

GENERAL AGREEMENT ON

TARIFFS AND TRADE

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EUROPEAN COMMUNITIES

The attached notification has been received from the European Communities regarding the updating of document L/6111/Add.19.

PART I: INDUSTRYAid to the steel industry

The Code governing aid to the steel industry in the Community (Decision No. 3484/85/ECSC (O.J. L/340 of 18 December 1985)) has been extended up to 31 December 1991.

Until that date, aid to the steel industry will therefore continue to be authorized exclusively in the areas of research and development, environmental protection and certain measures of a social nature linked with restructuring. In comparison with the system which expired on 31 December 1988, the sole difference concerns Spain, which until then enjoyed a broader system of transitional aid measures: the Code of Aid will henceforth apply in full to Spain. Portugal will retain the benefits of a transitional system until the end of 1990.

Aid to the coal industry

The Community regulations governing State aid to the coal industry are set out in Decision No. 2064/86/ECSC dated 30 June 1986, to be applicable until the end of 1993 (See document L/6111/Add.19).

In 1987, financial aid (direct and indirect) to current production amounted to ECU 5,071 million, or ECU 22.88 per ton of production.

Direct and indirect financial aid to current production in 1987:

	ECU million	ECU/ton
Federal Republic of Germany	3,533.9	42.90
Belgium	362.5	82.95
Spain	437.7	22.78
France	427.1	31.07
Portugal	1.8	6.90
United Kingdom	308.4	3.03
Community	5,071.4	22.88

Aid to shipbuilding

The rules concerning aid to shipbuilding in the Community are laid down in the sixth EEC directive which came into force on 1 January 1987 and will remain applicable until December 1990 (see document L/6111/Add.19).

The Commission had set, for 1987, the ceiling for production aid at 28 per cent of the contract value before aid. This ceiling was maintained in 1988.

Aid granted to shipbuilding in the Community in 1987 and 1988 was well below the 28 per cent ceiling.

The Commission has set the ceiling for production aid at 26 per cent as from 1 January 1989. Furthermore, it has decided that the level of aid for building smaller ships with a cost of less than ECU 6 million cannot exceed 16 per cent of the contract value before aid.

Textiles and clothing

In 1988, the Commission authorized certain aid schemes, limited both over time and financially, concerning training of workers in the industry and basic research and development.

Synthetic fibres

There have been no changes in this sector.

PART II: AGRICULTURE

A. GENERAL REMARKS

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

- Cereals
- Rice
- Dairy products
- Oils and fats
- Sugar and isoglucose
- Bovine meat
- Piguat
- Sheepmeat
- Fruit and vegetables and products processed from fruit and vegetables
- Wine
- Tobacco
- Fishery products
- Dehydrated fodder
- Textile fibres (cotton, fibre flax and hemp, silkworms)
- Peas, broad beans and field beans used in animal feed
- Seeds
- Hops
- Eggs and poultry
- Products of the agri-foodstuffs industries (products "not in Annex II")

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

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

B. MEASURES

I. Export refunds

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

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

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

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

Products	(ECU million)		
	Refunds 1985	Refunds 1986	Refunds 1987 ³
Cereals	1,076.7	1,711.7	3,156.8
Rice	36.6	91.9	99.0
Sugar ¹	-	-	-
Olive oil	19.2	29.4	23.2
Oils and fats	3.4	2.3	64.0
High-protein products	-	-	-
Flax and hemp	-	-	-
Cotton	-	-	-
Silkworms	-	-	-
Fruits and vegetables	74.5	77.0	66.8
Wine	18.9	11.2	20.4
Tobacco	32.0	32.1	43.1
Seeds	-	-	-
Hops	-	-	-
Apiculture	-	-	-
Dairy products	2,028.2	2,154.9	2,427.2
Bovine meat	1,338.6	1,214.3	877.9
Sheepmeat and goatmeat	-	-	-
Pigmeat	102.9	75.3	111.5
Eggs and poultry	63.2	97.8	152.0
Products of the agri- foodstuffs industries ²	440.8	502.9	590.2
Fishery products	- 0.1	-	-
Total expenditure	5,234.9	6,000.8	7,632.1

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

² Products "not in Annex II"

³ Refunds financed from the 1987 budget.

II. MEASURES ON THE INTERNAL MARKET

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

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

(ECU million)

Products	Refunds 1985	Refunds 1986	Refunds 1987 ⁴
Cereals	1,233.5	1,679.5	1,067.0
Rice	13.5	1.8	4.0
Sugar ¹	11.6 ¹	16.4 ¹	30.7 ²
Olive oil	673.0	574.9	1,116.0
Oils and fats	1,107.2	2,025.2	2,623.4
High-protein products	372.5	460.0	587.2
Flax and hemp	27.2	32.3	21.2
Cotton	212.7	532.2	284.7
Silkworms	0.7	0.5	0.5
Fruit and vegetables	1,156.2	909.0	900.3
Wine	902.5	619.6	779.9
Tobacco	830.9	750.1	760.5
Seeds	46.4	46.5	41.9
Hops	8.2	8.6	1.5
Apiculture	-	-	-
Dairy products	3,905.0	3,250.9	2,755.1
Bovine meat	1,407.2	2,267.4	1,270.8
Sheepmeat and goatmeat	502.4	616.9	573.8
Pigmeat	62.5	76.5	47.1
Eggs and poultry	-	-	-
Products of the agri- foodstuffs industries ³	-	-	-
Fishery products	16.2	18.0	17.4
Other measures	-	1.2	1.1
Total expenditure	12,489.4	13,887.5	12,904.2

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

²The part of the production refunds (chemical industry) financed out of contributions by producers is likewise not included.

³Products "not in Annex II"

⁴Refunds financed from the 1987 budget.

ANALYSIS BY SECTORS

"CEREALS" SECTOR

(a) Intervention measures

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

The intervention buying-in 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 price increases or reductions. The price applies in all Community intervention centres fixed at the beginning of the marketing year for each cereal.

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

The intervention buying-in price is fixed at 94 per cent of the intervention price.

(ECU/ton)

Product	1986/87 ^{1,2}	1987/88 ²	1988/89 ^{1,2}
Common wheat	179.44	168.67	168.67
Durum wheat	299.60	274.09	259.76
Rye	170.47	160.24	160.24
Barley	170.47	160.24	160.24
Maize	179.44	168.67	168.67

¹ Prices applicable in the Community of Ten

² Intervention buying-in prices

Spanish prices for common wheat and maize have been aligned with Community prices as from marketing year 1988/89. Prices for the other cereals will be gradually brought into line during the coming marketing years.

The Portuguese Republic has abolished the EPAC monopoly as of 1 January 1989 and introduced a cereal import system similar to that of the Community.

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

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

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

Aids to production since the 1985/86 marketing year amounted to:

(ECU/ha.)

Products	1986/87	1987/88	1988/89
Durum wheat	113.79 ¹ 16.26 ²	121.80 ¹ 33.85 ²	137.05 54.49

¹For Central and South Italy, Marseilles, Toulouse, Ardèche, Drôme

²For Spain

- (c) Compensatory allowance

A compensatory allowance may be granted for any common wheat, durum wheat, rye and barley remaining in stock at the end of the marketing year. Its purpose is to bridge part or all of any difference between a 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 facilitate the transition from one marketing year to the next, and to ensure satisfactory supplies for the processing industry. However, this measure has no longer been applied since marketing year 1984/85.

- (d) Production refund

Until 30 June 1989, a production refund is granted for the following products:

- for maize and common wheat used by the starch-making industry for 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.

Refunds are still granted under the earlier régime - abolished during a transitional period ending on 30 June 1989. The refund, which did not make any distinction according to the final destination of the product, is granted in order to enable the industries manufacturing these products to remain competitive vis-à-vis the prices of such products manufactured outside the Community and the prices of substitute products.

The production refunds are as follows:

Products	(ECU/ton)		
	1987/88	1988/89	1989/90
Maize	10.00	5.00	-
Wheat	14.00	7.00	-
Potato starch	16.00	8.00	-

Since 1 July 1986 a production refund is paid to users of maize starch, wheat starch or potato starch for the production of certain chemicals, paper and textiles. This refund is variable and is calculated as the difference between the world price (c.i.f. Rotterdam) and the intervention price for maize. In 1986/87, the refund was reduced by 50 per cent. As from 1 July 1987 it is being paid in full after deduction of the amounts mentioned above which are being paid to starch producers.

2. "STABILIZERS"

The measures for stabilizing the cereals sector are based on the introduction of a guarantee threshold (guaranteed maximum amount) at the production level. For the period from 1988/89 to 1991/92, this threshold has been fixed at 160 million tons (for all cereals together).

The provisions introduced are implemented through the following procedures:

- At the beginning of each marketing year, an additional co-responsibility levy of 3 per cent of the intervention price - which is added to the existing basic levy, also of 3 per cent - is charged

on an estimated basis to the first buyer. Before the end of the marketing year (before 1 March), the Commission establishes the actual level of cereal production. If that level proves to be lower than the guarantee threshold, the amount of the additional co-responsibility levy is fully refunded. The amount of the levy is refunded only partially according to the actual amount by which the threshold is exceeded, provided that amount is less than 3 per cent.

- An overrun of the guarantee threshold in one marketing year also leads to an automatic reduction of 3 per cent in intervention prices for the next marketing year. In the event of repeated overruns in successive marketing years, the reductions in intervention prices are cumulative.
- Producers who commit themselves to the agricultural land withdrawal scheme and withdraw from production at least 30 per cent of their arable land are exempt from co-responsibility levies for an amount of 20 tons of marketed cereals devoted to products covered by a Community market organization.

"RICE" SECTOR

(a) Intervention measures

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

The intervention buying-in price is fixed for a given standard quality. If the quality offered differs from the standard quality, the price is adjusted by the application of price increases or reductions. It is applicable in all the Community intervention centres fixed at the beginning of the marketing year.

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

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

(ECU/ton)		
1986/87	1987/88	1988/89
314.19	314.19	314.19

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

The Portuguese Republic has abolished the EPAC monopoly in the rice sector so as to liberalize imports and marketing of rice in Portugal.

(b) Compensatory allowance

In addition, a compensatory allowance may be granted for paddy rice and the husked rice obtained therefrom remaining in stock at the end of the marketing year. The purpose of this allowance is to give maximum compensation for the difference between the prices in force at the end of one and the beginning of the next marketing year. However, this measure has no longer been applied since 1970.

(c) Production refund

Until 30 June 1989, a production refund is granted in respect of brokens used by the starch-making industry for manufacture of starch and brokens used by breweries in making beer.

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

(ECU/ton)		
1987/88	1988/89	1989/90
12.00	6.00	-

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

As from 1 July 1987, the refund corresponds to 100 per cent of the difference mentioned above.

(d) Varietal conversion scheme

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

The aid is of a temporary nature and should encourage varietal conversion of Community agricultural production so that it is better aimed

at actual demand in the north of the Community. Development of "Indica" rice production will at the same time be accompanied by a reduction in supplies of "Japonica" rice traditionally exported in large quantities to Mediterranean countries.

"DAIRY PRODUCTS" SECTOR

(a) Intervention measures

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

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

(ECU/100 kg.)

Intervention price valid for	Milk marketing year		
	1986/87	1987/88	1988/89
1. Butter	313.20	313.20	313.20*
2. Skimmed milk powder	174.04	174.04	174.04
3. Cheese:			
. Grana Padano			
- 30-60 days	388.93	388.93	388.93
- at least 6 months	480.33	480.33	480.33
. Parmigiano-Reggiano	529.19	529.19	529.19

* Spain: 339.13

(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) Aids for intervention skimmed milk for animal feed

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

The milk or powder must be either directly denatured or incorporated in some compound feeding stuff intended for livestock.

(d) Aid for skimmed milk processed into casein

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

(e) Other measures

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

(f) Co-responsibility levy

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

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

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

The total quantity of "deliveries" envisaged for the Community (including Spain and a Community reserve) was 104,382 million tons for 1986/87. In parallel, the Council fixed a total quantity for direct sales to consumers in the amount of 4.0 million tons. Within the total quantity for deliveries, the member State determines reference quantities (quotas) either for individual producers (formula A), or for dairies (formula B). On any quantities exceeding those quotas, a levy is applied during the first three years of operation of the system, equivalent to 75 per cent of the target price for milk for formula A and 100 per cent for formula B. Since the fourth year, the levy has been raised to 100 per cent of the target price under either formula.

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

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

"OILS AND FATS" SECTOR

A. Olive oil

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

1. Each year, before 1 August, an intervention price is fixed for olive oil, and the intervention agencies are obliged to buy in at this price any olive oil of Community origin which may be offered to them during the last four months of the marketing year. The intervention price is fixed for a

given standard quality. If the quality of olive oil offered differs from the standard quality, the price is adjusted in accordance with a scale of price increases or reductions. The intervention price is fixed before the beginning of the marketing year (1 November).

2. Aid to producers is also granted in respect of olive oil produced in the Community from olives harvested in the Community, up to a maximum eligible quantity of 1,350,000 tons. It is designed to contribute to establishing a fair income for producers. Increased aid is also granted for small producers.

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

4. Consumption aid is granted, equal to the difference between the production target price, less the production aid, and the representative market price. This aid is designed to facilitate the marketing of Community olive oil.

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

(ECU/100 kg.)

	1985/86		1986/87	1987/88
	up to 20.5.86	since 21.5.86		
Intervention price	227.62	227.62	216.24	216.24
Production aid	70.95	70.95	70.95	70.95
Representative market price	198.59	194.06	166.67	174.61
Consumption aid	53.02	66.50	84.94	77.00

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

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

(ECU/100 kg.)

	1985/86	1986/87	1987/88
- Olive oil produced in the Community and used in member States other than Spain and Portugal	109.31	113.00	109.00
- Olive oil other than referred to above, used in member States other than Spain and Portugal	57.49	28.06	38.16
- Olive oil used in Spain	12.63*	30.93	34.71
- Olive oil used in Portugal	83.83*	98.58	93.90

* As from 1 March 1986

B. Oilseeds

1. Colza, rape and sunflower seed

(a) Intervention measures

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

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. As from the 1987/88 marketing year, intervention action is limited to the period 1 October-31 May, and buying-in is at 94 per cent of the intervention price.

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

(ECU/100 kg.)

	1986/87	1987/88	1988/89
Colza and rapeseed			
- EEC-10	42.15	40.76	40.76
- Spain	36.63	36.00	36.60
- Portugal	42.15	40.76	40.76
Sunflower seed			
- EEC-10	53.47	53.47	53.47
- Spain	37.95	39.67	41.40
- Portugal	53.47	53.47	53.47

(b) New system of guaranteed maximum quantities

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

In order to strengthen the dissuasive character of the provisions in force, in April 1986 the Council decided to replace the "guarantee threshold" system by a new system limiting the amount guaranteed to producers.

In April 1988, the Council decided to fix the guaranteed maximum quantities (GMQ) for a period of three marketing years (1988/89 to 1990/1991) at a stable level below that of production as recorded in previous years. The GMQ for the Community of Ten was fixed at 4.5 million tons for colza and 2 million tons for sunflower. The Council decided no longer to set a limit on the reduction in official prices and the aid stemming from the application of the GMQ system. For the 1988/89 marketing year, the reduction in official prices decided by the Council as well as in aid in the Community of Ten was 7.6 per cent of the target price in the case of colza and 19.8 per cent of the target price for sunflower.

(c) Aid

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

The amount of aid granted is, in principle, equal to the difference between these two prices. It varies directly with the world market price

as determined periodically on the basis of the most-favourable genuine purchasing opportunities.

(d) "Double zero" colza and rapeseed

In order to encourage by differential prices the "double zero" colza varieties having a low glucosinolate content, which yield oilcake better suited for animal feed than that obtained from the traditional varieties, the Council has decided to grant a bonus additional to the target price for these varieties. For the 1988/89 marketing year, this bonus is set at ECU 2.5/100 kg.

2. Soyabeans

Aid

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

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

(ECU/100 kg.)

	1986/87	1987/88	1988/89
Guide price			
- EEC-10	57.58	55.85	55.85
- Spain	42.34	42.71	44.35
- Portugal	57.58	55.85	55.85
Minimum price			
- EEC-10	50.67	48.94	48.94
- Spain	35.43	35.80	37.44
- Portugal	50.67	48.94	48.94

A system of guaranteed maximum quantities similar to that in effect for colza seed and sunflower seed has been introduced for soyabeans as from the 1987/88 marketing year. The maximum quantity for that marketing year was 1.1 million tons. For the marketing years 1988/89 to 1990/91 the quantity has been fixed at 1.3 million tons. For the 1988/89 marketing year, the reduction in official prices decided by the Council and in aid in the Twelve-member Community is 10.3 per cent of the guide price.

3. Flax-seed

Production aid

In order to develop the production of flax-seed within the Community and, in particular, with a view to affording better support in favour of the cultivation of oil-bearing flax-seed, a system of aid for production has been introduced in respect of all flax-seed produced within the Community. Under this system, a guide price is fixed each year at a level deemed 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
1986/87	55.410	41.216
1987/88	55.410 ¹	42.130
1988/89	55.410 ²	42.130

¹Spain: 47.77

²Spain: 48.73

"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 that price throughout the marketing year.

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

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

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

Intervention Price

	(ECU/100 kg.)		
	1986/87	1987/88	1988/89
White sugar	54.18	54.18	54.18
Raw sugar	44.92	44.92	44.92

2. For beet, a basic price is fixed each year valid for a specified delivery stage and a specified standard quality. This price is fixed taking account of the intervention price for white sugar and of notional values representing in particular the processing margin, yield, and undertakings' receipts from sales of molasses. In addition a minimum price is fixed for A beet¹ 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.

3. Denaturing premiums

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

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

4. Reimbursement of storage costs

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

This reimbursement is aimed at equalizing storage costs in the Community. It is a measure designed to ensure regular disposal of sugar in the market throughout the marketing year, to prevent the sale of excessive

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.

tonnages during the manufacturing period and in particular to avoid the offering of sugar to intervention agencies solely in order to avoid storage costs. This reimbursement is financed out of a levy on manufacturers, based on the principle of equality, at the Community level, between the total sum reimbursed and the total sum levied.

5. Production levies

As from 1 July 1981, the principle in force is that producers should bear the full amount of any financial losses resulting from disposal of surplus production of Community sugar in relation to consumption in the Community. Practical implementation of this principle is ensured through a levy which may be charged at a rate of up to 2 per cent of the intervention price on all production under quotas A and B (whereas hitherto only B sugar was subject to a levy).

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

"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:

Adult bovine animals (ECU/100 kg. live weight)

Marketing year 1986/87	205.02
Marketing year 1987/88	205.02
Marketing year 1988/89	205.02

2. For the 1988/89 marketing year the intervention price for the reference quality of carcasses of category R3 male adult bovine animals, defined on the basis of the Community scale for classification, was set at ECU 344/100 kg. carcass weight.

Intervention buying-in is on the basis of the Community scale for classification of adult bovine animals in the form of forequarters (summer period) or hindquarters (winter period) of male adult bovine animals eligible for intervention.

In addition to public intervention, aid 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 period from 6 April 1987 until 5 March 1989:

(a) the Community is applying the following system of premiums:

- variable slaughter premiums for certain adult bovine animals (clean cattle), granted only in the United Kingdom;
- calving premiums in Italy, Ireland and Northern Ireland;
- special temporary premium of ECU 25/head for male adult bovine animals, subject to a ceiling of 50 head of cattle per farm and per year, paid in all member States except Ireland where the amount is only ECU 18/head;
- Community premium for maintenance of suckler-cow herd, increased from ECU 15 to 25 per head and supplementary premium for Ireland, Northern Ireland and Greece; this suckler-cow premium represents an income supplement for producers specializing in quality meat.

(b) In the context of adjustment of the support system in the bovine meat market, public intervention comes into operation when:

- (i) the average price in the Community market for the quality or quality group eligible for intervention is less than 91 per cent of the corresponding intervention price;
- (ii) the average price at national or regional level for the quality or quality group concerned is less than 87 per cent of the corresponding intervention price.

In addition, the buying-in price for qualities eligible for intervention is calculated on the basis of the weighted average of market prices in the member States or regions where intervention buying-in takes place.

"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 August 1986	203,330 ECU/100 kg.
As from 1 November 1987	203,330 ECU/100 kg.
As from 1 July 1988	203,330 ECU/100 kg.

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

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

The buying-in 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 in product value.

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

Year	Period	Number of weeks	Contracts concluded for		Region of application
			Frozen meat (tons)	Dried hams	
1986	27.01 - 06.04.86	11	4,158	5,641	Italy
	01.04 - 18.07.86	16	95,440	-	EC
	29.09 - 31.12.86	14	8,986	-	Italy
1987	19.01 - 29.06.87	24	167,577	-	EC
1988	15.02 - 04.06.88	17	202,885	-	EC
	02.05 - 15.07.88	11	14,339	-	Spain

"SHEEPMEAT" SECTOR

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

The first system, which provides for a common basic price and 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 common basic price and the market price for each region;
- 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 buying-in).

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

		(ECU/100 kg. carcass weight)
1985/86	marketing year (as from 27 May 1985):	428.04
1986	marketing year (as from 6 January 1986):	432.32
1987	marketing year (as from 5 January 1987):	432.32
1988	marketing year (as from 4 January 1988):	432.32
1989	marketing year (as from 21 January 1989):	432.32

No intervention buying-in has yet taken place.

Private-storage measures have been decided in three instances:

1 in France (100 t.), 2 in Spain (1,100 t.).

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

In addition, and as from the 1986 marketing year, goat producers situated in mountain regions in terms of Article 3:3 of Directive (EEC) 268/75 have also been made eligible to receive the premium payable to ewe producers. This premium to goat producers is payable for the entire territory of Greece and Portugal, Southern Italy, Corsica, Spain (except certain northern areas).

3. As from 23 May 1988, the Community has introduced a system of stabilisers in the sheepmeat and goatmeat sector. To this end, a

guaranteed maximum quantity of 63,400,000 head of ewes has been set, distributed as follows:

- 18,100,000 head for the Great Britain region;
- 45,300,000 head for the other regions.

For each marketing year, if the number of ewes held at the end of the marketing year exceeds the guaranteed maximum quantity the ewe premium and the basic price are reduced by a factor representing 1 per cent of reduction in the basic price for every 1 per cent by which the guaranteed maximum quantity is exceeded.

In the event that the United Kingdom applies the variable slaughter premium in Great Britain, the above provision applies separately for that region on one hand and for the rest of the Community on the other.

The guide level (for the calculation of the variable premium) and the intervention price are reduced by the same amount as the basic price.

For the 1988 marketing year, the Community has already reduced the guide level (Great Britain) by 3 per cent and the intervention price by 2 per cent. The reduction of the ewe (and goat) premium will be determined at the beginning of 1989 as soon as the ewe census at the end of 1988 is known.

"FRUIT AND VEGETABLES" SECTOR

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

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

The following may be granted:

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

(b) Intervention measures

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

- withdrawal by producers' organizations²;
- buying-in by bodies or natural or legal persons appointed by the member States for this purpose.

Producers' organizations taking withdrawal measures in accordance with the provisions of the regulations, in particular as regards the level of withdrawal prices and the compensation of associated producers and likewise as regards the utilization of products withdrawn, obtain financial compensation equivalent to the compensation paid by them to associated producers, after deduction² 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 this purpose takes place only where a serious crisis is found to exist for the product concerned or where the rules regarding withdrawal applied by a representative producers' organization in an economic district are extended to producers in the district who are not members of the organization.

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

In order to promote and ensure availabilities of Community-produced oranges and mandarines 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.

¹Cauliflowers, tomatoes, sweet oranges, mandarines, lemons, table grapes, apples (other than cider apples), pears (other than perry pears) and peaches (not including nectarines), and also, starting with the 1982/83 marketing season, aubergines and apricots, and during the 1987/88 marketing year nectarines, clementines and satsumas.

²For a number of fruit and vegetables, the Community has introduced a threshold for intervention. If the threshold is exceeded, the withdrawal price for the next marketing year is reduced accordingly.

This system has been in force for tomatoes, mandarines and clementines since the 1987/88 marketing year, and for peaches, oranges, lemons, nectarines and satsumas since marketing year 1988/89.

"PROCESSED FRUIT AND VEGETABLES" SECTOR

Production aid

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

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

The grant of this aid is conditional on payment of a minimum price to pineapple producers.

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

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

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

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

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

- (c) In 1984, a system of guarantee thresholds was introduced for processed tomato products and for dried grapes.

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

This volume is broken down as follows:

- 2,005,694 tons for tomato concentrates;
- 1,268,628 tons for whole peeled tomatoes;
- 525,678 tons for other tomato products.

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

For Spain and Portugal, under the instrument of accession¹ the quantities eligible for Community processing aid are limited as follows for the first four years:

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

As from the 1988/89 marketing year, the new system provided for tomato processing under Regulation (EEC) No. 2243/88 has modified the production quotas for each of the producer countries of the Community of Twelve.

The guarantee threshold for dried grapes is fixed at a quantity of processed dried grapes corresponding respectively to a volume of non-processed dried grapes of:

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

- (d) Aid for William pears in syrup is granted only on the basis of quotas. In terms of net weight, the quota for the Community of Twelve is accordingly: 102,305 tons.
- (e) As from the 1988/89 marketing year, aid for peaches in syrup is also granted with a limiting threshold of 502,000 tons, in terms of net weight, for the Community excluding Spain. For Spain, aid for peaches in syrup is limited to 60,000 tons, in terms of net weight.
- (f) Aid for cherries in syrup has been abolished as from the 1988/89 marketing year.

¹In application of Articles 118 and 304:3(a) of the Act of Accession

AMOUNT OF AID

Product	ECU 100 kg net weight									
	1986/87				1987/88			1988/89		
	EEC-9	Greece	Spain	Portugal	EEC-10	Spain	Portugal	EEC-10	Spain	Portugal
Tomato concentrate	28,258	25,981	15,731	18,428	29,727	17,270	19,441	32,698	17,943	19,684
S. Marzano whole peeled tomatoes										
- preserved	11,746	8,733	3,917	-	11,584	3,566	-	11,672	5,258	-
- frozen	8,817	6,555	3,917	-	8,270	3,566	-)		
Roma whole peeled tomatoes										
- preserved	8,642	6,808	4,119	2,361	8,227	3,262	1,848) 8,316	4,344	3,212
- frozen	6,487	5,110	4,119	2,361	5,873	3,262	1,848)		
Non-whole tomatoes peeled and frozen	3,892	3,066	2,471	1,417	3,700	2,461	1,168	5,405	2,824	2,088
Tomato juice (7-8%)	6,300	5,793	4,068	4,766	6,593	4,466	5,028	8,456	4,640	5,091
(CCT Heading 20.02 90)(8-10%)	7,560	6,951	4,882	5,719	7,911	5,360	6,033	10,147	5,568	6,109
(10-12%)	9,240	8,496	5,967	6,990	9,670	6,551	7,374	12,403	6,806	7,466
Tomato juice (CCT Heading 20.09 50)(3.5-5%)(5-7%)	3,276 5,040	3,276 5,040	2,116 3,255	2,478 3,813	3,428 5,274	2,323 3,573	2,614 4,022	5,356 6,765	2,939 3,712	3,224 4,073
Tomato flakes	81,064	74,532	52,346	61,321	84,829	57,467	64,692	108,806	59,707	65,500
Peaches in syrup	14,625	9,482	10,553	14,625	14,363	11,242	14,363	14,371	11,874	14,371
Prunes	51,938	51,938	21,940	-	57,501	33,753	-	60,789	41,791	-
William pears in syrup	18,520	18,520	3,549	2,872	18,531	6,631	6,093	19,303	9,783	9,352
Cherries: White-hearted	((((
Morello	(16,585	16,585	(1,987	(16,585	0	0	0	-	-	-
Other	((((
Sultanas	51,972	51,972	-	-	60,924	-	-	74,647	74,647	74,647
Dried figs - C quality	32,505	32,505	32,505	32,505	36,247	36,247	36,247	32,665	32,665	32,665
Pineapple		62,505			89,884	89,884	89,884	94,040	-	-

¹ Stoned

"WINE" SECTOR

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

Guide prices for the 1988/89 wine year have been set as follows:

<u>Type of wine</u>	<u>EC-10</u>	<u>Spain</u>
R I (ECU/degree/hl)	3.35	2.49
R II (ECU/degree/hl)	3.35	2.49
R III (ECU/hl)	52.23	38.89
A I (ECU/degree/hl)	3.11	2.31
A II (ECU/hl)	69.60	51.78
A III (ECU/hl)	79.49	59.14

The prices fixed for the EC of Ten have been held at the level for the preceding wine year, while Spanish prices have been adjusted closer to the EC-Ten level as provided for in the treaty of accession.

2. Aid for private storage of table wines

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

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

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

4. Re-storage aid

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

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

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

For the 1987/88 wine year, the aid is fixed, per degree of potential alcoholic strength by volume per hectolitre of concentrated grape must and rectified concentrated grape must used, in the same amounts as in the preceding wine year. i.e.:

- ECU 1.52 in the EC of Ten and ECU 0.84 in Spain for concentrated grape must prepared from grapes originating in the vine-growing zones C III and C III(b);
- ECU 1.32 in the EC of Ten and ECU 0.64 in Spain for concentrated grape must other than that referred to in the first indent;
- ECU 1.98 in the EC of Ten and ECU 1.30 in Spain for rectified concentrated grape must prepared from grapes originating in the vine-growing zones C III and C III(b) or produced outside the said zones in facilities which began production prior to 30 June 1982, and prior to 1 January 1986 in Spain, regardless of the origin of the grapes;
- ECU 1.78 in the EC of Ten and ECU 1.10 in Spain for rectified concentrated grape must other than that referred to in the third indent.

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

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

(a) For grapes, grape must and concentrated grape must intended for the preparation of grape juice, the amount of the aid for the wine year 1988/89 has been fixed for the entire Community at the same level as in the previous wine year:

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

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

- (b) For concentrated grape must intended for traditional preparation in the United Kingdom and Ireland of certain products falling within TDC heading 22.06.00 ("British and Irish wines"), the amount of the aid for the wine year 1988/89 has been fixed at the same level as in the previous wine year, i.e. ECU 0.26/kg. The latter must be obtained entirely from grapes produced in vine-growing zones C III(a) and C III(b) of the Community.
- (c) For concentrated grape must used as the principal element in a group of products marketed in the United Kingdom and in Ireland with visible instructions for preparing a beverage imitating wine ("home-made wine"), the amount of aid has been set at the same level as in preceding wine years, i.e. ECU 0.26/kg. of concentrated grape must used.
- (d) For the 1988/89 wine year, aid is granted for the use in animal feed of concentrated grape must up to a limit of 100,000 hl. The amount has been set at ECU 1.52/per cent vol./hl for the Community of Ten and 0.99 in Spain.

7. Distillation

(a) Preventive distillation

Where necessary, taking into account harvest forecasts or in order to improve the quality of wines marketed, the Commission may open the possibility, in each marketing year, of preventive distillation of table wines at 65 per cent of the guide price from 1 September until a date to be determined. The quantity of table wines delivered for preventive distillation by each producer is taken into account for discharge of obligations deriving from any compulsory distillation subsequently decided on. For the 1988/89 marketing year, eligible quantities are limited to 13 hl per hectare with a ceiling of 10 per cent of their production for producers in Spanish zone C.

(b) Compulsory distillation

The Commission orders compulsory distillation:

- when stocks exceed four months' normal requirements;
- or when market prices remain below 82 per cent of the guide price during a representative period;
- or when production exceeds normal requirements by more than 9 per cent.

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

- as between the regions of the Community, grouped by member States, pro rata to the production volumes in excess of a

specific level for each of them, equal to a uniform percentage of their average harvest calculated on the basis of the 1981/1982, 1982/1983, and 1983/1984 wine years;

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

Up until the 1988/89 wine year, the buying-in price for wine paid for compulsory distillation is set at 50 per cent of the guide price provided that the total quantity of wine for distillation does not exceed 10 per cent of normal uses for the marketing year as established by the balance. If this quantity is exceeded, the percentage applied is set in such a way as to ensure a smooth transition from the percentage applied in 1987/88 and the percentages to be adopted as from 1990/91.

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

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

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

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

(d) Performance guarantee distillation

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

These additional measures can consist in particular of:

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

In the event of distillation, the quantity of table wine covered by a storage contract and which may be distilled may not exceed 18 per cent of the total quantity of table wine produced by the long-term storage contract holder concerned for the marketing year in which the long-term contract was concluded. For wine produced during 1987/88 this percentage is set at 7 per cent. 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 avoid overpressing of grapes and 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 1988/89 wine year, at 31 per cent of the guide price for A I table wine for that wine year.

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

This measure, already established since 1976 for wines made from table grapes, has been extended to all other cases of production surpluses likely to overburden the market for table wines (case of Charentes products in France, of grapes intended for drying in Greece). The buying-in price of the wines concerned is equivalent to 45 per cent of the lowest guide price for the wine year 1988/89 (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 derived intervention prices applicable where leaf tobacco or packaged tobacco is offered for intervention, and on the other hand, a system of premiums granted to the purchaser of leaf tobacco.

The Council fixes each year and for each harvest:

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

The intervention prices for leaf tobacco, derived intervention prices for packaged tobacco and the amount of the premiums for the 1988 harvest are reproduced below.

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

In order to hold down tobacco output, the Council has defined the production zones in the EEC, with effect from the 1986 harvest at the regional level, and from the 1989 harvest at the communal level.

In order to curb the growth of production and discourage production of varieties which it is difficult to market, as from the 1988 harvest "agricultural stabilizers" were introduced. These took the form, firstly, of the fixing by the Council of guaranteed maximum quantities by variety or by group of varieties up to a total maximum quantity of production of 385,000 tons, and secondly, in the event of an overrun of these guaranteed maximum quantities fixed by variety or group of varieties, a reduction in prices and premiums in proportion to the overrun. However, any possible reduction shall not exceed 5 per cent for the 1988 harvest and 15 per cent for the 1989 and 1990 harvests.

Target Prices, Intervention Prices and Premiums
for Leaf Tobacco from the 1988 Harvest

Derived Intervention Prices for Packaged
Tobacco from the 1988 Harvest

(ECU/kg.)

No.	Variety	Target price	Inter- vention price	Amount of premium	Derived inter- vention price
1	Badischer Geudertheimer and its hybrids	3,643	3,097	2,534	4,644
2	Badischer Burley E and its hybrids	4,512	3,835	2,961	5,426
3	Virgin D	4,626	3,932	2,927	5,179
4	(a) Paraguay and its hybrids (b) Dragon vert and its hybrids, Philippin, Petit Grammont (Flobecq), Semois, Appelterre)	3,400	2,890	2,352	-
5	Nijkerk	3,357	2,853	2,132	-
6	(a) Misionero and its hybrids (b) Rio Grande and its hybrids)	3,128	2,659	2,159	-
7	Bright	4,070	3,459	2,461	4,764
8	Burley I	2,848	2,421	1,653	3,565
9	Maryland	3,313	2,816	1,875	4,014
10	(a) Kentucky and its hybrids (b) Moro di Cori (c) Salento)	2,796	2,376	1,765	3,347
11	(a) Forchheimer Havana II c (b) Nostrano del Brenta (c) Resistente 142 (d) Gojano)	2,707	2,301	1,909	3,614
12	(a) Beneventano (b) Brasile Selvaggio and similar varieties)	1,462	1,243	1,077	2,012
13	Xanti-Yakã	3,257	2,768	2,399	4,521
14	(a) Perustitza (b) Samsun)	3,083	2,621	2,283 2,222	3,925 3,949
15	Erzegovina and similar varieties	2,770	2,355	2,057	3,540
16	(a) Round tip (b) Scafati (c) Sumatra I)	15,908	13,522	9,608	20,782

(ECU/kg.)

No.	Variety	Target price	Inter-vention price	Amount of premium	Derived inter-vention price
17	Basmas	6,090	5,177	3,072	6,914
18	Katerini and similar varieties	5,073	4,312	2,734	6,196
19	(a) Kaba Koulak classical (b) Elassona	4,022	3,419	2,078	4,925
20	(a) Kaba Koulak non-classical (b) Myrodata Smyrne, Trapezous and Phi 1	3,030	2,576	1,423	3,979
21	Myrodata Agrinion	3,998	3,398	2,099	4,840
22	Zichnomyrodata	4,154	3,531	2,214	5,051
23	Tsebelia	3,195	2,716	2,593	4,136
24	Mavra	3,120	2,652	2,120	4,065
25	Burley EL	2,251	1,688 ¹	1,219	2,748 ¹
26	Virginia EL	3,806	3,235	3,145	4,465
27	Santa Fé	1,383	1,176	301	2,034
28	Burley fermented	2,240	1,904	931	2,923
29	Havana E	2,878	2,447	1,952	3,634
30	Round Scafati	8,669	7,369	5,911	12,615
31	Virginia E	4,531	3,851	2,354	5,305
32	Burley E	2,965	2,520	1,398	3,789
33	Virginia P	4,263	3,624	2,354	4,953
34	Burley P	3,072	2,611	1,398	3,896

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

"FISHERY PRODUCTS" SECTOR

1. Financial compensation to producers' organizations

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

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

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

2. Carry-forward premiums

The common market organization system provides for the grant of carry-forward premiums to producers' organizations which process, in certain conditions, certain products withdrawn from the market with a view to their being offered for sale (at a later stage). This premium is granted only in respect of quantities not exceeding 20 per cent of the annual quantities of the product concerned offered for sale. The premium may not exceed the amount of the actual costs of processing and of storage for a limited period, nor 50 per cent of the Community withdrawal price for the fresh product.

3. Storage aid

- (a) A storage premium is granted to producers' organizations for Norway lobsters and crabs, fresh, chilled or cooked in water, which have not found a purchaser at the selling price fixed at Community level and have been either processed for freezing and stored, or preserved in

specified conditions. The premium is granted only in respect of quantities not exceeding 15 per cent of the annual quotas of the product offered for sale.

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

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

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

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

5. Export refund

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

6. Initial aid to producers' organizations

Aid, partly financed by the Community, can be granted to producers' organizations in order to facilitate their establishment and operation. The amount of this aid, which is granted for a period of three years, may not exceed, for the first, second and third years respectively, 3 per cent, 2 per cent and 1 per cent of turnover nor 60 per cent, 40 per cent and 20 per cent respectively of the overheads of the producers' organization concerned.

"TEXTILE FIBRES" SECTOR

1. "COTTON"

Under Protocol No. 4 to the Act of Accession of Greece, as from the 1981/1982 marketing year the system of aid to cottonseed has been replaced by a system of aid to production of unginned cotton, granted via cotton-ginning undertakings. Under this system, a guide price is fixed each year at a level deemed fair to producers. The difference between the guide price and the world market price is offset by an aid, limited to a

certain production quantity fixed each year. A minimum price is fixed each year for unginned cotton, to be paid by cotton-ginning undertakings to cotton producers, failing which they lose entitlement to the aid. The guide price and minimum price have been as follows:

	(ECU/100 kg.)		
	1986/87	1987/88	1988/89
Guide price	96.02	96.02	96.02
Minimum price	91.23	91.23	91.23

The quantity of unginned cotton in respect of which the aid is granted in full was fixed at 430,000 tons for 1981/1982, 450,000 tons for 1982/1983 and 1983/84, 500,000 tons for 1984/85 and 567,000 tons for 1985/86. For 1986/87, this quantity was raised to 752,000 tons to take account of Spanish production, and this quantity was maintained for 1987/88 and for 1988/89.

The amount of the aid has been as follows:

		(ECU/100 kg.)
Month		Aid
1985/86:	1 September 1985	55,833
	1 December 1985	66,648
	1 March 1986	66,397
	1 June 1986	74,723
1986/87:	1 September 1986	77,979
	1 December 1986	68,993
	1 March 1987	67,552
	1 June 1987	59,145
1987/88:	1 September 1987	51,944
	1 December 1987	60,905
	1 March 1988	65,956
	1 June 1988	64,363
1988/89:	1 September 1988	50,532 ¹

¹For the 1988/89 marketing year, the amount of the aid has been reduced by the equivalent of 20 per cent of the guide price, i.e. the maximum reduction (20 per cent cut-off).

2. "FIBRE FLAX AND HEMP" SECTOR

The Community regulations provide for the following measures:

(1) Production aid

In order to ensure a fair income for the producers concerned, a system of aid has been established for fibre flax and hemp grown in the Community. The amount of this aid is fixed each year, per hectare of area sown and harvested.

For hemp, the aid is granted to the producer. For fibre flax, half of the aid is granted to the flax producer and the other half to the person who purchases the raw flax for processing into fibre. If the producer processes his own raw flax or arranges for it to be processed, he receives the entire amount of the aid. The areas sown and the amount of aid per hectare have been as follows:

Amount of Aid

	ECU/ha	Area (ha)
<u>Fibre flax</u>		
Marketing year 1986/87	355.09 ¹	60,000
Marketing year 1987/88	355.09 ²	67,000
Marketing year 1988/89	355.09 ²	73,000
<u>Hemp</u>		
Marketing year 1986/87	322.48 ³	6,900
Marketing year 1987/88	322.48 ⁴	6,000
Marketing year 1988/89	322.48 ⁴	3,000

¹ Spain, Portugal: ECU 101.46

² 152.19

³ Spain, Portugal: ECU 92.14

⁴ 138.21

(2) Aid to private storage of flax and hemp tow

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

(3) Aids to 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. These measures were likewise taken for the marketing years from 1982/83 to 1986/87 but financed entirely out of an amount withheld from the production aid.

With effect from the 1987/88 marketing year it was decided to include the possibility of measures for the encouragement of the use of flax fibre bundles in the basic regulation. For the 1987/88 marketing year an amount of ECU 35.51 per hectare has been earmarked for financing these measures.

3. "SILKWORMS" SECTOR

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

(1) Production aid

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

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

	Number of boxes	Amount of aid (ECU/box)
Rearing year 1986/87	6,000	108.67 ¹
Rearing year 1987/88	4,700	112.00 ¹
Rearing year 1988/89		112.00 ²

¹ Spain, Portugal: ECU 31.60

² Spain, Portugal: ECU 47.68

(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.

"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 high protein crops. It provided, inter alia, for the grant of aid in respect of the quantity of dehydrated fodder produced that meets certain criteria in respect of moisture content and protein content. Since the 1978/79 marketing year, the system has been changed: the new common organization of markets in the dried fodder sector covers the following products: dehydrated fodder, the principal leguminous vegetables, sun-dried and ground, protein concentrates obtained from alfalfa and grass juice, and dehydrated potatoes. The other main features of the new system are the fixing each year of a target price at a fair level for producers, the granting of fixed-rate aid to processing undertakings, together with additional aid if the world market price falls below the target price. The additional aid is fixed each month. With effect from 1987/88 the fixed-rate aid has been abolished and additional aid for fodder dried other than by dehydration is reduced by a fixed deduction from the amount of aid for dehydrated fodder.

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

(ECU/t.)			
EEC-10	1986/87	1987/88	1988/89
Target price	178.92	178.92	178.92
Fixed-rate aid	8.49	-	-
Additional aid (percentage of the difference between the target price and the world price market)			
- dehydrated fodder and protein concentrates	100%	100%	100%
- fodder dried otherwise	50%	-43	-43

For marketing year 1988/89, the following elements have been adopted for the two new member States: target price for Spain: ECU 161.27/ton; for Portugal: ECU 178.92/ton.

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

A. Used as fodder

Taking into account in particular the low self-sufficiency ratio of the Community in regard to proteins for animal feed, special measures for peas, broad beans and field beans used as fodder were adopted by the

Council on 22 May 1978 in order to encourage this production. These measures have been in operation since 1 July 1978. In 1984 they were extended to cover sweet lupins.

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

As from marketing year 1986/87, these prices have developed as follows:

EEC-10	(ECU/100 kg.)		
	1986/87	1987/88	1988/89
Activating price (peas, broad beans and field beans)	50.96	44.76	44.76
Activating price (sweet lupins)	48.50	43.05	43.05
Minimum price peas	28.63	25.77	25.77
Minimum price broad beans, field beans	27.62	24.86	24.86
Minimum price (sweet lupins)	32.11	28.90	28.90

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

B. Used for human consumption

For marketing years as from 1982/83, the Council has amended the special measures in respect of peas, broad beans 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, broad beans 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, broad beans and field beans intended for use as fodder.

The guide price has been as follows:

(ECU/100 kg.)

EEC-12	1986/87	1987/88	1988/89
Guide price	32.80	29.52	29.52

C. Guaranteed maximum quantity system

In April 1988, the Council also established a maximum guaranteed quantities (GMQ) system for peas, broad beans and field beans. For all these products the Council fixed the GMQ for the 1988/89 and 1990/91 marketing years at 3.5 million tons. For the 1988/89 marketing year, as estimated production was well above the GMQ, the reduction in official prices decided by the Council and the aid resulting from the application of the new system equals 9 per cent of the guide price.

"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 1987/88 to 1989/90 has been fixed as follows:

(ECU/t.)

	1987/88	1988/89	1989/90
I. Graminae	between 146 and 669	between 177 and 702	between 177 and 702
II. Leguminosae	between 0 and 541	between 0 and 595	between 0 and 595
III. Oilseeds	between 156 and 216	between 172 and 238	between 172 and 238
IV. Cereals (rice spelt)	between 110 and 146	between 121 and 161	between 121 and 161

For Spain and Portugal, the amount of aid has been fixed at respectively 1/5 and 1/4 of Community aid for the marketing years 1988/89

and 1989/90. The same Community aid is granted in respect of types of seed that were already eligible for aid, in Spain, prior to that country's accession.

"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:

- aromatic
- bitter
- other

The amounts per hectare were as follows:

	(ECU/ha)		
	1985	1986	1987 ¹
Aromatic	275	310	
Bitter	350	390	
Other	350	390	

¹Not yet fixed