

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/6630/Add.20

24 May 1991

Limited Distribution

Original: French

SUBSIDIES

Notification Pursuant to Article XVI:1

EUROPEAN COMMUNITIES

The following full notification concerning subsidies has been received from the Permanent Delegation of the European Communities.

PART I: INDUSTRY

Aid 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, as extended by Decision No. 322/89/ECSC, O.J. L/38 of 10 February 1990) is in effect until 31 December 1991.

Until that date, aid to the steel industry will continue to be authorized exclusively and in strict conditions and intensities in the areas of research and development, environmental protection and for certain measures of a social character, in the context of steel works closures as well as closure aid for undertakings which definitively cease their steel-producing activity in the ECSC. The transitional system that was applicable to Portugal expired at the end of 1990.

In 1989 and 1990 the amount of aid paid was approximately ECU 2 billion. It mainly comprised aid to research and development in Germany, Luxembourg and Spain, social aid for closure in France and Spain, and aid for restructuring the public steel sector in Italy.

The steel industry of the former GDR will have to undergo considerable restructuring in order to ensure the viability of this sector and its integration in the common market. Under Article 95 of the ECSC Treaty, the Commission has authorized Germany to grant investment aid to the steel industry, provided it is intended to make the sector competitive without expanding production capacity.

Aid to shipbuilding

The sixth Community directive dated 26 January 1987 (see document L/6111/Add.19) on aid to shipbuilding expired on 31 December 1990.

Although since 1989 there have been significant improvements in the world shipbuilding market, a satisfactory equilibrium between supply and demand has still not been achieved and the price increases which have taken place are still insufficient in the overall context to restore a normal market situation within the sector, so as to allow prices to reflect full production costs and a reasonable return on invested capital.

Considering in particular that a complete abolition of aid to this sector is still not possible in view of the present situation in the world market and the need to encourage restructuring in many Community shipyards, the Community adopted a seventh directive in November 1990 (O.J. L380/27 of 31 December 1990) which is applicable for a period of three years from 1 January 1991 to 31 December 1993.

The seventh directive largely carries on the aid strategy pursued hitherto. The main changes concern a limitation of aid for ship conversion, the maximum level of aid for smaller ships, a strengthening of

the rules designed to avoid pronounced concentration of orders, and rules for the monitoring procedure.

In addition, in respect of Spain the transitional period regarding operating aid is to be extended until 31 December 1991 and as regards Greece, Article 5 of the directive is not to be applicable until 31 December 1991 (operating aid not related to new contracts may be considered compatible with the common market even if it exceeds the common ceiling for aid), in connection with a restructuring programme. Furthermore, it is possible that the specific problems of the shipbuilding sector of the former GDR may make it necessary, during a transitional period, to grant aid that cannot be covered by the provisions of the seventh directive. This matter may be examined again by the Community.

The Commission has set the ceiling for production aid at 13 per cent as from 1 January 1991.

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.

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

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

EC: Financial Intervention Linked to Current Production

(ECU million)

	<u>1989</u>	<u>1988</u>
<u>Direct</u>		
Art. 3 Deficit grant aid	2,234.7	1,030.1
Art. 4 Sales aid	1,883.4	1,881.0
Art. 5 Investment aid	-	73.8
Art. 6 Aid for underground staff	100.5 ¹	105.6
Other	5,099.2 ¹	23.7
Sub-total	<u>9,317.8</u>	<u>3,114.2</u>
Indirect ²	2,574.0	2,609.9
Total	<u>11,891.8</u>	<u>5,724.1</u>

¹Included in other financial assistance is an amount of 3,910 relating to the financial reconstruction of the United Kingdom coal industry.

²Indirect intervention is deemed to comprise financial intervention measures which, though generally allocated to an economic activity other than coal production, are beneficial to coalmining undertakings.

PART II: AGRICULTURE

A. GENERAL REMARKS

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

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

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

3. With respect to the total amount of aid for each sector, it should be noted that the data relate to payments made by the European Agricultural Guidance and Guarantee Fund (EAGGF) in the course of the budgetary year concerned.

B. MEASURES

I. EXPORT REFUNDS

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

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

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

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

Product	(ECU million) ¹		
	Refunds 1988*	Refunds 1989	Refunds 1990
Cereals	3,083.0	2,660.5	2,499.9
Rice	76.9	60.5	38.2
Sugar ²			2.8
Olive oil	64.2	93.3	136.3
Oils and fats	24.9	5.8	1.0
High-protein products	-	-	-
Flax and hemp	-	-	-
Cotton	-	-	-
Silkworms	-	-	-
Fruits and vegetables	64.5	78.7	80.6
Wine	43.5	45.3	54.7
Tobacco	43.2	61.9	61.9
Seeds	-	-	-
Hops	-	-	-
Apiculture	-	-	-
Dairy products	3,082.4	2,922.3	1,946.6
Bovine meat	768.7	1,343.1	1,110.0
Sheepmeat and goatmeat	-	-	-
Pigmeat	172.3	199.0	174.0
Eggs and poultry	194.1	234.1	178.5
Products of the agri- foodstuffs industries	602.4	552.1	511.5
Fishery products	-	-	-
Total expenditure	8,220.1	8,256.7	6,796.0

¹Includes "food aid" refunds

²Starting with marketing year 1981/82, the export refunds on domestic sugar have been entirely financed out of producer contributions by producers of sugar and isoglucose and sugar beet and sugar cane producers of the Community. The amount for 1990 represents food aid.

*Financial period of 11½ months

II. MEASURES ON THE INTERNAL MARKET

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

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

(ECU million)

Products	Intervention 1988*	Intervention 1989	Intervention 1990
Cereals	1,339.8	552.9	1,356.0
Rice	11.8	66.2	56.0
Sugar ¹	22.9	36.3	36.2
Olive oil	880.8	1,371.4	1,033.3
Oils and fats	2,946.9	2,667.8	3,476.0
High-protein products	689.3	642.9	834.8
Flax and hemp	25.5	29.1	40.3
Cotton	428.2	570.9	539.8
Silkworms	0.5	0.6	0.2
Fruit and vegetables	643.6	939.9	1,172.4
Wine	1,502.0	1,102.4	690.5
Tobacco	923.0	1,076.9	1,170.2
Seeds	50.4	62.2	73.5
Hops	8.5	21.0	10.6
Apiculture	-	-	-
Dairy products	2,901.2	2,118.4	3,025.1
Bovine meat	1,707.1	1,085.4	1,723.2
Sheepmeat and goatmeat	1,293.7	1,452.8	1,452.3
Pigmeat	43.3	62.0	72.9
Eggs and poultry	-	-	-
Products of the agri- foodstuffs industries ²	-	-	-
Fishery products	47.0	23.9	23.6
Other measures	-	-	-
Total expenditure	15,465.5	13,883.0	16,786.9

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

²Products "not in Annex II"

* Financial period of 11½ months (including stock depreciation under items 1 and 2 of the budget).

ANALYSIS BY SECTORS

"CEREALS" SECTOR

(a) Intervention measures in the form of buying-in

- (i) Each year, an intervention price is fixed for common wheat, rye, barley, maize, and grain sorghum as well as for durum wheat, for which the intervention buying-in price is a derived price. The intervention buying-in price is fixed at 94 per cent of the intervention 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. Intervention is open from November to May for the North of the Community and from August to April for Spain, Italy, Greece and Portugal.

The intervention buying-in price is fixed for a given standard quality for each of these cereals. If the quality of the cereal offered differs from the standard quality, the price is adjusted in accordance with price increases or reductions. The price applies in all Community intervention centres for each cereal.

Intervention buying-in prices are fixed before the beginning of the marketing year (1 July) and are increased monthly from November to May to take some account of warehousing and interest costs for stocking cereals in the Community.

The intervention buying-in price for the last three marketing years has been:

	(ECU/ton)		
Product	1988/89 ¹	1989/90 ¹	1990/91 ¹
Common wheat	168.67	163.62	158.44
Durum wheat	259.76	238.06	221.80
Rye	160.24	155.44	150.52
Barley	160.24	155.44	150.52
Maize	168.67	163.62	158.44

¹Prices applicable in the Community of Ten

All Spanish prices except for durum wheat have been aligned with Community prices as from marketing year 1989/90. The price for durum wheat will be gradually brought into line with Community prices at the rate fixed for the seven years following accession.

Since 1 January 1991, Portugal has moved on to the second stage of accession. With the exception of common wheat, intervention prices for cereals are now at the Community level. For common wheat, Portugal continues to apply a higher price, requiring the application of "accession" compensatory amounts in trade.

In addition, in order to offset the fall in prices of cereals resulting from alignment of Portuguese prices with those of the Community, compensatory aid will be granted for all cereals, except durum wheat, placed on the market as from marketing year 1991/92. This aid will be progressively reduced in ten stages. In respect of durum wheat, Community aid for production is granted.

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

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

(b) Intervention measures in the form of aid

- (i) 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 marketing year 1988/89 amounted to:

	(ECU/ha.)		
Product	1988/89	1989/90	1990/91
Durham wheat	137.05 ¹ 54.49 ²	158.98 ¹ 80.61 ²	171.14 ¹ 110.79 ²

¹For Central and South Italy, Greece, Languedoc-Roussillon, Côte d'Azur and Provence-Alpes.

²For certain regions of Spain

(ii) 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 the 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. This measure has not been applied since marketing year 1985/86.

(iii) Aid for the production of vitreous durum maize

For marketing years 1989/90 and 1991/92, a system of aid for the production of high-quality vitreous durum maize intended for processing into products for human consumption has been introduced. The aid is designed to encourage introduction of this crop in the most suitable regions of the Community.

The amount of the aid is fixed for each marketing year on a sliding scale. For the 1990/91 marketing year, it has been set at ECU 125 per hectare.

(iv) Aid for the production of canary grass, buckwheat and millet

In the context of promotion measures in favour of the rural population, and in particular in order to encourage crop diversification, aid is granted for the production of canary grass, buckwheat and millet at the rate of ECU 50 per hectare sown during marketing year 1990/91. It is limited to 10 hectares per farm.

(v) Aid for small producers of certain arable crops

Since marketing year 1990/91, a system of aid for small producers of cereals, oilseeds and high-protein crops has been established, in place of the system of aid for small producers of cereals as determined by the member States, in order to offset the impact of the restrictive price policy.

The amount of the aid has been set at ECU 50/hectare in less-favoured regions and ECU 30/hectare in other regions. It is limited to 10 hectares per farm.

(vi) Production refund

A production refund is paid to users of maize starch, wheat starch or potato starch for the production of certain non-foodstuff products which are not protected upon import by levies or tariffs. The principal beneficiary industry comprises the chemical, paper and paperboard and pharmaceutical sector.

This refund is variable and is currently calculated so as to align prices of Community raw materials with those of the world market.

(vii) Industrial set-aside

It should be recalled that - under the arable land withdrawal programme ("traditional" land withdrawal incentive programme) - special aid may be granted to farmers producing cereals on such land provided the entire harvest is processed into non-foodstuff products (non-food, non-feed). Agricultural producers who have entered into a contract with the industry concerned receive a subsidy corresponding to a maximum of 70 per cent of the normal set-aside premium. The industrial set-aside may not cover more than half the production area withdrawn.

(c) "STABILIZERS"

The measures for stabilizing the cereals sector are based on the introduction of a guaranteed maximum amount at the production level. For the period from 1988/89 to 1991/92, this guaranteed amount has been fixed at 160 million tons (for all cereals together and not including the former GDR).

The provisions introduced are implemented through the following procedures:

- An additional co-responsibility levy (which is added to the basic co-responsibility levy) equivalent to a maximum of 3 per cent of the intervention price for common wheat is applied in two stages, i.e. 1.5 per cent on a provisional basis during marketing year 1990/91; this amount is adjusted in the ensuing marketing years to take account of any overrun of the guaranteed maximum amount but in no case may it exceed 3 per cent of the intervention price for common wheat.
- 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.
- Small producers are exempt from payment of co-responsibility levies for an amount not exceeding 25 tonnes of marketed cereals. In addition, 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.

"RICE" SECTOR

(a) Intervention measures

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

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

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

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

Product	(ECU/ton)		
	1988/89	1989/90	1990/91
Paddy rice	295.34	295.34	294.83

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

Since 1 January 1991, Portugal has moved on to the second stage of accession. Its intervention price is higher than the common price (ECU 323.90/tonne buying-in price), requiring the application of "accession" compensatory amounts in trade.

(b) Compensatory allowance

In addition, a compensatory allowance may be granted for paddy rice and the husked rice obtained therefrom remaining in stock at the end of the marketing year. The purpose of this allowance is to give maximum compensation for the difference between the prices in force at the end of one and the beginning of the next marketing year. To date, however, this measure has never been applied.

(c) Production refund

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

(d) Varietal conversion scheme

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

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

For marketing year 1990/91, the amount of this aid is set at ECU 250/hectare.

"DAIRY PRODUCTS" SECTOR

(a) Intervention measures

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

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

(ECU/100 kg.)

INTERVENTION PRICE VALID FOR	MILK MARKETING YEAR		
	1988/89	1989/90	1990/91
1. Butter			
. Community of Ten	313.20	300.80	292.78
. Spain	339.13	322.26	308.25
2. Skimmed milk powder			
. Community of Ten	174.04	174.04	172.43
. Spain	226.04	220.12	210.55
3. Cheese			
. Grana Padano			
- 30-60 days	388.93	388.93	379.67
- at least 6 months	480.33	480.33	470.43
. Parmigiano-Reggiano	529.19	529.19	519.21

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

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

(b) Aid to private storage

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

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

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

(c) Aid for skimmed milk for animal feed

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

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

(d) Aid for skimmed milk processed into casein

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

(e) Other measures

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

(f) 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. The rate is currently 1.5 per cent of the target price for milk, 1 per cent for producers delivering less than 60,000 kg. per annum, and 0 per cent in mountain and less-favoured zones.

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

An additional levy was introduced in 1984 on quantities of milk exceeding those delivered in 1981 plus 1 per cent. The Council has fixed the corresponding quantities for each member State. In this connection, the Council adopted Regulation (EEC) No. 856/84 (O.J. No. L 90 of 1 April 1984) and Regulation (EEC) No. 257/84 (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.

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

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

Following the judgements of the Court of Justice, on 28 April 1988, on cases 120/86 and 170/86, the Council adopted a series of measures in March 1989 providing inter alia for the allocation of a special reference quantity to SLOM¹ producers and, for that purpose, an increase of the Community reserve by 600,000 tons (Regulations (EEC) Nos. 764/89 and 766/89 - O.J. L 84 of 29 March 1989, page 2).

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

¹SLOM: Slacht-en Omschakelingsregeling = premiums for non-marketing and conversion.

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

(million tons)

1987/88	1988/89	As from 1989/90
98.38	95.783	97.676

The Community reserve of 393,000 tons, of which 25,000 tons was initially allocated to Luxembourg, 303,000 tons to Ireland and 65,000 to Northern Ireland, was increased by 50,000 tons for Spain since 1 April 1987, then by 600,000 tons for SLOM producers in March 1989, of which 502,233 tons were allocated under Article 3 bis of Regulation (EEC) No. 857/84. Since 1 April 1989 the reserve has been raised to 2,082,885.740 tons of which 1,039,885.740 have been allocated under Article 3 ter of that same Regulation.

"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 increase or reductions. The intervention price is fixed before the beginning of the marketing year (1 November).

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

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

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

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

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

	(ECU/100 kg.)		
	1987/88	1988/89	1989/90
Intervention price	216.24	216.24	216.24
Production aid	70.95	70.95	70.95
Production aid for small producers	80.95	81.76	81.76
Representative market price	174.61	190.61	190.61
Consumption aid	77.00	61.00	61.00

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

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

	(ECU/100 kg.)		
	1987/88	1988/89	1988/90
- Olive oil produced in the Community and used in member States other than Spain and Portugal	109.00	110.00	111.00
- Olive oil other than referred to above, used in member States other than Spain and Portugal	38.16	51.44	52.44
- Olive oil used in Spain	34.71	46.32	57.93
- Olive oil used in Portugal	93.90	97.05	100.22

Note: These amounts represent average prices.

B. Oilseeds

1. Colza, rape and sunflower seed

(a) Intervention measures

Each year the Community fixes an institutional price, known as the "intervention price": since marketing year 1987/88 the intervention agencies are required to buy in the oilseeds offered to them at 94 per cent of that price, which 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. The level of these monthly increases has fallen by 44 per cent since the beginning of marketing year 1986/87.

<u>ECU/100 kg.</u>	<u>Colzaseed</u>	<u>Sunflowerseed</u>
1986/87	0.496	0.591
1990/91	0.278	0.331
Evolution	- 0.218	- 0.260

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

	1988/89	1989/90	1990/91
<u>Colza and rapeseed</u>			
- Spain	36.60	37.19	37.78
- Other member States	40.76	40.76	40.69
<u>Sunflowerseed</u>			
- Spain	41.40	43.12	44.84
- Other member States	53.47	53.47	53.38

(b) 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 marketing year 1982/83 for colza seed and from marketing year 1984/85 for sunflowerseed. When actual production exceeded the guarantee thresholds, a

reduction was applied to the target price and intervention price for the next marketing year.

In April 1988, the Council decided to fix the guaranteed maximum quantities (GMQ) for a period of three marketing years (1988/89 to 1990/91) 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 each 1 per cent of overrun of the maximum quantity, the official prices and aid for the current marketing year are reduced by 0.5 per cent of the target price. For marketing year 1990/91 this reduction in the Community of Ten is 17.1 per cent of the intervention price in respect of colza seed and 22.9 per cent of the intervention price in respect of sunflowerseed. In relation to marketing year 1989/90, this represents a reduction of the intervention price by 14.3 per cent and 17.5 per cent respectively.

(c) Aid

The amount of aid is equal to the difference between the price of Community seeds and the world market price. It can vary with the size of the harvest, inter alia.

The world price is determined on the basis of recorded prices for crushing-industry products, oils and oilcake.

(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 support for these varieties. For marketing year, 1990/91, 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 price at the producer stage. When the guide price is higher than the world market price for soyabeans, aid equal to this difference between these two is granted for soyabeans of Community origin.

The aid is granted to the producer through the first purchaser under a contract 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.)

	1988/89	1989/90	1990/91
Guide price			
- Spain	44.35	45.99	47.62
- Other member States	55.85	55.85	55.75
Minimum price			
- Spain	37.44	39.08	40.73
- Other member States	48.94	48.94	48.86

A system of guaranteed maximum quantities similar to that in effect for colza seed and sunflowerseed has been introduced for soyabeans as from marketing year 1987/88. The maximum quantity for marketing years 1988/89 to 1990/91 has been fixed at 1.3 million tons.

Under this system, the official price was 34.2 per cent below the official price in marketing year 1990/91, representing a 15.8 per cent fall in relation to the previous marketing year. Aid was reduced by the same amount.

Following a GATT Panel in 1989 on Community aid in the oilseeds sector, the Community undertook to align the Community regulations with the Panel's conclusions, in the context of implementing the results of the Uruguay Round.

3. Flax-seed

Production aid

In order to afford 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 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
1988/89	55.410 ¹	26.894
1989/90	55.410 ²	26.894
1990/91	55.320 ³	40.210

¹Spain: 48.73

²Spain: 49.68

³Spain: 50.55

4. Hemp seed

Production aid

Under Regulation (EEC) No. 3698/88 the Council established a system of aid for hemp seed. For the first marketing year, fixed-rate aid of ECU 250 per hectare was granted. Starting with marketing year 1989/90 aid is granted on the basis of a standard yield per hectare (target yield). For that marketing year the amount of aid was set at ECU 25/100kg. and the target yield at 1,295 kg./hectare. For marketing year 1990/91 the amount of aid has been set at ECU 24.96/100 kg. and the target yield at 1,232 kg./hectare.

"SUGAR" SECTOR

1. Prices

(a) Sugar

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

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

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

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

Intervention prices

(ECU/100 kg.)

	1988/89	1989/90	1990/91
White sugar	54.18	53.10	53.01
Raw sugar	44.92	44.02	43.94

(b) Beet

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

2. Production levies

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

If this first levy does not suffice to cover the financial losses in question, then a second levy, which initially may not exceed 30 per cent

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.

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

3. Reimbursement of storage costs

Provision has been made for reimbursement of storage costs in respect of sugar produced under quotas A and B. The reimbursement is calculated on the basis of the intervention price for white sugar and a standard fixed-rate interest rate for the whole Community. It is aimed at equalizing storage costs in the Community. It is a measure designed to ensure regular disposal of sugar in the market throughout the marketing year, to prevent the sale of excessive tonnages during the manufacturing period and in particular to avoid the offering of sugar to intervention agencies solely in order to avoid storage costs. This reimbursement is financed out of a levy on manufacturers, based on the principle of equality, at the Community level, between the total sum reimbursed and the total sum levied.

4. Intervention measures

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

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

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

"BOVINE MEAT" SECTOR

1. 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 1988/89	205.02
Marketing year 1989/90	205.02
Marketing year 1990/91	200.00

2. For marketing year 1990/91 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 343/100 kg. carcass weight.

Intervention buying-in is on the basis of the Community scale for classification of adult bovine carcasses.

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. Since April 1989 the following measures adjusting the Community's internal régime have been made effective:

(a) Price support régime

Public buying-in of bovine meat for intervention can only take place if, during two consecutive weeks, the average price on the Community market and the average market price in a member State are lower than the intervention price by 88 per cent and 84 per cent respectively.

Buying-in prices and the quantities accepted for intervention are determined under tendering procedures opened when the relevant situation of market prices in relation to the intervention price has developed.

The maximum quantity for public buying-in for market intervention under these tendering procedures has been raised from 220,000 to 235,000 tons following the integration of the five new Länder (of the former GDR).

Nevertheless additional quantities may be bought in under public intervention, again through a tendering procedure, if one of the following situations is present during two consecutive weeks:

- the normal activating conditions mentioned above being present, exceptional circumstances are found to exist; or
- the average price in the Community market and the average market price in the member State concerned, determined on the basis of the Community scale for classification of adult bovine carcasses, are lower than the intervention price by 84 per cent and 80 per cent respectively.

Public intervention is likewise opened if:

- in at least three member States representing more than 55 per cent of Community production, the average market price is 80 per cent lower than the intervention price;
- or, for a quality eligible for intervention, the Community market price is 78 per cent lower than the intervention price.

The quantities of bovine meat bought-in under this "safety net" at prices not higher than 80 per cent of the intervention price are not charged against the maximum quantity mentioned above.

The system of aid to private storage remains in effect.

(b) Premiums

The new system of premiums granted in the bovine meat sector has been harmonized at Community level.

- (i) the premium for maintenance of suckler cow herds is at the rate of ECU 40/head;
- (ii) the special premium paid to the producer for male bovine animals and applicable throughout the Community has been set at ECU 40/head, while the maximum number of animals eligible is 90 head per farm.

"PIGMEAT" SECTOR

1. Each year a basic price is fixed for meat of domestic swine, presented in carcasses or half-carcasses of a standard quality. The basic prices for recent years have been as follows:

As from 1 July 1988	203,303 ECU/100 kg.
As from 1 July 1989	203,330 ECU/100 kg.
As from 1 July 1990	189,700 ECU/100 kg.

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

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

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

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

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

Year	Period	Number of weeks	Contracts concluded for frozen meats (tons)	Region of application
1988	15.02 - 04.06.88	17	202,885	EC
	02.05 - 15.07.88	11	14,399	Spain
1989	22.05 - 30.06.89	6	518	Italy
1990	19.02 - 16.03.90	4	1,196	Spain
	15.03 - 15.04.90	2	905	Belgium
	06.08 - 16.03.90	2	3,481	Belgium

"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.

This 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 prices 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. The basic price has not varied since marketing year 1986 and has remained fixed at ECU 432.32/100 kg. carcass weight.

No intervention buying-in has taken place.

Private-storage measures have been decided for 1,200 tonnes in 1989 and 2,000 tonnes in 1990.

Having regard to the particular situation of their respective markets, during marketing years 1980/81 and 1981/82 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 until the end of 1991 and only for Great Britain (Northern Ireland is excluded). During the ensuing marketing years, premiums for the benefit of producers were also paid in all the other 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 also payable for the entire territory of Greece and Portugal, Southern Italy, Corsica, Spain (except certain northern areas).

As from 23 May 1988, the Community has introduced a system of stabilizers 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) is 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 marketing year 1988, as a stabilizer, the Community reduced the guide level (Great Britain) by 3 per cent and the intervention price by 2 per cent. The final stabilizer for that marketing year in respect of the ewe (and goat) premium was set at 4 per cent for Great Britain and 4 per cent likewise for the rest of the Community.

For marketing year 1989 the provisional stabilizer was set at the beginning of the marketing year at 7 per cent for Great Britain, affecting the guide-level, and 3 per cent for the rest of the Community, affecting the intervention price. The final stabilizer was 5 per cent for Great Britain and 5 per cent likewise for the rest of the Community.

For 1990 the stabilizer was 7 per cent for the entire Community.

3. Reform of the Common Organization of the Market (OCM)

On 25 December 1989, the Council formally decided on a reform of the common organization of the market (after having reached an agreement of principle in July 1989). This reform provides for the following modifications (internal régime):

(a) Unification of system of premiums

Unification of the system is to be achieved throughout the Community by marketing year 1993, at the latest, in the following conditions:

A Community quotation for the standard quality is established in all the member States. This standard quality is defined as the most widespread production, on average throughout the Community, for flocks specialized in the production of sheepmeat which produce heavy lambs.

To this end, a mechanism is to be introduced for differentiating between producers of heavy lambs and producers of light lambs. A producer of light lambs is deemed to be any sheep farmer marketing sheeps' milk or products based on sheeps' milk. All other sheep farmers are deemed to be producers of heavy lambs.

A single income loss is calculated. This is defined as being the difference between the basic price and the average market price in the Community for the Community standard quality, weighted by total production in the quotation areas.

The premium payable per ewe to producers of heavy lambs is calculated by multiplying the single income loss by a co-efficient expressing average production of lamb meat per ewe. The premium payable per ewe to producers of light lambs is fixed at 70 per cent of the level of the premium for producers of heavy lambs.

(b) Transitional provisions

The special provisions applied up until the last marketing year for Italy and Greece and for Spain and Portugal remained applicable until the end of marketing year 1990.

Nevertheless at the request of the member States concerned, those provisions can be applied until the end of marketing year 1992.

The Community quotation for the standard quality is established in all the member States as from the beginning of marketing year 1991.

The variable premium is being eliminated progressively. To that end, the method of calculating the variable premium is retained but the amount actually paid is gradually reduced.

(c) Common provisions

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

Thereafter the premium payable per ewe is limited to 50 per cent of the full rate.

Intervention measures have been eliminated as from 1 January 1990.

With a view to improving market price support in the Community, private storage of sheepmeat is organized as follows:

- possible opening of private storage by the Commission if the Community market price and the market price of any region are lower than 90 per cent of the seasonally adjusted basic price;
- possible opening by the Commission of private storage by a tendering procedure if those market prices are lower than 85 per cent of the seasonally adjusted basic price;

- the Commission must open private storage by a tendering procedure in any region or regions where the market price is lower than 70 per cent of the seasonally adjusted basic price.

Member States are authorized to make to all producers, out of Community funds and before the end of each half year, a payment on account equivalent to 30 per cent of the relevant compensation premium for sheepmeat.

"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, aid can be granted to such organizations established, on the initiative of producers, in order to promote the concentration of supply and the regularization of prices at the producer stage and to make suitable technical means available for presenting and marketing products.

The following may be granted:

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

(b) Intervention measures

For certain fruit and 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.

¹Cauliflowers, tomatoes, sweet oranges, mandarins, lemons, table grapes, apples (other than cider apples), pears (other than perry pears), peaches, aubergines, apricots, nectarines, clementines and satsumas.

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

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

Producers' organizations taking withdrawal measures in accordance with the provisions of the regulations, in particular as regards the level of withdrawal prices and the compensation of associated producers and likewise as regards the utilization of products withdrawn, obtain financial compensation equivalent to the compensation paid by them to associated producers, after deduction of the net receipts derived from the products withdrawn from the market.

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

(c) Special measures for citrus fruit

(i) Measures for the marketing of fresh citrus fruit

In order to promote and ensure availabilities of Community-produced oranges and mandarins on Community import markets, financial compensation can be granted to sellers of producing member States who have established a reconversion plan. The grant of this compensation is limited in time, however - up to marketing year 1992/93, its amount being progressively reduced as from marketing year 1990/91.

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

(ii) Measures to encourage recourse to processing

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

(d) Special measures for nuts

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

- special aid for their establishment;
- aid for the establishment of a working capital fund to allow storage and improve product quality and uniformity;

- aid to improve varieties and cultivation and modernize marketing under a plan to be presented by producers' organizations;
- participation in promotion drives organized in collaboration with the various economic operators in this sector.

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

(e) Special measures for table apples

The Community participates in promotion drives:

- to encourage consumption of fresh apples, including research for variety diversification;
- to encourage consumption of products processed from apples harvested in the Community.

"PROCESSED FRUIT AND VEGETABLES" SECTOR

Production aid

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

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

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

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

This system was extended to William pears in syrup with effect from marketing year 1979/80.

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

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

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

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

The guarantee threshold for tomato products for marketing year 1990/91 is fixed at a quantity of processed tomato products corresponding to a volume of fresh tomatoes of 5,567,050 tonnes for the Community of Eleven.¹

This volume is broken down as follows for 1990/91, not including Portugal.

- 3,400,694 tonnes for tomato concentrates;
- 1,502,628 tonnes for whole peeled tomatoes;
- 663,728 tonnes 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. In July 1990 this measure was extended for two further marketing years.

For Spain and Portugal, the quantities eligible for Community processing aid are limited as follows for 1990/91:

<u>Tomato products</u>	<u>Spain</u>	<u>Portugal</u>
Concentrates	500,000 t.	747,945 t.
Peeled	219,000 t.	14,600 t. of raw
Other products	148,050 t.	32,192 t. material

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

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

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

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

¹Excluding Portugal

- (e) As from marketing year 1989/90, production aid has been extended to other tomato products, peaches and pears preserved in natural fruit juice and Rocha pears. This extension has been made without any increase in the existing guarantee threshold and/or quota.
- (f) The production quota for aid in respect of William pears in syrup has been converted into a guarantee threshold for aid in respect of William and Rocha pears in syrup and/or natural fruit juice. The guarantee threshold is fixed at 102,805 tons.

AMOUNT OF AID

Product	ECU/100 kg. net								
	1988/89			1989/90			1990/91		
	EEC-10	Spain	Portugal	EEC-10	Spain	Portugal	EEC-10	Spain	Portugal
Tomato concentrate	32,698	17,943	19,684	31,772	20,710	22,011	31,256	24,299	25,116
S. Marzano whole peeled tomatoes - preserved - frozen	11,672	5,258	-	11,444	6,633	-	11,238	8,302	-
Roma whole peeled tomatoes - preserved - frozen	8,316	4,344	3,212	8,071	5,092	4,244	7,926	6,289	5,822
Non-whole tomatoes peeled and frozen	5,405	2,824	2,088	5,488	3,463	2,886	5,548	4,402	4,075
Tomato juice (7-8%) (Heading 20.02 90)(8-10%) CN (10-12%)	8,456 10,147 12,403	4,640 5,568 6,806	5,091 6,109 7,466	8,217 9,860 12,051	5,356 6,427 7,856	5,692 6,831 8,349	8,083 9,700 11,856	6,284 7,541 9,217	6,495 7,794 9,527
Tomato juice (Heading 20.09 50)(4.5-5%) CN (5-7%)	5,356 6,765	2,939 3,712	3,224 4,073	5,204 6,574	3,392 4,285	3,605 4,554	5,120 6,467	3,980 5,027	4,114 4,554
Tomato flakes	108,806	59,707	65,500	105,724	68,914	73,244	104,007	80,857	83,576
Peaches in syrup/juice	14,371	11,874	14,371	12,643	10,546	12,643	12,365	11,054	12,365
Prunes	60,789	41,791	-	54,963	40,715	-	62,240	52,206	-
William pears in syrup/ juice	19,303	9,743	9,352	15,798	8,658	8,335	18,984	14,486	14,285
Sultanas	74,647	74,647	74,647	81,478	81,478	81,478	62,952 ¹	62,952	62,952
Dried figs - C quality	32,665	32,665	32,665	22,995	22,995	22,995	26,645	26,645	26,645
Pineapple	94,040	-	-	94,989	-	-	104,888	-	-

¹As from marketing year 1990/91 aid has been introduced at the rate of ECU 511/hectare.

"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 and intervention mechanism, termed the "activating price" is applicable during each wine year for each type of wine for which a guide price is fixed. This price is applicable at the same stage as the guide price and corresponds to 92 per cent of the latter.

Guide prices for wine year 1990/91 have been set as follows:

<u>Type of Wine</u>	<u>EC-10</u>	<u>Spain</u>
R I (ECU/degree/hl.)	3.21	2.81
R II (ECU/degree/hl.)	3.21	2.81
R III (ECU/hl.)	52.14	45.48
A I (ECU/degree/hl.)	3.21	2.81
A II (ECU/hl.)	69.48	60.59
A III (ECU/hl.)	79.35	69.20

As announced when prices were fixed for the preceding wine year, prices of table wines A I, R I and R II have been held at the same level through a reduction of 1.9 per cent for red wines and an increase of 1.2 per cent for white wines. Spanish prices have been fixed so as to take account of the alignment of prices for red and white wines and the approximation of prices to the EC-Ten level as provided for in the treaty of accession.

2. Aid for private storage of table wines

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

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

Provision may be made for the possibility of concluding long-term contracts for grape must, concentrated grape must and rectified concentrated grape must when it has been decided to provide for the possibility of concluding private long-term storage contracts for table wines. Contracts concluded between 16 December and 15 February expire on 15 September.

4. Re-storage aid

In cases where the foreseeable level of end-of-season stocks held by producers and prospects for the next harvest indicate a risk of storage difficulties for that harvest, a decision may be taken to grant re-storage

aid in respect of table wines covered by long-term storage contracts. This measure has not been applied in recent wine years.

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

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

For wine year 1990/91, the aid is fixed, per degree of potential alcoholic strength by volume per hectolitre of concentrated grape must and rectified concentrated grape must used, as follows:

- ECU 1.52 in the EC of Ten and ECU 1.22 in Spain for concentrated grape must prepared from grapes originating in the vine-growing zones C III(a) and C III(b);
- ECU 1.32 in the EC of Ten and ECU 1.02 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 1.68 in Spain for rectified concentrated grape must prepared from grapes originating in the vine-growing zones C III(a) and C III(b) or produced outside the said zones in facilities which began production prior to 30 June 1982, and prior to 1 January 1986 in Spain, regardless of the origin of the grapes;
- ECU 1.78 in the EC of Ten and ECU 1.48 in Spain for rectified concentrated grape must other than that referred to in the third indent.

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

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

(a) For grapes, grape must and concentrated grape must intended for the preparation of grape juice, the amount of the aid for wine year 1990/91 has been fixed for the entire Community at:

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

virtually corresponding to the level for the preceding wine years.

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

- (b) For concentrated grape must intended for traditional preparation in the United Kingdom and Ireland of certain products falling within CN heading 22.06.00 ("British and Irish wines"), the amount of the aid for wine year 1990/91 has been fixed at the same level as in the previous wine year, i.e. ECU 0.20/kg. (Spain: ECU 0.12/kg.). The product must be obtained entirely from grapes produced in vine-growing zones C III(a) and C III(b) of the Community.
- (c) For concentrated grape must used as the principal element in a group of products marketed in the United Kingdom and in Ireland with visible instructions for preparing a beverage imitating wine ("home-made wine"), the amount of aid has been set at the same level as in preceding wine years, i.e. ECU 0.26/kg. of concentrated grape must used (Spain: ECU 0.12/kg.).
- (d) For wine year 1990/91, 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 1.59/per cent vol./hl. for the Community of Ten and 1.33 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 wine year, of preventive distillation of table wines at 65 per cent of the guide price from 1 September until a date to be determined. The quantity of table wines delivered for preventive distillation by each producer is taken into account for discharge of obligations deriving from any compulsory distillation subsequently decided on. For wine year 1990/91, the eligible quantities are limited to 13 hl. per hectare with a ceiling of 30 per cent of their production for producers in Spanish zone C.

(b) Compulsory distillation

The Commission orders compulsory distillation:

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

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

- as between the regions of the Community, grouped by member States, pro rata to the production volumes in excess of a specific level for each of them, equal to a uniform percentage of their average harvest calculated on the basis of the 1981/82, 1982/83, and 1983/84 wine years;
- in each region, among producers according to a progressive scale based on yield per hectare which may vary with the region and taking account of past yields.

For wine year 1990/91, the buying-in price for wine paid for compulsory distillation is set at 27.55 per cent of the guide price and results, as provided for in the regulations, from the weighted average between 50 per cent of the guide price for a volume corresponding to 10 per cent of normal requirements and 7.5 per cent for the volume exceeding that ceiling.

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

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

Even in the course of wine years during which no compulsory distillation is decided on, the Commission may, if the market situation for table wine so requires, make provision for distillation at the buying-in price of 82 per cent. Distillation measures may be limited to certain table wines determined having regard to the type concerned, or to one or more wine-producing zones. The quantity of table wine covered by distillation measures decided on by the Commission at the buying-in price equivalent to 82 per cent of the guide price may not exceed 6.2 million hectolitres in any given wine year. In 1990/91, 4.7 million hectolitres will be distilled on this basis. If the market situation so requires, however, the Council may decide to increase the quantity of table wine eligible for such distillation.

(d) Performance guarantee distillation

Where the other market support measures are inadequate and where the representative price of a type of table wine remains lower than the activating price for three consecutive weeks, additional measures applicable to holders of long-term storage contracts for

the type of table wine in question are taken, to maintain prices at a level higher than the activating price.

These additional measures can consist in particular of:

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

In the event of distillation, the quantity of table wine covered by a storage contract and which may be distilled may not exceed 18 per cent of the total quantity of table wine produced by the long-term storage contract holder concerned for the marketing year in which the long-term contract was concluded. For wine produced during wine year 1989/90 this percentage is set at 3 per cent. For buying-in price of wine to be distilled in this way is equal to the following percentage of the guide prices in effect when the long-term storage contracts were concluded:

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

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

(e) Compulsory distillation under system of wine deliveries

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

The buying-in price for the products concerned has been set, for wine year 1990/91, at 26 per cent of the guide price set for A I table wine for that wine year.

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

This measure, already established since 1976 for wines made from table grapes, has been extended to all other cases of production surpluses likely to overburden the market for table wines (case of Charentes products in France, of grapes intended for drying in Greece). The buying-in price of the wines concerned for wine year 1990/91 is equivalent to 35 per cent of the lowest guide price for wine year 1988/89 (A I white wine).

(g) Access to intervention measures

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

8. Other support measures

- (a) To the extent necessary to support the market for table wines, intervention measures may be taken in respect of products covered by the wine regulations other than table wine. This measure has practically never been applied.
- (b) If 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 1990 harvest are reproduced below.

In order to curb the growth of production and discourage production of varieties which it is difficult to market, as from the 1988 harvest "agricultural stabilizers" were introduced. These took the form, firstly, of the fixing by the Council of guaranteed maximum quantities (GMQ) by variety or by group of varieties up to a total maximum quantity of production of 385,000 tons, and secondly, in the event of an overrun of these GMQ fixed by variety or group of varieties, a reduction in prices and

premiums in proportion to the overrun. However, any possible reduction shall not exceed 5 per cent for the 1988 harvest and 15 per cent for the harvests from 1989 to 1993. In addition, GMQs may be fixed for specific production zones if the variety concerned presents quality differences according to soil and climate characteristics. For the 1989 harvest, the 15 per cent maximum penalty was applied to six varieties. The GMQ by variety on group of varieties, fixed one year ahead since 1989, are shown below for the 1990 and 1991 harvests.

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

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

Target Prices, Intervention Prices and Premiums
for Leaf Tobacco from the 1990 Harvest

Derived Intervention Prices for Packaged
Tobacco from the 1990 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	2,013	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	1,905	3,347
11	(a) Forchheimer Havana II c (b) Nostrano del Brenta (c) Resistente 142 (d) Gojano	2,707	2,030 ¹	1,909	3,284 ¹
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

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

(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	2,716	2,037 ¹	2,204	3,375 ¹
24	Mavra	2,652	1,989	1,802	3,321 ¹
25	Burley EL	2,251	1,913 ¹	1,499	3,034 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	1,720	3,789
33	Virginia P	4,263	3,624	2,354	4,953
34	Burley P	3,072	2,611	1,720	3,896

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

Guaranteed Maximum Quantities by Variety and Group of Varieties
for Tobacco of the 1990 and 1991 Harvests
(leaf tobacco)

Groups and Varieties (No.)	Guaranteed maximum quantities (tonnes)	
	1990	1991
GROUP I		
3. Virgin D	11,000	13,000
7. Bright	46,750	46,750
31. Virginia E	16,000	20,000
33. Virginia P	4,000	4,500
17. Basmas	30,000	30,000
18. Katerini	23,000	23,000
26. Virginia EL	12,500	17,000
Total	143,250	154,250
GROUP II		
2. Badischer Burley		
- specific zone A	8,000	8,000
- specific zone B	4,300	4,300
8. Burley I	43,500	46,750
9. Maryland	3,500	3,500
25. Burley EL	11,000	11,000
28. Fermented Burley	26,500	22,000
32. Burley E		
34. Burley P	2,500	2,500
Total	99,300	98,050
GROUP III		
2. Badischer Geudertheimer	4,300	4,300
4. Paraguay		
- specific zone A	18,000	16,000
- specific zone B	2,700	2,700
- specific zone C	2,000	2,000
5. Nijkerk		
6. Nisionero		
27. Santa Fè	1,500	1,500
29. Havana E		
10. Kentucky	10,000	8,500
16. Round Tip	250	200
30. Round Scafati		
Total	38,750	35,200
GROUP IV		
13. Xanti-Yakà		
14. Perustitza	20,000	20,000
15. Erzegovina		
19. Kaba Koulak classical		
20. Kaba Koulak non classical	33,000	30,000
21. Myrodata		
22. Zychnomyrodata		
Total	53,000	50,000
GROUP V		
11. (a) Forchheimer Havana 11 c		
(b) Nostrano del Brenta		
(c) Resistente 142		
(d) Gojano	22,700	21,000
(e) Badischer Geudertheimer hybrids		
12. Beneventano		
23. Tsebelia		
24. Mavra	28,000	26,500
Total	50,700	47,500

"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. 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

For certain products withdrawn from the market at the Community withdrawal price, producers' organizations can choose between financial compensation and the carry-forward premium system. A carry-forward premium is granted to producers' organizations if they process, in specified conditions, products withdrawn from the market with a view to their being offered for sale (at a later stage). This premium is granted only in respect of quantities not exceeding 15 per cent of the annual quantities of the product concerned offered for sale. The premium may not exceed the amount of the actual costs of processing and of storage for a limited period, nor 50 per cent of the Community withdrawal price for the fresh product.

3. Storage aid

- (a) A storage premium is granted to producers' organizations for Norway lobsters and crabs, fresh, chilled or cooked in water, which have not found a purchaser at a price not lower than 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 20 per cent of the annual quantities 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 private storage aid to producers' organizations in respect of certain frozen products (sardines, sea-bream, squid, cuttlefish, octopus, tunny) when prices received by them remain below 85 per cent of the guide price (95 per cent for tunny) for the product concerned during a significant period and if the price situation seems likely to continue. The amount of this aid may not exceed actual storage costs and interest charges for a period of three months.

4. Compensatory allowance for tunny

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

5. Fixed-rate aid for certain specified products

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

6. Initial aid to producers' organizations

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

"TEXTILE FIBRES" SECTOR

1. COTTON

Under Protocol No. 4 to the Act of Accession of Greece, as from marketing year 1981/82 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.

If actual production exceeds the guaranteed maximum quantity, the guide price, and consequently the aid, are reduced. Since marketing year 1987/88, for each tranche of 15,000 tonnes or part thereof of GMQ overrun, the guide price is reduced by 1 per cent. Nevertheless, for marketing years 1987/88, 1988/89, 1989/90 and 1990/91 this reduction may not exceed 15, 20 and 25 per cent respectively of the guide price.

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.)		
	1988/89	1989/90	1990/91
Guide price	96.02	96.02	95.86
Minimum price	91.23	91.23	91.07

The quantity of unginned cotton in respect of which the aid is granted in full was fixed at 430,000 tonnes for 1981/82, 450,000 tonnes for 1982/83 and 1983/84, 500,000 tonnes for 1984/85 and 567,000 tonnes for 1985/86. For 1986/87, this quantity was raised to 752,000 tonnes to take account of Spanish production, and this quantity was maintained for 1987/88, for 1988/89, for 1989/90 and for 1990/91.

The amount of the aid (subject to any applicable reduction) has been as follows:

	(ECU/100 kg.)		
Month	Aid	Reduction	
1988/89: 1 September 1988	50,532	19,200	
1 December 1988	56,525	19,200	
1 March 1989	52,157	19,200	
1 June 1989	43,464	19,200	
1989/90: 1 September 1989	40,668	17,284	
1 December 1989	46,322	17,284	
1 March 1990	49,906	17,284	
1990/91: 1 May 1990	44,381	23,965	
1 August 1990	42,391	23,965	
1 November 1990	45,392	23,965	
1 February 1991	45,265	23,965	

2. FIBRE FLAX AND HEMP

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 1988/89	355.09 ¹	73,000
Marketing year 1989/90	375.00 ²	79,000
Marketing year 1990/91	374.36 ³	79,000
<u>Hemp</u>		
Marketing year 1988/89	322.48 ⁴	2,900
Marketing year 1989/90	340.00 ⁵	2,800
Marketing year 1990/91	339.42 ⁶	4,000

¹Spain, Portugal: ECU 152.19

²Spain, Portugal: ECU 207.89

³Spain, Portugal: ECU 263.38

⁴Spain, Portugal: ECU 138.21

⁵Spain, Portugal: ECU 188.66

⁶Spain, Portugal: ECU 238.91

(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 1988 in respect of short flax fibre bundles and hemp fibre bundles, and in 1990 in respect of short flax fibre bundles, and use was made of this possibility then.

(3) Aid to encourage use of flax fibre bundles

Since marketing year 1980/81, Community measures have been taken to encourage the use of flax in the Community. With effect from the 1987/88 marketing year it was decided to include the possibility of measures to encourage the use of flax fibre bundles in the basic regulation. These measures are financed entirely out of an amount withheld from the production aid. An amount equivalent to 10 per cent of the flat-rate aid for fibre flax is earmarked for financing these measures.

3. SILKWORMS

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

(a) 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 1988/89	5,000	2.00 ¹
Rearing year 1989/90	5,000	112.00 ²
Rearing year 1990/91	5,000	111.84 ³

¹Spain, Portugal: ECU 47.68

²Spain, Portugal: ECU 63.76

³Spain, Portugal: ECU 79.81

(b) Aid to improve quality

Provision is to be made at some future date for Community measures to improve the quality of silkworms and silkworm eggs.

"DRIED FODDER" SECTOR

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

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

	(ECU/t.)		
Member States other than Spain	1988/89	1989/90	1990/91
Target price	178.92	178.92	178.61
Aid (percentage of the difference between the target price and the world market price)			
- for dehydrated fodder and protein concentrates	100%	100%	100%
- deduction for sun-dried fodder (ECU/t.)	- 43	- 33	- 33

For marketing year 1990/91, the target price for Spain is ECU 169.99/tonne.

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

A. Used as fodder

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 an activating price. This aid is granted only if the fodder manufacturer can show that the agricultural producer has received a price not lower than the minimum price, fixed by the Council.

As from marketing year 1988/89, these prices have developed as follows:

	(ECU/100 kg.)		
EEC-12	1988/89	1989/90	1990/91
Activating price (peas, broad beans and field beans)	44.76	44.76	44.68
Activating price (sweet lupins)	43.05	43.05	42.98
Minimum price peas	25.77	25.77	25.73
Minimum price broad beans, field beans	24.86	23.87	23.83
Minimum price sweet lupins	28.90	28.90	28.85

Monthly increases are made in the activating price. They have been cut by 12.5 per cent since marketing year 1986/87:

ECU/100 kg.

1986/87	0.400
1990/91	<u>0.350</u>
Change	- 0.050

B. Used for human consumption

A guide price is fixed each year for these products. 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 can show that the agricultural producer has received a price not lower than the minimum price. 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	1988/89	1989/90	1990/91
Guide price	29.52	29.52	29.47

Monthly increases are made in the guide price. They have been cut by 12.2 per cent since marketing year 1986/87:

ECU/100 kg.

1986/87	0.180
1990/91	<u>0.158</u>
Change	- 0.022

C. Guaranteed maximum quantity system

In April 1988, the Council also established a guaranteed maximum quantity (GMQ) system for peas, broad beans, field beans and sweet lupins. For all these products the Council fixed the GMQ for marketing years 1988/89 and 1990/91 at 3.5 million tonnes.

Under this system, the official minimum price was cut by 22.9 per cent for marketing year 1990/91, representing a reduction by 14.3 per cent in relation to the previous marketing year. Aid has been reduced by the same amount.

"SEEDS" SECTOR

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

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

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

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

(ECU/t.)

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

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

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

"HOPS" SECTOR

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

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

It is granted in respect of three groups of varieties:

- aromatic
- bitter
- other

The amounts per hectare were as follows:

	(ECU/ha.)		
	1987	1988	1989
Aromatic	330	330	340
Bitter	380	390	390
Other	370	390	400

Because of durable disposable difficulties for most bitter varieties in recent years, the Council adopted Regulation (EEC) No. 2997/87 providing for special aid at the rate of ECU 2,500 per hectare for recognized producer groups, subject to a maximum surface area of 800 hectares per member State, in order to encourage a switch of cultivation from bitter hops to the aromatic and super-alpha varieties.

This measure is applicable until the end of 1992.