

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED  
L/4763/Add.8  
7 December 1979  
Limited Distribution

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Original: French

SUBSIDIES

Notification Pursuant to Article XVI:1

EUROPEAN COMMUNITIES

The following notification has been received from the Commission of the European Communities concerning subsidies in the agricultural sector.

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PART I

AGRICULTURAL SECTOR

1. So far as agricultural products are concerned, the measures notified concern only products which are the subject of a common agricultural policy, namely, the following sectors:

- Cereals
- Rice
- Bovine meat
- Piguineat
- Eggs
- Poultry
- Oils and fats
- Sugar
- Dairy products
- Fishery products
- Fruit and vegetables
- Products processed from fruit and vegetables
- Tobacco

- Wine
- Flax and hemp
- Hops
- Seeds
- Silk worms
- Peas, broad beans and horse beans used in animal feed
- Dehydrated fodder

These measures also relate to certain foodstuff products prepared from products subject to the common agricultural policy and which are not included in Annex II to the Treaty, mainly fine bakers' wares and chocolate products.

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 in the course of the years or periods during which the exports were effected.

A. Export refunds

For certain of the sectors governed by a market organization, the common agricultural policy provides for the possibility of granting export refunds.

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

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

The total amount of export refunds financed by the European Agricultural Guidance and Guarantee Fund during the past few years, for each sector, is as follows:

Products	(EUA' 000,000) <sup>1/</sup>		
	1976	1977	1978
Cereals	403.4	303.8	775.7
Rice	18.2	5.9	6
Dairy products	765.6	1,247	1,343
Olive oil	0.1	-	-
Oilseeds	10.2	1.0	0.2
Sugar	62.0	282	427.7
Bovine meat	133.6	132.1	145.4
Pigmeat	24.7	29.3	32.2
Eggs - poultry	15.1	25.6	38.1
Fresh or processed fruit and vegetables	44.0	50.8	47.9
Wine	1.6	1.4	1.6
Fishery products	4.0	3.8	8.0
Goods processed from agricultural products	67.0	136.3	208.5
Tobacco	1.7	4.3	2.7
	1,551.2	2,223.3	2,037

<sup>1/</sup> As from 1 January 1978, expenditures of the Fund are reckoned in European units of account (EUA). The figures for 1976 and 1977 have been converted into EUA.

#### B. 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 European Agricultural Guidance and Guarantee Fund. Figures for the payments by the European Agricultural Guidance and Guarantee Fund in respect of each of these measures and for each product are not available. The only figures available are payments by the European Agricultural Guidance and Guarantee Fund in respect of these measures as a whole, by product sector. During the past few years, these have amounted to:

Product	(EUA' 000,000) <sup>1/</sup>		
	1976	1977	1978
Cereals	252.5	264.2	280.6
Rice	0.2	0.2	1.1
Dairy products	1,512.1	1,506.7	2,449.7
Olive oil	143.4	177.1	182.1
Oilseeds	93.4	90.4	142.5
Sugar	11.8	13.8	25.7
Bovine meat	482.3	335.6	493.3
Pigmeat	4.3	8.0	12.8
Fruit and vegetables	141.1	127.4	52.8
Wine	132.2	88.5	62.1
Tobacco	183.7	200.9	213.4
Fishery products	7.0	5.0	7.4
Flax and hemp	20.3	14.4	15.4
Seeds	24.1	18.1	20.3
Hops	16.0	9.9	11.2
Silkworms	0.4	0.3	0.5
Dehydrated fodder	15.4	13.8	42.6
	3,040.2	2,874.3	4,013.5

<sup>1/</sup> As from 1 January 1978, expenditures of the Fund are reckoned in European units of account (EUA). The figures for 1976 and 1977 have been converted into EUA.

3. The different mechanisms provided by the market organization regulations for the different products are as follows:

#### "CEREALS" SECTOR

##### (a) Intervention measures

(i) Every year, intervention prices are fixed for common wheat, durum wheat, barley, rye and maize, at which the intervention agencies are obliged to purchase products harvested in the Community and offered to them provided the offers comply with certain conditions, in particular as regards quality and quantity.

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

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

(In UA per 100 kgs.)

Product	1976/77	1977/78	1978/79
Common wheat	131.00	120.06 <sup>1/</sup> 135.59 <sup>2/</sup>	121.57 <sup>1/</sup> 136.96 <sup>2/</sup>
Durum wheat	202.00	203.01	203.01
Rye	124.00	128.96	130.25
Barley	116.00	120.06	121.57
Maize	112.20	118.03	121.57

<sup>1/</sup> Intervention price fixed for common (soft) wheat irrespective of technical (bread-making or non-bread-making) grade.

<sup>2/</sup> Reference price - price by reference to which the market price for common wheat of bread-making grade can be supported by special intervention measures.

(ii) In order to deal with special situations which may arise in certain regions, preventative intervention measures may be taken by intervention agencies on the decision of the Commission, after consulting the Management Committee for the purpose of avoiding, in certain regions of the Community, heavy purchases under the purchasing obligation imposed on intervention agencies.

Such measures may be decided when, in any region of the Community, prices become or remain so depressed that there is a risk that, owing to the size of the harvest and of regional stocks as well as to their geographical situation, intervention purchases will be required upon well-based application to the Commission by the member State concerned.

(b) Aid to production

Aid is granted for the production of durum wheat having certain qualitative and technical characteristics (suitability for making semolina and macaroni-type foods). For marketing years prior to 1976/77, this aid, in an amount uniform for the whole of the Community, was granted on a per ton basis. As from the 1976/77 marketing year, the aid has been granted on a per hectare basis and its amount varies depending on the region concerned, or is limited to certain regions.

Aids to production for the years 1976/77, 1977/78 and 1978/79 amounted to:

	(UA/t.)		
	1976/77	1977/78	1978/79
Durum wheat	50.00 <sup>1/</sup> 21.00 <sup>2/</sup>	60.00 <sup>3/</sup>	63.00 <sup>4/</sup>

<sup>1/</sup> For Centre South Italy, Bordeaux, Toulouse, mountainous and less-favoured areas.

<sup>2/</sup> For Centre North.

<sup>3/</sup> For Centre South, mountainous and less-favoured areas of Italy.

<sup>4/</sup> For Centre South Italy, Marseilles, Toulouse, Ardèche, Drôme, mountainous and less-favoured areas.

(c) Compensatory indemnity

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

(d) Production refunds

A production refund is granted:

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

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

The production refund is paid to the processor of the raw material. In the case of potato starch, the recipient of the production refund is the producer of the potato starch.

For the 1977/78 and 1978/79 marketing years, the amount of the production refund is 17.00 UA/t. for maize and 24.29 UA/t. for wheat.

For the 1978/79 marketing year, potato starch producers are being granted a premium of 10 UA/t.

### "RICE" SECTOR

#### (a) Intervention measures

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

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

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

The intervention prices fixed at the beginning of the 1976/77, 1977/78 and 1978/79 marketing years were as follows:

	(UA/100 kgs.)		
	1976/77	1977/78	1978/79
Vercelli	164.16	171.55	174.98

#### (b) Compensatory indemnity

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

(c) Production refund

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

For the 1977/78 and 1978/79 marketing years, the production refund was 20.89 UA/t.

"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 purchase 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:

	(UA/100 kgs.)			
	1976/77		1977/78	1978/79
Butter	218.08 <sup>1/</sup>	223.80 <sup>2/</sup>	230.95 <sup>3/</sup>	235.72 <sup>4/</sup>
Skimmed milk powder	90.16 <sup>1/</sup>	91.37 <sup>2/</sup>	94.09 <sup>3/</sup>	95.78 <sup>4/</sup>
Cheese:				
- Grana Padano (30-60 days)	208.91 <sup>1/</sup>	213.79 <sup>2/</sup>	223.72 <sup>3/</sup>	231.13 <sup>4/</sup>
(6 months)	250.69 <sup>1/</sup>	255.84 <sup>2/</sup>	269.34 <sup>3/</sup>	280.48 <sup>4/</sup>
- Parmigiano-Reggiano (6 months)	271.81 <sup>1/</sup>	276.96 <sup>2/</sup>	294.75 <sup>3/</sup>	306.03 <sup>4/</sup>

<sup>1/</sup> As from 15 March 1976

<sup>2/</sup> As from 16 September 1976

<sup>3/</sup> As from 1 May 1977

<sup>4/</sup> As from 22 May 1978



(b) Aid to private storage

In order to reduce the quantities offered for intervention purchase or to deal with a certain amount of market imbalance, a system of aid for private storage is operated for:

- butter bearing an official inspection mark and cream;
- cheese:
  - . Grana Padano aged at least 12 months
  - . Parmigiano-Reggiano aged at least 18 months
  - . Emmenthal and gruyère
  - . Provolone
  - . Pecorino-Romano

provided they have been produced in the Community and comply with certain conditions. Aid can also be provided for the private storage of first-quality skimmed milk powder produced in the Community provided it complies with certain conditions.

(c) Aid for skimmed milk for animal feed

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

Both milk and powder must be either directly denatured or incorporated in some compound feedstuff 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

Intervention measures may be taken, in years in which they are found to be 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.

"OILS AND FATS" SECTOR

A. Olive oil

1. Each year an intervention price is fixed for olive oil, and the intervention agencies are obliged to purchase at this price any olive oil of Community origin which may be offered to them.

The intervention price is fixed for a given standard quality. If the quality of olive oil differs from the standard quality, the price is adjusted in accordance with a scale of price increases and reductions.

The intervention price is fixed at the beginning of the marketing year (1 November) and increased each month to take account of average storage and interest costs in the Community.

The opening intervention price for the 1976/77 to 1978/79 marketing years was as follows:

	(UA/100 kgs.)
1976/77	137.64
1977/78	134.62
1978/79	141.14

2. An aid to producers is granted in respect of olive oil produced in the Community from olives harvested in the Community whenever the production target price (which is fixed at a fair level for producers) is higher than the market target price at the beginning of the marketing year (which is fixed at a level which will allow for normal disposal of the olive oil output in the light of the price of competing products). The aid is equal to the difference between these two prices.

Production aids for the 1975/76 to 1977/78 marketing years amounted to:

	(UA/100 kgs.)
1975/76	35.04
1976/77	40.11
1977/78	45.87

3. Beginning with the 1978/79 marketing year, the scheme for organizing the olive oil market has been changed and now consists of the following elements:

- fixing of a production target price and of a producers' aid designed to compensate for the limitation of the consumers' aid to only a part of production;
- fixing of a market representative price at a level permitting disposal of olive oil production in the light of the prices of competing oils;

- fixing of a consumers' aid equal to the difference between the production target price, less the producers' aid, and the market representative price. This aid constitutes the new element in the scheme for organizing the olive oil market and is designed to facilitate the marketing of Community olive oil.

For the 1978/79 marketing year, the above elements were fixed at the following levels:

- production target price: 191.54 UA
- producers' aid: 43.11 UA
- market representative price: 120.78 UA (effective 1 April 1979)

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

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

The average refund amounted to 61.08 UA/100 kgs. for the 1975/76 marketing year, and to 50.33 UA/100 kgs. for 1976/77 and to 56.00 UA/100 kgs. for 1977/78.

B. Oilseeds

1. Every year a basic intervention price is fixed for colza, rape and sunflower seed, and the intervention agencies are obliged to buy at this price any such products of Community origin as may be offered to them.

The basic intervention price is fixed for a given intervention centre. For other intervention centres, intervention prices derived from the basic intervention price are fixed in the light of the normal conditions governing price formation on the market.

The intervention price is fixed for a given standard quality. If the quality of the products offered to the intervention agency differs from the standard quality, the price is adjusted in accordance with a scale of price increases and reductions.

The intervention price is fixed at the beginning of the marketing year (1 July for colza and rapeseed and 1 September for sunflower seed) and is increased each month to take account of average storage and interest costs in the Community.

The opening basic intervention prices for the marketing years 1976/77 to 1978/79 were fixed as follows:

	(UA/100 kgs.)		
	1976/77	1977/78	1978/79
Colza and rape seed (at 1 July)	26.77	27.71	28.82
Sunflower seed (at 1 September)	27.80	29.89	31.38

2. Aid for colza, rape and sunflower seeds

Aid is granted for colza, rape and sunflower seeds harvested and processed in the Community when the target price (which is fixed at a fair level for producers) is higher than the world market price.

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

3. Aid for the production of cottonseed

In order to help to assure them of a fair income, cottonseed producers in the Community are granted aid, the amount of which is fixed each year and is calculated per hectare sown.

The number of hectares sown and the amount of aid provided over recent years are as follows:

	Area (ha.)	Amount of aid (UA/ha.)
Crop year 1976/77	3,900	103.20
Crop year 1977/78	5,600	104.52
Crop year 1978/79	5,900	108.70

4. Aid for the production of soya beans

In order to promote the cultivation of soya in the Community, a support system was established, as from the beginning of the 1974/75 crop year, to ensure that Community producers receive a fair return.

The system involves fixing a guide price each year at a level judged to be fair to producers. When the guide price for a crop year is higher than the average world market price, aid equal to the difference between these two prices is granted to Community producers. Aid is granted for a volume of production calculated from a target yield for the area cropped.

The guide price for the 1976/77 crop year was 28.500 UA/100 kgs. and the average world price, 20.271; the aid granted was 8.229 UA/100 kgs. for a target yield of 1,950 kgs./ha.

For the 1977/78 crop year, the guide price was 30.640 UA/100 kgs. and the average world market price, 16.502; the aid granted was 14.138 UA/100 kgs. for a target yield of 2,000 kgs./ha.

For the 1978/79 crop year, the guide price was 32.170 UA/100 kgs. and the average world market price, 16.745; aid granted was 15.425 UA/100 kgs. for a target yield of 2,000 kgs./ha.

#### 5. Aid for the production of linseed

In order to develop the production of linseed within the Community and, in particular, with a view to affording better support in favour of the cultivation of oil-bearing linseed, a system of aid for production similar to the one for soya beans (see item 4 above) has been introduced in respect of all linseed produced within the Community.

The guide price for the 1976/77 crop year was 29.00 UA/100 kgs. and the average world market price, 23.121; the aid granted was 5.879 UA/100 kgs.

For the 1977/78 crop year, the guide price was 31.180 UA/100 kgs. and the average world market price, 15.770; the aid granted was 15.140 UA/100 kgs.

For the 1978/79 crop year, the guide price was 32.490 UA/100 kgs. and the average world market price, 16.080; the aid granted was 16.350 UA/100 kgs.

#### 6. Aid for the production of castor beans

As from the beginning of the 1978/79 crop year, a system of aid for castor beans has been introduced; the amount of the aid is equal to the difference between a guide price and the world market price.

This system may improve future supplies for Community castor-oil factories by encouraging production of these beans within the Community (30 hectares at present).

For the 1978/79 crop year, the guide price was 42.00 UA/100 kgs; the average world market price having been found to be 20.551 UA/100 kgs., the average aid granted was 21.449 UA/100 kgs.

### "SUGAR" SECTOR

1. An intervention price for white sugar is fixed each year and the intervention agencies are obliged to purchase at that price, within the maximum quota limits assigned to each producing enterprise, any white sugar and raw sugar manufactured from beet or from cane harvested in the Community.

The intervention price is fixed for the area in the Community showing the highest surplus; intervention prices derived from this price are fixed for other areas after taking account of transportation costs.

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

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

The intervention price for white sugar for the area of the Community with the highest surplus was fixed for the crop years 1976/77 to 1978/79 as follows:

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>
White sugar (UA/100 kgs.)	33.14	34.60	35.47

2. For beet a regionalized system of minimum prices has been established. Sugar manufacturers are obliged to pay beet producers not less than the minimum price. The system does not involve intervention by State agencies.

The minimum prices are established in the light of the intervention prices for white sugar and of notional elements relating inter alia to processing margins, yield and delivery costs.

### 3. Denaturation premiums

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

4. Compensation for storage costs

Provision has been made for reimbursing the cost of storage sugar (sugar produced within the maximum quota).

The purpose of this reimbursement is to equalize storage costs in the Community. It is a measure designed to ensure regular disposal of sugars in the market throughout the crop year, to prevent the sale of excessive tonnages during the manufacturing period and especially to eliminate, if not all, then at least some, purchases by the intervention agencies. The financial backing for such reimbursement is provided by a levy on manufacturers, based on the principle of equality between the total sum reimbursed and the total sum levied.

5. Production levy

A significant proportion of export refunds is financed by the production levy, collected from the sugar, beet and cane trade association, on the quantity of sugar produced above the basic quota but below the maximum quota. This levy totalled 121 million UA for 1971 and 186 million UA for 1978.

"BEEF AND VEAL" SECTOR

1. Each year a guide price is fixed for calves and for adult bovine animals. This is the price to be aimed at in market quotations. It does not represent a compulsory datum but is the price that the authorities responsible for organization of markets consider to be feasible and equitable.

In recent years the guide prices have been as follows:

	<u>Adult bovine animals</u> (in UA/100 kgs. live weight)
as from 15.3.1976	118.74
as from 2.5.1977	122.90
as from 22.5.1978	125.97

2. The intervention agencies are obliged to buy in, at a price corresponding to 93 per cent of the guide price, fresh or chilled meat in carcasses, half-carcasses, and compensated quarters, offered to them on condition that such meat comes from certain specified adult bovine animal categories. The buying-in obligation can be suspended in member States where the market price is higher than 95 per cent of the guide price.

3. In addition, intervention measures in the form of private storage aids or buying-in by intervention agencies may be taken in respect of adult bovine animals and fresh or chilled meat thereof presented in the form of carcasses, half-carcasses, compensated quarters, fore-quarters or hind-quarters, when at the same time the price for adult bovine animals is lower than 98 per cent of the guide price and when for a defined quality of bovine meat the price on representative markets of a member State or of a region within a member State is lower than 90 per cent of the guide price.

"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:

	<u>(In UA/100 kgs.)</u>
as from 1.4.1976	114.480
as from 1.11.1977	120.20
as from 1.11.1978	122.604

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

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

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

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

3. Because of cyclical variations in pigmeat prices, no intervention was necessary in the 1975/76 marketing year, but private storage aids were granted from 21 April 1977 to 30 September 1977, from 27 May 1978 to 27 October 1978, and as from 29 January 1979, in respect of several products in the sector.



"FRUIT AND VEGETABLES" SECTOR

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

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

The following may be granted:

- an initial aid during the three years following establishment of the organization, the amount of this aid not to exceed for the first, second and third years respectively, 3 per cent, 2 per cent and 1 per cent of the value of production marketed. As from 1 October 1977, however, and for seven years thereafter, such aid can be granted during the five years following the date of establishment of an organization. The amount of the aid for the first, second, third, fourth and fifth year is, respectively, 5, 4, 3, 2 and 1 per cent of the value of production marketed, provided that the resulting amounts do not exceed the costs of establishing and administering the organization;
- an aid in the form of loans on special terms to cover part of the anticipated cost of withdrawal measures, such aid being granted only during the five years following the date of establishment of the organization.

(b) Intervention measures

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

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

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<sup>1</sup>Cauliflowers, tomatoes, sweet oranges, mandarins, lemons, table grapes, apples (other than cider apples), pears (other than perry pears) and peaches (not including nectarines).

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.

Buying-in by bodies or natural or legal persons appointed by the member States for the purpose takes place only where a serious crisis is found to exist for the product concerned and at clearly specified price levels.

(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, mandarins, clementines and lemons on Community import markets, financial compensation can be granted to sellers of producing member States.

(ii) Measures to encourage processing

In order to encourage greater recourse to processing of certain varieties of oranges which encounter marketing difficulties, financial compensation can be granted in order to guarantee a minimum price to fruit producers, while ensuring regular supplies to the processing industries. Grant of this compensation is subject to observance of certain contractual conditions as between the seller and the purchaser.

The financial compensation is paid to the processor by the member State in which the processing has taken place.

The amount of the compensation and the minimum price to the producer are fixed before the beginning of each marketing year.

"PROCESSED FRUIT AND VEGETABLES" SECTOR

(a) Production aid

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

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

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

As from the beginning of the 1978/79 crop year, a system of production aid has also been established for:

- prunes produced by the drying of grafted plums,
- tomato-based processed products,
- peaches preserved in syrup.

The amount of the aid is fixed at a level that compensates the difference between the prices of Community products and those of products of third countries. The granting of this aid is dependent upon payment of a minimum price to the agricultural producers.

For the first, 1978/79, crop year, the aid was fixed at:

- 32.51 UA/100 kgs. for (28/30 per cent) tomato concentrates
- 11.73 UA/100 kgs. for (San Marzano) whole peeled tomato preserves
- 9.31 UA/100 kgs. for (Roma) whole peeled tomato preserves
- 4.55 UA/100 kgs. for non-whole peeled tomato preserves
- 7.05 UA/100 kgs. for (5/7 per cent) tomato juice
- 18.05 UA/100 kgs. for peaches preserved in syrup
- 29.34 UA/100 kgs. for plums.

#### "WINE" SECTOR

1. For each type of wine for which a guide price is fixed, a threshold price triggering the intervention machinery, termed the "activating price", is fixed annually.

The activating prices for the 1976/77 to 1978/79 marketing years were as follows:

<u>Type of wine</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>
R I (UA/degree/hl)	1.82	1.89	1.93
R II "	1.82	1.89	1.93
R III (UA/hl)	28.44	29.43	30.00
A I (UA/degree/hl)	1.71	1.77	1.79
A II (UA/hl)	37.89	39.23	39.66
A III "	43.27	44.79	45.29

2. Aids for private storage of table wines

(a) Long-term contracts

Provision is made for the possibility of concluding long-term contracts in respect of defined table wines when the forward estimates for a wine-growing year show that the quantity of table wine available at the beginning of the wine-growing year exceeds total foreseeable requirements for that year by more than four months' consumption.

(b) Short-term contracts

If in a wine-growing zone or part of a wine-growing zone, an imbalance appears at the beginning of the wine-growing year between the quantities available and the quantities that can be sold, in particular owing to an exceptionally abundant harvest, a decision may be taken to grant private storage aids to the wine-growing zone in question.

Private storage aids are likewise granted for a type of wine if during the wine-growing year the weighted average price for that type of wine remains less than the activating price for two consecutive weeks, and until the weighted average price for that type of wine exceeds the activating price for two consecutive weeks. If the state of the market so requires, a decision may be taken to grant aid also for table wines of a type other than that for which the weighted average price remains less than the activating price for two consecutive weeks, where such table wines stand in close economic relationship with the latter type.

In the two above cases, grant of aids is subject to the conclusion of "short-term" storage contracts, valid for a period of three months.

Recourse to short-term contracts is suspended so long as long-term contracts are concluded.

3. Aids for private storage of grape must and concentrated grape must

(a) Short-term contracts

Provision may be made for the possibility of concluding short-term storage contracts for grape must and concentrated grape must if the market situation so requires, and in particular when preventive distillation is decided on.

(b) Long-term contracts

When it has been decided to provide for the possibility of concluding long-term contracts for private storage of table wines, the possibility may also be opened for concluding long-term contracts in respect of grape must and concentrated grape must.

4. Restorage aids

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

5. Aids to concentrated grape must

If it appears necessary, on the basis of harvest forecasts, to enrich a major part of production, aid may be granted in favour of concentrated grape must produced in the Community and used to raise alcoholic strength.

6. Distillation

(a) Preventive distillation

Where during the period from 1 September to 15 December the quantity of table wines of all types under storage contracts exceeds 7 million hectolitres, preventive distillation may be decided on for all wines, other than:

- wines produced from table grapes;
- wines produced from varieties of vines obtained from interspecific crossings (direct producer hybrids) falling into the category of provisionally authorized varieties;
- wines suitable for producing certain spirits with a registered designation or origin.

The buying-in price for wines delivered for distillation under the preventive distillation provisions is equivalent to 55 per cent of the guide price for table wines of type A I which comes into force in the same year as that of the harvest concerned.

(b) Performance bond

Where the other market support measures are inadequate and where the weighted average 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.

(c) Exceptional distillation

Where the application of the other market support measures is unlikely to be effective in restoring price levels the Council, acting in accordance with the voting procedure laid down in Article 43(2) of the Treaty on a proposal from the Commission, adopts provisions concerning the distillation of table wine.

(d) Distillation of certain wines

In years when output of wine suitable for producing certain spirits with a registered designation of origin exceeds by 1 million hectolitres the volumes of wine intended for that purpose in the preceding season, it may be decided that the wines concerned can be distilled.

(e) Special distillation

If the volume of availabilities in the Community, plus the volume of wine imports from Algeria, Morocco and Tunisia, causes disruption in the Community market, a special distillation of table wines may be made, reserved for the producers' associations.

7. Other support measures

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

(b) If prices are found to have increased in the wine market of the Community so as to be substantially above the guide price fixed for a particular type of wine, that the situation is likely to continue and that as a result the market is being disrupted, the necessary action 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, providing for the obligation to buy in at the intervention price, and for the grant of premiums to users who purchase leaf tobacco directly from the producer.

The Council fixes each year, for the coming year's harvest:

- the intervention price for leaf tobacco for each variety of Community production and for a reference quality of each variety, as well as for certain varieties a derived intervention price for packaged tobacco;
- the amount of the premium according to variety.

The intervention prices for leaf tobacco, intervention prices for packaged tobacco and the amount of the premium have been as indicated on the annexed sheet.

No. d'ordre	Variétés	Prix d'intervention												Primes octroyées aux acheteurs de tabacs en feuilles (UC/kg)							
		tabacs en feuilles (UC/kg)						dérivé : tabacs emballés (UC/kg)						Récottes :							
		Récottes : 1975   1976   1977   1978		Récottes : 1975   1976   1977   1978		Récottes : 1975   1976   1977   1978		Récottes : 1975   1976   1977   1978		Récottes : 1975   1976   1977   1978		Récottes : 1975   1976   1977   1978									
1	a) Badischer Geudertheimer b) Forchheimer Havanna II c)	1,971	2,030	2,102	2,126	3,030	3,104	3,194	3,224	1,390	1,514	1,582	1,617	1,390	1,514	1,582	1,617	1,390	1,514	1,582	1,617
2	Badischer Burley E	2,355	2,426	2,511	2,541	3,386	3,487	3,590	3,626	1,402	1,553	1,623	1,658	1,402	1,553	1,623	1,658	1,402	1,553	1,623	1,658
3	Virgin D (Virgin SCR)	2,225	2,314	2,418	2,457	2,864	3,001	3,197	3,300	1,272	1,459	1,576	1,631	1,272	1,459	1,576	1,631	1,272	1,459	1,576	1,631
4	a) Paraguay et ses hybrides b) Dragon vert et ses hybrides	1,666	1,791	1,836	1,891	-	-	-	-	1,100	1,209	1,270	1,315	1,100	1,209	1,270	1,315	1,100	1,209	1,270	1,315
5	Nijkerk	1,678	1,745	1,788	1,842	-	-	-	-	1,119	1,194	1,230	1,270	1,119	1,194	1,230	1,270	1,119	1,194	1,230	1,270
6	Burley (Burley x Bel)	1,882	1,958	2,006	2,026	-	-	-	-	0,930	1,047	1,078	1,098	0,930	1,047	1,078	1,098	0,930	1,047	1,078	1,098
7	a) Misionero et ses hybrides b) Rio Grande et ses hybrides	1,527	1,619	1,660	1,709	-	-	-	-	1,028	1,200	1,260	1,310	1,028	1,200	1,260	1,310	1,028	1,200	1,260	1,310
8	a) Philippin b) Petit Grammont (Flobecq) c) Burley (Ergo x 6410 et Ergo x Bursana)	1,286	1,364	1,425	1,496	-	-	-	-	0,765	0,859	0,911	0,961	0,765	0,859	0,911	0,961	0,765	0,859	0,911	0,961
9	a) Semois b) Appelterre	1,541	1,634	1,707	1,793	-	-	-	-	0,918	1,029	1,091	1,141	0,918	1,029	1,091	1,141	0,918	1,029	1,091	1,141
10	Bright	1,368	1,962	2,012	2,072	2,626	2,748	2,831	2,926	1,100	1,228	1,277	1,327	1,100	1,228	1,277	1,327	1,100	1,228	1,277	1,327
11 a)	Burley I	1,421	1,478	1,500	1,516	2,166	2,231	2,257	2,275	0,710	0,774	0,793	0,828	0,710	0,774	0,793	0,828	0,710	0,774	0,793	0,828
11 b)	Maryland	1,618	1,715	1,742	1,777	2,392	2,504	2,535	2,575	0,848	0,986	0,994	1,039	0,848	0,986	0,994	1,039	0,848	0,986	0,994	1,039





In the context of the special measures adopted for Beneventano tobaccos of the 1977, 1978 and 1979 harvests, a special aid per hectare is granted, under certain conditions, to planters or planter groups who reconvert to other varieties all or part of the surface area planted with Beneventano variety tobacco for the preceding year's harvest.

#### "FISHERY PRODUCTS" SECTOR

During the past three years, expenditure has been made in respect of financial compensation granted to producers' organizations and export refunds.

##### 1. Financial compensation to producers' organizations

In order to stabilize prices, producers' organizations can fix a withdrawal price below which they do not sell the products brought in by their members, in respect of herring, sardines, redfish, cod, saithe, haddock, whiting, mackerel, anchovies, plaice, hake and shrimps of the genus Crangon sp.p. In such case, the producers' organizations can grant an indemnity to associated producers in respect of the quantities withdrawn from the market.

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

To support the action by producers' organizations, financial compensation is granted to them where 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 at the withdrawal price, multiplied by 55-60 per cent of the guide price for the product concerned and by a quality adjustment co-efficient and reduced by a fixed lump sum according to the intended use of the product withdrawn for human consumption.<sup>1</sup>

##### 2. Public buying in of sardines and anchovies

In order to avoid a slump in prices of sardines and anchovies, provision is made for public buying in, through bodies appointed for the purpose by the member States, where for one of the representative markets or ports prices

<sup>1</sup>In recent years the amounts granted for intervention and export have been as follows:

	<u>1976</u>	<u>1977</u>	<u>1978</u>
		(UA '000)	
- Interventions	6,700	4,600	6,900
- Refunds	3,800	3,300	7,200

remain below the intervention price during three successive market days. The products are bought in at the intervention price, multiplied by a quality adjustment coefficient, and must be intended for uses other than human consumption.

3. Private storage aid

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

4. Compensation to tunny producers

In order to prevent any drop in import prices for tunny intended for the processing industry from threatening the income level of Community producers, provision is made for the grant of compensation, if necessary.

5. Export refunds

Export refunds have been mainly granted in respect of salted and dried cod and saithe and recently also frozen mackerel. Because of events in 1975, export refunds have also been granted in respect of frozen fillets of cod and saithe in order to alleviate the situation in Community markets.

"TEXTILE, FLAX AND HEMP" SECTOR

The Community regulations provide for the following measures:

1. Aid to production

In order to ensure a fair income for the producers concerned, a system of aid has been established for flax (since the 1976/77 crop year, only for textile flax) and hemp grown in the Community.

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

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

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

	Amount of aid (UA/ha)	Area (ha)
<u>Textile flax</u>		
Crop year 1976/77	188.15	57,600
Crop year 1977/78	194.76	61,600
Crop year 1978/79	202.55	60,000
<u>Hemp</u>		
Crop year 1976/77	174.04	8,000
Crop year 1977/78	176.88	11,000
Crop year 1978/79	183.96	11,000

2. Aid to private storage of flax and hemp tow

In order to avoid or alleviate a substantial drop in prices, holders of tow can conclude storage contracts in the event of temporary market imbalance. This situation arose in 1975, and use was made of this possibility then.

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

Measures can be introduced to improve the organization of production, marketing and processing, to improve quality and to promote research into new uses. No specific measures have yet been taken in this area, however, since the objectives pursued can be attained, at least to some extent, through horizontal measures designed to improve agricultural structures.

"SEEDS" SECTOR

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

The amount of aid is fixed taking into account the market situation (balance between the volume of production and the amount that can be marketed) as well as the price for these products on third country markets. The amount of aid for the 1976/77 to 1978/79 marketing years was fixed as follows:

UA/t.

1976/77

1977/78

1978/79

- I. Gramineae between 100 and 310 between 101 and 332 between 100 and 380  
 II. Leguminosae between 40 and 250 between 40 and 251 between 40 and 280  
 III. Oilseeds between 80 and 130 between 90 and 131 between 105 and 145

A reference price system exists in respect of hybrid maize, in order to defend Community production against abnormally low offer prices.

These reference prices are fixed by the Commission each year before 1 July for the various types of hybrid maize; the prices are based on the free-at-frontier offer prices recorded in the three preceding years.

Reference price in UA/ton

Variety	F.A.O. classification	1975/76	1976/77	1977/78
Double hybrids	0 - 270	540	570	590
Double hybrids Top-cross hybrids	270 - 450 0 - 270	500	530	550
Double hybrids Top-cross hybrids	450 and more 270 and more	460	490	520
Three-cross hybrids	0 - 270	740	740	770
Three-cross hybrids	270 and more	670	700	730
Single hybrids		1,070	1,070	1,100

Since the 1978/79 marketing year, some changes have been made to the classification of the types of hybrid maize for which a reference price is fixed. The reference prices are now as follows:

Variety	EEC (CCT) classification	1978/79 UA/t	1979/80 EUA/t
10.05 A I. Double/top cross hybrids		570	690
10.05 A II. Three-cross hybrids		770	930
10.05 A III. Single hybrids		1,120	1,350

Countervailing charge

Since January 1979 a countervailing charge has been introduced for the three types of hybrid maize mentioned above, while observing the GATT bound duty.

"HOPS" SECTOR

In order to ensure a fair income for hop producers and to achieve sound management of the market, the Community regulations were amended substantially on 6 May 1977. As amended, the regulations provided for the institution of a system of aid per hectare of groups of hop varieties. This aid is granted in those regions of the Community in which recognized producer groups are able to ensure a fair income for their members and to achieve rational management of supply, the aid being granted to such producer groups alone. In the other regions, aid is granted to individual producers.

The amount of the aid is fixed each year for the preceding year's harvest, on the basis of proceeds from the harvest concerned.

The aid was granted in 1978 and 1979 in respect of the 1977 and 1978 harvests on the basis of the system established under the new basic regulation. It was granted in respect of three groups of varieties:

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

The amounts per hectare (UA/ha) were as follows:

	<u>1977</u>	<u>1978</u>
- Aromatic:	375	350
- Bitter:	285	300
-- Other:	500	400

In 1978 the EEC introduced a certification system for Community hop production, covering in particular the quality and origin of hops. At the same time and in pursuance of the obligations established by the basic regulation on hops, a system was introduced for verifying the equivalence of hops imported from third countries, supplemented by equivalence certificates issued by certain third countries exporting to the EEC, and recognized by the Community.

"SILKWORMS" SECTOR

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

1. Production aid

In order to contribute to ensuring a fair income for silkworm rearers, an aid has been established for silkworms reared in the Community.

The amount of the aid is fixed each year per box of silkworm eggs used. The aid is granted to the rearer responsible for rearing the worms.

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

	Number of boxes	Amount (UA/box)
Season 1976/77	7,144	40.00
Season 1977/78	8,800	40.20
Season 1978/79	8,600	55.00

2. Aid to improve quality

Provision is made for Community measures to improve the quality of silkworms and silkworm eggs.

To date, no specific action has been taken in this area since the objectives pursued can be attained, at least to some extent, through horizontal measures designed to improve agricultural structures.

3. Additional aid for certain silkworm rearers

Additional aid has been instituted for rearers belonging to a producer grouping, to the extent that they market the cocoons produced through the said grouping.

For the 1976/77 season, the amount of additional aid was UA 15 per box of silkworm eggs used, and for the 1977/78 season it was UA 14.07 per box. No additional aid has since been granted.

#### "DRY FODDER" SECTOR

As from 1974/75 marketing year, an organization of the market was established in the dehydrated fodder sector.

It provided, inter alia, for the granting of aid in respect of the quantity of dehydrated fodder produced that meets certain conditions in respect of moisture content and protein content.

This system was applicable until the end of the 1977/78 marketing year. It was introduced in order to increase Community production of dehydrated fodder which is a source of protein.

For the 1975/76, 1976/77 and 1977/78 marketing seasons, the amount of the aid was fixed at UA 8.00, 9.00 and 9.55/ton respectively.

In a normal year, production of dehydrated fodder can be estimated at approximately 1.5 million tons.

In 1976, a year of drought, production fell to 1.25 million tons.

Since the 1978/79 marketing season, the system has been changed: as from 1 April 1979, the common organization of markets in the dried fodder sector covers the following products: dehydrated fodder, the principal leguminous vegetables, sun-dried and ground, protein concentrates obtained from alfalfa and grass juice. The other main features of the new system are the fixing each year of a target price at a fair level for producers (in 1978/79: 103 UA/t) the granting of a fixed-rate aid (5 UA/t) to processing undertakings, together with an additional aid if the world market price falls below the target price.

For the 1978/79 marketing year, the additional aid for dehydrated fodder and protein concentrates has been fixed at 70 per cent of the difference between the target price and the world market price, and 40 per cent of that difference for sun-dried fodder. The additional aid, fixed once a month, can be determined in advance.

#### "FIELD PEAS AND FIELD BEANS FOR USE AS FODDER" SECTOR

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

The products concerned are in direct competition with oilcake imported from third countries at zero duties. A system has been established under which aid is granted to fodder manufacturers who use field peas and field beans produced in the Community, if the price of soyacake is less than the activating price for aid, which for soyacake was fixed at 28.50 UA/100 kgs. for the 1978/79 marketing year. This aid varies with fluctuations in the price of soyacake. It is granted only if the fodder manufacturer has paid to the producer a price not lower than the minimum price fixed by the Council. For the 1978/79 marketing year, this price has been fixed at 17.50 UA/100 kgs. Producers are thus ensured of an equitable level.