.18	54.18
Raw sugar	44.34	44.85*	44.92

\* 44.92 as from 1 April 1986

2. For beet, a basic price is fixed each year valid for a specified delivery stage and a specified standard quality. This basic price is fixed taking account of the intervention price for white sugar and of notional values representing in particular the processing margin, yield, and undertakings' receipts from sales of molasses. In addition a minimum price is fixed for A beet<sup>1</sup> equal to 98 per cent of the basic price and a minimum price for B beet<sup>2</sup> equal to 68 per cent or 60.5 per cent of the basic price. These percentages are in direct relation with the production levies charged on A sugar and B sugar. Manufacturers are required to pay at least these prices.

In addition, in areas for which a derived intervention price of white sugar has been fixed, these minimum prices are increased by an amount representing the effects of regionalization of prices.

<sup>1</sup> A beet is beet intended for processing into A sugar, i.e. into sugar included in production quota A.

<sup>2</sup> B beet is beet intended for processing into B sugar, i.e. into sugar included in production quota B.

3. Denaturing premiums

Taking account of all sugar surpluses and of the economic aspects of the operation envisaged, provision may be made for premiums to be granted by intervention agencies for sugar rendered unfit for human consumption.

For several marketing years past, no use has been made of this sugar disposal possibility.

4. Reimbursement of storage costs

Provision has been made for lump-sum reimbursement of storage costs in respect of sugar produced under quotas A and B.

This reimbursement is designed to equalize storage costs in the Community. It is a measure designed to ensure regular disposal of sugars in the market throughout the marketing year, to prevent the sale of excessive tonnages during the manufacturing period and in particular to avoid the offering of sugar to intervention agencies solely in order to avoid storage costs. This reimbursement is financed out of a levy on manufacturers, based on the principle of equality, at the Community level, between the total sum reimbursed and the total sum levied.

5. Production levies

As from 1 July 1981, the principle in force is that producers should bear the full amount of any financial losses resulting from disposal of surplus production of Community sugar in relation to consumption in the Community. Practical implementation of this principle is ensured through a levy which may be charged at a rate of up to 2 per cent of the intervention price on all production under quotas A and B (whereas hitherto only B sugar was subject to a levy). If this first levy does not suffice to cover the financial losses in question then a second levy, which may not exceed 30 per cent of the intervention price, is charged but only on B quota production (i.e. a total of 2 per cent + 30 per cent = 32 per cent). Any remaining losses not covered by these levies are automatically carried forward to the next marketing year. Moreover, if there is such an outstanding balance an increase in the B sugar levy, not exceeding 7.5 per cent (i.e. a total levy of 39.5 per cent) may be decided; this was done for the 1982/83, 1983/84, 1984/85 and 1986/87 marketing years.

"BOVINE MEAT" SECTOR

i. Each year a guide price is fixed for adult bovine animals. This is the price to be aimed at in a normal marketing year, through the operation of the Community regulations, for all categories of adult bovine animals marketed in representative markets of the Community.

In recent years the guide prices have been as follows:

	<u>Adult bovine animals</u> (ECU/100 kg. live weight)
as from 6.12.1982	196.29
as from 23.5.1983	207.09
as from 2.4.1984	205.02
as from 27.5.1985	205.02
as from 12.5.1986	205.02

2. (a) In recent marketing years intervention prices have been fixed at the following levels:

	(ECU/100 kg. live weight)
as from 6.12.1982	176.66
as from 23.5.1983	186.38
as from 2.4.1984	184.52
as from 27.5.1985	184.52
as from 12.5.1986	184.52

Intervention measures are applied on the basis of the Community scale for the classification of carcasses of adult bovine animals in the form of carcasses, compensated quarters, half-carcasses and fore- or hind-quarters.

Intervention buying-in prices are fixed for the categories eligible for intervention defined on the basis of the Community scale for the classification of carcasses of adult bovine animals, i.e. categories U2, U3, R2, R3, O2 and O3 of bullocks, and categories U2, U3, U4, R3, R4 and O3 of adult steers.

(b) In addition to public intervention, aids to private storage may be granted. The amount of such aid is:

- either established in the context of a tendering procedure;
- or fixed in advance on a lump-sum basis.

3. For the 1986/87 marketing year:

- (1) by derogation from the basic regulations, buying-in by intervention agencies is decided when, for two consecutive weeks, the market price of the qualities eligible for intervention (recorded on the Community market on the basis of the Community scale for the classification of carcasses of adult bovine animals) is equal to or lower than the intervention buying-in price fixed for those qualities;
- (2) buying-in is suspended by the Commission when, for three consecutive weeks, the market price is higher than the buying-in price for intervention.

4. In addition, the intervention system for bovine meat has been adapted to seasonal variations in market prices by limiting buying-in by the public intervention agencies to fore-quarters during the summer period and hind-quarters during the winter period.

**"PIGMEAT" SECTOR**

1. Each year a basic price is fixed for meat of domestic swine, presented in carcasses or half-carcasses of a standard quality.

The basic prices for recent years have been as follows:

as from 1.11.1984	203,330 ECU/100 kg.
as from 1.11.1985	203,330 ECU/100 kg.
as from 1.08.1986	203,330 ECU/100 kg.

2. Intervention measures may be taken when, on the representative markets of the Community, the average price for pig carcasses is below the basic price.

Where intervention measures are to be taken, the products for which private-storage aid is to be granted and the products of a defined quality which are to be bought in are determined, and likewise the prices at which the intervention agencies are to buy-in products and the amount of private-storage aid are fixed.

The buying-in price for pig carcasses of standard quality may not be more than 92 per cent nor less than 78 per cent of the basic price.

For products other than pig carcasses of standard quality, the buying-in prices are derived taking into account differences of presentation and quality.

3. Because of cyclical and seasonal variations in pigmeat prices, as well as veterinary restrictions on trade, private-storage aids have been granted in respect of several products in the sector, as indicated in the following summary:

Year	Period	Number of weeks	Contracts concluded for		Region of application
			Frozen meat (tons)	Dried hams	
1984	16.01 - 29.06.84	24	103,981	-	EC
1985	04.03 - 30.03.85	4	20	-	Italy
	18.03 - 26.04.85	4	1,992	-	Belgium
	27.03 - 12.04.85	4	21,360	-	Belgium
	18.04 - 20.09.85	23	9,774	-	Belgium
	06.05 - 29.07.85	12	35,553	-	EC
1986	27.01 - 06.04.86	11	4,158	5,641	Italy
	01.04 - 18.07.86	16	95,440	-	EC

"SHEEPMEAT" SECTOR

1. As from 20 October 1980, the Community made effective basic regulations on the common organization of the market in sheepmeat and goatmeat. With a view to attaining a single market based on a common price system, this common organization, like the others, comprises a price, premium and intervention system.

The first system, which provides for a common basic price and for regional reference prices (harmonized progressively over a four-year period), provides for:

- the grant of premiums for the benefit of producers, payable per ewe and covering the difference between the reference price for each region and the market price;
- the application of support measures tied to the situation of the market price in relation to the basic price, in the form of either variable slaughter premiums or market intervention measures (private-storage aid and, where appropriate, public purchases).

2. For the five most recent marketing years, the basic prices have been the following:

(ECU/100 kg. carcass weight)

1983/84 marketing year (as from 23.5.1983):	432.36
1984/85 marketing year (as from 2.4.1984):	428.04
1985 marketing year (as from 27.5.1985):	428.04
1986 marketing year (as from 6.1.1986):	432.32
1987 marketing year (as from 5.1.1987):	432.32

No intervention purchases have yet been carried out.

Having regard to the particular situation of their respective markets, premiums for the benefit of producers have been paid only in Ireland and the United Kingdom; similarly, variable slaughter premiums have been granted only in this latter State. During the three ensuing marketing years, premiums for the benefit of producers were paid in all member States.

In addition, and as from the 1986 marketing year, goat producers situated in mountain regions in terms of Article 3:3 of Directive (EEC) 268/75 have been made eligible to receive the premium payable to ewe producers.

"FRUIT AND VEGETABLES" SECTOR

(a) Measures to promote the formation of producers' organizations

In order to encourage the formation of producers' organizations and facilitate their operation, aids can be granted to such organizations established on the initiative of producers in order to promote the concentration of supply and the regularization of prices at the producer stage and to make suitable technical means available for presenting and marketing products.

The following may be granted:

- an initial aid during the five years following the date of recognition of the organization. The amount of this aid for the first, second, third, fourth and fifth year is, respectively, 5, 5, 4, 3 and 2 per cent of the value of production marketed, provided that the resulting amounts do not exceed the actual costs of establishing and administering the organization; however, for organizations recognized before 1 July 1988, the amount of this aid for the first, second and third year can be, respectively, 3, 2 and 1 per cent of the value of production marketed.
- an aid in the form of loans on special terms to cover part of the foreseeable cost of withdrawal measures, such aid being granted only during the five years following the date of establishment of the organization.

(b) Intervention measures

For certain fruit and vegetables<sup>1</sup>, two measures are provided in order to avert a price slump in the Community market, i.e.

- withdrawal by producers' organizations;
- buying-in by bodies or natural or legal persons appointed by the member States for this purpose.

Producers' organizations taking withdrawal measures in accordance with the provisions of the regulations, in particular as regards the level of withdrawal prices and the compensation of associated producers and likewise

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<sup>1</sup> Cauliflowers, tomatoes, sweet oranges, mandarines, lemons, table grapes, apples (other than cider apples), pears (other than perry pears) and peaches (not including nectarines), and also, starting with the 1982/83 marketing season, aubergines and apricots.

as regards the utilization of products withdrawn, obtain financial compensation equivalent to the compensation paid by them to associated producers, after deduction of the net receipts derived from the products withdrawn from the market.

Buying-in by bodies or natural or legal persons appointed by the member States for the purpose takes place only where a serious crisis is found to exist for the product concerned or where the rules regarding withdrawal applied by a representative producers' organization in an economic district are extended to producers in the district who are not members of the organization.

(c) Special measures for citrus fruit: measures for the marketing of fresh citrus fruit

In order to promote and ensure availabilities of Community-produced oranges, mandarines, clementines and lemons on Community import markets, financial compensation can be granted to sellers of producing member States who have established a reconversion plan. The grant of this compensation is limited in time, however - up to the 1992/93 marketing year for oranges and mandarins, and up to the 1986/87 marketing year for lemons.

"PROCESSED FRUIT AND VEGETABLES" SECTOR

Production aid

(a) A system of production aid has been established for pineapple preserves, Community production of which is located in the French overseas departments.

The system is designed to compensate the difference between the Community price and prices prevailing in third countries.

The grant of this aid is dependent upon payment of a minimum price to pineapple producers.

(b) Since the 1978/79 marketing year, a Community system of production aid has been in effect for prunes prepared from dried Ente plums, processed tomato products and peaches in syrup.

This system was extended to William pears in syrup with effect from the 1979/80 marketing year, and to cherries in syrup with effect from the 1980/81 marketing year.

Lastly, Community aid in respect of dried grapes and dried figs was granted for the first time for the 1981/82 marketing year.

The amount of the aid is set so as to compensate the difference between the price level of Community products and that of third-country products.

Grant of this aid is conditional on payment of a minimum price to agricultural producers.

In March 1984, certain adjustments were made to the aid system, the main changes being the following:

- amendment of elements to be taken into consideration for calculating the aid;
- amendment of the aid system for dried grapes and dried figs;
- Community quality standards;
- adaptation of the common customs tariff to take account of existing practices in regard to presentation of certain products.

At the same time, a system of guarantee thresholds was introduced for processed tomato products and for dried grapes.

In May 1985, the Council instituted measures, to be in effect for a period limited to three marketing years, under which aid is granted solely in respect of the quantities fixed as thresholds.

The guarantee threshold for tomato products is fixed at a quantity of processed tomato products corresponding to a volume of fresh tomatoes of 4,700,000 tons.

This volume is broken down as follows:

- 2,987,850 tons for tomato concentrates;
- 1,307,150 tons for whole peeled tomatoes;
- 405,000 tons for other tomato products.

For Spain and Portugal, under the instrument of accession the quantities eligible for Community processing aid are limited as follows for the first four years:

<u>Tomato products</u>	<u>Spain</u>	<u>Portugal</u>	
Concentrates	370,000 t	685,000 t	
Peeled	209,000 t	9,600 t	of raw
Other products	88,000 t	137 t	material

It should be noted that under Regulation (EEC) No. 2035/86, exports of processed tomato products by Spain and Portugal are subject to payment of the compensatory amount in order to ensure normal conditions of competition between the industries of all member States.

Products in syrup

Peaches	80,000 t	finished products, net weight
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The guarantee threshold for dried grapes is fixed at a quantity of processed dried grapes corresponding respectively to a volume of non-processed dried grapes of:

- 70,000 tons of currants;
- 93,000 tons of sultanas.

Lastly, the aid-eligible quotas for cherries and William pears in syrup have been adjusted in that aid is now granted on the basis of net weight of processed products. In terms of net weight, the quotas are accordingly:

- William pears in syrup:	102,305 tons
- Cherries in syrup:	
- morello cherries:	51,282 tons
- white-hearted and other sweet cherries:	28,272 tons

The amounts of aid were fixed as follows:

- for tomato products, peaches in syrup, prunes, William pears and cherries in syrup, dried grapes, dried figs and pineapple:

PRODUCT	ECU/100 kg. net weight							
	84/85		85/86		86/87			
	EEC 9	GREECE	EEC 9	GREECE	EEC 9	GREECE	SPAIN	PORTUGAL
Tomato concentrate	30,98	30,87	27,-	23,58	29,258	25,981	15,731	18,428
S. Marzano whole peeled tomatoes								
- preserved	15,21	9,16	12,41	8,31	11,746	8,733	3,917	-
- frozen	-	-	10,38	6,52	5,517	6,555	3,917	-
Roma whole peeled tomatoes								
- preserved	11,21	6,65	9,08	5,21	5,002	4,533	4,119	2,321
- frozen	-	-	7,59	5,25	2,537	3,113	1,119	2,321
Non-whole tomatoes, peeled and frozen	7,06	4,21	4,79	3,32	3,592	3,266	2,471	1,417
Tomato juice (7-8%)	10,55	8,38	6,85	6,05	6,300	5,793	4,068	4,766
(CCT Heading 20.02)(8-10%)	12,59	10,05	8,22	7,26	7,560	6,951	4,882	5,719
(10-12%)	15,51	12,59	10,04	8,98	9,240	8,496	5,967	6,990
Tomato juice (3.5-5%)	6,35	6,35	3,56	3,56	3,276	3,276	2,116	2,475
(CCT Heading 20.07)(5-7%)	9,77	9,77	5,48	5,48	5,040	5,040	3,255	3,813
Tomato flakes	136,10	107,78	98,08	77,93	81,064	74,532	52,346	61,321
Peaches in syrup	22,23	13,18	19,50	12,46	14,625	9,482	10,553	14,625
Prunes	59,36	59,36	52,11	52,11	51,938	51,938	21,940	-
William pears in syrup	18,51	17,92	17,14	17,14	18,520	18,520	3,549	3,571
Cherries: White-hearted	14,20	13,-	16,27	16,27				
(1) Morello	14,20	13,-	16,27	16,27	16,585	16,585	1,987	16,585
Other	14,20	13,-	16,27	16,27				
Sultanas	75,55	75,55	66,03	66,03	51,972		-	-
Dried figs - C quality	39,95	39,95	35,46	35,46	32,505	32,505	32,505	32,50
Pineapple			51,07		62,505			

- for dried grapes and dried figs:

(ECU/100 kg.)

	Marketing year		
	1983/84	1984/85	1985/86
- dried grapes - No. 4 sultanas storage aid	0.37 per week	up to end February 1986 0.0528 per day <sup>1</sup>  from 1 March 1986 0.0064 per day <sup>1</sup>	up to end February 1987 0.0529 per day <sup>1</sup>  from 1 March 1987 0.0064 per day <sup>1</sup>
- dried figs - C quality storage aid	0.21 per week	0.0295 per day <sup>1</sup>	0.0295 per day <sup>1</sup>

<sup>1</sup> Following adjustments to the aid system for dried grapes and dried figs, storage aid is granted to storage organizations which buy in the last two months of the marketing year the dried grapes and dried figs produced during that marketing year.

"WINE" SECTOR

1. Each year, before 1 August, a guide price is fixed for each type of table wine representative of Community production. A threshold price activating the intervention mechanism, termed the "activating price" is applicable during each wine year for each type of wine for which a guide price is fixed. This price is applicable at the same stage as the guide price and corresponds to 92 per cent of the latter.

Guide prices for the 1986/87 wine year have been set as follows:

Type of wine	EC - 10	Spain
R I (ECU/degree/hl)	3.42	2.11
R II (ECU/degree/hl)	3.42	2.11
R III (ECU/hl)	53.30	32.88
A I (ECU/degree/hl)	3.17	1.95
A II (ECU/hl)	71.02	43.74
A III (ECU/hl)	81.11	49.96

The prices fixed for the EC of 10 are identical to those applicable during the preceding wine year.

2. Aid for private storage of table wines

Provision is made for the possibility of concluding long-term contracts in respect of defined table wines when the forward estimates for a wine year show that the quantity of table wine available at the beginning of the wine year exceeds total requirements for that year by more than four months' consumption. These contracts are concluded between 16 December and 15 February for a nine-month period.

3. Aid for private storage of grape must, concentrated grape must and rectified concentrated grape must

Provision may be made for the possibility of concluding long-term contracts for grape must, concentrated grape must and rectified concentrated grape must when it has been decided to provide for the possibility of concluding private long-term storage contracts for table wines.

4. Re-storage aids

In cases where the foreseeable level of end-of-season stocks held by producers and prospects for the next harvest indicate a risk of storage difficulties for that harvest, a decision may be taken to grant re-storage aid in respect of table wines covered by long-term contracts.

5. Aids to concentrated grape must and rectified concentrated grape must used in wine-making

Aids are granted in respect of concentrated grape must and rectified concentrated grape must used to increase the alcoholic strength of wines. The amount of the aid is fixed in the light of the difference between the cost of enrichment by means of grape must and sucrose, respectively.

For the 1986/87 wine year, the aid is fixed, per degree of potential alcoholic strength by volume per hectolitre of concentrated grape must and rectified concentrated grape must used, in the same amounts as in the preceding wine year, i.e.:

- ECU 1.52 in the EC of 10 and ECU 0.48 in Spain for concentrated grape musts prepared from grapes originating in the vine-growing zones C III(a) and C III(b);
- ECU 1.32 in the EC of 10 and ECU 0.28 in Spain for concentrated grape musts other than those referred to in the first indent;
- ECU 1.69 in the EC of 10 and ECU 0.55 in Spain for rectified concentrated grape musts prepared from grapes originating in the vine-growing zones C III(a) and C III(b) or produced outside the said zones in facilities which began production prior to 30 June 1982, and prior to 1 January 1986 in Spain, regardless of the origin of the grapes;
- ECU 1.49 in the EC of 10 and ECU 0.45 in Spain for rectified concentrated grape musts other than those referred to in the third indent.

6. Aids to grapes, grape must and concentrated grape must used for purposes other than wine-making

In order to encourage the use of vine products of Community origin for purposes other than wine-making, a system of aids has been established.

(a) For grapes, grape must and concentrated grape must intended for the preparation of grape juice, the amount of the aid for the wine year 1986/87 has been fixed as follows:

- ECU 6.4 per quintal of grapes;
- ECU 8.0 per hectolitre of grape must;
- ECU 28.0 per hectolitre of concentrated grape must.

Only 65 per cent of the aid is paid to the processor, the remainder being withheld to finance campaigns to promote grape juice consumption.

- (b) For concentrated grape must intended for traditional preparation in the United Kingdom and Ireland of certain products falling within TDC heading 22.07 ("British and Irish wines"), the amount of the aid for the wine year 1986/87 has been set at the same level as in the preceding wine years, i.e. ECU 0.15/kg. of concentrated grape must used. The latter must be obtained entirely from grapes produced in vine-growing zones C III(a) and C III(b) of the Community.
- (c) For concentrated grape must used as the principal element in a group of products marketed in the United Kingdom and in Ireland with visible instructions for preparing a beverage imitating wine ("home-made wine"). The amount of aid has likewise been set at the same level as in preceding wine years, i.e. ECU 0.26/kg. of concentrated grape must used.

## 7. Distillation

### (a) Preventive distillation

Where necessary, taking into account harvest forecasts or in order to improve the quality of wines marketed, the Commission may open the possibility, in each marketing year, of preventive distillation of table wines at 65 per cent of the guide price from 1 September until a date to be determined.

The quantity of table wines delivered for preventive distillation by each producer is taken into account for discharge of obligations deriving from any compulsory distillation subsequently decided on.

### (b) Compulsory distillation

The Commission orders compulsory distillation:

- when stocks exceed four months' normal requirements;
- or when market prices remain below the guaranteed minimum price during a representative period;
- or when production exceeds normal requirements by more than 9 per cent.

The Commission determines for each region the quantities to be delivered for compulsory distillation in order to eliminate surpluses and restore a normal market situation. This volume is allocated:

- as between the regions of the Community, grouped by member States, pro rata to the production volumes in excess of a specific level for each of them, equal to a uniform percentage of their average harvest calculated on the basis of the 1981/1982, 1982/1983, and 1983/1984 wine years;

- in each region, among producers on the basis of yield per hectare according to a scale fixed by the Committee within the framework of the procedures of the Management Committee and taking account of past yields.

Up until the 1987/88 wine year, the buying-in price for wine paid for compulsory distillation is set at 50 per cent of the guide price provided that the total quantity of wine for distillation does not exceed 12.5 million hectolitres. If this quantity is exceeded, the price is equal to the weighted average between the price at 50 per cent for the 12.5 million hectolitres and the price at 40 per cent for the quantity in excess of that volume.

Up until the 1987/88 wine year, the price of compulsory distillation is set at 50 per cent of the guide price for the 10 first millions of hectolitres to be distilled, and at 40 per cent beyond that level.

(c) Distillation at guaranteed minimum price, termed support distillation

Whenever compulsory distillation is decided on, the Commission at the same time makes provision for distillation at a price, equivalent to 82 per cent of the guide price for each type of table wine.

Even in the course of wine years during which no compulsory distillation is decided on, the Commission may, if the market situation for table wine so requires, make provision for distillation at the buying-in price of 82 per cent. Distillation measures may be limited to certain table wines determined having regard to the type concerned, or to one or more wine-producing zones. The quantity of table wine covered by distillation measures decided on by the Commission at the buying-in price equivalent to 82 per cent of the guide price may not exceed as from the 1986/87 wine year, 6.2 million hectolitres in any given wine year. If the market situation so requires, however, the Council may decide to increase the quantity of table wine eligible for such distillation.

Access to distillation at the guaranteed minimum price and to the other intervention measures designed to support prices, is limited to producers who have discharged their obligations in regard to compulsory distillation and complied with the measures mentioned below under (e) and where applicable, (f). Such access is conditional on producers showing that they have discharged their compulsory distillation obligation in the most recent wine year during which distillation was decided on.

(d) Performance guarantee distillation

Where the other market support measures are inadequate and where the representative price of a type of table wine remains lower than the activating price for three consecutive weeks, additional measures applicable to holders of long-term storage contracts for the type of table wine in question are taken, to maintain prices at a level higher than the activating price.

These additional measures can consist in particular of:

- storing the wine concerned for a specified period in the conditions prescribed for long-term storage;
- distillation of these wines or of a corresponding quality.

In the event of distillation, the quantity of table wine covered by a storage contract and which may be distilled may not exceed 18 per cent of the total quantity of table wine produced by the long-term storage contract holder concerned for the marketing year in which the long-term contract was concluded. The buying-in price of wine to be distilled in this way is equal to the following percentage of the guide prices in effect when the long-term storage contracts were concluded:

- 90 per cent for all white table wines;
- 91.5 per cent for all red table wines.

(e) Compulsory distillation under system of wine deliveries

The aim is to ensure that wine-making by-products are not re-used for the manufacture of poor-quality wines. The minimum buying-in price for the products concerned has been set, for the 1986/87 wine year, at respectively ECU 1.05 and 0.65/degree/hl of alcohol in the product obtained from grapes harvested in the EC of 10 and in Spain.

(f) Compulsory distillation of wines made from grapes normally intended for uses other than in table wine

This measure, already established since 1976 for wines made from table grapes, has been extended to all other cases of production surpluses likely to overburden the market for table wines (case of Charentes products in France, of grapes intended for drying in Greece). The buying-in price of the wines concerned is equivalent to 50 per cent of the lowest guide price (A I white wine).

8. Other support measures

(a) To the extent necessary to support the market for table wines, intervention measures may be taken in respect of products covered by the wine regulations other than table wine.

(b) If prices are found to have increased in the wine market of the Community so as to be substantially above the guide price fixed for a particular type of wine, that the situation is likely to continue and that as a result the market is being disrupted, the necessary measures may be taken.

(c) The Council may adopt derogation measures that may be necessary to remedy any exceptional situation resulting from natural disasters.

"TOBACCO" SECTOR

A price system has been established, comprising on the one hand intervention prices and derived intervention prices applicable where leaf tobacco or packaged tobacco is offered for intervention, and on the other hand, a system of premiums granted to the purchaser of leaf tobacco.

The Council fixes each year and for each harvest:

- intervention prices for each variety of leaf tobacco and derived intervention prices for certain varieties, as well as in both cases the reference qualities to which they refer;
- the amount of the premium according to variety.

The intervention prices for leaf tobacco, intervention prices for packaged tobacco and the amount of the premiums for the 1986 harvest are reproduced below.

In order to prevent the accumulation of intervention stocks, the system makes provision for measures to regulate the market: acting on a proposal by the Commission, the Council may adopt specific measures, in particular, a quantitative reduction of the amounts offered for intervention and/or a reduction of the intervention price for varieties difficult to dispose of. In addition, when the amounts of packaged tobacco offered for intervention exceed a certain percentage, the derived intervention price is reduced.

In order to hold down tobacco output, the Council has defined the production zones in the EEC.

Target Prices, Intervention Prices and Premiums for  
Leaf Tobacco from the 1986 Harvest

Derived Intervention Prices for Packaged Tobacco  
from the 1986 Harvest

No.	Variety	Target price	Intervention price	Amount of premium	Derived Intervention price
1	Badischer Gaudertheimer and its hybrids	3,572	3,036	2,424	4,570
2	Badischer Burley E and its hybrids	4,512	3,835	2,847	5,426
3	Virgin D	4,491	3,817	2,733	5,052
4	a) Paraguay and its hybrids b) Dragon vert and its hybrids, Philippin, Petit Grammont(Flobecq), Semols, Appelterre	3,333	2,833	2,306	-
5	Nijkerk	3,291	2,797	2,090	-
6	a) Misionero and its hybrids b) Rio Grande and its hybrids	3,067	2,607	2,117	-
7	Bright	3,951	3,358	2,298	4,450
8	Burley I	2,848	2,421	1,589	3,565
9	Maryland	3,313	2,816	1,802	4,014
10	a) Kentucky and its hybrids b) Moro di Cori c) Salenta	2,741	2,330	1,730	3,294
11	a) Forchheimer Havanna II c b) Nostrano del Brenta c) Resistente 142 d) Gojano	3,130	2,661	2,161	4,053
12	a) Beneventano b) Brasile Selvaggio and similar varieties	1,590	1,437	1,220	2,232
13	Xanti-Yaka	3,465	2,945	2,552	4,725

No.	Variety	Target price	Intervention price	Amount of premium	Derived Intervention price
14	a) Perustitsa b) Samsun	3,280	2,788	2,429 2,364	4,116 4,140
15	Ersegovina and similar varieties	2,947	2,505	2,188	3,712
16	a) Round Tip b) Scafati c) Sumatra I	15,596	13,257	9,420	20,478
17	Basmas	5,913	5,026	2,869	6,747
18	Katerini and similar varieties	4,925	4,186	2,552	6,050
19	a) Kaba Koulak, classical b) Elassona	4,279	3,637	2,211	5,170
20	a) Kaba Koulak, non-classical b) Myrodata Smyrne, Trapezous and Phi 1	3,223	2,740	1,514	4,163
21	Myrodata Agrinion	4,253	3,615	2,233	5,080
22	Zichnonyrodata	4,419	3,756	2,355	5,303
23	Tsebelia	3,695	3,141	2,936	4,613
24	Mavra	3,607	3,066	2,400	4,529
25	Burley GR	2,251	1,913	0,953	3,034
26	Virginia GR	3,695	3,141	2,936	4,359
27	Santa Fé	1,356	1,153	0,295	2,007
28	Burley, fermented	2,196	1,867	0,904	2,878
29	Havana ESP	2,822	2,399	1,914	3,575
30	Round Scafati	8,499	7,224	5,795	12,436
31	Virginia ESP	4,359	3,739	2,198	5,176
32	Burley ESP	2,745	2,322	1,174	3,739
33	Virginia P	4,359	3,739	2,198	5,176
34	Burley P	2,745	2,322	1,174	3,739

"FISHERY PRODUCTS" SECTOR

1. Financial compensation to producers' organizations

In order to stabilize prices, producers' organizations can apply a withdrawal price below which they do not sell the products brought in by their members. These prices are fixed at Community level for herring, sardines, dogfish, spotted dogfish, ling, redfish, cod, saithe, haddock, whiting, mackerel, anchovies, plaice, hake, megrim, pomfret, anglerfish and shrimps of the genus Crangon sp.p. In such cases, the producers' organizations grant an indemnity to associated producers in respect of the quantities withdrawn from the market.

For the financing of these withdrawal measures, the producers' organizations establish intervention funds made up of contributions based on the quantities offered for sale, or use an equalization system.

To support the action by producers' organizations, financial compensation is granted to them provided that the producers' organizations observe the Community withdrawal price and that the products withdrawn from the market are used for purposes other than human consumption or in such conditions that they do not hinder normal disposal of the products concerned. As from 1 January 1983, this financial compensation is calculated on the basis of the quantities withdrawn from the market in relation to the annual quantities of the product concerned offered for sale, and can vary between 85 per cent and 40 per cent of the withdrawal price according to the quantities withdrawn. The amount of financial compensation is reduced by the value, fixed on a flat-rate basis, of the product intended for uses other than human consumption or by the net earnings resulting from disposal of the products in the conditions described above. No compensation is granted, however, in respect of quantities exceeding 20 per cent of the annual quantities offered for sale.

2. Carry-forward premiums

The new market organization system provides for the grant of carry-forward premiums to producers' organizations which process, in certain conditions, certain high-value products withdrawn from the market with the view to their being offered for sale (at a later stage). This premium is granted only in respect of quantities not exceeding 15 per cent of the annual quantities of the product concerned offered for sale. The premium may not exceed the amount of the actual costs of processing and of storage for a limited period, nor 50 per cent of the Community withdrawal price for the fresh product.

3. Storage aid

(a) A storage premium is granted to producers' organizations for fresh Norway lobsters and crabs which have not found a purchaser at the selling price fixed at Community level and have been either processed for freezing and stored, or preserved in specified conditions. The premium is granted only in respect of quantities not exceeding 15 per cent of the annual quotas of the product offered for sale.

The amount of this premium may not exceed the amount of the technical and financial costs involved in the relevant operations for a specified period.

(b) Provision is made for storage aid in respect of certain frozen products (sardines, sea-bream, squid, cuttle-fish, octopus) when prices in one of the representative markets or ports remain below 85 per cent of the guide price for the product concerned during a period significant of a trend toward market disruption. The amount of this aid may not exceed actual storage costs and interest charges for a specified period.

4. Compensatory allowance to producers of tunny, salmon and lobsters

A compensatory allowance can be granted, if necessary, to producers in respect of tunny intended for the canning industry, salmon and lobsters. In the case of tunny, this allowance is granted in specified conditions regarding price trends on the Community market and the import price.

5. Export refund

In order to allow exports of fishery products to the world market, provision is made in the Community regulations for the possible grant of an export refund, the aim being to cover any difference between prices of these products on the Community market and world market prices.

6. Initial aids to producers' organizations

Aids, partly financed by the Community, can be granted to producers' organizations in order to facilitate their establishment and operation. The amount of these aids, which are granted for a period of three years, may not exceed, for the first, second and third years respectively, 3 per cent, 2 per cent and 1 per cent of turnover nor 60 per cent, 40 per cent and 20 per cent respectively of the overheads of the producers' organization concerned. Under certain conditions, and during a transitional period, the duration of these aids may be extended to five years; in such case, their amount may not exceed, for the first, second, third, fourth and fifth years respectively, 5 per cent, 4 per cent, 3 per cent, 2 per cent and 1 per cent of turnover nor, in any case, 80 per cent, 70 per cent, 60 per cent, 40 per cent and 20 per cent of the overheads of the producers' organization concerned.

"TEXTILE FIBRES" SECTOR

1. "COTTON"

Under Protocol No. 4 of the Act of Accession of Greece, as from the 1981/1982 marketing year the system of aid to cottonseed has been replaced by a system of aid to production of unginned cotton, granted via cotton-ginning undertakings. Under this system, a guide price is fixed each year at a level deemed fair to producers. The difference between the guide price and the world market price is offset by an aid, limited to a certain production quantity fixed each year. A minimum price is fixed each year for unginned cotton, to be paid by cotton-ginning undertakings to cotton producers, failing which they lose entitlement to the aid. The guide price and minimum price have been as follows:

	(ECU/100 kg.)		
	1984/85	1985/86	1986/87
Guide price	92.75	94.14	96.02
Minimum price	88.12	89.44	91.23

The quantity of unginned cotton in respect of which the aid is granted in full was fixed at 430,000 tons for 1981/1982, 450,000 tons for 1982/1983 and 1983/84, 500,000 tons for 1984/85 and 567,000 tons for 1985/86. For 1986, this quantity has been raised to 752,000 tons to take account of Spanish production. The amount of the aid has been as follows:

<u>Month</u>	<u>Aid</u>
1983/84: 1 September 1983	23,806
1 December 1983	22,668
1 March 1984	20,119
1 June 1984	26,236
1984/85: 1 September 1984	32,563
1 December 1984	33,719
1 March 1985	27,914
1 June 1985	40,034
1985/86: 1 September 1985	55,833
1 December 1985	66,648
1 March 1986	66,397
1 June 1986	74,723

## 2. "FIBRE FLAX AND HEMP" SECTOR

The Community regulations provide for the following measures:

### 1. Production aid

In order to ensure a fair income for the producers concerned, a system of aid has been established for fibre flax and hemp grown in the Community.

The amount of this aid is fixed each year, per hectare of area sown and harvested.

For hemp, the aid is granted to the producer. For fibre flax, half of the aid is granted to the flax producer and the other half to the person who purchases the raw flax for processing into fibre. If the producer processes his own raw flax or arranges for it to be processed, he receives the entire amount of the aid.

The areas sown and the amount of aid per hectare have been as follows:

#### Amount of aid

	<u>ECU/ha</u>	<u>Area (ha)</u>
<u>Fibre flax</u>		
Marketing year 1983/84	355.12	53,000
Marketing year 1984/85	351.57	64,800
Marketing year 1985/86	355.09 <sup>1</sup>	75,500
Marketing year 1986/87	355.09 <sup>1</sup>	60,000
<u>Hemp</u>		
Marketing year 1983/84	322.52	5,000
Marketing year 1984/85	319.29	5,000
Marketing year 1985/86	322.48 <sup>2</sup>	6,400
Marketing year 1986/87	322.48 <sup>2</sup>	6,500

<sup>1</sup> Spain, Portugal: ECU 50.73

<sup>2</sup> Spain, Portugal: ECU 46.07

### 2. Aid to private storage of flax and hemp tow

In order to avoid or alleviate a slump in prices, holders of tow can conclude storage contracts in the event of temporary market imbalance. This situation arose in 1986 in respect of long flax fibre bundles and hemp fibre bundles, and use was made of this possibility then.

3. Aids to improve the organisation of production, marketing and processing

Measures can be introduced to improve the organization of production, marketing and processing, to improve quality and to promote research into new uses. No specific measures have yet been taken in this area, however.

4. Aids to encourage use of flax fibre bundles

In 1980/81 and 1981/82, Community measures were taken to encourage the use of flax in the Community. The estimated cost was ECU 600,000 for 1980/81 and ECU 1,200,000 for 1981/82. These measures were largely financed from that part of aid per hectare that is not paid to the beneficiaries but is earmarked for financing these measures. These measures are likewise being taken for the marketing years from 1982/83 to 1986/87 but they are being financed entirely out of an amount withheld from the production aid. The estimated cost for 1982/83 and 1983/84 is ECU 2,300,000 for each of those two marketing years, and approximately ECU 5,000,000 for the ensuing three marketing years.

3. "SILKWORMS" SECTOR

Provision is made for the following measures under the Community regulations:

1. Production aid

In order to contribute to ensuring a fair income for silkworm rearers, an aid has been established for silkworms reared in the Community. The amount of the aid is fixed each year per box of silkworm eggs used. The aid is granted to the rearer responsible for rearing the worms.

The number of boxes used and the amount of the aid have been as follows:

	Number of boxes	Amount of aid (ECU/box)
Rearing year 1984/85	6,800	107.59
Rearing year 1985/86	6,600	108.67 <sup>1</sup>
Rearing year 1986/87		108.67 <sup>1</sup>

<sup>1</sup>Spain, Portugal: ECU 15.52

2. Aid to improve quality

Provision is made for Community measures to improve the quality of silkworms and silkworm eggs but none have yet been drawn up. The objectives pursued can be attained, at least to some extent, through horizontal measures designed to improve agricultural structures.

"SEEDS" SECTOR

Under the Community regulations in force since 1 May 1972 and applied as from 1 July 1972, a production aid is granted for certain types of seeds.

The amount of aid is fixed taking into account the market situation (balance between supply and demand) as well as the price for these products on third country markets.

The amount of the aid is fixed for two consecutive marketing years.

The amount of aid for marketing years 1985/86 to 1987/88 has been fixed as follows:

	(ECU/t.)		
	1985/86	1986/87	1987/88
I. Graminae	Between 146 and 669	Between 146 and 669	Between 146 and 669
II. Leguminosae	Between 0 and 541	Between 0 and 541	Between 0 and 541
III. Oilseeds	Between 156 and 216	Between 156 and 216	Between 156 and 216
IV. Cereals (rice spelt)	Between 110 and 146	Between 110 and 146	Between 110 and 146

**"HOPS" SECTOR**

In order to ensure a fair income for hop producers and to achieve sound management of the market, the Community regulations were amended substantially on 17 May 1977. As amended, the regulations provide for the institution of a system of aid per hectare and per group of hop varieties. This aid is granted in those regions of the Community in which recognized producer groups are able to ensure a fair income for their members and to achieve rational management of supply, the aid being granted to such producer groups alone. In the other regions, aid is granted to individual producers.

The amount of the aid is fixed each year for the preceding year's harvest, on the basis of proceeds from the harvest concerned. The aid has been granted since 1978 on the basis of the system established under the new basic regulation.

It was granted in respect of three groups of varieties:

- (i) aromatic
- (ii) bitter
- (iii) other

The amounts per hectare were as follows:

	(ECU/ha)		
	<u>1983</u>	<u>1984</u>	<u>1985</u>
Aromatic	300	300	350
Bitter	250	300	275
Other	300	300	350

**"DRIED FODDER" SECTOR**

As from marketing year 1974/75, an organization of the market was established in the dehydrated fodder sector in the context of a Community policy to encourage cultivation of protein-bearing crops. It provided, inter alia, for the grant of aid in respect of the quantity of dehydrated fodder produced that meets certain conditions in respect of moisture content and protein content.

Since 1978/79 marketing year, the system has been changed: the new common organization of markets in the dried fodder sector covers the following products: dehydrated fodder, the principal leguminous vegetables, sun-dried and ground, protein concentrates obtained from alfalfa and grass juice, and dehydrated potatoes. The other main features of the new system are the fixing each year of a target price at a fair level for producers, the granting of a fixed-rate aid to processing undertakings, together with an additional aid if the world market price falls below the target price. The additional aid is fixed each month.

The main features of the market organization system have developed as follows:

(ECU/t.)

	1982/83	1983/84	1984/85	1985/86	1986/87
Target Price	168.81	178.94	177.15	178.92	178.92
Fixed-rate aid	8.01	8.49	8.41	8.49	8.49
Additional aid (Percentage of the difference between the target price and the world market price.)					
- dehydrated fodder and protein concentrates	100%	100%	100%	100%	100%
- fodder dried otherwise	50%	50%	50%	50%	50%

For marketing year 1986/87, the following elements have been adopted for the two new member States: target price for Spain: ECU 152.45/ton; for Portugal: ECU 178.92/ton. The fixed-rate aid has been set at ECU 1.21/ton for both these countries.

"PEAS, BROAD BEANS, FIELD BEANS AND SWEET LUPINS" SECTOR

A. Used as fodder

Taking into account in particular the low self-sufficiency ratio of the Community in regard to proteins for animal feed, special measures for peas, broad beans and field beans used as fodder were adopted by the Council on 22 May 1978 in order to encourage this production. These measures have been in operation since 1 July 1978. In 1984 they were extended to cover sweet lupins.

Since the products concerned are in direct competition with oilcake imported from third countries at zero duties, a system has been established under which aid is granted to fodder manufacturers who use field peas, broad beans, field beans and sweet lupins produced in the Community, if the world market price of soyacake is less than the activating price for aid fixed for soyacake. This aid is granted only if the fodder manufacturer has paid to the producer a price not lower than the minimum price, fixed by the Council at an equitable level to the producer.

As from marketing year 1984/85, these prices have developed as follows:

(ECU/100 kg.)

	1984/85	1985/86	1986/87
Activating price (peas, broad beans and field beans)	51.24	50.64	50.96
Activating price (sweet lupins)	47.82	48.25	48.50
Minimum price (peas, broad beans and field beans)	28.90	28.35 (peas) 27.35 (broad beans, field beans)	28.63 27.62
Minimum price (sweet lupins)	31.79	31.79	32.11

For marketing year 1986/87, prices in Spain and Portugal have been set at the Community levels, with certain exceptions for sweet lupins.

B. Used for human consumption

For marketing years as from 1982/83, the Council has amended the special measures in respect of peas and field beans, and has established a system of aid for these products used for human consumption.

A guide price is fixed each year for these products. The Commission ascertains the world market price at the Community frontier. Aid is granted to users of peas and field beans intended for human consumption, in an amount equal to the difference between the recorded world market price and the guide price provided they pay a minimum price to the producer. The minimum price is the same as that of peas and field beans intended for use as fodder.

For marketing years 1982/83 and 1983/84, the guide price was fixed at ECU 31.40/100 kg. and ECU 33.44/100 kg. For 1984/85, 1985/86 and 1986/87 it was fixed respectively at ECU 33.11, 32.48 and 32.80/100 kg. For marketing year 1986/87, the target prices in Spain and Portugal have been fixed at the Community level.

With effect from the 1985/86 marketing year, and in respect of products used for animal as well as those used for human feeding, the regulations have been supplemented by a system of monthly price increases.

Third Part.- United Kingdom

**UNITED KINGDOM**

**AGRICULTURE**

1 On 1 February 1973 the mechanisms of the Common Agriculture Policy of the EC were adopted.

2 Previously the basic system of agricultural support in the United Kingdom was provided by guaranteed prices and deficiency payments.

The Agriculture Act of 1957 still makes provision for guaranteed prices for potatoes and wool. They are not, however, listed below as a subsidy because their purpose is to prevent excessive fluctuations in prices and not to subsidise producers.

**PRICE GUARANTEES**

Farming Grants and Subsidies

**I The Agriculture Improvement Scheme (AIS)**

**i. Nature and extend of subsidy**

- (a) The Agriculture Improvement Scheme came into operation on 1 October 1986 replacing the Agriculture and Horticulture Development Scheme (AHDS) and the Agriculture and Horticulture Grant Scheme (AHGS). It puts into effect the EC Directive on improving the efficiency of agricultural structures (Regulation 797/85 EC). The scheme has two elements, one of which is partly funded by the Community's Agricultural Fund and the other which is funded solely on a national basis.
- (b) Under the partly-EC funded element, grant will be paid to farmers on a broad range of agricultural investments to enable existing agricultural businesses, through modernisation, to earn incomes per labour unit comparable with those in non-agricultural occupations. Grant is available on tourism and craft works in hill areas ("Less Favoured Areas") and young farmers under the age of 40 may qualify for increased rates of grant. Grant under this element of the scheme is subject to the approval of an improvement plan.
- (c) Grants are available under the national element of the scheme for environment and energy saving investments without the need to apply for an improvement plan.
- (d) Except for certain waste disposal facilities, grant is not payable on any expenditure related to egg or poultry production. There are also limits on grant aid for dairying and pig production.

2. Rate of subsidy

- (a) The standard rate of grant is 15% of expenditure but extra aid is given to businesses situated in Less-Favoured Areas. Higher grant rates are available for investments to improve glasshouse energy efficiency and for conservation and energy saving items.
- (b) The limit of grant-aidable expenditure for a six year period is £50,000 although this can be increased if investment on horticulture or conservation items is included.

II The Agricultural and Horticultural Co-operation Scheme 1985

1. Nature and Extent of grants

(a) Background and authority

The Agricultural and Horticultural Co-operation Scheme was made under Part IV of the Agricultural Act 1967 and came into operation on 1 April 1971. The 1985 Scheme consolidates the amendments made since the original Scheme was introduced. It applies to the whole of the United Kingdom.

The Scheme provides grants for co-operation mainly in the storage and preparation for market of primary agricultural and horticultural produce.

(b) Procedure and Scope

Grant is available on both capital and non-capital costs recommended by Food from Britain's Co-operative Development Division and approved by the appropriate Agriculture Minister.

(c) Amount of grant

The total cost for the financial year 1984/85 was £4,223,948.

FISHERIES

I Grants for the acquisition and improvement of fishing vessels

1. Nature and extent of the subsidies

(a) Background and authority

Under the Fisheries Act 1981 the Sea Fish Industry Authority make grants from Government funds for the construction and modernisation of fishing vessels and the installation of new engines in existing vessels within the United Kingdom subject to the conditions of the Scheme - The Fishing Vessels (Acquisition and Improvement) (Grants) Scheme 1981 (as amended).

(b) Incidence

Grant is given towards the capital costs of construction and

improvement of vessels employed in catching or processing sea fish. The current rate of grant is 25 per cent of the approved expenditure. Improvements which may be aided are those designed to result in greater efficiency or economy in the operation of the vessel or better working conditions for the officers or crew.

(c) Amount of grant in the United Kingdom

Expenditure on grants in 83/84 was 6.1 million and for 84/85 was 7.1 million. These figures include grants given by the Highlands and Islands Development Board.

(d) Estimated amount per unit

The amount of subsidy is related to the approved cost of the vessel and has no direct bearing on the quantity of fish landed.

II Grants for the permanent withdrawal of vessels of 10 metres or more from the fishing fleet

1. Nature and extent of the subsidies

(a) Background and authority

Under the Fisheries Act 1981 the Government makes grants to owners of fishing vessels who permanently remove their vessels from the fleet provided they comply with the conditions of the Fishing Vessels (Financial Assistance) Scheme 1983 which implements the provisions of Council Directive 83/515/EEC.

(b) Incidence

Grant of £400 per GRT is available to owners of registered fishing vessels permanently withdrawn from operation within the sea fish catching industries of the member states by means of

- (i) scrapping,
- (ii) permanent transfer to a third country or
- (iii) assignment to a purpose other than fishing for profit in Community waters.

Vessels must be fit to fish at the date of application and must have spent at least 100 days on sea fishing voyages in the ownership of the applicant in the preceding calendar year.

(c) Amount of grant in the United Kingdom

Expenditure in 1984/85, in the first two years of operation of this three year Scheme, amounted to over £14 million.

**III Grants for the temporary laying-up of fishing vessels of 10 metres or more.**

**1. Nature and extent of the subsidies**

**(a) Background and authority**

Under the Fisheries Act 1981 the Government makes grants to owners laying-up the vessels in accordance with the conditions of the Fishing Vessels (Financial Assistance) Scheme 1983 which implements the provisions of Council Directive 83/515/EEC.

**(b) Incidence**

Grant of 18% of the insured value or most recent purchase price is payable for each day that a vessel is laid up in in any one calendar year that exceeds the average laying-up in the previous three years. Vessels must be fit to fish at the date of application and must have spent at least 120 days on sea fishing voyages in the ownership of the applicant in the preceding calendar year.

**(c) Amount of grant in the United Kingdom**

Expenditure in 1985 covering laying up undertaken in 1984 amounted to approximately £200,000.

**IV Grants for harbour and harbour related facilities**

**1. Nature and extent of the subsidy**

**(a) Background and authority**

Under Section 2 of the Fisheries Act 1955 grants are available in Great Britain to public authorities and other similar bodies for harbour and harbour related facilities where such assistance will promote the maintenance or development of the fishing industry. Loans are also available in Scotland for authorities other than local authorities. In Northern Ireland grants are available under Section 3 of the Harbours Act (Northern Ireland) 1970 to persons improving maintaining or managing a harbour or carrying out harbour operations.

**(b) Incidence**

Grants are available towards the capital cost of construction improvement and repair of harbour and other facilities used by the fishing industry. In England and Wales the rate of grant is normally 20 per cent for the major ports and 50 per cent for all others. In Scotland and Northern Ireland rates of grant vary according to circumstances.

**(c) Amount of subsidy**

Expenditure on grants in 82/83 was £1.92 million, in 1983/84 was £1.7 million and for 1984/85 £1.99 million. Loans amounting to £0.008 million in 1982/83, £0.1 million in 1983/84 and £0.006 million in 1984/85 were taken up in Scotland.

## **FORESTRY**

1 The Forestry Act 1979 empowers the Forestry Commissioners, subject to Treasury approval, to make advances by way of grant upon such terms as they think fit to owners and lessees of land (including local authorities) for afforestation (including replanting).

2 Financial assistance to encourage the expansion of private commercial forestry in Great Britain is currently given to owners and lessees of woodlands on the terms set out in the following paragraphs.

### **I The Forestry Grant Scheme**

The Forestry Grant Scheme was introduced on 1 October 1981, aimed at encouraging the expansion of private forestry and increasing timber production in Britain. The scheme was designed to retain the practical advantages of the earlier grant arrangements, while reducing costs by simplifying the administrative and legal procedures involved.

It offers a range of planting grants depending upon the area of the wood to be planted, or the size of the wood in which replanting takes place, and whether broadleaves or conifer trees are planted. Payment is made in 2 instalments - 6% on completion of planting, the remainder 5 years later subject to satisfactory establishment.

### **II The Broadleaved Woodland Grant Scheme**

This scheme introduced on 1 October 1985 is seen as an important measure in implementing the Government's policy on broadleaved woodlands. It is designed to encourage the rehabilitation of existing broadleaved woodlands by natural regeneration and the establishment of new ones. The scheme is intended to encourage a wide range of management objectives such as nature conservation, amenity, recreation, sport and shelter, in addition to timber production, which although it must be included as an objective need not be the principal one. Like the Forestry Grant Scheme it offers a range of grants, though in this scheme payments may be made in up to 3 instalments over a period of 10 years.

### **III The Dedication Scheme**

Although the Dedication Scheme was closed to new applications from 1 July 1981 existing participants are entitled to retain their rights and obligations under the scheme until such time as they part with their interest in the woodlands.

### **IV Amount of Subsidy**

The total amount paid in grants for the year ended 31 March 1985 was £5,635,000.

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