

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(92) 185 final

Brussels, 24 November 1992

Proposal for a

COUNCIL REGULATION (EEC)

on the common organization of the market in potatoes

(presented by the Commission)

EXPLANATORY MEMORANDUM

It is proposed that the Council adopt the draft regulation establishing a common organization of the market in potatoes.

There is a total area of 1.4 million hectares cultivated with potatoes in the Community and a total value of the marketed output of several billion ECU, which makes potatoes a major field crop. To date, no common market organization has been adopted by the Council. This has allowed Member States to continue to implement their own national regulations governing the market in potatoes.

National provisions in place range from quality standards to systems regulating the markets in a way which interferes with market forces and hampers the free flow of commodities.

With a view to the completion of the internal market in 1993, the application of very different provisions regulating the potato market in the various Member States of the Community can no longer be maintained.

It is therefore proposed that a common organization for potatoes be established, based on the following principles:

- The common market organization should not interfere with the market forces.

Only a potato market whose principal regulative is the play of supply and demand will make sure that production takes place in the most efficient way and that consumers do not have to pay unduly high prices. A common market organization shall respect this principle of a free market.

- The market position of potato growers should be improved.

Farmers growing potatoes should be given an incentive to market their produce through a producer group. By doing this, production could be better adjusted to market requirements. This serves the agricultural producer in the form of an improved income as well as the consumer in the form of increased quality.

- There should be a common approach in trade with third countries.

Imports from third countries, under normal circumstances, should not be subject to any other restriction than the Common Custom's Tariff. However, if there is a significant rise in imports which could endanger the Community market then import licenses may be requested. These licenses serve the purpose of observing the market more closely.

The cost of this proposal to be borne by the EAGGF, Guidance Section, is estimated at ECU 1.5 million.

This proposal replaces document COM (75) 690 final transmitted to the Council in 1975 (published in the Official Journal No C 61 of 17.3.1975, p. 2).

Whereas, given the special features of the market in fresh potatoes, 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 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 the competent authorities must be in a position constantly to follow trade movements in order to assess market trends and to take any measures rendered necessary thereby; whereas to this end provision should be made for a requirement to issue import licences, if the increase or risk of increase of imports from third countries justify such a requirement;

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;

Proposal for a

Council Regulation (EEC) No

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,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

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 product;

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

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 review of aids granted by Member States and the prohibition of those which are incompatible with the common market should therefore be applicable to potatoes;

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;

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

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

HAS ADOPTED THIS REGULATION:

Article 1

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

CN code	Description
a) 0701	Potatoes, fresh or chilled:
0701 10 00	- Seed
0701 90	- Other
0701 90 10	-- For the manufacture of starch
b) 0701 90 51	--- New:
0701 90 51	---- from 1 January to 15 May
0701 90 59	---- from 16 May to 30 June
0701 90 90	--- Other
c) 0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen:
0710 10 00	- Potatoes
d) 0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared:
0712 10 00	- Potatoes, whether or not cut or sliced but not further prepared
e) 1105	Flour, meal, flakes, granules and pellets of potatoes:
1105 10 00	- Flour and meal
1105 20 00	- Flakes, granules and pellets

f) 2004 other vegetables prepared or preserved otherwise than
by vinegar or acetic acid, frozen:
2004 10 - Potatoes:
2004 10 10 -- Cooked, not otherwise prepared.
2004 10 99 -- Other

g) 2005 other vegetables prepared or preserved otherwise than
by vinegar or acetic acid, not frozen:
2005 20 - Potatoes:
2005 20 90 -- Other

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.

Article 2

1. For the products listed in Article 1(1)(b) falling within CN codes 0701 90 51 and 0701 90 59 the marketing year shall begin on 1 January of each year and end on 30 June of the same year.
2. For the other products listed in Article 1(1) the marketing year shall begin on 1 July of each year and end on 30 June of the following year.

TITLE I

Producer groups

Article 3

1. For the purposes of this Regulation, 'recognized producer group' means a group of producers of potatoes in the fresh state formed on the initiative of the producers for the purpose, in particular, of:
 - 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 quality;
 - c) promotion of rationalization and mechanization of cultivation and harvesting operations in order to render production more profitable;
 - d) adoption of common rules for production,and recognized by a Member State in accordance with paragraph 3.
2. For the purposes of this Regulation, 'recognized association' means an association of recognized producer groups pursuing the same objectives as these groups and recognized by a Member State in accordance with 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 associations thereof which request recognition and fulfil the following general conditions, in that they:
 - a) apply common rules for the production of potatoes and for placing them on the market (at the first stage of marketing) in the fresh state;

b) include in their statutes the obligation, for producers who are members of a group and for recognized producer groups which are members of an association, to:

- comply with their common rules for production,
- market the whole of their production through the group or association.

This obligation shall not apply, however, to produce for which producers have concluded sales contracts before joining the group, provided that the group has been informed of the existence of such contracts and has approved them;

c) provide proof of adequate economic activity;

d) exclude, throughout the whole range of their activities, any discrimination between Community producers or groups on grounds of, in particular, nationality or place of establishment;

e) include in their statutes provisions ensuring that members of a group or association who wish to give up their membership may do so only after one year of membership following recognition and provided they inform the group or association of their intention at least three months before they leave. These provisions shall apply without prejudice to any national laws or regulations designed to protect the group or association or creditors thereof, in specified cases, against any financial consequences which might arise from a member leaving, and to preclude a member from leaving during the financial year;

f) have the necessary legal status or capacity to exercise rights and be subject to obligations in accordance with national law;

- 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 holding a dominant position on the common market or on a substantial part thereof.

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

4. Rules for the application of this Article, and in particular the definition of 'placing on the market' for the purposes of paragraph 3(a) and (b), and rules concerning the condition laid down in paragraph 3(e) shall be drawn up in accordance with the procedure laid down in Article 11.

Article 4

1. The Member States may grant aid to recognized producer organizations, in respect of the first five years following their recognition, to encourage their formation and facilitate their administrative operation. The amount of such aid:
 - shall not be more than 5%, 4%, 3%, 2% and 1% respectively of the value of production marketed within the framework of the producer organization in the first, second, third, fourth and fifth years respectively,
 - may not exceed the real cost of forming and operating the organization concerned,
 - shall be paid in annual instalments up to the end of the seventh year following recognition.

In respect of each year, the value of production shall be calculated on the basis of:

- the volume of produce actually marketed each year in accordance with the second indent of Article 3(3)(b),
- average producer prices achieved on the market.

2. Producer organizations which have been formed from organizations already largely in conformity with the terms and conditions set out in this Regulation shall be entitled to the aid referred to in this Article only insofar as they are the result of a merger of organizations designed to improve the achievement of the aims set out in Article 3.

However, in such cases aid shall only be granted in the amount of the costs of formation of the new organization (preparatory work and drawing-up of the documents of constitution and the statutes).

3. Aid shall be granted solely in accordance either with this Regulation or with Regulation (EEC) No 1360/78 on producer groups and associations thereof⁽¹⁾.
4. The aids referred to in this Article shall be notified to the Commission in a report transmitted by the Member States at the end of each budget year.

The detailed rules for the application of this Article shall be drawn up in accordance with the procedure laid down in Article 11.

(1) OJ No L 166, 23.6.1978, p. 1.

TITLE II

Trade with non-member countries

Article 5

1. The general rules for the interpretation of the Common Customs Tariff and the special rules for its application shall apply to the classification of the products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated into the Common Customs Tariff.
2. Subject to Community provisions to the contrary and to exceptions decided upon by the Council acting by qualified majority on a proposal from the Commission,
 - the levying of any charge having an effect equivalent to a customs duty,
 - 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.

Article 6

1. If the quantities of products referred to in Article 1 imported from non-member countries increase or risk to increase significantly, importation into the Community of these products may be made subject to production of an import licence issued by a Member State to any interested party making an application for such a licence, regardless of where in the Community the party is established.

Each licence shall be valid for a given import into the Community.

2. The list of products for which import licences shall be required shall be drawn up in accordance with the procedure laid down in Article 11.

The duration of the validity of import licences and the detailed rules for the application of this Article shall be laid down by means of the same procedure.

Article 7

1. Where, 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 detailed rules for the application of this Article shall be drawn up in accordance with the procedure laid down in Article 11.

2. If a situation as referred to in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures, which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within 24 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.

TITLE III

General provisions

Article 8

Save as otherwise provided in this Regulation, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

Article 9

1. The provisions of Community legislation on the financing of the common agricultural policy shall apply to the market in the products listed in Article 1.
2. Expenditure by the Member States under Article 4 shall be eligible for reimbursement from the EAGGF (Guidance Section). The Commission shall determine the rate of Community part-financing in line with the criteria and limitations set out in Article 13 of Regulation (EEC) No 2052/88 in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88.

Article 10

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 11.

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 11

1. The Commission shall be assisted by a committee composed of the representatives of the Member States and chaired by the representative of the Commission.
2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter at issue. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.
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 be communicated by the Commission to the Council forthwith. 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 the time limit referred to in the previous paragraph.

Article 12

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 13

Should transitional measures be necessary to facilitate the transition from the system in force, 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 11.

Article 14

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 15

This Regulation shall enter into force on 1 January 1993.

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

Done at

For the Council
The President

FINANCIAL STATEMENT

Proposal for a Regulation (EEC) of the Council establishing a common organization of the market in potatoes.

Section on setting-up of of producer groups

1. Budget headings (1992 nomenclature)

B2-1010: Improving agricultural structures - objective 1.

B2-1012: Objective 5a.

2. Legal Basis: Article 43 of the Treaty

3. Description of measure:

It involves encouraging the setting-up of producer groups by aid to cover the cost thereof and administration during the first five years with a view to better adjustment of production to market requirements.

The recipients are potato producers under certain conditions.

4. Classification of expenditure: NCE

5. Nature of expenditure: Community part-financing of eligible expenditure

6. Financial implications:

6.1 Calculation of total cost:

It is assumed that during the first five years of implementation of the scheme, approximately 2% of production not marketed by any organization will fall within the scope of the scheme at a cost to the Fund of about ECU 1.5 million (Community contribution: 25 %).

6.2 Indicative schedule of commitment and payment appropriations:

<u>Exercise</u>	<u>CA/PA (in million ecu)</u>	
	Total including objective 1 regions	
1992	-	
1993	-	
1994	-	
1995	0.10	p.m.
1996	0.15	p.m.
1997	0.25	p.m.
<u>Following exercises</u>	<u>1.00</u>	<u>p.m.</u>
<u>Total</u>	<u>1.5</u>	<u>p.m.</u>

Observations

On the basis of present experience it is assumed that one year will elapse between recognition of producer groups and initial expenditure at Member State level. With a reimbursement scheme, the first year of expenditure to be defrayed by the EAGGF Guidance Section will be in 1995.

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DOCUMENTS

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