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Proposal for a
COUNCIL REGULATION (EC)
on the common organization of the market in fruit and vegetables

Proposal for a
COUNCIL REGULATION (EC)
on the common organization of the market in processed fruit and vegetables

(presented by the Commission)

EXPLANATORY MEMORANDUM

In July 1994 the Commission sent the Council and Parliament a communication on the development and future of Community policy in the fruit and vegetable sector (COM(94) 360 final of 27 July 1994).

In this communication, the Commission analysed the current situation for both fresh and processed fruit and vegetables and likely trends as regarded both the world and Community markets. The Commission drew the lessons from 30 years of operating the common market organization and announced its intentions as regards the reforms needed to consolidate the positive aspects of the existing organization, simplify it and correct the perceived weaknesses.

This communication was lengthily and thoroughly discussed in the Council, Parliament and the Economic and Social Committee and with all the relevant trade organizations.

The Commission is now forwarding to the Council two proposals for Regulations. The first covers fresh products. Essentially, it puts into practice, in legal terms, the communication of July 1994 and its implications, and consolidates in one text the large number of legislative amendments which have been made to the market organization since its adoption in 1972. The second covers processed products and the only major change it contains is a new aid system for tomato processing. In both cases the new arrangements for non-member countries established by the Council at the end of 1994 following the Uruguay Round of multilateral negotiations are almost identical.

I. The new common organization of the market in fresh fruit and vegetables comprises seven Titles and covers the same products as at present (Article 1).

As regards the classification of products listed in Title I, the principle of compulsory standards applicable to Community or imported fruit and vegetables is included as provided for in the communication of July 1994, and has not been contested by the operators concerned. In order to cover certain special circumstances, provision has been made for more wide-ranging exceptions than were included in the previous text (traditional local consumption). As a result, the only major change is the fact that the Community will adopt the standards established in the United Nations Economic Commission for Europe. Standards are not only to be found in Community legislation. They are laid down by international bodies in which, inter alia, all the countries of geographical Europe are represented, the objective being for international trade in this sector to speak the same language. Since there are no differences, or only differences of detail, between Community standards, so called because they are included in extenso in Community Regulations, and UN standards, it has been decided to adopt the latter wholesale, with a legal basis to derogate from them if necessary.

The first five Articles of Title II on producer organizations list the various legal persons covered by the Regulation, and lay down the requirements they must meet to be eligible.

Firstly (Articles 11 and 12), it sets out a more powerful model for producer organizations which will be able to give the produce a sufficient force on the market, as a result of the concentration of supply. The fruit and vegetables sector encompasses a wide range of highly perishable products, has a large proportion of small producers and an output which varies depending on weather conditions. In these circumstances, beefing up the producer organizations should make it possible, through the training of members, reorganization and production rules, to improve the quality of produce in line with consumers' expectations, to stabilize markets and to supply consumers at reasonable prices. In order to prevent organizations in name only which do no more than make withdrawals, and to create collective structures which have an overview of all their members' produce, and which can therefore conduct a genuine marketing policy, producers are required to be a member of one single organization and channel all their produce to it, without prejudice to certain facilities to accommodate well-founded needs or practices.

Secondly, account is taken of the special situation of those organizations already recognized under Regulation (EEC) No 1035/72 (Article 13) and, conversely, completely new organizations (Article 14), by the introduction of transitional periods and ad-hoc funding in both cases.

In line with the communication of July 1994, the new feature of this Title (Articles 15 and 16) is the creation of operational funds financed partly by producer contributions and partly by public (national and Community) funds, on the principle of one public ecu for every private ecu. Although these funds may be used to supplement Community intervention to a limited extent, decreasing over a transitional period, this is on condition that a sound structural programme is proposed and implemented by the organization concerned. There is a general description of what such programmes must contain.

In order to encourage organizations from different Member States or interbranch organizations to implement all or part of an operational programme, provision is made in these cases for the public contribution to the actual expenditure incurred to be increased from 50% to 60%, not including withdrawal operations.

Furthermore, the Community's financial contribution increases in relation to national funding in the case of programmes implemented in Objective 1 regions. Finally, as an exception to the rule, the operational fund may be used by those producer organizations already recognized to invest and upgrade in order to obtain recognition under this Regulation.

The communication of July 1994 emphasized that, in addition to the general aid mechanisms implemented as mentioned above, provision should be made for the possibility of taking small-scale specific measures, in order to respond to difficulties being experienced by one particular product or in one particular geographical location in the Community. The Commission lays down the corresponding legal basis for this in Article 17.

Article 18 authorizes the extension of the rules of producer organizations and Title III authorizes the recognition by the Member States of interbranch organizations and the extension of their rules. Article 18 is not substantially different from present provisions, and the interbranch organization provisions are based mainly on similar arrangements in the common organization of the market in wine and wine products. The communication states:

"As in the case of the wine sector reform the Commission holds the view, in line with its Communication on inter-branch organizations in 1990, that a light Community framework for inter-branch arrangements in the fruit and vegetables sector should be offered to Member States so wishing."

This is therefore a new feature compared with the present COM.

Title IV covers intervention in general and, more particularly, withdrawals for which direct Community financial intervention exists. Compared with the present COM, the general philosophy remains unchanged: in the fresh fruit and vegetable sector, producers' incomes are protected, i.e. market prices are supported, by means of quantitative control of supply, this control being effected by the producer organizations, who are responsible for making withdrawals. The communication of 1994 continues:

"Short-term surpluses are an inherent feature of fruit and vegetable production. The producer organizations should be free to decide which products and quantities should be withdrawn as and when they see fit. For products at present eligible for Community support on withdrawal (withdrawal price), the producer would receive compensation in the form of a Community withdrawal indemnity set at a clearly unprofitable level, i.e. well below the present withdrawal price in most cases."

Accordingly, the proposal introduces the following changes to the present COM:

- The concept of a "withdrawal price", i.e. the market price below which the products are not offered for sale, formally disappears: withdrawals are decided on by the producer organizations "both in quantities and for periods which they consider appropriate" (Article 22 (1));
- The list of products for withdrawals of which the Community intervenes financially by granting a "Community withdrawal compensation" remains unchanged (Article 22 (3) and Annex II). However, there is no longer any limit on the time for which that compensation may be granted;
- A quantitative limitation is introduced for each product and PO, for withdrawals eligible for Community withdrawal compensation: 10% of the quantity marketed under the normal system and, successively, 50%, 40%, 30% and 20% during the transitional period (special percentages for citrus fruit: 30%, 25%, 20% and 15%) (Article 22 (3) and (4));

- Abolition of the "serious crisis" arrangements (direct Community intervention in favour of all producers whether members of an organization or not), replaced by the possibility for individual producers to make withdrawals through a PO, for which they receive reduced Community compensation;
- The Community withdrawal compensation is much lower than the present withdrawal price (Article 25);
- Abolition of the intervention thresholds but maintenance of a legal basis making it possible for them to be reintroduced (Article 26).

Title V concerns trade with third countries and only contains one addition compared with Regulation (EEC) No 3290/94. For certain products entering the Community for processing accompanied by an invoice, Article 31(2) now includes a further possible procedure for verifying the entry price in addition to the determination of a flat-rate value at import.

Title VI details the Member States' obligations regarding controls and sets up a body of Community inspectors for the markets in fruit and vegetables with the task of ensuring that the market rules are complied with. The financial statement concerning this vital part of the draft Regulation provides for three posts in the Directorate-General for Agriculture in order to guarantee a sustained and efficient application of these controls. However, even with this new assignment of officials, the controls can only be effective if the Commission can, on an ad hoc basis, call on the services of national officials who have received relevant training, which is provided for in Article 39.

Title VII contains the usual final provisions, which require no comment except perhaps for Articles 48 and 49. With a view to maintaining discipline and equal treatment, they require the Member States to take all the national measures needed to implement the new Regulation and to notify these to the Commission, as well as any subsequent amendments.

- II. The proposal for reforming the common market organization in processed fruit and vegetables consolidates the present arrangements and makes the following adjustments.

Formal changes

1. Transfer into the basic Regulation of almost all the provisions contained in the present Council Regulations setting out "general implementing rules". These regulations are repealed.
2. Removal from the text of provisions now void, particularly in the dried grapes sector (ending of the transitional period for applying the scheme introduced in 1990).

3. With a view to simplification, transfer to the Commission of authority to fix "additional sugar" levels for processed products when there is a shortage of sugar (Article 20).

Substantive changes

1. Processing aid to be restricted to processors entering into contracts with producer organizations, with a requirement to sign contracts before the start of the marketing year (Article 2). The aim is to align the processed fruit and vegetable sector on the principle of "delivery of all produce" applying in the fresh sector and to ensure that processors comply with the minimum price to be paid to producers.
2. With regard to processed tomatoes, introduction of a flexible quota system under which quantities allocated can change in line with actual performance (Article 6).
3. By analogy with the fresh fruit and vegetable sector, introduction of a legal basis for instituting special schemes - Article 10 (products significant locally which are faced with international competition and for which the general arrangements are insufficient).
4. With regard to dried rapes and dried figs, alteration of the terms for buying-in by storage agencies (Article 9(2)).

It is also worth mentioning the features of the common market organization which are not changed by this proposed Regulation.

1. The principle of minimum prices to be paid to producers (by processors, in order to be eligible for Community aid) - Article 3. The minimum price level determines the income of producers of all products eligible for processing aid except citrus fruit (peaches, pears, tomatoes, plums, figs). This is not supplementary income, as is the case with the compensation paid for market withdrawals, but basic income from selling in the marketplace. Producers of products for processing draw their main earnings from their sales to the industry.

Given this circumstance, it seems right to keep the same criteria as in the past for fixing the minimum price to producers (the system is unchanged for citrus fruit, which in effect means a reduction in minimum prices to producers in order to align on Community compensation for market withdrawals.

2. The aid scheme for growing (i.e. per-hectare payments) and storing dried grapes (Articles 7 and 9).
3. The production threshold for processed peaches and pears (Article 5).

- III. At the time of the last farm price review, the aid scheme for processing of citrus fruit was amended to introduce the possibility of paying the Community aid directly to producers. The Commission would like to reserve the right to propose further changes, but prefers to watch the impact of the recent amendment for a time before deciding what new proposals may be necessary in this sector.

Proposal for a
COUNCIL REGULATION (EC) 95/0247 (CNS)
on the common organization of the market in fruit and vegetables

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

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

Whereas at the present time various changes are placing the fruit and vegetable sector in a new situation to which producers must adjust; whereas, accordingly, a reorientation of the basic rules of the market organization for the sector is warranted; whereas, in view of the numerous amendments made to Regulation (EEC) No 1035/72 of the Council of 18 May 1972 on the common organization of the market in fruit and vegetables⁽¹⁾, a new regulation should, for reasons of clarity, be adopted;

Whereas it is desirable to insert in that new regulation the main provisions of Council Regulation (EEC) No 3285/83 of 14 November 1983 laying down general rules for the extension of certain rules issued by producers' organizations in the fruit and vegetables sector⁽²⁾, of Council Regulation (EEC) No 1319/85 of 23 May 1985 on the reinforcement of supervision of the application of Community rules on fruit and vegetables⁽³⁾, of Council Regulation (EEC) No 2240/88 of 19 July 1988 fixing, for peaches, lemons and oranges, the rules for applying Article 16b of Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables⁽⁴⁾, of Council Regulation (EEC) No 1121/89 of 27 April 1989 on the introduction of an intervention threshold for apples and cauliflowers⁽⁵⁾, and of Council Regulation (EEC) No 1198/90 of 7 May 1990 establishing a Community register of citrus cultivation⁽⁶⁾; whereas these Regulations should therefore be repealed;

⁽¹⁾ OJ No L 118, 20.5.1972, p. 1, as last amended by Commission Regulation (EC) No 1363/95, OJ No L 132, 16.6.1995, p. 8.

⁽²⁾ OJ No L 325, 22.11.1983, p. 8, as last amended by Regulation (EEC) No 220/92, OJ No L 24, 1.2.1992, p. 7.

⁽³⁾ OJ No L 137, 27.5.1985, p. 39, as amended by Regulation (EEC) No 404/93, OJ No L 47, 25.2.1993, p. 1.

⁽⁴⁾ OJ No L 198, 26.7.1988, p. 9, as last amended by Regulation (EC) No 1327/95, OJ No L 128, 13.6.1995, p. 8.

⁽⁵⁾ OJ No L 118, 29.4.1989, p. 21, as last amended by Regulation (EC) No 1327/95.

⁽⁶⁾ OJ No L 119, 11.5.1990, p. 59.

Whereas classification using common obligatory standards of fruit and vegetables both marketed within the Community and exported to third countries provides a reference framework that encourages fair trading and market transparency and also eliminates products of unsatisfactory quality from the market; whereas compliance with these standards thus also helps to improve the profitability of production;

Whereas it would be desirable, for reasons of simplicity, to adopt as the standards applicable under the Community's market organization those adopted by the United Nations Economic Commission for Europe in respect of products covered by that organization; whereas it is necessary to set the terms on which these international standards can be adjusted to the specific requirements of the Community;

Whereas standardization cannot be fully effective unless it is applied at all marketing stages and on departure from the production region; whereas exemption may, nevertheless, be provided for in the case of certain operations which either are very marginal and specific or take place at the start of the distribution chain, or in the case of products intended for processing; whereas account should also be taken of the possibility of shortages; whereas consumer requirements as regards the characteristics of fruit and vegetables mean that the origin of products should be included in the labelling up to and including the final retail stage;

Whereas the production and marketing of fruit and vegetables should take full account of environmental concerns, including cultivation practices, the management of waste materials and the destruction of products withdrawn from the market, in particular as regards the protection of water quality, the maintenance of biodiversity and the upkeep of the countryside;

Whereas producer organizations are the basic elements in the market organization, the decentralized operation of which they ensure at their level; whereas, in the face of ever greater concentration of demand, the grouping of supply through these organizations is more than ever an economic necessity in order to strengthen the position of producers in the market; whereas such grouping must be effected on a voluntary basis and must prove its utility by the scope and efficiency of the services offered by producer organizations to their members;

Whereas a producer organization cannot be recognized by its Member State as able to contribute to achievement of the objectives of the common market organization unless its articles of association impose certain requirements on it and its members; whereas producer groups wishing to acquire the status of producer organizations in accordance with this Regulation should be allowed the benefit of a transitional period during which national and Community financial support can be given against certain commitments by the group;

Whereas a transitional period should be allowed to producer organizations already recognized under Regulation (EEC) No 1035/72 which cannot immediately meet the requirements of this Regulation for recognition; whereas such organizations must be able to show themselves able to make the necessary changes;

Whereas in order to give producer organizations greater responsibility for their financial decisions in particular and to gear the public resources assigned to them towards future requirements, terms should be set for the use of these resources; whereas joint financing of operational funds set up by producer organizations presents itself as an appropriate solution;

Whereas the establishment and proper functioning of operational funds requires that producer organizations should take charge of the whole of the fruit and vegetable production of their members;

Whereas, in order to further boost the impact of producer organizations and associations thereof and ensure the market as much stability as is desirable, Member States should be allowed on certain conditions to extend to non-member producers in their region the rules, particularly on production, marketing and environmental protection, adopted for its members by the organization or association for the region concerned; whereas, where proper justification is given, certain costs arising from this extension of the rules can be charged to the producers concerned since they will benefit from the extension;

Whereas interbranch organizations set up on the initiative of individual or already grouped operators can, if they account for a significant proportion of the members of the various occupational categories of the fruit and vegetable sector, contribute to behaviour taking closer account of market realities and facilitate a commercial approach that will improve production reporting, that is to say the organization of production, product presentation and marketing; whereas since the work of these organizations is able to contribute in general to attaining the objectives of Article 39 of the Treaty and in particular to those of the market organization for fruit and vegetables it should, once the relevant forms of action are defined, be possible to grant specific recognition to those organizations which provide proof of a certain degree of representativeness and carry out practical action in regard to the abovementioned objectives; whereas the provisions on extending the rules adopted by producer organizations and their associations and on sharing the costs resulting from such extension should, given the similarity of the objectives pursued, also apply to interbranch organizations;

Whereas to stabilize prices it is desirable that producer organizations should be able to intervene on the market, in particular by deciding not to put up for sale particular quantities at particular periods; whereas these withdrawal operations must not be regarded as an alternative outlet to the market itself; whereas Community financing of withdrawals should therefore be restricted to a set percentage of production and the Community compensation granted at a reduced level, though use of the operational funds for this purpose should be permitted; whereas for simplicity Community compensation should be at a single flat rate for each product; whereas, to achieve a comparable reduction for all products, certain differentiations are required;

Whereas intervention can be fully effective only if the products withdrawn from the market are not reintroduced into the normal marketing channel again; whereas various alternative uses to which they may be put should be specified so that their destruction is avoided wherever possible;

Whereas this new way of managing withdrawals will allow the provisions in force on the implications of threshold overruns to be repealed immediately; whereas it is, however, reasonable to retain the underlying principle of those provisions for a transitional period and to give the Commission authority to take action on the basis of that principle if the need arises;

Whereas by Regulation (EC) No 3290/94⁽⁷⁾ the Council has adopted the adjustments and transitional arrangements required in the agricultural sector in order to implement the agreements concluded in the context of the Uruguay Round of multilateral trade negotiations, in particular the new trading arrangements with third countries in the fruit and vegetable sector; whereas the provisions of Regulation (EEC) No 1035/72, as amended by Annex XIII to Regulation (EC) No 3290/94 should be inserted in this Regulation; whereas, however, where products are imported into the Community for industrial processing, they are not sold on consignment; whereas verification of the entry price can therefore be made on other bases than a flat rate value; whereas the relevant provisions should therefore be supplemented in this regard;

Whereas the rules of the market organization should be complied with by all operators to whom they apply, otherwise their impact will be distorted with all the resulting consequences in terms of both the use of public resources and the interplay of competition; whereas a special corps of Community inspectors should be set up for this sector; whereas for both budget reasons and effectiveness the corps should consist of both Commission and national officials;

Whereas one of the indispensable elements for the proper management of the common organization of the market is detailed knowledge of the market; whereas measures should therefore be provided for to this end;

Whereas the granting of certain aid would compromise the functioning of the internal; whereas, therefore, the provisions of the Treaty enabling aid granted by Member States to be examined and enabling aid which is incompatible with the common market to be prohibited, should be extended to cover the fruit and vegetable sector;

Whereas the common organization of the market in fruit and vegetables must take proper and simultaneous account of the objectives set out in Articles 39 and 110 of the Treaty;

Whereas, to facilitate the implementation of the proposed measures, a procedure for close cooperation between the Member States and the Commission by means of a management committee should be set up,

⁽⁷⁾ OJ No L 349, 31.12.1994, p. 105.

HAS ADOPTED THIS REGULATION:

Article 1

1. This Regulation sets up a common organization of the market in fruit and vegetables.
2. The organization shall cover the following products:

<u>CN Code</u>	<u>Description</u>
0702 00	Tomatoes, fresh or chilled
0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled
0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled
0705	Lettuce (<i>Lactuca sativa</i>) and chicory (<i>Cichorium</i> spp.), fresh or chilled
0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled
0707 00	Cucumbers and gherkins, fresh or chilled
0708	Leguminous vegetables, shelled or unshelled, fresh or chilled
ex 0709	Other vegetables, fresh or chilled, excluding vegetables of subheadings 0709 60 91, 0709 60 95, 0709 60 99, 0709 90 31, 0709 90 39 and 0709 90 60
ex 0802	Other nuts, fresh or dried, whether or not shelled or peeled, excluding areca (or betel) and cola nuts of subheading 0802 90 30
0803 00 11	Fresh plantains
ex 0803 00 90	Dried plantains
0804 20 10	Figs, fresh
0804 30 00	Pineapples
0804 40	Avocados
0804 50 00	Guavas, mangos and mangosteens
0805	Citrus fruit, fresh or dried
0806 10 21	Fresh table grapes
0806 10 29	
0806 10 30	
0806 10 40	
0806 10 50	
0806 10 61	
0806 10 69	
0807	Melons (including watermelons) and pawpaws (papayas), fresh
0808	Apples, pears and quinces, fresh
0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh
0810	Other fruit, fresh
0813 50 31	Mixtures exclusively of dried nuts of CN codes 0801 and 0802
0813 50 39	
1212 10 10	Carobs

3. The marketing years for the products listed in paragraph 2 shall be determined in accordance with the procedure laid down in Article 45.

Title I

Classification of products

Article 2

1. Products to be delivered fresh to the consumer may be classified by reference to a set of standards.
2. The UN/ECE standards for fresh fruit and vegetables recommended by the Economic Commission for Europe's Working Party on Perishable Product Standardization and Quality Improvement that exist on the date of entry into force of this Regulation shall be adopted in accordance with the procedure laid down in Article 45 for the purpose of implementing the market organization in the products listed in Annex I hereto. Until these standards are adopted, the standards defined under Article 2 of Regulation (EEC) No 1035/72 shall continue to apply.
2. Derogations from the standards adopted pursuant to paragraph 1 which prove necessary in order to meet requirements specific to the market organization shall be adopted in accordance with the procedure laid down in Article 45.

Article 3

1. Products covered by the quality standards adopted may not be displayed or offered for sale, sold, delivered or marketed in any other manner within the Community than in conformity with those standards.

However, Member States may exempt the following from the requirement of complying with the quality standards or with some of their provisions:

- (a) products displayed or offered for sale, sold, delivered or marketed in any other manner by the grower on wholesale markets, in particular on producer markets, situated in the production area;
- (b) products shipped from those wholesale markets to preparation and packing stations and storage facilities situated in the same production area.

Where the second subparagraph is applied, the Member State concerned shall inform the Commission and shall notify it of the measures taken.

2. The following shall not be required to conform to the quality standards within a given production area:
 - (a) products sold or delivered by the grower to preparation and packing stations or storage facilities, or shipped from his holding to such stations;
 - (b) products shipped from storage facilities to preparation and packaging stations.

3. The following shall not be required to conform to the quality standards:
 - (a) products shipped to processing plants, unless minimum quality criteria for products intended for industrial processing are set in accordance with the procedure laid down in Article 45.

Evidence must be supplied that such products fulfil the conditions laid down, in particular with regard to their intended use;
 - (b) products transferred by the producer on his holding to consumers for their personal use or sold at retail in a particular region as products traditionally consumed locally.
4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 45.

Article 4

Where the supply of products conforming to the quality standards is insufficient to meet consumer demand, measures derogating from their application for a limited period shall be adopted in accordance with the procedure laid down in Article 45.

Article 5

1. The information particulars required by the quality standards must be shown legibly in an obvious position on one side of the packaging, either indelibly printed directly onto the package or on a label firmly affixed to the package.
2. For goods shipped in bulk and loaded directly onto a means of transport, the particulars referred to in paragraph 1 shall be given in a document accompanying the goods or shown on a notice placed in an obvious position inside the means of transport.

Article 6

At the retail stage, where products are put up in packages or prepackaging within the meaning of Council Directive 79/112/EEC⁽⁸⁾, the information particulars required shall be legible and conspicuous.

Products may be presented unpackaged, provided that the retailer displays with the goods offered for sale a card showing prominently and legibly the information particulars specified in the quality standards relating to:

- variety,
- origin of the product,
- quality class.

⁽⁸⁾ OJ No L 33, 8.2.1979, p. 1.

Article 7

To establish whether products covered by quality standards conform to the provisions of Articles 3 to 6, checks shall be made by sampling at all marketing stages and during transport by the authorities appointed by each Member State in accordance with Title VI.

These checks shall preferably be made prior to dispatch from production areas when the products are being packed or loaded.

Member States shall communicate to the other Member States and to the Commission the names of the authorities which they have appointed to be responsible for checking.

Article 8

1. Products covered by quality standards shall be accepted for importation from third countries only if they conform to the quality standards or to standards at least equivalent to them.
2. Articles 3 to 7 shall apply to products imported into the Community, after completion of the import formalities in accordance with current Community rules.

Article 9

1. Products covered by quality standards shall be accepted for export to third countries only if they conform to the quality standards.

Derogations may, however, be granted in accordance with the procedure laid down in Article 45 to suit the requirements of the intended markets.

2. Products for export to third countries shall be subject to a quality control before they leave the customs territory of the Community.

Article 10

Measures to ensure uniform application of the provisions of this Title shall be adopted in accordance with the procedure laid down in Article 45.

For products intended to be imported into the Community, such measures may consist in approval of the official inspection authorities of the exporting third country.

Title II

Producer organizations

Article 11

1. For the purposes of this Regulation, "producer organization" means any legal entity:
 - (a) which is formed on the own initiative of growers of the fruit and/or vegetables listed in Article 1(2) in order, in particular,
 - (1) to ensure that production is planned and adjusted to demand, particularly in terms of quality and quantity; –
 - (2) to promote concentration of supply by placing on the market the products produced by its members;
 - (3) to reduce production costs and stabilize prices;
 - (4) to promote the use of cultivation practices, production techniques and waste-management practices that are environmentally sound, in particular to protect the quality of water, soil and landscape and encourage biodiversity;
 - (b) whose rules of association require its producer members, in particular,
 - (1) to apply the rules adopted by the producer organization relating to production reporting, production itself, marketing and protection of the environment;
 - (2) to belong to only one producer organization in respect of a given holding;
 - (3) to market their entire production through the producer organization. However, where the producer organization so authorizes and in compliance with the terms and conditions it lays down, the producer members may:
 - sell not more than 10% of their production directly on their holding to consumers for their personal needs,
- and furthermore:
- market themselves or through another producer organization designated by their own organization, quantities of products which are marginal in relation to the volumes marketable by their organization,

- market through another producer organization designated by their own organization products which, because of their characteristics, are not normally covered by the commercial activities of the organization concerned;
 - (4) to provide the information requested by the producer organization for statistical purposes, in particular on growing areas, quantities cropped, yields, and direct sales;
 - (5) to pay the contributions provided for in its rules of association for the establishment and replenishment of the operational guidance fund provided for in Article 15;
- (c) whose rules of association provide for:
- (1) procedures for determining, adopting and amending the rules referred to in point (1) of (b),
 - (2) the contributions needed to finance the producer organization,
 - (3) rules enabling the producer members democratically to scrutinize their organization and its decisions,
 - (4) penalties for infringement of obligations under the rules of association, particularly non-payment of contributions, and of the rules laid down by the producer organization,
 - (5) rules on the admission of new members, particularly a minimum membership period;
- (d) which has been recognized by the Member State concerned pursuant to paragraph 2.
2. Member States shall recognize as producer organizations for the purposes of this Regulation all producer groups applying for such recognition, on condition that:
- (a) they meet the requirements laid down in paragraph 1 and provide the relevant evidence, including proof that they have a minimum number of members and cover a minimum volume of marketable production, to be determined in accordance with the procedure laid down in Article 45;
 - (b) there is sufficient evidence that they can carry out their activities properly, both over time and in terms of effectiveness;
 - (c) they actually provide their producer members with technical assistance in using environmentally sound cultivation practices and for storing, packaging and marketing their produce and, in discharging their allotted tasks, ensure proper commercial management of their activities, including keeping appropriate accounts.

Article 12

1. Member States shall
 - (a) decide whether to grant recognition to a producer organization within three months of the lodging of an application with all relevant supporting documents;
 - (b) decide, where necessary, to withdraw recognition on the basis of checks which they must carry out at frequent intervals to ascertain that producer organizations meet the terms and conditions for recognition, and shall adopt the penalties to apply to such organizations in the event of their recognition being withdrawn;
 - (c) notify the Commission, within two months, of every decision to grant, refuse or withdraw recognition.
2. The terms and conditions on which the Member States are to report to the Commission on the activities of producer organizations shall be drawn up in accordance with the procedure laid down in Article 45.

The Commission shall check that Article 11 is complied with by carrying out checks in accordance with Title VI and shall, where appropriate, call on Member States to withdraw recognition.

Article 13

1. Producer organizations recognized under Articles 13 and 13a of Regulation (EEC) No 1035/72 up to 30 June 1995 which are unable to qualify for recognition under Article 11 of this Regulation without a transitional period may continue to operate under the provisions of Title IV for two years after its entry into force, provided they remain in compliance with the requirements of the said Articles of Regulation (EEC) No 1035/72.
2. The period of two years referred to in paragraph 1 may be extended to four years provided the organization concerned,
 - (a) by a set date falling before the end of the two-year period referred to in paragraph 1, presents to the relevant Member State, which must either accept or reject it, a plan of action with a view to attaining recognition under Article 11(2);
 - (b) can show, when presenting its plan, that it has set up the operational fund referred to in Article 15;
 - (c) undertakes, on pain of a penalty to be determined by the Member State, to complete the implementation of its action plan before the end of the four-year period.

3. Producer organizations which no longer meet the conditions laid down in paragraph 2, whatever the reason and at whatever moment, shall lose their status as such on the terms set out in point (b) of Article 12(1).

However, the first subparagraph shall apply without prejudice to any individual rights which the producer organization may have acquired in accordance with Regulation (EEC) No 1035/72.

Article 14

1. New producer organizations not recognized under Regulation (EEC) No 1035/72 may be allowed a transitional period of no more than four years in which to meet the conditions for recognition laid down in Article 11.

In order to qualify, they shall present a phased plan of action to the relevant Member State, acceptance of which shall signal the start of the four-year period referred to in the first subparagraph and shall constitute a preliminary recognition.

2. During the four years following the date of preliminary recognition, Member States may grant to the producer organizations referred to in paragraph 1:

- (a) aid to encourage their formation and facilitate their administrative operation;
- (b) aid, provided either directly or through credit institutions in the form of special loans, to cover part of the investments required to attain recognition and set out in the plan referred to in the second subparagraph of paragraph 1.

3. The aid referred to in paragraph 2 shall be reimbursed by the Commission in accordance with Article 51(2).

4. Before granting preliminary recognition, Member States shall inform the Commission of their intentions and the financial implications.

5. Presentation of a recognition plan by a producer organization to a Member State shall entail a commitment by the organization to submit to national and Community checks in accordance with Title VI, in particular with regard to proper management of public funds.

6. Member States shall adopt the penalties to apply to producer organizations which do not fulfil their undertakings.

Article 15

1. Financial assistance shall be granted on the terms set out in this Article to producer organizations setting up an operational fund maintained by levies on their member producers directly proportional to the quantities of fruit and vegetables actually marketed by them. This financial assistance shall be additional to the operational fund.

2. Operational funds as indicated in paragraph 1 shall be used
 - (a) to finance both market withdrawals and processing of citrus fruit on the terms set out in paragraph 3;
 - (b) to finance an operational programme submitted to the competent national authorities and approved by them under paragraph 6.

Such funds may also be used in whole or in part to finance an action plan submitted by a producer organization as referred to in Article 13.

3. Use of the operational fund to finance withdrawals and/or the processing of citrus fruit shall be permissible only if an operational programme has been approved by the competent national authorities. Financing shall take one of the following forms:
 - (a) withdrawal compensation for products not listed in Annex II;
 - (b) a supplement to the Community withdrawal compensation;
 - (c) a supplement to the minimum price to be paid to producers for citrus fruit delivered for processing under Council Regulation (EEC) No 1035/77⁽⁹⁾ and Council Regulation (EC) No 3119/93⁽¹⁰⁾.

Member States may set a maximum level to the compensation or supplements so decided, but not exceeding the maximum level of withdrawal prices applying in the 1995/96 marketing year in accordance with Article 16(3a), Article 16a, Article 16b and the first indent of point (a) of Article 18(1) of Regulation (EEC) No 1035/72.

The proportion of the operational fund which may be used to finance withdrawals may not exceed 40% in the first year, 35% in the second, 30% in the third, 20% in the fourth and 10% from the fifth year onwards, commencing from the date of approval by the competent national authorities of the first operational programme submitted by the producer organization and approved by them.

4. Operational programmes as indicated in point (b) of paragraph 2 shall
 - (a) have as their objectives the improvement of product quality, boosting products' commercial value, promotion of the products targeted on consumers and creation of organic product lines;
 - (b) include action to develop the use of environmentally sound techniques by the producer members with regard to both cultivation practices and the management of waste materials;

⁽⁹⁾ OJ No L 125, 19.5.1977, p. 3.

⁽¹⁰⁾ OJ No L 279, 12.11.1993, p. 17.

- (c) make financial provision for the technical and human resources required to ensure compliance with plant-health standards and rules, and maximum permitted levels of residues.

"Environmentally sound techniques" shall mean, in particular, those which help to achieve the aims of Article 1(a), (b) and (c) of Council Regulation (EEC) No 2078/92⁽¹¹⁾.

- 5. The financial assistance referred to in paragraph 1 shall be equal to the amount of the levies indicated in that paragraph as actually paid but limited to 50% of the actual expenditure incurred under paragraph 2. This percentage shall be 60% where an operational programme or part of an operational programme is submitted
 - (a) either by several Community producer organizations operating in different Member States on transnational schemes, except for operations as referred to in point (a) of paragraph 2,
 - (b) or by one or more producer organizations engaged in schemes operated on an interbranch basis.
- 6. The assistance referred to in paragraph 5 shall be financed as to 20% by the Member States and as to 80% by the Community.

However, financing shall be as to 10% by the Member States and as to 90% by the Community in the case of producer organizations operating in "Objective 1" regions within the meaning of Council Regulation (EEC) No 2052/88⁽¹²⁾.

Article 16

- 1. Operational programmes as referred to in point (b) of Article 15(2) shall be submitted to the competent national authorities, who shall approve or reject them or request their modification in line with the provisions of this Regulation.

Member States shall establish a national framework for drawing up the general conditions relating to the measures referred to in point (b) of Article 15(4). They shall submit their proposed framework to the Commission which may request modifications within three months if it finds that the proposal does not enable the aims set out in Article 130r of the Treaty and in the Community programme of policy and action in relation to the environment and sustainable development to be attained.

- 2. By 31 January at the latest each year, producer organizations shall notify the volume of their operational fund to the Member State. The Member State shall in turn notify the organization of the amount of financial assistance in line with the limits set out in Article 15(5).

⁽¹¹⁾ OJ No L 215, 30.7.1992, p. 85.

⁽¹²⁾ OJ No L 185, 15.7.1988, p. 9.

3. An association of producer organizations recognized by a Member State may replace its members for the purposes of managing their operational fund within the meaning of Article 15(1) and for establishing, implementing and submitting operational programmes as referred to in point (b) of Article 15(2). In such cases the association shall receive the financial assistance and make the notification referred to in paragraph 2 of this Article.
4. Operational programmes and their private and public financing shall have a minimum duration of three and a maximum duration of five years.
5. Submission of an operational programme to a Member State by a producer organization or, if the option indicated in paragraph 3 is taken up, an association of producer organizations, shall imply a commitment by the organization or association to submit to national and Community checks in accordance with Title VI, in particular as regards proper management of public resources.

Article 17

Should the general instruments of the common organization of the market prove inadequate or inappropriate with regard to the products listed in Article 1 which are of major local or regional importance in economic or ecological terms and which face strong international competition, specific measures to improve the competitiveness of these products and to promote them may be taken in accordance with the procedure laid down in Article 45.

These measures may, in particular, include measures of the kind referred to in point (c) of Article 19(1).

Article 18

1. In cases where a producer organization or an association of producer organizations which have adopted the same rules, which operates in a specific economic area is considered, in respect of a specific product, to be representative of production and producers in that area, the Member State concerned may, at the request of the organization or association, make the following rules binding on producers established in the area who do not belong to one of the organizations referred to above:
 - (a) the rules referred to in point (1) of point (b) of Article 11(1),
 - (b) the rules adopted by the organization or association relating to market withdrawals,on condition that the rules
 - have been in force for at least one year,
 - are included in the exhaustive list in Annex III,
 - are made binding for no more than three marketing years.

2. For the purposes of this Article, "economic area" means a zone made up of adjoining or neighbouring production regions in which production and marketing conditions are homogeneous.
3. A producer organization or association of organizations shall be deemed representative within the meaning of paragraph 1 where its members account for at least two thirds of the producers in the economic area in which it operates and it covers at least two thirds of the production of that area.
4. The rules which are made binding on all producers in a specific economic area
 - (a) must not cause any harm to other producers in the Member State or in the Community,
 - (b) shall not apply, unless they expressly cover them, to products delivered for processing under a contract signed before the beginning of the marketing year, with the exception of the rules on reporting production referred to in point (a) of paragraph 1,
 - (c) must not clash with Community rules in force.
5. Member States shall notify the Commission forthwith of the rules which they have made binding on all producers in a specific economic area.

The Commission shall decide that a Member State must repeal an extension of the rules decided on by that Member State:

- (a) if it finds that the extension to other producers excludes competition in a substantial part of the internal market or jeopardizes free trade, or that the objectives of Article 39 of the Treaty are endangered,
 - (b) if it finds that Article 85(1) of the Treaty applies to the agreement, decision or practice which it has been decided to extend to other producers. The Commission's decision with regard to that agreement, decision or practice shall apply only from the date of such a finding,
 - (c) where, following ex-post checks under Title VI, it finds that this Article has not been complied with.
6. Where paragraph 1 is applied, the Member State concerned may decide, on scrutiny of evidence presented, that non-member producers shall be liable to the organization, or where appropriate the association, for the part of the membership fees paid by the producer members, in so far as these are used to cover:
 - (a) administrative costs resulting from applying the rules referred to in paragraph 1,
 - (b) the cost of research, market studies and sales promotion undertaken by the organization or association and benefiting all producers in the area.

7. Member States shall notify a list of economic areas as referred to in paragraph 2 to the Commission. Within one month of notification, the Commission shall approve the list or shall, after consultation with the Member State concerned, decide on the amendments which the latter must make to it.

Title III

Interbranch organizations and agreements

Article 19

1. For the purposes of this Regulation, "recognized interbranch organizations", hereinafter referred to as "interbranch organizations", means legal entities which:
 - (a) are made up of representatives of economic activities linked to the production and processing of and trade in the products referred to in Article 1(2);
 - (b) are established at the initiative of all or some of the organizations or associations which constitute them;
 - (c) carry out several of the following measures in one or more regions of the Community, taking account, where relevant, of the interests of consumers:
 - improving knowledge and the transparency of production and the market,
 - helping to coordinate better the way fruit and vegetables are placed on the market, in particular by means of research and market studies,
 - drawing up standard forms of contract compatible with Community rules,
 - exploiting the value of the fruit and vegetables produced,
 - providing the information and carrying out the research necessary to adjust production towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality and protection of the environment,
 - seeking ways of restricting the use of plant-health products and other inputs and ensuring product quality and soil and water conservation,
 - developing methods and instruments for improving product quality,
 - exploiting the potential of and protecting organic farming as well as designations of origin, quality labels and geographical denominations,
 - laying down rules, as regards the production and marketing rules set out in Annex III, which are stricter than Community or national rules;

- (d) have been recognized by the Member State concerned on the terms set out in paragraph 2.
2. Member States shall recognize as interbranch organizations all organizations established on their territory which make an appropriate application, on condition that:
- (a) they carry out their activity in one or more regions in that territory;
 - (b) they represent a significant share of the production and processing of and, where relevant, the trade in fruit and vegetables and products processed from fruit and vegetables in the region or regions in question and, where more than one region is involved, they can demonstrate a minimum level of representativity in each region for each of the branches that they group;
 - (c) they carry out several of the measures referred to in point (c) paragraph 1;
 - (d) they are not themselves engaged in the production or processing of, or trade in, fruit and vegetables or products processed from fruit and vegetables.
3. Before granting recognition Member States shall notify the Commission of the interbranch organizations which have applied for recognition, providing all relevant information about their representativity and their various activities, together with all other information needed for an assessment.

The Commission may object to recognition within a time limit of 60 days after notification.

4. Member States shall
- (a) decide whether to grant recognition within three months of the lodging of an application, with all relevant supporting documents;
 - (b) decide, where necessary, to withdraw recognition on the basis of checks which they must carry out at frequent intervals to ascertain that interbranch organizations meet the terms and conditions for recognition, and shall adopt the penalties to apply to such organizations in the event of their recognition being withdrawn;
 - (c) notify the Commission, within two months, of any decision to grant, refuse or withdraw recognition.
5. The terms and conditions on which the Member States are to report to the Commission on the activities of interbranch organizations shall be drawn up in accordance with the procedure laid down in Article 45.

The Commission shall check that paragraph 2 is complied with by carrying out checks in accordance with Title VI and may, as a result of these checks, ask a Member State to withdraw recognition.

6. Recognition shall constitute an authorization to carry out the measures listed in point (c) of paragraph 1, consistent with the terms of this Regulation.

Article 20

1. In cases where an interbranch organization operating in a specific region or regions is considered to be representative of the production and processing of and, where relevant, trade in a given product, the Member State concerned may, at the request of the organization, make some of the decisions or agreements agreed on within that organization binding for a limited period on other operators in the region or regions in question, whether individuals or groups, who do not belong to the organization.
2. An interbranch organization shall be deemed representative within the meaning of paragraph 1 where it accounts for at least two thirds of the production or processing of, or trade in, fruit and vegetables in the region or regions concerned. Where the application for extension of its rules to other operators covers more than one region, the organization must demonstrate a minimum level of representativity for each of the branches it groups in each of the regions concerned.
3. The rules for which extension to other operators may be requested:
 - (a) must concern one of the following aims:
 - production and market reporting,
 - stricter production rules than any laid down in Community or national rules,
 - rules on marketing,
 - rules on protecting the environment,
 - measures to promote and exploit the value of products,
 - measures to protect organic farming as well as designations of origin, quality labels and geographical denominations.

The rules referred to in the second, third and fourth indents must not be other than those which appear in Annex III;

- (b) must have been in force for at least one year;
- (c) may be made binding for no more than three years;
- (d) must not cause any harm to other operators in the Member State or the Community.

Article 21

1. Member States shall notify the Commission forthwith of the rules which they have made binding on all operators in one or more specific regions.

The Commission shall decide that a Member State must repeal an extension of the rules decided on by that Member State in the cases referred to in the second subparagraph of Article 18(5).

2. Where rules are made binding under this Article on operators who do not belong to an interbranch organization, the Member State concerned may decide, on scrutiny of evidence presented, that operators, whether or not individuals, who are not members shall be liable to the organization for all or part of the membership fees paid by the members.

Title IV

Intervention arrangements

Article 22

1. Producer organizations and their associations may choose not to put up for sale products listed in Article 1(2) contributed by their members, both in quantities and for periods which they consider appropriate.
2. The destination of products withdrawn from the market under paragraph 1 must be fixed by the producer organization or association in such a way as not to disturb the normal disposal of the products in question and must respect the environment, particularly as regards water and landscape quality.
3. Where paragraph 1 is applied to any one of the products listed in Annex II which meet the relevant standards, producer organizations and their associations shall pay their producer members the Community withdrawal compensation fixed under Article 25, up to a ceiling of 10% of marketed production.

The 10% limit set in the first subparagraph shall apply to the marketed production of only the members of the producer organization concerned, or of another organization in cases of application of the second and third indents of point (3) of point (b) of Article 11(1), withdrawals under Article 23 excluded.

4. The 10% ceiling referred to in paragraph 3 shall apply from the fifth marketing year following the date of entry into force of this Regulation. Withdrawals carried out during the transitional period covering the four previous marketing years may not exceed the following percentages of marketed production as defined in accordance with the procedure laid down in Article 45: 50% in the first marketing year, 40% in the second, 30% in the third and 20% in the fourth.

However, in the case of citrus fruit these percentages shall be: 30% in the first marketing year, 25% in the second, 20% in the third and 15% in the fourth.

The second subparagraph of paragraph 3 shall apply to this paragraph.

Article 23

In connection with products listed in Annex II, producer organizations shall allow the benefits of Article 22 to growers who are not members of any of the collective structures provided for in this Regulation, if they so request.

However, the Community withdrawal compensation shall be reduced by 10%. In addition, the amount paid shall take account, on scrutiny of the evidence, of the overall withdrawal costs borne by the members. The compensation may not be granted on a volume greater than 10% of the grower's marketed production.

Article 24

Producer organizations and their associations shall notify full details concerning the implementation of Articles 22 and 23, and in particular the measures taken to ensure environmentally sound practice in connection with withdrawals, to their national authorities, which shall forward the information to the Commission.

The information to be notified shall be determined, as necessary, in accordance with the procedure laid down in Article 45.

Member States shall establish a national framework for drawing up the general conditions relating to the measures referred to in point (b) of Article 15(4). They shall submit their proposed framework to the Commission which may request modifications within three months if it finds that the proposal does not enable the aims set out in Article 130r of the Treaty and in the Community programme of policy and action in relation to the environment and sustainable development to be attained.

Article 25

1. For the first marketing year following the entry into force of this Regulation, the Community withdrawal compensation shall, for each product listed in Annex II other than citrus fruit, be equal to the average monthly withdrawal price applicable for the 1995/96 marketing year under Articles 16(3a), 16a, 16b and the first indent of point (a) of Article 18(1) of Regulation (EEC) No 1035/72.

From the fifth marketing year following the entry into force of this Regulation, the Community withdrawal compensation shall be equal, for each of the products in question, to 85% of the compensation fixed pursuant to the first subparagraph.

The difference between the compensation referred to in the first subparagraph and that referred to in the second shall be absorbed in equal instalments from the second to the fifth marketing years following the entry into force of this Regulation.

2. In the case of citrus fruit, the Community withdrawal compensation shall, for the first marketing year following the entry into force of this Regulation and for each product, except satsumas, be equal to the lowest withdrawal price applicable for the 1995/96 marketing year under Articles 16a, 16b and the first indent of point (a) of Article 18(1) of Regulation (EEC) No 1035/72, and for satsumas to the highest withdrawal price.

From the fifth marketing year following the entry into force of this Regulation, the Community withdrawal compensation shall be equal, for all products, to the lowest withdrawal price for clementines determined in accordance with the first subparagraph.

The difference between the compensation referred to in the first subparagraph and that referred to in the second shall be absorbed in equal instalments from the second to the fifth marketing years following the entry into force of this Regulation.

3. The Community withdrawal compensation shall be a single amount valid throughout the Community.
4. The amounts referred to in this Article shall be set, where required, at the beginning of each of the marketing years referred to in paragraphs 1 and 2, in accordance with the procedure laid down in Article 45.

Article 26

1. If the market in a product listed in Annex II is suffering or at risk of suffering from widespread structural imbalances giving or liable to give rise to too large a volume of the withdrawals referred to in Article 22, an intervention threshold shall be set before the beginning of the marketing year for that product in accordance with the procedure laid down in Article 45 and the consequences of any overrun, assessed for the product on the basis of withdrawals made during a marketing year or an equivalent period or of the average of the volume of intervention over several marketing years, shall be borne financially by the producers.

An overrun of the intervention threshold shall give rise to a reduction in the Community withdrawal compensation in the following marketing year. This reduction shall not be carried over to subsequent marketing years.

2. The following shall be determined in accordance with the procedure laid down in Article 45:
 - (a) the implications for each product of an overrun of the threshold;
 - (b) where necessary, the reduced Community withdrawal compensation and measures for the application of this Article.
3. This Article shall apply during the first four marketing years following entry into force of this Regulation.

Article 27

1. Member States shall notify the Commission on each marketing day during each of the relevant marketing years of the prices recorded on their representative producer markets for certain products of defined commercial characteristics such as variety or type, quality class, size and packaging.
2. A list of the markets and products referred to in paragraph 1 shall be drawn up in accordance with the procedure laid down in Article 45.

Markets in Member States on which a substantial part of the national output of a given product is marketed throughout the marketing year or during one of the periods into which the year is divided shall be regarded as representative within the meaning of paragraph 1.

Article 28

1. Member States shall pay the Community withdrawal compensation fixed in Article 25 to producer organizations or their associations which have carried out withdrawals under the terms of Articles 22 and 23 and are required to pay the compensation to their members or to non-member growers.

Payments and advances thereof shall be made in a manner to be determined in accordance with the procedure laid down in Article 45.

2. The Community withdrawal compensation shall be paid without prejudice to the financial implications resulting from any overrun of an intervention threshold.

The compensation shall, in addition, be reduced by the net receipts earned by producer organizations and their associations from the products withdrawn from the market.

3. Where producer organizations and their associations are unable to direct products to one of the destinations referred to in Article 29(1), the Community withdrawal compensation shall be granted only if the products are used in accordance with the instructions issued by the Member State under Article 29(2), (3) and (4).

Article 29

1. Products withdrawn from the market under Article 22(3) which remain unsold shall be disposed of as follows:

(a) all products:

- free distribution to charitable organizations and foundations, approved to that effect by the Member States, for use in their activities to assist persons whose right to public assistance is recognized in national law, in particular because they lack the necessary means of subsistence,

- free distribution to penal institutions and to children's holiday camps as well as to hospitals and old-people's homes designated by the Member States, which shall take all necessary steps to ensure that the quantities thus distributed are additional to the quantities normally bought in by such establishments;
- free distribution outside the Community, through charitable organizations approved to that effect by the Member States, to the populations of third countries in need,

and, secondarily,

- use for non-food purposes,
 - use in animal feed, either fresh or after processing by the feedingstuffs industry;
- (b) **fruit:** free distribution to school children, other than as part of the meals served in school canteens;
- (c) **apples, pears, peaches and nectarines:** processing into alcohol of a strength of more than 80° by direct distillation of the product,
- (d) **all products:** disposal of certain classes of product to the processing industry on condition that there is no resulting distortion of competition for the industries concerned within the Community or for imported products. The implementation of this provision shall be decided in accordance with the procedure laid down in Article 45.

2. It shall be the responsibility of Member States to organize the free distribution provided for in the first, second and third indents of point (a) of paragraph 1 and in point (b) of paragraph 1.

However, with regard to the free distribution of fruit to school children, the Commission may take the initiative of and responsibility for implementing local pilot projects within the framework of research and promotion measures.

3. Member States shall organize the contacts between producer organizations and charitable organizations and other bodies which may be interested in using products withdrawn from the market within their territory, with a view to one of the forms of free distribution referred to in points (a) and (b) of paragraph 1.
4. The disposal of products to the feedingstuffs industry shall be carried out by tendering procedure by an agency designated by the Member State concerned.

The distillation referred to in point (c) of paragraph 1 shall be carried out by distilleries either on their own account or on behalf of a body designated by the Member State concerned. In the first case this body shall dispose of the products to distilleries by tendering procedure. In the second case it shall award distilling operations by tendering procedure.

5. The Community shall defray, on terms and conditions to be determined in accordance with the procedure laid down in Article 13 of Council Regulation (EEC) No 729/70⁽¹³⁾, transport costs in connection with free distribution as provided for in point (a) of paragraph 1 and sorting and packaging costs in connection with free distribution of apples and citrus fruit where the latter is staggered under contractual agreements concluded between producer organizations and charitable organizations or establishments referred to in paragraph 3.
6. Detailed rules for the application of this Article, particularly the criteria applying to tendering procedures, shall be adopted in accordance with the procedure laid down in Article 45.

Title V

Trade with third countries

Article 30

1. Imports into the Community, or exports therefrom, of any of the products listed in Article 1(2) may be subject to presentation of an import or export licence.

Licences shall be issued by Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to measures taken for the application of Articles 35 and 36.

Import and export licences shall be valid throughout the Community. The issue of such licences may be subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence; except in cases of force majeure, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

2. The term of validity of licences and other detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 45.

⁽¹³⁾ OJ No L 94, 28.4.1970, p. 13.

Article 31

1. Save as otherwise provided for in this Regulation, the rates of duty in the common customs tariff shall apply to the products listed in Article 1(2).
2. Should application of the common customs tariff duty rate depend on the entry price of the imported consignment, the veracity of this price shall be checked using a flat-rate import value calculated by the Commission, by product and by origin, on the basis of the weighted average of prices for the product on Member States' representative import markets or on other markets, where appropriate. Specific provisions may, however, be adopted for verifying the entry price of products imported primarily for processing, in accordance with the procedure laid down in Article 45.
3. Where the declared entry price of the consignment in question is higher than the flat-rate import value, increased by a margin set in accordance with paragraph 5 which may not exceed the flat-rate value by more than 10%, the lodging of a security equal to the import duty determined on the basis of the flat-rate import value shall be required.
4. If the entry price of the consignment in question is not declared at the time of customs clearance, the common customs tariff duty rate applied shall depend on the flat-rate import value or be arrived at by application of the relevant customs legislation provisions under conditions to be determined in accordance with paragraph 5.
5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 45.

Article 32

1. In order to prevent or counteract adverse effects on the market in the Community which may result from imports of certain products listed in Article 1(2), imports of one or more of such products at the rate of duty laid down in the common customs tariff shall be subject to payment of an additional import duty if the conditions set out in Article 5 of the Agreement on Agriculture concluded in accordance with Article 228 of the Treaty in the framework of the Uruguay Round of multilateral trade negotiations have been fulfilled, unless the imports are unlikely to disturb the Community market, or the effects would be disproportionate to the intended objective.
2. The trigger prices below which an additional duty may be imposed shall be those notified by the Community to the World Trade Organization.

The trigger volumes to be exceeded in order to have the additional import duty imposed shall be determined in particular on the basis of imports into the Community in the three years preceding the year in which the adverse effects referred to in paragraph 1 arise or are likely to arise.

3. The import prices to be taken into consideration for imposing an additional import duty shall be determined on the basis of the cif import prices of the consignment concerned.

The cif import prices shall be verified for this purpose on the basis of representative prices for the product in question on the world market or on the Community import market for the product.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 45. Such detailed rules shall specify in particular:
 - (a) the products to which additional import duties may be applied under Article 5 of the Agreement on Agriculture;
 - (b) the other criteria necessary for application of paragraph 1 in accordance with Article 5 of the Agreement on Agriculture.

Article 33

1. Tariff quotas for the products listed in Article 1(2) resulting from agreements concluded in the framework of the Uruguay Round of multilateral trade negotiations shall be opened and administered in accordance with detailed rules adopted in accordance with the procedure laid down in Article 45.
2. Quotas may be administered by applying one of the following methods or a combination thereof:
 - a method based on the chronological order in which applications are lodged ("first come, first served" basis);
 - a method of allocating quotas in proportion to quantities requested when applications are lodged (using the "simultaneous examination" method),
 - a method based on taking traditional trade flows into account (using the "traditional importers/new arrivals" method).

Other appropriate methods may be adopted.

They must avoid any discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, take account of the supply needs of the Community market and the need to safeguard the equilibrium of that market, whilst at the same time drawing on methods applied in the past to quotas corresponding to those referred to in paragraph 1, without prejudice to rights arising from agreements concluded in the framework of the Uruguay Round of trade negotiations.

4. The detailed rules referred to in paragraph 1 shall provide for annual quotas, suitably phased over the year, shall determine the administrative method to be used and, where appropriate, shall include:
 - (a) guarantees covering the nature, provenance and origin of the product;
 - (b) recognition of the document used for verifying the guarantees referred to in (a); and
 - (c) the conditions under which import licences are issued and their term of validity.

Article 34

1. To the extent necessary to enable economically significant quantities of the products listed in Article 1(2) to be exported on the basis of the prices of these products in international trade but within the limits resulting from agreements concluded in accordance with Article 228 of the Treaty, the difference between those prices and prices in the Community may be covered by export refunds.
2. The method to be adopted for allocation of the quantities which may be exported with a refund shall be the method which:
 - (a) is most suited to the nature of the product and the situation on the market in question, allows the most efficient possible use of the resources available and takes due account of the efficiency and structure of Community exports, without, however, creating discrimination between large and small operators;
 - (b) is least cumbersome administratively for operators, administration requirements taken into account;
 - (c) avoids any discrimination between the operators concerned.
3. Refunds shall be the same for the whole Community.

Where the international trade situation or the specific requirements of certain markets make this necessary, the refund for a given product may vary according to the destination of the product.

Refunds shall be fixed in accordance with the procedure laid down in Article 45. Refunds shall be fixed periodically.

Refunds fixed periodically may, where necessary, be adjusted in the interval by the Commission at the request of a Member State or on its own initiative.

4. The following shall be taken into account when refunds are being fixed:
 - (a) the existing situation and likely trends with regard to:
 - prices and availability of fruit and vegetables on the Community market,
 - prices for fruit and vegetables in international trade;
 - (b) marketing costs and minimum transport charges from Community markets to ports and other Community export points, and forwarding costs to the country of destination;
 - (c) the economic aspect of the proposed exports;
 - (d) the limits resulting from agreements concluded in accordance with Article 228 of the Treaty.
5. The Community market prices referred to in paragraph 1 shall be determined using the prices which are most favourable from the exportation point of view.

The world market prices referred to in paragraph 1 shall be determined using:

- (a) prices recorded on third-country markets;
 - (b) the most favourable prices in third countries for imports from other third countries;
 - (c) producer prices recorded in exporting third countries;
 - (d) free-at-Community-frontier offer prices.
6. Refunds shall be granted only on application and on presentation of the relevant export licence.
 7. The refund applicable to exports of products listed in Article 1(2) shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day:
 - (a) for the destination indicated on the licence; or
 - (b) for the actual destination if it differs from the destination indicated on the licence. In that case, the amount applicable may not exceed the amount applicable for the destination indicated on the licence.

Appropriate measures may be taken to prevent abuse of the flexibility provided for in this paragraph.

8. Paragraphs 6 and 7 may be waived in the case of products listed in Article 1(2) on which refunds are paid under food-aid operations, in accordance with the procedure laid down in Article 45.
9. The refund shall be paid upon proof:
 - that the products have been exported from the Community,
 - are of Community origin, and
 - in the case of a differentiated refund, have reached the destination indicated on the licence or another destination for which a refund was fixed, without prejudice to point (b) of paragraph 7. Exceptions may be made to this rule in accordance with the procedure laid down in Article 45, provided conditions are laid down which offer equivalent guarantees.
10. Compliance with the limits on volumes arising from agreements concluded in accordance with Article 228 of the Treaty shall be ensured on the basis of the export certificates issued for the reference periods provided for therein and applicable to the products concerned. With regard to compliance with the obligations arising under the Agreement on Agriculture concluded in the Uruguay Round trade negotiations, the ending of a reference period shall not affect the validity of export licences.
11. Detailed rules for the application of this Article, including provisions for the redistribution of unallocated or unused exportable quantities, shall be adopted in accordance with the procedure laid down in Article 45.

Article 35

1. Save as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited when importing products listed in Article 1(2) from third countries:
 - the levying of any charge having equivalent effect to a customs duty,
 - the application of any quantitative restriction or measure having equivalent effect.
2. The general rules for the interpretation of the Combined Nomenclature and the special rules for its application shall apply to the classification of products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated in the common customs tariff.

Article 36

1. Appropriate measures may be taken when trading with third countries if, by reason of imports or exports, the Community market in one or more of the products listed in Article 1(2) is affected by, or is threatened with, serious disturbance likely to jeopardize achievement of the objectives set out in Article 39 of the Treaty.

Such measures may be applied only until, depending on the case, the disturbance or threat of disturbance has ceased or the quantities withdrawn or bought in have diminished appreciably.

The Council, acting on a proposal from the Commission in accordance with the voting procedure laid down in Article 43(2) of the Treaty, shall adopt general rules for application of this paragraph and shall define in what cases and within what limits 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; the Member States shall be notified of these and they shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.
3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or annul the measure in question.
4. This Article shall be applied having regard to the obligations arising from international agreements concluded in accordance with Article 228(2) of the Treaty.

Title VI

National and Community checks

Article 37

1. Member States shall take the necessary measures to ensure compliance with Community rules in the fruit and vegetables sector, particularly in the fields referred to in Annex IV.
2. Checks shall be carried out either systematically or by sampling. In the case of sampling, Member States shall ensure, by their nature and frequency and on the basis of risk analysis, that the checks are appropriate to the measure concerned both in terms of their territory as a whole and in terms of the volume of fruit and vegetable sector products marketed or held with a view to marketing.

The utilization of public funds must be systematically checked, without prejudice to the implementation of systematic checks in other fields.

3. Member States shall ensure that the competent authorities have a sufficient number of suitably qualified and experienced staff to carry out the checks effectively, particularly in the fields referred to in Annex IV.

Article 38

1. Without prejudice to the checks carried out by the national authorities pursuant to Article 37, the Commission shall, in collaboration with the competent authorities of the Member State concerned, carry out on-the-spot checks or cause them to be carried out in order to ensure uniform application of Community rules in the fruit and vegetable sector, particularly in the fields referred to in Annex IV.
2. The Commission shall inform the relevant Member State in advance and in writing about the subject, purpose and location of the checks it envisages, the date on which they are to commence and the identity and status of its inspectors.

Article 39

1. The Commission shall establish a special corps of inspectors in the fruit and vegetable sector consisting partly of Commission inspectors with suitable qualifications, technical knowledge and experience and partly of Member States' staff as indicated in Article 37(3).
2. The special corps of inspectors shall, under the Commission's direction, discharge the following tasks:
 - (a) collaborate on the checks planned and carried out by the competent authorities of the Member States;
 - (b) carry out checks at the Commission's initiative, in which the officials of the Member State may participate;
 - (c) assess the national verification arrangements set up, the procedures followed and the results obtained;
 - (d) ascertain the measures, legal and otherwise, taken by the competent authorities to improve compliance with Community rules in the fruit and vegetable sector;
 - (e) develop collaboration and the exchange of information between the competent bodies of the Member States in order to contribute to the uniform application of the rules in the fruit and vegetable sector and facilitate free movement of the products of the sector.
3. With regard to the checks to be carried out under point (b) of paragraph 2, the Commission shall, in good time before the start of operations, inform the competent authority of the Member State on whose territory these operations are to take place.
4. The Commission shall itself determine the most appropriate places for the checks to be carried out and shall determine the practical arrangements pertaining to them.

Article 40

1. In carrying out their duties the Commission's corps of inspectors shall, without prejudice to the limits imposed by the Member States on their own officials in carrying out the checks concerned, have the following rights and powers:
 - (a) access to all premises, warehouses, land, installations and means of transport which may be connected with the checks,
 - (b) the right to call on any operator concerned to provide an explanation of any matter,
 - (c) access to all legal and accounting data or documents and other documents relevant to the checks and the right to take copies or extracts.

The Commission's inspectors shall, in the course of checks, adopt an attitude compatible with the rules and professional practices which officials of the Member State must follow. They shall observe professional confidentiality.

2. The Commission shall establish appropriate links with the competent authorities of the Member States in order to draw up joint control programmes. Member States shall cooperate with the Commission to facilitate its accomplishment of this task.
3. The Commission shall communicate the results of the visits made by its inspectors to the competent authority of the Member State concerned as soon as possible. That communication shall record any difficulties encountered and infringements noted of the rules in force.
4. The Member State concerned shall inform the Commission as soon as possible of the steps it has taken to put an end to the difficulties or infringements in question.

Article 41

Findings reported to a Member State under Article 40(3) may be treated as those referred to in Article 5 of Regulation (EEC) No 729/70.

Title VII

General provisions

Article 42

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 referred to in Article 1.

Article 43

1. Member States and the Commission shall communicate to each other the information necessary for applying this Regulation. The data to be communicated shall be determined in accordance with the procedure laid down in Article 45. Rules for the communication and distribution of such information shall be adopted in accordance with the same procedure.
2. Without prejudice to Articles 11 and 19, the information on cultivated areas and quantities harvested, marketed or not put on sale under Article 20 which producer organizations shall collect from their members, and also the terms and conditions on which this information shall be collected by one or more producer organizations designated by the Member State in question from individual producers who do not belong to any of the collective structures provided for in this Regulation, shall be determined in accordance with the procedure laid down in Article 45.
3. Member States shall ensure the statistical processing of the data referred to in paragraph 2. They shall adopt all the control measures needed to verify the accuracy of the data. They shall inform the Commission of those measures.

Article 44

A Management Committee for Fresh Fruit and Vegetables, hereinafter referred to as "the Committee", shall be set up, consisting of representatives of the Member States and chaired by a representative of the Commission.

Article 45

1. Where reference is made to the procedure laid down in this Article, the chairman shall refer the matter to the Committee either on his/her own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The chairman shall not vote.
3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event the Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication.

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

Article 46

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

Article 47

The rules for the application of this Regulation, and in particular of Titles II, III and VI, shall be adopted in accordance with the procedure laid down in Article 45.

Article 48

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

Article 49

Member States shall take all appropriate measures to penalize infringements of the provisions of this Regulation and to forestall and bring to an end any fraud.

Article 50

The laws, regulations and administrative provisions adopted by Member States for the application or in application of this Regulation shall be communicated to the Commission no later than one month after their adoption. The same shall apply to any modification of the said provisions.

Article 51

1. Expenditure relating to the payment of the Community withdrawal compensation and to Community financing of the operational fund, the specific measures referred to in Article 17 and the checks referred to in Articles 38 and 39 shall be deemed to be intervention to stabilize the agricultural markets within the meaning of point (b) of Article 1(2) of Regulation (EEC) No 729/70.
2. The aid granted by the Member States in accordance with Article 14 shall be considered a common measure within the meaning of Article 2(1) of Council Regulation (EEC) No 4256/88⁽¹⁴⁾. It shall be covered by the annual expenditure forecasts referred to in Article 31(1) of Council Regulation (EEC) No 2328/91⁽¹⁵⁾.

Article 1(3) of Regulation (EEC) No 2328/91 shall apply to the aid provided for in this paragraph.

⁽¹⁴⁾ OJ No L 374, 31.12.1988, p. 25.

⁽¹⁵⁾ OJ No L 218, 6.8.1991, p. 1.

3. Aid shall be paid in accordance with Article 21 of Council Regulation (EEC) No 4253/88⁽¹⁶⁾. However, payment of the balance or reimbursement shall, in addition to the requirements specified in paragraph 4 of that Article, be based on:
 - (a) a declaration of the expenditure incurred by the Member States during the calendar year, and
 - (b) a report on the application of the measures during the calendar year concerned, drawn up in accordance with Article 25(4) of that Regulation,to be presented to the Commission before 1 July of the following year.
4. The Commission shall adopt rules for the application of paragraphs 2 and 3 of this Article after consulting the committee referred to in Article 29 of Regulation (EEC) No 4253/88.
5. The provisions of Title VI shall apply without prejudice to application of Council Regulation (EEC) No 4045/89⁽¹⁷⁾.

Article 52

By 31 December 2000 the Commission shall send the Council a report on the operation of this Regulation, accompanied by any proposals that may be required.

Article 53

Regulations (EEC) Nos 1035/72, 3285/83, 1319/85, 2240/88, 1121/89 and 1198/90 are hereby repealed.

References to those Regulations shall be understood as references to this Regulation and are to be read in conjunction with the correspondence tables in Annex V.

Article 54

This Regulation shall enter into force on 1 January 1996.

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

Done at Brussels,

For the Council
The President

⁽¹⁶⁾ OJ No L 374, 31.12.1988, p. 1.

⁽¹⁷⁾ OJ No L 388, 30.12.1989, p. 18.

ANNEX I

UN/ECE standards for fresh fruit and vegetable recommended by
the Working Group for Perishable Product Standardization and Quality Improvement
(United Nations, New York, 1991)

<u>PRODUCT</u>	<u>APPLICABLE STANDARD</u>
Almonds (not bitter) in shell	DF-05
Apples and pears	FFV-01
Apricots	FFV-02
Artichokes	FFV-03
Asparagus	FFV-04
Aubergines	FFV-05
Beans	FFV-06
Brussels sprouts	FFV-08
Cabbage	FFV-09
Carrots	FFV-10
Cauliflowers	FFV-11
Celery	FFV-12
Cherries	FFV-13
Citrus fruit	FFV-14
Courgettes	FFV-41
Cucumbers	FFV-15
Garlic	FFV-18
Hazelnuts in shell	DF-03
Kiwis	FFV-46
Leeks	FFV-21
Lettuce, curly and escarole chicory	FFV-22
Melons	FFV-23
Onions	FFV-25
Peaches and nectarines	FFV-26
Peas for shelling	FFV-27
Plums	FFV-29
Spinach	FFV-34
Strawberries	FFV-35
Sweet peppers	FFV-28
Table grapes	FFV-19
Tomatoes	FFV-36
Walnuts in shell	DF-01
Witloof chicory	FFV-38

ANNEX II

List of products eligible for Community withdrawal compensation under Article 20(2)

Cauliflowers
Tomatoes
Aubergines
Apricots
Peaches
Nectarines
Lemons
Pears (other than perry pears)
Table grapes
Apples (other than cider apples)
Satsumas
Mandarins
Clementines
Oranges

ANNEX III

Exhaustive list of rules applied by producer organizations that may be extended to non-member producers (Article 18(1))

1. Rules on production information

- (a) notification of growing intentions, by product and where appropriate variety
- (b) notification of sowings and plantings
- (c) notification of total areas grown, by product and if possible variety
- (d) notification of anticipated tonnages and probable cropping dates by product and if possible variety
- (e) periodic notification of quantities cropped and available stocks, by variety
- (f) information on storage capacities

2. Production rules

- (a) choice of seed to be used according to intended destination (fresh market/industrial processing)
- (b) thinning in orchards

3. Marketing rules

- (a) specified dates for commencement of cropping; staggering of marketing
- (b) minimum quality and size requirements
- (c) preparation, presentation, packaging and marking at first marketing stage
- (d) indication of product origin

4. Protection of environment

- (a) use of fertilizer and manure
- (b) use of plant-health products and other crop protection methods
- (c) maximum residue content in fruit and vegetables of plant-health products and fertilizers
- (d) rules on disposal of by-products and used material
- (e) rules on destruction of products withdrawn from the market

5. Withdrawals

- rules adopted under Article 20 in accordance with the terms of Article 22.

ANNEX IV

National and Community inspection: non-exhaustive list of matters that may be covered

Articles 7 and 8	conformity with product standards
Article 12	compliance with terms of recognition of producer organizations
Article 13	implementation of action plan
Article 14	implementation of recognition plan and utilization of aid
Article 15	management of operational fund and implementation of operational programme (in particular close scrutiny of use of public funds)
Article 18	compliance with terms governing the extension of rules to non-producers
Articles 19 and 20	compliance with terms governing interbranch organizations and agreements and extension of rules
Articles 22 <u>et seq</u>	withdrawal operations
Article 28	proper payment of Community withdrawal compensation
Article 29	disposal of products withdrawn from market
Article 30 <u>et seq</u>	application of rules on trade with third countries.

ANNEX V

Correspondence tables

Proposal for a
COUNCIL REGULATION (EC) 95/0248 (CNS)
on the common organization of the market in processed fruit and vegetables

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

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

Whereas the fruit and vegetable sector in general is subject to various changes which the Community must take into account by adapting the basic rules in the relevant market organizations; whereas, as regards certain processed products, account should also be taken of the effects of international competition; whereas, in view of the numerous amendments made to Council Regulation (EEC) No 426/86 of 24 February 1986 on the common organization of the market in products processed from fruit and vegetables⁽¹⁾, a new regulation should, for reasons of clarity, be adopted;

Whereas it is desirable to insert in that new regulation the main provisions of Council Regulation (EEC) No 2245/88 of 19 July 1988 introducing a guarantee threshold system for peaches in syrup⁽²⁾, of Council Regulation (EEC) No 1206/90 of 7 May 1990 laying down general rules for the system of production aid for processed fruit and vegetables⁽³⁾, and of Council Regulation (EEC) No 668/93 of 17 March 1993 on the introduction of a limit to the granting of production aid for processed tomato products⁽⁴⁾; whereas these Regulations should therefore be repealed;

Whereas certain processed products are of particular importance in the Mediterranean regions of the Community where producer prices are considerably higher than in third countries; whereas the system of production aid based on the signing of contracts guaranteeing a regular supply to the industry against payment of a minimum price to producers, as applied in the past, has proved successful and should be pursued; whereas, at the same time as for fresh products, the role of the producer organizations should be

⁽¹⁾ OJ No L 49, 27.2.1986, p. 1, as last amended by Commission Regulation (EC) No 2314/95, OJ No L 233, 30.9.1995, p. 69.

⁽²⁾ OJ No L 198, 26.7.1988, p. 18, as last amended by Commission Regulation (EC) No 1032/95, OJ No L 105, 9.5.1995, p. 3.

⁽³⁾ OJ No L 119, 11.5.1990, p. 74, as last amended by Regulation (EEC) No 2202/90, OJ No L 201, 31.7.1990, p. 4.

⁽⁴⁾ OJ No L 72, 25.3.1993, p. 1.

strengthened in order to ensure a greater concentration of supply, to manage supply along more rational lines and to facilitate the monitoring of compliance with minimum producer prices;

Whereas, in view of the link between prices for products intended to be consumed fresh and prices for products intended for processing, provision should be made for minimum producer prices to be determined taking into account the movement of market prices in the fruit and vegetable sector and the need to maintain a sufficient balance between the various market outlets for fresh products;

Whereas the amount of aid should compensate for the difference between the prices paid to producers within the Community and those paid in third countries; whereas, therefore, provision should be made for a calculation which takes account in particular of that difference and of the effect of changes in the minimum price, without prejudice to certain technical elements being applied;

Whereas, because of the abundant supply of raw materials and the elasticity of processing capacity, granting production aid could, in certain cases, encourage production to expand considerably; whereas, in order to avoid any difficulties in selling processed products, provision should be made for limits to the granting of aid in the form, depending on the product, either of a guarantee threshold or of a system of quotas; whereas, experience gained in respect of processed tomato products has led to the adoption of a more flexible system intended to enhance the dynamism of undertakings and the competitiveness of the Community industry;

Whereas the distinctive features of the dried grapes sector have led to the application of a system of aid for specialized areas cultivated; whereas this system, together with the system of maximum guaranteed areas designed to prevent the cultivation of grapes intended for drying from expanding excessively, must be included, as in the past, in the same regulation;

Whereas the replanting operations to combat phylloxera are being continued; whereas, in order to prevent those operations being discontinued while large areas still remain to be replanted, the system of aid to assist producers who are replanting their vineyards to combat phylloxera should be maintained;

Whereas, in order to facilitate the disposal of processed products and to bring their quality more into line with market requirements, provision should be made for laying down standards;

Whereas, in the case of the dried grape and dried fig sectors, the system of storage at the end of a marketing year, limited to a certain quantity of dried grapes, should be maintained subject to certain adjustments; whereas the buying-in prices for each of the two products should be established having regard to their distinctive characteristics;

Whereas provision should be made for the implementation of special measures to assist certain sectors which are threatened by international competition but where production is of major importance at local or regional level, whereas such measures must include structural improvements to enhance competitiveness and promote the use of the products in question;

Whereas by Regulation (EC) No 3290/94⁽⁵⁾ the Council has adopted the adaptations and transitional arrangements required in the agricultural sector in order to implement the agreements concluded in the context of the Uruguay Round of multilateral trade negotiations, in particular the new trade arrangements with third countries in the processed fruit and vegetables sector; whereas the provisions of Regulation (EEC) No 426/86, as amended by Annex XIV to Regulation (EC) No 3290/94, should be inserted in this Regulation; whereas, however, in order to simplify matters, responsibility for the implementation of certain technical provisions relating to any sugar shortages should be in the hands of the Commission;

Whereas the granting of certain aid would compromise the functioning of the internal market; whereas, therefore, the provisions of the Treaty enabling aid granted by Member States to be examined and enabling aid which is incompatible with the common market to be prohibited, should be extended to cover the fruit and vegetable sector;

Whereas the common organization of the market in processed fruit and vegetables must take proper and simultaneous account of the objectives set out in Articles 39 and 110 of the Treaty;

Whereas, to facilitate the implementation of the proposed measures, a procedure for close cooperation between the Member States and the Commission by means of a management committee should be set up,

HAS ADOPTED THIS REGULATION:

Article 1

1. This Regulation sets up a common organization of the market in processed fruit and vegetables.

⁽⁵⁾ OJ No L 349, 31.12.1994, p. 105.

2. The organization shall cover the following products:

<u>CN Code</u>	<u>Description</u>
(a) ex 0710	Vegetables (uncooked or cooked by steaming or boiling in water) frozen, excluding sweet corn of subheading 0710 40 00, olives of subheading 0710 80 10 and fruits of the genus <i>Capsicum</i> or the genus <i>Pimenta</i> of subheading 0710 80 59
ex 0711	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption, excluding olives of subheading 0711 20, fruits of the genus <i>Capsicum</i> or of the genus <i>Pimenta</i> of subheading 0711 90 10 and sweet corn of subheading 0711 90 30
ex 0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared, excluding potatoes dehydrated by artificial heat-drying and unfit for human consumption falling within subheading 0712 10 00, sweet corn of subheadings 0712 90 11, 0712 90 19 and olives falling within subheading 0712 90 90
0804 20 90	Dried figs
0806 20	Dried grapes
ex 0811	Fruit and nuts, uncooked or cooked by boiling or steaming in water, frozen, not containing added sugar or other sweetening matter, excluding frozen bananas falling within subheading 0811 90 90
0812	Fruit and nuts, provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption, excluding bananas provisionally preserved falling within subheading 0812 90 90
ex 0813	Fruit, dried, other than that of heading Nos 0801 to 0806; mixtures of nuts or dried fruits of this chapter excluding mixtures exclusively of nuts of heading Nos 0801 and 0802 falling within subheadings 0813 50 31 and 0813 50 39
0814 00 00	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions
0904 20 10	Dried sweet peppers, neither crushed nor ground

- (b) ex 0811 Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, containing added sugar or other sweetening matter
- ex 1302 20 Pectic substances and pectinates
- ex 2001 Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid, excluding:
- Fruit of the genus *Capsicum* other than sweet peppers or pimentos of subheading 2001 90 20
 - Sweet corn (*Zea mays var. saccharata*) of subheading 2001 90 30
 - Yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch of subheading 2001 90 40, and
 - Palm hearts of subheading 2001 90 60
 - Olives of subheading 2001 90 65
 - Vine leaves, hop shoots and other similar edible parts of plants falling within subheading 2001 90 96
- 2002 Tomatoes prepared or preserved otherwise than by vinegar or acetic acid
- 2003 Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid
- ex 2004 Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, excluding sweet corn (*Zea mays var. saccharata*) of subheading 2004 90 10, olives of subheading 2004 90 99 and potatoes prepared or preserved in the form of flour, meal or flakes of subheading 2004 10 91
- ex 2005 Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, excluding olives of subheading 2005 70 00, sweet corn (*Zea mays var. saccharata*) of subheading 2005 80 00 and fruit of the genus *Capsicum* other than sweet peppers or pimentos of subheading 2005 90 10 and potatoes prepared or preserved in the form of flour, meal or flakes of subheading 2005 20 10
- ex 2006 00 Fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glacé or crystallized), excluding bananas preserved by sugar falling within subheading 2006 00 90

ex 2007 Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, being cooked preparations, whether or not containing added sugar or other sweetening matter, excluding:

- homogenized preparations of bananas of subheading 2007 10
- jams, jellies, marmalades, purée or pastes of bananas of subheadings 2007 99 39 and 2007 99 90
- bananas otherwise prepared or preserved of subheadings 2008 99 48, 2008 99 69 and 2008 99 99

ex 2008 Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding:

- Peanut butter of subheading 2008 11 10
- Palm hearts of subheading 2008 91 00
- Preparations of the Müsli type of subheading 2008 92 45
- Maize of subheading 2008 99 85
- Yams, sweet potatoes and similar edible parts of plants, containing 5% or more by weight of starch of subheading 2008 99 91, and
- Vine leaves, hop shoots, and other similar edible parts of plants falling within subheading 2008 99 99
- mixtures of banana otherwise prepared or preserved of subheadings 2008 92 50, 2008 92 79, 2008 92 91 and 2008 92 99

ex 2009 Fruit juices (excluding grape juice and grape must of subheading 2009 60 and banana juice of subheading 2009 80) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter

3. The marketing years for the products referred to in paragraph 2 shall be fixed in accordance with the procedure laid down in Article 26.

Title I

System of aid

Article 2

1. A system of production aid shall apply to the products listed in Annex I obtained from fruit and vegetables harvested in the Community.
2. Production aid shall be granted to processors who have paid producers for their raw materials a price not less than the minimum price under contracts between, on the one side, producer organizations recognized or provisionally authorized under Council Regulation (EC) No .../95⁽⁶⁾, and processors on the other. The producer organizations shall extend the benefit of the provisions of this Article to operators not affiliated to any of the collective structures provided for in Regulation (EC) No .../95, who undertake to market through such structures all their output intended for the manufacture of the products referred to in Annex I and who pay a contribution towards the overall management costs of this system borne by the organization.

Contracts must be signed before the start of the marketing year.

Article 3

1. The minimum price to be paid to producers shall be calculated on the basis of:
 - (a) the minimum price applying during the previous marketing year;
 - (b) the movement of market prices in the fruit and vegetables sector;
 - (c) the need to ensure normal market disposal of fresh products for the various uses, including supply to the processing industry.
2. Minimum prices shall be fixed before the start of each marketing year.
3. Minimum prices and detailed rules for the application of this Article shall be adopted in accordance with the procedure provided for in Article 26.

Article 4

1. The production aid may not exceed the difference between the minimum price paid to the producer in the Community and the price of the raw material in the main producing and exporting third countries

⁽⁶⁾ OJ No L

2. The amount of aid shall be so fixed as to enable the Community product to be disposed of at the minimum price, within the limit set in paragraph 1. In establishing the amount of the aid, without prejudice to the application of Article 5, account shall be taken in particular of:
 - (a) the difference between the price of the raw material in the Community and that obtaining in the major competing third countries;
 - (b) the amount of the aid fixed for the previous marketing year; and
 - (c) where Community production of a product accounts for a substantial share of the market, trends in the volume of external trade and in the prices obtaining in such trade, where the latter criterion results in a reduction in the amount of the aid.
3. The aid shall be fixed in terms of the net weight of the processed product. The coefficients expressing the relationship between the weight of raw material used and the net weight of the processed product shall be defined on a standardized basis. They shall be regularly updated on the basis of experience.
4. Aid shall be granted to processors only for processed products which
 - (a) have been produced from raw materials harvested in the Community, for which the applicant has paid at least the minimum price referred to in Article 3;
 - (b) meet minimum quality requirements.
5. The price of the raw material in main competing third countries shall be determined mainly on the basis of the prices actually applying at the farm-gate stage for fresh products of a comparable quality used for processing, weighted on the basis of the quantities of finished products exported by those third countries.
6. Where Community production accounts for at least 50% of the quantities of a product making up the Community consumption market, the trends in prices and the quantities of imports and exports shall be assessed by comparing the data for the calendar year preceding the start of the marketing year with the data for the previous calendar year.
7. In the case of products processed from tomatoes, the production aid shall be calculated for:
 - (a) tomato concentrate falling within CN code 2002 90;
 - (b) whole peeled tomatoes obtained from the San Marzano variety or similar varieties and falling within CN code 2002 10;

- (c) whole peeled tomatoes obtained from the Roma or similar varieties and falling within CN code 2002 10;
 - (d) tomato juice falling within CN code 2009 50.
8. The production aid for other products processed from tomatoes shall be derived, as appropriate, either from the aid calculated for tomato concentrate, with account being taken in particular of the dry extract content of the product, or from the aid calculated for whole peeled tomatoes obtained from the Roma or similar varieties, with account being taken in particular of the commercial characteristics of the product.
 9. The Commission shall fix the amount of the aid before the start of each marketing year, in accordance with the procedure laid down in Article 26. The coefficients referred to in paragraph 3, the minimum quality requirements and the other detailed rules for the application of this Article shall be adopted in accordance with the same procedure.

Article 5

1. A guarantee threshold for the whole Community is hereby introduced for each marketing year in the products referred to. When the guarantee threshold is exceeded, the production aid shall be reduced. The guarantee threshold shall be:
 - (a) 582 000 tonnes net weight for peaches in syrup and/or natural fruit juice,
 - (b) 102 805 tonnes net weight for Williams and Rocha pears in syrup and/or natural fruit juice.
2. The amount by which the thresholds referred to in paragraph 1 are exceeded shall be calculated on the basis of the average quantities produced in the three marketing years preceding the marketing year for which the aid is to be fixed. Where the guarantee threshold is exceeded, the aid for the following marketing year shall be reduced in proportion to the amount by which the threshold is exceeded.

Article 6

1. A quota system is hereby introduced for granting production aid on products processed from tomatoes. The production aid shall be limited to a volume of processed products corresponding to a weight of 6 596 787 tonnes of fresh tomatoes.
2. The volume of processed products referred to in paragraph 1 shall be apportioned every five years among three separate product groups, namely tomato concentrate, tinned whole peeled tomatoes and other products, on the basis of the average quantities of products in each group produced in compliance with minimum prices during the five marketing years preceding the marketing year for which the apportionment is made.

However, the first apportionment, for the 1996/97 marketing year and for the subsequent four marketing years, shall be on the basis of the average quantities actually produced during the marketing years 1991/92, 1992/93, 1993/94 and 1994/95.

3. The quantity of fresh tomatoes, determined in accordance with paragraph 2 for each product group, shall be shared out each year among the Member States according to the average quantities produced in compliance with minimum prices during the three marketing years preceding the marketing year for which the allocation is made, excluding 1995/96, which shall not be taken into consideration.

However, for the first three apportionments, for the marketing years 1996/97, 1997/98 and 1998/99, the quantities taken into account in respect of the marketing years 1992/93, 1993/94 and 1994/95 shall be the quantities actually produced.

No apportionment under this paragraph may result in a variation, by Member State and by product group, of more than 20% from one marketing year to the next. Where an apportionment is made under paragraph 2, that percentage shall be calculated on the basis of the quantities in the previous marketing year adjusted by the coefficients of variation resulting, for each group of products, from that apportionment.

4. Member States shall share out the quantities allocated to them between the processing undertakings established on their territory according to the average quantities produced in compliance with minimum prices during the three marketing years preceding the marketing year for which the allocation is made, excluding 1995/96, which shall not be taken into consideration.

However, for the first three apportionments, for the marketing years 1996/97, 1997/98 and 1998/99, the quantities taken into account in respect of the marketing years 1992/93, 1993/94 and 1994/95 shall be the quantities actually produced.

5. The apportionments referred to in paragraphs 2 and 3 shall be carried out in accordance with the procedure laid down in Article 26. The detailed rules for the application of this Article shall be adopted in accordance with the same procedure. They shall include, in particular, rules applying to undertakings that have been in business for less than three years, to new undertakings and in cases of mergers or transfers of undertakings.

Article 7

1. Aid shall be granted for the cultivation of sultanas, dried grapes of the Moscatel varieties and currants which are dried for processing.

The amount of the aid shall be fixed per hectare of specialized area harvested on the basis of the average yield per hectare of the area concerned. In addition, the amount of the aid shall be fixed to take account of:

- (a) the need to ensure that the areas traditionally used to grow the said crops are maintained,
- (b) the outlets available for these dried grapes.

The amount of aid may be differentiated according to grape variety and other factors which may affect yield.

2. A maximum guaranteed Community area is hereby introduced for each marketing year equal to the average of the areas in the Community used for the crops referred to in paragraph 1 in the marketing years 1987/88, 1988/89 and 1989/90. If the specialized areas used for the production of dried grapes exceed the maximum guaranteed Community area, the amount of the aid shall be reduced for the following marketing year according to the extent by which that area is exceeded.
3. The aid shall be granted once the areas have been harvested and the products have been dried for processing.
4. Producers who replant their vineyards to combat phylloxera and who are not in receipt of aid provided for under structural measures against that disease chargeable to the Guidance Section of the EAGGF shall be entitled, during three marketing years, to aid of an amount determined in the light of the amount of the aid referred to in paragraph 1 and of the amount of aid granted under the said structural measures. In this case, paragraph 3 shall not apply.
5. Before the beginning of each marketing year, the Commission shall fix the amount of the aid in accordance with the procedure laid down in Article 26. In accordance with the same procedure, it shall lay down the detailed rules for the application of this Article and determine, as necessary, the extent to which the maximum guaranteed area has been exceeded and the consequent reduction in the amount of aid.

Article 8

Common quality standards may be introduced for the products listed in Article 1(2) intended either for consumption in the Community or for export to third countries, in accordance with the procedure laid down in Article 26.

Article 9

1. During the last two months of a marketing year, the agencies, legal or natural persons approved by the Member States concerned, hereinafter referred to as "storage agencies", may buy in sultanas, currants and dried figs produced in the Community during the current marketing year provided the products comply with quality standards to be determined.

The quantities of sultanas and currants bought in under paragraph 2 may not exceed 27 370 tonnes.

2. The buying-in price at which storage agencies buy in the products referred to in paragraph 1 shall be:
 - (a) in the case of dried figs, the minimum price for the lowest quality class, less 5%,
 - (b) in the case of sultanas and currants, the buying-in price in force during the 1994/95 marketing year, adjusted each year in line with the change in the minimum import price referred to in Article 13 or, from the year 2000, in world prices.
3. The products bought-in by the storage agencies shall be disposed of on terms which do not jeopardize the balance of the market and which ensure equal access to the products for sale and equal treatment of purchasers.

Where products cannot be disposed of on normal terms, special measures may be taken. In that case, a special security may be required to ensure that undertakings entered into are fulfilled, in particular those relating to the destination of the product. The security shall be forfeit, in full or in part, if undertakings are not fulfilled or are fulfilled only in part.

4. Storage aid shall be granted to storage agencies for the quantities of products which they have bought in and for the actual duration of storage. However, the aid shall cease to be granted at the end of a period of 18 months following the end of the marketing year during which the product was bought in.
5. Financial compensation equal to the difference between the buying-in price paid by storage agencies and the selling price shall be granted to storage agencies. This compensation shall be reduced by the amount of any profits resulting from the difference between the buying-in price and the selling price.
6. For the purposes of applying paragraph 1, Member States shall approve storage agencies which provide adequate guarantees both that they can store products under satisfactory technical conditions and that they can satisfactorily manage the products bought in.

These agencies shall be required in particular to store products bought in on separate premises and to keep separate accounts for those products.

7. The sale of products bought in under paragraph 1 shall be organized by invitation to tender or at a price fixed in advance.

Tenders submitted shall be taken into account only where a security is lodged.

8. The buying-in price referred to in paragraph 2 and detailed rules for the application of this Article, in particular the arrangements for storage aid, financial compensation and the buying-in and sale of products by storage agencies shall be adopted in accordance with the procedure laid down in Article 26.

Article 10

1. In the case of products covered by Article 1 which are of major economic or ecological importance at local or regional level and are facing strong international competition, special measures to promote them and enhance their competitiveness may be taken in accordance with the procedure laid down in Article 26.

Such measures may include, in particular:

- (a) action to improve the suitability for processing of products harvested and to adapt their characteristics to the needs of the processing industry;
 - (b) action to perfect the scientific and technical aspects of new operational methods and procedures with a view to improving quality and/or reducing production costs for processed products;
 - (c) action relating to the development of new products and/or new uses for processed products;
 - (d) the carrying out of economic and market studies;
 - (e) action to promote the consumption and use of the products concerned.
2. The measures provided for in paragraph 1 shall be carried out by producer organizations or their associations recognized under Regulation (EC) No .../95, in association with organizations representing the other branches of activity in the sector concerned.
 3. A proportion of 50% of the cost of the measures referred to in paragraph 1 will be met from public funds. Of this amount, Member States shall contribute 10% and the Community 90% in the so-called Objective 1 regions under Council Regulation (EEC) No 2052/88⁽⁷⁾, with Member States contributing 20% and the Community 80% in other regions.
 4. Detailed rules for the application of this Article, and in particular for ensuring the compatibility and complementarity of the measures provided for in this Article with those adopted under Article 17 of Regulation (EC) No .../95, on the one hand, and with the measures financed under Articles 2, 5 and 8 of Council Regulation (EEC) No 4256/88⁽⁸⁾, on the other, shall be adopted in accordance with the procedure laid down in Article 26.

⁽⁷⁾ OJ No L 185, 15.7.1988, p. 9.

⁽⁸⁾ OJ No L 374, 31.12.1988, p. 25.

Title II

Trade with third countries

Article 11

1. Imports into the Community, or exports therefrom, of any of the products listed in Article 1(2) may be subject to presentation of an import or export licence.

Licences shall be issued by Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to measures taken for the application of Articles 15, 16, 17 and 18.

Import and export licences shall be valid throughout the Community. The issue of such licences may be subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence; except in cases of *force majeure*, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

2. The term of validity of licences and other detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 12

1. Save as otherwise provided for in this Regulation, the rates of duty in the common customs tariff shall apply to the products listed in Article 1(2).
2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 13

1. A minimum import price for the 1995, 1996, 1997, 1998 and 1999 marketing years shall be fixed for the products listed in Annex II. The minimum import price shall be determined having regard in particular to:
 - the free-at-frontier prices on import into the Community,
 - the prices obtaining on world markets,
 - the situation on the internal Community market,
 - the trend of trade with third countries.

Where the minimum import price is not observed, a countervailing charge in addition to customs duty shall be imposed, based on the prices of the main supplier third countries.

2. The minimum import price for dried grapes shall be fixed before the beginning of the marketing year.

A minimum import price shall be fixed for currants and for other dried grapes. For each of the two groups of products, the minimum import price may be fixed for products in immediate packing of a net weight to be determined and for products in immediate packing of a net weight exceeding that weight.

3. The minimum import price for processed cherries shall be fixed before the beginning of the marketing year. The price may be fixed for products in immediate packing of a determined net weight.
4. The minimum import price to be observed for dried grapes shall be that applicable on the day of importation. The countervailing charge to be levied, if any, shall be that which is applicable on the same day.
5. The minimum price to be observed for import of sour cherries and processed cherries shall be that applicable on the day of acceptance of entry for free circulation.
6. Countervailing charges for dried grapes shall be fixed by reference to a scale of import prices. The difference between the minimum import price and each step of the scale shall be:

- 1% of the minimum price for the first step,
- 3.6 and 9%, respectively, of the minimum price for the second, third and fourth steps.

The fifth step of the scale shall cover all cases where the import price is lower than that applied for the fourth step.

The maximum countervailing charge to be fixed for dried grapes shall not exceed the difference between the minimum price and an amount determined on the basis of the most favourable prices applied on the world market for significant quantities by the most representative non-member countries.

7. Where the import price for sour cherries and processed cherries is less than the minimum price for those products, a countervailing charge equal to the difference between those prices shall be levied.
8. The minimum import price, the amount of the countervailing charge and the other rules for the implementation of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 14

1. In order to prevent or counteract adverse effects on the market in the Community which may result from imports of certain products listed in Article 1(2), imports of one or more of such products at the rate of duty laid down in the common customs tariff shall be subject to payment of an additional import duty if the conditions set out in Article 5 of the Agreement on Agriculture concluded in accordance with Article 228 of the Treaty in the framework of the Uruguay Round of multilateral trade negotiations have been fulfilled, unless the imports are unlikely to disturb the Community market, or the effects would be disproportionate to the intended objective.
2. The trigger prices below which an additional duty may be imposed shall be those forwarded by the Community to the World Trade Organization in accordance with its offer tabled during the Uruguay Round of multilateral trade negotiations.

The trigger volumes to be exceeded in order to have the additional import duty imposed shall be determined in particular on the basis of imports into the Community in the three years preceding the year in which the adverse effects referred to in paragraph 1 arise or are likely to arise.

3. The import prices to be taken into consideration for imposing an additional import duty shall be determined on the basis of the cif import prices of the consignment concerned.

The cif import prices shall be verified for this purpose on the basis of the representative prices for the product in question on the world market or on the Community import market for the product.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26. Such detailed rules shall specify in particular:
 - (a) the products to which additional import duties may be applied under Article 5 of the Agreement on Agriculture;
 - (b) the other criteria necessary for application of paragraph 1 in accordance with Article 5 of the Agreement on Agriculture.

Article 15

1. Tariff quotas for the products listed in Article 1(2) resulting from agreements concluded in the framework of the Uruguay Round of multilateral trade negotiations shall be opened and administered in accordance with detailed rules adopted in accordance with the procedure laid down in Article 26.

2. Quotas may be administered by applying one of the following methods or a combination thereof:
 - (a) a method based on the chronological order in which applications are lodged (on a "first come, first served" basis);
 - (b) a method allocating quotas in proportion to the quantities requested when applications are lodged (using the "simultaneous examination" method),
 - (c) a method based on taking traditional trade flows into account (using the "traditional/new arrivals" method).

Other appropriate methods may be adopted.

They must avoid discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, take account of the supply needs of the Community market and the need to safeguard the equilibrium of that market, whilst at the same time drawing on methods applied in the past to quotas corresponding to those referred to in paragraph 1, without prejudice to rights arising from agreements concluded in the framework of the Uruguay Round of trade negotiations.
4. The detailed rules referred to in paragraph 1 shall provide for annual quotas, suitably phased over the year, shall determine the administrative method to be used and, where appropriate, shall include:
 - (a) guarantees covering the nature, provenance and origin of the product;
 - (b) recognition of the document used for verifying the guarantees referred to in (a); and
 - (c) the conditions under which import licences are issued and their term of validity.

Article 16

1. To the extent necessary to enable export of:
 - (a) economically significant quantities of the products without added sugar referred to in Article 1(1);
 - (b) white and raw sugar falling with CN code 1701,
 - glucose and glucose syrup falling within CN codes 1702 30 51, 1702 30 59, 1702 30 91, 1702 30 99 and 1702 40 90,

- isoglucose falling within CN codes 1702 30 10, 1702 40 10, 1702 60 10 and 1702 90 30, and
- beet and cane syrups falling within CN code ex 1702 90 99,

used in the products listed in Article 1 (2) (b), on the basis of prices for those products in international trade and within the limits resulting from agreements concluded in accordance with Article 228 of the Treaty, the difference between those prices and prices in the Community may be covered by export refunds.

2. The method to be adopted for the allocation of the quantities which may be exported with a refund shall be the method which:
 - (a) is most suited to the nature of the product and the situation on the market in question, allowing the most efficient possible use of the resources available and takes due account of the efficiency and structure of Community exports, without, however, creating discrimination between large and small operators;
 - (b) is least cumbersome administratively for operators, administration requirements taken into account;
 - (c) avoids any discrimination between the operators concerned.
3. Refunds shall be the same for the whole Community.

Where the international trade situation or the specific requirements of certain markets make this necessary, the refund on a given product may vary according to the destination of the product.

Refunds shall be fixed in accordance with the procedure laid down in Article 26. Refunds shall be fixed at regular intervals.

Refunds fixed at regular intervals, may, if necessary, be amended in the interval by the Commission at the request of a Member State or on its own initiative.

4. Refunds shall be granted only on application and on presentation of the relevant export licence.
5. The refund applicable to exports shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day:
 - (a) for the destination indicated on the licence; or
 - (b) for the actual destination if it differs from the destination indicated on the licence. In that case, the amount applicable may not exceed the amount applicable for the destination indicated on the licence.

Appropriate measures may be taken to prevent abuse of the flexibility provided for in this paragraph.

6. Paragraphs 4 and 5 may be waived in the case of products on which refunds are paid under food-aid operations, in accordance with the procedure laid down in Article 26.
7. Compliance with the limits on volumes arising from agreements concluded in accordance with Article 228 of the Treaty shall be ensured on the basis of the export certificates issued for the reference periods provided for therein and applicable to the products concerned. With regard to compliance with the obligations arising under the agreements concluded in the framework of the Uruguay Round of trade negotiations, the ending of a reference period shall not affect the validity of export licences.
8. Detailed rules for the application of this Article, including provisions on redistribution of unallocated or unused exportable quantities, shall be adopted in accordance with the procedure laid down in Article 26.

Article 17

1. This Article shall apply to the refunds referred to in point (a) of Article 16(1).
2. The following shall be taken into account when refunds are being fixed:
 - (a) the existing situation and future trends with regard to:
 - prices and availability on the Community market of products processed from fruit and vegetables,
 - prices ruling in international trade;
 - (b) minimum marketing and transport costs from the Community markets to ports or other points of export in the Community, as well as costs of shipment to the countries of destination;
 - (c) the economic aspect of the proposed exports;
 - (d) limits resulting from the agreements concluded in accordance with Article 228 of the Treaty.
3. When prices on the Community market are being determined for the products referred to in point (a) of Article 16(1), account shall be taken of the ruling prices which are most favourable from the point of view of exportation.

The following shall be taken into account when prices in international trade are being determined:

- (a) prices ruling on third-country markets;
 - (b) the most favourable prices in third countries of destination for imports from third countries;
 - (c) producer prices recorded in exporting third countries;
 - (d) offer prices at the Community frontier.
4. The refund shall be paid upon proof that:
- the products have been exported from the Community,
 - the products are of Community origin, and
 - in the case of a differentiated refund the products have reached the destination indicated on the licence or another destination for which the refund was fixed, without prejudice to point (b) of Article 16(5). However, exceptions may be made to this rule in accordance with the procedure laid down in Article 26, provided conditions are laid down which offer equivalent guarantees.
5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 18

1. This Article shall apply to the refunds referred to in point (b) of Article 16(1).
2. The amount of the refund shall equal:
 - for raw sugar, white sugar and beet and cane syrup, the amount of the export refund for such products in the unprocessed state, fixed in accordance with Article 17 of Council Regulation (EEC) No 1785/81⁽⁹⁾ and its implementing provisions,
 - for isoglucose, the amount of the export refund for that product in its unprocessed state, fixed in accordance with Article 17 of Regulation (EEC) No 1785/81 and its implementing provisions,
 - for glucose and glucose syrup, the amount of the export refund for such products in their unprocessed state, fixed for each of those products in accordance with Article 13 of Council Regulation (EEC) No 1766/92⁽¹⁰⁾, and its implementing provisions.

⁽⁹⁾ OJ No L 177, 1.7.1981, p. 4.

⁽¹⁰⁾ OJ No L 181, 1.7.1992, p. 21.

3. In order to benefit from the refund, processed products must be accompanied, upon export, by a declaration from the applicant stating the quantities of raw and white sugar and beet and cane syrups, isoglucose, glucose and glucose syrup used in manufacture.

The accuracy of the declaration referred to in the first subparagraph shall be subject to checking by the competent authorities of the Member States concerned.

4. If the refund is insufficient to allow export of the products listed in point (b) of Article 1(2), the provisions laid down for the refund referred to in point (a) of Article 16(1) shall apply to those products instead of those in point (b) of Article 1(2).

5. The refund shall be granted on exports of products:

- (a) which are of Community origin;
- (b) which have been imported from third countries and on which the import duties referred to in Article 12 have been paid, provided the exporter proves:
 - that the product to be exported and the product previously imported are one and the same, and
 - that the import duties were collected on importation.

In the case covered by (b), the refund on each product shall be equal to the duties collected on importation where the latter are lower than the refund applicable; where the duties collected on importation are higher than that refund, the latter shall apply.

6. The refund shall be paid upon proof that:

- the products fulfil either of the two conditions set out in paragraph 5,
- the products have been exported from the Community, and
- in the case of a differentiated refund the products have reached the destination indicated on the licence or another destination for which the refund was fixed, without prejudice to point (b) of Article 16(5). However, exceptions may be made to this rule in accordance with the procedure laid down in Article 26, provided conditions are laid down which offer equivalent guarantees.

7. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 19

1. To the extent necessary for the proper working of the common organization of the markets in cereals, sugar and fruit and vegetables, the Council, acting in accordance with the voting procedure laid down in Article 43(2) of the Treaty on a proposal from the Commission, may, in particular cases, prohibit in whole or in part the use of inward processing arrangements in respect of:
 - the products referred to in point (b) of Article 16(1), and
 - fruit and vegetables intended for the manufacture of the products listed in Article 1(2).
2. However, by way of derogation from paragraph 1, if the situation referred to in paragraph 1 arises with exceptional urgency and the Community market is disturbed or is liable to be disturbed by the inward processing arrangements, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the Council and the Member States shall be notified of such measures, which shall be valid for no more than six months and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within a week following receipt of the request.
3. The Commission's decision may be referred to the Council by any Member State within a week of the day on which it was notified. The Council, acting by a qualified majority, may confirm, amend or repeal the Commission's decision. If the Council has not acted within three months, the Commission's decision shall be deemed to have been repealed.

Article 20

1. Where under Article 20 of Regulation (EEC) No 1785/81 a levy exceeding ECU 5 per 100 kilograms is charged on exports of white sugar, the imposition of a charge on exports of the products listed in Article 1(2) containing a minimum of 35% added sugar may be decided in accordance with the procedure laid down in Article 26.
2. The amount of the export charge shall be fixed taking into account:
 - the nature of the product processed from fruit of vegetables which contains added sugar,
 - the added sugar content of the product in question,
 - the prices of white sugar in the Community and on the world market,
 - the export levy applicable to white sugar,
 - the economic implications of applying the said charge.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26.

Article 21

1. The general rules for the interpretation of the Combined Nomenclature and the special rules for its application shall apply to the tariff classification of 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 for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:
 - the levying of any charge having equivalent effect to a customs duty,
 - the application of any quantitative restriction or measure having equivalent effect.

Article 22

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1(2) is affected by, or is threatened with, serious disturbance likely to jeopardize the achievement of 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.

The Council, acting on a proposal from the Commission in accordance with the voting procedure laid down in Article 43(2) of the Treaty, shall adopt the general rules for the application of this paragraph and shall determine the cases in which and limits within which 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; the Member States shall be notified of such measures, which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.
3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or annul the measure in question.
4. This Article shall be applied having regard to the obligations arising from international agreements concluded in accordance with Article 228(2) of the Treaty.

Title III

General provisions

Article 23

Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products referred to in Article 1(2).

Article 24

1. Member States and the Commission shall communicate to each other the information necessary for the application of this Regulation. The data to be communicated shall be determined in accordance with the procedure laid down in Article 26. Detailed rules for the communication and distribution of such information shall be adopted in accordance with the same procedure.
2. The laws, regulations and administrative provisions adopted by Member State for the application of this Regulation, including any amendments thereto, shall be communicated to the Commission no later than one month after their adoption.
3. Member States shall take all appropriate measures to penalize infringements of the provisions of this Regulation and to forestall and bring to an end any fraud.

Article 25

A Management Committee for processed fruit and vegetables, hereinafter referred to as "the Committee", shall be set up, consisting of representatives of the Member States and chaired by a representative of the Commission.

Article 26

1. Where reference is made to the procedure laid down in this Article, the chairman shall refer the matter to the Committee either on his/her own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event the Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication.

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

Article 27

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

Article 28

Expenditure incurred under Article 2, Article 7, Article 9(4) and (5) and Article 10(3) shall be deemed to be intervention to stabilize the agricultural markets within the meaning of point (b) of Article 1(2) of Council Regulation (EEC) No 729/70⁽¹¹⁾.

Article 29

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

Article 30

Regulations (EEC) Nos 426/86, 2245/88, 1206/90 and 668/93 are hereby repealed.

References to those Regulations shall be understood as references to this Regulation and are to be read in accordance with the correspondence tables in Annex III.

Article 31

This Regulation shall enter into force on 1 January 1996.

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

Done at Brussels,

For the Council
The President

⁽¹¹⁾ OJ No L 94, 28.4.1970, p. 13.

ANNEX I

Products referred to in Article 2

<u>CN Code</u>	<u>Description</u>
ex 0710 80 70	Peeled tomatoes, whether or not whole, frozen
ex 0712 90 30	Tomato flakes
0804 20 90	Dried figs
ex 0813 20 00	Prunes derived from dried "d'Ente" plums
2002 10 10	Peeled tomatoes, whole or in pieces
2002 10 90	Unpeeled tomatoes, whole or in pieces
ex 2002 10 90	Crush or pizza sauce
ex 2002 90	Other (crush or pizza sauce)
ex 2002 90 11	Tomato juice (including passata)
ex 2002 90 19	
ex 2002 90 31	Tomato concentrate
ex 2002 90 39	
ex 2002 90 91	
ex 2002 90 99	
ex 2008 40 51	Williams and Rocha pears in syrup and/or in natural fruit juice
ex 2008 40 59	
ex 2008 40 71	
ex 2008 40 79	
ex 2008 40 91	
ex 2008 40 99	
ex 2008 70 61	Peaches in syrup and/or in natural fruit juice
ex 2008 70 69	
ex 2008 70 71	
ex 2008 70 79	
ex 2008 70 92	
ex 2008 70 94	
ex 2008 70 99	
2009 50	Tomato juice

ANNEX II

Products referred to in Article 13

<u>CN Code</u>	<u>Description</u>
0806 20	Dried grapes
ex 0811	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter
ex 0811 90	- Other
	-- Containing added sugar or other sweetening matter
ex 0811 90 10	---With a sugar content exceeding 13% by weight
	----Sour cherries (<i>Prunus cerasus</i>)
ex 0811 90 10	----Unstoned
ex 0811 90 10	----Other
	----Other cherries
ex 0811 90 10	----Unstoned
ex 0811 90 10	----Other
0811 90 30	---Other
	----Sour cherries (<i>Prunus cerasus</i>)
ex 0811 90 30	----Unstoned
ex 0811 90 30	----Other
	----Other cherries
ex 0811 90 30	----Unstoned
ex 0811 90 30	----Other
	---Cherries
	----Sour cherries (<i>Prunus cerasus</i>)
ex 0811 90 75	----Unstoned
ex 0811 90 75	----Other
	---Other
ex 0811 90 80	----Unstoned
ex 0811 90 10	----Other
ex 0812	Fruit and nuts provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions) but unsuitable in that state for immediate consumption:
0812 10 00	-Cherries
ex 0812 10 00	--Sour cherries (<i>Prunus cerasus</i>)
ex 0812 10 00	--Other
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included:

<u>CN Code</u>	<u>Description</u>
2008 60	- Cherries --Not containing added spirit ---Containing added sugar, in immediate packings of a net content exceeding 1kg
2008 60 51	---Sour cherries (<i>Prunus cerasus</i>)
2008 60 59	----Other ---Containing added sugar, in immediate packings of a net content not exceeding 1 kg
2008 60 61	----Sour cherries (<i>Prunus cerasus</i>)
2008 60 69	---Other ---Not containing added sugar, in immediate packings of a net content: ----of 4.5 kg or more
2008 60 71	----Sour cherries (<i>Prunus cerasus</i>)
2008 60 79	----Other ----Of less than 4.5 kg
2008 60 91	----Sour cherries (<i>Prunus cerasus</i>)
2008 60 99	----Other

ANNEX III

Table of equivalence

NOTE ON PRESENTATION

The following pages give an estimate of the financial implications of the new COM for fruit and vegetables in various tables covering the measures provided for.

The order in which they are presented differs slightly from the budget: to make the summary easier to read and understand, it has been divided up into three main sections: fresh products, processed products, and others.

The tables have the same structure as the various measures laid down in the new Regulation, making it easier to read in conjunction with the financial statement. The only difference is the inclusion of processed citrus fruit in the second section, even though they are governed by their own specific Regulation. The third section covers those measures which, although they are not specifically provided for in the new Regulation, are nevertheless part of the sector.

Therefore, for a more correct assessment of expenditure resulting from the reform, it is preferable to exclude the last section, which can be left for any specific measures that may be adopted.

Thus, as can be seen, in the long term overall expenditure on fresh and processed products is basically stable: the amount estimated for the last year of the period under consideration is close to the present level as indicated in the letter amending the 1996 PDB.

It should be borne in mind that the expenditure indicated for 1996 is special in that it covers not only some of the new measures - actual implementation of which will depend on the use made by the Producer Organizations of the new opportunities provided - but also, and above all, expenditure for the 1995/96 marketing year, which falls within the former system but most of the costs for which are to be paid out of the 1996 budget.

Thus it is clear that there will be stability, and at the same time a reorientation of expenditure, as set out in the Memorandum.

This stability is evident in the fresh product sector, in which the reduction in withdrawal costs is matched by an increase in contributions paid through the Operational Fund or for specific operations (for which ceilings have been set at the end of the period).

Finally, as regards processed products, the fall in expenditure is due firstly to the gradual contraction of processing aid for citrus fruit and refunds - which, however, will stabilize from the last marketing year - and secondly to the costs for the structural adjustment of dried grapes by controlling phylloxera, which should also be almost completed by the end of the period under consideration.

N.B : " The Commission will make any necessary proposals for mobilisation of budget resources required for this proposal in conformity with the decision on budgetary discipline of 31 october 1994 and with the financial regulation."

SUMMARY TABLE	PDB 96*1996	1997	1998	1999	2000	2001
A. Fresh Fruit and vegetables						
1. Support for producer orgazations						
1.1 Operational fund	128.7	180.1	205.8	231.6	257.3	257.3
1.2 Specific operations	20.0	35.0	40.0	45.0	50.0	50.0
Total	0.0	148.7	215.1	245.8	276.6	307.3
2. Intervention						
2.1 Withdrawals by producer organizations	366.0	322.7	204.8	196.5	180.4	151.4
2.2 Withdrawals by non-member producers	1.0	5.1	4.9	4.7	4.5	4.3
2.3 Pilot projects	1.5	1.5	1.0	1.0	0.5	0.5
2.4 Free distribution	7.2	5.5	5.2	5.2	5.2	5.2
Total	373.2	330.7	216.6	207.6	191.3	137.5
3. Other fruit and measures						
3.1 Nuts	105.0	105.0	100.0	101.3	102.1	104.1
3.2 Refunds	98.0	98.5	92.2	85.9	79.6	73.3
3.3 inspector corps	0.6	0.6	0.6	0.6	0.6	0.6
Total	203.0	204.1	192.8	187.8	182.3	142.7
TOTAL FRESH PRODUCTS	576.2	683.4	624.5	641.3	650.2	646.8
B. Processed Fruit and Vegetables						
4. Fruit and vegetables						
4.1 Peaches, pears, prunes and figs	106.0	107.6	107.6	107.6	107.6	107.6
4.2 Dried grapes	138.0	136.7	141.8	147.3	144.9	142.9
4.3 Tomatoes	374.0	366.9	373.5	373.5	373.5	373.5
4.4 Citrus fruit	208.0	189.4	186.5	182.9	179.3	175.7
Total	826.0	800.6	809.5	811.3	805.4	794.7
5. Other fruit and measures						
5.1 Specific measures	20.8	33.2	41.5	45.7	49.8	49.8
5.2 Refunds	14.0	14.5	13.6	12.6	11.7	10.8
5.3 Pineapples	12.0	12.4	12.4	12.4	12.4	12.4
5.4 Raspberries	2.0	2.0	2.0	1.0	1.0	0.0
Total	28.0	49.7	61.2	67.5	70.8	72.1
TOTAL PROCESSED PRODUCTS	854.0	850.3	870.7	878.8	876.1	866.8
FRESH AND PROCESSED PRODUCTS	1430.2	1533.7	1495.3	1250.1	1526.3	1454.4
6.1 Promotion	13.0	13.0	15.0	15.0	15.0	15.0
6.2 Modernization programmes	48.0	48.0	40.0	15.0	0.0	0.0
6.3 Special aid for Greece (transport)	9.0	17.0	17.0	10.0	0.0	0.0
6.4 Grubbing (peach and nectarine trees)	74.0	74.0	0.0	0.0	0.0	0.0
TOTAL OTHER	144.0	152.0	72.0	40.0	15.0	15.0
GRAND TOTAL	1574.2	1685.7	1567.3	1560.1	1541.3	1469.4

* The amounts indicated correspond to the appropriation requirements in the letter amending the 1996 PDB

A. FRESH FRUIT AND VEGETABLES

1. Support for producer organizations (Art. 15)

Producer organizations (POs) are the linchpin of this reform of the COM: they will be required to play a more and more active role on the market. It is therefore logical for them to have the necessary financial resources and consequently be given greater support. The EAGGF Guarantee Section will directly support the POs by making a financial contribution to the operational fund which they must set up, and more particularly to its structural part, which is intended to finance the structural action programmes which they undertake to carry out within a minimum period of three years and a maximum period of five years.

1.1 Operational fund (Articles 15 and 16)

The POs will receive from the Member States (national and/or regional authorities) and from the EAGGF an amount of 50% of the total operational fund; the EAGGF contribution is 80% (Art. 15(5)).

This contribution rises to 90% in Objective 1 regions (Art. 16(b)). Where a programme or part of a programme is implemented by more than one PO as part of an international or interbranch measure, the public contribution rises to 60% (Art.16(c) and (d)).

ECUm

	share %	EAGGF	1996	1997	1998	1999	2000	2001
1. Amounts of operational funds			250	350	400	450	500	500
Paid by the POs	50%		125	175	200	225	250	250
Public contribution	50%		125	175	200	225	250	250
2. International measures			30	40	45	50	55	55
Paid by the POs	40%		12	16	18	20	22	22
Public contribution	60%		18	24	27	30	33	33
3. With interbranch cooperation			20	30	35	40	45	45
Paid by the POs	40%		8	12	14	16	18	18
Public contribution	60%		12	18	21	24	27	27
Total public contribution			155.0	217.0	248.0	279.0	310.0	310.0
Amount to be paid by EAGGF :								
1. Objective 1 regions	30%	90%	41.9	58.6	67.0	75.3	83.7	83.7
2. Other regions	70%	80%	86.8	121.5	138.9	156.2	173.6	173.6
	Total EAGGF		128.7	180.1	205.8	231.6	257.3	257.3
Real EAGGF % contribution			83.0%	83.0%	83.0%	83.0%	83.0%	83.0%

1.2 Specific measures (Art. 17)

The Commission may finance specific measures to improve the competitiveness of certain products where the general instruments of the COM prove inadequate or unsuitable.

(ECUm)

	1996	1997	1998	1999	2000	2001
Estimate	20.0	35.0	40.0	45.0	50.0	50.0

2. Intervention

(Title IV)

Expenditure on withdrawals should fall eventually. The costs have been charged to the budgets of the years concerned on the basis of the historical distribution of expenditure. Thus the amount for the 1996 budget includes part of the expenditure on the 1995/96 marketing year, which is not covered by the new COM. The latter expenditure has been assessed on the basis of the assumptions in the letter amending the 1996 PDB.

2.1 Withdrawals by producer organizations

(Articles 22, 25, 28)

Expenditure on withdrawals mainly concerns the POs. The quantities that may be withdrawn and the withdrawal compensation will be reduced gradually.

(ECUm)

	1996	1997	1998	1999	2000	2001
Fresh fruit and vegetables	246.6	147.3	140.4	125.7	98.1	75.7
Citrus fruit	76.1	57.6	56.1	54.7	53.3	51.9
Total withdrawals	322.7	204.8	196.5	180.4	151.4	127.6

2.2 Withdrawals by non-member producers

(Articles 23, 25, 28)

The quantities which these producers may withdraw are limited to 10% of their marketed produce and the compensation paid to them is reduced by 10% and by an additional percentage as a contribution to the costs incurred by the POs to that end.

(ECUm)

	1996	1997	1998	1999	2000	2001
Estimate	1.0	5.1	4.9	4.7	4.5	4.3

2.3 Pilot projects

(Art. 30(2))

The Commission can decide to implement pilot projects as part of the free distribution of fruit.

(ECUm)

	1996	1997	1998	1999	2000	2001
Estimate	1.5	1.5	1.0	1.0	0.5	0.5

2.4 Expenditure on free distribution (sorting and packaging)

(Art. 29(5))

The EAGGF will bear the cost of transport, sorting and packaging involved in the free distribution of apples and citrus fruit.

(ECUm)

	1996	1997	1998	1999	2000	2001
Sorting and packaging	5.5	5.2	5.2	5.2	5.2	5.2

3. Other fruit and measures
(Articles 34 and 39)

This section covers expenditure on nuts (the ten-year plans for which will gradually come to a close), and on external trade arrangements, i.e. refunds (taking account of the commitments entered into in the Uruguay Round), and management of the market and the functioning of the COM.

(ECUm)

	1996	1997	1998	1999	2000	2001
3.1 Nuts	105.0	100.0	101.3	102.1	104.1	75.1
3.2. Refunds - taking account of GATT commitments (Art. 34)	98.5	92.2	85.9	79.6	73.3	67.0
3.3. Corps of inspector (Art. 39)	0.6	0.6	0.6	0.6	0.6	0.6
Total	204.1	192.8	187.8	182.3	178.0	142.7

B. PROCESSED FRUIT AND VEGETABLES

4.1 Peaches, pears, prunes and figs (Articles 5, 9)

Expenditure has been assessed on the basis of the aid currently in force. As regards quantities, it is assumed that all the thresholds for pears and peaches will be used and that there will be a slight increase for figs and prunes

(ECUm)

	1996	1997	1998	1999	2000	2001
Peaches	50.4	50.4	50.4	50.4	50.4	50.4
Pears	19.9	19.9	19.9	19.9	19.9	19.9
Prunes	30.5	30.5	30.5	30.5	30.5	30.5
Figs	6.9	6.9	6.9	6.9	6.9	6.9
Total	107.6	107.6	107.6	107.6	107.6	107.6

4.2 Dried grapes

(Articles 7, 9)

Dried grapes qualify for aid per hectare (which replaces the former processing aid in full

- up to a maximum area of 53 000 ha), for special aid to control phylloxera (Art. 7(4)), and for storage aid limited to 27 370 t (Art. 9)

(ECUm)

	1996	1997	1998	1999	2000	2001
Aid per Ha	119.7	111.4	107.2	110.0	119.8	128.1
Controlling phylloxera	9.8	23.5	33.3	29.4	19.6	9.8
Storage aid	3.5	3.5	3.5	3.5	3.5	3.5
Improving qual.	3.6	3.4	3.2	2.0		
Total	136.7	141.8	147.3	144.9	142.9	141.4

4.3 Tomatoes

(Articles 4, 6)

The quota has been fixed at 6 596 787 t (fresh product) as at present and spread over the three groups of finished products; the allocation may be revised every five years in the case of the product groups, and allocation between the Member States every year (Art.6(3)). Assessment is based on the aid in force for the 1995/96 marketing year on the assumption that all the quantities will be processed and that these will remain stable.

(ECUm)

	1996	1997	1998	1999	2000	2001
Concentrate	230.0	241.3	241.3	241.3	241.3	241.3
Peeled	96.7	89.5	89.5	89.5	89.5	89.5
Other	34.2	42.7	42.7	42.7	42.7	42.7
Additional aid	5.9					
Total	366.9	373.5	373.5	373.5	373.5	373.5

4.4 Citrus fruit
(Art. 3)

The new processing aid is limited to 50% of the withdrawal compensation in force for the same marketing year. The percentage increases to 65% in cases where multiannual contracts are concluded. Non-member producers may qualify for the system (but not the contracts), but the aid they qualify for is limited to 40% of the compensation.

(ECUm)

	1996	1997	1998	1999	2000	2001
Lemons	47.2	42.1	41.6	41.1	40.6	40.1
Oranges	123.4	120.4	117.0	113.7	110.4	107.0
Mandarins	6.5	6.8	6.4	6.1	5.7	5.4
Clementins	4.6	6.2	6.2	6.2	6.2	6.2
Satsumas	7.7	11.0	11.6	12.2	12.8	13.4
Total	189.4	186.5	182.9	179.3	175.7	172.1

5. Other fruit and measures

This section covers expenditure on trade with third countries, i.e. refunds, taking account of the commitments entered into under the Uruguay Round, expenditure on specific measures to improve the competitiveness of certain products, part-financed by the EAGGF, the POs and the national authorities (Art. 10), and aid for pineapples and raspberries.

(ECUm)

	%	ECU/t	1996	1997	1998	1999	2000	2001
5.1. Specific measures (artikel.10)								
- Total amount			50.0	80.0	100.0	110.0	120.0	120.0
- Public contribution	50%		25.0	40.0	50.0	55.0	60.0	60.0
of wich EAGGF:								
- Objective 1 regions	30%	90%	6.8	10.8	13.5	14.9	16.2	16.2
- Other regions	70%	80%	14.0	22.4	28.0	30.8	33.6	33.6
TOTAL EAGGF			20.8	33.2	41.5	45.7	49.8	49.8
5.2. Refunds (art. 16)			14.5	13.6	12.6	11.7	10.8	9.9
5.3. Pineapples	tonnes	7500	1656.46	12.4	12.4	12.4	12.4	12.4
5.4. Raspberries			2.0	2.0	1.0	1.0	1.0	
Total			49.7	61.2	67.5	70.8	74.0	72.1

C. Other

The measures in this section are not specifically included in the new Regulation but are governed by ad-hoc Regulations and fall within the fruit and vegetables sector. Attention is drawn to the following:

- a. From 1997 onwards, the item "Promotion" includes traditional expenditure on the promotion of apples and citrus fruit and on nuts.
- b. The actual level of expenditure on modernization programmes (Reg.3816/92) in 1996 and in following years will depend on the rate at which the programmes, for which a total amount of ECU 120m has been fixed, are actually im- plemented.
- c. As regards expenditure on the special aid for Greece for transport (Reg. 3438/92), it is assumed that the conflict situation in former Yugoslavia will continue into 1997. Therefore the amounts provided for in the letter amending the 1996 PDB will have to rise to the level of the 1995 SAB.

(ECUm)

	1996	1997	1998	1999	2000	2001
6.1. Promotion	13.0	15.0	15.0	15.0	15.0	15.0
6.2. Modernization programmes	48.0	40.0	15.0			
6.3. Special aid for Greece (transport)	17.0	17.0	10.0			
6.4. Grubbing (peaches and nectarines)	74.0					
Total	152.0	72.0	40.0	15.0	15.0	15.0

FINANCIAL STATEMENT

1 TITLE OF OPERATION

Proposal for a Council Regulation on the common organization of the market in fruit and vegetables.

Proposal for a Council Regulation on the common organization of the market in processed fruit and vegetables.

2 BUDGET HEADING INVOLVED

3 LEGAL BASIS

Articles 42 and 43 of the Treaty.

4 DESCRIPTION OF OPERATION

Objectives

As part of the general reform of the common organizations of the markets in fresh fruit and vegetables and in processed fruit and vegetables, this financial statement covers the following operations:

- Specific measures: Article 17 of the Regulation on the common organization of the market in fruit and vegetables and Article 10 of the Regulation on the common organization of the market in processed fruit and vegetables provide that specific measures with Community financing may be taken for certain products of local or regional importance.

These specific measures will vary depending on the product in question, the production region and the particular characteristics of the type of production involved. In the case of fresh products, these measures may include cooperation between interbranch organizations or cross-border operations, production improvement measures (grubbing), or varietal improvement for the reorientation of production.

In the case of processed products, the specific measures will be aimed at improving marketing, product promotion, or identifying new markets, again taking account of the particular characteristics of the product and region in question.

- Pilot projects: Article 29(2) of the proposal for a Regulation on the common organization of the market in fresh fruit and vegetables provides for the free distribution of fruit to school children.

This free distribution of fruit, not as part of school meals, may cover the initial investments (distribution facilities in schools, etc.), with the

objective of getting children into the habit of eating fruit, making it more readily available, and avoiding the destruction of fruit withdrawn from the market.

Period covered

Unlimited.

5 CLASSIFICATION OF EXPENDITURE OR REVENUE

Compulsory expenditure.
Non-differentiated appropriations.

6 TYPE OF EXPENDITURE

- Specific operations and measures: for products or sectors of local or regional importance:

- for fresh products: specific measures, case by case, depending on the product or sector, with Community financing.

- for processed products: 40% Community part-financing and 10% at Member State level.

For Objective 1 regions (in accordance with Regulation (EC) No 2052/88), 45% Community financing and 5% borne by the Member States.

- Pilot projects: as part of the free distribution of fruit to school children. Community financing.

7 FINANCIAL IMPACT

Method of calculating total cost and indicative schedule :

- Specific measures

1. Fresh products: (Article 17 of the fresh fruit and vegetable Regulation):

Estimate

ECUm

	1996	1997	1998	1999	2000	2001
-total amount	20.0	35.0	40.0	45.0	50.0	50.0

2. Processed products: (Article 10 of the processed fruit and vegetable Regulation)

Estimate	ECUm					
	1996	1997	1998	1999	2000	2001
-total amount	50.0	80.0	100.0	110.0	120.0	120.0
-public contribution: 50% (of which EAGGF)	25.0	40.0	50.0	55.0	60.0	60.0
-Objective 1 regions 90% (estimate: 30%)	6.8	10.8	13.5	14.9	16.2	16.2
-other areas 80% (estimate: 70%)	14.0	22.4	28.0	30.8	33.6	33.6
TOTAL EAGGF	20.8	33.2	41.5	45.7	49.8	49.8

Free distribution: Pilot projects (Article 20(2) of the fresh fruit and vegetable Regulation):

Estimate		ECUm			
1996	1997	1998	1999	2000	2001
1.5	1.5	1.0	1.0	0.5	0.5

8 FRAUD PREVENTION MEASURES PLANNED

All expenditure under the common organizations of the markets in fruit and vegetables will be subject to normal scrutiny by the EAGGF. In addition, Title VI of the proposal for a reform of the COM in fresh fruit and vegetables provides for special measures on national and Community controls. Provision is made for the creation of a corps of Community inspectors.

9 ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

Objectives of the operation:

- Specific measures for fresh fruit and vegetables and for processed fruit and vegetables:

To allow the Commission to propose at short notice, under a simplified procedure, specific measures for certain sectors or produce of local or regional importance facing strong external competition.

- Pilot projects:

Free distribution is one way of disposing of withdrawals. Where it considers it necessary, the Commission will be able to initiate pilot projects to promote such free distribution in schools.

Grounds for the operation

1. The fruit and vegetables sector comprises a wide range of different products covered by the common market organization. For most of these products, the common market organization instruments are adequate.

However, for some products which are not of any crucial importance at Community level, but which do have local or regional significance and are frequently faced with international competition, it is difficult to provide for a uniform solution. In order to be able to find the most appropriate solution for each situation, the measures to be taken should be laid down on a case-by-case basis at the appropriate time. This was the case with red fruit or nuts.

The existing legal instruments under the COM are sometimes unsuitable for introducing such measures. The proposal for a Regulation therefore provides for a legal basis which will enable the Commission to take the most appropriate measures in each situation.

In the case of fresh fruit and vegetables, these measures will complement the operational funds and may include, among others, cooperation between interbranch or cross-border organizations or measures to improve production such as grubbing. This has already been done for red fruit and nuts, and will probably be done for other products such as garlic, asparagus and mushrooms.

However, in the case of processed products, these measures will vary depending on the product in question and the market situation. They could take the form of operations to improve the marketing of certain products or promote products experiencing difficulties, or research programmes on specific problems.

These measures, for which Community part-financing is provided for, can be compared to the operational funds for fresh products.

2. Given concern about public health in Europe, children should be encouraged to improve their eating habits. The use of products withdrawn from the markets to this end should be encouraged, and will also avoid the unfortunate destruction of such produce.

The purpose of the pilot projects, therefore, is to show producers that free distribution can promote consumption and thus reduce withdrawals.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Proposal for a Council Regulation on the common organization of the market in fruit and vegetables.

(Article 14: aid to new producer organizations not recognized under Regulation (EEC) No 1035/72)

2. BUDGET HEADING INVOLVED (1995 nomenclature)

Article:	B2-100	Structural measures, EAGGF Guidance Section, Community support frameworks.
Items:	B2-1000	Objective 1
	B2-1001	Objective 5(a) (outside Objectives 1 and 5(b))
	B2-1002	Objective 5(a) (within Objective 5(b))
	B2-1004	Objective 6

3. LEGAL BASIS

Article 40 of the EC Treaty.

4. DESCRIPTION OF OPERATION

Objectives

The purpose of the proposal is the adoption of a new Regulation on the common organization of the market in fruit and vegetables, in view of the fact that changes have occurred which place the sector in a new situation to which producers have to adapt.

Producer organizations cannot be recognized by Member States unless they meet a number of conditions. New groupings or groupings which were not recognized under Regulation (EEC) No 1035/72 and which wish to become producer organizations in accordance with this Regulation, must be allowed a transitional period during which they may be granted State aid provided that they undertake to respect certain commitments.

Duration

This aid in the form of part-financing by the structural funds (EAGGF, Guidance Section) may be granted by Member States during the four-year period following the date of preliminary recognition.

The duration of the proposed Regulation is not limited.

5. CLASSIFICATION OF EXPENDITURE

Non-compulsory expenditure

Differentiated appropriation

6. Type of expenditure

Aid for the part-financing of public expenditure eligible at a rate of 50% for zones outside Objectives 1/6 and, for zones covered by Objectives 1/6, on the basis of the programming documents for those objectives, in accordance with the rules currently in force.

The part-financing rates given in the programming documents for Objectives 1/6 are as follows:

Portugal and Ireland	75%
Spain	70%
Greece	65%
Germany and Italy	60%
United Kingdom and Finland	50%

(The other Member States are not planning to apply this measure in the zones covered by Objectives 1/6).

7. FINANCIAL IMPACT

Method of calculating total cost of operation

(a) Aid for the formation and administrative operation of the producer organizations

Article 14 of Regulation (EEC) No 1035/72 provides for aid for the first five years of 5%, 5%, 4%, 3% and 2% respectively of the value of the marketed production covered by the producer organization's measure.

The draft for the new common market organization (Doc VI/3100/95) provides for the grant of aid for four years, the amounts of which are to be established in accordance with the procedure laid down in Article 45 (Management Committee for Fruit and Vegetables). Without anticipating these future decisions, one assumption would be to fix the aid for those four years at 5%, 5%, 5% and 4% of the marketed production, in other words a total of 19%.

The amount of the aid over four years would therefore be roughly equal to the aid pursuant to Regulation (EEC) No 1035/72 over five years (also a total of 19%).

With regard to Portugal, which benefits from a higher rate of aid (Regulation (EEC) No 746/93), the percentages could be raised to 10%, 10%, 10% and 8%.

(b) Investment aids

Article 14(2)(b) of the new draft CMO (Document VI/3100/95) proposes aid to cover investments required to attain recognition.

The amount of the investment aid to be charged to the EAGGF, Guidance Section, is estimated at between ECU 15 and 20 million per year for an initial period of six years (about 20% of the average annual 1991-93 figure financed in the fruit and vegetables sector under Regulation (EEC) No 866/90).

Although investment aid can be granted under Regulation (EEC) No 866/90, Article 14(2) of document VI/3100/95 provides for a set of aid measures intended specifically so that producer organizations may attain recognition.

The aid, which is an integral part of the overall process of recognition, may be considered an alternative finance to the "type Regulation (EEC) 866/90" financing. As a result, it is assumed that the financial impact of the investment aid will be zero, because it will be offset by a reduction in the amount of financing under Regulation (EEC) No 866/90 of the same order of magnitude.

(c) An estimate of the number of producer organizations likely to benefit from the formation aid arrangements can be found in Annex I, which also contains hypotheses for the allocation key between Objectives and the various rates of part-financing.

(d) There are very few data on the value of the fruit and vegetables marketed by producer organizations. However, some assumptions are possible:

Total value of the annual production of fruit and vegetables (EC 12)	ECU 32 000 million
Proportion by producer organizations	+/- 60%
Number of producer organizations in the Community	+/- 1 400
Average production per PO/year	ECU 13 million

Indicative schedule of commitment and payment appropriations

A forecast of the appropriations necessary for the new aid for the formation of producer organizations in the fruit and vegetables sector, broken down by Member State, year for the period 1996/2001 and Objective, is given in Annex II.

Annex II also includes a forecast of the appropriations necessary for the new investment aid per Objective.

8. PLANNED ANTI-FRAUD MEASURES

The system of aids financed by the EAGGF, Guidance Section, in this proposal for a Regulation is subject to Articles 23 (financial control) and 24 (reduction, suspension and cancellation of assistance) of the structural funds coordination Regulation (Regulation (EEC) No 4253/88).

Since this is structural assistance, Commission Regulation (EC) No 1681/94 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the structural policies and the organization of an information system in this field, also applies.

9. ELEMENTS OF THE COST/EFFECT ANALYSIS

Specific quantifiable objectives, target population

The producer organizations are already one of the pillars of the current CMO. The reform of the CMO implies an increased effort on the part of the organizations if its objectives are to be attained:

- concentration of supply;
- planning of production;
- reduced production costs;
- promotion of environmentally sound techniques; and
- management of withdrawals.

There are two other important considerations in the current situation of producer organizations:

- the weakness or under-representation of producer organizations in certain Community regions;
- the existence of producer organizations concentrating on withdrawals and not on a commercial production role.

That situation suggests the need for two general measures:

- assist producer organizations in increasing their size and facilitate their creation where they do not exist;
- make stricter the Community criteria for the recognition by Member States of producer organizations.

For producer organizations already existing but not yet recognized these measures will be implemented within the adjustment programmes over the four-year transitional period.

For the new producer organizations, the reform of the CMO proposes a measure which consists in the grant of aid to:

- encourage their formation and facilitate their administrative operation;
- cover part of the investments required to attain recognition.

Target population

The target population is producer organizations which meet the following conditions:

- any new producer organization or one which has not yet been recognized under Regulation (EEC) No 1035/72 but which has been granted preliminary recognition by a Member State on the basis of a recognition plan with timetable presented by a producer organization. The plan must contain the elements necessary for recognition in accordance with the conditions of Article 11 of Document VI/3100/94.
- producer organizations already meeting the conditions referred to in Article 11 of Document VI/3100/94 are not covered by these measures.

Justification of the measure

The increase in start-up aid is justified by the need to improve the still unsatisfactory operation of certain producer organizations and to increase the effectiveness of other producer organizations while restricting the recognition criteria.

The advantages of this measure over previous measures will be to guarantee better concentration of supply, particularly in regions where producer organizations are in the minority, and to move towards the elimination of the problems linked to producer organizations which can only justify their existence by the management of withdrawals or the receipt of structural subsidies.

The concentration of supply must be done on a voluntary basis thanks to the special effective marketing services which the producer organizations will be able to offer to their members. The start-up aid measures will provide an important support to the improvement of marketing effectiveness. The spin-offs will be more effective marketing and better integration with environmental measures.

Monitoring and evaluation of the operation

The performance indicators are mainly direct values (withdrawals and the value of marketed production).

Other effects, less tangible in the short term, will be seen in the reduction in production costs, regularization of prices and protection of the environment.

Evaluation of the measure will be with the cooperation of the Member States, which are obliged to supply reports specifying the numbers of producer organizations having benefited from the measure and the value of their production, expressed as a percentage of national production.

Since this measure is structural assistance, Articles 25 (monitoring) and 26 (assessment) of the structural funds coordination Regulation (Regulation (EEC) No 4253/88) apply.

Coherence with financial planning

Finance is guaranteed within the allocations for Objectives 1 and 5(a) for the period 1994-99 (1995-99 for the new Member States). The new aids introduced by the proposed Regulation will not have any additional impact on budget expenditure because they will be covered by the amounts provided for under Regulation (EEC) No 1035/72, by the products of annual indexation or by the transfer of the amounts provided for other measures within the framework of the periodic review of the financial programming within the above allocations.

ANNEX I

1-NUMBER OF POs BENEFITTING FROM THE NEW AIDS (1)

MS	1996	1997	1998	1999	2000	2001	TOTAL
AT	3	3	5	3	3	3	20
DE	3	2	2	1	0	0	8
EL	4	4	3	2	1	2	16
ES	15	15	14	6	6	6	62
FI	7	9	10	12	11	11	60
FR	0	1	0	0	1	0	2
IR	0	0	1	0	0	0	1
IT	3	3	2	1	1	1	11
PT	10	10	10	8	5	5	48
UK	0	0	1	0	0	0	1
TOTAL	45	47	48	33	28	28	229
CUM.	45	92	140	173	201	229	-

2 -AMOUNT OF DART-FINANCING OF POs BENEFITTING FROM THE NEW AIDS (2)

Ecu Mi.

MS	1996	1997	1998	1999	2000	2001	TOTAL
AT	1,95	3,90	7,15	8,71	8,71	8,45	38,87
DE	1,95	3,25	4,55	4,81	2,99	1,69	19,24
EL	2,60	5,20	7,15	7,93	5,98	4,81	33,67
ES	9,75	19,50	28,60	30,55	24,70	18,98	132,08
FI	4,55	10,40	16,90	23,79	26,13	27,30	109,07
FR	0,00	0,65	0,65	0,65	1,17	0,65	3,77
IR	0,00	0,00	0,65	0,65	0,65	0,52	2,47
IT	1,95	3,90	5,20	5,46	4,16	2,99	23,66
PT	13,00	26,00	39,00	46,80	40,30	33,80	198,90
UK	0,00	0,00	0,65	0,65	0,65	0,52	2,47
TOTAL	35,75	72,80	110,50	130,00	115,44	99,71	564,20

3 -ESTIMATE OF ALLOCATION BETWEEN OBJECTIVES

MS	% ALLOCATION			EO	% PART-FINANCING		
	01/6 (3)	5A-5A	5A-5B		01/6 (5)	5A-5A	5A-5B
		(4)				(6)	
AT	0%	40%	60%	AT	0%	50%	50%
DE	100%	0%	0%	DE	60%	50%	50%
EL	100%	0%	0%	EL	65%	50%	50%
ES	65%	9%	26%	ES	70%	50%	50%
FI	12%	22%	66%	FI	50%	50%	50%
FR	0%	50%	50%	FR	0%	50%	50%
IR	100%	0%	0%	IR	75%	50%	50%
IT	42%	38%	20%	IT	60%	50%	50%
PT	100%	0%	0%	PT	75%	50%	50%
UK	8%	23%	69%	UK	50%	50%	50%

NOTES

(1) Estimate of Unit DG V.I.E.1

(2) Average production by producer organization estimated at 13 Mecu/year, the amount of aid for the three first years of 5% (PT10%) and 4% (PT 8%) for the fourth year

(3) Hypothesis based on the past financial implementation (1989-93) of R 1035/72. for Finland t the indicative allocation 1995-99 between 06/5a has been taken

(4) Hypothesis based on the allocation of the 5a indicative financial programming for the period 1994-99

(5) According to the different programming documents presented to the Commission

(6) In accordance with R 1282/94

ANNEX II

INDICATIVE TIMETABLE FOR APPROPRIATIONS NEEDED FOR THE NEW AIDS FOR THE FORMATION OF POs

(Article 14 (2) (a), DOC. VI/3100/94)

(Ecu Mi)

MS	1996			1997			1998			1999			2000			2001		
	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B
AT	0,0	0,4	0,6	0,0	0,8	1,2	0,0	1,4	2,1	0,0	1,7	2,6	0,0	1,7	2,6	0,0	1,7	2,5
DE	1,2	0,0	0,0	2,0	0,0	0,0	2,7	0,0	0,0	2,9	0,0	0,0	1,8	0,0	0,0	1,0	0,0	0,0
EL	1,7	0,0	0,0	3,4	0,0	0,0	4,6	0,0	0,0	5,2	0,0	0,0	3,9	0,0	0,0	3,1	0,0	0,0
ES	4,4	0,4	1,3	8,9	0,9	2,6	13,0	1,3	3,8	13,9	1,3	4,0	11,2	1,1	3,2	8,6	0,8	2,5
FI	0,3	0,5	1,5	0,6	1,1	3,4	1,0	1,9	5,6	1,4	2,6	7,9	1,6	2,9	8,6	1,6	3,0	9,0
FR	0,0	0,0	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0	0,2	0,2	0,0	0,3	0,3	0,0	0,2	0,2
IR	0,0	0,0	0,0	0,0	0,0	0,0	0,5	0,0	0,0	0,5	0,0	0,0	0,5	0,0	0,0	0,4	0,0	0,0
IT	0,5	0,4	0,2	1,0	0,7	0,4	1,3	1,0	0,5	1,4	1,0	0,6	1,0	0,8	0,4	0,8	0,6	0,3
PT	9,8	0,0	0,0	19,5	0,0	0,0	29,3	0,0	0,0	35,1	0,0	0,0	30,2	0,0	0,0	25,4	0,0	0,0
UK	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,2	0,0	0,1	0,2	0,0	0,1	0,2	0,0	0,1	0,2
TOTAL	17,8	1,7	3,6	35,3	3,7	7,7	52,5	5,8	12,4	60,4	7,0	15,4	50,3	6,8	15,4	40,9	6,3	14,7

INDICATIVE TIMETABLE FOR APPROPRIATIONS NEEDED FOR THE NEW INVESTMENT AIDS

(Article 14 (2) (a), DOC. VI/3100/94)

(Ecu mil.)

MS	1996			1997			1998			1999			2000			2001		
	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B	01/6	5A-5B	5A-5B
TOTAL	9,6	2,4	5,5	9,6	2,4	5,5	9,6	2,4	5,5	9,6	2,4	5,5	9,6	2,4	5,5	9,6	2,4	5,5

FINANCIAL STATEMENT

1 TITLE OF OPERATION

Proposal for a Council Regulation on the common organization of the market in fruit and vegetables.

(Article 39: establishment of a special corps of inspectors in the fruit and vegetable sector).

2 BUDGET HEADING INVOLVED

Part A of the budget for the cost of officials.

Part B of the budget for the experts called in (Heading B2-511, Inspection in agriculture).

3 LEGAL BASIS

Articles 42 and 43 of the Treaty.

4 DESCRIPTION OF OPERATION**Objectives**

The proposal is part of the measures included in the proposal for a Regulation on the common organization of the market in fruit and vegetables.

The purpose of the controls is to ensure correct and uniform application of Community rules in the sector.

Period covered

It is planned for the measure to commence in 1996. The proposed Regulation is of unlimited duration.

5 CLASSIFICATION OF EXPENDITURE

Non-compulsory expenditure.

Non-differentiated appropriations for Part A; differentiated appropriations for Part B.

6 TYPE OF EXPENDITURE

Recruitment of three A officials.

Bearing 100% of the mission expenses (travel + subsistence) of experts designated by the Commission.

The experts will be designated by the Commission for each individual mission.

7 FINANCIAL IMPACT

Expenditure under part B of the budget covers the cost of missions by experts called in (travel expenses + subsistence allowances).

7.1 Method of calculating total cost of operation

Travel expenses are estimated at ECU 1 000/mission/expert on average and daily allowances at ECU 116.85/day.

The corps (experts and officials) is to carry out 90 missions every year (six/year x 15 Member States), 70 of which will be carried out by the experts. They will last an average of five days. Each mission team will consist of two persons.

7.2 Itemised breakdown of cost

The cost per standard mission will therefore be:

-	travel (2 persons x ECU 1 000)	= ECU 2 000
-	subsistence (5 days x 2 persons x ECU 116.85)	= ECU 1 169
	TOTAL PER MISSION	ECU 3 169
	TOTAL FOR OPERATION (3 169 X 70)	ECU 221 830

8 FRAUD PREVENTION MEASURES PLANNED

The tasks to be carried out by the corps of inspectors should limit the risk of fraud in the various areas controlled.

9 ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Objectives. Target population

The purpose of the corps of inspectors is to ensure proper application of the Regulation. A non-exhaustive list of areas of control is given in Annex IV to the proposed Regulation, and includes the following:

- checks for conformity with standards,
- checks on producer organizations and scrutiny of the use they make of public funds,
- checks on withdrawal operations,
- checks on application of the rules on trade with non-member countries.

The checks must be carried out in all Member States.

9.2 Grounds for the operation

At present the corps of inspectors is made up of one official and one temporary staff member, and it should be enlarged to ensure proper application of Community rules in the sector. The Commission report to the Council and the European Parliament on the activities of the corps in 1992 and 1993 (COM(94) 271) illustrates the need for such controls.

The principle of subsidiarity is complied with. There is absolutely no question of replacing the Member States' controls - quite the opposite: the idea is to harmonize them. Using experts from the 15 Member States is a good way of going about it.

9.3 Monitoring and evaluation of the operation

The main performance indicators are quantifiable values (number of producer organizations controlled, quantities withdrawn, fruit and vegetable distribution points, etc.).

The operation is assessed in cooperation with the Member States. A report covering control activities is published by the EAGGF every year.

Any information and/or findings resulting from inspections giving rise to suspicion of fraud detrimental to the Community's financial interests must be communicated automatically and without delay to the SG/UCLAF, which will take over the dossier for investigation.

10 ADMINISTRATIVE EXPENDITURE

The proposed action requires the assignment of three additional officials to the special corps of inspectors for fruit and vegetables.

Experts will be called in only to carry out missions on a case-by-case basis in the Member States.

Actual mobilization of the administrative resources necessary will depend on the annual decision by the Commission on the allocation of resources, taking account of the additional staff and amounts authorized by the budget authority.

Under no circumstances will additional requests prejudice the decision which the Commission will be required to adopt on the allocation of resources.

10.1 Impact on the number of staff

Types of post		Staff to be assigned to management of the operation		of which		duration
		Permanent posts	Temporary posts	by using existing resources in the DG or department concerned	by using additional resources	
Officials or temporary staff	A	3	1	1	3	unlimited
	B	1		1		
	C					
Other resources						
Total		4	1	2	3	

Assignment will be from 1996 onwards.

10.2 Overall financial impact of additional human resources.

	Amount	Method of calculation
Officials	341.600	One A4 official and two A6 officials. The amount is calculated on the basis of the average annual cost of posts remunerated in 1995.
Temporary staff	-	
Other resources	-	
Total	ECU 341.600	

10.3 Increase in other operating expenditure resulting from the measure.

BUDGET HEADING	AMOUNT	METHOD OF CALCULATION
A-1300 (1106) Mission expenses	63 380	<p>Assumptions</p> <p>Travel expenses are estimated at ECU 1 000 on average. For subsistence expenses, a standard amount of ECU 116.85/day is allowed for.</p> <p>The number of missions planned per year is 20, lasting on average 5 days. The mission team is made up of 2 persons.</p> <p>Costs:</p> <p>The cost per standard mission will be:</p> <p><i>travel</i> (2 persons x ECU 1 000) =2000</p> <p><i>subsistence allowances</i> (5 days x 2 persons x ECU 116.85/day) =1169</p> <p>TOTAL PER MISSION: ECU 3 169</p> <p>Number of missions: 20 missions</p> <p>TOTAL COST: (20 x 3 169) = ECU 63 380</p>
TOTAL	Ecu 63 380	

Part A	Ecu 404 980	
Part B	Ecu 221 830	
TOTAL COST	Ecu 626 810	

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