

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

REGULATION (EEC) OF THE COUNCIL

on the common organization of the market in potatoes

(submitted to the Council by the Commission)

Proposal for a Council Regulation on the
common organization of the market in potatoes

I. EXPLANATORY MEMORANDUM

1. Since 1962, the year in which Regulation No 23 on the progressive establishment of a common organization of the market in fruit and vegetables was adopted, a common organization of the market in potatoes has been proposed several times.

The nature of the product and the difficulties in the sector have always delayed the drafting of rules. The enlargement of the Community, and in particular the entry to the EEC of the United Kingdom and Ireland, which have highly-structured market organizations, increased the difficulties still further. In addition, the effects of the Charmasson judgement (10 December 1974) on national trading provisions make a Community solution even more necessary.

2. Community production amounted to 40 million metric tons, or 13 % of world production, in 1973. In the same year Community potato production accounted for 5.7 % of the value of crop production and 2.5 % of all agricultural production. Over the last 20 years the area planted has been reduced by 60 % while production, because of improved yields, has fallen by only about 30 %. There are 2.4 million potato growers in the EEC and the average area per grower varies between 6.30 ha in the United Kingdom and 0.4 ha in Italy.

3. The EEC is self-sufficient, although the situation varies from one country to another and from one sector to another. The EEC (Netherlands, France, Germany, United Kingdom) is a big exporter of seed potatoes. The quantities exported vary between 150 000 and 190 000 metric tons.

Exports go to the Maghreb countries and to certain East European countries. Small quantities are imported from Switzerland, Austria, Poland and Canada. In principle, exports of main-crop (ware) potatoes exceed imports but the situation may be reversed in years of shortage (e.g. 1970). Most imports are from Poland, Austria and Switzerland. The EEC is a net importer of new or early potatoes. They are imported from the Maghreb countries (about 100 000 metric tons to France), the Canary Islands, Cyprus, Egypt and Spain (250-300 000 metric tons to the United Kingdom). The only exporting country in the EEC is Italy, which exports mainly to Germany (150-180 000 metric tons) and on a smaller scale to other EEC and European countries (Belgium, France, Sweden, Switzerland, Austria, etc.).

The Community is self-sufficient in industrial potatoes (for the preparation of crisps, purée, etc.) and potatoes for the manufacture of starch, and most trade is within the EEC.

4. Overall, trade in potatoes within the EEC represents only 4 to 5 % of total production; this rises to between 10 and 12 % in the case of seed potatoes and early potatoes. The Netherlands is the biggest exporter; it exports almost 1 million metric tons to other EEC countries and between 220 000 and 250 000 metric tons to non-member countries.

The second largest exporter is France with 400 000 metric tons (in principle two-thirds to EEC countries and one-third to non-member countries).

Germany imports about 1 million metric tons (seed potatoes, main-crop potatoes and industrial potatoes). Its trade is mainly with EEC countries.

Italy imports about 400 000 metric tons (seed potatoes and main-crop potatoes). On the other hand, it exports between 200 and 250 000 metric tons of early potatoes.

The United Kingdom imports large quantities (250 000 to 300 000 metric tons) of early potatoes from the Mediterranean countries. It exports about 100 000 metric tons of seed potatoes and main-crop potatoes to EEC and non-member countries.

Lastly, the BLEU imports seed potatoes and main-crop potatoes from the Netherlands and France (150 000 - 200 000 metric tons). It exports early potatoes and main-crop potatoes (100 - 150 000 metric tons), mainly to Germany and the Netherlands. Denmark and Ireland have a smaller share of intra-Community trade.

5. A feature of the potato market is the considerable fluctuation in the volume of production, since the climate has a great influence on the yield per hectare.

Demand for potatoes is inelastic. When prices are relatively high consumption falls; when there are fairly small surpluses prices drop sharply and average prices remain low for the whole of the year. Nearly all Member States have now taken measures to ensure regular market supply and a degree of stability in prices and consequently in growers' income. However, these measures vary greatly from one country to another. Whereas in the United Kingdom the Potato Marketing Board directly controls the area planted, in Ireland the Board influences the stability of the market by controlling trade. France applies a system of minimum prices to intra- and extra-Community trade in main-crop potatoes and early potatoes, and Germany and the BLEU to trade in early potatoes *).

6. At present, consumption of fresh potatoes is almost static while consumption of processed products (crisps, purée, frozen products and pre-cooked chips) is increasing.

*) In addition, France applies a system of storage and withdrawal from the market (for dehydration) to main-crop potatoes, and in the Netherlands there is an inter-trade agreement (guarantee price) in respect of seed potatoes.

Given the potato's importance as a foodstuff, especially in northern and central Europe, and the role it plays in certain countries in the cost-of-living index, it is in the general interest and particularly in that of European consumers to ensure that the Community market is always supplied. It is important to prevent unfavourable economic situations (sharp drop in prices) from leading to a reduction in the area planted with the consequent danger of a shortage in the following year.

7. The common organization of the market in potatoes must cover fresh potatoes (seed potatoes, early (new) potatoes, main-crop potatoes and potatoes for the manufacture of starch) as well as the processed products (crisps, purée and frozen products) which are at present covered by Regulation (EEC) No 865/68 on the common organization of the market in products processed from fruit and vegetables, and the potatoes unfit for human consumption which are at present covered by Regulation (EEC) No 1067/74 on the common organization of the market in dehydrated fodder.

8. The Regulation on the common organization of the market has five Titles:

TITLE I

In order to promote quality, common quality standards must be laid down in respect of potatoes intended for human consumption in the fresh state (early potatoes and main-crop ware potatoes) and for industrial potatoes for the manufacture of processed products (crisps, purée, frozen products, etc.). The aim of these standards is to meet the requirements of consumers by removing low-quality products from the market and to facilitate trade based on fair competition by making production more profitable.

Provision is also made in the case of potatoes for human consumption in the fresh state for adjusting the minimum quality standards so as to influence the volume of supply in the event of serious market disequilibrium.

TITLE II lays down provisions concerning groups of producers of potatoes for sale in the fresh state. Such groups, which take various forms depending on the Member State, have already grown up in this sector either at the instigation and under the control of the public authorities or on the initiative of the growers themselves. However, in the Community at present these groups represent only about 5 % of all potato production and 10 % of main-crop potato production.

The most important provisions are those which encourage the formation of such groups, those which make them responsible for managing supply and for stabilizing the market, in particular by giving the groups sole responsibility for administering the support measures provided for in TITLE III, and the provision which requires members to market their entire production through the groups. The formation of a market structure in the form of associated groups of producers should help to reinforce contractual links with the trade and the processing industry in this sector.

TITLE III defines the support measures which should make possible regular market supply and a degree of price stability. These measures relate only to main-crop potatoes and are taken only when the annual estimate shows that there will be marketing difficulties. They last only for a few months and involve granting producer groups private storage aid which may be followed by aid for dehydration if the storage measures are not sufficient to redress the situation. Aid is granted only provided the resulting products are to go into feedingstuffs and provided a minimum selling price is observed.

The forward assessment, together with other measures (formation of producer groups, stock evaluation, trade monitoring arrangements and notification by Member States) should help to ensure market transparency, which remains the basic instrument of rational market management.

TITLE IV The arrangements for trade with non-member countries provide:

- in the case of early potatoes, for application of the CCT and a system of reference prices for a limited period (April - June);
- in the case of main-crop potatoes, for application of the CCT plus trade monitoring arrangements
- in the case of other products, for application of the CCT;
- in the case of all products covered by the Regulation, for:
 - a protective clause,
 - a scarcity clause,
 - the possibility of granting export refunds.

TITLE V contains the general provisions governing most common organizations of agricultural markets.

FINANCIAL STATEMENT

Date 16. 12. 75

1. Line of the Budget concerned : Articles 739 and 820 of the EEC Budget

2. Title of the action : Proposal for a Council Regulation on the common organization of the market in potatoes

3. Legal basis : Articles 42 and 43 of the Treaty

4. Objectives of the action : Establishment of a common organization of the market in potatoes

5.0 Cost of the action	during the	current	following
	marketing year	financial year (76)	financial year (77)
charge to the EC Budget	0.8 - 2.0 ¹	3.8 - 5.0 ²	4.8 - 6.0 M.u.a. ³
charge to the national administrations	—	—	—
charge to other national sectors	—	—	—

5.1 Estimated costs² Year 1978 Year 1979 Year 1980
 4.7-5.9 M.u.a. 2.5-3.7 M.u.a. 1.3-3.5 M.u.a.

5.2 Method of calculation ~~Guarantee~~ ^{Guarantee} Section : a) private storage 0.8 u.a./m.t./month x 4 months x 250 000^{m.t.}
 b) dehydration (depending on the market) 0.2-2.5 M.u.a.
 maximum = 250 000 m.t. x 9 u.a./m.t.
 Guidance Section : see other side
 That part of the expenditure under Article 734 (dehydrated fodder) which is reserved for potatoes - 1 M.u.a. - is deducted from the expenditure charged to the Budget.

6.1 Possible financing by appropriationsⁱⁿ the relative chapter of the current Budget
~~Yes~~ No

6.2 Possible financing by transfers between chapters of the current Budget
 Yes ~~No~~

6.3 Necessity for a supplementary Budget ~~Yes~~ No

6.4 Appropriations to be entered in future budgets Yes

Comments :

- 1 Guarantee Section only
- 2 Guarantee Section 0.8-2 M.u.a./year +
- 3 Guidance Section 3 M.u.a. in 1st year
 4 M.u.a. in 2nd year
 3.9 M.u.a. in 3rd year

Expenditure in 1976 depends on date of entry into force. The possibility of financing without a supplementary budget depends on the other chapters of Titles 6 and 7 of the budget. Expenditure on the measure covers only 1 % of the total expenditure of Titles 6 and 7.

Aid for the formation and functioning of producer groups

During the first year in which the common rules are applied producer groups can be expected to control 10% of Community production (double the present quantity). The Community would then have to finance 4 million m.t. Given an average value of 50 u.a./m.t., this financing would amount to 3%, 2% and 1% of 200 M.u.a. during the 1st, 2nd and 3rd years respectively. Other groups representing, respectively, 7% and 5% of production can be expected to be set up in the 2nd and 3rd years. Expenditure would then be as follows:

		% charge Guidance Section	Total expenditure Guidance Section
1st year	6 M.u.a.	50%	3 M.u.a.
2nd year	4 + 4 M.u.a.	50%	4 M.u.a.
3rd year	2 + 2.7 + 3 M.u.a.	50%	3.9 M.u.a.
4th year	+ 1.3 + 2 M.u.a.	50%	1.7 M.u.a.
5th year	+ 1 M.u.a.	50%	0.5 M.u.a.

PROPOSAL FOR
Regulation (EEC) No of the Council
of
on the common organization of the market in
potatoes

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 42 and 43 thereof;

Having regard to the proposal from the Commission ¹;

Having regard to the Opinion of the European Parliament ²;

Having regard to the Opinion of the Economic and Social Committee ³;

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Whereas the operation and development of the common market in agricultural products must be accompanied by the establishment of a common agricultural policy to include in particular a common organization of agricultural markets which may take various forms depending on the products;

Whereas the production of potatoes constitutes a substantial factor in agricultural income and whereas appropriate measures should therefore be taken to ensure the stability of the market and a fair income for the producers concerned;

Whereas, within the context of the objectives to be attained, one of the steps to be taken for the introduction of a common organization of the market is the adoption of common standards to be applied to potatoes marketed within the Community or exported to non-member countries;

Whereas application of these standards should have the effect of keeping products of unsatisfactory quality off the market, guiding production to meet consumers' requirements, and facilitating trade relations based on fair competition, thus helping to improve the profitability of production;

Whereas standardization cannot be fully effective unless applied at all stages of marketing; whereas, however, there may be exceptions for certain activities at the start of the distribution process and for products sent for processing;

Whereas provision should be made for adopting for a limited period, in the event of particularly poor harvests, measures derogating from the application of the quality standards in order to permit the marketing of products which do not conform to those standards;

Whereas, should there be sufficient products conforming to the quality standards to exceed consumer demand, provision should be made for the possibility of adopting measures altering the minimum ^{or maximum} size required for those products;

Whereas, to ensure compliance with the quality standards and to secure uniform application, provision must be made for supervision and for obligatory penalties in case of non-compliance;

Whereas, given the special features of the market in potatoes in the fresh state, the formation of producer organizations whose members are obliged to comply with certain rules, in particular as regards the marketing of their entire crop through the producer group to which they belong, is likely to contribute to the attainment of the objectives of the common organization of the market;

Whereas provision should therefore be made for measures to facilitate the formation and operation of such organizations; whereas, to that end, Member States should be permitted to grant aid to such organizations, this aid being in part financed by the Community; whereas, this aid should, however, be limited in amount and be of a transitional and degressive nature so that the financial responsibility of producers will progressively increase;

Whereas such groups should be entrusted with the management of support measures so that they have some responsibility for the management of the market;

Whereas, in order to ensure the regular supply of the market and a degree of stability in prices for main-crop potatoes, provision should be made for the possible implementation, through recognized producer groups and for limited periods, of support measures in the form of storage aid and aid for dehydration of this product of Community origin; whereas, to that end, it is advisable to prepare a forward assessment for each marketing year;

Whereas the establishment of a single Community market in potatoes requires the introduction of a single trading system at the external frontiers of the Community; whereas the application of the Common Customs Tariff duties should suffice, as a rule, to stabilize the Community market by preventing the price level in non-member countries and fluctuations thereof from having repercussions on prices ruling within the Community;

Whereas disturbances on the Community market arising from offers at abnormal prices from non-member countries must, however, be avoided; whereas, to that end, provision should be made for the fixing of reference prices and the levying of a countervailing charge in addition to the customs duty for potatoes when the entry price of imported products is below the reference price;

Whereas, in most cases, the system thus introduced will enable all quantitative restrictions at the external frontiers of the Community to be dispensed with; whereas this machinery might in exceptional circumstances prove inadequate; whereas, in order not to leave the Community market without defence against disturbances which might arise in such cases after the import barriers which existed previously have been removed, the Community should be enabled to take all necessary measures without delay;

Whereas the competent authorities must be in a position constantly to follow trade movements in order to assess market trends, and whereas it is appropriate to extend to main-crop potatoes the field of application of Council Regulation (EEC) No 1439/74 of 4 June 1974 on common rules for imports (4), as last amended by Regulation (EEC) No 1927/75 (5), and of Council Regulation (EEC) No 109/70 of 19 December 1969 establishing common rules for imports from state-trading countries (6), as last amended by Regulation (EEC) No 1927/75;

Whereas, in order to enable the Community to participate in international trade in potatoes, provision should be made for the payment of an export refund;

Whereas the establishment of a single market would be jeopardized by the granting of certain aids; whereas the provisions of the Treaty which allow the assessment of aids granted by Member States and the prohibition of those which are incompatible with the common market should therefore be applicable to potatoes;

(4) OJ No L 159, 15 June 1974, p. 1

(5) OJ No L 198, 29 July 1975, p. 9

(6) OJ No L 19, 26 January 1970, p. 1

Whereas the Community should bear the financial responsibility for the expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation, in accordance with the legislative provisions relating to the financing of the common agricultural policy;

Community arrangements and those
Whereas the transition from the ~~one~~ currently in force in the Member States to those set up by this Regulation should be effected as smoothly as possible;
whereas transitional measures may thus prove necessary;

Whereas the common organization of the market in potatoes must take appropriate account, at the same time, of the objectives set out in Articles 39 and 110 of the Treaty;

Whereas the common organization of the market in potatoes should cover not only potatoes in the fresh state but also all derived products governed until now by other common rules; whereas Council Regulation (EEC) No 865/68⁷ of 28 June 1968 on the common organization of the market in products processed from fruit and vegetables, as last amended by Regulation (EEC) No 1420/75⁸, and Council Regulation (EEC) No 1067/74⁹ of 30 April 1974 on the common organization of the market in dehydrated fodder, as last amended by Regulation (EEC) No 1420/75¹⁰, should be ended accordingly;

Whereas, in order to facilitate implementation of the proposed measures, a procedure should be provided for establishing close cooperation between Member States and the Commission within a Management Committee;

⁷ OJ No L 153, 1 July 1968, p. 6

⁸ OJ No L 141, 3 June 1975, p. 1

⁹ OJ No L 120, 1 May 1974, p. 2

¹⁰ OJ No L 141, 3 June 1975, p. 1

HAS ADOPTED THIS REGULATION:

Article 1

1. A common organization of the market in potatoes shall be established and shall cover the following products:

<u>CCT Heading No</u>	<u>Description</u>
(a) 07.01 A I	Seed potatoes (a)
(b) 07.01 A II (a)	New potatoes, 1 January to 31 March
(c) 07.01 A II (b)	New potatoes, 1 April to 31 July
(d) 07.01 A III (a)	Potatoes for the manufacture of starch (a)
(e) 07.01 A III (b)	Other potatoes (unspecified)
(f) ex 07-02 B	Potatoes (whether or not cooked), preserved by freezing
(g) ex 07.03 E	Potatoes provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specially prepared for immediate consumption
(h) ex 07.04 B	Dried, dehydrated or evaporated potatoes, whole, cut, sliced, broken or in powder, but not further prepared
(i) ex 11.05	Flour, meal and flakes of potato
(j) ex 20.01 B	Potatoes prepared or preserved by vinegar or acetic acid, with or without sugar, whether or not containing salt, spices or mustard
(k) ex 20.02 H	Potatoes prepared or preserved otherwise than by vinegar or acetic acid

2. For the purposes of this Regulation, "new potatoes" means potatoes harvested usually before full maturity and whose skin may easily be removed by friction.

(a) inclusion under this subheading shall be subject to conditions to be determined by the competent authorities

Article 2

1. For the products listed in Article 1 under (b) and (c), the marketing season shall begin on 1 April of each year and end on 31 July of the same year.

2. For the products listed in Article 1 under (a), (d) and (e), the marketing year shall begin on 1 August of each year and end on 30 June of the following year.

TITLE I

Marketing standards

Article 3

For the products listed in Article 1 or for groups of such products, common marketing standards ^{may be established} together with the field of application thereof;

they may, in particular, concern the classification of the product by quality, size, weight, packaging, market presentation and labelling.

Article 4

1. When standards have been adopted, products to which they apply may not be displayed or offered for sale, sold or marketed in any other manner unless they conform to the said standards, subject to any specific requirements which may be laid down:

- for products at an early stage of the ^{distribution process} / and those consigned to processing plants;
- for products traded with non-member countries.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall decide for which products quality standards are to be established. Those standards and the specific requirements referred to in paragraph 1 shall be adopted in accordance with the procedure laid down in Article 27.

Article 5

1. The Member States shall, by sampling, check the conformity of products with common marketing standards which have been laid down.

Such checks may be made at any stage of marketing and also during transport.

2. The Member States shall take all necessary measures to impose penalties for infringements of the provisions of Article 3.

3. The Member States shall notify the other Member States and the Commission within one month following the entry into force of each marketing standard, of the name and address of the bodies responsible for controls in respect of the products or groups of products for which the said standard has been adopted.

4. The detailed rules for the application of the provisions of paragraph 1 shall be adopted in accordance with the procedure laid down in Article 27, account being taken, in particular, of the need to ensure coordination of the work of the bodies responsible ^{for controls} and the uniform interpretation and application of the common marketing standards.

Article 6

1. In the event that the supply of products conforming to the quality standards is insufficient to cover ^{consumer} demand, derogations from the application of these standards may be adopted for limited periods.

2. In the event that the supply of products conforming to the quality standards exceeds ^{consumer} demand, measures may be taken to adjust the minimum or maximum size requirement for marketing within the Community under the provisions of Article 3.

3. The measures referred to in paragraphs 1 and 2 shall be adopted in accordance with the procedure laid down in Article 27.

TITLE II

Producer Groups

Article 7

1. For the purposes of this Regulation, 'recognized producer group' means a group of ^{of potatoes in the fresh state} producers/recognized by a Member State under the provisions of paragraph 3 and formed on the initiative of the producers for the purpose of, in particular:
 - (a) concentration of supply and stabilization of the market by marketing all the produce of their members;
 - (b) joint adaptation of their production to the requirements of the market and improvement of product;
 - (c) promotion of rationalization and mechanisation of cultivation and harvesting operations in order to render production more profitable;
 - (d) adoption of common rules for production;
 - (e) the application of the market support measures provided in Articles 10 and 11 to the best advantage of the group.
2. For the purposes of this Regulation, 'recognized union' means a union of recognized producer groups pursuing the same objectives as these groups and recognized by a Member State under the provisions of paragraph 3.
3. Member States shall recognize, for the purposes of the production and marketing of potatoes in the fresh state, the producer groups and unions thereof which request recognition and fulfil the following general conditions; they should:
 - (a) apply common rules for the production of potatoes and for putting them on the market (first stage of marketing) in the fresh state;
 - (b) include in their statutes the obligation for producers who are members of groups and for recognized producer groups which are members of unions:
 - to comply with the common rules for production,
 - to put all their produce on the market through the group or union.

This obligation shall not apply, however, to products for which the producers had concluded sales contracts before joining the group, provided that the group was informed of such contracts and approved them.

- (c) provide proof of economically viable activity;
- (d) exclude, throughout their field of activity, any discrimination between Community producers or groups in respect of, in particular, their nationality or place of establishment;
- (e) include in their statutes provisions ensuring that members of a group or union who wish to give up their membership may do so only after a three year period of membership following recognition and provided they inform the group or union of their intention at least one year before they leave; Those provisions shall apply without prejudice to the national laws or regulations designed to protect, in specific cases, the group or union or creditors thereof against the financial consequences which might arise from a member leaving, and to prevent a member from leaving during the budgetary year;
- (f) have the necessary legal status or capacity according to the provisions of national legislation to be subject to rights and obligations;
- (g) include in their statutes the obligation to keep separate accounts for the activities in respect of which they have been recognized;
- (h) refrain from occupying a dominant position on the common market or on a substantial part thereof.

The authority competent to recognize producer groups and unions thereof shall be the Member State within whose territory the producer group or union has its registered office.

In order to determine the condition laid down under (h), Member States shall apply the criteria dictated by Commission practice and the case law of the Court of Justice.

4. Rules for the application of this Article, and in particular the definition of "putting on the market" for the purposes of paragraph 3 (a) and (b), and rules concerning the condition laid down in paragraph 3 (c) shall be adopted according to the procedure provided for in Article 27.

Article 8

1. Member States may grant aid to recognised producer groups for three years following the date of their recognition as laid down in Article 13 (3), to encourage their formation and to facilitate their operation. For the first, second and third years respectively, the amounts of such aid may not exceed 3 %, 2 % and 1 % of the value of the products put on ^{the market and to which the recognition refers.} / The aid must not, however, exceed during the first year 60 %, during the second year 40 % and during the third year 20 % of the administrative costs of the producer group.

The value of products marketed shall be calculated, for each year, on the basis of:

- the average output marketed by member producers during the three calendar years preceding their joining,
- the average producer prices obtained by those producers during the same period.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

Detailed rules for the application of this Article shall be laid down in accordance with the procedure provided for in Article 27.

TITLE III

Support measures

Article 9

At the beginning of each marketing year, the Commission shall draw up a forward estimate relating to the products listed in Article 1 (e) to determine the Community's requirements and resources, including foreseeable imports from and exports to non-member countries.

Article 10

1. Private storage aid may be granted to recognised producer groups in respect of a product, listed in Article 1 (e) ^{and produced in the Community} where the ^{forward} estimate for the marketing year shows that supplies of that product will considerably exceed requirements for that marketing year of that product.
2. The granting of private storage aid shall be subject to a storage declaration made by the producer group to a body designated by the Member State.
3. The amount of the aid may cover only technical storage costs and not at a fixed amount representing interest.
4. Products shall be stored for a limited period to be determined.
5. Decisions concerning the granting of private storage aid shall be taken in accordance with the procedure laid down in Article 27.

Detailed rules for the application of this Article shall be adopted in accordance with the same procedure.

Article 11

1. If, at the expiring of the storage period, marketing difficulties persist, a decision may be taken, in accordance with the procedure provided for in Article 27 and after examination of the products stored, to grant producer groups aid for the dehydration of the products stored.

2. Such aid shall be granted only on/ condition that the dehydrated product is for use as animal feed.

3. The quantities of potatoes which may be dehydrated, the price at which they shall be delivered for dehydration and the amount of the aid shall also be fixed in accordance with the procedure provided for in paragraph 1.

These provisions:

(a) must be such as to ensure that the balance of the market in dehydrated fodder will not be disturbed,

(b) must not constitute an incentive to the production of lower-quality potatoes.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 27.

TITLE IV

Trade with non-member countries

Article 12

1. In order to obviate disturbances caused by offers from non-member countries at abnormal prices, reference prices shall be fixed each year before the beginning of the marketing ^{season} for new potatoes.
2. These prices, which shall be valid for the whole Community shall be fixed for a specified period.
3. The reference prices shall be fixed:
 - on the basis of the average of producer prices in each Member State plus the amount defined in paragraph 5;
 - taking into account the average trend of market prices.
4. Producer prices shall correspond to the average of the prices recorded on the representative market or markets situated in the production areas where prices are lowest, during the three years prior to the date for fixing the reference price, for a home-grown product with defined commercial characteristics, which conform to the quality standard of Class I superior and to specified requirements as regards market preparation.

When the average of prices recorded on each representative market is being calculated, prices which could be considered excessively high or excessively low in relation to normal price fluctuations on the market shall be disregarded.
5. The amount referred to in paragraph 3 shall be based on the cost of transporting products between the production areas and the representative Community consumption centres for the marketing of home-grown products and products imported from non-member countries.

Article 13

1. The Commission shall, on the basis of information supplied by Member States or data obtained by the Commission itself, regularly follow the trend of average prices of new potatoes originatingⁱⁿ non-member countries on the most representative import markets of the Member States, for a product with defined commercial characteristics, for each origin.
2. An entry price for this product shall be calculated each market day for each origin on the basis of prices recorded at, or converted to, the wholesale/import stage.
3. The entry price for a given origin shall be equal to the lowest representative price or to the average of the lowest representative prices recorded for at least 30 % of the quantities from the origin in question which are marketed on all the representative markets for which prices are available, the following having previously been deducted from this price or these prices:
 - the customs duties in the Common Customs Tariff,
 - any countervailing charges,
 - any other import charges the incidence of which is included in the prices.
4. However, the prices of Community products shall also be used in calculating the entry price in cases where:

- large quantities of imports are involved,
- the quantities marketed at representative import markets are insignificant in relation to total imports.

The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the implementation of this paragraph.

Article 14

1. If the entry price of a product ^{originating} from a non-member country remains at least 0,5 units of account below the reference price for two consecutive market days, a countervailing charge shall be introduced in respect of the origin in question, save in exceptional circumstances. This charge shall be equal to the difference between the reference price and the average of the last two entry prices available for that origin hereinafter called the average entry price. This average entry price shall then be calculated each market day before each origin until such time as the charge is withdrawn in respect of that origin.

2. Where it would be appropriate under the foregoing provisions to apply a countervailing charge in respect of several origins for the same product and the same period, a single charge shall be applied in respect of those countries of origin unless the entry prices for one or more of those countries are abnormally low in relation to entry prices recorded for the other country or countries of origin in question. Where the same charge is applied in respect of several origins, the amount of the charge shall be equal to the difference between the reference price and the average of the average entry prices for each origin in question in accordance with the provisions of the preceding paragraph.

3. The countervailing charge, which shall be the same for all Member States, shall be levied in addition to the customs duties in force.

Article 15

1. When it is noted that during a period of five to seven successive market days entry prices for a given product from a given origin are alternately above and below the reference price, even when during two consecutive market days the entry prices are above or below the reference price without this having led to Article 14 being applied, a countervailing charge shall, notwithstanding the provisions of that Article and subject to conditions set out below, be introduced in respect of the origin concerned, save in exceptional circumstances.

The charge shall be introduced when :

- three entry prices fall below the reference price, and
- on condition that one of these entry prices is at least 0.5 unit of account below the reference price.

This charge shall be equal to the difference between the reference price and the last available entry price at least 0.5 unit of account below the reference price.

2. Article 14 (2) shall not apply to the charges introduced in implementation of paragraph 1 of this Article.

3. The countervailing charge introduced in implementation of paragraph 1 of this Article, which shall be the same for all Member States, shall be levied in addition to the customs duties in force.

Article 16

1. The charge introduced in implementation of Article 14 shall not be altered so long as:

- the variation of the factors in its calculation does not lead, after it is put into effect, to an alteration of its amount by more than 1.0 unit of account for three consecutive market days,
- the regrouping of countries of origin does not become necessary.

A decision to withdraw the charge for a given origin shall be taken when the entry price has been at least equal to the reference price for two consecutive market days. This decision shall also be taken if there are no prices in respect of that origin for six consecutive working days, except where Article 13 (4) applies, or if application of the first indent of paragraph 1 leads to the charge being fixed at zero.

2. The charge introduced in implementation of Article 15 shall be applied for six days.

It may not be withdrawn before the end of that period unless:

- the application of Article 14 (1) and, should the occasion arise, Article 13 (4) leads to the fixing of a new, higher countervailing charge,
or
- the entry price, for three consecutive market days after the charge is put into effect, is at least equal to the reference price.

Article 17

1. The following shall be determined in accordance with the procedure laid down in Article 27 :

- detailed rules for the application of Articles ^{12,} 13, 14 ~~and~~ 15 and 16
- the reference prices.

2. A decision to introduce, alter or withdraw the charge shall be taken in accordance with the same procedure.

However, between regular meetings of the Management Committee, these measures shall be adopted by the Commission. In that event they shall be valid until such time as any measures adopted in accordance with the procedure laid down in Article 27 enter into force.

Article 18

1. To the extent necessary to enable the products listed in Article 1 to be exported on the basis of quotations or prices for those products on the world market, the difference between those quotations or prices and prices in the Community may be covered by an export refund.

2. The refund shall be the same for the whole Community. It may be varied according to use or destination.

The refund shall be granted on application.

When the refund is being fixed particular account shall be taken of the need to establish a balance between the use of Community basic products in the manufacture of processed goods for export to non-member countries and the use of non-member country products brought in under inward processing arrangements.

Refund shall be fixed at regular intervals in accordance with the procedure laid down in Article 27.

Where necessary the Commission may, at the request of a Member State or on its own initiative, alter the refunds in the intervening period.

3. The amount of the refund applicable to the export of products listed in Article 1 shall be that applicable on the day of exportation.

4. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for granting export refunds and criteria for fixing the amount of such refunds.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 27.

Article 19

To the extent necessary for the proper working of the common organization of the market in potatoes, the Council, acting by a qualified majority on a proposal from the Commission, may prohibit in whole or in part the use of inward processing arrangements in respect of products listed in Article 1 which are intended for the manufacture of products listed in that Article.

Article 20

1. The general rules for the interpretation of the Common Customs Tariff and the special rules for its application shall apply to the tariff classification of products covered by this Regulation; the tariff nomenclature resulting from application of this Regulation shall be incorporated in the Common Customs Tariff.

2. Saving Community provisions to the contrary and to exceptions decided upon by the Council, acting by a qualified majority on a proposal from the Commission,

- the levying of any customs duty or charge having equivalent effect,
- the application of any quantitative restriction or measure having equivalent effect

on imports from non-member countries of the products referred to in Article 1 shall be prohibited.

TITLE V

General provisions

Article 21

Save as otherwise provided in this Regulation, Articles 92 to 94 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

Article 22

1. If, for one or more products referred to in Article 1, it appears from the forward estimates, the state of stocks or the persistence on the world or Community market of standing abnormally high prices, that the Community market is disturbed or threatened with disturbance, the appropriate measures may be taken.
2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.
3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 27.

Article 23

1. If by reason of imports or exports the Community market in one or more of the products listed in Article 1 experiences or is threatened with serious disturbances which may endanger the objectives set out in Article 39 of the Treaty, appropriate measures may be applied in trade with non-member countries until such disturbance or threat of disturbance has ceased.

The Council, acting by a qualified majority on a proposal from the Commission, shall adopt rules for the application of this paragraph and define the cases in which and the limits within which Member States may take protective measures.

2. If the situation mentioned in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the measures shall be communicated to the Member States and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within twenty-four hours following receipt of the request.

3. The measures decided upon by the Commission may be referred to the Council by any Member State within three working days following the day on which they were communicated. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measures in question.

Article 24

1. The provisions laid down by regulation on the financing of the common agricultural policy shall apply to the market in the products referred to in Article 1.
2. Fifty per cent of the aid granted by the Member States under Article 8 (1) shall be reimbursed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund.

The Council, acting by a qualified majority on a proposal from the Commission, shall adopt detailed rules for the application of this paragraph.

Article 25

1. Member States and the Commission shall communicate to each other the information necessary for applying this Regulation. Detailed rules for the communication and distribution of such information shall be adopted in accordance with the procedure laid down in Article 27.
2. Member States shall notify the Commission of provisions laid down by law, regulation or administrative action pursuant to this Regulation not later than one month after adoption thereof.

Article 26

1. A Management Committee for Potatoes (hereinafter called the "Committee") shall be established, consisting of representatives of Member States and presided over by a representative of the Commission.
2. Within the Committee the votes of Member States shall be weighted in accordance with Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 27

1. Where the procedure laid down in this Article is to be followed, the Chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within the time limit to be set by the Chairman according to the urgency of the questions under consideration. An Opinion shall be adopted by a majority of forty-one votes.
3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the Opinion of the Committee, they shall forthwith be communicated by the Commission to the Council. In that event the Commission may defer application of the measures which it has adopted for not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within one month.

Article 28

The Committee may consider any other question referred to it by its Chairman either on his own initiative or at the request of the representative of a Member State.

Article 29

The Common Customs Tariff is amended as shown in the Annex.

Article 30

Subheading 07.01 A III b) is inserted :

- in columns 1 and 3 of Annex I to Regulation (EEC) No 1439/74,
- in the Annex to Regulation (EEC) No 109/70 in respect of all the countries mentioned in that Annex.

Article 31

In Article 1 of Regulation (EEC) No 865/68 the descriptions relating to subheadings ex 07.02, ex 07.03, ex 07.04, ex 20.01 and ex 20.02 are amended as follows :

Heading number	Description
ex 07.02	Vegetables (excluding olives and potatoes), whether or not cooked, preserved by freezing
ex 07.03	Vegetables (excluding olives and potatoes) provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specially prepared for immediate consumption
ex 07.04	Dried, dehydrated or evaporated vegetables (excluding olives and potatoes), whole, cut, sliced, broken or in powder, but not further prepared

Article 32

1. Article 1 of Regulation (EEC) No 1067/74 is amended as follows:

"A common organization of the market in dehydrated fodder shall be established and shall cover the following products:

CCT Heading No

Description of goods

ex 12.10 B

Lucerne, sainfoin, clover, lupines, vetches, and similar forage products, dehydrated by artificial heat-drying, except hay and forage kale and products containing hay"

2. Article 2 is amended as follows:

"The marketing year for the products mentioned in Article 1 shall begin on 1 April of each year and end on 31 March of the following year."

Article 33

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 39 and 110 of the Treaty.

Article 34

Should transitional measures be necessary to facilitate the transition from the system in force within the Community and in Member States to that established by this Regulation, in particular if the introduction of the new system on the date provided for would give rise to substantial difficulties, such measures shall be adopted in accordance with the procedure laid down in Article 27. They shall be applicable until 31 July 1977 at the latest.

Article 35

This Regulation shall enter into force on

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

The President

Annex

Amendment to the Common Customs Tariff

In Chapter 7, paragraph 1 of the additional note and subheading 07.01 A are amended as follows:

Additional Notes

1. For the purposes of subheadings 07.01 A II a) and 07.01 A II b), "new potatoes" means potatoes harvested usually before full maturity, whose skin may easily be removed by friction.

Heading number	Description	Rate of Duty	
		autonomous % or Levy (L)	conventional %
1	2	3	4
07.01	A. Potatoes:		
	I. Seed potatoes (a)	10	9
	II. New potatoes:		
	a) From 1 January to 31 March ...	15	-
	b) From 1 April to 31 July	21	-
	III. Other:		
	a) For the manufacture of starch (a)	9	-
	b) Other	18	-

(a) Entry under this subheading is subject to conditions to be determined by the competent authorities