



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.05.1996

COM(96) 177 final

96/0120(CNS)

Proposal for a

COUNCIL REGULATION (EC)

introducing a Community aid scheme for producers of certain citrus fruits

(presented by the Commission)

Amended proposal for a

COUNCIL REGULATION (EC)

on the common organization

of the market in fruit and vegetables

(presented by the Commission pursuant to Article 189 a (2)
of the EC-Treaty)

EXPLANATORY MEMORANDUM

Re: Proposal for a Council Regulation introducing a Community aid scheme for producers of certain citrus fruits

At the Council meeting of 10 November 1995, the Commission undertook to complete as soon as possible its proposals for aid to producers of certain citrus fruit, in the spirit of the declaration by the joint Council of 20 September 1993.

In the communication from the Commission to the Council and Parliament of 27 July 1994, the Commission analysed the present situation in the sector of fresh and processed citrus fruits.

Following the line taken in that communication, the Commission proposes a two-fold objective:

- on the production side, to prevent continued systematic recourse to processing as an alternative outlet for fruit originally destined for the fresh market,
- on the processing industry side, to enable the industry to move into new products (freshly squeezed juice and pasteurized juice), the only products where the Community has any chance of being competitive in relation to third countries.

In order to attain these objectives, the Commission is envisaging a flexible system based on processing contracts, signed by processors and producers' organizations.

The price of the raw materials, which must meet certain minimum conditions, will be freely established as a function of supply and demand.

Flat-rate aid will be granted to producers' organizations for raw material supplied to the industry, in order to:

- support producers' incomes,
- facilitate negotiations with the industry, and
- promote the concentration of production through producers' organizations.

To ensure that recipients of the aid take a responsible attitude to their output, the aid is adjusted whenever the thresholds are exceeded.

Proposal for a
COUNCIL REGULATION (EC) No/96

of

introducing a Community aid scheme for producers of certain citrus fruits

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 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 present situation in the citrus fruit industry continues to be marked by serious difficulties in the disposal of Community production; whereas these difficulties are attributable mainly to the varietal aspects of production, production surpluses and marketing conditions for fresh and processed citrus fruit;

Whereas the Community supply of oranges, mandarins and lemons continues to keep pace with demand on the market in fresh fruit for some varieties of products; whereas production of clementines has increased considerably in recent years to the extent that surpluses are being created; whereas satsumas, which are being replaced by clementines on the market in fresh fruit, are also in surplus; whereas a system of support for producers should, therefore, provide an incentive for the disposal of the citrus fruit concerned with a view to their processing into juice and segments;

Whereas it seems appropriate to implement this system by means of contracts concluded between processors and producers' organizations in order to ensure, firstly, regular supplies for processing industries and, secondly, effective checks on the products to be delivered; whereas the system should guarantee supplies to consumers at reasonable prices and quality;

Whereas, in order to encourage producers to present their products for processing rather than withdrawal, provision should be made for the grant of an aid to producers' organizations which deliver citrus fruit to the processing industries; whereas the amounts of the aid should be established for a transitional period of five years after which they should be a fixed sum; whereas those amounts should be calculated on the basis of the ratio existing in 1995/96 between the financial compensation and the minimum price and be subject to an annual gradual reduction over the transitional period, except in the case of satsumas and clementines, in order to meet the general objectives of the common organization of the market in fresh products;

Whereas the production of citrus fruit features structural shortcomings in terms of marketing which are demonstrated by the excessive dispersal of supply; whereas therefore individual producers who deliver all their citrus fruit for processing through producers' organizations should qualify under the system; whereas for that reason and in order to ensure equality of treatment with the fresh products sector, provision should be made for the amount of the aid to be reduced; whereas for the same structural reasons, it would be justified to grant an increase in the aid for producers' organizations which conclude a contract for more than one year and in respect of minimum quantities;

Whereas the quantities that may be withdrawn from the market are limited by the rules governing fresh products; whereas in cases where production is rising, steps should be taken to prevent systematic recourse to processing as an alternative outlet; whereas the fixing of a maximum quantity for processing, the overrunning of which would entail a reduction in the aid in the following marketing year, would seem to be an appropriate measure to that end; whereas maximum limits should be laid down based on the average quantity eligible for financial compensation during a reference period,

HAS ADOPTED THIS REGULATION:

Article 1

A Community aid scheme for producers' organisations which deliver for processing certain citrus fruits harvested in the Community is hereby established. The scheme shall cover:

- (a) oranges, mandarins, clementines and lemons processed into juice;
- (b) satsumas and clementines processed into segments.

Article 2

1. The scheme referred to in Article 1 shall be based on contracts between, on the one hand, producers' organizations recognized or provisionally admitted under Regulation (EC) No /96 and, on the other, processors or legally constituted associations or unions of processors.
2. Such contracts shall be concluded before a specified date and for a minimum duration determined in accordance with the procedure laid down in Article 45 of Regulation (EC) No /96. They must specify the quantities to which they relate, the phasing of deliveries to processors and the prices to be paid to producers' organizations.
3. Once they have been concluded, contracts shall be sent to the authorities in the Member States concerned responsible for carrying out qualitative and quantitative checks on:
 - (a) products delivered to processors by producers' organizations;
 - (b) the actual processing of the quantities delivered.

Article 3

1. Aid shall be granted to producers' organizations for the quantities delivered for processing under the contracts referred to in Article 2.
2. The amount of the aid referred to in paragraph 1 shall be that fixed in Table 1 of the Annex hereto.

However:

- (a) where the contract referred to in Article 2(1) covers more than one marketing year and a minimum quantity of citrus fruit, to be determined in accordance with the procedure laid down in Article 45 of Regulation (EC) No /96, the amount of the aid referred to in paragraph 1 shall be that indicated in Table 2 of the Annex hereto;
 - (b) for quantities delivered under the provisions of Article 4, the amount of the aid referred to in paragraph 1 shall be that indicated in Table 3 of the Annex hereto.
3. The aid shall be paid by the Member States to producers' organizations which apply therefor as soon as the inspecting authorities of the Member State in which processing is undertaken have established that the products covered by the contracts have been delivered to the processing industry.

The amount of the aid received by producers' organisations shall be paid to associated producers.

Article 4

1. Producers' organizations shall pass on the benefit of the aid scheme defined in this Regulation to individual producers who are not members of any such organizations who undertake to market through them their entire output of citrus fruit intended for processing and who pay a subscription to cover the extra management costs borne by the organization because of the application of this provision.
2. Where paragraph 1 is applied,
 - (a) the amount of the aid received by the producers' organization shall be paid to the individual producer concerned;
 - (b) the quantities supplied by individual producers may not be included in the multiannual contracts referred to in Article 3(2)(a).

Article 5

1. Processing thresholds shall be established for oranges, for lemons, and for mandarins, clementines and satsumas taken together, as follows:

- oranges	1 209 000 tonnes
- lemons	444 000 tonnes
- mandarins, clementines and satsumas	265 000 tonnes.

2. If, in the course of a given marketing year, the quantities of oranges, of lemons, and of mandarins, satsumas and clementines delivered for processing under the scheme provided for in this Regulation exceed the processing thresholds established in paragraph 1, the aid fixed in accordance with Article 3(2) for the products in question shall be reduced for the following marketing year by 1% per tranche of the processing threshold overrun.

Overrun tranches shall be equal to 1% of the level of each threshold fixed in paragraph 1.

However, in the case of oranges and lemons, any overrun of the processing threshold shall be fixed, for a given marketing year, on the basis of a period of twelve consecutive months, staggered in relation to the said marketing year.

Article 6

Detailed rules for the application of this Regulation, and in particular monitoring measures and penalties, the marketing years, the minimum characteristics of the raw materials delivered for processing and the financial consequences of exceeding the threshold shall be adopted in accordance with the procedure laid down in Article 45 of Regulation (EC) No /96.

Article 7

The measures provided for in this Regulation shall be regarded as intervention intended to stabilize the agricultural markets within the meaning of Article 3 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy¹. They shall be financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

Article 8

Regulations (EEC) No 1035/77 and (EC) No 3119/93 are hereby repealed.

Article 9

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

It shall apply from the 1996/97 marketing year.

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

Done at Brussels,

For the Council

¹ OJ No L 94, 28.4.1970, p. 13.

ANNEX
AMOUNTS OF THE AID REFERRED TO IN ARTICLE 3(1)

Table 1

ECU/100 kg net

	1996/97 marketing year	1997/98 marketing year	1998/99 marketing year	1999/2000 marketing year	2000/2001 and subsequent marketing years
Lemons	9,36	9,25	9,14	9,03	8,92
Oranges	10,03	9,75	9,47	9,20	8,92
Mandarins	11,31	10,71	10,11	9,51	8,92
Clementines	8,92	8,92	8,92	8,92	8,92
Satsumas	7,34	7,74	8,13	8,52	8,92

Table 2

ECU/100 kg net

	1996/97 marketing year	1997/98 marketing year	1998/99 marketing year	1999/2000 marketing year	2000/2001 and subsequent marketing years
Lemons	10,76	10,64	10,51	10,38	10,26
Oranges	11,54	11,22	10,90	10,58	10,26
Mandarins	13,00	12,31	11,63	10,94	10,26
Clementines	10,26	10,26	10,26	10,26	10,26
Satsumas	8,44	8,90	9,35	9,80	10,26

Table 3

ECU/100 kg net

	1996/97 marketing year	1997/98 marketing year	1998/99 marketing year	1999/2000 marketing year	2000/2001 and subsequent marketing years
Lemons	8,42	8,32	8,22	8,13	8,03
Oranges	9,03	8,78	8,53	8,28	8,03
Mandarins	10,17	9,64	9,10	8,56	8,03
Clementines	8,03	8,03	8,03	8,03	8,03
Satsumas	6,61	6,96	7,32	7,67	8,03

FINANCIAL STATEMENT

Date:

1. BUDGET HEADING: 1503

APPROPRIATIONS:
ECU 208 million

2. TITLE:
Proposal for a Council Regulation introducing a Community aid scheme for producers of certain citrus fruits.

3. LEGAL BASIS:
Article 43 of the Treaty

4. AIMS:
Reform of the rules governing the processing of certain citrus fruit alongside the reform of the common market organization in fresh and processed fruit and vegetables

5. FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (96) (ECU million)	FOLLOWING FINANCIAL YEAR (97) (ECU million)
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5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER			184.1
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5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
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	1998	1999	2000	2001
5.0.1. ESTIMATED EXPENDITURE	ECU 181.6 m	ECU 179.2 m	ECU 177.0 m	ECU 174.5 m
5.1.1. ESTIMATED REVENUE				

5.2. METHOD OF CALCULATION:

See Annex.

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

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

6.2. WILL A SUPPLEMENTARY BUDGET BE NECESSARY? YES/NO

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

OBSERVATIONS

Citrus fruits

1. Processed quantities - statistics and analysis (t)

	89/90	90/91	91/92	92/93	93/94	94/95	average for 5 marketing years	Thresholds	Tranches
Lemons	440848	386740	337729	473704	501490	474264	443889	444000	4440
Oranges	1302730	827983	1462609	1158254	1041507	1331979	1208618	1209000	12090
Mandarins	88309	36965	86530		51657	40653	59613	60000	600
Clementines	37585	75758	55797		40833	91143	57463	58000	580
Satsumas	143364	155834	149142		146163	125994	146223	147000	1470
Total citrus fruit	2012836	1483280	2091807	1631958	1781650	2064033	1915806	1918000	

2. Quantities used for the calculations and forecast trend (t)

	1995/96	Quantities used	1996/97			1997/98		
	(Preliminary draft budget 1996)		PO - annual	PO - multiannual	Non-associated producers	PO - annual	PO - multiannual	Non-associated producers
			67%		33%	69%		31%
			75%	25%		72%	28%	
Lemons	450000	444000	223110	74370	146520	220579	85781	137640
Oranges	1150000	1209000	607523	202508	398970	600631	233579	374790
Mandarins	50000	60000	30150	10050	19800	29808	11592	18600
Clementines	50000	58000	29145	9715	19140	28814	11206	17980
Satsumas	160000	147000	73868	24623	48510	73030	28400	45570
Total citrus fruit	1860000	1918000	963795	321265	632940	952862	370558	594580

	1998/99			1999/2000			2000/01		
	PO - annual	PO - multiannual	Non-associated producers	PO - annual	PO - multiannual	Non-associated producers	PO - annual	PO - multiannual	Non-associated producers
	71%		29%	73%		27%	75%		25%
	68%	32%		63%	37%		60%	40%	
Lemons	214363	100877	128760	204196	119924	119880	199800	133200	111000
Oranges	583705	274685	350610	556019	326551	326430	544050	362700	302250
Mandarins	28968	13632	17400	27594	16206	16200	27000	18000	15000
Clementines	28002	13178	16820	26674	15666	15660	26100	17400	14500
Satsumas	70972	33398	42630	67605	39705	39690	66150	44100	36750
Total Citrus fruit	926010	435770	556220	882088	518052	517860	863100	575400	479500

Note: A dynamic trend has been assumed for the situation, both in response to the probable trend in concentration of supplies and given the prospect that aids will increase: the proportion due to PO's will increase gradually and, within that figure, the percentage of multiannual contracts will also increase. The assumption with regard to quantities is based on complete realization of the thresholds and compliance with them.

Citrus fruits

3. Fixed aids (ECU/t)

Aid to processors - ECU/t

Marketing year 1995/96 - ex reform

	1995/96
Lemons	104,8
Oranges	111,0
Mandarins	133,0
Clementines	95,3
Satsumas	48,3

Note: The aids were fixed by Regulation (EEC) No 3318/93 for satsumas (for three marketing years), by Regulation (EC) No 1604/95 for lemons and by Regulation (EC) No 2803/95 for the other citrus fruits.

a. Aid to PO's - with annual contracts (ECU/t)

	1996/97	1997/98	1998/99	1999/2000	2000/01
Lemons	93,6	92,5	91,4	90,3	89,2
Oranges	100,3	97,5	94,7	92,0	89,2
Mandarins	113,1	107,1	101,1	95,1	89,2
Clementines	89,2	89,2	89,2	89,2	89,2
Satsumas	73,4	77,4	81,3	85,2	89,2

b. Aid to PO's - with multiannual contracts (ECU/t)

	1996/97	1997/98	1998/99	1999/2000	2000/01
Lemons	107,6	106,4	105,1	103,8	102,6
Oranges	115,4	112,2	109,0	105,8	102,6
Mandarins	130,0	123,1	116,3	109,4	102,6
Clementines	102,6	102,6	102,6	102,6	102,6
Satsumas	84,4	89,0	93,5	98,0	102,6

c. Aid to PO's - with non-associated producers (ECU/t)

	1996/97	1997/98	1998/99	1999/2000	2000/01
Lemons	84,2	83,2	82,2	81,3	80,3
Oranges	90,3	87,8	85,3	82,8	80,3
Mandarins	101,7	96,4	91,0	85,6	80,3
Clementines	80,3	80,3	80,3	80,3	80,3
Satsumas	66,1	69,6	73,2	76,7	80,3

Note: The aids given here are those which are listed in the Annex to the draft Regulation.

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Citrus fruit

4.1 Cost per marketing year (ECU million)
(broken down into PO's - with annual or multiannual contracts - and non-associated producers)

	95/96	96/97			97/98		
	ex reform	Annual	Multiannual	Non-associated producers	Annual	Multiannual	Non-associated producers
Lemons	47,2	28,9	8,0	12,3	20,4	9,1	11,5
Oranges	127,7	60,9	23,4	36,0	58,6	26,2	32,9
Mandarins	6,7	3,4	1,3	2,0	3,2	1,4	1,8
Clementines	4,8	2,6	1,0	1,5	2,6	1,1	1,4
Satsumas	7,7	5,4	2,1	3,2	5,7	2,5	3,2
Total citrus fruit	194,0	93,3	35,7	55,1	90,4	40,4	50,8

4.2 Cost per marketing year (ECU million)
(broken down into PO's - with annual or multiannual contracts - and non-associated producers)

	1998/99			1999/2000			2000/01		
	Annual	Multiannual	Non-associated producers	Annual	Multiannual	Non-associated producers	Annual	Multiannual	Non-associated producers
Lemons	19,6	10,6	10,6	18,4	12,5	9,7	17,8	13,7	8,9
Oranges	55,3	29,9	29,9	51,1	34,5	27,0	48,5	37,2	24,3
Mandarins	2,9	1,6	1,6	2,6	1,8	1,4	2,4	1,8	1,2
Clementines	2,5	1,4	1,4	2,4	1,6	1,3	2,3	1,8	1,2
Satsumas	5,8	3,1	3,1	5,8	3,9	3,0	5,9	4,5	2,9
Total citrus fruit	86,1	46,6	46,5	80,3	54,3	42,4	77,0	59,0	38,5

5. Cost per budget (ECU million)

	1996	1997	1998	1999	2000	2001
Lemons	47,2	41,2	41,0	40,8	40,6	40,4
Oranges	127,7	120,3	117,7	115,1	112,7	110,0
Mandarins	6,7	6,7	6,4	6,1	5,8	5,5
Clementines	4,8	5,1	5,2	5,2	5,2	5,3
Satsumas	7,7	10,7	11,4	12,0	12,7	13,4
Total citrus fruit	194,0	184,1	181,6	179,2	177,0	174,5

Note: Traditionally, expenditure for the processing of citrus fruit is charged to the financial year which corresponds to the second half of the marketing year.

EXPLANATORY MEMORANDUM

On 4 October 1995 the Commission presented the Council with two proposals for Regulations on the common organization of the markets in:

- fruit and vegetables,
- products processed from fruit and vegetables.

At the Council meeting of 10 November 1995, the Commission undertook to send the Council a proposal for a new scheme introducing aid to the producers of certain citrus fruits.

Under this new scheme, there is no lower limit on the price the processor must pay the producer. The former proposal needs to be adapted to take this into account.

Amended proposal

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

This proposal was presented by the Commission to the Council on 4 October 1995.

As a consequence of the presentation of the proposal for a Council Regulation (EC) No /96 introducing a system of aid to producers of certain citrus fruits, the proposal on the common organization of the market in fruit and vegetables now requires the following amendments:

Article 15

1. Paragraph 2(a) is replaced by the following:

"(a) to finance market withdrawals on the terms of paragraph 3".

2. In paragraph 3:

- the introductory part of the first subparagraph is replaced by the following:

"3. Use of the operational fund to finance withdrawals shall be permissible only if an operational programme has been approved by the competent national authorities. Financing shall take one of the following forms:";

- point (c) is deleted;

- the second subparagraph is replaced by the following:

"Member States may set a maximum on the compensation or supplements thus decided, at a level which shall not exceed the maximum withdrawal prices applying in the 1995/96 marketing year in accordance with Article 16(3a), Articles 16a and 16b and the first indent of Article 18(1)(a) of Regulation (EEC) No 1035/72."

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DOCUMENTS

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