

# **GENERAL AGREEMENT**

## **ON TARIFFS AND TRADE**

RESTRICTED

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### SUBSIDIES

#### Notifications Pursuant to Article XVI:1

#### EUROPEAN COMMUNITIES

The following notification, dated 27 October 1994, has been received from the Permanent Delegation of the European Communities.

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The following notification from the European Community is made in order to increase transparency in the spirit of Article XVI:1 and does not mean that any of the aid schemes involved are considered to constitute a subsidy as defined by the above Article.

In the case of all schemes notified, developments until the end of 1992 are covered, and therefore this constitutes the full notification requested in GATT document L/7162. In some sectors, the information also covers the period until the end of 1993, and for these parts the notification also covers the updating requested in GATT document L/7375. The update regarding the remaining sectors will be supplied as soon as information is available.

## PART I: INDUSTRY

### 1. State Aid Survey

In July 1992 the European Commission published its third survey of State aid in the Community. It updates for the period 1988-1990 the data compiled in previous surveys.

The results showed that 40 per cent of the State aid granted in the Member States of the Community went to manufacturing industry. Between 1988 and 1990 annual aid granted to manufacturing amounted to EC<sup>U</sup> 35.5 billion, compared to ECU 38.8 billion during the period 1986-88. As a percentage of value-added, aid to manufacturing fell from 4 per cent to 3.5 per cent. The aid involved covers all objectives - horizontal, sectoral and regional.

### 2. Aid to industrial sectors subject to a Community framework on State aid

#### (a) Aid to the steel industry

(i) On 1 January 1992, the New Steel Aid Code (Decision No. 3855/91/ECSC) entered into force for a five-year period expiring on 31 December 1996. It contains certain amendments as compared to the previous Code, described in the Community's notification of 24 May 1991.

(ii) In general, as in the previous Code, aid to the steel industry will continue to be authorized exclusively, and then only under strict conditions and within prescribed intensities, in the areas of research and development, environmental protection and certain measures of a social character, in the context of steel works closures and closure aid for undertakings which definitively cease steel-producing activity in the Community.

(iii) Under Article 2 of the new Code, aid granted for R&D may be deemed compatible with the common market if it is in compliance with the rules laid down in the Community framework for State aid for research and development.

(iv) Under Article 5 of the Code, investment aid may be allowed to steel undertakings in the former German Democratic Republic, provided that the aid is accompanied by a reduction in the overall production capacity of that territory.

Article 5 equally stipulates the period within which regional aid may be granted in the former German Democratic Republic (until 31 December 1994 and until 31 December 1995 for the special tax concessions), which departs from the general period of validity of the code. This is due to the exceptional character of regional investment aid and the appropriate period for the modernization of the steel plants concerned, which is set at three years.

Under Article 5 of the Code, regional aids for investments in Greece may be granted up until 31 December 1994 under the condition that the investments will not increase the capacity of production.

(v) In July 1992 the Commission, after obtaining the Council's unanimous assent, adopted a decision, on an ad hoc basis, allowing aid to Danish and Dutch steel in the form of relief from the new CO<sup>2</sup>/energy taxes introduced in both countries. The new taxes would have an unjustifiably adverse effect on the Dutch and Danish steel firms' competitive position.

(vi) At the end of 1993 the Council gave its unanimous assent, on the basis of Article 95 ECSE, for the Commission to authorize aid in four Member States in support of the restructuring of the

following steel companies: Ilva in Italy and CSI and Sideror in Spain; EKO Stahl and SEW Freital in the former East Germany and the Siderurgia Nacional in Portugal. The derogations for the aids were granted against significant capacity reductions in hot rolled products.

(b) Aid to shipbuilding

The Commission set the ceiling for production aid at 9 per cent of contract value before aid with effect from 1 January 1992, a considerable decrease from 13 per cent the previous year. This 9 per cent ceiling was maintained for the year 1993. The corresponding ceiling for aid to small ships and conversions is 4.5 per cent.

The seventh Directive 90/684/EEC on aid to shipbuilding, adopted in November 1990, remains in force until the end of 1993. It provides a general framework for aid to the shipbuilding sector. In July 1992, the seventh Directive was amended by Directive 92/68/EEC, which created a special transition arrangement for the former German Democratic Republic in order to allow it to restructure and become competitive. Under the new Directive, up until 31 December 1993 operating aid for the shipbuilding and ship conversion activities of these yards may not exceed a ceiling of 36 per cent of the yards' reconstructed turnover before aid. This ceiling is considerably higher than the one prevailing for other Community yards. In exchange, the German Government, before 31 December 1995, has to achieve, according to a timetable accepted by the Commission, a genuine and irreversible net capacity reduction amounting to 40 per cent of the capacity of 540,000 cgt existing in the former German Democratic Republic on 1 July 1990. The implementation of the above will be closely monitored by the Commission and reported to the Member States.

(c) Aid to the coal industry

(i) The Community regulation which governed State aid to the coal industry until the end of 1993 was set out in Decision No. 2064/86/ECSC dated 30 June 1986.

Aid granted to the coal industry could be considered compatible with the proper functioning of the common market provided that it helped to achieve at least one of the following objectives:

- improvement of the competitiveness of the coal industry, which contributes to assure better security of supply;
- creating new capacities provided that they are economically viable;
- solving the social and regional problems related to developments in the coal industry.

EC: Final Intervention Linked to Current Production

(ECU Million )

	1992	1991
<u>Direct</u>		
Article 3 Deficit grant aid	782.8	822.8
Article 4 Sales aid	1624.6	1656.7
Article 5 Investment aid	-	11.3
Article 6 Aid for underground staff	65.6	66.8
Other	67.1	217.7
Sub-Total	2540.1	2775.2
ECU per tonne	13.62	14.37
Indirect	2491.4	2625.9
Total	5031.5	5401.1
ECU per tonne	26.98	27.95

Indirect intervention is deemed to comprise financial intervention measures which, though generally allocated to an economic activity other than coal production, are beneficial to coal mining undertakings.

(ii) On 28 December 1993, the European Commission approved, pursuant to Article 95 of the ECSC Treaty, a new Decision on the Community rules for State aid to the coal industry covering the period from 1994 until 2002.

This new Decision, in addition to the specific criteria applicable to each category of aid, defines that aid granted to the coal industry may be considered compatible with the common market provided that it helps to achieve at least one of the following:

- To make, in the light of coal prices on international markets, further progress towards economic viability with the aim of achieving a degression of aids;
- to solve the social and regional problems created by the total or partial reductions in the activity of production units;
- to help the coal industry adjust to environmental protection standards.

The Decision also contains provisions designed to make existing aid schemes more transparent. After a transitional period not exceeding three years (therefore ending on 31 December 1996), aid would only be authorized if it was entered in the national, regional and local public budgets of Member States or channelled through strictly equivalent mechanisms. In addition, from the beginning of 1994, all aid received by undertakings has to be shown together with their profit-and-loss accounts as a separate item of revenue, distinct from turnover.

(d) Aid to synthetic fibres industry

The Commission, after having extended until 31 December 1992, the Code on aid to the synthetic fibres industry that would otherwise have expired on 18 July 1992, introduced a new version of the Code which came into force on 1 January 1993.

The new Code, which will be in force until 30 June 1995, requires notification of any plan to grant aid - in whatever form - to producers of synthetic fibres, as defined by the Code.

Under the Code, authorization is conditional on a significant reduction in the production capacity of the assisted company. In assessing the significance of the reduction in each case, the Commission takes into account, among other matters, the intensity of the proposed aid, the volume and location of the investment as well as the contribution, if any, the investment makes to the cohesion of the Community and to the trend of the average rate of capacity utilization of the aid recipient, any industrial group to which it belongs and the industry generally.

(e) Aid to the motor vehicle industry

In December 1988 the Commission first introduced, on the basis of Article 93(1) of the EEC Treaty, the Community framework on State aid to the motor vehicle industry for a period of two years with effect from 1 January 1989, at the end of which its activity and scope would be reviewed. Member States were requested to notify all aid plans to motor vehicle and engine manufacturers when the value of the project to be aided exceeds ECU 12 million, and to prepare an annual report on all aid payments to the sector. In December 1990 the Commission decided to renew the framework and undertook to review it after two years and decide on possible amendments, or its repeal, following consultation with the Member States.

In December 1992 the Commission reviewed the framework, but decided not to amend it. It will remain in force until next reviewed by the Commission.

3. Aid to other industrial sectors

In the textiles sector, the Commission continued to examine aid projects in accordance with its communication to the Member States of 1977. This states that aid in this sector should not be granted for the purpose of increasing capacity in those branches where over-capacity already exists. Aid for re-conversion to other sectors is in principle regarded favourably.

As regards other sectors, the Commission adopted a number of decisions in 1992 which confirms its basically unfavourable attitude to sectoral aid.

In all, the Commission adopted eight negative decisions under Article 93(2) of the EEC Treaty in 1992, with regard to industrial aid proposed or granted by Member States.

## 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
- Dairy products
- Oils and fats
- Sugar and isoglucose
- Bovine meat
- Pigmeat
- Sheepmeat
- Fruit and vegetables and products processed from fruit and vegetables
- Wine
- Tobacco
- Fishery products
- Dehydrated fodder
- Textile fibres (cotton, fibre flax and hemp, silkworms)
- Peas, broad beans and field beans used in animal feed
- Seeds
- Hops
- Eggs and poultry
- 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 budgetary year concerned.

### B. MEASURES

#### I. EXPORT REFUNDS

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

The purpose of export refunds is to cover the difference between Community prices and international trade prices in order to enable exports to be effected at international trade 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 by the Commission. 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:

(ECU million)<sup>1</sup>

Product	Refunds 1990*	Refunds 1991	Refunds 1992
Cereals	2,499.9	3,732.4	3,281.7
Rice	38.2	89.6	101.4
Sugar <sup>2</sup>	2.8	4.4	7.1
Olive oil	136.3	111.8	48.4
Oils and fats	1.0	0.5	0.1
High-protein products	-	-	-
Flax and hemp	-	-	-
Cotton	-	-	-
Silkworms	-	-	-
Fruits and vegetables	80.6	94.8	116.7
Wine	54.7	55.5	77.3
Tobacco	61.9	65.3	57.4
Seeds	-	-	-
Hops	-	-	-
Apiculture	-	-	-
Dairy products	1,946.6	2,319.0	2,119.0
Bovine meat	1,110.0	1,282.4	1,332.5
Sheepmeat and goatmeat	-	-	-
Pigmeat	174.0	199.5	130.5
Eggs and poultry	178.5	169.2	193.1
Products of the agri-foodstuffs industries	511.5	704.1	699.6
Fishery products	-	-	1.9
Total expenditure	6,796.0	8,828.5	8,166.7

<sup>1</sup>Includes "food aid" refunds.

<sup>2</sup>Starting with marketing year 1981/82, 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. The amounts for 1990, 1991 and 1992 represent food aid.

\*Financial period of 11 1/2 months.

## 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)

Products	Intervention 1990	Intervention 1991	Intervention 1992
Cereals	1,356.0	1,475.9	2,317.2
Rice	56.0	34.1	- 4.5
Sugar <sup>1</sup>	36.2	52.6	72.6
Olive oil	1,033.3	1,762.4	1,705.9
Oils and fats	3,476.0	3,549.0	4,131.9
High-protein products	834.8	959.0	862.0
Flax and hemp	40.3	33.6	29.0
Cotton	539.8	467.9	742.1
Silkworms	0.2	0.3	0.2
Fruits and vegetables	1,170.2	1,011.7	1,145.0
Wine	690.5	992.3	1,009.9
Tobacco	1,170.2	1,264.3	1,175.6
Seeds	73.5	66.7	81.5
Hops	10.6	0.9	9.9
Apiculture	-	-	-
Dairy products	3,025.1	3,387.6	1,950.7
Bovine meat	1,723.2	3,012.6	3,081.3
Sheep meat and goatmeat	1,452.3	1,790.4	1,749.2
Pigmeat	72.9	52.7	11.2
Eggs and poultry	-	-	-
Products of the agri-foodstuffs industries <sup>2</sup>	-	-	-
Fishery products	23.6	26.2	30.1
Other measures	-	-	-
Total expenditure	16,786.9	19,960.1	20,100.8

<sup>1</sup>Not including storage costs and the part comprising production refunds (chemical industry).

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



## ANALYSIS BY SECTORS

### "CEREALS" Sector

The reform of the sector, adopted by the Council on 21 May 1992, radically changed the system regulating cereals, dividing it into:

- A common market organization
- A producer support system.

#### (a) The common market organization

The "reformed" common market organization came into force on 1 July 1993. It is regulated by Council Regulation (EEC No. 1766/92 and, like the former system, covers the following products:

- Grain cereals: common wheat, durum wheat, barley, rye, oats, maize, buckwheat, canary seed, millet, others;
- processed products: flours, groats and meal of wheat, malt, starch, glucose, cereal-based preparations, bran, wheat gluten, manioc.

The cereal year runs from 1 July to 30 June.

#### 1. Operation of the market

##### Price regime

The three types of price (intervention, target, threshold) applied under Regulation No. 2727/75 have been retained in the new basic Regulation, No. 1766/92, but their structure has undergone significant changes:

- Price levels are to be significantly reduced over a period of three marketing years (1993/94 - 1995/96)<sup>1</sup>;
- the price differentials between the various categories of cereal, established according to their use (bread crops, animal feed), have been eliminated; the same price levels now apply to all cereals;
- the rules on derived prices have been abandoned for target and threshold prices;
- intervention buying in prices have been eliminated;

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Year	Target price	Intervention price	Threshold price
1993/94	128.32	115.49	172.74
1994/95	118.45	106.60	162.87
1995/96	108.58	98.71	153.00

- special price increases for above standard qualities have been eliminated.

There has been no change in the role of these prices.

Intervention price: intervention agencies are obliged, during a certain period, to buy in cereals offered to them provided they comply with quality requirements.

This obligation does not apply to fodder wheat, for which support is subject to special intervention measures.

An intervention price has been maintained for common wheat (bread crops), durum wheat, barley, maize, sorghum and rye.

Target price: it is no longer derived from the intervention price using predetermined criteria. It serves only as a "guideline" for the market price.

Threshold price: it is no longer derived from the target price, but continues to regulate the import regime, since it is the theoretical minimum entry price.

Target, intervention and threshold prices are subject to monthly increases to cover storage costs (technical and financing costs). This also helps ensure that the disposal of cereal stocks conforms to market requirements.

## 2. Specific measures

### Border regime

When the world price is lower than the Community threshold price, a levy equal to the difference between the threshold and the c.i.f. price is charged on imports.

When the price of cereals within the Community is higher than the world market price, a refund based on the difference between the internal and world prices is granted for exports. If the world price exceeds the common price, exports may be subject to a levy.

There is also a cereal food aid programme under which refunds may be granted.

### Stocks

Following the reform, only two intervention measures now apply in this area (the third, - the compensatory allowance payable at the end of the marketing year, has been abandoned).

- Buying-in from public stocks and subsequent operations: these measures concern buying-in by the intervention agencies and related disposal operations. They give rise to technical and financing costs, and gains and losses on sales of stocks;
- special measures: the purpose of these measures, provided for in Article 6 of the new basic Regulation, No. 1766/92, is to limit the quantities of the cereals subject to compulsory buying - in by the intervention agencies. The Commission has wide discretion as to their application.

### Production refunds

The reform has not changed the structure and objectives of these refunds. They consist of aid granted to industrial users of starch to enable them to compete with imports manufactured from starch bought at the world price.

Aid for durum wheat (see point (b) 4 below)

### Co-responsibility levies and aid for small cereal producers

Since the 1992/93 marketing year, co-responsibility levies in the cereals sector and, consequently, aid to small producers, no longer apply.

#### (b) Producer support system

1. The reform of the "arable crops" sector came into force on 1 July 1992. It is regulated by Council Regulation (EEC) No. 1765/92 which covers all cereals, oilseeds and protein crops.

2. For cereals, institutional prices are greatly reduced in order to approximate them to world prices. The resulting loss of income is offset by a compensatory payment calculated per hectare granted upon application to producers who sow cereals. To take account of the diversity of agricultural structures within the Community, compensatory payments are differentiated according to region on the basis of past yields per hectare. Each Member State establishes as regionalization plan using the criteria set out in Article 3 of Regulation No. 1765/92:

- the regions must be homogeneous zones of a minimum size;
- the zones must allow for specific structural characteristics that influence yields (soil fertility, irrigation, etc.).

As a general rule, for each zone an average yield for all cereals should be applied. However, two exceptions are allowed in view of the fact that yields may differ widely:

- a different yield figure may be applied for maize as compared to other cereals;
- the yields fixed for a given region may be differentiated between irrigated and non-irrigated areas (mixed zones).

Where these two exceptions are applied, however, the yield may not be higher than the average cereal yield for the region in question during the reference period.

Since the cereal price reduction is phased in over three years, the amount of the compensatory payment is increased accordingly:

- ECU 25 x regional yield for 1993/94
- ECU 35 x regional yield for 1994/95
- ECU 45 x regional yield for 1995/96.

These amounts apply by analogy to potatoes used for starch.

4. In the case of durum wheat, alignment with the intervention price of other cereals has led to a further drop in prices. To offset the consequent loss of earnings to producers a supplement to the compensatory payment is granted for the area sown with durum wheat in traditional production zones. The supplement is set at 297 ECU/ha for the 1993/94 marketing year. It encompasses both the former aid for durum wheat and the part of the price reduction not covered by the compensatory payment.

The supplement is payable for the number of hectares sown with durum wheat which were eligible for the former aid during the marketing year 1988/89 to 1991/92. The producer determines the marketing year to be used.

5. Compensatory payment is granted only for an area not exceeding a regional base area. This is established as the average number of hectares within the region sown with arable crops (cereals, oilseeds, protein crops) in 1989, 1990 and 1991 or, where appropriate, left fallow in accordance with a publicly funded aid scheme. As in the case of regionalization plans, member States determine the region, which may cover the whole territory of a member State or several zones within a member State. It may not be less than a yield zone.

Member States may also apply individual base area systems. In the first year, however, no Member State made use of this option.

6. A base area system ensures more effective production restraint.

When the sum of the individual areas for which aid is claimed (including the set-aside) is in excess of the regional base area the following measures are applied in the region in question:

- during the same marketing year, the eligible area per producer will be reduced proportionally for all the aids,
- in the following marketing year, producers in the general scheme will be required to make, without compensation, a special set-aside.

7. The compensatory payment is granted under:

- a general scheme open to all producers, or
- a simplified scheme open to small producers.

Small producers are producers who make a claim for compensatory payments for an area no bigger than the area which would be needed to produce 92 tonnes of cereals. The yields set out in the regionalization plan are used to calculate this tonnage.

Under the simplified scheme applicable to small producers:

- No set-aside requirement is imposed,
- the compensatory payment is paid at the rate applicable to cereals for all areas sown with arable crops, including oilseeds and protein crops.

Producers who claim compensatory payment under the general scheme (i.e. either for a number of hectares producing more than 92 tonnes of cereal, or special payment for oilseeds) are required to set aside part of the land of their holding from production, for which they receive compensation. The compensation is equal to ECU 45 x regional yield, i.e. the level of compensatory payment to apply

as from the 1995/96 marketing year. For the 1993/94 marketing year, the amount of compensation is ECU 57.

The set-aside system is one of the principal measures for ensuring more effective restraint of production. As a rule, it should be organized on the basis of a rotation of areas. The legislation therefore provides for a five-year interval before the same land may be again left fallow. The rotational set-aside requirement has been fixed at 15 per cent. As from the 1993/94 marketing year, non-rotational set-aside is allowed in return for a higher set-aside percentage rate (+ 5 per cent as a general rule and + 3 per cent for crops needing less fertilizer or in countries heavily committed to the set-aside system).

8. The price and support policy for potatoes grown for starch manufacture comprises two measures:

- a minimum price paid by the industry to the farmer, and
- a special premium which may be paid to the industry.

The minimum price is established as part of the CAP reform and is still aligned with institutional prices of cereals, giving rise to payment of the above-mentioned compensation. The special premium compensates the potato starch industry for certain structural disadvantages vis-à-vis cereal starch manufacturers.

## "RICE" SECTOR

### (a) Intervention measures

Each year an intervention price for paddy rice is fixed from which the intervention buying-in price is derived. The intervention agencies are obliged to buy in any rice harvested in the Community and offered to them, provided offers are made during the open period (January to July) and comply with certain conditions, in particular in respect of quality and quantity.

The intervention buying-in 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. It is applicable in all the Community intervention centres fixed at the beginning of the marketing year.

The intervention buying-in price is fixed for the marketing year (September to August) and increased each month during the open period to take some account of warehousing and interest costs for stocking of cereals in the Community.

The intervention buying-in prices fixed at the beginning of marketing years have been as follows:

(ECU/t)

Product	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94
Paddy rice	295.34	295.34	294.83	294.83	294.83	291.02

Spanish prices have been aligned with Community prices as from marketing year 1990/91. Portuguese prices have been aligned with Community prices as from April 1993.

**(b) Compensatory allowance**

In addition, a compensatory allowance may be granted for 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. To date, however, this measure has never been applied.

**(c) Production refund**

A production refund is paid to users of rice starch for the production of certain non-food products that are not protected upon import by a levy or tariff system. The main beneficiary industry comprises the chemical, paper and pharmaceuticals sector. The refund is variable and is currently calculated so as to align prices of Community raw materials with the world market level.

**(d) Varietal conversion scheme**

In order to reorient rice production towards the varieties most in demand in the Community, an aid for the production of "Indica" varieties has been introduced.

The aid is of a temporary nature and should encourage varietal conversion of rice production so that it corresponds better to actual demand in the north of the Community. Development of "Indica" rice production will at the same time be accompanied by a reduction in supplies of "Japonica" rice traditionally exported in large quantities to Mediterranean countries.

For marketing year 1992/93, the amount of this aid is set at ECU 100/hectare.

**"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		
	1989/90	1990/91	1991/92
1. Butter			
• Community of Ten	300.80	292.78	292.78
• Spain	322.26	308.25	302.49
• Portugal	-	-	292.78
2. Skimmed milk powder			
• Community of Ten	174.04	172.43	172.43
• Spain	220.12	210.55	202.67
• Portugal	-	-	200.00

Intervention Price Valid For	Milk Marketing Year		
	1989/90	1990/91	1991/92
3. Cheese			
• Grana Padano	388.93	379.67	380.32
- 30-60 days	480.33	470.43	471.24
- at least 6 months			
• Parmigiano-Reggiano	529.19	519.21	520.10

Under the intervention mechanism, as amended in March 1987, intervention buying-in may be limited when certain criteria are met. Since July 1987, intervention butter has been bought in under a tendering procedure.

The butter is bought in at a maximum price fixed in relation with the bids received and accepted by the Commission.

(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 nine months
  - Parmigiano-Reggiano aged at least fifteen months
  - Provolone

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

(c) Aid for skimmed milk for animal feed

Aid is granted for skimmed milk and skimmed milk powder manufactured in the Community and intended for animal feed.

The milk or 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) Additional levy payable by producers or purchasers of cows' milk

An additional levy was introduced in 1984 on quantities of milk exceeding those delivered in 1981 plus 1 per cent. The Council 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 and Community reserve) was 104,382 million tons for 1986/87. In parallel, the Council fixed a total quantity for direct sales to consumers in the amount of 4.0 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 during the first three years of operation of the system, equivalent to 75 per cent of the target price for milk for formula A and 100 per cent for formula B.

The total quantities were 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 and the cancellation of their reference quantities.

In December 1986 and March 1987, the Council extended the system until 31 March 1992 and adopted a series of additional measures designed to adjust production to market needs. They include a temporary suspension of 4 per cent of the reference quantities in 1987/88 and 5.5 per cent (an additional 1.5 per cent) in 1988/89, with payment of an allowance to the producers concerned, together with an increase of the levy at the producer level (the levy rate for formula A has been raised to 100 per cent, while for formula B the modalities for sharing out the levy paid by the dairy have been adjusted), so as to reduce deliveries by a further 1 per cent.

Following the judgements of the Court of Justice, on 28 April 1988, on cases 120/86 and 170/86, the Council adopted a series of measures in March 1989 providing *inter alia* for the allocation of a



special reference quantity to SLOM<sup>2</sup> producers and, for that purpose, an increase of the Community reserve by 600,000 tons (Regulations (EEC) Nos. 764/89 and 766/89 - O.J. L 84 of 29 March 1989, page 2).

On the basis of the Commission's report on the functioning of the quota system (COM(89)352 of 3 August 1989), in December 1989 the Council decided to increase the Community reserve by 1 per cent of the guaranteed total quantity of member States in order to grant those quantities to certain producers in a difficult situation (Regulation (EEC) No. 3881/89 - O.J. L 378 of 27 December 1989). At the same time, the Council decided that 1 per cent of the 5.5 per cent of quantities suspended should be converted into a definitive reduction of the guaranteed total quantity (Regulation (EEC) No. 3879/87 - O.J. mentioned above) and to increase the additional levy rate from 100 to 115 per cent of the target price (Regulation (EEC) No. 3880/89 - O.J. mentioned above).

Taking into account the suspension and the Community reserve, the total quantity available has moved as follows:

(million tons)

1989/90	1990/91	As from 1991/92
97,676	97,864	103,754

The Community reserve of 393,000 tons, of which 25,000 tons was initially allocated to Luxembourg, 303,000 tons to Ireland and 65,000 to Northern Ireland, was increased by 50,000 tons for Spain since 1 April 1987, then by 600,000 tons for SLOM producers in March 1989, of which 502,233 tons were allocated under Article 3 bis of Regulation (EEC) No. 857/84. Since 1 April 1989 the reserve has been raised to 2,082,885,740 tons of which 1,039,885,740 have been allocated under Article 3 ter of that same Regulation.

In 1992 the Council decided to simplify and codify the regulations on the additional levy system.

The new rules are contained in Council Regulation (EEC) No. 3950/92 which retains the principle of the existing provisions but with certain adjustments, such as:

- the elimination of historical reference quantities, so that individual quantities are derived from quantities available on holdings at 31 March 1993;
- the levy is equal to 115 per cent of the target price for both deliveries and direct sales;
- definitive transfers may be made between two types of quota at the request of producers;
- the Community reserve is abolished and its various parts distributed between member States and incorporated into total quantities;

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<sup>2</sup>SLOM: Slacht-en Omschakelingsregeling = premiums for non-marketing and conversion.

- the principle of the temporary lease of unused quantities is established, with certain derogations;
- the principle of linking quotas to holdings is retained, but greater flexibility is allowed in certain cases;
- the provisions on control are strengthened, as are the rules enforcing payment of the levy.

## "OILS AND FATS" SECTOR

### A. Olive oil

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

1. Each year, before 1 August, 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 during the last four months of the marketing year.

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).

As from marketing year 1990/91, the Council has introduced a stabilizing mechanism for the intervention price. If in any marketing year production exceeds the guaranteed maximum quantity (GMQ) (1.35 million tonnes), the intervention price for the ensuing marketing year is reduced by up to 3 per cent.

2. Aid to producers is also granted in respect of olive oil produced in the Community from olives harvested in the Community. However, if in any marketing year production exceeds the GMQ (1.35 million tonnes), the amount of aid is reduced proportionately to the overrun. This aid is designed to contribute to establishing a fair income for producers. Increased aid is also granted for small producers who are exempt from the co-responsibility scheme.

3. A representative market price is fixed at a level permitting disposal of olive oil production, taking into account prices of competing oils, by 1 October of each year.

4. 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.)

	1989/90	1990/91	1991/92
Intervention price	216.24	215.87	215.87
Production aid	70.95	70.83	70.83
Production aid for small producers	81.76	81.62	84.62
Representative market price	190.61	190.28	197.28
Consumption aid	61.00	60.90	53.90

5. Production refund for olive oil used in the manufacture of preserves (vegetables, fish, crustaceans)

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.)

	1989/90	1990/91	1991/92
- Olive oil produced in the Community and used in member States other than Spain and Portugal	111.00	104.53	96.36
- Olive oil other than referred to above, used in member States other than Spain and Portugal	52.44	46.05	43.00
- Olive oil used in Spain	57.93	60.37	64.58
- Olive oil used in Portugal	100.22	95.55	89.89

Note: These amounts represent average prices.

Oilseeds

The Community's common market organization for oilseeds has undergone profound change during the last two years. The volumetric support system, involving per tonne subsidies paid to processors, was replaced at the end of the 1991/92 marketing year by a transitional system which involved area-based support payments being made directly to producers. This transitional system was superseded, at the end of the 1991/93 marketing year, by the provisions of the new arable crop producers' support scheme, which involves area-based compensatory payments being made directly to producers of cereals, oilseeds and pulses. Therefore, the details of the support scheme applicable in this sector during this marketing year (1993/94) and those of the schemes applicable during the last two marketing years are all different from each other.

1991/92

As in previous years, the Council fixed target and intervention prices for rapeseed and sunflowerseed and a target and minimum price for soyabeans (the institutional prices). These were:

Oilseed:	Rapeseed	Sunflowerseed	Soya
Price in ECU/t.			
Target Price	EC 10: 442.7 Spain: 419.7	EC 10: 573.8 Spain: 506.5	EC 10: 549.1 Spain: 485.1
Intervention Price	EC 10: 400.8 Spain: 377.8	EC 10: 525.8 Spain: 458.5	- -
Minimum Price	- -	- -	EC 10: 481.3 Spain: 417.3

The institutional prices in 1991/92 were all 1.5 per cent below their 1990/91 levels.

Aid was paid to the processors of these seeds, who were consequently able to pass this benefit on to farmers in the form of a higher price for Community produced oilseeds than prevailed on the world market. The aids were based on the difference observed by the Commission between the Community and world market prices for the seeds.

In the rapeseed and sunflowerseed sectors, the institutional prices were augmented by monthly increments of 0.278 ECU/100 kg. and 0.331 ECU/100 kg. respectively which were paid between November and June. Additionally, a bonus payment of 1.25 ECU/100 kg. existed for rapeseed of "00" quality.

The system of Maximum Guaranteed Quantities was continued in 1991/92, with levels unchanged from 1990/91. Production levels during the year were estimated to be of such a level that the aids payable to processors were to be reduced by:

Sunflower	EC 10	18.43 ECU/100 kg.
Rapeseed	EC 10	9.08 ECU/100 kg.
	Spain	6.78 ECU/100 kg.
Soya	Spain	4.67 ECU/100 kg.
	Others	11.07 ECU/100 kg.

## "SUGAR" SECTOR

### 1. Prices

#### (a) Sugar

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 that price throughout the marketing year.

Intervention prices derived from that price 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 prices

(ECU/100 kg.)

	1988/89	1989/90	1990/91
White sugar	54.18	53.10	53.10
Raw sugar	44.92	44.02	43.94

(b) Beet

For beet, a basic price is fixed each year valid for a specified delivery stage and a specified standard quality. This 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>3</sup> equal to 98 per cent of the basic price and a minimum price for B beet<sup>4</sup> equal to 68 per cent of 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.

2. 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 initially may not exceed 30 per cent and subsequently 37.5 per cent, if necessary, of the intervention price, is charged but only on B quota production (i.e. a total of 2 per cent plus 37.5 per cent = 39.5 per cent, which represents a minimum price for beet of 60.5 per cent of the basic price). This possibility has been used since marketing year 1982/83. Any remaining losses not covered by these levies have been absorbed since marketing year 1986/87 by additional levies. These new levies were introduced during the revisions of the quota system from 1986 to 1988, initially to absorb the accumulated negative balance not covered during the five marketing years from 1981/82 to 1985/86, and secondly to avoid any further accumulation during the five-year period (from 1986/87 to 1990/91) for which it has been decided to extend the quota system. Thus, for marketing years 1986/87 and 1987/88 a special absorption levy was introduced, as well as an additional levy for the remaining three marketing years so as to absorb annually the losses not covered by the normal production levies. These levies are calculated by multiplying the total amount owed by the enterprise by a factor representing the relation between the total loss recorded and the receipts from normal levies, i.e. the basic levy for A and B sugar and the B levy for B sugar.

3. Reimbursement of storage costs

Provision has been made for reimbursement of storage costs in respect of sugar produced under quotas A and B. The reimbursement is calculated on the basis of the intervention price for white sugar and a standard fixed-rate interest rate for the whole Community. It is aimed at equalizing storage costs in the Community. It is a measure designed to ensure regular disposal of sugar 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.

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<sup>3</sup>A beet is beet intended for processing into A sugar, i.e. into sugar included in production quota A.

<sup>4</sup>B beet is beet intended for processing into B sugar, i.e. into sugar included in production quota B.

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.

#### 4. Intervention measures

- (a) Production refunds are granted on sugar used in the chemical industry, of which 60,000 tonnes are charged to the budget, that being the quantity eligible for refunds before a new system came into effect on 1 July 1986 under which all quantities over and above that ceiling are charged to the producers and covered by the levies they pay.
- (b) Disposal aid (transport, refining) is granted on raw sugar produced in the French overseas departments in order to ensure that it has the same conditions of refinery access as preferential sugar (ACP countries and India).

Variable refining aid is granted on all raw sugar refined in the Community in order to maintain a refining margin that is necessary from the economic aspect and thus ensure, in particular, the disposal of preferential sugar.

Refining aid is also granted on sugar imported into Portugal with a reduced levy.

#### "BOVINE MEAT" SECTOR

1. In the bovine meat sector a guide price and an intervention price are fixed each year.

The guide price 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.

Market price quotations and public intervention buying-in are based on the Community scale for classification of adult bovine carcasses.

In the last three marketing years the guide and intervention prices have been as follows:

	Guide price (ECUs/100 kg. live weight)	Intervention price (ECUs/100 kg. carcass weight)
Marketing year 1990/91	200	343
Marketing year 1991/92	200	343
Marketing year 1992/93	200	343

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

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

## 2. Price support regime

The European Community has introduced measures to link management of the internal market more closely to market price trends.

Under the new regime:

- for the determination of buying-in prices under tendering procedures, only offers not exceeding market prices by more than a reasonable margin are eligible;
- the thresholds for the activation of intervention buying-in have been fixed as follows (tendering procedure):

Market price as a percentage of the intervention price equal to 343 ECUs/100 kg. carcass	Under regular tendering procedures	Under safety net
Community market price	84%	78%
Member State market price	80%	60%

To improve fattening of bovine animals, carcasses classified as 0 quality in the Community scale are to be excluded gradually from public intervention as from 1993.

Lastly, the acceptance for the purpose of intervention of light carcasses weighing 150-200 kgs. is possible for a transitional period of three years as an alternative to the grant of a ECU 100 premium per young male dairy calf withdrawn from production before the age of 10 days.

The reform of the Common Agricultural Policy also includes measures to adjust the organization of the bovine meat market. Measures relating to breeding include a substantial reduction in the level of price support. This is offset by the grant of direct income support, which is not tied to the level of production, applicable as from 1 January 1993, and subject to:

- at farm level, a density threshold in livestock units (LSU) per hectare of forage area and
- at Community level, a ceiling on the number of animals eligible for premium, which must be the one prevailing in a given reference year (1990, 1991 or 1992).

## 3. Premiums

Payment of premiums in the bovine meat sector is subject to a density requirement in LSU/ha of forage area, which has been fixed as follows:

In 1993: 3.5 LSU/ha  
In 1994: 3.0 LSU/ha  
In 1995: 2.5 LSU/ha  
In 1996: 2.0 LSU/ha

The density requirement does not apply, however, to holdings with less than 15 LSU.

In addition, a supplementary extensification premium of ECUs 30 per eligible head may be granted when the stocking density is lower than 1.4 LSU/ha.

(i) Special premium for young male bovine animals

The special premium for young male bovine animals applicable to each of the age groups 10 months and over and 22 months and over, is set at:

ECUs 60 for 1993  
ECUs 75 for 1994  
ECUs 90 for 1995

In a country where the percentage of male bovine animals slaughtered during the "off grass" period (IX-XI) exceeds 40 per cent of the total number slaughtered during the year, an additional deseasonalization premium of ECUs 60 per head may be granted for bovine male animals slaughtered between 1 January and 30 April of the following the year.

(ii) Premium for maintenance of suckler cow herds

The suckler cow premium is granted to breeders who do not deliver milk or dairy products or whose milk production is lower than a reference quantity of 120,000 kilos.

The premium is set at:

ECUs 70 for 1993  
ECUs 95 for 1994  
ECUs 120 for 1995

An additional premium of 25 ECUs per cow may be granted at national level (of which ECUs 20 are supplied by the EAGGF in regions where development in the sector is lagging (Greece, Ireland and Northern Ireland, Portugal and certain regions of Southern Italy, Spain and France).

4. Other provisions

For the new German Länder which are still restructuring their livestock sectors, the number of animals eligible for premium is set as follows:

- 660,323 young bovine males for the special premium
- 180,000 eligible suckling cows
- 1,000,000 eligible ewes

"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 July 1990	189.70 ECU/100 kg.
As from 1 July 1991	189.70 ECU/100 kg.
As from 1 July 1992	189.70 ECU/100 kg.



2. Intervention measures may be taken when, on the representative markets of the Community, the average price for pig carcasses is less than 103 per cent of the basic price.

Where intervention measures are to be taken the products for which private-storage aid is to be granted and, where appropriate, 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 prices 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 in product value.

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

Year	Period	Number of weeks	Contracts concluded for frozen meats (tons)	Region of application
1990	19.02 - 16.03.90	4	1,196	Spain
	15.03 - 15.04.90	2	905	Belgium
	06.08 - 16.03.90	2	3,481	Belgium
1991	07.01 - 22.02.91	7	75,000	EC
1992	26.10 - 13.11.92	3	5,000	Netherlands

As a market support measure, during the period of classic swine fever in Belgium, 73,288 tons of adult carcasses and 4,835 tons of piglets were destroyed.

#### "SHEEPMEAT" SECTOR

1. Each year a basic price per 100 kg. carcass weight is fixed which acts as the basis for support measures in the sector. The basic prices in recent years have been:

1990 marketing year	432.32 ECU per 100 kg.
1991 " "	431.58 " " "
1992 " "	422.95 " " "
1993 " "	418.53 " " "

The basic price is seasonalized on a weekly basis, prior to 1992 for the purpose of setting the guide level for the fixation of the variable slaughter premium in Great Britain and for private storage tender triggering purposes, but from 1992 only for this latter purpose.

2. Since 1990 there is no provision for public intervention. Private storage is operated on a tendering basis. The total amounts for which aid was granted in 1990 was 2,200 t., in 1991 2,100 t. and in 1992 3,300 t.

3. The stabilizer system introduced in 1988 reduces the basic price for premium calculation purposes by one per cent for each one per cent increase in ewe numbers over the level fixed at that time. In recent years the level fixed is:

	1990	1991	1992
EC 11	7%	7% Eur 12	7% (provisional)
Great Britain	7%	5.9%	

In the 1992 reform of the sector the level of 7 per cent was fixed to apply from 1993 onwards.

3. Since 1990 the support system has moved from being regionally based to being Community based, notably with the ending of the variable premium system in Great Britain. Ewe premium levels in recent years have been (ECU per ewe)

	1990	1991	1992
Rest of EC	23.839	20.415	18.616
Great Britain*	14.076	16.558	18.616
Ireland & N. Ireland	27.511	25.821	23.130

\*Not including variable slaughter premium payments for 1990 or 1991. From 1993 a common premium is payable throughout the Community.

The above premia are paid on ewes producing heavy lamb. Ewes which produce milk for sale received the premium at a level of 70 per cent of that for ewes producing heavy lambs in respect of 1990 and 1991. For 1992 the level was 80 per cent. For goats in the areas in which the premium is paid the same levels apply as for milk producing ewes.

The premium is payable at the full rate for up to 500 ewes per farm in the plain and 1,000 ewes for farms in less-favoured and mountain areas. Thereafter the premium payable per ewe is limited to 50 per cent of the full rate.

#### 4. Rural world premium

This premium is payable in less favoured areas only and subject to the same conditions as the ewe premium. It was introduced first for the 1991 marketing year. The levels are:

1991	4 ECU per ewe
1992	7 ECU per ewe
1993	5.5 ECU per ewe

5. Quota regime

This measure, introduced with effect from the 1993 marketing year, limits the number of premia per producer to that for which he was paid premia in respect of 1991 with due allowance for the constitution of a national reserve in each member State and the member States choice of 1989, 1990 or 1991 as a national reference year. Producers are free to produce outside this quota limit but without the benefit of premium.

"FRUITS 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, aid 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:

- 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;
- 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>5</sup>, two measures are provided in order to avert a price slump in the Community market, i.e.:

- withdrawal by producers' organizations<sup>6</sup>;
- 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 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.

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<sup>5</sup>Cauliflowers, tomatoes, sweet oranges, mandarins, lemons, table grapes, apples (other than cider apples), pears (other than perry pears), peaches, aubergines, apricots, nectarines, clementines and satsumas.

<sup>6</sup>For a number of fruits and vegetables, the Community has introduced a threshold for intervention. If the threshold is exceeded, the withdrawal price for the next marketing year is reduced accordingly.

The system is in force for tomatoes, mandarins and clementines, peaches, oranges, lemons, nectarines and satsumas.

Buying in by bodies or natural or legal persons appointed by the member States for this 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

(i) Measures for the marketing of fresh citrus fruit

In order to promote and ensure availabilities of Community-produced oranges and mandarins 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 marketing year 1992/93, its amount being progressively reduced as from marketing year 1990/91.

The Community participates in promotion drives organized in collaboration with various economic operators in this sector.

(ii) Measures to encourage recourse to processing

In order to encourage recourse to processing, there is a system of processing aid consisting of financial compensation for the raw material for the benefit of citrus fruit processors who have concluded contracts with producers undertaking to purchase the products at the minimum price fixed by the Community.

(d) Special measures for nuts

In order to encourage the nuts sector (almonds, hazelnuts, walnuts, pistachios and carobs) to modernize existing production and marketing conditions, provision has been made for the following for the benefit of organizations of nut producers:

- special aid for their establishment;
- aid for the establishment of a working capital fund to allow storage and improve product quality and uniformity;
- aid to improve varieties and cultivation and modernize marketing under a plan to be presented by producers' organizations;
- participation in promotion drives organized in collaboration with the various economic operators in this sector.

This aid is granted to the producers' organizations only to the extent that they furnish a substantial proportion of the funds used to promote these activities.

(e) Special measures for table apples

The Community participates in promotion drives:

- to encourage consumption of fresh apples, including research for variety diversification;

- to encourage consumption of products processed from apples harvested in the Community.

## **"PROCESSED FRUIT AND VEGETABLES" SECTOR**

### **Production aid**

- (a) A system of production aid, in the form of direct aid to processors, 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 conditional on payment of a minimum price to pineapple producers.

- (b) Since marketing year 1978/79, 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 marketing year 1979/80.

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

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

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

- (c) In 1982 the Commission introduced a guarantee threshold for industrial tomatoes.

As from 1985, the threshold system was supplemented by a system of production quotas. This dual system was applied until marketing year 1991/92.

For the 1992/93 marketing year the threshold system was again in force. The Council decided on 17 March 1993 to re-introduce, as from the 1993/94 marketing year, the system quota as operated during marketing years 1990/91 and 1991/92. The system provides for total quota of 6,596,787 tonnes, distributed as follows:

- 4,317,339 tonnes for tomato concentrate;
- 1,543,228 tonnes for whole peeled tomatoes;
- 736,220 tonnes for other tomato-based products.

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:

- 68,000 tonnes of currants;
- 93,000 tonnes of sultanas;
- 3,500 tonnes of muscatel raisins.

As from marketing year 1990/91, progressive aid per hectare of specialized area has been introduced. It will be progressive over the next four marketing years in parallel with a progressive reduction of the nominal producer price which would affect the level of aid to be paid to processors.

(d) As from marketing year 1990/91, aid for peaches in syrup is also granted with a threshold limit of 582,000 tons in terms of net weight, for the Community.

(e) As from marketing year 1989/90, production aid has been extended to other tomato products, peaches and pears preserved in natural fruit juice and Rocha pears. This extension has been made without any increase in the existing guarantee threshold and/or quota.

(f) The production quota for aid in respect of William pears in syrup has been converted into a guarantee threshold for aid in respect of William and Rocha pears in syrup and/or natural fruit juice. The guarantee threshold is fixed at 102,805 tons.

### AMOUNT OF AID

Product	ECU/100 kg. net						
	1990/91			1991/92			1992/93
	EEC-10	Spain	Portugal	EEC-10	Spain	Portugal	EEC-12
Tomato concentrate	31,256	24,299	25,116	30,980	27,501	27,910	29,289
S. marzano whole peeled tomatoes	11,238	8,302	-	11,139	9,671	-	10,531
- preserved							
- frozen							
Roma whole peeled tomatoes	7,926	6,280	5,822	7,856	7,037	6,804	7,427
- preserved							
- frozen							
Non-whole tomatoes peeled and frozen	5,548	4,402	4,075	5,499	4,926	4,763	5,199
Tomato juice (7-8%)	8,083	6,284	6,495	8,012	7,112	7,218	7,574
(Heading 20.02 90) (8-10%)	9,700	7,541	7,794	9,614	8,535	8,662	9,089
CN (10-12%)	11,856	9,217	9,527	11,751	10,431	10,587	11,110
Tomato juice	5,120	39,809	4,114	5,074	4,505	4,571	4,797
(Heading 20.09.50) (4.5-5%)	6,467	5,027	4,554	6,410	5,690	5,774	6,060
CN (5-7%)							
Tomato flakes	104,007	80,857	83,576	103,089	91,512	92,873	97,462
Peaches in syrup/juice	12,365	11,054	12,365	11,543	10,894	11,543	8,428
Prunes	62,240	52,206	-	66,357	61,340	-	66,570

Product	ECU/100 kg. net						
	1990/91			1991/92			1992/93
	EEC-10	Spain	Portugal	EEC-10	Spain	Portugal	EEC-12
William pears in syrup/juice	18,984	14,486	14,285	19,423	17,174	17,069	18,639
Sultanas	62,952 <sup>1</sup>	62,952	62,952	45,737 <sup>1</sup>	45,737	45,737	30,134 <sup>1</sup>
Dried figs - C quality	26,645	26,645	26,645	29,890	29,890	29,890	30,386
Pineapple	104,888	-	-	112,615	-	-	104,726

<sup>1</sup>As from marketing year 1990/91 aid has been introduced at the rate of:

1990/91: 511 ECU/Ha

1991/92: 1.023 ECU/Ha

1992/93: 1.534 ECU/Ha

## "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 an 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 wine year 1991/92 have been set as follows:

Type of Wine		EC-10	Spain
R I	(ECU/degree/hl.)	3.21	3.01
R II	(ECU/degree/hl.)	3.21	3.01
R III	(ECU/hl.)	52.14	48.81
A I	(ECU/degree/hl.)	3.21	3.01
A II	(ECU/hl.)	69.48	65.04
A III	(ECU/hl.)	79.35	74.28

As announced when prices were fixed for the preceding wine year, prices of table wines A I, R I and R II have been fixed at the same level as in 1991/92. Spanish prices have been fixed so as to take account of the alignment of prices for red and white wines and the approximation of prices to the EC-Ten level as provided for in the treaty of accession.

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 normal 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. Contracts concluded between 16 December and 15 February expire on 15 September.

4. Re-storage aid

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 storage contracts. This measure has not been applied in recent wine years.

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

Aid is 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 wine year 1991/92, the aid is fixed, per degree of potential alcoholic strength by volume per hectolitre of concentrated grape must and rectified concentrated grape must used, as follows:

- ECU 1.52 in the EC of Ten and ECU 1.32 in Spain for concentrated grape must prepared from grapes originating in the vine-growing zones C III(a) and C III(b);
- ECU 1.32 in the EC of Ten and ECU 1.12 in Spain for concentrated grape must other than that referred to in the first indent;
- ECU 1.98 in the EC of Ten and ECU 1.78 in Spain for rectified concentrated grape must prepared from grapes originating in the wine-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 1.78 in the EC of Ten and ECU 1.58 in Spain for rectified concentrated grape must other than that referred to in the third indent.

6. Aid 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 aid 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 wine year 1991/92 has been fixed for the entire Community at:

- ECU 6.39 per quintal of grapes;
- ECU 7.99 per hectolitre of grape must;
- ECU 27.95 per hectolitre of concentrated grape must.

virtually corresponding to the level for the preceding wine year. 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 CN Heading 22.06.00 ("British and Irish wines"), the amount of the aid for wine year 1991/92 has been fixed at the same level as in the previous wine year. The product 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 been set at the same level as in preceding wine years, i.e. ECU 0.26/kg. of concentrated grape must used (Spain: ECU 0.20/kg.).
- (d) For wine year 1991/92, aid for the use in animal feed of concentrated grape must up to a limit of 100,000 hl has no longer been granted. The amount has been set at ECU 1.59/per cent vol./hl. for the Community of Ten and 1.33 in Spain.

## 7. Distillation

### (a) Preventative 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 wine 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. For wine year 1991/92, the eligible quantities are limited to 15 hl. per hectare with a ceiling of 18 per cent of their production for producers in Spanish zone C.

### (b) Compulsory distillation

The Commission orders compulsory distillation:

- when stocks exceed four months' normal requirements;
- or when market prices remain below 82 per cent of the guide 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 1981/82, 1982/83, and 1983/84 wine years;
- in each region, among producers according to a progressive scale based on yield per hectare which may vary with the region and taking account of past yields.

For wine year 1990/91, the buying-in-price for wine paid for compulsory distillation is set at 29.30 per cent of the guide price and results, as provided for in the regulations, from the weighted average between 50 per cent of the guide price for a volume corresponding to 10 per cent of normal requirements and 7.5 per cent for the volume exceeding that ceiling.

(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 6.2 million hectolitres in any given wine year. In 1991/92, 6.0 million hectolitres will be distilled on this basis. If the market situation so requires, however, the Council may decide to increase the quantity of table wine eligible for such distillation.

(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. For wine produced during wine year 1989/90 this percentage is set at 3 per cent. For buying-in the 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.

The Commission has, on several occasions, indicated its intention not to make use of this measure which is unlikely to be extended for the current wine year.

(e) Compulsory distillation under system of wine deliveries

The aim is to avoid overpressing of grapes and to ensure that wine-making by-products are not re-used for the manufacture of poor quality wines.

The buying-in price for the products concerned has been set, for wine year 1991/92, at 26 per cent of the guide price set for A I table wine for that wine year.

(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 for wine year 1991/92 is equivalent to 35 per cent of the lowest guide price for wine year 1988/89 (A I white wine).

(g) Access to intervention measures

Access to price-support intervention measures is reserved for producers who have fulfilled their obligations regarding compulsory distillation and the measures referred to under (e) and, where relevant, (f) above. They must show proof of having fulfilled those compulsory distillation obligations in the most recent wine year in which such distillation was decided.

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. This measure has practically never been applied.
- (b) If it is found that prices 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 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, derived intervention prices for packaged tobacco and the amount of the premiums for the 1992 harvest are reproduced below.

In order to curb the growth of production and discourage production of varieties which it is difficult to market, as from the 1989 harvest "agricultural stabilizers" were introduced. These took the form, firstly, of the fixing by the Council of guaranteed maximum quantities (GMQ) by variety or by group of varieties up to a total maximum quantity of production of 385,000 tons, and secondly, in the event of an overrun of these GMQ fixed by variety or group of varieties, a reduction in prices and premiums in proportion to the overrun. However, any possible reduction shall not exceed 5 per cent for the 1988 harvest and 15 per cent for the harvests from 1989 to 1991. In addition, GMQs may be fixed for specific production zones if the variety concerned presents quality differences according to soil and climate characteristics. For the 1992 harvest, the 23 per cent maximum penalty was applied to four varieties. The GMQ by variety or group of varieties, fixed one year ahead since 1989, are shown below for the 1991 and 1992 harvests.

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, with effect from the 1986 harvest at the regional level, and from the 1989 harvest at the communal level.

Target Prices, Intervention Prices and Premiums  
for Leaf Tobacco from the 1992 Harvest

Derived Intervention Prices for Packaged  
Tobacco from the 1992 Harvest

(ECU/Kg.)

No.	Variety	Target price	Intervention price	Amount of premium	Derived intervention price
1	Badischer Geudertheimer and its hybrids	3,637	3,091	2,530	4,636
2	Badischer Burley E and its hybrids	4,504	3,829	2,956	5,417
3	Virgin D	4,626	3,932	2,927	5,179
4	(a) Paraguay and its hybrids ) (b) Dragon vert and its hybrids, ) Philippin, ) Petit Grammont (Flobecq), ) Semois, Appel terre )	3,394	2,885	2,348	-
5	Nijkerk	3,351	2,849	2,128	-
6	(a) Missionero and its hybrids ) (b) Rio Grande and its hybrids )	3,123	2,654	2,155	-
7	Bright	4,063	3,454	2,457	4,756
8	Burley I	2,474	2,102	1,748	3,202
9	Maryland	3,307	2,811	1,872	4,007
10	(a) Kentucky and its hybrids ) (b) Moro di Cori ) (c) Salento )	2,791	2,373	1,902	3,341
11	(a) Forchheimer Havana II c ) (b) Nostrano del Brenta ) (c) Resistente 142 ) (d) Gojano )	2,351	1,763 <sup>1</sup>	1,658	2,957 <sup>1</sup>
12	(a) Beneventano ) (b) Brasile Selvaggio and similar varieties )	1,270	1,079	0,935	1,825
13	Xanti-Yakà	3,056	2,598	2,251	4,324
14	(a) Perustitza ) (b) Samsun )	2,893	2,459	2,142 2,085	3,737 3,761
15	Erzegovina and similar varieties	2,599	2,209	1,930	3,371
16	(a) Round tip ) (b) Scafati ) (c) Sumatra I )	13,816	11,744	8,345	18,731
17	Basmas	6,080	5,168	3,067	6,902
18	Katerini and similar varieties	5,064	4,305	2,729	6,185
19	(a) Kaba Koulak classical ) (b) Ellassona )	3,774	3,208	1,950	4,687
20	(a) Kaba Koulak non-classical ) (b) Myrodata Smyrne, Trapezous ) and Phi I )	2,843	2,417	1,335	3,799

(ECU/Kg.)

No.	Variety	Target price	Intervention price	Amount of premium	Derived intervention price
21	Myrodata Agrinion	3,752	3,189	1,970	4,608
22	Zichnomyrodata	3,898	3,313	2,078	4,805
23	Tsebelia	2,359	1,769 <sup>1</sup>	1,914	3,072 <sup>1</sup>
24	Mavra	2,303	1,727 <sup>1</sup>	1,565	3,025 <sup>1</sup>
25	Burley EL	2,247	1,910 <sup>1</sup>	1,496	3,031 <sup>1</sup>
26	Virginia EL	3,572	3,036	2,951	4,240
27	Santa Fé	1,381	1,174	0,300	2,031
28	Burley fermented	2,236	1,901	0,929	2,918
29	Havana E	2,873	2,442	1,949	3,627
30	Round Scafati	7,529	6,400	5,134	11,408
31	Virginia E	4,252	3,614	2,209	5,031
32	Burley E	2,960	2,516	1,717	3,782
33	Virginia P	4,256	3,617	2,350	4,944
34	Burley P	3,067	2,607	1,717	3,890

<sup>1</sup>Taking account of application of Article 13 of Regulation (EEC) No. 727/70.

Guaranteed Maximum Quantities by Variety and Group of Varieties  
for Tobacco of the 1991 and 1992 Harvests  
 (Leaf Tobacco)

(Tonnes)

No.	Groups and Varieties	Guaranteed maximum quantities	
		1991	1992
	GROUP I		
3.	Virgin D	13,000	14,050
7.	Bright	46,750	46,750
31.	Virginia E	20,000	20,000
33.	Virginia P	4,500	4,500
17.	Basmas	30,000	30,000
18.	Katerini	23,000	23,000
26.	Virginia EL	17,000	17,000
	Total	154,250	155,300
	GROUP II		
2.	Badischer Burley		
	- specific zone A	8,000	11,200
	- specific zone B	4,300	4,300
8.	Burley I	46,750	46,750
9.	Maryland	3,500	3,500
25.	Burley EL	11,000	11,000
28.	Fermented Burley )	22,000	22,000
32.	Burley E )		
34.	Burley P	2,500	2,500
	Total	98,050	101,250
	GROUP III		
2.	Badischer Geudertheimer	4,300	5,050
4.	Paraguay		
	- specific zone A	16,000	16,000
	- specific zone B	2,700	2,700
	- specific zone C	2,000	2,000
5.	Nijkerk )		
6.	Misionero )		
27.	Santa Fé )	1,500	1,500



(Tonnes)

No.	Groups and Varieties	Guaranteed maximum quantities	
		1990	1991
	Group III (cont'd)		
29	Havanna E )		
10	Kentucky	8,500	8,500
16.	Round Tip )	200	200
30.	Round Scafati )		
	Total	35,200	35,950
	GROUP IV		
13.	Xanti-Yakà )		
14.	Perustitza )	20,000	20,000
15.	Erzegovina )		
19.	Kaba Koulak classical )		
20.	Kaba Koulak non-classical )	30,000	30,000
21.	Myrodata )		
22.	Zychnomyrodata )		
	Total	50,000	50,000
	GROUP V		
11.	(a) Forchheimer Havanna 11 c )		
	(b) Nostrano del Brenta )		
	(c) Resistente 142 )		
	(d) Gojano )	21,000	21,000
	(e) Badischer Geudertheimer hybrids )		
12.	Beneventano )		
23.	Tsebelia )		
24.	Mavra )	26,500	26,500
	Total	47,500	47,500

**"DRIED FODDER" SECTOR**

The common organization of markets in the dried fodder sector covers the following products: dehydrated fodder, the principal leguminous vegetables, sun-dried and ground, and protein concentrates obtained from alfalfa and grass juice. Each year a target price is fixed, and aid is granted if the world market price falls below the target price; the aid is an amount equal to a percentage of the difference. Aid for sun-dried fodder is calculated on the basis of aid for dehydrated fodder by deducting a fixed amount.

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

	Target Price (ECU/t.)	Aid Dehydrated Fodder <sup>1</sup> Percentage %	Reduction for Sun- Dried Fodder <sup>2</sup> (ECU/t.)
1990/91	178.61	100 %	- 33.00
1991/92	178.61	90 %	- 33.00
1992/93	178.61	80 %	- 32.96
1993/94	178.61	70 %	- 25.00

<sup>1</sup>The aid for Dehydrated Fodder is calculated as a percentage of the difference between the target price and the world market price.

<sup>2</sup>The aid for Sun-Dried Fodder is calculated by deducting a fixed amount from the aid for Dehydrated Fodder.

**"PROTEIN CROPS" SECTOR** (peas, broad beans, field beans, and sweet lupins)

On 30 June 1992, the Council adopted R/1765/92 (copy attached) which superseded the prevailing legislation. This new legislation applies to protein crops harvested from 1993 onwards.

The substance of the new legislation is that in future only producers setting aside a part of their arable land will be eligible for crop specific subsidies; the current rate of set-aside is 15 per cent. If a producer is eligible the crop specific subsidies are payable direct to the producer for the sowing of protein crops. The payment is per hectare sown, with a system of regional corrections to take account of the average yields in the reference period 1986-1990.

Since, the new system is being applied for the first time to sowings made in the winter of 1992 and the spring of 1993, it is premature to evaluate the full impact of this fundamental change in policy.

As a basis for evaluation, the following series of Budget estimates for the sector provides an indication of the scale of adjustment envisaged:

1992 <sup>1</sup>	476 MIO ECU
1993 <sup>1</sup>	476 MIO ECU
1994 <sup>1</sup>	458 MIO ECU
1996 <sup>1</sup>	458 MIO ECU

<sup>1</sup>Figures relate to the Budgetary Exercise i.e. 1992 represents expenditure made between 16.10.91 and 15.10.92.

### PART III: FISHERIES

In 1992 the Commission registered 33 new aid schemes and one aid scheme notified after its adoption by the member State in question.

The Commission decided not to oppose the implementation of 28 aid schemes.

During 1992 the Commission initiated proceedings under Article 93(2) of the EC Treaty in relation to 10 aid measures (nine in France and one in Italy). During the same period, the Commission decided to terminate Article 93(2) proceedings with regard to nine aid measures introduced by France, the Netherlands and Italy. One registered aid measure was withdrawn from the register of aid before the examination process commenced.

The table below gives an indication of the evolution of the number of aid schemes adopted in the fisheries and aqua culture sector which have been examined by the Commission and the number of decisions taken by the Commission concerning the compatibility of these aid measures with the Community competition rules and Community fisheries legislation. The data are based on the date of the decision and do not necessarily reflect the number of aid measures registered or examined.

Year	Total	Decision by the Commission			
		No objection	Initiation of Article 93(2) proceedings	Termination of proceedings	Negative decision
1990	23	12	2	2	1
1991	45 <sup>1</sup>	18	7	4	-
1992	33	28	10	9	-

The new guidelines for the examination of State aid in the fisheries sector were published in OJ C 152, 17.6.1992.

#### 1. Fisheries 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 plaice, dab, megrim, common flounder, long-finned tuna, herring, cod, sardines, haddock, saithe, mackerel, dogfish, redfish, whiting, ling, anchovies, hake, Ray's bream, monkfish, cuttlefish and shrimps (crangon). 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.

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<sup>1</sup>Seven registered aid measures were subsequently withdrawn from the register of aid before the examination process commenced.

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. 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 87.5 per cent and 75 per cent of the withdrawal price according to the quantities withdrawn. The amount of the 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 14 per cent of the annual quantities offered for sale.

2. Carry-over aid

For products withdrawn from the market at the Community withdrawal price, producers' organizations can choose between financial compensation and the carry-over aid system. Carry-over aid is granted to producers' organizations if they process, in specified conditions, products withdrawn from the market with a view to their being offered for sale (at a later stage). This aid is granted only in respect of quantities not exceeding 6 per cent of the annual quantities of the product concerned offered for sale. The aid may not exceed the amount of the actual costs of processing and of storage for a limited period. The products eligible are those mentioned in 1., plus sole, edible crabs and Norway lobsters.

3. Private storage aid

Provision is made for private storage aid to producers' organizations in respect of certain frozen products (sea-bream, squid, hake, shrimps of the family Penneidae, Greenland halibut, cuttlefish, octopus) when prices received by them remain below 85 per cent of the guide price for the product concerned during a significant period and if the price situation seems likely to continue. The amount of this aid may not exceed actual storage costs and interest charges for a period of three months.

4. Compensatory allowance for tuna

In respect of tuna intended for the canning industry, a compensatory allowance is granted to producers' organizations in specified conditions regarding price trends on the Community market and world market prices. The aid is limited as regards the quantities eligible for payment of the allowance and also as to the amount payable. Provision is also made for phased co-responsibility contributions by producers' organizations.

5. Fixed-rate aid for certain specified products

For certain species, in particular of regional importance in certain member States, fixed-rate aid is granted to producers' organizations which take market intervention action in a certain context. This fixed-rate aid is granted only in respect of 10 per cent of the annual quantities offered for sale and on condition that the producers' organizations make a co-responsibility payment of 25 per cent of the withdrawal price applied in the market.

6. Initial aid to producers' organizations

Aid, partly financed by the Community, can be granted to producers' organizations in order to facilitate their establishment and operation. The amount of this aid, which is 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' organizations concerned.

**PART III: FISHERIES**

In 1993 the Commission registered 23 new aid schemes and two aid schemes notified after their adoption by the member State in question.

The Commission decided not to oppose the implementation of 21 aid schemes.

During 1993 the Commission initiated 93(2) proceedings in relation to one Danish aid measure and one Italian aid measure. During the same period, the Commission decided to terminate Article 93(2) proceedings with regard to three aid measures introduced by France and Italy.

The table below gives an indication of the evolution of the number of aid schemes adopted in the fisheries and aqua culture sector which have been examined by the Commission and the number of decisions taken by the Commission concerning the compatibility of these aid measures with the competition rules and community fisheries legislation. The data are based on the date of the decision and do not necessarily reflect the number of aid measures registered or examined.

Year	Total	Decision by the Commission			
		No objection	Initiation of Article 93(2) proceedings	Termination of proceedings	Negative decision
1990	23	12	2	2	1
1991	45 <sup>1</sup>	18	7	4	-
1992	33 <sup>2</sup>	28	10	9	-
1993	25 <sup>3</sup>	21	2	3	-

**"FISHERIES 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 currently fixed at Community level for plaice, dab, megrim, common flounder, long-finned tuna, herring, cod, sardines, haddock, saithe, mackerel, dogfish, redfish, whiting, ling, anchovies, hake, Spanish mackerel, Ray's bream, monkfish, cuttlefish, sole, edible crab, Norway lobster and shrimps (crangon). In such cases, the producers' organizations grant an indemnity to associated producers in respect of the quantities withdrawn from the market.

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<sup>1</sup>Seven registered aid measures were subsequently withdrawn from the register of aid before the examination process commenced.

<sup>2</sup>One registered aid measure was subsequently withdrawn from the register of aid before the examination process commenced.

<sup>3</sup>Five registered aid measures were withdrawn from the register of aid before the examination process commenced.

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. 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 87.5 per cent and 75 per cent of the withdrawal price according to the quantities withdrawn. The amount of the 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 14 per cent of the annual quantities offered for sale.

2. Carry-over aid

For products withdrawn from the market at the Community withdrawal price, producers' organizations can choose between financial compensation and the carry-over aid system. Carry-over aid is granted to producers' organizations if they process, in specified conditions, products withdrawn from the market with a view to their being offered for sale (at a later stage). This aid is granted only in respect of quantities not exceeding 6 per cent of the annual quantities of the product concerned offered for sale. The aid may not exceed the amount of the actual costs of processing and of storage for a limited period. The products eligible are those mentioned in 1.

3. Private storage aid

Provision is made for private storage aid to producers' organizations in respect of certain frozen products (sea-bream, squid, hake, shrimps of the family Penneidae, Greenland halibut, cuttlefish, octopus and *Illex*) when prices received by them remain below 85 per cent of the guide price for the product concerned during a significant period and if the price situation seems likely to continue. The amount of this aid may not exceed actual storage costs and interest charges for a period of three months.

4. Compensatory allowance for tuna

In respect of tuna intended for the canning industry, a compensatory allowance is granted to producers' organizations in specified conditions regarding price trends on the Community market and world market prices. The aid is limited as regards the quantities eligible for payment of the allowance and also as to the amount payable. Provision is also made for phased co-responsibility contributions by producers' organizations.

5. Fixed-rate aid for certain specified products

For certain species, in particular of regional importance in certain member States, flat-rate aid is granted to producers' organizations which take market intervention action in a certain context. This fixed-rate aid is granted only in respect of 10 per cent of the annual quantities offered for sale and on condition that the producers' organizations make a co-responsibility payment of 25 per cent of the withdrawal price applied in the market.



## 6. Initial aid to producers' organizations

Aid, partly financed by the Community, can be granted to producers' organizations in order to facilitate their establishment and operation. The amount of this aid, which is 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 value of the production marketed, nor exceed 60 per cent, 40 per cent and 20 per cent respectively of the overheads of the producers' organizations concerned.

### "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 aid is fixed for two consecutive marketing years.

The amount of aid for marketing years 1988/89 to 1991/92 has been fixed as follows:

(ECU/t.)

	1988/89 and 1989/90	1990/91 and 1991/92
I. Graminae	between 177 and 702	between 177 and 637
II. Leguminosae	between 0 and 595	between 0 and 594
III. Oilseeds	between 172 and 238	between 172 and 238
IV. Cereals (rice, spelt)	between 121 and 161	between 121 and 150

For Spain and Portugal, aid is fixed at a lower level than in the other EEC countries. For marketing years 1990/91 and 1991/92, the existing difference has been reduced by one-third and one-half respectively.

In Spain, for seed types on which aid was granted prior to accession, the full amount of Community aid is paid.

### "HOPS" SECTOR

In order to ensure a fair income for hop producers and to achieve sound management of the market, the Community regulations provide for 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 by the Council each year for the preceding year's harvest, on the basis of proceeds from harvest concerned.

It is granted in respect of the three groups of varieties:

- aromatic
- bitter
- other

The amounts per hectare were as follows:

(ECU/ha.)

	1990	1991	1992
Aromatic	340	340	365
Bitter	300	340	400
Other	400	340	280

Because of durable disposal difficulties for most bitter varieties in recent years, the Council adopted Regulation (EEC) No. 2997/87 providing for special aid at the rate of ECU 2,500 per hectare for recognized producer groups, subject to a maximum surface area of 1,000 hectares per member State, in order to encourage a switch of cultivation from bitter hops to the aromatic and super-alpha varieties.

This measure is applicable until the end of 1994.