

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI:1

EUROPEAN COMMUNITIES

The following notification concerning subsidies on products of the agricultural sector has been received from the Permanent Mission of the European Communities.

During the twentieth session of the CONTRACTING PARTIES and likewise in the Committee on Subsidies and Countervailing Duties, contracting parties were requested to make full responses to the questionnaire on subsidies.

Under the report of the Panel on Subsidies (document L/1442 of 19 April 1961), contracting parties were invited to provide information on subsidies irrespective of whether in the view of individual contracting parties they were notifiable under Article XVI, since the Panel considered that it was neither necessary nor feasible to seek an agreed interpretation of what constitutes a subsidy.

In response to this invitation, the Commission of the European Communities has the honour to transmit the following documentation regarding products covered by a common policy, while the member States, for their part, are communicating notifications in respect of their domestic policy.

A. GENERAL REMARKS

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

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

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

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

B. MEASURES

I. 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 Community¹; a differential may be applied according to destination or time (months of delivery). The amount of the refund is fixed periodically. The periodicity of the fixing is different for each sector because of the special characteristics of each sector. In order to facilitate export operations, in the case of the majority of products a system has been introduced whereby refunds can be fixed in advance. The refund is paid to the exporter.

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

(ECU million)

Products	Refunds 1981	Refunds 1982	Refunds 1983
Cereals	1,206.3	1,064.9	1,525.0
Rice	17.2	41.0	67.9
Dairy products	1,886.3	1,521.3	1,326.8
Fats and oils	8.4	12.6	13.4
Sugar	(2)	(2)	(2)
Bovine meat	825.2	643.5	828.2
Pigmeat	132.6	96.1	120.2
Eggs and poultry	83.9	103.9	123.3
Fruit and vegetables	42.8	59.5	58.1
Wine	25.8	31.9	20.2
Tobacco	5.8	17.3	27.9
Fishery products	12.6	13.8	8.2

¹ During the transitional period, however, the refund on Greek products may in some cases differ from that granted on products of other member States.

² Starting with the 1980/1981 marketing year, the export refunds on domestic sugar have been entirely financed out of producer contributions by producers of sugar and isoglucose and sugar-beet and sugar-cane producers of the Community.

(ECU million)			
Products	Refunds 1981	Refunds 1982	Refunds 1983
Flax and hemp	-	-	-
Seeds	-	-	-
Hops	-	-	-
Silkworms	-	-	-
Dehydrated fodder	-	-	-
Products of agri- foodstuff industries ¹	282.4	414.4	343.2
Total expenditure	4,938.5	4,020.2	4,462.4

II. MEASURES ON THE INTERNAL MARKET

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

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

(ECU million)			
Product	Interventions 1981	Interventions 1982	Interventions 1983
Cereals	715.1	759.6	916.2
Rice	4.5	9.3	25.0
Dairy products	1,456.4	1,806.4	3,069.3
Fats and oils	1,017.0 ²	1,201.2 ²	1,607.5 ²
Sugar	14.0 ²	8.0 ²	7.6 ²
Bovine meat	611.7	515.1	908.3
Pigmeat	22.0	15.5	24.8
Sheepmeat	191.5	251.7	305.6
Eggs and poultry	-	-	-

¹ Products "not in Annex II"

² Storage costs are not included because this refund is financed out of contributions by manufacturers.

(ECU million)

Product	Interventions 1981	Interventions 1982	Interventions 1983
Fruit and vegetables	598.3	854.8	1,138.0
Wine	433.6	538.7	639.0
Tobacco	356.0	605.3	643.4
Fishery products	15.4	20.2	17.5
Flax and hemp	17.0	19.5	19.3
Seeds	38.8	43.5	43.0
Hops	5.9	5.4	8.2
Silkworms	0.3	0.7	0.6
Dehydrated fodder	34.1	41.7	57.7
Peas, broad beans and horse beans	31.4	41.1	84.6
Cotton	54.9	96.2	140.1
Total expenditure	5,620.0	6,833.9	9,655.7

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

(i) Each year, a common single intervention price is fixed for common wheat, rye¹, barley and maize, as well as a single intervention price for durum wheat, at which the intervention agencies are obliged to buy in products harvested in the Community and offered to them provided the offers comply with certain conditions, in particular as regards quality and quantity.

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

Intervention prices are fixed at the beginning of the marketing year (1 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.

Products	(ECU/t.)		
	1981/82	1982/83	1983/84
Common wheat	265.23	179.27	184.58
	192.72 ²	209.10 ²	215.29
Durum wheat	274.99	298.36	312.08
Rye			
Barley	165.23	179.27	184.58
Maize	165.23	179.27	184.58

¹ Since the 1980/81 marketing year the intervention price for rye, which was higher than the common single intervention price, has been aligned on the latter. In order to offset the resulting income loss, the intervention price is being increased by a progressively declining amount until the end of the 1981/82 marketing year.

² Reference price in respect of the average bread-making grade (in the case of special intervention measures at the level of the minimum bread-making grade), this price was reduced by ECU 7.88/t. in 1981/82 and by ECU 10.40/t. in 1982/83.

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

Such measures may be decided upon well-based application by the member State concerned, 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, substantial intervention purchases will be required.

(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 or for bread-making). The aid is granted on a per hectare basis and its amount varies depending on the region concerned, or is limited to certain regions.

Aids to production since the 1981/82 marketing year amounted to:

	(ECU/ha.)		
	1981/82	1982/83	1983/84
Durum wheat	85.18 ¹	92.85 ¹	99.81 ¹
	57.23 ²	66.14 ²	77.36 ²
	17.04 ³	35.99 ³	57.26 ³

(c) Compensatory allowance

A compensatory allowance 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.

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

²For Greek mountain regions that received government aid prior to accession.

³For other Greek regions.

(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 potato producer.

The production refunds are as follows:

Product	(ECU/t.)		
	1981/82	1982/83	1983/84
Maize	17.23	18.61	19.41
Wheat	24.67	26.64	27.79
Potato starch	27.74	29.96	31.25

"RICE" SECTOR

(a) Intervention measures

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

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

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

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

	(ECU/t.)		
	1981/82	1982/83	1983/84
Vercelli	259.42	290.55	306.53

(b) Compensatory allowance

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

(c) Production refund

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

For the three most recent marketing years, the production refunds were as follows:

	(ECU/t.)		
	1981/82	1982/83	1983/84
	21.22	22.92	23.91

"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.)

	1981/82	1982/83	1983/84
Butter	317.84	349.70	357.86
Skimmed milk powder	132.45	146.23	149.64
Cheese:			
- Grana Padano (30-60 days)	317.20	353.04	361.28
(at least 6 months)	384.27	429.51	439.53
- Parmigiano (6 months)	418.87	469.30	480.26

(b) Aid to private storage

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

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

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

(c) Aid for skimmed milk for animal feed

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

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

(d) Aid for skimmed milk processed into casein

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

(e) Other measures

- Measures may be taken, in years in which they are found necessary, to support the market for long-keeping cheeses, if such cheeses comply with certain conditions.

These measures are taken, in particular, in the form of aid for private storage.

- When surpluses of dairy products develop, or threaten to develop, measures other than the above may be taken to facilitate their disposal or to prevent the development of new surpluses.
- In order to encourage consumption by young people, aid is granted to member States which operate an aid programme for milk distributed in schools so that pupils can obtain milk at a reduced rate.

(f) Co-responsibility levy

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

"OILS AND FATS" SECTORA. Olive oil

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

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

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

	(ECU/100 kg.)		
	1981/82	1982/83	1983/84
Intervention price	196.33	217.93	229.92
Production aid	60.00	66.60	70.26
Representative market price	145.00	159.50	196.87
Consumption aids	67.77	76.67	52.29

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

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

The following average refunds were fixed:

	(ECU/100 kg.)		
	1980/81	1981/82	1982/83
Olive oil produced			
- in the EEC	72.54	94.04	111.30
- in third countries	26.79	28.98	34.63

B. Oilseeds

1. Colza, rape and sunflower seed

(a) Intervention measures

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

During the 1982/83 marketing year, a single intervention price was fixed for the first time for all intervention centres in the Community and this system will continue to be applied in future. It replaces the former system under which a basic intervention price and derived intervention prices were fixed each year for various intervention centres.

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

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

For the 1982/83 marketing year, the opening date was moved forward from 1 September to 1 August in respect of sunflower seed. For colza and rapeseed, however, the opening date of the marketing year remains unchanged at 1 July.

The opening basic intervention prices were fixed as follows:

	(ECU/100 kg.)		
	1980/81	1981/82	1982/83
Colza and rapeseed	39.71	42.13	43.80
Sunflower seed	44.06	49.73	52.71

(b) Aid

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

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

2. Soyabeans

In 1979, in the light of experience gained in management of this market since 1974, the support system was modified for the 1980/81 marketing year. It was maintained for the 1981/82, 1982/83 and 1983/84 marketing years.

Aid

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

The aid is granted to the purchaser who concludes a contract with the producer providing for payment of a price not lower than the minimum price.

The guide price and the minimum price have been fixed at the following levels:

	(ECU/100 kg.)		
	Marketing year		
	1981/82	1982/83	1983/84
Guide price	46.26	52.74	56.17
Minimum price	41.63	46.41	49.43

3. Flax-seedProduction aid

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

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

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

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

	(ECU/100 kg.)	
	Guide price	Aid
1980/81	42.180	14.010
1981/82	46.400	14.866
1982/83	51.500	24.862
1983/84	54.590	

4. Aid for the production of castor seeds

A system of aid for castor seeds has been introduced; the amount of the aid is equal to the difference between a guide price and the world market price. This system was adopted to improve supplies for Community castor-oil factories by encouraging production of these seeds within the Community.

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

	(ECU/100 kg.)	
	Guide price	Aid
1980/81	54.370	22.619
1981/82	59.810	21.304
1982/83	66.390	23.081
1983/84	66.390	0.000

In addition, for the marketing years 1979/80, 1980/81, 1981/82 and 1982/83 a "launching aid" has been granted at the rate of ECU 12.09 per 100 kg.

"SUGAR" SECTOR

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

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

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

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

Intervention Price

	(ECU/100 kg.)		
	1981/82	1982/83	1983/84
White sugar	46.95	51.41	53.47
Raw sugar	38.58	42.63	44.39

2. For beet, a basic price is fixed each year valid for a specified delivery stage and a specified standard quality. This basic price is fixed taking account of the intervention price for white sugar and of notional values representing in particular the processing margin, yield, and undertakings' receipts¹ from sales of molasses. In addition a minimum price is fixed for A beet² equal to 98 per cent of the basic price and a minimum price for B beet² equal to 68 per cent or 60.5 per cent of the basic price. These percentages are in direct relation with the production levies charged on A sugar and B sugar. Manufacturers are required to pay at least these prices.

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

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

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

3. Denaturing premiums

Taking account of all sugar surpluses and of the economic aspects of the operation envisaged, provision may be made for premiums to be granted by intervention agencies for sugar rendered unfit for human consumption. At present no use is being made of this sugar disposal possibility.

4. Reimbursement of storage costs

Provision has been made for lump-sum reimbursement of storage costs in respect of sugar produced under quotas A and B and likewise imported and refined preferential sugar (ACP-India and overseas countries and territories).

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

5. Production levies

Since the 1980/81 marketing year, financial losses (export refunds) in respect of disposal of surpluses have been entirely financed out of the production levy paid by sugar and isoglucose producers and beet and sugar producers in the Community.

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

"BOVINE MEAT" SECTOR

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

In recent years the guide prices have been as follows:

	<u>Adult bovine animals</u>
	(ECU/100 kg. live weight)
as from 7.12.1981	176.84
as from 20.5.1982	191.87
as from 6.12.1982	196.29
as from 23.5.1983	207.09
as from 2.4.1984	205.02

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

	(ECU/100 kg. live weight)
as from 7.12.1981	159.16
as from 20.5.1982	172.68
as from 6.12.1982	176.66
as from 23.5.1983	186.38
as from 2.4.1984	184.52

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

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

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

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

3. For the 1984/85 marketing year:

- (1) by derogation from the basic regulations, buying-in by intervention agencies is decided on the market of a member State or of a region of a member State when, for three consecutive weeks, the market price is equal to or lower than the intervention buying-in price;
- (2) buying-in may be suspended when, for three consecutive weeks, the market price is higher than the buying-in price for intervention.

4. In addition, the intervention system for bovine meat has been adapted to seasonal variations in market prices by limiting buying-in by the public intervention agencies to fore-quarters during the summer period and hind-quarters during the winter period, buying-in of carcasses or compensated quarters being the rule during the autumn period when cattle are brought in from pasture.

"PIGMEAT" SECTOR

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

The basic prices for recent years have been as follows:

as from 1.11.1981	176.180 ECU/100 kg.
as from 1.11.1982	194.680 ECU/100 kg.
as from 1.11.1983	205.387 ECU/100 kg.

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

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

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

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

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

Year	Period	Number of weeks	Frozen meat (tons)	
1981	30.03 - 01.05.81	5	3,700	Brittany/France
	25.05 - 11.07.81	7	43,133	
1982	31.03 - 23.07.82	17	71,568	Denmark
1983	24.01 - 31.01.83	1	1,113	
	01.02 - 09.09.83	32	120,178	
1984	09.05 - 03.06.83	4	340	Piedmont/Italy
	16.01 -	-	-	

"SHEEPMEAT" SECTOR

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

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

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

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

(ECU/100 kg. carcass weight)

1982/83 marketing year (as from 20 May 1982):	409.82
1983/84 marketing year (as from 23 May 1983):	432.36
1984/85 marketing year (as from 2 April 1984):	428.04

No intervention purchases or private storage aid measures have yet been carried out.

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

"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 actual costs of establishing and administering the organization;
- an aid in the form of loans on special terms to cover part of the foreseeable cost of withdrawal measures, such aid being granted only during the five years following the date of establishment of the organization.

(b) Intervention measures

For certain fruit and vegetables¹, two measures are provided in order to avert a price slump in the Community market, i.e.

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

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

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

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

Buying-in by bodies or natural or legal persons appointed by the member States for the purpose takes place only where a serious crisis is found to exist for the product concerned 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 who have established a reconversion plan. The grant of this compensation is limited in time, however - up to the 1992/93 marketing year for oranges and mandarins, up to the 1985/86 marketing year for clementines, and up to the 1986/87 marketing year for lemons.

(ii) Measures to encourage processing

In order to encourage greater recourse to processing of certain varieties of oranges which encounter marketing difficulties, and to make products processed from Community-grown lemons competitive, 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" SECTORProduction 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 grant of this aid is dependent upon payment of a minimum price to pineapple producers.

As from the beginning of the 1978/79 marketing year, a system of production aid was established for prunes produced by the drying of grafted plums, tomato-based processed products, and peaches preserved in syrup; as from the marketing year 1979/80 for William pears preserved in syrup; and since the marketing year 1980/81 for cherries 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 grant of this aid is dependent upon payment of a minimum price to agricultural producers. For William pears and cherries, preserved in syrup, the grant of this aid is limited to specified quantities (82,000 t. for William pears, 60,000 t. for white-hearted cherries and 29,100 t. for morello cherries.

The aid was fixed at:

	(ECU/100 kg.)			
	Marketing year			
	1981/82	1982/83	1983/84	1983/84
	EEC 9	EEC 9	EEC 9	EEC 9
(28/30 per cent) tomato concentrates	40.30	45.53	47.00	30.78
(San Marzano) whole peeled tomato preserves	16.74	18.74	19.60	15.01
(Roma) whole peeled tomato preserves	12.13	13.58	14.07	10.28
Non-whole peeled tomato preserves	5.94	6.65	6.89	5.04
(5/7 per cent) tomato juice	9.00	10.08	10.44	7.67
Peaches preserved in syrup	21.12	22.77	23.93	14.06
Prunes	68.10	67.68	66.90	66.90
William pears preserved in syrup	21.04	23.44	17.60	14.87
White hearted and other sweet cherries preserved in syrup	32.25	34.46	30.30	29.47
Morello cherries preserved in syrup	30.15	30.31	30.30	29.47

Community aids to dried grapes and dried figs were granted for the first time for the 1981/82 marketing year, and were fixed as follows:

(ECU/100 kg.)

	Marketing year		
	1981/82	1982/83	1983/84
Dried grapes - No. 4 sultanas			
1. processing aid	11.59	36.14	54.44
2. storage aid	0.32 per week	0.37 per week	0.37 per week
Dried figs - C quality			
1. processing aid	9.76	23.56	23.56
2. storage aid	0.18 per week	0.21 per week	0.21 per week

"WINE" SECTOR

1. Each year, before 1 August, a guide price is fixed for each type of table wine representative of Community production. On the basis of that price, a threshold price activating the intervention system, termed the "activating price", is fixed each year for each type of wine for which a guide price is fixed.

The activating prices were as follows:

Type of wine	1981/82	1982/83	1983/84
R I (ECU/degree/hl)	2.73	3.02	3.19
R II (ECU/degree/hl)	2.73	3.02	3.19
R III (ECU/hl)	42.56	47.24	49.84
A I (ECU/degree/hl)	2.47	2.75	2.92
A II (ECU/hl)	55.62	61.73	65.13
A III (ECU/hl)	63.51	70.49	74.37

They are applicable from 16 December 1983 to 31 August 1984.

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 year show that the quantity of table wine available at the beginning of the wine year exceeds total foreseeable requirements for that year by more than four months' consumption.

(b) Short-term contracts

Private storage aids are granted for a type of wine if during the wine year, the representative price for that type of wine remains less than the activating price for two consecutive weeks, and until the representative price for that type of wine exceeds the activating price for two consecutive weeks.

If in a wine producing zone or part of a wine producing zone, an imbalance appears at the beginning of the wine 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 producing zone in question.

If the state of the market so requires, a decision may be taken to grant aid for table wines of a type other than that for which the representative 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, grants 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 can be concluded.

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

(a) Short-term contracts

Provision may be made for the possibility of concluding short-term storage contracts for grape must, concentrated grape must and rectified 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, concentrated grape must, and rectified concentrated grape must.

4. Re-storage aids

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

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

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

For the 1983/84 wine year, the aid is fixed, per degree of potential alcoholic strength by volume per hectolitre of concentrated grape must and rectified concentrated grape must used, in the same amounts as in the preceding wine year, i.e.:

- ECU 1.52 for concentrated grape musts originating in zones C III (a) and C III (b).

- ECU 1.69 for rectified concentrated grape musts originating in zones C III (a) and C III (b) or produced outside the said zones in facilities which began production prior to 30 June 1982,
- ECU 1.32 for concentrated grape musts other than those referred to in the first indent,
- ECU 1.49 for rectified concentrated grape musts other than those referred to in the second indent.

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

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

- (a) For grapes, grape must and concentrated grape must intended for the preparation of grape juice, the amount of the aid for the wine year 1983/84 has been fixed at the same level as in the two preceding wine years, i.e.:
 - ECU 4.8 per quintal of grapes (1981/82 and 1982/83),
 - ECU 6.0 per hectolitre of grape must (1981/82 and 1982/83),
 - ECU 21.0 per hectolitre of concentrated grape must (1981/82 and 1982/83).
- (b) For concentrated grape must intended for traditional preparation in the United Kingdom and Ireland of certain products falling within TDC heading 22.07 ("British and Irish wines"), the amount of the aid for the wine year 1983/84 has been set at the same level as in the two preceding wine years, i.e. ECU 0.15/kg. (1981/82 and 1982/83) of concentrated grape must used. The latter must be obtained entirely from grapes produced in vine-growing zones C III(a) and C III(b) of the Community.
- (c) For concentrated grape must used as the principal element in a group of products marketed in the United Kingdom and in Ireland with visible instructions for preparing a beverage imitating wine (home-made wine). The amount of aid for the wine year 1983/84 has likewise been set at the same level as in the two preceding wine years, i.e. ECU 0.26/kg. of concentrated grape must used.

7. Distillation

(a) Preventive distillation

Where necessary, taking into account harvest forecasts or in order to improve the quality of wines marketed, the Commission may

open the possibility, in each marketing year, of preventive distillation of table wines at 60 per cent of the guide price from 1 September until any opening of compulsory distillation (or failing this until 20 January).

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. If no compulsory distillation is decided on, the buying-in price is raised to 65 per cent.

(b) Compulsory distillation

In years of an abundant harvest, when the forward estimates for a wine year, established on 10 December, indicate that the quantity of table wine available exceeds total normal requirements by more than five months' consumption, the Commission may decide to order compulsory distillation. The buying-in price is equivalent to 60 per cent of the guide price for each type of wine.

The total quantity to be distilled must be sufficient to maintain foreseeable stocks at a level of between five and six months' normal consumption. The quantity to be distilled by each producer, which is fixed not later than 20 January, is equivalent to a specified percentage of his table wine output. This percentage is adjusted in order to check the increase in Community production, on the basis of the yield per hectare of each producer in relation to normal yield of the various producing regions of the Community, as well as in relation to the type of table wine concerned.

With a view to reducing administrative costs, the Commission may exempt, entirely or partially, small producers who have obtained a quantity of wine not exceeding a specified quantity, on the understanding that application of such exemption should not have the effect of excluding from compulsory distillation more than 8-10 per cent of Community production of table wines.

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

Whenever compulsory distillation is decided on, the Commission shall at the same time make provision for distillation at the minimum guaranteed 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 5 million hectolitres in any given wine year. If the market situation so requires, however, the Council may decide to increase the quantity of table wine eligible for such distillation.

Access to distillation at the guaranteed minimum price and to the other intervention measures designed to support prices, is limited to producers who have discharged their obligations in regard to compulsory distillation. Such access is conditional on producers showing that they have discharged their compulsory distillation obligation in the most recent wine year during which such distillation was decided on.

(d) Performance guarantee distillation

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

These additional measures can consist in particular of:

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

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

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

(e) Compulsory distillation under system of wine deliveries

The aim is to ensure that wine-making by-products are not re-used for the manufacture of poor-quality wines. The minimum buying-in price for the products concerned has been set, for the 1983/84 wine year, at ECU 1.06/degree/hl of alcohol in the product.

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

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

8. Other support measures

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

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

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

"TOBACCO" SECTOR

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

The Council fixes each year and for each harvest:

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

The intervention prices for leaf tobacco, intervention prices for packaged tobacco and the amount of the premiums for the 1983 harvest are reproduced below.

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

For the 1983 harvest, as for the preceding harvests, intervention prices were set at 83 per cent of the corresponding norm prices.

(in ECU/kg.)

No.	Variety	Intervention price	Amount of premium	Derived Intervention price
1	Badischer Guedertheimer	3,195	2,613	4,764
2	Badischer Burley E	3,537	2,820	5,428
3	Virgin D	3,743	2,653	4,969
4	a) Paraguay and its hybrids b) Dragon vert et ses hybrides, Philippin. Petit Grammont (Flobecq), Scinois, Appelterre	2,981	2,426	—
5	Nijlerk	2,944	2,199	—
6	a) Misionero and its hybrids b) Rio Grande and its hybrids	2,743	2,227	—
7	Bright	3,293	2,230	4,577
8	Burley I	2,422	1,574	3,566
9	Maryland	2,761	1,749	3,951
10	a) Kentucky and its hybrids b) Moro di Cori c) Salento	2,193 (*)	1,713	3,138
11	a) Forchheimer Havanna II c b) Nostrano del Brenta c) Resistente 142 d) Gojano	2,993	2,469	4,458
12	a) Deneventano b) Bresile Selvaggio and similar varieties	1,616	1,394	2,436
13	Xanti-Yakl	2,916 (*)	2,685	4,691
14	a) Perustizza b) Samsun	2,762 (*) 2,934	2,556 2,488	4,087 4,308
15	Erzegovina and similar varieties	2,481 (*)	2,002	3,685
16	a) Round Tip b) Scafati c) Sumatra I	13,949	9,912	21,273
17	Basma	4,678	2,785	6,362
18	Katerini and similar varieties	3,972	2,477	5,803
19	a) Kaba Koulak, classical b) Elassona	3,523	2,190	5,042
20	a) Kaba Koulak, non classical b) Myrodata Smyrne, Trupczous and Phi I	2,754	1,593	4,179
21	Myrodata Agrinion	3,536	2,256	4,993
22	Zichnomyrodata	3,642	2,332	5,175
23	Tsbelia	3,497	3,319	5,013
24	Mavra	3,413	2,713	4,918
25	Burley GR	1,847	0,943	2,950
26	Virginia GR	2,323	1,681	4,002

"FISHERY PRODUCTS" SECTOR

1. Financial compensation to producers' organizations

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

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

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

2. Carry-forward premiums

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

3. Special carry-forward premium

For sardines and anchovies fished in Mediterranean zones and intended for the processing industry, a special carry-forward premium is being granted for a period of four years (running until 31 December 1986) and subject to a budgetary ceiling of ECU 5.3 million each year.

4. Private storage aid

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

5. Compensation to producers of tunny, salmon and lobsters

In order to prevent any drop in import prices for tunny (intended for the processing industry), salmon and lobsters from threatening the income level of Community producers, provision is made for the grant of compensation where necessary and, in the case of tunny, in special conditions regarding price trends on the Community market and the import price.

6. Export refund

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

7. Initial aids to producers' organizations

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

"TEXTILE FIBRES" SECTOR

1. "COTTON"

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

(ECU/100 kg.)

	Marketing year		
	1981	1982	1983
Guide price	76.00	85.88	92.75
Minimum price	72.20	81.59	88.12

The quantity of unginning cotton in respect of which the aid is granted in full was fixed at 430,000 tons for 1981/1982 and 450,000 tons for 1982/1983 and 1983/84. The amount of the aid has been as follows:

(ECU/100 kg.)

	<u>Month</u>	<u>Aid</u>
1981/1982:	1 September 1981	24,984
	1 December 1981	34,914
	1 March 1982	31,350
	1 June 1982	27,347
1982/1983:	1 September 1982	35,328
	1 December 1982	37,578
	1 March 1983	36,172
	1 June 1983	27,892
1983/84:	1 September 1983	23,806
	1 December 1983	22,668

2. "FIBRE FLAX AND HEMP" SECTOR

The Community regulations provide for the following measures:

1. Production aid

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

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

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

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

<u>Amount of aid</u>	<u>ECU/ha</u>	<u>Area (ha)</u>
<u>Fibre flax</u>		
1980/81 marketing year	264.71	58,000
1981/82 marketing year	296.48	49,600
1982/83 marketing year	335.02	50,600
1983/84 marketing year	355.12	53,000
<u>Hemp</u>		
1980/81 marketing year	240.41	7,000
1981/82 marketing year	269.26	5,700
1982/83 marketing year	304.26	5,300
1983/84 marketing year	322.52	5,000

2. Aid to private storage of flax and hemp tow

In order to avoid or alleviate a slump in prices, holders of tow can conclude storage contracts in the event of temporary market imbalance. This situation arose in 1981 in respect of long flax fibre bundles and hemp fibre bundles, 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.

4. Aids to encourage use of flax fibre bundles

In 1980/81 and 1981/82, Community measures were taken to encourage the use of flax in the Community. The estimated cost is ECU 600,000 for 1980/81 and ECU 1,200,000 for 1981/82. These measures are largely financed from that part of aid per hectare that is not paid to the beneficiaries but is earmarked for financing these measures. These measures are likewise being taken for the marketing years from 1982/83 to 1986/87 but they are being financed entirely out of an amount withheld from the production aid. The estimated cost for 1982/83 and 1983/84 is ECU 2,330,000 for each of those two marketing years.

3. "SILKWORMS" SECTOR

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

1. Production aid

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

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

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

	Number of boxes	Amount (ECU/box)
1981/82 rearing year	8,600	85.00
1982/83 rearing year	6,200	100.00
1983/84 rearing year	5,500	106.00

2. Aid to improve quality

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

"SEEDS" SECTOR

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

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

The amount of aid for marketing years 1983/84 to 1985/86 has been fixed as follows:

(ECU/t.)

	1983/84	1984/85	1985/86
I. Gramineae	Between 133 and 608	Between 146 and 669	Between 146 and 669
II. Leguminosae	Between 54 and 470	Between 0 and 541	Between 0 and 541
III. Oilseeds	Between 142 and 196	Between 156 and 216	Between 156 and 216
IV. Cereals (rice spelt)	Between 100 and 133	Between 110 and 146	Between 110 and 146

"HOPS" SECTOR

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

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

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

The amounts per hectare were as follows:

	(ECU/ha.)		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Aromatic	250	200	300
Bitter	200	180	250
Other	250	200	300

"DRIED FODDER" SECTOR

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

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

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

(ECU/t.)

Marketing year	1981/82	1982/83	1983/84
Target price	148.08	168.81	178.94
Fixed-rate aid	7.03	8.01	8.49
Additional aid (Percentage of the difference between the target price and the world market price.)			
- dehydrated fodder and protein concentrates	80%	100%	100%
- fodder dried otherwise	80%	50%	50%

"PEAS AND FIELD BEANS" SECTOR

A. Used as fodder

Taking into account in particular the low self-sufficiency ratio of the Community in regard to proteins for animal feed, special measures for peas 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.

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

As from marketing year 1981/82, these prices have developed as follows:

	(ECU/kg.)		
	1981/82	1982/83	1983/84
Activating price	41.83	47.60	51.76
Minimum price	24.47	27.41	29.19

B. Used for human consumption

For marketing years 1982/83 and 1983/84, the Council has amended the special measures in respect of peas and field beans, and has established a system of aid for these products used for human consumption.

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

For marketing years 1982/83 and 1983/84, the guide price was fixed at ECU 31.40/100 kg. and ECU 33.44/100 kg.