COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 710 final

Brussels, 30 november 1979

CHANGES IN THE COMMON AGRICULTURAL POLICY TO HELP BALANCE THE MARKETS AND STREAMLINE EXPENDITURE.

(Communication from the Commission to the Council)

COM(79) 710 final

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EXPLANATORY MEMORANDUM

Introduction

1. The Common Agricultural Policy is and has always been a cornerstone in the construction of the Community. It ensures security of food supplies to some 260 million consumers while stabilizing agricultural markets and protecting the incomes of more than 8 million farmers. The proposals which the Commission is making are intended to strengthen the policy by making the adaptations necessary to tackle specific problems. They are not an attack on this policy which in general works well. However the imbalance between supply and demand has, especially in the milk and sugar markets, led to an inefficient use of both physical and financial resources. These surpluses together with inadequate operation of some other common market organizations (beef, processed fruit and vegetables, rye, starch) are aggravating the Community's budget difficulties and hastening it towards the existing ceiling of income from own resources.

2. The Commission, therefore, is proposing a package of measures, which will safeguard and improve the policy, especially in the face of present budgetary difficulties. The package will lead to a substantial cut in future Community expenditure. Savings resulting from the package would avoid the Community quickly exhausting its own resources. They would also permit a better balance in expenditure between the Guarantee and Guidance Sections of the Agricultural Fund.

3. The Commission considers that it must be guided by the following fundamental principles:

   - high priority must be given to bringing balance to agricultural markets, especially for milk and sugar. This should be done by increasing consumption internally and externally, where feasible, and by restraining production
   - for products in structural surplus, the cost of getting rid of future increases in production must fall on producers themselves

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- unbearable income effects for small milk producers with no alternative types of production must be alleviated
- available resources for the restructuring and development of agriculture should be concentrated on poorer farms and less developed regions.

4. The Commission's proposals include three basic elements:

   a) a milk package involving a new approach to co-responsibility which would comprise a basic co-responsibility levy and a supplementary levy related to the costs of disposal of new surpluses. The existing premiums for conversion to other lines of production would continue for a further period. The Commission also notes that a more coherent policy for animal and vegetable fats and proteins may be needed particularly in the context of enlargement;

   b) a revised régime for sugar and isoglucose with amended quotas;

   c) adaptations in the régimes for beef, rye and starch.

5. The proposed new orientation of the co-responsibility levy will ensure that the milk budget is not burdened by the cost of disposing of new surpluses. Furthermore, the proposal will put a brake on the increasing milk production and, because the supplementary levy is applied to dairies, it will allow further structural development of dairy farms. The Commission recognizes, however, that its proposal might cause socio-economic difficulties for small full-time milk producers and small dairies and intends to pursue the examination of these problems.

6. The proposal must be seen in relation to the Community's action programme for Mediterranean regions and to the Commission's recent proposals on policy with regard to agricultural structures (COM(79) 122 of 19 March 1979). These structural measures aim to concentrate resources on poorer farms and less-developed regions. The Commission has already proposed the development of beef cattle and sheep production in Italy. It also envisages actions to bring about a better balance

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in certain basic lines of production in this Member State. The Commission is also considering the possibility of supporting within existing funds the acceleration of certain national programmes concerning afforestation and irrigation.

Commission proposals

7. Consistently with the principle of co-responsibility between the Community and producers themselves where market imbalances exist, the Commission's proposals are directed to correcting such imbalances and to reducing net expenditure on the Community budget. These measures, which are described more fully in the explanatory memoranda for the proposals themselves, are

1. milk. The Commission notes that the normal co-responsibility levy foreseen for 1980/81 under Regulation (EEC) No 1271/79 would apply to all milk producers, subject only to the existing exemptions for mountain areas etc.; on current estimates of milk deliveries the rate applicable in 1980/81 will be 1.5% of the target price. In addition, the Commission now proposes that the cost of the disposal of the milk product surplus equivalent to the additional annual production of milk should be chargeable to a supplementary co-responsibility levy to be paid for the first time in 1980/81. This supplementary levy, which would be at a rate in 1980/81 of 3% of the target price (based on an increase of 2.1% in milk deliveries in 1980), would be paid by dairies which have a higher level of milk supply by comparison with the reference level (1979 deliveries less 1%). It would be paid on the volume of milk delivered to the dairy but the dairy would be free to recover the cost as it wished from its producers. This system will provide a double incentive to the dairy and to the producer himself not to increase the volume of milk. The estimated additional revenue for the Community budget from the basic co-responsibility levy in 1980/81 will be 191 million EUA. The supplementary levy is expected to provide in the same period a further 346 million EUA. The new proposals for 1980/81 would therefore increase the Community's revenue, in addition to the income from the existing levy of 0.5%, by about 537 million EUA. In the

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1980 budget period this would represent an additional revenue of 342 million EUA.

The levy system should be introduced for a period of 3 years. In order to provide an alternative for milk producers, the scheme of grants for conversion to beef and non-marketing premiums will remain in force until the end of the 1980/81 campaign with the possibility of continuing the conversion premium thereafter.

The Commission is conscious that some of the difficulties in the milk sector result from a lack of coherence in the policies for animal and vegetable fats. It is of the opinion that, at least in the context of enlargement, it will be necessary to look again at this issue. Similarly the Commission is conscious of the lack of coherence in the policies in the animal and vegetable protein sector and intends to initiate discussions with soya bean suppliers, in particular, similar to those already undertaken with manioc suppliers in view of a better balance between imported fodder and the Community milk production.

2. sugar. The Commission presents to the Council a new sugar régime to apply from 1980/81, initially for a period of five years. The proposal is again based on the principle that the cost of the disposal of surpluses - after allowing for a reasonable estimate of Community consumption and exports - would be the responsibility of producers themselves. In this case the Community continues to take responsibility for the cost of the export of white sugar corresponding to the Community's imports under preferential arrangements of about 1.3 million tonnes of sugar from A.C.P. countries.

It would have been better to abandon the quota system. Since this is not realistic, however, the Commission proposes to modify the maximum quotas by basing them on production under the existing quotas in the best two of the four last completed campaigns and applying a coefficient so that the Community total corresponds to the new production

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objective of about 10.3 million tonnes (9.5 million tonnes of Community consumption and 0.8 million tonnes of exports). The maximum quota of each enterprise is then allocated 80% to A quota and 20% to B quota. The A quota is levy free and the maximum levy in the B quota may not exceed 40% of the intervention price. A further condition is that the A quota of any enterprise may not fall to less than 90% of its existing level. The effect of these arrangements is that the total maximum quotas are close to 10.4 million tonnes.

The net cost of the new proposed régime to the Community budget will be substantially less than the present arrangements. In normal circumstances the cost of all exports will be borne by the industry itself, either because the cost will be matched by the B quota levy or because C sugar will be exported outside the financial responsibility of the Community. The only charge to the budget will be the disposal of the sugar equivalent to the sugar imports from A.C.P. countries; at current prices this might cost about 300 million EUA in export refunds. On the basis of current world market prices this proposal will reduce expenditure in the sugar sector by 132 million EUA over 12 months or by 14 million EUA in the 1980 budget period. It should, however, be noted that if world market prices were lower the savings should be correspondingly higher.

3. beef. The beef sector is not in structural surplus. On the contrary, the Community is not normally self-sufficient in beef. Nonetheless, there are features of the current support arrangements which give cause for concern both on grounds of efficiency and of budgetary cost. In particular, there has been a continuing flow of beef into intervention in some parts of the Community, even when there appears to be a strong commercial demand for the same product elsewhere or at times of the year when Community beef supplies are at their lowest. The resulting expense is unnecessary and in the Commission's view a fully satisfactory support can be provided for Community beef producers at less cost. The Commission therefore proposes -

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a) a firm commitment to establish from the next marketing year Community classification of fat cattle carcasses and to define the reference quality. This will allow the establishment for the first time of genuinely common standards for intervention

b) to fix the guide price in relation to the reference quality, dead weight

c) to make intervention available only when the Community average price for the intervention categories is at or below the intervention price

d) to abandon the national coefficients which have the effect of setting buying-in prices at varying levels in different Member States

e) under normal circumstances to suspend intervention in April - mid August and to rely at this period, if necessary, on private storage. The minimum level of savings arising from the proposals may be estimated at nearly 60 million EUA in a 12-month period. These savings will be reduced only slightly as a result of greater use of private storage during the suspension of public purchases and only in certain years, giving rise to a maximum extra expenditure of 10 million EUA. In addition to the net saving of around 50 million EUA, further savings may arise from the use of the Community average market price for eligible qualities. This reduction cannot be readily quantified.

4. cereals. The Commission proposes measures in relation to starch and to rye. It takes the view that the starch arrangements should now be corrected so that the industry can have a reasonable basis for its own medium-term planning; that the objective of fair competitive conditions between potato starch and other starches should be maintained; that the production refund and premiums for starches should be reduced by steps; and that the situation should be reviewed before the final step is decided, taking into account that a part of the output of the maize starch industry has to compete with products entering the Community at world prices. Decisions now on the refund would make the starch arrangements both more predictable and cheaper. For rye the current losses to the Community budget on sales for export from intervention stocks are excessive. The Commission,

therefore, while insisting that the intervention price should be aligned with the feed grain intervention price over a period of three years (with certain other changes intended to protect the position of rye producers), proposes that in the interim there should be a power to dispose of rye for incorporation in animal feed on the internal market at below its current intervention price level. This could be less costly for the Community budget. The proposals concerning starch would in the 1980/81 season result in a saving of about 45 million EUA and ultimately, if the subsidies were totally removed as suggested, a total of 147 million EUA would be saved. The savings resulting from the proposals on rye would be of the order of 15 million EUA in a 12-month period after 1983.

5. fruit and vegetables. The cost of this sector has risen substantially. The annual rate of increase between 1975 and 1980 is estimated at over 33%. A very large increase is expected in 1979 and 1980 as a result of the introduction of the aids for processed fruit and vegetables, particularly tomatoes. The Commission intends to make certain proposals concerning the aid for processed fruit and vegetables which will lead to a decrease of the expenditures in this sector of about 10%.

8. If all the measures described in the preceding paragraphs are adopted and once they are fully implemented, the benefit to the Community budget in a full year would be of the order of 840 million EUA by comparison with the existing arrangements.

SUMMARY TABLE OF FINANCIAL EFFECTS

A. EXPENDITURES

MEUA

Sectors and measures	Effect Budget 1980	Effect over 12 months
a	b	c
I Cereals and Starch		
1) Changes to the Rye Common Market Organisation	p.m.	- 15 (1)
2) Reduction in aid for Starch	- 16	- 147 (2)
3) Premium for produces of potatoes for starch manufacture	-	+ 16
II Milk		
- increase of 1 % in the coresponsability levy	- 122	- 191
- supplementary 3 % levy	- 220	- 346
- non-marketing and conversion premiums		
a) Guarantee	+ 16	+ 37 (3)
b) Guidance	+ 11	+ 25 (3)
III Sugar		
reform of Common Market Organisation	- 14	- 132 (4)
IV Beef and veal		
- suspension of buying between April 1 and August 15 and eventual recourse to increased private storage		
. public storage	- 58	- 58
. private storage	+ 8	+ 8
- changes to intervention system	p.m. (5)	p.m. (5)
V Processed fruit and vegetables		
- reduction of premium token entry	-	[- 35]
Total	- 395	- 838

B. RECEIPTS

	Effect on 1980 Budget	Effect over 12 months
Sugar levy		
. Production levy	-	- 20,8
. Storage levy	- 2,6	- 5,0
Total	- 2,6	- 25,8

(1) on completion of the reform ; for the 1980/81 campaign and budgets 1981 and 1982, the financial effects shall be small.

(2) on completion of the reform ; for the 1980/81 campaign the effect shall be approximately 45 MEUA.

(3) average of expenditure from 1980 to 1985 ; the total cost for the 1980/81 campaign is 368 MEUA; for the 1981 Budget expenditure shall be about 50 % of that amount (163,6 MEU

(4) to this economy due to changes in the legislation, should be added, in comparison with the 1980 Budget, an economy of amound 215 MEUA due to the readjustment of world prices Taking into consideration the sugar levies, the net cost of the sugar sector shall onl be 315,7 MEUA of which almost all corresponds to the export costs on a quantity which corresponds to preferential sugar (305 MEUA).

(5) provisionally non quantifiable.

Explanatory Memorandum

MILK CO-RESPONSIBILITY LEVY

The milk surplus continues to dominate the budget, making difficult not only the development of Community policies in other sectors but also the solution of other agricultural problems. Milk production and deliveries to dairies, following an exceptional increase in 1978, will again rise in 1979. The Commission estimates that the volume of milk delivered to dairies in 1979 will be about 2.4% above its 1978 level. In the absence of commerical markets for surplus milk the cost of storing, exporting and subsidizing within the Community the increasing volume of milk products will be heavy.

The Commission has already made clear that a rigorous milk price policy, which the Council endorsed in its decisions for 1979/80, is essential but that it intended to put forward further measures for the correction of the imbalance in the milk sector. The Commission now proposes as follows -

1. the co-responsibility levy. In fixing the co-responsibility levy for the milk year 1979/80 at 0.5% of the target price, the Council also decided that, in the event of the extension of the levy arrangements and if milk deliveries were 2% or more higher in 1979 than in 1978, the levy should be increased by one percentage point for the 1980/81 milk year. In view of the continuing milk surplus, the Commission proposes that a decision should be taken now that the co-responsibility levy should continue. Since it is expected that the volume of milk delivered to dairies will rise by more than 2% in 1979, the basic rate of co-responsibility levy should be set at 1.5% of the target price.

2. the supplementary levy. The Commission stresses that without prejudicing the main elements of the price and support system, further action is needed - if necessary, on a temporary basis - for a product in structural surplus. The Community cannot guarantee the unlimited expansion of milk production. It is necessary to re-introduce the discipline of the market for excess quantities, if a serious imbalance cannot otherwise be controlled. The further increase in milk deliveries forecast for 1980 by comparison with the reference period (1979) is equivalent by about 83,000 tonnes of butter and 166,000 tonnes of skimmed milk powder. The cost to Community funds of the disposal of these quantities, calculated from the difference between the intervention prices for butter/skimmed milk powder and the competing vegetable fat/protein prices, would be about 346 million EUA.

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The Commission is of the view that the costs associated with disposing of the extra quantities of milk delivered annually, in circumstances in which the market for milk and milk products at full market prices is at best static, should be reflected more directly in a supplementary levy, the level of which should be directly related to the costs associated with disposing of the increased quantities. In order to facilitate the achievement of this objective, it is proposed that a levy of 3% should be collected in 1980/81 from all dairies/milk buyers whose volume of milk handled in 1980 is higher than their reference level. It is recognized that the dairies/buyers can determine how this supplementary levy on their throughput would be reflected in the milk price paid to individual producers, taking into account, for example, the circumstances of young farmers who are in the process of developing their dairy enterprise.

This proposed regulation has been drawn up on the basis that, where dairies continue to increase their production above the reference level, the supplementary levy should be paid. The Commission recognizes, however, that its proposal might cause socio-economic difficulties for small full-time milk producers and small dairies. It is therefore the intention of the Commission to further examine these problems.

The levy system will be introduced for three years with provision for review.

II. MILK AND MILK PRODUCTS

a) Financial implications relating to the co-responsibility levy

i) The increase in the co-responsibility levy of 1% of the milk target price (2.14 ECU/t) will yield an increased revenue that is estimated at:

- for 12 months, assuming 88.6 million t of taxable deliveries, at 189.6 million ECU, i.e. 191.3 million EUA,
- for 1980 (i.e. for 63.6% of 88.6 million t) 120.6 million ECU, i.e. 121.7 million EUA.

ii) The introduction of the additional levy of 3% of the milk target price - assuming that about 60% of taxable deliveries would attract this levy - would lead to an increase in revenue that is estimated at:

- for 12 months, 343.5 million ECU, i.e. 346.6 million EUA
- for 1980, 218.4 million ECU, i.e. 220.5 million EUA.

b) Financial implications relating to the premiums for non-marketing of dairy herds

On the basis of present approvals under Regulation (EEC) No 1078/77, it is likely that about 450 000 cows will come under this measure during the 1980/81 marketing year.

Expenditure in respect of these animals is estimated at 348.4 million ECU, i.e. 367.8 million EUA (of which 220.7 million EUA chargeable to Guarantee and 147 million EUA to Guidance). The payments will be spread over the years 1980 to 1985; the annual averages will be as follows:

. 34.9 million ECU, i.e. 36.8 million EUA for Guarantee purposes

. 23.2 million ECU, i.e. 24.5 million EUA for Guidance.

Expenditure in 1980 is estimated at 15.1 million ECU (15.9 million EUA) for Guarantee purposes and 10.2 million ECU (10.8 million EUA) for Guidance purposes

In 1981, the proportion of these 367.8 m EUA will be increased to slightly over 50%, i.e. 163.6 m EUA of which 60% will be attributable to the Guarantee Section, and 40% to the Guidance Section.

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SUMMARY TABLE

PREMIUMS FOR THE NON-MARKETING OF MILK AND THE CONVERSION OF DAIRY HERDS

I. - Number of cows affected during marketing years 1977-78, 1978-79, 1979-80 and 1980-81 and financial years in which first payment made

1000 head

Marketing year under which premiums are granted	Total number of cows concerned	Breakdown of first payment by financial year				
		1977	1978	1979	1980	1981
1977-78	414	36.-	378.-	-	-	-
1978-79	436	-	62.-	374.-	-	-
1979-80	450	-	-	65.-	385.-	-
1980-81	450	-	-	-	65.-	385
TOTAL	1 750	36.-	440.-	439.-	450.-	385.-

II. - Breakdown of payments by financial year

million ECU

Marketing year	Total number of premiums	Total cost of premiums	Breakdown of payments by financial year								
			1977	1978	1979	1980	1981	1982	1983	1984	1985
Total expenditure											
1977-78	414	314.4	12.5	146.2	6.8	72.2	16.9	59.8	-	-	-
1978-79	436	331.1	-	24.-	147.1	11.3	70.3	19.4	59.-	-	-
1979-80	450	348.4	-	-	25.3	155.-	11.7	74.1	20.4	61.9	-
1980-81	450	348.4	-	-	-	25.3	155.-	11.7	74.1	20.4	61.9
TOTAL	1750	1342.3	12.5	170.2	179.2	263.8	253.9	165.-	153.5	82.3	61.9
of which: GUARANTEE (60%)											
1977-78		188.6	7.5	87.7	4.1	43.3	10.1	35.9	-	-	-
1978-79		198.7	-	14.4	88.3	6.8	42.2	11.6	35.4	-	-
1979-80		209.1	-	-	15.1	93.1	7.-	44.5	12.3	37.1	-
1980-81		209.1	-	-	-	15.1	93.1	7.-	44.5	12.3	37.1
TOTAL GUARANTEE		805.5	7.5	102.1	107.5	158.3	152.4	99.-	92.2	49.4	37.1
of which: GUIDANCE (40%)											
1977-78		125.8	5.-	58.5	2.7	28.9	6.8	23.9	-	-	-
1978-79		132.4	-	9.6	58.8	4.5	28.1	7.8	23.6	-	-
1979-80		139.3	-	-	10.2	61.9	4.7	29.6	8.1	24.8	-
1980-81		139.3	-	-	-	10.2	61.9	4.7	29.6	8.1	24.8
TOTAL GUIDANCE		536.8	5.-	68.1	71.7	105.5	101.5	66.-	61.3	32.9	24.8

proposal for

COUNCIL REGULATION (EEC) No

of

amending Regulation (EEC) No 1079/77 as regards the amount of the co-responsibility levy in the milk and milk products sector

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament[1],

Having regard to the Opinion of the Economic and Social Committee[2],

Whereas Council Regulation (EEC) No 1079/77 of 17 May 1977[3], as last amended by Regulation (EEC) No 1271/79[4], introduced a co-responsibility levy applicable until the end of the 1979/80 milk year affecting all quantities of milk delivered to dairies and certain farm sales of milk products;

Whereas the levy was intended to bring about a better balance on the milk market by establishing a more direct link between production and sales possibilities for milk products, in view of the scale of the public interests involved whereas it has not been possible to achieve the above aims during the period initially envisaged; whereas it is necessary, therefore, to prolong the application of the said levy;

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[1] OJ No C

[2] OJ No C

[3] OJ No L 131, 26. 5.1977, p. 6

[4] OJ No L 161, 25. 6.1979, p. 11

Whereas, in order to provide for this and to establish a more direct link between milk production and the amount of the levy applicable, Article 2(2) of Regulaltion (EEC) N° 1079/77 provides for the increase by one point of the current amount of the levy where an increase of 2% or more occurs in sales of milk by producers, by comparing the quantity sold during the 1978 calendar year with the quantity sold in the 1979 calendar year; whereas the application of this rule ent ls fixing the amount of the levy at 1.5% of the target price for milk for the 1980/81 milk year;

Whereas, following the continued increase in sales of milk by producers, the financial burdens falling on the Community as a result of this situation are still increasing; whereas it appears necessary therefore to oblige those producers who continue to increase their sales to bear some of these burdens; whereas such financial participation may be affected by the introduction of an additional levy from undertakings which purchase from producers a quantity of milk exceeding a reference/ quantity which they purchased during the 1979 calendar year,

Whereas, in the interests of the efficiency of the system, it is appropriate to provide for its application for at least three more years,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) N° 1079/77 is amended as follows:

1. Article 1(1) is replaced by the following text:

   1. During the 1980/81, 1981/82 and 1982/83 milk years a co-responsibility levy shall be due:

(a) from all milk producers on the quantities of milk delivered to an undertaking treating or processing milk

(b) from all milk producers on the quantities of milk sold in the form of the milk products referred to in Article 3(2), and

(c) from all purchasers of milk delivered by the producer to an undertaking treating or processing milk on the quantities of milk purchased from producers .

However, the levy referred to under (c) shall not be due from the purchaser who, in the calender year during which the milk year concerned begins, purchases from producers a quantity not exceeding a reference quantity; this reference quantity shall be 99% of the quantity purchased from producers during the 1979 calender year."

2. Article 2 is replaced by the following texts:

"Article 2

1. The rate of the levy shall be fixed:

   (a) at 1.5% of the target price for milk in the cases referred to in Article 1(1)(a) and (b),

   (b) at 3% of the target price for milk in the cases referred to in Article 1(1)(c), as regards the 1980/81 milk year.

2. For the 1981/82 and 1982/83 milk years, the rate of the levy referred to in Article 1(1)(c) shall be fixed in accordance with the procedure laid down in Article 43 of the Treaty, with account taken of the size of the reduction achieved and of the foreseeable future trend of milk supplies by Community producers.

3. Before the end of the 1981/82 milk year, the Commission shall submit to the Council a report on the results of the application of this Regulation and shall propose any adaptation which may be required.

3. The following paragraph 3 is added to Article 3:

"3. With regard to the levy referred to in Article 1(1)(c), due from purchasers the rules of application shall determine the method of recovery, providing in particular for:

   (a) the levying of flat-rate monthly payments,

   (b) exemption from such monthly payments of purchasers who undertake, for the calender year during which the milk year concerned begins, to limit their purchases from producers to the reference quantity referred to in the 2nd sub-paragraph of Article 1(1),

   (c) a final financial statement at the end of the milk year concerned."

Article 2

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

It shall apply from 1 April 1980.

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

Done at Brussels,   For the Council

proposal for a

COUNCIL REGULATION (EEC) No

of

amending Regulation (EEC) N° 1078/77 introducing a system of premiums for the non-marketing of milk and milk products and for the conversion of dairy herds

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1078/77 of 17 May 1977 introducing a system of premiums for the non-marketing of milk and milk products and for the conversion of dairy herds (1), as last amended by Regulation (EEC) No 1270/79 (2), and in particular Article 13 (2) thereof,

Having regard to the proposal from the Commission,

Whereas the objectives of Regulation (EEC) No 1078/77 in respect of the reduction of dairy herds have not yet been achieved; whereas it appears appropriate to extend, for the third and last time, the time limit for carrying out these measures;

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) N° 1078/77 is amended as follows:

1. The second sentence in Article 9 is hereby replaced by the following text:

"The measures provided for in this Regulation shall be applied until end of milk year 1980/81".

2. In article 13, paragraph 1, year "1980" is replaced by year "1981".

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(1) O.J. N° L 131 of 26.5.1977, p. 1
(2) O.J. N° L 161 of 29.6.1979, p. 10

Article 2

This Regulation shall enter into force on 1980.

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

Done at Brussels, For the Council

EXPLANATORY MEMORANDUM

Subject : Community policy in the sugar and isoglucose sectors from 1 July 1980

The present Community production regime in the sugar and isoglucose sectors expires on 30 June 1980 (1).

It is therefore appropriate to define the Community's future policy in these sectors taking account of acquired experience, of the known and foreseeable evolution in production, in consumption, and in the markets.

THE PRESENT REGIME

1. For sugar the present regulations comprise a prices system and a system of production quotas. The prices system for sugar provides a threshold price, a target price, regionalised intervention prices, and minimum prices for beet (also regionalised). Price levels are assured by means of import levies, export refunds, an obligation to buy into intervention, coupled with a system of reimbursement of storage costs.

   The system of production quotas takes as its starting point a basic quantity fixed for each Member State. This quantity is apportioned by the Member State between its sugar undertakings as basic quotas (or A quotas), the total of which is 9 136 000 tonnes of white sugar. To the A quota of each manufacturer is added a B quota which, for 1979/80, has been fixed at a uniform 27.5 % of the A quota. The Community's price and sales guarantee applies to A + B production but B sugar is caught by a production levy as a contribution by the producers towards the cost of disposing of surplusses. Since 1975/76 the maximum amount of this levy has been fixed at 30 % (2) of the intervention price. All production above these quotas (i.e. C sugar) must be exported by the producers at their own cost.

2. As regards isoglucose the present regulations comprise a system of production quotas coupled with a trading system. The quota system was introduced for the period 1 July 1979 to 30 June 1980 and provides for the allocation, direct to each undertaking, of an A quota. The total of such quotas is 138 819 tonnes of isoglucose expressed as dry matter. As in the sugar

(1) Article 23 of Regulation (EEC) No 3330/74 for the sugar sector, Article 8 of Regulation (EEC) No 1111/77 for the isoglucose sector.

(2) From 1968/69 to 1974/75 this maximum was 40 %.

sector, to each A quota is added a B quota fixed at a uniform 27.5 % of the A quota. Isoglucose produced above maximum quotas (A + B) must be exported to third countries at producers' own costs. The production levy applying to B quota isoglucose is equal to that proportion of the total sugar production levy which is borne by the sugar manufacturer (40%).

3. As regards imports of preferential sugar it should be recalled that Protocol No 3 remains operative for an indefinite period and cannot in any circumstances be annulled before 1 April 1982.

THE PRESENT SITUATION

4. The difficult situation today is largely the result of the shortage situation on the world and Community markets in 1973/74 and 1974/75. During those two years Community production oscillated around nine million tonnes while demand, stimulated by the internal and external shortage situation, reached 10.4 mio tonnes in 1973/74. In these circumstances the Community decided to introduce import subsidies (for 1974/75) and measures to encourage production in 1975/76 and in subsequent years (EEC prices were increased by 15 %, A quotas by 16 %, B quotas to 45 % of A quotas, etc.).

5. Following the introduction of these measures the beet farmers increased their acreage by 19 %. Nevertheless, sugar production in 1975 and 1976 remained below 10 mio tonnes because of poor yields per hectare.
But, starting in 1977, a radically-changed world market situation led to a reduction in sowings in the surplus regions in France, Germany, Denmark, and the Netherlands, because it was less profitable to grow beet for the production of sugar above maximum quotas (i.e. C sugar). In other regions where the quota levels allowed it the increase in acreage continued.

In 1977/78 and 1978/79, thanks to excellent yields, sugar production reached 11.5 and 11.8 mio tonnes respectively, i.e. around 123 % of consumption. On the basis of average yields, production in 1979/80 should have been about 10.8 mio tonnes but because of favourable weather conditions, it now looks as though it will once more be of the order of 11.7 mio tonnes.

6. At the end of 1974 it was estimated that future consumption would be around 10.4 mio tonnes, taking account of the previous trend and of the demand in 1973/74 (10.4 mio tonnes). But effective consumption fell to 9.0 mio tonnes in 1976/77 and today it has settled around 9.5 mio tonnes.

Having regard to demographic developments and to the trends in dietary habits there is really no possibility of an increase in sugar consumption. The disappointing consumption trend and the excellent beet yields in the last two crop years have led to a surplus of production over consumption in excess of 2 mio tonnes.
Moreover, if preferential imports from ACP and other countries (1.3 mio tonnes) are taken into account the Community has found itself with 3.5 mio tonnes of sugar to export to the world market.
In 1979/80 the volume of exports is likely once more to be at a very high level.

DEVELOPMENTS ON THE WORLD MARKET AND EXPENSES FALLING ON FEOGA

7. Since 1975/76 developments on the world market have paralleled those in the EEC. In each year production has exceeded consumption. Up to the end of 1976 these surplusses served to re-establish normal carry-over stocks. But in 1977/78 and 1978/79 the situation was significantly worsened by new surplusses which resulted in world stocks on 1 September 1979 of 31.3 mio tonnes (raw value), a record level representing 35% of world consumption compared with a normal level of around 24 %.

8. In November 1974 world market prices reached their highest-ever level, well above Community prices; twelve months later they were down to the Community level and they subsequently fell to about 30-40% of Community prices. The imbalance on the world market between offer and demand did not allow prices to rise to the lower limit of the price range laid down in the ISA in 1977 viz 11 cents to 21 cents per pound for raw sugar, f.o.b. Caribbean. Up to August 1979 the actual prices fluctuated between 7 cents and 9 cents per pound. These prices apply to the world market trade which covers about 18 mio tonnes (raw value). About 5 mio tonnes of this trade is in the form of white sugar and the Community's share of this is more than one half.

9. The fall in world market prices made it necessary to increase export refunds successively. These refunds reached 302 ECU/tonne (white sugar) which represents 75 % of the intervention price.
The total cost of EEC exports in 1978/79 can be broken down as follows:

1 400 000 t as surplus production of A + B sugars	423 MECU
800 000 t above the maximum quota = C sugar	0 "
Total	423 MECU
of which the contribution by the levy paid by B-sugar producers was	- 230 "
balance	193 "
1 300 000 t equivalent to ACP sugar	393 "
charged to the EEC budget	586 MECU

In the field of intervention the FEOGA costs of around 250 MECU consist largely of the reimbursements of storage costs which are financed entirely by the specific levies on producers.

10. It appears that in 1979/80, for the first time after four years of surplus, world consumption will exceed production. It is this prospect which has contributed to the recent improvement in the prices quoted on the world market. This development has, however, been mainly generated by speculation against the dollar and in favour of gold. There is no basis for interpreting this development as the first step towards a new world shortage situation. An analysis of the development of the world market since 1900 shows that in eight out of every ten years the market is characterised by excess supplies and low prices. Given that this has been valid also for each decade since 1950 there is no reason to suppose it has changed. In this context it should be recalled that virtually all national and international experts made fundamental errors of judgement in 1973/74 in forecasting that the structural deficit situation would persist up to the start of 1980s. From 1976 onwards the situation returned to one of surplus which is illustrated by the evolution in world stocks. On 31 August 1972 (before the shortfall situation) these stocks were of the order of 16,9 mio tonnes and they have now increased to 31,3 mio tonnes. At present there are more than eight mio tonnes of surplus stocks of which a substantial portion is held in exporting countries and which would be released under the provisions of the ISA when prices reach 13 to 15 cents per pound. At present

these prices are above 12 cents per pound for spot quotations and between 13 and 15 cents per pound for futures quotations. Moreover, the ISA provides that when prices exceed 15 cents per pound export quotas cease to apply. This is likely to stimulate production once more. Prices in the 13-15 cents range represent only 50-60% of Community prices which correspond to 25 cents per pound.

11. The evolution of EEC sugar exports has given rise to certain international reactions.

In this context Australia and Brazil requested that panels be set up under GATT in order to examine the consequences of this evolution which is alleged by those countries to be injurious. The panel examining the Australian request has recently drawn up its conclusions according to which, in particular, it has not been possible to prove that the Community has obtained " more than an equitable share of world export trade in sugar". This panel has also noted however "that the Community system for granting refunds on sugar exports and its application have contributed to depress world sugar prices in recent years.".

12. In the present situation on the oil market the idea has been put forward for developing beet production for subsequent processing into fuel alcohol. The energy balance of this production is, however, negative because the total amount of energy used in obtaining beet and in processing it into alcohol is significantly higher than the energy provided by the alcohol. Since this balance will probably not be reversed in the next 5 years such a use for beet is not a factor to be taken into account because of the limited duration of the system here proposed.

13. The budgetary aspects of the sugar sector represent a substantial charge, particularly it allocated on the basis of acreage grown on of the number growers.

OBJECTIVES TO BE PURSUED

14. In the light of the foregoing the present sugar policy of the Community needs to be adapted in order :

a) to establish a quantitative production plan at Community level covering 10 300 000 tonnes to which price and sales guarantees are applied. This figure is arrived at by taking into account an internal consumption of 9 500 000 tonnes, the traditional import and export trade(1 300 000 tonnes and 800 000 tonnes respectively) and the existing quota levels; the actual production could be more than 1 000 000 tonnes above or below the 10 300 000 tonnes due to variations in average yields of white sugar between 5 and 6,5 t/ha. (Even so, in a year with a poor crop, the minimum stock, the carry-forward of previous production and the preferential imports will ensure supplies to the Community);

b) to develop specialized beet and cane production for all the regions of the Community;

c) to allow for compensatory adjustment between good and poor crops;

d) to cover the losses involved in disposing of the Community's sugar surplusses by financial contributions from the producers;

e) to ensure reasonable returns to beet and cane producers;

f) not to hinder Community participation in the International Sugar Agreement;

g) to provide the conditions under which the obligations concerning the importation of preferential sugar can be respected.

MEASURES TO BE TAKEN

15. In principle a range of possible systems can be considered. They fall into two categories depending on whether they influence production by way of prices or quotas.

Systems the first category are preferable but they involve a substantial reduction in Community prices in order to control production, and the would consequently have serious effects on producer's incomes and on / production in the less-favoured areas of the Community. Nevertheless, the Commission draws particular attention to the element of price in the sugar sector with the prospect of introducing subsequently a system similar to those in the first category. Meanwhile it believes that is necessary once more to propose a production system based on quotas for a limited period, which it regards as a transitional system.

It goes without saying that a quota system in the sugar sector is inconceivable without similar provisions being applied in the isoglucose sector.

16. It should be laid down that such a system will apply to a limited number of marketing years, that quotas will be rallocated on the basis of recent actuel production and that the differentiation of price and sales guarantees between to A, B and C production will be maintained.

As regards the fixing of new quotas for sugar, it seems justifiable to take into consideration actuel production in the 1975/1976 to 1978/1979 sugar marketing years. Compared with previous sugar marketing years this production reflects in effect the greater possibilities offered by the existing basic Regulation for increased production within the quota system.

In order to exclude, at the level of undertakings,any production outturn which is likely to be challenged, it is necessary to selectfrom those four marketing years, as a basis for calculation, the A and B production of the two best years. The sum of these productions amounts,at Community level,to 11 095 000 tonnes annually. Having regard to the proposed production plan it is necessary in order to achieve the objectives mentioned under point 14, to multipliy the production of each undertaking by a coefficient of 0,9283. This adjusted production will constitute the reference production for each undertaking.

17. Furthermore,in order to ensure a relationship between the A quota and the B quota which is fair and which makes it possible at the same time to finance the expenditure involved in the disposal of surplusses, it is appropriate to adopt 80 % of the reference production as the A quota.

However, in view of the size of the reduction in quotas which would result from this new method of calculation, especially in the case of undertakings situated in the French overseas departments, the United Kingdom and Ireland, it is necessary in the interests of fairness to provide for a cut-off which limits the reduction in the new A quotas to 10 % of existing A quotas.

Taking into account this minimum of 90 % of the present A quotas, the total of new quotas would be 8 686 000 tonnes compared with the present total of 9 136 000 tonnes. The B quota for each undertaking will be equal to its reference production minus its A quota, which will represent for the Community a total of 1 708 000 tonnes as compared with 2 512 000 tonnes of present B quotas.

18. In addition, the production levy on B sugar must ensure the financing of the total losses incurred in disposing of the surplus Community production and this requires that its ceiling be raised from 30 % of the intervention price to 40 %.

19. A system of production quotas must take into consideration regional aspects and be based on data specific to each producer concerned. Consequently, it must be provided that the quotas for each undertaking shall be fixed directly by the Community. The Commission recommended such an approach in 1974 which, in fact, was adopted by the Council in 1979 in the isoglucose sector.

20. As to C sugar, it does not appear desirable to change its present status. Nevertheless, if the need clearly arises, the Commission would make further proposals for provision to carry over C sugar to the following campaign and to set it against that campaign's quota production; in these circumstances storage reimbursement would also be applied.

21. With regard to isoglucose, it is necessary to take account of the very recent origin of this industry in establishing production quotas. This warrants using as the reference production the actual production of each undertaking in the 1979 calendar year and recognizing it in total as a new A quota with the result that there will not in fact be any B quota. This has the effect of replacing the total of the present quotas (139 000 tonnes of A quota and 38 000 tonnes of B quota) by a total of new A quotas of 165 000 - 170 000 tonnes expressed as dry matter.

Since such isoglucose production is already being absorbed at the moment by the Community market, there is every reason to expect that this situation will continue in the future without this curtailing the prospects for sugar consumption in the Community.

22. Provisions for fixing quotas and for amending them subsequently, will, as in 1967 and 1974, be the subject of a specific proposal for a Council regulation. In particular this regulation will have to provide for a"margin for manoeuvre".

This margin will consist of a quantity corresponding to 10 % of the quotas initially allocated to each undertaking which can be allocated undertakings producing sugar or isoglucose in order to meet the needs of restructuring either existing undertakings or new ones.
The Commission will ensure that this margin is used in an effective manner in order to achieve the objectives and the flexibility for which it is intended.

23. Leaving aside the new provisions with regard to production quotas, a number of adjustments to other existing provisions are advisable or necessary. In particular the Commission thinks that a more free interplay should be given to the market by abolition of the regionalized intervention prices presently fixed for the French Overseas departments, Italy, United Kingdom and Ireland. The fixing of derived intervention prices superior to the basic intervention price is not necessary. In any case, the prices obtained on the markets of deficit

areas are higher than the basic intervention price taking into account transport costs.

24. The quantitative results concerning the system of quotas proposed for the sugar and isoglucose sectors, as well as an assessment of the expenditure and earnings which flow from it for the Community, are set out in the Annex.

It is apparent from these financial data that in future the expenditure constituting a net charge to the Community budget will be virtually confined to the cost of exporting a quantity of sugar corresponding to preferential imports.

TABLE 1 : Quantitative results of the sugar quota system as from the marketing year 1980/1981

(1000 t, white value)

	DK	D	F/METR.	F/DOM	IRL	I	NL	UEBL	UK	EEC
1. Average production of (A+B) sugar during the two best years(1) (1975/76-1978/79)	428	2632	3319	371	187	1531	861	780	986	11 095
2. Production plan										10 300
3. Coefficient of adjustment(2:1)										0,9283
4. Reference production (1. x 0,9283)	397	2443	3081	345	174	1421	799	724	916	10 300
5. Present A-quotas (1979/80)	328	1990	2530	466	182	1230	690	680	1040	9 136
6. New A-quotas = 80 % of reference production (4x0,8)	318	1954	2465	276	139	1137	639	579	733	8 240
7. Supplement from the minimum formula (90 % of the present A-quota)	-	-	-	143	25	42	-	33	203	446
8. New A-quotas (6. + 7.)	318	1954	2465	419	164	1179	639	612	936	8 686
9. Variation in A-quotas (8.-5.)	- 10	- 36	- 65	- 47	- 18	- 51	- 51	- 68	-104	- 450
10. B-quotas = reference production – A-quotas (4.-8.)	79	489	616	0	10	242	160	112	0	1 708
11. B-quotas as % of new A-quotas (10. : 8.)	24,8	25,0	25,0	-	6,1	20,5	25,0	18,3	-	19,7
12. Total of (A + B)-quotas (8. + 10.)	397	2443	3081	419	174	1421	799	724	936	10 394
13. Total of present quotas (5. x 1,275)	418	2537	3226	594	232	1568	880	(867)	1326	11 648
14. Total of A + B quotas as % of the production under 1 (12. : 1.)	92.8	92.8	92.8	113.0	93.0	92.8	92.8	92.8	94.9	93.7

(1) Total based on data from each undertaking concerned

ANNEX

Table 2 : QUANTITATIVE RESULTS OF THE ISOGLUCOSE QUOTA SYSTEM
AS FROM THE MARKETING YEAR 1980/1981

	tonnes, dry matter						
	Maïzena (D)	Roquettes (F)	S.P.A.D. (It)	F.R.A.G.D. (It)	Amylum (B)	Tunnel (UK)	EUR-9
1. A-quota : 1979/80	28.000	15.887	5.863	10.706	56.667	21.696	138.819
2. B-quota : (1 x 0,275)	7.700	4.369	1.612	2.944	15.583	5.967	38.175
3. TOTAL	35.700	20.256	7.475	13.650	72.250	27.663	176.994
4. Production:January-August 79	20.503	13.632	3.097	4.505	50.570	18.005	x
5. 4 extrapolated au prorata temporis for 1979 reference production	30.754	20.448	4.645	6.758	75.855	27.007	165.467
6. Supplement resulting from the "minimum" formula (90% of the present A-quota)	-	-	632	2.877	-	-	3.509
7. New A quota (5 + 6)	30.754	20.448	5.277	9.635	75.855	27.007	168.976
8. New B quota (5 - 7)	0	0	0	0	0	0	0

COUNCIL REGULATION (EEC)

on the common organisation of the markets in sugar and isoglucose

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42,43 and 227 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 basic provisions concerning the common organization of the markets in sugar and isoglucose have been amended many times since their adoption; whereas these provisions must again be thoroughly amended to take account, in particular, of the forthcoming expiry of the quota provisions for sugar and isoglucose; whereas, therefore, it is essential to redraft the basic provisions concerning these two sectors;

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 organisation of the agricultural markets which may take various forms depending on the product concerned; whereas isoglucose is a direct substitute for liquid sugar obtained from sugar beet or sugar cane; whereas, therefore, the markets in sugar and isoglucose are closely linked; whereas the situation in the Community in respect of sweeteners is characterised by structural surplusses and any Community decision relating to one of these products inevitably has repercussions on the other; whereas it is therefore appropriate to have a common organisation in the sugar and isoglucose sectors which, nevertheless, takes account of production features specific to one or the other sector;

Whereas, to ensure that the necessary guarantees in respect of employment and standards of living are maintained for Community growers of sugar beet and sugar cane, provision should be made for measures to stabilize the market in sugar and for this purpose a target price and an intervention price for white sugar, and an intervention price for raw sugar, should be fixed annually; whereas the above objective could be attained by providing for buying in by the intervention agencies at intervention prices; whereas, moreover, a compensation system for storage costs for sugar produced from beet of Community origin could serve the same purpose; whereas these price guarantees given for sugar also benefit sugar syrups and isoglucose syrups, the prices of which are based on those of sugar; whereas the basic products from which isoglucose is produced already benefit from price guarantees and intervention arrangements in the framework of the common organisation of the market in cereals.

Whereas it is necessary that these regulatory measures should provide guarantees which are fair both to manufacturers and to producers of the basic product; whereas it is therefore appropriate to fix minimum prices which manufacturers shall be obliged to pay when purchasing beet while complying, inter alia, with the rules of competition, to adopt Community outline provisions governing the contractual relations between buyers and sellers of beet, and to adopt similar provisions in respect of sugar cane producers;

Whereas the creation of Community markets for sugar and isoglucose involves the introduction of a common trading system at the external frontiers of the Community; whereas a trading system including import levies and export refunds serves to stabilize the Community market by preventing in particular price fluctuations on the world market from affecting prices for these two products ruling within the Community; whereas, therefore, provision should be made for the charging of a levy on imports from third countries and for the payment of a refund on exports to such countries which as regards sugar would, in either case, cover the difference between prices ruling inside and outside the Community when world market prices are lower than the Community prices and as regards isoglucose would ensure a certain measure of protection for the Community industry which processes this product;

Whereas, in addition to the above system, and to the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of inward processing arrangements;

Whereas, in the event of a shortage on the world market pushing up world market prices to a level higher than that of the Community prices, or in the event of difficulties in the normal supplies to the entire Community or to one of its regions, appropriate provisions should be laid down in order to avoid in good time a situation where regional surplusses are exported to third countries while an abnormal rise in Community prices makes it impossible to continue to guarantee supplies to consumers at reasonable prices; whereas, moreover, provisions should be laid down with a view to introducing a system whereby each manufacturer must hold a minimum stock, which is one of the most effective ways to achieve this objective;

Whereas, in order to help guarantee supplies to the entire Community or to one of its regions it seems advisable to lay down provisions to adopt, under certain conditions, appropriate intervention measures;

Whereas it must be made possible for the competent authorities to keep a constant watch on movements in trade with third countries in order to enable them to assess trends thereof and, where appropriate, to apply such measures provided for in this Regulation as may prove necessary; whereas, to this end, provision should be made for a system of import and export licences the issue of which is conditional upon the lodging of a deposit as a guarantee that the operation for which the licence is being requested will be carried out;

Whereas the levy system makes it possible to dispense with all other protective measures at the external frontiers of the Community; whereas, however, the common prices and levy machinery may in exceptional circumstances prove defective; whereas in such cases, so as not to leave the Community market without defence against disturbances which may arise therefrom after the import barriers which existed previously have been removed, the Community should be enabled swiftly to take all necessary measures;

Whereas in recent years sugar production has been well in excess of consumption which, contrary to expectations, has declined significantly; whereas this disappointing trend in consumption, together with an increase in sugar production enhanced by the appearance of isoglucose on the market, has led to an unacceptable imbalance and, as a result, to a significant volume of surplus production for export under a Community guarantee; whereas, thanks to an element of competition, notably in respect of sugar produced outside the basic quota, there has been, nevertheless, a significant regional specialisation within the framework of the present quota system; whereas in these circumstances, and in order to achieve a better balance between production and consumption in the Community while at the same time ensuring a fair return to sugar beet and sugar cane producers, it is appropriate to retain such a system for a limited period, with new quotas; whereas this system must be regarded as transitional;

Whereas in order to achieve these objectives other arrangements must be introduced, in particular for the allocation by the Community itself of A and B production quotas to each sugar-producing undertaking and isoglucose-producing undertaking on the basis of its production during a reference period which is uniform for all similar undertakings; whereas in respect of isoglucose the establishment of quotas must take account of the recent origin of isoglucose production in the Community; whereas for sugar it is also appropriate to maintain the other basic provisions in respect of the Community guarantees of prices and sales which are limited or withdrawn in the case of quantities manufactured over and above the basic quota depending on whether or not these quantities exceed the A quota or the B quota, and also the provisions concerning delivery contracts for beet and the rules of the carry-forward system;

Whereas the establishment of a Community market for the two sectors in question would be jeopardized by the granting of certain aids; whereas, therefore, the provisions of the Treaty which allow the assessment of aids granted by the Member States and the prohibition of those which are incompatible with the common market should be made to apply to sugar and to isoglucose;

Whereas the transition to the system established by this Regulation must be effected as smoothly as possible; whereas, to this end, certain transitional measures may prove necessary and the same need may arise at each change-over from one marketing year to the next; whereas, therefore, provision should be made for the possibility of adopting appropriate measures;

Whereas, pursuant to Articles 2 and 3 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy (1), as last amended by Regulation (EEC) No 929/79 (2), the expenses incurred by the Member States in meeting obligations arising from the application of this Regulation devolve upon the Community;

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

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(1) OJ No L 84, 28.4.1970, p.12
(2) OJ No L 117, 12.5.1979, p.1

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;

Whereas Protocol No 3 on ACP sugar annexed to the ACP-EEC Convention of Lomé signed on 28 February 1975 provides for a system of preferential imports of cane sugar into the Community; whereas the Agreements, on cane sugar, in the form of exchanges of letters between the Community and certain ACP States (3), were signed at Lomé on 28 February 1975 for the provisional implementation of the said Protocol; whereas the Council Decision of 25 February 1975 (4), as supplemented by the Council Decision of 26 March 1975 (5), extended the said system to imports of cane sugar originating in the overseas countries and territories; whereas the Agreement between the European Economic Community and the Republic of India on cane sugar (6) established a similar system for certain quantities of cane sugar originating in that country;

Whereas, pursuant to Article 1 of the said Protocol, to Article 1 of the aforementioned Decision, and to Article 1 of the Agreement with India, the implementation of these systems of preferential imports must be carried out within the framework of the common organisation of the market in sugar;

Whereas the preferential nature of these systems requires that the import levies provided for in the framework of the common organisation of the market in sugar should not apply to imports made under these systems;

Whereas Council Regulation (EEC) No 3330/74 of 19 December 1974 on the common organisation of the market in sugar (7), as last amended by Regulation (EEC) No 1396/78 (8), and Council Regulation (EEC) No 1111/77 of 17 May 1977 laying down common provisions for isoglucose (9), as last amended by Regulation (EEC) No 1293/79 (10), should be repealed,

HAS ADOPTED THIS REGULATION:

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(3) OJ No L 268, 17.10.1975, p.39
(4) OJ No L 268, 17.10.1975, p.43
(5) OJ No L 268, 17.10.1975, p.45
(6) OJ No L 190, 23.7.1975, p.36
(7) OJ No L 359, 31.12.1974, p.1
(8) OJ No L 170, 27.6.1978, p.1
(9) OJ No L 134, 28.5.1977, p.4
(10) OJ No L 162, 30.6.1979, p.10

Article 1

1. The common organisation of the markets in sugar and isoglucose established by this Regulation shall cover following products :

CCT heading No	Description of goods
(a) 17.01	Beet sugar and cane sugar in solid form
(b) 12.04	Sugar beet, whole or sliced, fresh, dried or powdered; sugar cane
(c) 17.03	Molasses
(d) 17.02 C, D II E and F	Other sugars in solid form (but not including lactose, glucose, isoglucose or malto-dextrine); sugar syrups not containing added flavouring or colouring matter (and not containing lactose, glucose, isoglucose or malto-dextrine); artificial honey, whether or not mixed with natural honey; caramel
21.07 F IV	Flavoured or coloured sugar syrups (other than lactose, glucose and isoglucose syrups)
(e) 23.03 B I	Beet pulp, cane bagasse and other by-products of sugar manufacture
(f) 17.02 D I	Isoglucose
(g) 21.07 F III	Flavoured or coloured isglucose syrups

2. For the purposes of this Regulation :

   (a) "white sugar" means sugar not flavoured or coloured and containing in the dry state 99,5 % or more by weight of sucrose as determined by the polarimetric method,

   (b) "raw sugar" means sugar not flavoured or coloured and containing in the dry state less than 99,5 % by weight of sucrose as determined by the polarimetric method,

   (c) "isoglucose" means the syrup which is obtained from glucose syrups and has a content by weight in the dry state of at least :

   - 10 % fructose, and
   - 1 % in total of oligosaccharides and polysaccharides.

Article 2

The marketing year for all the products listed in Article 1 shall begin on 1 July and shall expire on 30 June of the following year.

TITLE I

Prices

Article 3

1. A target price for white sugar shall be fixed each year. This target price shall be valid for white sugar of a standard quality, unpacked, ex-factory, and loaded on to a means of transport chosen by the purchaser.

2. Each year, before the start of the marketing year in question, the target price shall be fixed in accordance with the procedure laid down in Article 43 (2) of the Treaty.
   The Council, in accordance with the same procedure, shall determine the standard quality in respect of which that target price is valid.

Article 4

1. An intervention price for white sugar and an intervention price for raw sugar shall be fixed each year.
   The intervention price for raw sugar shall be based on the intervention price for white sugar taking account of fixed values representing the processing margin and the yield.

2. The intervention prices referred to in paragraph 1 shall apply to unpacked sugar, ex-factory, and loaded on to a means of transport chosen by the purchaser.

   They shall be valid for white sugar of the standard quality to which the target price applies and for raw sugar of a standard quality to be determined.

3. The intervention price for white sugar shall be fixed at the same time as the target price in accordance with the procedure laid down in Article 43 (2) of the Treaty.

4. The Council, acting by qualified majority on a proposal from the Commission, shall fix each year, before the start of the marketing year in question, the intervention price for raw sugar.
The Council, in accordance with the same procedure, shall determine the standard quality in respect of which this price is valid.

Article 5

1. Each year there shall be fixed:

- a minimum price for beet, and
- a minimum price for beet outside the A quota.

These prices shall apply to a specified delivery stage and a specified standard quality.

2. The minimum price for beet referred to in the first indent of paragraph 1 shall be established on the basis of the intervention price for white sugar and of fixed values representing :

- the processing margin,
- the yield,
- undertakings' receipts from sales of molasses and,
- where appropriate, the costs incurred in delivering beet to undertakings.

3. The minimum price for beet outside the A quota shall be fixed at 60 % of the minimum price for beet.

4. At the same time as the target price is fixed, and in accordance with the procedure laid down in Article 43(2) of the Treaty :

- the minimum price for beet, referred to in the first indent of paragraph 1, shall be fixed, and
- the delivery stage and the standard quality for beet shall be determined.

5. The Council, acting by a qualifed majority on a proposal from the Commission, shall fix each year, before the start of the marketing year in question, the minimum price for beet outside the A quota.

Article 6

1. Subject to Article 27 and the provisions adopted pursuant to Article 29, sugar manufacturers buying beet :

(a) suitable for processing into sugar, and
(b) intended for processing into sugar,

shall be required to pay at least a minimum price adjusted by price increases or reductions to allow for deviations from the standard quality.

2. The minimum price referred to in paragraph 1 shall correspond to :

   (a) the minimum price for beet, in the case of beet to be processed into A sugar;

   (b) the minimum price for beet outside the A quota, in the case of beet to be processed into B sugar.

3. Detailed rules for the application of this Article shall be adopted and the price increases and reductions fixed in accordance with the procedure laid down in Article 37.

Article 7

1. Agreements within the trade, and contracts concluded between buyers and sellers of beet, must conform to outline provisions to be determined, in particular as regards the conditions governing the purchase delivery and acceptance of beet and the payment for beet.

2. The conditions for purchasing sugar cane shall be governed by agreements within the trade between sugar-cane producers and sugar manufacturers.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article and, to the extent necessary, the procedures and provisions to be followed where no agreements within the trade, or contracts referred to in Article 28, exist.

Article 8

1. Storage costs in respect of :

   - white sugar,
   - raw sugar, and
   - syrups obtained prior to the crystallizing stage,

   manufactured from beet harvested in the Community shall be reimbursed at a flat rate by the Member States.

   The reimbursement for other syrups manufactured from beet harvested in the Community may be provided for.

The Member States shall charge a levy on each manufacturer of the sugars or syrups eligible for the reimbursement of storage costs.

The amount of the reimbursement shall be the same for the whole Community. The same rule shall apply to the levy.

2. Paragraph 1 shall not apply to flavoured or coloured sugars falling within heading No 17.01 nor to flavoured or coloured syrups falling within subheading 21.07 F IV of the Common Customs Tariff.

3. The amount of the reimbursement shall be fixed each year at the same time as the target price for white sugar and in accordance with the procedure laid down in Article 43 (2) of the Treaty.

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

5. The amount of the levy shall be fixed annually according to the procedure laid down in Article 37. Detailed rules concerning the application of this Article and, where appropriate, the granting of the reimbursement in respect of the syrups referred to in the second subparagraph of paragraph 1 and the determination of the syrups to which it shall apply, shall be adopted according to the same procedure.

Article 9

1. Throughout the marketing year intervention agencies designated by sugar-producing Member States shall be required, under conditions to be determined in accordance with paragraphs 6 and 7, to buy in any white and raw sugar offered to them which has been manufactured from beet and cane harvested in the Community insofar as there exist prior storage contracts between the offerors and the said agencies for the sugar in question.

   If the quality of the sugar differs from the standard quality for which the intervention price was fixed then this price shall be adjusted by means of price increases and reductions.

2. It may be decided to grant premiums for sugar in free circulation in the Community which is rendered unfit for human consumption.

3. It may be decided to grant production refunds on the products listed in Article 1(1)(a), and on the syrups listed in Article 1(1)(d) and (f), which are in free circulation in the Community and which are used in the manufacture of certain products of the chemical industry.

4. Appropriate measures shall be taken in order to permit the sugars produced in the French overseas departments to be marketed in the European regions of the Community.

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5. The Council, acting by a qualified majority on a proposal from the Commission, shall determine the general rules for the application of the preceding paragraphs and the products of the chemical industry referred to in paragraph 3.

6. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37 and shall deal in particular with :

- the minimum quality and quantity requirements on intervention,
- the price increases and reductions applicable on intervention,
- the procedures and conditions for taking-over by intervention agencies,
- the conditions for granting denaturing premiums and the amounts of such premiums,
- the conditions for granting production refunds and the amounts of such premiums.

Article 10

1. In order to help to guarantee supplies to the Community as a whole or to one of its regions the Council, acting by a qualified majority on a proposal from the Commission, shall determine the conditions under which special intervention measures may be taken where Article 18 is applied.

   Nevertheless, such measures shall not result in Community sugar manufacturers being obliged to sell sugar to intervention agencies.

2. The nature/and application of such intervention measures shall be decided upon in accordance with the procedure laid down in Article 37.

Article 11

1. The price at which intervention agencies may sell sugar shall be higher than the intervention price.

   Nevertheless, it may be decided that intervention agencies may sell sugar at a price equal to or less than the intervention price if the sugar is intended :

   - for animal feeding, or
   - for export, either in the natural state or following processing into

the products listed in Annex II to the Treaty or into the goods listed in Annex I to this Regulation.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the sale of products which have been the subject of intervention measures.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

Article 12

1. In order to ensure normal supplies to the Community as a whole or to one of its regions there shall be established a system of minimum stocks of the products to which Article 8 applies.

   This minimum stock shall be equal to a percentage, to be determined, of the A quota of each sugar-producing undertaking or to the same percentage of its production of A sugar where this is less than its A quota.

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 and, in particular, the percentage referred to in the second subparagraph of paragraph 1 shall be adopted in accordance with the procedure laid down in Article 37.

TITLE II

Trade with third countries

Article 13

1. All imports into and exports out of the Community of the products listed in Article 1 (1)(a), (b), (c), (d), (f) and (g) shall be conditional upon the presentation of an import licence or an export licence issued by the Member States to any applicant irrespective of the place of his establishment in the Community.

   Where a levy or a refund is fixed in advance the advance fixing shall be noted on the licence which shall serve as a supporting document for such advance fixing.

   The licence shall be valid throughout the Community.

The issue of a licence shall be conditional upon the lodging of a deposit which will guarantee that importation or exportation will be effected during the period of validity of the licence and which will be forfeit in whole or in part if the transaction is not effected, or is only partially effected, within that period.

2. The system provided for in this Article may be extended to the products listed in Article 1 (1)(e) in accordance with the procedure laid down in Article 37. The period of validity of licences and other detailed rules for the application of this Article, which may, in particular, lay down a time limit for the issue of licences, shall be adopted in accordance with the same procedure.

Article 14

1. Each year a Community threshold price shall be fixed for each of the following products: white sugar, raw sugar, and molasses.

2. The threshold price for white sugar shall be equal to the target price plus the costs, calculated at a flat rate, of transport from the Community area having the largest surplus to the most distant deficit area in the Community, plus an amount which takes into account the levy referred to in Article 8 for the marketing year in question. This threshold price shall apply to the same standard quality as the target price.

3. The threshold price for raw sugar shall be derived from that for white sugar, taking account of a standard processing margin and of a standard yield. It shall apply to the same standard quality as the intervention price for raw sugar.

4. The threshold price for molasses shall be fixed so that the receipts from sales of molasses may reach the level of undertakings' receipts which is taken into account pursuant to Article 5 when the minimum prices for beet are being fixed. It shall apply to a standard quality.

5. The Council, acting by a qualified majority on a proposal from the Commission, shall fix each year, before the start of the marketing year in question, the threshold prices for the products referred to in paragraph 1.

6. The standard quality of molasses shall be determined in accordance with the procedure laid down in Article 37.

For purposes other than the manufacture of sugar, partial exemption from the import levy may be allowed as a temporary measure in special cases in accordance with the procedure laid down in Article 37.

5. The levy on the products listed in Article 1 (1) (d) shall be calculated, where appropriate, as a flat rate on the basis of the sucrose content (or of the content of other sugars expressed as sucrose) of the product concerned and of the levy on white sugar.

Nevertheless, the levies applicable to maple sugar and to maple syrup falling within heading 17.02 of the Common Customs Tariff shall be limited to the amount resulting from the application of the duty bound within the GATT.

6. The levy on the products listed in Article 1 (1) (f) and (g) shall comprise a variable element and a fixed element. The variable element, per 100 kilograms of dry matter, shall be equal to one hundred times the basic import levy fixed pursuant to paragraph 5 and shall be applicable as from the first of each month.

The fixed element, per 100 kilograms of dry matter, shall be equal to one tenth of fixed element established pursuant to point B of Article 14 (1) of Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organisation of the market for cereals for the fixing of the import levy on the products falling within subheading 17.02 B II of the Common Customs Tariff.

7. Detailed rules for the application of this Article, including the margin within which the variations in the factors used for calculating the levy do not require any adjustment of the levy, shall be adopted in accordance with the procedure laid down in Article 37.

8. The levies referred to in this Article shall be fixed by the Commission.

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(1) OJ No L 281, 1.11.1975, p.1

Article 15

1. A cif price for a Community frontier corssing point shall be calculated for each of the following products : white sugar, raw sugar, and molasses. It shall be calculated on the basis of the most favourable purchasing opportunities for each product on the world market based on the price levels on that market as adjusted for any deviations from the standard quality to which the threshold price applies.

2. Where free quotations on the world market are not a factor determining the offer price and where that price is less than world market prices a special cif price calculated on the basis of the offer price and applicable solely to the imports in question shall be substituted for the cif price.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall determine the frontier crossing point concerned.

4. Detailed rules for calculating the cif prices shall be adopted in accordance with the procedure laid down in Article 37. The adjustments referred to in paragraph 1 shall be fixed in accordance with the same procedure.

Article 16

1. A levy shall be charged on imports of the products listed in Article 1 (1)(a), (b), (c), (d), (f) and (g).

2. The levies on white sugar, on raw sugar and on molasses shall be equal to the relevant threshold price minus the relevant cif price.

3. Where appropriate, the levy on raw sugar shall be adjusted according to the yield. The levy on raw sugar imported for purposes other than refining shall be the levy on white sugar if the latter is higher than the levy on raw sugar. If the levy on white sugar is higher than the levy on raw sugar then raw sugar imported for refining shall be subject to customs control on to an administrative control offering equivalent guarantees.

4. The levy on the products listed in Article 1(1)(b) shall be calculated as a flat rate on the basis both of the sucrose content of each of these products and of the levy on white sugar.

Article 17

1. The levy to be charged shall be that applicable on the day of importation.

2. Nevertheless, the levy may be fixed in advance for imports of the products listed in Article 1 (1) (a) and (c).

   In that case, the levy applicable on the day on which the application for the licence is lodged, adjusted on the basis of the threshold price in force on the day of importation, shall be applied to imports to be effected during the period of validity of the licence provided that the person concerned so requests when applying for the licence, and in any case before 13.00 hours. Any premium to be added to the levy may be fixed at the same time as the levy.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article; it shall, in particular, determine the conditions under which advance fixing can take place and the rules for fixing premiums.

4. Where the conditions referred to in paragraph 3 are fulfilled, a decision to apply the system provided for in paragraph 2 shall be taken in accordance with the procedure laid down in Article 37. Where these conditions are no longer fulfilled, the decision shall be repealed in accordance with the same procedure.

   It may be decided in accordance with the same procedure that the system provided for in paragraph 2 shall apply as a whole or in part to each of the products listed in Article 1 (1) (d).

5. Detailed rules for advance fixing of the levy shall be adopted in accordance with the procedure laid down in Article 37.

6. Premiums shall be fixed by the Commission.

7. When an examination of the market situation shows that there are difficulties due to the application of the provisions concerning the advance fixing of the levy, or that such difficulties could arise, a decision may be taken in accordance with the procedure laid down in Article 37 to suspend the application of these provisions for the period strictly necessary.

In cases of extreme urgency the Commission may, after examining the situation, decide on the basis of all the information available to it to suspend advance fixing for a maximum of three working days. Applications for licences, accompanied by applications for advance fixing lodged during the period of suspension, shall be rejected.

Article 18

1. When the whole of the Community, or one of its regions, can no longer be supplied with sugar at prices within the limit of the threshold price provision may be made for charging a levy on exports of the product in question. This levy must be introduced when the cif price of white sugar or raw sugar is higher than the corresponding threshold price.

Save as otherwise provided by the Council in accordance with the procedure laid down in paragraph 3, the levy to be charged shall be that applicable on the day of exportation.

2. When the cif price of white sugar or raw sugar is higher than the corresponding threshold price, it may be decided to grant a subsidy for imports of the product in question.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of paragraphs 1 and 2.

4. For the products listed in Article 1 (1) (b), (c), (d), (f) and (g), provisions corresponding to those of paragraph 1 and to the rules for its application may be adopted in accordance with the procedure laid down in Article 37.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

6. The levies resulting from the application of this Article shall be fixed by the Commission.

Article 19

1. To the extent necessary to enable the products listed in Article 1(1) (a), (c) and (d) to be exported, either in the natural state or in the form of goods listed in Annex I to this Regulation, on the basis of quotations or prices on the world market for the products listed in Article 1 (1) (a) and (c), the difference between those quotations or prices and prices within the Community may be covered by an export refund.

The refund for raw sugar shall not exceed the refund for white sugar.

2. A refund may be provided for the products listed in Article 1(a) (f) and (d) which are exported either in the natural state or in the form of goods listed in Annex I to this Regulation.

The level of the refund per 100 kilograms of dry matter shall be determined taking into account, in particular, the following:

(a) the refund applicable to the export of products falling within subheading 17.02 B II (a) of the Common Customs Tariff, and

(b) the economic aspects of the exports in question.

The refund to be applied shall be that valid on the day on which the export takes place. Nevertheless, advance fixing of the refund may be decided upon in accordance with the procedure laid down in Article 37.

3. 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 third countries and the use of the products of such countries brought in under inward processing arrangements.

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

The refund shall be granted at the request of the person concerned.

4. Refunds shall be fixed according to the procedure laid down in Article 37:

(a) periodically, or

(b) by means of tenders.

Where necessary, refunds which are fixed periodically may be modified in the interval by the Commission acting at the request of a Member State or on its own initiative.

5. When an examination of the market situation shows that there are difficulties due to the application of the provisions concerning the advance fixing of the refund, or that such difficulties could arise, a decision may be taken in accordance with the procedure laid down in Article 37 to suspend the application of these provisions for the period strictly necessary.

In a case of extreme urgency the Commission may, after examining the situation, decide on the basis of all the information available to it to suspend advance fixing for a maximum period of three working days. Applications for licences, accompanied by applications for advance fixing lodged during the period of suspension, shall be rejected.

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

7. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

Article 20

To the extent necessary for the proper functioning of the common organisation of the markets in sugar and isoglucose the Council, acting by a qualified majority on a proposal from the Commission, may prohibit, totally or partially, the use of inward processing arrangements in respect of:

- the products listed in Article 1 (1) (a) and (d), and,
- in special cases, the products listed in Article 1 (1) intended for the manufacture of the goods listed in Annex I to this Regulation.

Article 21

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 the products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated in the Common Customs Tariff.

2. Save as otherwise provided in this Regulation or where derogation therefrom is decided upon by the Council acting by a qualified majority on a proposal from the Commission, the following shall be prohibited:

   - the levying of any customs duty on the products listed in Article 1 (1) (a) to (d), (f) and (g),

- the levying of any charge having an effect equivalent to a customs duty, and

- the application of any quantitative restriction or any measure having an equivalent effect.

The restriction of import and export licences to a specified category of those entitled to receive them shall be one of the measures considered as having an effect equivalent to a quantitative restriction.

Article 22

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

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

2. If the situation 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 then 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 24 hours of receipt of the request.

3. The measures decided upon by the Commission may be referred to the Council by any Member State within a period of three working days following the day on which they were communicated. The Council shall act without delay. Acting by a qualified majority it may either amend or repeal the measures in question.

TITLE III

Quotas

Article 23

1. Articles 24 to 29 shall apply in the marketing years 1980/81 to 1984/85.

The Council, acting by a qualified majority on a proposal from the Commission, may extend the period of applicability of the said Articles to the two marketing years 1985/86 and 1986/87.

2. The Council shall, before 1 January 1985 (or before 1 January 1987 if the period of applicability is extended), adopt the arrangements applicable with effect from the following 1 July in accordance with the procedure laid down in Article 43 (2) of the Treaty.

Article 24

1. For each undertaking which used up its basic quota during the period from 1 July 1979 to 30 June 1980 there shall be fixed a reference production, an A quota and a B quota.

   For the purposes of this Regulation:

   (a) "A sugar" and "A isoglucose" mean any quantity of sugar or isoglucose the production of which is attributable to a specific marketing year and which is produced by the undertaking concerned within its A quota;

   (b) "B sugar" and "B isoglucose" mean any quantity of sugar or isoglucose the production of which is attributable to a specific marketing year and which is produced by the undertaking concerned outside its A quota but within the sum of its A and B quotas;

   (c) "C sugar" and "C isoglucose" mean any quantity of sugar or isoglucose the production of which is attributable to a specific marketing year and which is produced by the undertaking concerned outside the sum of its A and B quotas.

2. For each sugar-producing undertaking the reference production shall be established on the basis of its sugar production considered to be such pursuant to Regulation (EEC) No 3330/74 and obtained within the maximum quota during each of the sugar marketing years 1975/76 to 1978/79; the reference production shall be equal to the average of the recorded outputs in the two marketing years of highest production by the undertaking concerned, multiplied by the coefficient 0.9283.

   For each isoglucose-producing undertaking the reference production shall be equal to its production considered to be such pursuant to Regulation (EEC) No 1111/77 obtained during the calendar year 1979.

3. For each sugar-producing undertaking the A quota shall be equal to 80% of its reference production.

For each isoglucose-producing undertaking the A quota shall be equal to its reference production.

Nevertheless, the A quota may not be less than 90% of the basic quota applicable during the period from 1 July 1979 to 30 June 1980 for the undertaking concerned.

4. For each sugar-producing undertaking and for each isoglucose-producing undertaking its B quota shall be equal to its reference production minus its A quota.

5. The Council, acting by a qualified majority on a proposal from the Commission, shall fix for each undertaking concerned the reference production, the A quota and the B quota, referred to in paragraph 1, and shall adopt general rules for amending these quotas.

6. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

Article 25

1. C sugar and C isoglucose may not be disposed of on the internal market and must be exported in the natural state before 1 January following the end of the marketing year in question. Articles 8, 9, 18 and 19 shall not apply to this sugar and Articles 18 and 19 shall not apply to this isoglucose.

   Exceptionally, however, if necessary to guarantee the Community's sugar supplies, it may be decided that Article 18 shall be applicable. In that case it shall be recorded at the same time that the whole of the quantity of the sugar in question may finally be disposed of on the internal market without the amount laid down in paragraph 2 being levied.

2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

   These rules shall provide, in particular, for a charge to be levied on the quantity for export referred to in paragraph 1 in respect of which proof of export in the natural state within the prescribed period was not furnished before a date to be determined.

Article 26

1. The Member States shall impose a production levy on manufacturers of B sugar and of B isoglucose.

2. The production levy shall be calculated per unit of weight by dividing the total losses incurred in disposing of surplus Community production by the whole of the production of B sugar and B isoglucose. When recording surplus production account shall be taken of the production of A sugar and B sugar and of A isoglucose and B isoglucose, on the one hand, and of the Community's internal consumption, on the other. The Community's internal consumption, as well as the period to which it shall refer, shall be determined.

   When making the calculation referred to above the total losses shall be reduced,where appropriate,by the amount of the export levies.

3. Nevertheless, the production levy may not exceed an amount equal to 40% of the intervention price for white sugar valid during the marketing year in question.

4. When the amount of the production levy is less than the amount referred to in paragraph 3, sugar manufacturers shall be required to pay to the beet sellers concerned 60% of the difference between these two amounts.

   The amount to be paid per tonne of beet shall be fixed for the standard quality.

   The price increases and reductions referred to in Article 6 shall apply to this amount.

5. Sugar manufacturers may require cane sellers to reimburse 60% of the production levy in respect of a quantity of cane corresponding to the quantity of sugar on which the production levy is charged.

6. The Member States shall satisfy themselves, on the basis of information supplied by sugar manufacturers, that the payment for beet and the sum of the reimbursements made by cane sellers to manufacturers comply with the relevant Community provisions.

7. Detailed rules for the application of this Article shall be adopted, and the amount referred to in the second subparagraph of paragraph 4 shall be determined, in accordance with the procedure laid down in Article 37.

Article 27

1. Sugar manufacturers may buy beet intended for the production of C sugar by the undertaking concerned at a price which is lower than the minimum price for beet referred to in Article 5 (1).

2. Nevertheless, in respect of the quantity of beet purchased corresponding to the quantity of sugar:

- disposed of on the internal market pursuant to the second subparagraph of Article 25 (1)

or

- carried forward to the following marketing year pursuant to Article 29,

the sugar manufacturers concerned shall, where appropriate, adjust the purchase price so that it is at least equal to the minimum price referred to in the first indent of Article 5 (1).

Article 28

1. In contracts for the delivery of beet for the manufacture of sugar, beet shall be differentiated according to whether the quantities of sugar to be manufactured from it are:

   (a) within the A quota;

   (b) within the B quota, or

   (c) represent C sugar.

   For each undertaking, sugar manufacturers shall inform the Member State in which the undertaking concerned produces sugar of the following:

   - the quantities of beet referred to under (a) for which pre-sowing contracts were signed and the sugar content on which these contracts were based, and

   - the corresponding estimated yield.

The Member States may require additional information.

2. Notwithstanding Article 6 (2) (b) and Article 27 (1), any sugar manufacturer who has not signed pre-sowing delivery contracts for a quantity of beet equal to the A quota at the minimum price for beet referred to in the first indent of Article 5 (1) shall be required to pay this minimum price for all beet processed into sugar in the undertaking concerned.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of paragraph 1.

4. Detailed rules for the application of this Article, and, where appropriate, the criteria to be observed by manufacturers when dividing between beet sellers the beet quantities to be covered by pre-sowing contracts within the meaning of paragraph 1, shall be adopted in accordance with the procedure laid down in Article 37.

Article 29

1. Each undertaking shall be free to decide to carry forward the whole or part of its production which is outside its A quota to the next marketing year to be treated as part of that year's production.

2. Each undertaking which takes the decision to carry forward referred to in paragraph 1 shall:

   - inform the Member State concerned, before 1 March, of the quantity being carried forward, and

   - undertake to store this quantity during the period 1 March to 28 February of the following year; for this period storage costs shall be reimbursed pursuant to Article 8.

   Nevertheless, for the undertakings situated in the French departments of Guadaloupe and Martinique 1 March in the first indent of the first subparagraph shall be replaced by 1 May, and the period 1 March to 28 February in the second indent of the same subparagraph shall be replaced by the period 1 May to 30 April of the following year.

   If an undertaking's production, as finally established, in the marketing year concerned was less than the estimate made when the decision to carry forward was taken then the quantity carried forward may, before 1 August of the next marketing year, be adjusted retroactively.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 37.

   These rules shall provide for a charge to be levied on any sugar consisting the quantity referred to in the second indent of paragraph 2 which is disposed of during the prescribed period of storage.

   That decision shall be irrevocable.

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TITLE IV

Preferential imports

Article 30

Articles 31 to 33 shall apply to cane sugar, raw or white, hereinafter referred to as "preferential sugar", which falls within heading 17.01 of the Common Customs Tariff, which originates in the states, countries and territories listed in Annex II, and which is imported into the Community pursuant to:

(a) Protocol No 3 on ACP sugar annexed to the ACP-EEC Convention of Lomé, signed on 28 February 1975, and the Agreements, on cane sugar, in the form of exchanges of letters between the Community and certain ACP States signed at Lomé on 28 February 1975 for the provisional implementation of the said Protocol;

(b) the Council Decision of 25 February 1975 on imports of cane sugar originating in the overseas countries and territories, as supplemented by the Council Decision of 26 March 1975; and

(c) the Agreement between the European Economic Community and the Republic of India on cane sugar.

Article 31

Where the quality of preferential sugar purchased by intervention agencies or by other agents appointed by the Community deviates from the standard quality the guaranteed prices shall be adjusted by means of price increases and reductions.

Article 32

1. The levy referred to in Article 16 shall not apply to imports of preferential sugar.

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2. The prohibitions referred to in Article 21 (2) shall not be derogated from in any circumstances in respect of preferential sugar.

Article 33

1. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Title and, in particular, those for the implementation of the texts referred to in Article 30.

2. Detailed rules for the application of this Title shall be adopted in accordance with the procedure laid down in Article 37.

TITLE V

General provisions

Article 34

Provisions necessary to prevent the market in sugar being disturbed as a result of an alteration in price levels at the changeover from one marketing year to the next may be adopted in accordance with the procedure laid down in Article 37.

Article 35

The Member States and the Commission shall communicate to each other the information necessary to implement this Regulation.

Rules for communicating and distributing this information shall be adopted in accordance with the procedure laid down in Article 37.

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Article 36

1. A management committee for sugar (hereinafter called 'the Committee') shall be established, consisting of representatives of the Member States and presided over by a representative of the Commission.

2. Within the Committee the votes of the Member States shall be weighted in accordance with Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 37

1. When 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 a 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 41 votes.

3. The Commission shall adopt measures which shall apply immediately.

Nevertheless, if these measures are not in accordance with the Opinion of the Committee, they shall forthwith be communicated to the Council by the Commission. 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 38

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 39

Goods listed in Article 1 (1) which are manufactured or obtained from products to which Article 9 (2) and Article 10 (1) of the Treaty do not apply shall not be admitted to free circulation within the Community.

Article 40

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 (1).

Article 41

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

Article 42

Should transitional measures be necessary to facilitate transition to the system 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 37. They shall be applicable until 30 June 1981 at the latest.

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Article 43

The Common Customs Tariff shall be amended as follows:

Heading number	Description	Rate of duty: Autonomous % or levy (L)	Rate of duty: Conventional %
17.02	Other sugars in solid form; sugar syrups, not containing added flavouring or colouring matters; artificial honey, whether or not mixed with natural honey; caramel:		
	....		
	B. Glucose and glucose syrup; malto-dextrine and malto-dextrine syrups:		
	I. Glucose and glucose syrup containing, in the dry state, 99 % or more by weight of the pure product (a):		
	(a) glucose in the form of white crystalline powder, whether or not agglomerated	25 (L)	-
	(b) other	25 (L)	-
	II. Other:		
	(a) in the form of white crystalline powder, whether or not agglomerated	50 (L)	-
	(b) other	50 (L)	-
	....		
21.07	Food preparations not elsewhere specified or included:		
	F. Flavoured or coloured sugar syrups:		
	II. of glucose and of malto-dextrine...	67 (L)	

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Article 44

1. This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

2. It shall apply with effect from 1 July 1980 with the exception of Article 42, which shall apply immediately upon the entry into force of this Regulation, and of Articles 7, 24 and 28 which shall apply with effect from the same date for production in the 1980/81 marketing year.

3. Regulations (EEC) No 3330/74 and (EEC) No 1111/77 shall be repealed with effect from 30 June 1980.

4. Citations and references to Regulations (EEC) No 3330/74 and (EEC) No 1111/77 contained in the Acts adopted in implementation of those Regulations must be understood as references to this Regulation.

Citations and references to Articles of the said Regulations are to be read in conjunction with the table of equivalence given in Annex III to this Regulation.

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

Done at Brussels, For the Council

ANNEX I

CCT heading No	Description
13.03	Vegetable saps and extracts; pectic substances, and pectates, agar-agar and other mucilages and thickeners, derived from vegetable products : C. Agar-agar and other mucilages and thickeners, derived from vegetable products : ex III. Other : Carrageenan
17.04	Sugar confectionnery, not containing cocoa : B. Chewing gum C. White chocolate D. Other
18.06	Chocolate and other food preparations containing cocoa
19.02	Malt extract; preparations of flour, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50 % by weight of cocoa : B. Other
19.05	Prepared foods obtained by the swelling or roasting of cereals or cereal products (puffed rice,corn flakes and similar products)
19.08	Pastry, biscuits, cakes and other fine bakers wares, whether or not containing cocoa in any proportion
ex 21.02	Extracts, essences or concentrates, of coffee, tea or maté and preparations with a basis of those extracts, essences or concentrates
21.04	Sauces; mixed condiments and mixed seasonings
ex 21.07	Food preparations not elsewhere specified or included with the exception of flavoured or coloured sugar syrups, falling within subheading 21.07 F
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.07
22.06	Vermouth,and other wines of fresh grapes flavoured with aromatic extracts

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CCT heading No	Description
22.09	Undenarured spirits of an actual alcoholic strength by volume of 80 % or more; liqueurs and other spirituous beverages; compound alcoholic preparations (know as "concentrated extracts") for the manufacture of beverages: C. Sprituous beverages : V. Other
29.04	Acyclic alcohols and their halogenated, suphonated, nitrated or nitrosated derivatives : C. Polyhydric alcohols : II. D - Mannitol (Mannitol) D - Glucitol (Sorbitol)
29.15	Polycarboxylic acids and their anhydrides, halides, peroxides and peracids, and their halogenated, sulphoneted, nitrated or nitrosated derivatives : A. Acyclic polycarboxylic acids : ex V. Other : - Itaconic acid and its salts and esters
29.16	Carboxylic acids with alcohol, phenol, aldehyde or kertone function and other single or complex oxygen-function carboxulic acids and their anhydrides, halides, peroxides and peracids, and their halogenated, sulphonated, nitrated or nitrosated derivatives: A. Carboxylic acids with alcohol function : I. Lactic acid and its salts and esters IV. Citric acid and its salts and esters ex VIII. Other : - Glyceric acid, glycolic acid, saccharic acid, isosaccharic acid, heptasaccharic acid, their salts and esters
29.35	Heterocyclic compounds; nucleic acids : ex Q. Other : - Intermediate products from the chemical transformation of penicillin into antibiotics falling within subheading 29.44 A or C

CCT heading No	Description
29.38	Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent : B. Vitamins, unmixed, whether or not in queous solution : ex II. Vitamin B_{12} IV. Vitamin C
29.43	Sugars, chemically pure, other than sucrose, glucose and lactose; sugar ethers and sugar esters, and their salts, other than products of heading Nos 29.39, 29.41 and 29.42: ex B. Other : - Levulose and its salts and esters
29.44	Antibiotics : A. Penicillins C. Other antibiotics
30.03	Medicaments (including veterinary medicaments): A. Not put up in forms or in packings of a kind sold by retail : II. Other : a) Containing penicillin, streptomycin or their derivatives: 1. Containing penicillin, or its derivatives :. ex b) Containing antibiotics or derivatives thereof with the exception of those falling under a)
38.19	Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included : Q. Foundry core binders based on synthetic resins T. D - Glucitol (Sorbitol), other than that falling within subheading 29.04 C III ex U. Other : - Cracking products of D - Glucitol (Sorbitol)
39.06	Other high polymers, artificial resins and artificial plastic materials, including alginic acid, its salts and esters; linoxyn : ex B. Other : - Dextrans - Heteropolysaccharides

ANNEX II

States, countries and territories referred to in Article 30

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Guyana
India
Jamaica
Kenya
Madagascar
Malawi
Mauritius
People's Republic of the Congo
St. Kitts-Nevis-Anguilla
Surinam
Swaziland
Tanzania
Trinidad and Tobago
Uganda

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SUGAR

a) Financial implications regarding expenditure

The new quota system would reduce foreseeable production under the A and B quotas combined by 437 000 t (10 355 million t instead of 10 792 million t).

Over 12 months this would cut foreseeable expenditure on export refunds by 100.5 million ECU, or 102.4 million EUA (505 million instead of 607.4 million EUA).

After the reform and over a 12 months period the cut in intervention expenditure would come to about 35 million EUA, which would be partially offset by the new item of expenditure - transport of DOM sugar - amounting to about 5 million EUA.

In all, the reduction in expenditure over 12 months and after the reorganization would be about 132 million EUA (755 million EUA instead of 887 million EUA).

For the 1980 financial year the total reduction is estimated at about 14 million EUA.

b) Financial implications regarding levies

In the present situation, although they raise the maximum production levy from 30 to 40% of the intervention price, the new rules would result in a slight decrease in production levies over the marketing year: about 21 million EUA (200 million instead of 221 million EUA); they would also reduce the storage levy, by about 5 million EUA over 12 months, as expenditure on storage decreased.

The decrease in revenue over the marketing year would thus amount, in the present situation, to about 26 million EUA (439 million instead of 465 million EUA);

For the 1980 financial year the reduction in levies would amount to about 3 million EUA.

The table ------------------ gives the detailed figures for the present and the new system.

Taking account of the levies, the cost of the sugar programme would be approximately 316 m EUA the greater part of which represents the cost of export refunds on quantities corresponding to preference sugar.

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EFFECTS OVER 12 MONTHS IN SUGAR SECTOR

		Commission proposal		Status quo	
	a	b 1	b 2	c 1	c 2
EXPENDITURE	Refunds	495.7 (1) million ECU	505.0 million EUA	596.2 (2) million ECU	607.4 million EUA
	Intervention				
	Denaturing	3.1	3.3	3.1	3.3
	Chemical industry	- (a)	- (a)	3.9	4.1
	Reimbursement of storage costs:				
	- Community	237.5 (3)	238.7	247.6 (4)	248.9
	- ACP countries	-	-	10.1 (5)	10.1
	Public stocks	2.4	2.4	2.4	2.4
	OD sugar:				
	- differential amount		-	6.2	6.1
	- refining subsidy		-	4.4	4.3
	- transport	5.4 (6)	5.3	-	-
	Total intervention	248.4	249.7	277.7	279.2
	GRAND TOTAL	744.1	754.7	873.9	886.6
CONTRIBUTIONS	Contributions towards production	196.7 (7)	200.3	217.0 (8)	221.1
	Contributions towards storage costs				
	- Community sugar	237.5 (11)	238.7	234.8 (9)	236.0
	- ACP sugar	-	-	7.7 (10)	7.7
	TOTAL	434.2	439.0	459.5	464.8

(1) 2 155 000 t at 230 ECU/t
(2) 2 592 000 t at 230 ECU/t
(3) 10 355 000 t x 6.2 months x 3.7 ECU/t/month
(4) 10 792 000 t x 6.2 months x 3.7 ECU/t/month
(5) 1 300 000 t 2.1 months x 3.7 ECU/t/month
(6) 300 000 t x 18 ECU/t
(7) 1 708 000 t x 115.1 ECU/t ; 115.1 ECU/t = $\frac{\text{(prod."A+B"} - \text{consump.)} \times \text{refund rate}}{\text{production "B"}}$ $= \frac{(10\,355\,000 \text{ t} - 9\,500\,000 \text{ t}) \times 230 \text{ ECU/t}}{1\,708\,000 \text{ t}}$
(8) 1 760 000 t x 123.3 ECU/t ;
(9) 10 792 000 t x 21.76 ECU/t ; 123.3 ECU/t = 30 % of intervention price (white sugar) = 0.3 x 410.9 ECU/t.
(10) 1 300 000 t x 5.92 ECU/t.
(11) 10 355 000 t x 6.2 months x 3.7 ECU/t/month
(a) for 1980/81, expenditure will be 2/3 the amount entered under status quo.

Beef and veal

EXPLANATORY MEMORANDUM

1. The objective of this proposal is to fix a guide price applicable to carcases of adult bovine animals of a very specific category on the basis of a Community grading scale, in order to take account of the development of marketing systems in the Community, moving from the marketing of live slaughtering animals towards direct marketing in the form af carcases. This development is particularly apparent in the case of animals fattened solely for the production of beef and veal. At the same time, this proposal will serve as an encouragement by providing better support for better quality production.

   The introduction of a Community scale will also make possible standardization of national scales for the grading of carcases, whether already existing or in the process of being worked out.

2. The new provisions relating to intervention should improve the efficiency of the intervention system by providing the same level of price support as between one region and another of the Community and thereby making it standard throughout the Community.

   Intervention buying-in will be fixed solely for qualities defined according to the Community scale; triggering and stopping of this buying-in must be decided at Community level.

3. Moreover, it is advisable to provide for the suspension of buying-in between 1 April and 15 August in order to take account of the seasonal rise in market prices and if necessary, to re-establish these prices.

   It is envisaged that the measures for private storage aid could be decided on especially during the period of the year when intervention buying-in is suspended and, if need be, also for other qualities offered on the market.

4. In order to avoid undersirable consequences for the system of trade with non-member countries, it is necessary to provide for the adjustment of the new guide price applicable to slaughtered adult bovine animals to existing price components in calculating the levy.

5. The possibility of adopting transitional measures is provided for in order to facilitate the implementation of the new system.

6. The system of interventionbuying-in should ensure that in the future greater benefit is derived from quality meat marketed by producers specializing in beef and veal production only. The Commission will undertake to take this factor into consideration in applying the system and particularly in the choice of intervention categories. In addition, the Commission considers it desirable to use the management mechanisms, in particular export refunds for yong bovine animals, in order to support the incomes of the producers.

proposal for
COUNCIL REGULATION (EEC) No
of
amending Regulation (EEC) No 805/68 on the common organization of the market in beef and veal

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament (1),

Having regard to the Opinion of the Economic and Social Committee (2),

Whereas Council Regulation (EEC) No 805/68 [3)], as last amended by Regulation (EEC) No 425/77 [4)], introduced arrangements to stabilize the market in beef and veal based on a guide price intended to ensure a fair standard of living for the agricultural population concerned; whereas the development of the marketing system for beef and veal makes it advisable to fix a guide price applicable to meat from slaughtered adult bovine animals of a standard quality to be defined according to a Community scale for grading the carcases of such adult bovine animals;

Whereas the fixing of such a scale should make for improved transparency on the beef and veal market and the application of uniform intervention measures for the Community, by more effectivety encouraging the production of quality meat;

(1) OJ No C
(2) OJ No C
(3) OJ No L 148, 28.06.1968, p.24.
(4) OJ No L 61, 05.03.1977, p. 1.

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Whereas intervention measures consisting of the buying-in by intervention agencies of the qualities defined according to the Community scale must be adapted to the normal seasonal trend of supply on the Community market; whereas it is appropriate, moreover, to enable the private storage aid measures to be reinforced, since it is these measures with least affect the normal marketing of products and since they are capable of providing market support, by limiting buying-in by the intervention agencies; whereas, for the purpose of applying the intervention measures, it is appropriate to use a threshold for triggering and terminating these measures at Community level;

Whereas it is appropriate to proceed in such a way that these new provisions do not have infavourable consequences for the application of the system of trade with non-member countries;

Whereas this Regulation must be implemented in the best possible circumstances; whereas, therefore, transitional measures may prove necessary in order to facilitate this implementation;

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 805/68 is hereby amended in accordance with this Regulation.

Article 2

Article 3 is replaced by the following text:

"Article 3

1. There shall be fixed annually, before 1 August for the marketing year beginning the following year, a guide price applicable to meat of the domestic bovine species, presented in carcases or half-carcases, hereinafter termed "slaughtered adult bovine animals", of a standard quality defined according to the Community scale for the grading of carcases of adult bovine animals.

2. This price shall be fixed with account taken especially of:

   a) development prospects for the production and consumption of beef and veal;
   b) the market situation in milk and milk products;
   c) experience gained.

3. In accordance with the procedure laid down in Article 43 (2) of the Treaty,

   - the guide price shall be fixed,
   - the standard quality of slaughtered adult bovine animals shall be determined

4. The Council, acting by a gratified majority on a proposal from the Commission, shall determine the Community scale for grading the carcases of adult bovine animals."

<u>Article 3</u>

Article 5 is replaced by the following text:

"<u>Article 5</u>

1. The intervention measures taken to avoid, or mitigate the effects of, a substantial fall in prices shall consist of:

   a) private storage aid,
   b) buying-in by the intervention agencies.

2. The intervention measures referred to in paragraph 1 sous b) may be taken in respect of fresh or chilled meat from adult bovine animals originating in the Community presented in carcases, half-carcases, compensated quarters, fore- or hindquarters, classified according to the scale provided for in Article 3(1).

3. The Council, acting by a qualified majority on a proposal from the Commission, may alter the list of the products which are referred to in paragraph 2."

Article 4

Article 6 is replaced by the following text:

"Article 6

1. The intervention price for slaughtered adult bovine animals of the standard type, hereinafter termed "intervention price", shall be 90% of the guide price.

2. When the Community market price for slaughtered adult bovine animals referred to in Article 3 (1), established on the basis of the prices ascertained in each Member State on the representative markets of the Community weighted by coefficients expressing the relative size of herd numbers in each Member State, stands, for a period to be determined, at a level lower than the intervention price, intervention measures shall be decided on.

3. Intervention measures shall be suspended when the Community market p.ice is, for a period to be determined, higher than the intervention price.

Article 5

The following articles are inserted:

"Article 6a

1. Where the conditions laid down in Article 6 (2) are fulfilled,

- during the part of the marketing year running from 16 August to 31 March, the intervention agencies designated by the Member States hall buy-in the meat referred to in Article 5 (2),
- during the period of the marketing year running from 1 April to 15 August, buying-in shall be suspended.

However, if the market situation so requires, buying-in may be resumed in accordance with the procedure laid down in Article 27.

2. The maximum buying-in prices for the various products referred to in Article 5(2), to which buying-in relates, shall be derived from the intervention price with account taken of their grading in the Community scale.

3. Only the meat referred to in Article 5 (2) from categories of adult bovine animals of a meat yield higher than 53% may be bought in.

Article 6b

1. The private storage aid referred to in Article 5(1)(a) may be decided on throughout the duration of the marketing year.

2. The private storage aid may be granted in respect of fresh or chilled meat from adult bovine animals originating in the Community presented in carcases, half-carcases, compensated quarters, fore-or hindquarters.

Article 6c

1. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for applying Article 6 - 8.

2. In accordance with the procedure laid down in Article 27:

   a) the intervention measures referred to in Article 5(1)(a) and Article 6(1), second line shall be decided on
   b) the products to which buying-in relates as well as the maximum and minimum prices to be applied, and the products in respect of which private storage aid is granted shall be determined.
   c) the other rules for applying Articles 6-8 shall be adopted."

Article 6

The following Article 9 a is inserted:

"Article 9a

1. For the purpose of applying Articles 1o - 12, the guide price specified in Article 3 shall be mulitplied by a coefficient representing the mean relationship in the Community between live animals and fresh meat.

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2. The rules for applying this Article shall be adopted in accordance with the procedure laid down in Article 27."

Article 7

Where transitional measures are necessary in order to facilitate the implementation of this Regulation, such measures shall be adopted in accordance with the procedure laid down in Article 27 of Regulation (EEC) No 805/68. They shall apply until 31 December 1980.

Article 8

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

It shall apply as from the beginning of the 1980/81 marketing year.

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

Done at Brussels, For the Council

BEEF AND VEAL

a) Fixing a guide price for carcases and drawing up a Community grading scale, and suspending buying-in within the Community when the weighted price in the Community for slaughtered beef cattle, based on prices recorded in each Member State, exceeds the intervention price, are ways of opening up the Community market which should bring about greater market fluidity and reduce the need for intervention.

These measures are likely to reduce expenditure, but the extent of the economy cannot be assessed at present.

b) Suspending buying-in from 1 April to 15 August and making use of private storage if necessary would bring about a reduction in buying-in and consequently reduce expenditure on public storage; as against that it could in certain years cause an increase in the quantities qualifying for private storage aid, during the period when public buying-in was suspended, with a concomitant increase in expenditure.

The reduction in public buying-in is estimated at some 60 000 t and should bring about the following savings:

- for 12 months: 56.1 million ECU or 57.9 million EUA
- for the 1980 financial year: 56.1 million ECU, or 57.9 million EUA

The increased quantity which might qualify for private storage aid can be assessed at some 15 000 t and this would probably involve the following expenditure:

- for 12 months: 7.7 million ECU, or 7.8 million EUA
- for the 1980 financial year: 7.7 million ECU, or 7.8 million EUA

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EXPLANATORY MEMORANDUM

Subject : Amendment to Council Regulation (EEC) Nº 2727/75 and associated measures in respect of rye.

I. The object of the existing Community market organization for cereals ("Silo" system) is to make for free competition between cereals which are in competition for the same utilisation (common wheat, rye, barley and maize). The object of such competition is to obtain the best economic return (consumer interest), financial yield (taxpayers' interest) and social benefit (producer guarantee). At Community level, this competition takes place between the common single intervention price (guarantee) and the threshold price (protection).

The fact that this system presents, for guarantee purposes, an intervention price for rye higher than that for common wheat, barley or maize means that rye is increasingly sent to intervention. This takes place at the expense of its main use in animal feed, both at the farm and on the market.

At present (1979/80), this difference represents 10.65 ECU/t, the difference between the intervention prices for rye and other fodder cereals (159.82 - 149.17 ECU/t).

The result of all this is as follows.

1. Increasing deliveries of rye to intervention, in spite of relative stability in the surface used for producing this cereal within the Community :

1976/77	28 030 t
1977/78	396 302
1978/79	459 477

At the beginning of 1979/80, intervention stocks of rye in the EEC amounted to 422 000 tonnes, including 415 000 tonnes in the Federal Republic of Germany. The latter may be broken down into :

134 500 tonnes of bread-making quality	(32.5 %)
280 500 tonnes of fodder quality	(67.5 %)

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2. Incentives for the production of this cereal in Member States other than those where it is traditionally grown. Such incentives do not assist normal development in this cereal, which is difficult to dispose of both on the Community and world markets, beyond certain well-defined quantities.

3. Cost of export disproportionately higher than the advantage of this cereal at Community level.

Following the provisional maintenance of an incentive intervention price for 1979/80, an increase in intervention buying-in of rye may be expected. This will accordingly bring about an increase in intervention stocks which are difficult to dispose of.

A choice must be made between :
- export on a very limited world market, at high cost, since it is sold at the price of fodder cereals ;
- or resale on the Community market at a price which is impossible to justify economically (below intervention price). This will involve expenditure by bringing about sales to intervention which will mean that the EAGGF has to finance reselling rye at a loss on the Community market.

For example, export of 290 000 tonnes of rye in 1978/79 meant expenditure, including all costs (including refunds), of 33 million ECU or 114 ECU/t.

In these circumstances the only solution is to take a decision to include rye definitively in the competitive Community cereal system - in which it can, indeed, take its proper place on the basis of market requirements. It is, of course, necessary to consider the special place this cereal has as food in some Member States (between 35 and 40 % of the rye produced in the EEC is used in bread-making).

II. During the agricultural price negotiations from 18 to 22 June 1979 in Luxembourg, the Council requested the Commission to make a proposal in respect of rye.

The Commission feels that the following proposals comply with this request :

1. Inclusion of rye in the "Silo" system.
   However, in order to make it possible for producers to adapt to the new price arrangements, a transitional period should be provided.
   This draft Regulation covers these points.

2. At the same time, the Commission undertakes to adopt the following associated measures :
   (a) Grant of a special premium of rye of bread-making quality so that the 1979/80 intervention price may be guaranteed during the transitional period.
   This implies amendment of Article 6(1) of Regulation (EEC) N° 1570/77.
   (b) Adjustment of the coefficients of equivalence to express the quality difference when determining CIF prices, equal to the difference during 1979/80 between the common single intervention price and the single intervention price for rye.
   This implies amendment to Regulation N° 158/67/EEC.
   (c) Sale of intervention stocks, up to the end of the transitional period, on the Community fodder cereals market at prices which compete with those of barley, while taking the necessary measures to ensure that the rye is actually used in animal feed.
   This measure implies providing an exception to Regulation (EEC) N° 376/70.

Proposal for a

COUNCIL REGULATION (EEC) N°

of

amending Regulation (EEC) N° 2727/75 on the common organisation of the market in cereals in respect of the arrangements for rye

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commision,

Having regard to the Opinion of the European Parliament[1],

Whereas, in order to ensure a better balance between the various cereals produced within the Community, the degree of competition between cereals employed in animal feed should be adjusted ; whereas, to this end, the single intervention price for rye should be brought into line with the single common intervention price fixed for common wheat, barley and maize ; whereas, however, a transitional period must be provided for so that producers may adapt to the new price arrangements ;

HAS ADOPTED THIS REGULATION :

Article 1

Regulation (EEC) N° 2727/75 is hereby amended as follows :

1. Article 3(1) is replaced by the following text :

" 1. Before 1 August each year the following prices shall be fixed for the Community for the marketing year beginning the following year :

- a common single intervention price for common wheat, rye, barley and maize, and a single intervention price for durum wheat,
- a reference price for common wheat of bread-making quality,
- a target price for common wheat and for durum wheat and a common target price for rye, barley and maize.

However, for maize the common single intervention price shall be increased :

- for the 1980/81 marketing year , by 7.10 ECU/t,
- for the 1981/82 marketing year , by 3.55 ECU/t.

2. Article 3(5) is replaced by the following text :

" 5. The target prices shall be fixed Duisburg, which is the centre of the Community area having the greatest deficit for all cereals, at the wholesale stage, goods delivered at warehouse, before unloading.

They shall be calculated by adding a market element and an element reflecting the cost of transport between the Ormes area and the Duisburg area :

- to the reference price, for common wheat,
- to the single intervention price, for durum wheat,
- to the common single intervention price, for rye, barley and maize.

For durum wheat and common wheat respectively, the market element shall reflect the difference which should exist between :

(a) the single intervention price for durum wheat and the reference price for common wheat of bread-making quality on the one hand, and

(b) the level of the market prices for durum wheat and common wheat of bread-making quality respectively to be expected, in a normal harvest and under natural conditions of price formation on the Community market, in the area having the greatest surplus, on the other hand.

The market element for rye, barley and maize shall reflect the difference which should exist between the market price for barley and the common single intervention price, plus the difference in market prices reflecting the ratio between the relative values of barley and maize for use in animal feed. The market prices to be taken into consideration are those to be expected, in a normal harvest and under natural conditions of price formation on the Community market, in the production area having the greatest surplus.

The element reflecting the cost of transport shall be determined on the basis of the most favourable means of transport or combination of means of transport and on existing tariffs.

9D

When inland waterway or sea freight rates are not based on a tariff, transport costs shall be determined by taking the average freight rate over the two months with the lowest average rate during the most recent twelve month period for which data are available."

Article 2

This Regulation shall enter into force on

It shall apply with effect from 1 August 1980.

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

Done at

For the Council
The President

Starch sector

EXPLANATORY MEMORANDUM

1. The purpose of these proposals is to gradually phase out the aid paid to the starch and associated industries through the starch production refund.

2. In both the 1978/79 and 1979/80 price decisions the Council agreed to temporarily maintain production refunds at their current rates pending a decision on the total starch policy. The present proposals seek to end the uncertainty which has surrounded this sector for some years and to provide a firmer basis on which the industry can plan.

3. The principal justification for the introduction and maintenance of starch production refunds has been competition, particularly in the technical sector, from synthetic products largely derived from petro chemicals. The dramatic increases in oil prices over recent years and the likelihood that these prices will continue to rise much more steeply than Community cereals prices calls into question the need for this support, which currently accounts for about 140 mio ECU expenditure each year. Furthermore, other agricultural processing industries, most of which are also subject to the effects of common market arrangements, do not benefit from production refunds.

4. The overriding need for budget economies and the limited contribution which the existence of the refund makes to the livelihood of agricultural producers in the Community are added reasons for proposing gradual elemination. In this latter respect, it should be emphasised that whilst about two thirds of the maize used for starch production is imported and that the wheat used for starch represents only 1% of the total Community crop, the potato starch industry, on the other hand, is the only outlet for potatoes. It is because of the last factor that special measures will need to be taken to aid starch potato growers.

5. Since its introduction, and following requests from competing industries, other products (eg. maize groats, quellmehl) have been added to the production refund system. This has inflated the total cost, has created several anomalies and has necessitated the introduction of complex and costly control systems.

6. It is in these circumstances that the Commission proposes the phasing out of production refunds in three steps as described below.

I. Maize, wheat and rice starch; maize groats, broken rice for brewing and quellmehl.

a) 1980/81: Production refunds at 66% of their present (1979/80) rates.

b) 1981/82: Production refunds at 33% of their present (1979/80) rates. However, before 31 March 1982, the Commission will report to the Council on the current situation of the industry and on the consequences of the steps taken.

c) 1982/83: If, following the report, no proposal is made to suspend the programme of reductions, refunds would cease from the start of the 1982/83 marketing year.

II. Potato starch.

7. The same programme of reductions in the production refund for potato starch is proposed as that described above for maize starch etc.

In order to maintain the present relationship between maize starch and potato starch and provided that the difference between the costs of the two industries remains unchanged, the potato starch premium should remain unaltered during the phasing out period, but should be abolished at the end of this period.

The minimum price paid to the potato grower should be adjusted appropriately during the phasing out period so as to maintain his total return. After this period, the growers' income would be maintained by suitable provisions for aid, which should be included in the Common Potato Regime. The proposed arrangements for potatoes are described more fully in the Annex to this Memorandum.

ANNEX

Measures in the Potato Starch Sector

1. So as to maintain the present relationship between potato starch and maize starch and to protect the total return to the starch potato grower (which is made up of the minimum potato price paid by the manufacturer to the grower plus the production refund) the minimum price should be increased by the same amount as that by which the refund is reduced during the phasing out period.
   Thus, at the first stage (1980/81) the production refund will be reduced by one third from 33.09 ECU per ton of starch (20,55 x 1,61) to 22.06 ECU per ton of starch. To compensate for this reduction, the minimum price for the quantity of potatoes required for one ton of starch will be increased from 219.04 ECU to 230.07 ECU.

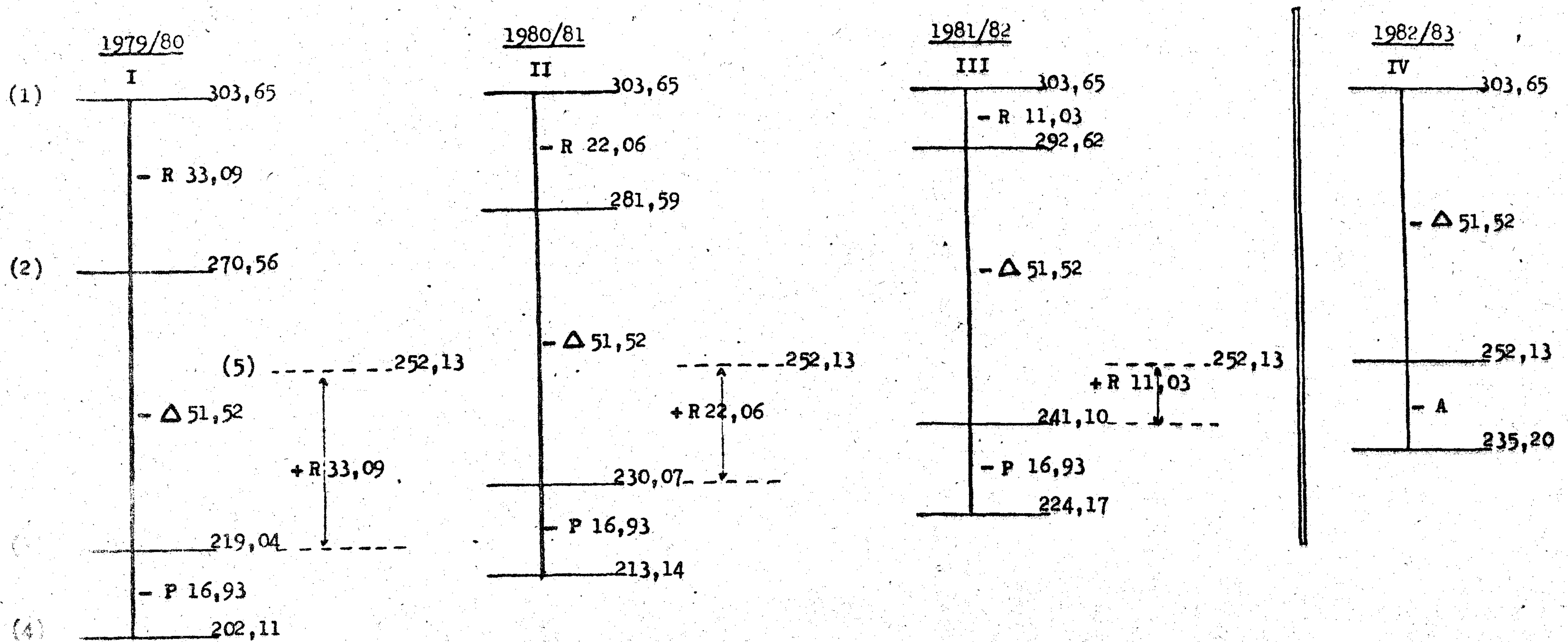
2. At the same time, but provided the difference between the costs of two industries remains unchanged, the premium should not be altered.

3. Once production refunds and the premium have been eliminated, it will be necessary to protect the revenue of the potato grower by other means. Such aid to the grower should be adopted through the Common Potato Regime but, should be conditional on the grower obtaining a minimum price which would be fixed taking into account the maize threshold price and the difference between the costs of the maize and potato starch industries.

4. The above measures are shown in diagrammatic form below. The diagram assumes no change in the maize threshold price nor in the difference between the costs and receipts of the two industries.

16.11.1979

MEASURES IN THE POTATO STARCH SECTOR



I à III
(1) Threshold price for the quantity of maize needed for the production of 1 t of starch
- R, Production refund paid for 1 t of starch
(2) = Supply price for the quantity of maize needed for the production of 1 t of starch
-Δ, assumed difference between production costs
(3) = Minimum price fixed in Council Regulation 2742/75
- P, Premium paid in Council Regulation 2742/75
(4) = Effective supply price paid by the potato starch producer

IV (5) Minimum price received by potato growers defined in Council Regulation 2742/75
(Minimum price (3) + Production refund)
- A, Production aid

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CEREALS AND STARCHES

a) Financial implications of the new arrangements for rye

The financial implications will have full effect only when the operation is complete.

By then, it is estimated that, rye having been rendered competitive with other fodder cereals, the quantities bought in will have fallen from 500 000 t to about 200 000 t.

The difference in intervention costs for a 12-month period would by then be about 14 million ECU[1], i.e. 15 million EUA.

This saving would be achieved only gradually. The two processes - decline in expenditure and reduction in the price of rye - would not, however, be parallel ones, since there would always be an incentive to send products to intervention as long as there is a positive difference between the price of rye and the price of barley.

The savings may be expected to run as follows:

1980: token entry
1981: 2 million ECU, i.e. 2 million EUA
1982: 4 million ECU, i.e. 4 million EUA
1983: 14 million ECU, i.e. 15 million EUA

b) Financial implications of the new arrangements for starch and potatoes used in starch-making

Present expenditure is estimated at about 145 million ECU, i.e. 147 million EUA, of which 16 million EUA is accounted for by the premium for potato starch producers.

Over 12 months, by the end of the reform, the impact will be a saving of 147 million EUA, partly offset by aid to producers of potatoes for starch-making of about 16 million EUA.

The net saving is thus 131 million EUA, but this will only be achieved gradually:

1980: - 16 m EUA
1981: - 60 m EUA
1982: - 104 m EUA
1983: - 131 m EUA

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[1] The 300 000 t reduction in intervention will mean a saving of 300 000 x 40 ECU/t (storage costs + loss on sale) = 12 million ECU. The smaller loss on the sale of the 200 000 t still bought in will yield an additional saving of 2 million ECU.

COUNCIL REGULATION (EEC) No ..../79

of

amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (1),

Having regard to the opinion of the Economic and Social Committee (2),

Whereas the aim of the production refund referred to in Article 11 of Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals (3), as last amended by Regulation (EEC) No 1547/79 (4), was to enable the starch and potato starch industry to maintain prices which were competitive with substitute products; whereas there has been a major change in the situation regarding these substitute products, mainly as a result of the lasting increase in the prices of raw materials used by the relevant industries;

Whereas, given the situation on the cereals market, the objectives laid down in Article 39 of the Treaty can be achieved without the present system of production refunds;

Whereas in view of the foregoing, the production refund can dispensed with; whereas to enable industry to adjust to the new situation, the refund will be phased out over a transitional period covering two marketing years;

Whereas producer aid should be granted to ensure a fair income for producers of potatoes, not covered by a market organization, to be used in the manufacture of potato starch; whereas a balance must be maintained between the producer prices of the raw materials used in the manufacture of starch and of potato starch; whereas these objectives can be achieved by fixing a supply price to be paid by the starch manufacturer and a guaranteed minimum price to be used as a basis for calculating the aid;

HAS ADOPTED THIS REGULATION:

(1) OJ No C , p.
(2) OJ No C
(3) OJ No L 281, 1.11.1975, p. 1
(4) OJ No L 188, 26.7.1979, p. 1

Article 1

Article 11 of Regulation (EEC) No 2727/75 is amended as follows :

"1. A production refund may be granted until the end of the marketing year 1981/82

(a) for maize and common wheat used in the Community for the manufacture of starch;

(b) for potato starch;

(c) for maize groats and meal used in the Community for the manufacture of glucose by direct hydrolysis;

(d) for maize used for the manufacture of maize groats and meal (gritz) used by the brewing industry;

(e) for maize and common wheat used in the Community for the manufacture of quellmehl intended for baking.

2. The payment of the production refund for potato starch shall be subject to the condition that the processor has paid a minimum free-at-factory price for the potatoes.

The manimum price to be received by the producer shall consist of the minimum price to be paid by the starch manufacturer plus an amount corresponding to the production refund.

3. A premium may be paid to potato starch manufacturers until the end of the marketing year 1981/82.'

4. An aid may be granted from the marketing year 1982/83 onwards for the production of potatoes to be used in the manufacture of potato starch. The amount of this aid shall be calculated on the basis of a supply price for the potato starch industry and a minimum price guaranteed to the producer of the potatoes.

5. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt rules implementing this Article and fix, before 15 March of each year, for the following marketing year :

- the minimum price by the potato starch manufacturer referred to in the second subparagraph of paragraph 2,

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- the amount of the premium referred to in paragraph 3,

- the minimum guaranteed price referred to in paragraph 4.

6. The supply price and the amount of the aid provided for in paragraph 4 shall be fixed according to the procedure laid down in Article 26."

Article 2

This Regulation shall enter into force on

It shall apply from 1 August 1980.

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

Done at Brussels,

For the Council

COUNCIL REGULATION (EEC) No ...../80

of

amending Regulation (EEC) No 2742/75 on production refunds in the cereals and rice sectors

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals (1), as last amended by Regulation (EEC) No 1547/79 (2), and in particular Article 11 (5) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No /80 of amending Regulation (EEC) No 2727/75 (3), provides for the progressive abolition of the production refund over a transition period of two marketing years and whereas this measure requires amendments to certain provisions of Regulation (EEC) No 2742/75;

HAS ADOPTED THIS REGULATION :

Article 1

Article 1 of Regulation (EEC) No 2742/75 shall be replaced by the following :

"The production refund referred to in Article 11 of Regulation (EEC) No 2727/75 shall be :

- 13.70 ECU for the 1980/81 marketing year and 6.82 ECU for the 1981/82 marketing year per tonne of maize used for the manufacture of starch and guellmehl for breadmaking;
- 19.58 ECU for the 1980/81 marketing year and 9.79 ECU for the 1981/82 marketing year per tonne of common wheat used for the manufacture of starch and quallmehl for breadmaking;
- 16.84 ECU for the 1980/81 marketing year and 8.42 ECU for the 1981/82 Marketing year per tonne of broken rice used for the manufacture of starch."

(1) OJ No L 281, 1.11.1975, p. 1.
(2) OJ No L 188, 26.7.1979, p. 1.
(3) OJ No L , , p.

Article 2

Article 2 of Regulation (EEC) No 2742/75 is amended as follows :

"The production refund referred to in Article 11 of Regulation (EEC) No 2727/75 shall be 22.06 ECU for the 1980/81 marketing year and 11.03 ECU for the 1981/82 marketing year per tonne of potato starch."

Article 3

Article 3 of Regulation (EEC) No 2742/75 is amended as follows :

"1. The free-at-factory price to be received by the producer for the quantity of potatoes required to manufacture one tonne of starch shall be the amount of the production refund laid down in Article 2 plus an amount not less than the minimum price to be paid by the starch manufacturer referred to in the second paragraph of Article 11 (2) of Regulation (EEC) No 2727/75.

2. The production refund shall be calculated from the quantities of potatoes delivered to the starch factory, on the basis of the starch content of the potatoes at the time of delivery.

It shall be paid in full to the starch manufacturer if he provides evidence of :

- the quantities of potatoes delivered to him and the starch content of those potatoes at the time of delivery,
- the payment to the producer of a sum not less than the price laid down in paragraph 1, on the basis of the starch content of the potatoes.

Should the price received by the producer be less than the minimum laid down in the second indent of the second paragraph, the refund paid to the starch manufacturer shall be reduced by the same margin."

Article 4

Article 3a is amended as follows :

"For the duration of the 1980/81 cereals marketing year, the Member States shall pay to the starch manufacturer a premium of 16.93 ECU per tonne of potato starch."

Article 5

Article 4 of Regulation (EEC) No 2742/75 is amended as follows :

The production refund referred to in Article 11 of Regulation (EEC) No 2727/75 shall be :

- 16.85 ECU for the 1980/81 marketing year and 8.43 ECU for the 1981/82 marketing year per tonne of maize groats and meal intended for the manufacture by direct hyrolysis of glucose coming under subheading 17.02 B II of the Common Customs Tariff (1),
- 13.70 ECU for the 1980/81 marketing year and 6.85 ECU for the 1981/82 marketing year per tonne of maize used for the manufacture of groats and meal for the manufacture of beer,
- 16.84 ECU for the 1980/81 marketing year and 8.42 ECU for the 1981/82 marketing year per tonne of broken rice used for the manufacture of beer."

Article 6

Article 7a of Regulation (EEC) No 2742/75 is deleted.

Article 7

Article 8 of Regulation (EEC) No 2742/75 is amended as follows :

- the phrase "Article 26 of Regulation No 359/67/EEC" shall be replaced by "Article 27 of Regulation (EEC) No 1418/76";
- a fifth subparagraph (e) shall be added as follows :
  "the procedures for paying the premium referred to in Article 3a."

Article 8

This Regulation shall enter into force on

It shall apply from 1 August 1980 for products covered by Regulation (EEC) No 2727/75 and from 1 September 1980 for products covered by Regulation (EEC) No 1418/76.

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

Done at Brussels, For the Council

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(1) Pursuant to Regulation No 2730/75, products falling within subheading 17.02 B I are subject to the same arrangements as those applying to products falling within subheading 17.02 B II.

COUNCIL REGULATION (EEC) No /79

of

amending Regulation (EEC) No 1418/76 on the common organization of the market in rice

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament (1),

Having regard to the Opinion of the Economic and Social Committee (2),

Whereas the purpose of the production refund scheme referred to in Article 9 of Council Regulation (EEC) No 1418/76 of 21 June 1976 on the common organization of the market in rice (3), as last amended by Regulation (EEC) No 1552/79 of 24 July 1979 (4), was to enable the starch industry to keep its prices competitive with those of substitute products; whereas the situation with regard to these substitute products has considerably changed because of a steady rise in the prices of the raw materials used by the industries in question;

Whereas the present production refund scheme is not, given the situation on the market in broken rice, indispensable for the attainment of the objectives set out in Article 39 of the Treaty;

Whereas in these circumstances it is not appropriate to continue the production refund scheme; whereas, to enable the industry to adapt to the new position, the refund is being withdrawn in stages over a period of two marketing years,

HAS ADOPTED THIS REGULATION :

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(1) OJ No C , ,
(2) OJ No C , ,
(3) OJ No L 166, 26.6.1979, p. 1.
(4) OJ No L 188, 26.7.1979, p. 9.

Article 1

Article 9 of Regulation (EEC) No 1418/76 is amended as follows :

"1. A production refund may be granted until the end of the 1981/82 marketing year for broken rice used :

(a) for the manufacture of starch

(b) for the brewing of beer.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt rules for the application of this Article and fix the amount of the production refund."

Article 2

This Regulation shall enter into force on

It shall be applicable with effect from 1 September 1980.

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

Done at Brussels, For the Council

COUNCIL REGULATION (EEC) No ...../80

of

on aid for the growing of potatoes intended for the manufacture of starch

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals (1), as last amended by Regulation (EEC) No 1547/79 (2), and in particular Article 11(5) thereof,

Having regard to the proposal from the Commission,

Whereas Article 11(4) of Regulation (EEC) No 2727/75 provides for the introduction of aid for the growing of potatoes with effect from the 1982/83 marketing year;

whereas certain criteria to be observed in fixing the aid should be laid down;

HAS ADOPTED THIS REGULATION :

Article 1

1. Where the supply price is lower than the guaranteed minimum price referred to in Article 11(4) of Regulation (EEC) No 2727/75, aid equal to the difference between the two prices shall be granted to growers of potatoes which are intended for the manufacture of starch.

2. The supply price fixed for the starch industry shall be equal to the average threshold price for maize valid for a given marketing year multiplied by the coefficient 1.61, minus an amount reflecting the difference between the cost of producing maize starch and potato starch.

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(1) OJ No L 281, 1.11.1975, p. 1.
(2) OJ No L 188, 26.7.1979, p. 1

Article 2

The aid shall be paid in its entirety to the potato-grower where the latter furnishes proof :

- of the quantities of potatoes supplied to the starch manufacturer and their starch content at the time of delivery;
- of payment by the starch manufacturer of a price of not less than the supply price established by reference to the starch content of the potatoes.

Article 3

Detailed rules for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 26 of Regulation (EEC) No 2727/75, in particular as regards :

(a) the determination, using a scale established on the basis of the starch content of the potatoes, of the quantity of potatoes required to produce one tonne of starch;

(b) the conditions for furnishing the proof referred to in Article 2.

Article 4

This Regulation shall enter into force on 1 August 1980.

It shall apply with effect from 1 August 1982.

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

Done at Brussels, For the Council

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 710 final/2

Brussels, 6 december 1979

CHANGES IN THE COMMON AGRICULTURAL POLICY TO HELP BALANCE THE MARKETS AND STREAMLINE EXPENDITURE.

(Complementary communication from the Commission to the Council)

PROPOSAL FOR A REGULATION ALTERING THE CRITERIA FOR CALCULATING AID

EXPLANATORY MEMORANDUM

The Commission has undertaken to examine certain suggestions for altering the criteria for calculating production aid, in particular the suggestion relating to taking the market prices of the Community product into consideration, for processed fruit and vegetables specified in Regulation (EEC) No 516/77.

Examination of this question indicates that taking the Community selling price into consideration in calculating the aid would have the effect of seriously reducing the level of the aid, thereby affecting the system's objective which is to enable Community products to compete with those of non-member countries.

The Commission has, however, concluded that average processing costs, following the elimination of those undertakings with the highest costs, must be subjected to further cutting so that the aid may be reduced by 10%. The financial effect will be a reduction in expenditure which, on the basis of factors in the 1979/80 marketing year, may be reckoned at around 35 m EUA. This saving will make itself felt as from the 1981 budget.

The Commission has also concluded that the system of aid, on account of the length of the checks to be carried out and of the ensuing delay in the payment of the aid may, where interest rates are high, lead to excessive financing costs and that granting advances on the aid would eliminate the costs, thereby facilitating the processing of the products and at the same time reducing the price of the Community product and, hence, expenditure arising from the system of aid.

PROPOSAL FOR A COUNCIL REGULATION

amending Regulation (EEC) No 516/77 on the common organization of the market in products processed from fruit and vegetables

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas Article 3b(2) of Regulation (EEC) No 516/77 specified the factors governing the calculation of the price of certain products processed from fruit and vegetables by providing in particular for the exclusion from the calculation of those undertakings with the highest costs; whereas it is necessary, in the light of experience, to consider, in determining the price of the Community product, only the costs of the most competitive undertakings, in order to be able to adjust the amount of the aid;

Whereas the same Article also specified the conditions for the payment of the production aid for these products; whereas the check to ensure that these conditions are complied with can be carried out only after a certain delay; whereas, pending the completion of this check, the processor must bear the costs of financing his activity and, in particular, those arising from the payment of the minimum price to the agricultural producer;

Whereas these financing costs weigh heavily where rates of interest are high; whereas it would be necessary in these circumstances to enable the excessive burdens bearing on the processor to be eliminated by granting, under certain circumstances, advances on the aid;

HAS ADOPTED THIS REGULATION:

Article 1

1. The following subparagraph is added to Article 3b(2) of Regulation (EEC) No 516/77:

   In addition, these processing costs shall be reduced by taking into account only the most competitive undertakings in the community.

2. The following subparagraph is added to Article 3b(5) of Regulation (EEC) No 516/77

   "However, it may be decided, in good time for the beginning of marketing years, and in accordance with the procedure laid down in Article 20, to grant advances on the aid where the average rate of interest to be paid by the processing undertakings on financing capital exceeds 10% per annum. Such advances shall be paid as soon as a copy of the contract referred to in Article 3a(2) has been produced, provided that the processor, his association or professional body lodges a security guaranteeing that the conditions specified in this paragraph will be complied with.".

Article 2

This Regulation shall enter into force on the third day following that of its publication.

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

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

Date : 5.12.79

1. BUDGET HEADING : 6822 APPROPRIATIONS : 335 MUCE

2. TITLE : Proposed Council Regulation amending Regulation (EEC) n° 516/77 on the common organization of the market in processed fruit and vegetables

3. LEGAL BASIS : article 43 of the Treaty

4. AIMS OF PROJECT : Adjustment to the system of processing premiums in the processed fruit and vegetables sector

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (80)	FOLLOWING FINANCIAL YEAR (81)
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (~~REFUNDS~~/INTERVENTIONS) - NATIONAL ADMINISTRATION - OTHER ~~5.1 RECEIPTS~~ ~~- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)~~ ~~- NATIONAL~~	- 35 MUCE		- 35 MUCE

	82	83		
5.0.1 ESTIMATED EXPENDITURE 5.1.1 ~~ESTIMATED RECEIPTS~~	- 35 MUCE	- 35 MUCE		

5.2 METHOD OF CALCULATION

The reduction of 10 % gives rise to a saving of 33,5 MUCE for the Community of 9, the figure rounded to an average of 35 MUCE

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ? YES/NO

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ? ~~YES/NO~~

6.2 IS A SUPPLEMENTARY BUDGET BE NECESSARY ? ~~YES/NO~~

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES/~~NO~~

OBSERVATIONS : Other financial effects can be possible, according to when the system of advances is put into force under the procedure envisaged. These financial effects depend upon the rules of application to be decided by the Commission, on the time of entering into force and on the extent to which processors utilise the system. Having regard to this, acceleration of payments could lead to a maximum of 240 MUCE falling on the 1980 Budget as a once only charge, or, according to the rules adopted, to a hypothetic split of this maximum amount between the 1980 and 1981 Budgets.