

EUROPEAN ECONOMIC COMMUNITY

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COMMISSION

## Regulations and Resolution

in the Field of Agriculture

Adopted by the Council on 5 February 1964

(Milk and milk products, beef and veal, cattle from Denmark,  
rice, cereals, fats, European Agricultural Guidance and Guarantee Fund)

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# COUNCIL REGULATION No. 13/64/EEC

of 5 February 1964

on the progressive establishment of a common organization of the markets  
in milk and in milk products

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament (1);

WHEREAS the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy, including in particular a common organization of agricultural markets established product by product;

WHEREAS the sector of milk and milk products is of special importance in the economy of the Community both as a source of direct regular income for producers and as a source of supply for the processing industry; whereas, for consumers, milk and milk products are among the most important foodstuffs;

WHEREAS trade in milk products between the Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period would be governed, failing co-ordinating action by the institutions of the Community, by varying procedures and different timing; whereas, on the other hand, a uniform frontier measure covering intra-Community trade will permit a progressive and parallel removal of barriers in all the Member States at a pace adapted to the progressive establishment of the common agricultural policy;

WHEREAS such uniform frontier measure, in place of the various national measures, must, on the one hand, ensure adequate support for the markets in milk and milk products in the Member States during the transitional period, and, on the other hand, permit the progressive establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by means of a system of intra-Community levies corresponding to the difference between the prices ruling in the importing and exporting Member States respectively, so as to prevent possible disturbances on the market of a high-price country, due to imports from a low-price country;

WHEREAS the substitution of intra-Community levies for other measures destined, by virtue of the Treaty, to disappear during the transitional period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for the progressive reduction of such levies;

WHEREAS this progressive reduction of levies is related to the approximation and standardization of the prices of milk products; whereas, on the other hand, as regards animal feeding-stuffs based on milk products, it is appropriate to divide the levy into two components, one corresponding to the difference in raw material prices and the other representing protection for the processing industry, as also to provide for the progressive and automatic reduction of the component;

WHEREAS the introduction of new protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is justified under the principles laid down in the Treaty only if they replace all other protective measures;

WHEREAS the system to be introduced must make it possible to maintain the preference in respect of Member States which results from the implementation of the Treaty; whereas, subject to special arrangements for the products on which customs duties have been bound under GATT, this requirement can be met by instituting on imports from non-member countries levies corresponding to the difference between the prices ruling in the importing Member State and in international trade respectively, as also by a standard abatement of the intra-Community levy, so fixed as to permit the progressive development of trade within the Community;

WHEREAS the introduction of a levy system as against non-member countries, affording guarantees to producers in the Member States, enables the latter to dispense with all other protective measures;

(1) Official gazette of the European Communities No. 64 of 25 July 1962, p. 1763/62.

WHEREAS, so long as national food laws relating to butter have not been harmonized, an exception to the principle of replacing all protective measures at the frontiers by intra-Community levies and levies as against non-member countries can be allowed in respect of butter imports;

WHEREAS the operation of the levy system requires that the provisions of the Treaty which enable aids to be assessed and action to be taken against those which are incompatible with the Common Market must be extended to aids which distort the mechanism of this system; whereas it is nevertheless necessary, in order to create fair conditions of competition and to allow exports to be made from a high-price Member State to a low-price Member State, to authorize the exporting Member State to grant a refund covering the price difference; whereas, having regard to the fact that Member States have in recent years devoted considerable public funds to the sector of milk and milk products, amounting in 1963 to some 500 million units of account, it is impossible to abolish these practices abruptly without disturbing the economy of the Community in this field; whereas it is therefore necessary, in order to establish at the final stage a market policy excluding the granting of direct aids to milk production, to make provision for Community rules for the progressive abolition of the existing direct aids to milk production;

WHEREAS the practice in the processing industry, whereby trade between Member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the levy system;

WHEREAS, in order that Member States may continue to participate in international trade in milk products, these States must be permitted to refund on exports to non-member countries an amount equal to the difference between the exporting Member State's prices and those ruling in international trade;

WHEREAS, in order to maintain for Community producers the necessary guarantees in respect of their employment and standard of living, it is necessary to fix annually, in each Member State, a target price for milk ex farm;

WHEREAS, in order to establish a single market, it is necessary that the national target prices should be progressively approximated and finally standardized at the level of a common target price fixed by the Council; whereas the common target price serves at the same time to establish the prices for milk products on the basis of which the threshold prices will be standardized, while taking into account an additional amount intended to protect the Community's processing industry;

WHEREAS, in order to avoid an undesirable fall in butter prices, it is necessary that the Member States should intervene on the butter market; whereas the granting of aids for private storage of butter and frozen cream may likewise contribute to this end; whereas, in order to establish a single market, the national intervention prices must be standardized during the transitional period; whereas at the single-market stage the intervention price must be so fixed that the average proceeds from total milk sales are such as to guarantee the common ex-farm target price for milk; whereas it is also necessary, in order to support the valorization of milk proteins and to support the prices of products which are of special importance in determining the producer price for milk, to provide for other Community intervention measures;

WHEREAS there is a large volume of international trade in processed milk products, while fresh milk and related products are commodities for which the markets are principally local or regional and whereas, moreover, fresh milk and related products are particularly important for stabilizing the producer price of milk; whereas special solutions must therefore be found for regulating trade in fresh milk and related products; whereas in the meantime Member States may, under certain conditions, continue to apply the measures which they have taken for regulating their national fresh milk markets;

WHEREAS, in order to facilitate the implementation of the proposed provisions, it is necessary to lay down a procedure instituting close co-operation between the Member States and the Commission within a Management Committee;

WHEREAS the common organization of the markets in milk and in milk products must have due regard at one and the same time to the objectives set out both in Article 39 and Article 110 of the Treaty;

WHEREAS it is necessary that the common organization of the markets in milk and milk products be fully established by the end of the transitional period,

HAS ADOPTED THE PRESENT REGULATION:

#### Article 1

1. With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the markets in milk and in milk products shall be progressively established, comprising a levy system applicable to trade between the Member States as well as to

trade between Member States and non-member countries, as also a system of rules relating to prices and to market intervention.

2. The common organization of the markets in milk and in milk products shall extend to the following products:

Common customs tariff No.	Description of goods
a) 04.01	Milk and cream, fresh, not concentrated or sweetened
b) 04.02	Milk and cream, preserved, concentrated or sweetened
c) 04.03	Butter
d) 04.04	Cheese and curd
e) 17.02 A	Lactose and lactose syrup
f) ex 23.07	Sweetened forage; other preparations of a kind used in animal feeding
ex B: Other	Preparations containing not less than 50% by weight of milk powder or Other preparations containing products falling under headings 04.01, 04.02, 04.03, 04.04, or 17.02 A, excluding the preparations referred to in the Annex to Council Regulation No. 19

3. The milk year shall begin on 1 April and shall end on 31 March.

4. Subject to the provisions of Article 2(6) the Council, acting on a proposal of the Commission unanimously during the second stage and by qualified majority vote thereafter, shall determine which categories of butter are to be considered as first-quality butter for the purposes of the present Regulation.

#### Article 2

1. The amount of the levy on imports of the products referred to in Article 1(2), b) to e), shall correspond to the threshold price of the importing Member State, fixed in accordance with the provisions of Article 4, less:

i) the price of the product consigned from the exporting Member State and delivered free-at-frontier to the importing Member State, determined in accordance with the provisions of Article 3;

ii) an amount representing the incidence of internal charges levied on imports, which amount is to be calculated on a flat-rate basis where appropriate;

iii) and, on imports from Member States, the standard amount fixed in accordance with the provisions of Article 7.

2. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council

may adopt provisions derogating from those of paragraph 1 above, by which certain products are grouped for the purpose of calculating the amount of the levies. In this event, a pilot product shall be selected for each group, for which product the amount of the levy shall be calculated in accordance with the provisions of paragraph 1 above. For the other products in the group, referred to as "assimilated products", the amount of the levy shall be equal to that on the pilot product, unless it has been decided, according to the same procedure, that the levy shall be derived from that on the pilot product. In the latter event, the factors which must be taken into consideration for the purpose of determining the levy applicable to each of the products in question shall be laid down at the same time. The amount of the levies applicable to the assimilated products shall be calculated in accordance with provisions adopted under the procedure laid down in Article 25.

The free-at-frontier prices provided for in Article 3, the threshold prices provided for in Article 4 and the reference prices provided for in Article 5 shall not be fixed in respect of assimilated products.

3. Notwithstanding the provisions of paragraph 1 above:

i) on imports from non-member countries of Emmental, Gruyère or Sbrinz cheese, where the conditions fixed in the GATT tariff concessions are complied with, the amount of the levies on these products shall equal the bound duty under GATT;

ii) on imports from non-member countries of Glaris herb cheese (Schabzieger) and of Cheddar cheese, where the conditions fixed in the GATT tariff concessions are complied with, the amount of the levies on these products shall equal the amount which would result from the application of the ad valorem duties bound under GATT;

iii) no levy shall be imposed on imports of Glaris herb cheese (Schabzieger) from Member States.

4. For the purpose of fixing the prices which serve as the basis for calculating the levies, any differences in composition and quality grade of the products shall be taken into consideration in so far as they appreciably affect the marketing of the products, the necessary corrections being made in accordance with the procedure laid down in Article 25.

5. Intra-Community levies shall be abolished by the end of the transitional period.

6. During the transitional period each Member State may, until the Member States' national food laws relating to butter are harmonized, forbid imports of butter containing, by weight, less than 82% of fat, more than 16% of water, and more than 2% of non-butter solids, which does not comply with the provisions in force in respect of home-produced first-quality butter in the importing Member State on the date of the entry into force of the present Regulation.

The harmonization referred to above shall be decided upon before 31 March 1966.

7. The methods for the flat-rate calculation of the incidence of internal charges levied on imports, referred to in paragraph 1 above, shall be adopted in accordance with the procedure laid down in Article 25.

#### Article 3

1. As regards imports from Member States, the free-at-frontier prices in the importing Member State referred to in Article 2(1) shall be determined on the basis of the prices at which the producers in the exporting Member State sell their products ex-factory, increased by an amount calculated on a flat-rate basis, representing transport costs up to the frontier of the importing country and the frontier-crossing costs, the amount of the latter being uniform for all Member States.

The free-at-frontier prices thus determined shall be reduced by an amount calculated on a flat-rate basis corresponding to the incidence of the internal charges refunded on exportation.

2. As regards imports from non-member countries, the free-at-frontier prices in the importing Member State, referred to in Article 2(1), shall be determined on the basis of

the most favourable purchasing possibilities in international trade. The prices shall be determined separately for sour cream butter and for fresh cream butter.

3. The free-at-frontier prices of butter shall be determined on the basis of the prices of first-quality butter.

4. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall fix the amounts calculated on a flat-rate basis referred to in the first sub-paragraph of paragraph 1 above.

5. The Commission shall determine the free-at-frontier prices under the conditions laid down in paragraphs 1 and 2 above and according to criteria fixed in accordance with the procedure laid down in Article 25.

6. The procedures for implementing paragraphs 1 to 3 above shall be adopted in accordance with the procedure laid down in Article 25.

#### Article 4

1. The threshold prices provided for in Article 2(1) shall be fixed and published annually by the Member States before 15 March for the following milk year. Nevertheless, for the 1964/65 milk year these prices shall be fixed and published before 1 June 1964.

The threshold prices applicable for the 1964/65 milk year shall be equal to the reference prices fixed in accordance with the provisions of Article 5, plus:

i) the standard amounts fixed in accordance with the provisions of Article 7;

ii) where applicable, an additional amount fixed for each product under the conditions set out in paragraph 2 below.

2. For first-quality butter, each Member State may fix the additional amount referred to in paragraph 1 above at a figure of up to 0.05 units of account per kilogram. However, if the intervention price fixed pursuant to Article 21(1) is more than 0.05 units of account per kilogram lower than the reference price, such additional amount may be set at a figure not exceeding the amount by which the intervention price falls short of the reference price.

For each of the products referred to in Article 1(2), b) to e), other than first-quality butter, the Council, acting by qualified majority vote on a proposal of the Commission, may authorize a Member State, at the request of the latter, to fix the additional amount referred to in paragraph 1 above at a level not exceeding 2% of the reference price fixed for the product in question in accordance with the provisions of Article 5.

3. Each Member State shall reduce the disparity between the threshold price, less the standard amount fixed in accordance with the provisions of Article 7, and the intervention price applicable to first-quality butter during the 1964/65 milk year, in such a way that this disparity shall not exceed:

- i) 0.125 units of account per kilogram during the 1965/66 milk year,
- ii) 0.1 units of account per kilogram during the 1966/67 milk year.

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall decide before 1 July 1966 on the measures to be taken as from the 1967/68 milk year in respect of the disparity between the threshold and intervention prices for butter.

4. The threshold prices for Emmental, Gruyère, Sbrinz and Cheddar cheese may not exceed the minimum offer prices fixed for these products in the GATT tariff concessions, plus the amount of the bound customs duty.

#### Article 5

1. For the products referred to in Article 1(2), b) to e), reference prices shall be calculated for each Member State on the basis of the arithmetic mean of the ex-factory prices recorded in each Member State during 1963, plus an amount calculated on a flat-rate basis representing transport costs up to the wholesale stage. For butter, the reference price shall be calculated on the basis of the prices of first-quality butter.

Should it not be possible to establish the reference price for a product in accordance with the provisions of the above sub-paragraph, this price shall be calculated on the basis of the prices of similar products. If no such similar products are manufactured in a particular Member State, the basis for establishing the reference price shall be the price at which the product in question could have been imported during 1963.

2. The prices established in accordance with the provisions of paragraph 1 above shall be corrected by amounts depending on:

i) changes in the national target prices for milk, fixed in accordance with the provisions of Article 17(3), as compared with the target prices or average producer prices during the reference period;

ii) the reduction in aids provided for in Article 19 for the 1964/65 milk year.

3. The reference prices shall be fixed before 1 April 1964 by the Council, acting unanimously on a proposal of the Commission.

#### Article 6

1. As regards the products referred to in Article 1(2) f), the amount of the intra-Community levies and the levies as against non-member countries shall be made up of three components:

a) A variable component which may be fixed and revised on a flat-rate basis. For processed products containing any of the basic products referred to in Article 1(2), b) to e), this component shall correspond to the incidence on the prime cost of such processed products of the levies established for the basic products incorporated in their manufacture; the amount thus arrived at shall be revised in accordance with any variations in the levies applicable to the basic products;

b) A fixed component, established with a view to the necessity of ensuring protection for the processing industry. As regards trade between the Member States, this fixed component shall equal nine-fifteenths of the amount applied as against non-member countries; it shall be reduced each year on 1 July, and in the first instance on 1 July 1965, by two-fifteenths of the amount applied as against non-member countries on 1 July 1964;

c) An additional component. This component shall equal the amount of the levies, charges and duties of whatever nature imposed in any Member State on the importation from another Member State or from a non-member country, as the case may be, of any consignment of products subject to a common organization of the market, contained in the products referred to in Article 1(2) f).

2. If actual offers, from non-member countries, of the products referred to in Article 1(2) f) are lower than the price arrived at from the price of the basic products entering into the composition of the products in question, plus processing costs, an additional amount fixed in accordance with the procedure laid down in Article 25 may be added to the levy established in accordance with the provisions of paragraph 1 above.

3. Acting by qualified majority vote on a proposal of the Commission, the Council shall adopt the necessary provisions for determining, pursuant to the provisions of this Article, the implementing procedures in respect of the products referred to in Article 1(2) f).

#### Article 7

1. The standard amounts provided for in Article 2(1) iii) shall be so fixed that trade between the Member States develops progressively and smoothly until the single market is established, taking into account the supplies of milk products available on the markets of the Member States,

either home-produced or consigned from other Member States. These amounts shall be fixed annually in accordance with the procedure laid down in Article 25 and according to criteria adopted, on a proposal of the Commission, by the Council, acting unanimously during the second stage and by qualified majority vote thereafter. They shall be fixed and published annually before 1 March for the following milk year. Nevertheless, for the 1964/65 milk year, these amounts shall be fixed and published before 1 May 1964.

2. If, in the course of the milk year, intra-Community trade does not develop as envisaged in paragraph 1 above, the standard amounts shall be revised in accordance with the procedure laid down in Article 25. In this event a new threshold price shall be fixed in accordance with the procedure laid down in Article 4.

#### Article 8

1. The amounts of the levies shall be fixed by the Member States in accordance with the provisions of Article 2 or those of Article 6 and shall immediately be communicated to the Commission, who shall inform the other Member States thereof without delay.

2. The Member States shall modify these amounts according to any variations in the factors employed in establishing them. The criteria for modifying the levies and the relevant implementing procedures shall be adopted in accordance with the procedure laid down in Article 25.

Modifications to the levies shall immediately be communicated to the Commission, who shall inform the other Member States thereof without delay.

3. Without prejudice to the provisions of Article 30, levies shall be collected by the importing Member State and their yield shall be assigned to the latter.

#### Article 9

1. If, in any Member State, prices for one of the products referred to in Article 1(2), b) to f), should develop in such a way that, taking the provisions of Article 19 into account, a fair relationship to the target price for milk is not maintained, the Commission may, during the transitional period and at the request of a Member State, authorize the latter to reduce the amounts of the levies until this relationship is re-established. The conditions under which such authorization may be employed shall be defined by the Commission in such manner that the markets of the other Member States are not disturbed and that imports of products covered by this authorization, or of similar products, are not placed at a disadvantage.

To this end, the Commission shall determine in particular:

- i) the similar products in respect of which the levies are also to be reduced;
- ii) the amount of the reduction;
- iii) the term of validity of the reduction;
- iv) the possibility of making use of the authorization in part only.

2. The amount by which the intra-Community levies may be reduced shall not exceed the highest intra-Community levy imposed by the Member State in question. The amount by which the levies as against non-member countries are reduced shall not exceed the maximum amount by which the intra-Community levies are reduced.

3. The Commission shall at the same time determine the measures which Member States may or must take, particularly in order to prevent unfair competition and deflection of trade. It shall determine in particular the maximum amount of refunds which may be granted in respect of exports to the Member State in question. The preference resulting from the application of the standard amount shall be safe-guarded.

#### Article 10

1. Each Member State shall be entitled, when milk products are exported to Member States, to charge a compensatory amount not exceeding the incidence of national aids on the price of such products, provided that such Member State grants on imports of the same products from the other Member States a subsidy not exceeding the compensatory amount referred to above.

2. The amount of the levies on imports from Member States and the amount of refunds on exports to Member States shall be reduced by the amounts resulting from the application of this Article.

3. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall, in the first instance before the date of the entry into force of the trading system, adopt the procedures for implementing this Article.

The maximum compensatory amount in respect of exports and the amount of the subsidies on imports shall be fixed in accordance with the procedure laid down in Article 25.

#### Article 11

1. All imports from non-member countries and, during the transitional period, all imports



from Member States, of the products referred to in Article 1(2), b) and c), excluding whole milk powder in hermetically sealed packages containing not more than one kilogram net weight of powder, shall be subject to the presentation of a licence issued by the Member State on application from the party concerned.

2. Import licences shall be issued to all applicants who deposit a sum guaranteeing the obligation to effect importation within the term of validity of the licence. Such surety shall be forfeit in the event of importation not being effected within this period.

3. The procedures for implementing this Article, particularly as regards the term of validity of import licences, the amount of the surety and the cases of force majeure in which the surety will not be forfeit, shall be adopted in accordance with the procedure laid down in Article 25.

#### Article 12

1. In trade between Member States, as regards both imports and exports, the following shall be incompatible with the application of the present Regulation:

i) the imposition of any customs duty or charge having equivalent effect other than that provided for by the present Regulation;

ii) the application of any quantitative restriction or measure having equivalent effect, save as otherwise provided in the Protocol concerning the Grand Duchy of Luxembourg;

iii) recourse to Article 44 of the Treaty.

2. As regards imports from non-member countries, the following shall be incompatible with the application of the present Regulation:

i) the imposition of any customs duty or charge having equivalent effect;

ii) the application of any quantitative restriction or measure having equivalent effect, save as otherwise provided in the Protocol concerning the Grand Duchy of Luxembourg and save for any derogation decided upon by the Council acting by qualified majority vote on a proposal of the Commission.

3. Measures having an effect equivalent to a quantitative restriction shall be deemed to include, inter alia, the issue of import licences to a specified category of applicants only.

4. The export of the following from one Member State to another Member State shall be incompatible with the application of the present Regulation:

a) Products referred to in Article 1(2), b) to f), which have not borne the levies applicable

in the exporting Member State or which have benefited from a total or partial drawback of such levies, or

b) Products referred to in Article 1(2), b) to f), or subject to a common organization of markets incorporating provisions analogous to those of the present paragraph, into the manufacture of which have entered, at the time of such manufacture or at a previous stage of processing, any products referred to in Article 1(2), b) to f), which have not borne the levies applicable to them in the exporting Member State or which have benefited from a total or partial drawback of such levies.

#### Article 13

1. As from the date of implementation of the present Regulation, and subject to the provisions of Articles 10, 14, 18(3), 19, 21 and 22 thereof, 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 14

1. A Member State which is entitled under the present Regulation to impose levies as against another Member State may refund on exports to that State an amount corresponding to the free-at-frontier price of the product in the importing Member State, determined in accordance with the provisions of Article 3(1):

i) minus the threshold price in the importing Member State, determined in accordance with the provisions of Article 4;

ii) plus the standard amount referred to in Article 7 and an amount calculated on a flat-rate basis corresponding to the incidence of the internal charges imposed on imports.

The amount of the refund on an assimilated product in respect of which the levy corresponds to the levy on the pilot product shall equal the amount of the refund on the pilot product. The amount of the refund on an assimilated product in respect of which the levy is derived from the levy on the pilot product shall be fixed, in accordance with the procedure laid down in Article 25, on the basis of rules analogous to those applied for calculating the derived levies.

2. In order to permit exports to be made to non-member countries at the prices ruling on the world market, the difference between these prices and the price in the exporting Member State may be covered by a refund.

3. The quantities exported and the amount of refunds paid out shall be periodically communicated by the exporting Member State to the Commission, which shall inform the other Member States thereof.

4. The procedures for implementing this Article shall be adopted in accordance with the procedure laid down in Article 25.

#### Article 15

The provisions required, in respect of products consigned from Member States or non-member countries, in order to prevent deflections of trade which might arise from differences in levies as between Member States, or as between the Member States and non-member countries, shall be adopted in accordance with the procedure laid down in Article 25, and in the first instance before 1 May 1964.

#### Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the markets in milk and in milk products, these markets in one or more of the Member States should, by reason of imports, suffer or be threatened with serious disturbances likely to jeopardize the attainment of the objectives set out in Article 39 of the Treaty, the Member State or States concerned may, during the transitional period, take the necessary safeguard measures regarding imports of the products in question.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than at the date of their entry into force.

The Member State or States applying such measures shall make arrangements to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. The Member States concerned must be prepared to begin negotiations immediately with a view to temporary arrangements to prevent excessive or avoidable loss to exporters. These arrangements shall be notified without delay to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above and in order to avoid raising the level of protection between Member States, the Commission, after consulting the Member States through the Management Committee set up under Article 24, shall decide, by emergency procedure within a time-limit of four working days reckoned from the date of the notification referred to in the first sub-paragraph above, whether the measures shall be retained, amended or abolished. The Commission may also decide as to measures to be applied by the other Member States.

The Commission's decision shall be notified to all the Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within a time-limit of three working days reckoned from the date of its notification. The Council shall meet without delay. It may, on the basis of the provisions of paragraph 1, and in order to avoid raising the level of protection between the Member States, amend or annul by qualified majority vote the decision taken by the Commission.

If a Member State which has taken the safeguard measures referred to in paragraph 1 above, as regards the products referred to in Article 1(2), b) and c), excluding whole milk powder in hermetically sealed packages containing not more than one kilogram net of powder, refers the matter to the Council, the Commission's decision shall be suspended. This suspension shall terminate ten days after the said decision has been referred to the Council if the latter has not by then amended or annulled it.

4. Any safeguard measure affecting trade between the Member States shall be applied simultaneously if not earlier to trade with non-member countries, the principle of Community preference being observed.

5. If, after the end of the transitional period, Community markets in the products referred to in Article 1(2) suffer or are threatened with serious disturbance by reason of imports from non-member countries, especially if the intervention agencies are obliged to make large purchases of the products referred to in Article 21 or of products determined in accordance with Article 22(3), the issue of import licences in respect of non-member countries under Community rules may be suspended, subject to possible exceptions for particular purposes, until the disturbance or threat of disturbance has subsided.

The conditions for the application of the present paragraph shall be determined, on a proposal of the Commission, by the Council acting in accordance with the voting procedure laid down in Article 43 of the Treaty.

#### Article 17

1. During the transitional period, each Member State shall fix each year before 15 February a target price, per kilogram, for milk with a fat content of 3.7% ex-farm, to apply during the following milk year. This price shall be communicated to the Commission, which shall inform the other Member States thereof. The national target price shall be the price which it is desired to guarantee to all producers for all milk sold in the milk year. In order to reach this national target price, market receipts may, in accordance with the provisions of Article 19, be supplemented by means of:

i) direct aids to producers;

ii) special measures under arrangements for the fresh milk market.

2. For the 1964/65 milk year the Council, acting unanimously on a proposal of the Commission, shall before 1 March 1964 fix the upper and lower limits for the national target prices for milk. These limits shall apply to all the Member States. They shall be fixed on the basis of the average ex-farm price for milk received by all producers in each of the Member States during 1963 for the whole of their marketed milk output. This price shall be corrected in order to take into account:

i) the disparity between the average fat content of milk in each Member State, and the figure of 3.7%;

ii) any changes in the producer price as compared with the reference period, in so far as these changes are due to modifications of the objectives governing milk prices or to normal trends in markets and prices in the Member State in question.

3. For the 1964/65 milk year, the national target price shall be fixed before 15 March 1964, between the upper and lower limits decided upon by the Council on the basis of the price established in accordance with the provisions of paragraph 2 above and taking into account the prospects for developing the production and consumption of milk and milk products.

#### Article 18

1. During the transitional period, disparities between the national target prices fixed in accordance with Article 17 shall be gradually reduced in such manner that, at the end of the transitional period, the common target price for milk fixed in accordance with paragraph 2 below shall constitute the Community's only price objective.

This common target price shall be the producer price for milk which, at the single-market stage, it is the aim of market policy to guarantee to all Community producers for the total volume of milk produced and marketed in the milk year.

2. With a view to standardizing national target prices the Council, acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, shall adopt:

i) each year before 15 January a common target price for milk ex-farm. During the transitional period the common target price shall be taken as the basis, for the following milk year, for standardizing the national target prices and the threshold prices for milk products;

ii) each year before 15 January the measures to be applied by each Member State for the following milk year with a view to the harmonization of national target prices.

3. If, as a result of the application of this Article, the target price in any Member State should fall below the price per kilogram of milk paid to producers during 1963 for all milk sold, taking into account any changes made during this period, the Member State in question may make compensation for such difference. Such compensation may be granted per kilogram of milk. The form of compensation shall become independent of the output of milk not later than at the end of the transitional period.

#### Article 19

1. Each Member State shall inform the Commission:

a) Before 1 March 1964, of the aids which it has paid out during 1963 in respect of each of the products referred to in Article 1(2), as an aggregate and as an average per kilogram;

b) before 1 March 1964, of the amounts which enable the market prices of each of the products referred to in Article 1(2) to be kept below the prices corresponding to the lower limit fixed for the 1964/65 milk year in accordance with Article 17(2);

c) each year before 15 February and in the first instance before 15 February 1965, of the national aids which it is paying out, in the current milk year, in respect of each of the products referred to in Article 1(2), as an aggregate and as an average per kilogram.

2. By aids within the meaning of paragraph 1 above are understood:

i) aids tied to certain milk products;

ii) aids paid out in respect of milk sold by producers.

3. Each Member State shall in every case base the calculations required for the application of paragraph 1 above on average costs and yields and on the average value of skimmed milk.

Should the amounts and the aids referred to in paragraph 1 above not be calculated in accordance with the provisions of the preceding subparagraph, they shall be revised according to the procedure laid down in Article 25.

4. Without prejudice to the compensation provided for in Article 18(3) the Council, acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, shall determine the amount

by which aids shall be reduced in accordance with the approximation of national target prices and with the raising of threshold prices.

Nevertheless, if national aids enable the prices of products referred to in Article 1(2) to be kept below the prices corresponding to the lower limit fixed for the 1964/65 milk year in accordance with Article 17(2), that portion of the aids which makes this possible shall be reduced annually by one-seventh in respect of each of the milk years from 1964/65 to 1969/70.

Such reduction in aids shall be offset by a corresponding increase in threshold prices.

5. Where the legislation of a Member State provides for the imposition of charges on fresh milk or related products, intended to ensure their equalization with other milk products, such equalization may be maintained until the arrangements referred to in Article 29(1) come into force. Nevertheless, if such equalization is effected directly in support of any of the products referred to in Article 1(2), b) to f), the provisions of paragraphs 1, 3 and 4 above shall apply.

6. The contribution which the aids and equalization measures provided for in this Article make to the realization of the national target price for milk shall not exceed the difference between such target price and the receipts which those provisions of the present Regulation which relate to the price level on the national market are intended to achieve.

#### Article 20

1. As from the 1965/66 milk year, and until the end of the transitional period at the latest, threshold prices shall be progressively approximated to the prices which must be fixed each year before 15 February on the basis of the common target price for milk. For each product, the calculation of these prices shall be based on uniform costs and yields for the Community.

2. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall adopt criteria to this end, in the first instance before 1 November 1964, and in particular for:

- i) determining costs and yields for the Community;
- ii) fixing a supplementary amount intended to protect the Community's processing industry;
- iii) the relationship which the Community should aim at in the valorization of the milk used in the various milk products.

On the basis of these criteria the prices on which the approximation of threshold prices is to be based shall be fixed in accordance with the procedure laid down in Article 25, for each product or group of products.

3. In respect of the products referred to in Article 1(2), b) to e), and with a view to the approximation of market prices, the Council, acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, shall each year before 1 March, and in the first instance before 1 March 1965, adopt the measures which each Member State is to apply during the following milk year.

When deciding on the measures which the Member States are to apply each year, the Council shall take into consideration changes in the national target prices effected in accordance with Article 18 and the reduction in aids effected in accordance with Article 19.

#### Article 21

1. During the transitional period the Member States shall fix, each year before 15 March and in the first instance before 15 April 1964, an intervention price for first-quality home-produced fresh butter for the following milk year. The intervention price to be applied for the 1964/65 milk year shall equal the reference price fixed in accordance with Article 5; it may however be reduced by not more than 0.075 units of account per kilogram.

2. The intervention agency in each Member State shall, under conditions defined pursuant to paragraphs 4 and 5 below, purchase all first-quality home-produced fresh butter offered to it. Purchases shall be effected:

- i) at those places which the Member State in question has declared to be intervention centres, at the intervention price;
- ii) at other places, at the intervention price less transport costs to the nearest intervention centre.

Butter purchased by the intervention agency shall be disposed of in such a way as not to disturb the sale of other categories of butter.

3. Member States may meet the requirement laid down in the first sub-paragraph of paragraph 2 above by granting, under conditions defined pursuant to paragraphs 4 and 5 below, aids for private storage of first-quality home-produced fresh butter and frozen home-produced cream.

4. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council

shall determine, in the first instance before 1 April 1964, the principles:

- i) according to which the intervention measures provided for in paragraph 2 above are to be taken;
- ii) according to which the aids provided for in paragraph 3 are to be granted;
- iii) relating to trade in butter released from stock;
- iv) relating to the disposal of surplus butter.

5. The procedures for implementing paragraphs 1 to 3 above as also the principles laid down in paragraph 4 above shall be adopted in accordance with the procedure laid down in Article 25.

6. At the single-market stage the Council, acting by qualified majority vote on a proposal of the Commission, shall for each milk year fix a common intervention price for butter such that the average receipt obtained from all sales of milk corresponds as closely as possible to the common target price.

#### Article 22

1. If, during the transitional period, any Member State finds it necessary to intervene on the market in respect of products other than first-quality home-produced fresh butter by measures designed to counter a substantial fall in prices or to prevent a lack of balance, either in prices or in the production of milk products, these measures shall be such as not to impede the implementation of the present Regulation.

Any Member State which intends to take such measures shall inform the Commission beforehand as to their nature. The Commission may address any appropriate observation to such Member State after consulting the Member States through the Management Committee set up under Article 24.

2. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall determine the principles:

- i) according to which the national intervention measures referred to in paragraph 1 above are to be co-ordinated;
  - ii) relating to intra-Community trade in the products referred to in paragraph 1 above, in respect of quantities which were the subject of such intervention.
3. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall, not later than two years after the entry

into force of the present Regulation, determine to which products other than first-quality home-produced fresh butter, and in what manner, the Community's intervention measures are to be applied. In this respect the Council shall be guided in its choice of products by the criteria that such products should be of special importance as regards:

- i) the valorization of milk proteins;
- ii) the formation of producer prices for milk.

The aim of such measures shall be to contribute to achieving the target prices for milk and to establish a balance between the various products.

#### Article 23

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council may amend the list of products referred to in Article 1(2) or may take measures in respect thereof by way of derogation from the present Regulation, in order to take into account any special circumstances affecting such products.

#### Article 24

1. A Management Committee for milk and milk products, hereinafter referred to as "the Committee", shall be set up, consisting of representatives of the Member States with a representative of the Commission as Chairman.

2. In this Committee the votes of the Member States shall be weighted as laid down in Article 148(2) of the Treaty. The Chairman shall not vote.

#### Article 25

1. Where reference is made to the procedure laid down in this Article, the matter shall be referred to the Committee by its Chairman, either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the matters under consideration. The Committee shall act by a majority of twelve votes.

3. The Commission shall adopt measures which shall be immediately applicable. Provided that, should such measures be at variance with the Committee's opinion, the Commission shall immediately communicate them to the Council. In this event the Commission may postpone

the application of the measures it has decided upon for not more than one month from the date of such communication.

Acting by qualified majority vote, the Council may take a different decision within a period of one month.

#### Article 26

The Committee may examine any other question raised by its Chairman, either on his own initiative or at the request of the representative of a Member State.

#### Article 27

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide in the light of experience whether the provisions of Article 24 are to be maintained or amended.

#### Article 28

Member States shall take all necessary measures to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may take effect as from 1 July 1964.

#### Article 29

1. The provisions of the present Regulation other than those of Articles 17, 18, 19, 21, 22 and 23 shall not apply to the products referred to in Article 1(2) a). These products shall be the subject of special arrangements to be adopted by the Council according to the procedure laid down in Article 43 of the Treaty before 1 July 1965 and brought into force before 1 December 1965 at the latest.

2. Until the arrangements provided for in paragraph 1 above enter into force, Member States shall neither abolish nor reduce the quantitative restrictions in force in 1963 as regards imports from non-member countries of the products referred to in Article 1(2) a).

Acting unanimously on a proposal of the Commission, the Council shall decide on any measures derogating from the provisions of the

preceding sub-paragraph. Provided that, such measures shall not lead to trade developments which would be contrary to the principles laid down in the present Regulation.

#### Article 30

Regulation No. 25 on the Financing of the Common Agricultural Policy, and the provisions adopted for implementing that Regulation, shall apply, as from the date of entry into force of the trading system set up by the present Regulation, to the products referred to in Article 1(2), b) to f). In addition, the provisions of the acts referred to above relating to the financing of interventions on the market shall apply to the measures provided for in Article 21(3) as regards frozen home-produced cream.

#### Article 31

The present Regulation shall be applied in such a manner as to have due regard at one and the same time to the objectives set out in Article 39 and those set out in Article 110 of the Treaty.

#### Article 32

The present Regulation shall come into force on the day following its publication in the official gazette of the European Communities.

However, the trading system and the system of interventions set up by the present Regulation shall become operative on 1 July 1964. Should transitional provisions be necessary, these shall be adopted in accordance with the procedure laid down in Article 25.

The present Regulation shall be binding in all its parts and directly applicable in all Member States.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

# COUNCIL REGULATION No. 14/64/EEC

of 5 February 1964

on the progressive establishment of a common organization of the market  
in beef and veal

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament (1);

WHEREAS the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy, including in particular a common organization of agricultural markets established product by product;

WHEREAS the production of beef and veal constitutes a substantial factor in agricultural income and it is therefore essential to ensure an adequate return on such production; whereas it is in the interest both of producers and of processors and consumers to mitigate price fluctuations as far as possible; whereas the objective must be to attain a balance between supply and demand for beef and veal within the Community, taking account of imports and exports;

WHEREAS trade in agricultural products between the Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent effect, minimum prices, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period would be governed, falling co-ordinating action by the institutions of the Community, by varying procedures and different timing; whereas, on the other hand, uniform frontier measures covering intra-Community trade will permit a progressive and parallel removal of barriers in all the Member States;

WHEREAS such uniform frontier measures, in place of the various national measures, must on the one hand ensure adequate support for the agricultural markets of the Member States during the transitional period, and on the other hand permit the progressive establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can normally be achieved simply by the imposition of a customs duty, seeing that the quantities available for export are relatively limited in respect of intra-Community trade; whereas it is nevertheless necessary to provide for the possibility of adding to this customs duty a levy designed to ensure a balance in the market, whenever the prices in the importing Member State have fallen below a certain level;

WHEREAS the substitution of these measures for other measures destined by virtue of the Treaty to disappear during the transitional period would be contrary to the principle of the progressive establishment of the Common Market if provision were not at the same time made for their gradual reduction;

WHEREAS the introduction of new protective measures at the internal frontiers of the Community, affording guarantees to producers in Member States, is justified under the principles laid down in the Treaty only if they replace all other protective measures;

WHEREAS the system to be introduced must make it possible to maintain the preference in respect of Member States which results from the implementation of the Treaty; whereas this requirement can be met by instituting customs duties on imports from non-member countries and, in certain cases, by the addition of a levy;

WHEREAS the operation of this system requires that the provisions of the Treaty which enable aids to be assessed and action to be taken against those which are incompatible with the Common Market must be extended to aids which distort the mechanism of this system;

WHEREAS in order that Member States may continue to participate in world trade in beef and veal, these States must be permitted to grant a refund on exports to non-member countries for the purpose of compensating for the difference between Community prices and prices ruling in non-member countries;

WHEREAS the practice in the processing industry, whereby trade between Member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the proposed system;

(1) Official gazette of the European Communities No. 64 of 25 July 1962, p. 1773/62

WHEREAS difficulties of supply may exist within the Community as regards meat intended for processing and such difficulties may be removed by means of tariff quotas in respect of imports of frozen meat from non-member countries ;

WHEREAS, in order to ensure a fair return for beef and veal producers of the Community, it is necessary to fix annually, in each Member State, guide prices for calves and adult cattle, possibly taking into account the situation on the market in milk and milk products ;

WHEREAS, for the gradual establishment of the single market, it is necessary that the national guide prices should be progressively aligned with a common guide price ;

WHEREAS the need to facilitate the adaptation of the national systems to the Community system, and in particular the alignment of prices, makes it advisable that, during the first two marketing years, certain limits should be fixed within which Member States shall fix their guide prices ;

WHEREAS, in order to give producers a guarantee that the market price will be maintained at a level as close as possible to the level of the guide price, it is necessary to provide for the possibility of intervention in the markets of the Member States ;

WHEREAS, in order to facilitate the implementation of the proposed provisions, it is necessary to lay down a procedure instituting close co-operation between the Member States and the Commission within a Management Committee ;

WHEREAS the common organization of the market in the beef and veal sectors must have due regard at one and the same time to the objectives set out both in Article 39 and Article 110 of the Treaty ;

WHEREAS it is necessary that the common organization of the market in the beef and veal sector be fully established by the end of the transitional period,

HAS ADOPTED THE PRESENT REGULATION :

#### Article 1

1. With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the market in the beef and veal sector shall be progressively established, comprising a system of customs duties and certain supplementary price support measures, applicable to trade between the Member States as well as to trade between Member States and non-member countries, in respect of the following products :

Common Customs Tariff No.	Description of Goods
a) 01.02 A II	Live animals of the bovine species, domestic, other than pure-bred for breeding
ex 02.01 A II	Meat of animals of the bovine species, domestic, fresh, chilled or frozen
b) ex 02.01 B II	Offals of animals of the bovine species, domestic, fresh, chilled or frozen
ex 02.06 C	Meat and edible meat offals of animals of the bovine species, salted, in brine, dried or smoked
c) ex 16.01	Sausages and the like of meat, meat offal or animal blood containing meat or offals of animals of the bovine species, excluding those containing meat or offals of swine
ex 16.02 A II	Other prepared or preserved meat or meat offal containing liver of animals of the bovine species, excluding preparations containing liver of swine
ex 16.02 B II	Other prepared or preserved meat or meat offal not specified, containing meat or offals of animals of the bovine species, excluding preparations containing meat or offals of swine
d) ex 15.02 B	Unrendered fats of bovine cattle ; tallow (including "premier jus") produced from these fats, excluding those intended for industrial uses other than the manufacture of foodstuffs



## Article 2

1. For each Member State, guide prices shall be determined annually in respect of the products referred to in Annex I:

a) By each Member State, for the marketing years beginning on 1 April 1964 and on 1 April 1965, in accordance with the provisions of paragraph 3;

b) By the Council, on a proposal of the Commission, acting unanimously during the second stage, and by qualified majority vote thereafter, each year before 1 October and in the first instance before 1 October 1965 in respect of the marketing year beginning on 1 April following.

2. Acting unanimously on a proposal of the Commission, the Council shall determine before 1 March 1964 and 1 October 1964 respectively the upper and lower limits of the guide prices for the marketing years beginning on 1 April 1964 and 1 April 1965.

The upper and lower limits applicable for the marketing year beginning on 1 April 1964 shall be determined as follows:

a) By taking as a basis the weighted averages of the prices which became established in each Member State at the same wholesale stage

i) for the qualities listed in Annex III,

ii) on the representative market or markets referred to in Annex III,

iii) during the period from 1 November 1962 to 31 October 1963;

b) By taking into account the orientation to be given to beef and veal production within the Community.

The weighted average referred to in paragraph 2 a) shall be calculated by means of the coefficients laid down in Annex III. This average shall be corrected in order to take into account the incidence of all the factors which have exerted an appreciable influence on the balance of the markets and on the normal development of prices.

The upper and lower limits applicable for the marketing year beginning on 1 April 1965 shall be determined in such manner that the difference between these limits shall be smaller than the one which existed between the limits laid down for the marketing year beginning on 1 April 1964.

3. Each Member State shall, within a month following the decision of the Council, fix its guide prices within the upper and lower limits referred to in paragraph 2 and taking into account the weighted average referred to in the same paragraph.

To this end, each Member State may also take into account:

i) the prospects for developing the production and consumption of beef and veal;

ii) the situation in the milk and milk-products market.

Each Member State shall provide the Council with full information on the conditions under which the guide price level has been determined, taking into account the criteria mentioned in this paragraph; the Council may use this information as a basis for an exchange of views.

4. The guide prices determined in accordance with the provisions of paragraph 1 b) shall be aligned annually in such manner as to achieve, by 31 December 1969 at the latest, single guide prices applicable to various comparable qualities.

5. When taking the decisions provided for in the last sub-paragraph of paragraph 2 and in paragraph 4, the Council shall be guided by experience obtained and shall take into account the criteria set out in paragraph 3.

6. In order to take seasonal price differences into account, the Commission may, at the request of a Member State, authorize such State, until 31 March 1966 at the latest, to increase its guide prices by a maximum of 3.5% during no more than 4 months in any one year. In this event, such guide prices shall be reduced by the same percentage during a period equal in duration to the period during which the increase has been applied.

## Article 3

1. Subject to the provisions of Article 24 of the Treaty, each Member State shall apply to imports from non-member countries of the products referred to in Article 1:

i) until 31 March 1965, the customs duty established in accordance with the provisions of Article 23(1), a) and b) of the Treaty;

ii) from 1 April 1965, a duty reducing by 50% the difference between the rate actually in force on 1 January 1957 and that of the common customs tariff;

iii) from 1 April 1966, a duty reducing by 65% the difference mentioned above;

iv) from 1 April 1968, a duty reducing this difference by 85%;

v) from 1 January 1970, the common customs tariff duty.

However, on imports from non-member countries of frozen meat of domestic bovine animals (heading ex 02.01 A II of the common customs tariff), Member States whose customs duties on such imports fall below the duty of the common customs tariff shall apply:

- vi) from 1 July 1964 a duty of 17.5%;
- vii) from 1 April 1965, the common customs tariff duty.

#### Article 4

1. In addition to the tariff quota of 22 000 tons bound under GATT at the duty of 20%, a supplementary quota may be fixed for imports from non-member countries of frozen meat due to be processed under customs control.

2. As soon as import opportunities are opened under the supplementary quota provided for in paragraph 1, the imposition of customs duties and levies shall be suspended in respect of intra-Community trade in frozen meat.

3. Article 5 shall not apply to imports effected within the limits of the quotas referred to in paragraph 1.

4. Acting by qualified majority vote on a proposal of the Commission, the Council shall fix the amount of the supplementary quota; it may, under the same procedure, fix the applicable customs duty at a rate below 20%.

#### Article 5

1. For each of the products referred to in Annex I, the Commission shall fix an import price which is determined on the basis of market prices registered in the most representative markets of non-member countries in respect of such products.

If, for one of the products referred to in Annex I, this import price, plus an import surcharge calculated on the basis of this price, is lower than the guide price of the importing Member State, the difference between the guide price and the import price plus import surcharge shall be compensated by a levy imposed by such Member State.

However, this levy shall not be imposed if the price recorded on the market of the importing Member State in respect of this product is more than 5% higher than the guide price. Only half the levy shall be imposed if the price recorded on the market of such Member State is up to 5% higher than the guide price.

2. If the levy provided for in paragraph 1 is imposed in respect of one of the products referred to in Annex I, a corresponding levy

shall be imposed in respect of products referred to in the corresponding section of Annex II, hereinafter referred to as "derived products".

For each derived product, the amount of this levy shall be equal to the difference between the guide price for the product referred to in Annex I and the import price fixed for this product by the Commission, plus the import surcharge applicable to the derived product, shall be applied, such difference being calculated by means of a coefficient.

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall fix this coefficient in respect of each derived product.

3. A Member State applying a levy shall immediately notify the other Member States and the Commission thereof.

4. As regards the products listed under headings ex 01.02 A II and ex 02.01 A II, account shall be taken of the maximum rate of customs duty resulting from the GATT binding.

5. Until 31 March 1966, the price recorded on the market of the importing Member State, referred to in the third sub-paragraph of paragraph 1, shall be equal to the weighted average of the prices established in such Member State at the same wholesale stage:

- i) for the qualities listed in Annex III,
- ii) on the representative market or markets referred to in Annex III,
- iii) during a particular period.

The weighted average referred to in the preceding sub-paragraph shall be calculated by means of the coefficients laid down in Annex III.

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall, before 31 December 1965, take a decision on adaptations to be made to the method of recording prices.

6. The criteria according to which the Commission shall fix the import prices referred to in paragraph 1 and the prices recorded on the markets, referred to in paragraph 5, as also the procedures for implementing the present Article, shall be adopted in accordance with the procedure laid down in Article 20.

#### Article 6

1. All imports of frozen meat from Member States and non-member countries shall be subject to the presentation of an import licence issued by the Member State on application from the party concerned.

2. The licence referred to in paragraph 1 shall be issued to any applicant who deposits a sum guaranteeing the obligation to effect importation within the term of validity of the licence. Such surety shall be forfeit in part or in whole in the event of importation not being effected within this period.

3. A Member State may subject all imports from non-member countries of the products referred to in Article 1, b) and c) to the presentation of an import licence accompanied by a surety and issued on application from the party concerned.

4. The Member States shall regularly keep the Commission informed of the quantities for which licences have been issued.

5. The procedures for implementing this Article, in particular the conditions for issuing licences, the latter's term of validity, the amount of the surety and the cases of force majeure in respect of which the surety is not forfeit, shall be adopted in accordance with the procedure laid down in Article 20.

#### Article 7

1. From 1 July 1964, each Member State shall apply on imports from other Member States of products referred to in Article 1, a customs duty equal to 55% of the basic duty referred to in Article 14(1) of the Treaty. This customs duty shall be reduced by 10% of the basic duty on 1 April 1965, 1966, 1967, 1968, 1969 and shall be abolished on 1 January 1970.

However, the rate of the customs duty applied by the Federal Republic of Germany to the products referred to in Annexes I and II of this Regulation shall be reduced by two and a half points if the rate of the "Umsatzsteuer" remains fixed at 4%. If the rate of this charge varies, the customs duty shall be modified as a consequence.

2. If for one of the products referred to in Article 1, a Member State had, before the date of entry into force of the Treaty, suspended the imposition of a customs duty on imports from other Member States, it shall be authorized to impose a duty equal to 60% of the customs duty applied to imports from non-member countries on 1 January 1962.

This duty shall be progressively abolished in accordance with the time-table laid down in paragraph 1, by substituting for the basic duty referred to in Article 14(1) of the Treaty the customs duty imposed on imports from non-member countries on 1 January 1962.

3. Subject to the provisions of Article 8, the customs duties provided for in this Article may not be suspended, either partially or totally.

4. This Article shall not prejudice the application of Article 15(2) of the Treaty.

#### Article 8

1. The Commission may, should the situation so require and at the request of a Member State, authorize such State to reduce the amounts of the customs duties and of the levies resulting from the implementation of Articles 3, 5 and 7.

2. In the event of a Member State claiming the benefit of the provision set out in paragraph 1, the amounts of the customs duties and, if necessary, of the levies, in respect of all the Member States shall be reduced by the incidence of the reduction of the amounts of the customs duties and of the levies in respect of non-member countries.

The Commission shall at the same time authorize the other Member States to fix the amounts of the levies in respect of the Member State concerned with a view to compensating the reduction.

#### Article 9

1. On exports of a product referred to in Article 1(1) a) to another Member State, a Member State may, until 31 March 1965, grant an amount corresponding to the charges arising from sanitary precautions imposed at the frontier by the importing Member State which exceed the cost of the sanitary precautions normally imposed within this Member State.

2. The procedures for implementing this Article and in particular the amount referred to above shall be determined in accordance with the procedure laid down in Article 20.

#### Article 10

1. Member States may intervene on their own markets in respect of the product referred to in Annex 1 b) and of derived products referred to in Annex 2 b), with a view to mitigating a fall in prices, provided that the intervention measures do not impede the application of this Regulation.

Such measures may only be taken if the price of the product referred to in Annex 1 b), recorded in accordance with Article 5(5), is lower than or equal to the intervention price for this product. The intervention price shall be fixed by the Member State at a level ranging between 93% and 96% of the guide price.

Any Member State intending to take such measures shall communicate them beforehand to the other Member States and to the Commission.

The procedures for implementing this paragraph, as also the definition of the intervention measures, shall be adopted in accordance with the procedure laid down in Article 20, in conformity with the criteria laid down by the Council acting, on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter.

2. Meat which has been frozen in a Member State as a result of interventions must be marketed in such a manner as not to disturb the fresh meat market of the Community, and may not be the subject of intra-Community trade at prices below those of the world market, in respect of comparable qualities.

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall adopt the procedures for implementing this paragraph and in particular those concerning intra-Community refunds.

3. Acting unanimously on a proposal of the Commission, the Council shall determine before 1 August 1965 the conditions under which intervention measures are to be co-ordinated. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall decide on modifications to be made to these conditions.

4. On a proposal of the Commission, the Council shall, not later than three years after the entry into force of this Regulation, determine in accordance with the procedure laid down in Article 43 of the Treaty, the procedure according to which, should the need arise, Community intervention measures on the market are to be applied during the single market stage. The aim of these measures shall be to contribute, if necessary, to the stabilization of both producer and consumer prices.

#### Article 11

1. Where a Member State intervenes on its own market in accordance with Article 10(1) it may, until 31 December 1969, impose a levy on imports from other Member States of the product referred to in Annex I b) and of the derived products referred to in Annex II b) even if the intervention relates to one of these products only.

2. For the product referred to in Annex I b) the amount of this levy shall at most be equal to the difference between the guide price reduced by 5% and the import price of the exporting Member State plus the import surcharge. For the derived products, the amount of this levy shall at most be equal to the difference between the guide price for the product referred to in Annex I b) reduced by 5% and the import price for the latter product plus the import

surcharge applicable to the derived product. The coefficient referred to in Article 5(2) shall be applied to this difference.

3. Where, in a Member State, the level of the intervention price lies between 95% and 96% of the guide price, the levy for the product referred to in Annex I b) shall at most be equal to the difference between the intervention price and the import price of the exporting Member State plus the import surcharge. In such case the levy for the derived products shall at most be equal to the difference between the intervention price for the product referred to in Annex I b) and the import price for the latter product plus the import surcharge applicable to the derived product. The coefficient referred to in Article 5(2) shall be applied to this difference.

4. Where a Member State does not avail itself of the right provided in Article 10(1) and where, for the product referred to in Annex I b), the price recorded on the market in accordance with the provisions of Article 5(5) is more than 10% lower than the guide price, such Member State may apply a levy on imports from the other Member States both of the product in question and of the derived products.

5. For the products referred to in Annex I b) the amount of this levy shall at most be equal to the difference between the guide price reduced by 10% and the import price of the exporting Member State plus the import surcharge. For the derived products, the amount of this levy shall at most be equal to the difference between the guide price for the product referred to in Annex I b) reduced by 10% and the import price for the latter product plus the import surcharge applicable to the derived products. The coefficient referred to in Article 5(2) shall be applied to this difference.

6. The import price referred to in this Article shall be the price recorded on the market of the exporting Member State under the conditions laid down in Article 5(5) and (6).

7. The procedures for implementing this Article shall be adopted in accordance with the procedure laid down in Article 20.

#### Article 12

1. In trade between Member States, as regards both imports and exports, the following shall be incompatible with the application of the present Regulation:

i) the imposition of any customs duty or charge having equivalent effect other than those provided for by the present Regulation;

ii) the application of any quantitative restriction or measure having equivalent effect, save as otherwise provided in the Protocol concerning the Grand Duchy of Luxembourg;

iii) recourse to Article 44 of the Treaty.

2. As regards imports from non-member countries, the following shall be incompatible with the application of the present Regulation:

i) the imposition of any customs duty or charge having equivalent effect other than those provided for by the present Regulation;

ii) the application of any quantitative restriction or measure having equivalent effect, save as otherwise provided in the Protocol concerning the Grand Duchy of Luxembourg and subject to any derogation decided by the Council, acting by qualified majority vote on a proposal of the Commission.

3. Measures having an effect equivalent to a quantitative restriction shall be deemed to include, *inter alia*, the issue of import licences to a specified category of applicants only.

4. The export of the following from one Member State to another Member State shall be incompatible with the application of the present Regulation:

a) products referred to in Article 1 which have not borne the customs duties and levies applicable to them in the exporting Member State or which have benefited from a total or partial drawback of such customs duties or levies, or

b) products referred to in Article 1, or subject to a common organization of markets incorporating provisions analogous to those of this paragraph, into the manufacture of which have entered, either at the time of such manufacture or at a previous stage of processing any products referred to in Article 1 which have not borne the customs duties and levies applicable to them in the exporting Member State or which have benefited from a total or partial drawback of such customs duties or levies.

#### Article 13

1. The provisions required, in respect of products consigned from Member States or non-member countries, in order to prevent deflections of trade which might arise from differences in the levels of customs duties and of levies as between Member States, or as between the Member States and non-member countries, shall be adopted before 1 July 1964 in accordance with the procedure laid down in Article 20.

#### Article 14

As from the date of implementation of the trading system laid down in the present Regulation and subject to contrary provisions 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.

However, the Grand Duchy of Luxembourg shall, until 31 March 1967, be authorized to grant, at a particular marketing stage, aid designed to reduce the selling price to consumers of the products referred to in Article 1, provided that such reduction shall be granted without discrimination as to the origin of the products.

#### Article 15

1. A Member State may, in respect of exports of any of the products referred to in Article 1 to a non-member country, refund an amount determined according to the movement of prices in the exporting Member State and on the world market.

2. The procedures for implementing this Article as also the amount referred to in paragraph 1 shall be determined in accordance with the procedure laid down in Article 20.

#### Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the market in beef and veal, this market in one or more of the Member States should, by reason of imports, suffer or be threatened with serious disturbances likely to jeopardize the attainment of the objectives set out in Article 39 of the Treaty, the Member State or States concerned may, during the transitional period, take the necessary safeguard measures regarding imports of the products in question.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than at the date of their entry into force.

The Member State or States applying such measures shall make arrangements to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. The Member States concerned shall be prepared to begin negotiations immediately with the object of making temporary arrangements by which excessive or avoidable loss to exporters would be prevented. These arrangements shall be notified without delay to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above, and in order to avoid raising the level of protection between Member States, the Commission, after consulting the Member States through the Management Committee set up under Article 19, shall decide, by emergency procedure within a time-limit of four working days reckoned from the date of the notification referred to in the first sub-paragraph above, whether the measures shall be retained, amended

or abolished. The Commission may also decide as to measures to be applied by the other Member States.

The Commission's decision shall be notified to all the Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within a time-limit of three working days reckoned from the date of its notification. The Council shall meet without delay. It may, on the basis of the provisions of paragraph 1 above, and in order to avoid raising the level of protection between Member States, amend or annul by a qualified majority vote the decision taken by the Commission.

4. Any safeguard measure affecting trade between the Member States shall be applied simultaneously if not earlier to trade with non-member countries, the principle of Community preference being observed.

#### Article 17

Member States shall take all necessary measures to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may take effect as from 1 July 1964.

#### Article 18

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council may, in respect of the products referred to in Article 1, take any measures by way of derogation from the provisions of the present Regulation in order to take into account any special circumstances affecting such products.

#### Article 19

1. A Management Committee for beef and veal, hereinafter referred to as "the Committee", shall be set up, consisting of representatives of the Member States with a representative of the Commission as Chairman.

2. In this Committee the votes of the Member States shall be weighted as laid down in Article 148(2) of the Treaty. The Chairman shall not vote.

#### Article 20

Where reference is made to the procedure laid down in this Article, the matter shall be referred to the Committee by its Chairman, either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the matters under consideration. The Committee shall act by a majority of twelve votes.

3. The Commission shall adopt measures which shall be immediately applicable. Provided that, should such measures be at variance with the Committee's opinion, the Commission shall immediately communicate them to the Council. In this event, the Commission may postpone the application of the measures it has decided upon for not more than one month from the date of such communication.

Acting by qualified majority vote, the Council may take a different decision within a period of one month.

#### Article 21

The Committee may examine any other question raised by its Chairman, either on his own initiative or at the request of the representative of a Member State.

#### Article 22

At the end of the transitional period the Council, acting by qualified majority on a proposal of the Commission, shall decide in the light of experience whether the provisions of Article 20 are to be maintained or amended.

#### Article 23

Regulation No. 25 on the Financing of the Common Agricultural Policy, and the provisions adopted for implementing that Regulation, shall apply to the market in beef and veal as from the date of entry into force of the trading system set up by the present Regulation.

#### Article 24

The present Regulation shall be applied in such manner as to have due regard at one and the same time to the objectives set out in Article 39 and those set out in Article 110 of the Treaty.

#### Article 25

The present Regulation shall come into force on the day following its publication in the official gazette of the European Communities.

However, the trading system set up by the present Regulation shall become operative on 1 July 1964.

Should transitional provisions be necessary, these shall be adopted in accordance with the procedure laid down in Article 20, and if possible before 1 March 1964.

Done at Brussels, 5 February 1964

By the Council  
The President

H. FAYAT

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

#### ANNEX I

a) Calves:

Live animals of the bovine species, domestic, not exceeding 220 kg. live weight per head and not having cut their second teeth.

b) Adult bovine cattle:

Other live animals of the bovine species, domestic, other than pure-bred for breeding.

#### ANNEX II

##### Derived products

a) Products corresponding to the products set out in Annex I a): Veal, fresh or chilled

b) Products corresponding to the products set out in Annex I b):

1. Carcasses or sides, fresh or chilled;
2. Fore quarters, fresh or chilled;
3. Hind quarters, fresh or chilled;
4. Un-boned pieces, deriving from the cutting of the hind quarter, fresh or chilled;

5. Boned pieces other than fillet, deriving from the cutting of the hind quarter, fresh or chilled;
6. Fillet, fresh or chilled;
7. Un-boned pieces, deriving from the cutting of the fore quarter, fresh or chilled;
8. Boned pieces deriving from the cutting of the fore quarter, fresh or chilled;
9. Carcasses or sides, frozen;
10. Fore quarter, frozen;
11. Hind quarter, frozen;
12. Frozen meat, boned;
13. Un-boned pieces deriving from the cutting of the fore and hind quarter, frozen.

#### ANNEX III

1. Representative markets:

Germany	12 markets in Land North Rhine-Westphalia
Belgium	Anderlecht
France	La Villette
Italy	see table below

Quality	Surplus zone	Deficit zone <sup>(1)</sup>
Weighting coefficients	67%	33%
Vitelloni, qual. 1 and 2	Florence, Macerata, Padua, Reggio Emilia	Rome
Buoi, qual. 1 and 2	Chivasso, Modena	Rome
Vacche, qual. 1 and 2	Cremona, Macerata, Modena	Rome
Vacche, qual. 3	Chivasso, Cremona	-
Vitelli	Cremona, Macerata, Padua, Reggio Emilia	Rome

<sup>(1)</sup> For the deficit zone, the prices are calculated on the basis of market quotations for meat.

Luxembourg: Luxembourg and Esch-sur-Alzette  
The Netherlands: Rotterdam and 's-Hertogenbosch

## 2. Qualities and weighting coefficients:

Member State	Quality	Weighting coefficient
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### a) Adult bovine cattle:

GERMANY	Bullen A		21.6
	Ochsen A		3.0
	Färsen A		17.7
	Bullen B		11.0
	Ochsen B		0.7
	Färsen B		5.0
	Kühe A		11.0
	Bullen C		1.4
	Kühe B		16.1
	Färsen C		1.0
	Kühe C		9.5
	Kühe D		2.0 100%
BELGIUM	Bœufs et génisses	60%	18.0
	Taureaux		9.0
	Bœufs et génisses		21.0
	Taureaux	55%	13.0
	Vaches		10.0
	Taureaux lourds	50%	1.0
	Vaches		21.0
	Bétail de fabrication		7.0 100%
FRANCE	Vaches extra		12.0
	Bœufs extra		15.0
	Taureaux extra		1.0
	Bœufs qual. 1		21.0
	Vaches qual. 1		12.0
	Taureaux qual. 1		2.0
Bœufs qual. 2		3.0	



	Vaches qual. 2	23.0
	Bœufs qual. 3	2.0
	Vaches qual. 3	9.0 100%
ITALY	Vitelloni qual. 1	27.0
	Vitelloni qual. 2	22.0
	Buoi qual. 1	7.0
	Buoi qual. 2	11.0
	Vacche qual. 1	8.0
	Vacche qual. 2	15.0
	Vacche qual. 3	10.0 100%
LUXEMBOURG	Génisses, bœufs, taureaux AA	65.0
	Vaches AA	3.0
	Génisses, bœufs, taureaux A	11.0
	Vaches A	14.0
	Génisses, bœufs, taureaux B	1.0
	Vaches B	6.0
	Vaches C	- 100%
NETHERLANDS	Slachtrunderen extra	10.0
	Slachtrunderen qual. 1	40.0
	Slachtrunderen qual. 2	32.0
	Vette stieren	3.0
	Slachtrunderen qual. 3	10.0
	Worstkoeien	5.0 100%
b) Calves:		
GERMANY	Kälber A	42.0
	Kälber B	36.0
	Kälber C	17.0
	Kälber D	5.0 100%
BELGIUM	Extra blancs	2.0
	Bon veaux	7.0
	Ordinaires	76.0
	Médiocres	15.0 100%
FRANCE	Veaux extra	27.0
	Veaux qual. 1	35.0
	Veaux qual. 2	26.0
	Veaux qual. 3	12.0 100%
LUXEMBOURG	Veaux	100.0
ITALY	Vitelli qual. 1	60.0
	Vitelli qual. 2	40.0 100%
NETHERLANDS	Kalveren qual. 1	25.0
	Kalveren qual. 2	55.0
	Kalveren qual. 3	20.0 100%

# COUNCIL REGULATION No. 15/64/EEC

of 5 February 1964

authorizing the Federal Republic of Germany to apply intervention measures to permit the import of cattle from Denmark

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community;

HAVING REGARD TO Council Regulation No. 14/64/EEC on the progressive establishment of a common organization of the markets in beef and veal<sup>(1)</sup>, and in particular Article 18 thereof;

HAVING REGARD TO the proposal of the Commission;

WHEREAS on the date of the entry into force of Council Regulation No. 14/64/EEC, there exists a Trade Agreement between the Federal Republic of Germany and the Kingdom of Denmark, due to expire on 31 December 1965;

WHEREAS that Agreement includes a clause providing for the import of 16 000 head of cattle into the Federal Republic of Germany during the period when cattle are brought in from the pastures; whereas implementation of Council Regulation No. 14/64/EEC may impede the fulfilment of that commitment;

WHEREAS in order to take account of this particular situation, it is appropriate that the Federal Republic of Germany be authorized to apply intervention measures during 1964 and 1965, which may constitute a derogation from Article 10 of Council Regulation No. 14/64/EEC,

with a view to permitting the import of cattle from Denmark during the period 1 September to 30 November;

HAS ADOPTED THE PRESENT REGULATION:

## SOLE ARTICLE

In the event that, in consequence of the application of Council Regulation No. 14/64/EEC, imports into the Federal Republic of Germany of cattle from Denmark cease during the period 1 September to 30 November, the Federal Republic of Germany is authorized to take intervention measures to permit the import of 16 000 head of cattle from Denmark during the relevant period in the years 1964 and 1965.

Such measures shall not cause the price of the imported product to fall below the price resulting from the implementation of Council Regulation No. 14/64/EEC.

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

<sup>(1)</sup> Official gazette of the European Communities No. 34 of 27 February 1964, p. 562.

# COUNCIL REGULATION No. 16/64/EEC

of 5 February 1964

on the progressive establishment of a common organization of the market in rice

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community and in particular Articles 42 and 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament (1);

WHEREAS the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy, including in particular a common organization of agricultural markets established product by product;

WHEREAS rice production is of special importance in the agricultural economy of certain Member States;

WHEREAS certain rice products which were made subject to Council Regulation No. 19 on the Progressive Establishment of a Common Organization of the Market in Cereals (2) are closely connected economically with rice and must consequently come under the system applied to the latter;

WHEREAS trade in agricultural products between the Member States is impeded by a number of obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period would be governed, failing co-ordinating action by the institutions of the Community, by varying procedures and different timing; whereas, on the other hand, a uniform frontier measure covering intra-Community trade will permit a progressive and parallel removal of barriers in all the Member States at a pace adapted to the progressive establishment of the common agricultural policy;

WHEREAS such uniform frontier measure, in place of the various national measures, must on the one hand ensure adequate support for the agricultural markets of the producer Member States during the transitional period, and on the other hand permit the progressive

establishment of a single market by enabling the free movement of goods to develop within the Community;

WHEREAS these objects can be achieved by a system of intra-Community levies corresponding to the difference between the prices ruling in the exporting and importing Member States respectively, so as to prevent possible disturbances on the market of a high-price country, due to imports from a low-price country;

WHEREAS the substitution of intra-Community levies for other measures destined by virtue of the Treaty to disappear during the transitional period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for the progressive reduction of such levies;

WHEREAS this progressive reduction of levies is related, as regards paddy, husked rice and broken rice, to the approximation of prices; whereas, on the other hand, as regards milled rice and processed rice products it is appropriate to divide the levy into one component corresponding to the difference in raw material prices and another component representing protection for the processing industry, as also to provide for the progressive and automatic reduction of this second component;

WHEREAS the existing situation in the producer Member States justifies the replacement of all former protective measures by a new protective measure destined to disappear; whereas on the other hand the situation is not the same in the non-producer Member States, by reason of the fact that up to the present there have been few obstacles to trade in rice and broken rice and it is consequently possible, with certain reservations, to establish a single market for these products immediately;

WHEREAS the system to be introduced must make it possible to maintain the preference in favour of Member States which results from implementation of the Treaty; whereas this requirement can be met by instituting levies on imports from non-member countries, in place of all other protective measures at the frontier, such levies to correspond to the difference between the prices ruling in the importing producer Member State or on the market of the non-producer Member States as a whole, on the one hand, and world prices

(1) Official gazette of the European Communities No. 64 of 25 July 1962, p. 1780/62.

(2) Ibid., No. 30 of 20 April 1962, p. 933/62.

on the other, as also by a standard abatement of the intra-Community levy, so fixed as to permit the progressive development of trade in rice produced within the Community;

WHEREAS the operation of the levy system requires that the provisions of the Treaty which enable aids to be assessed and action to be taken against those which are incompatible with the Common Market must be extended to aids which distort the mechanism of this system; whereas, in the case of exports of rice from a high-price producer Member State to another producer Member State or to the non-producer Member States, it is necessary to permit the granting, under certain conditions, of a refund enabling exports to be made; whereas in intra-Community trade in broken rice provision may also be made for a refund under certain conditions;

WHEREAS, in order that broken rice may continue to be used for certain special manufactures, and in order to ensure competitive prices for the resulting processed products, it is necessary to provide that broken rice used in manufacturing starches and "Quellmehl" may be made available to the industries concerned, by means of a production refund, at a price lower than that which would result from the application of the levy system;

WHEREAS the practice in the secondary processing industry, whereby trade between Member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the levy system;

WHEREAS, in order to maintain for Community producers the necessary guarantees in respect of their employment and standard of living, it is necessary to fix annually, in each producer Member State, target prices intended to act as a guide to production;

WHEREAS, in order to give producers a guarantee that the market price of paddy will at all times be maintained at a level which has a normal relationship to the target price, it is necessary to fix, in relation to the latter, an intervention price which shall determine the action of the competent authorities in the producer Member States;

WHEREAS the link between the levy system and this price system may suitably be ensured by fixing the threshold price of the importing producer Member State; whereas in fact the intra-Community levies and the levies as against non-member countries will be fixed on the basis of that price in such a way that the

selling price of imported rice in its various forms will enable the above-mentioned target prices to be reached;

WHEREAS, in order to establish a single market by the end of the transitional period, it is necessary on the one hand progressively to align the threshold prices of the producer Member States with the threshold price fixed for the non-producer Member States as a whole, and on the other hand to bring the target prices of the producer Member States into line with each other at the same time; whereas it is therefore necessary that the difference between the threshold price of each of the producer Member States and the threshold price of the non-producer Member States should not be increased; whereas, to this end, it is necessary, in respect of the producer Member States, to set upper and lower limits for the derived target price applicable in the marketing centre of the area having the greatest surplus;

WHEREAS, in order to facilitate the implementation of the proposed provisions, it is necessary to lay down a procedure instituting close co-operation between the Member States and the Commission; whereas such co-operation may appropriately take place within the Management Committee for cereals;

WHEREAS the common organization of the market in rice must have due regard at one and the same time to the objectives set out both in Article 39 and Article 110 of the Treaty;

WHEREAS it is necessary that the common organization of the market in rice be fully established by the end of the transitional period; whereas, to this end, it is necessary that provision be made forthwith for certain factors to be taken into account when the single market is established,

HAS ADOPTED THE PRESENT REGULATION;

#### Article 1

1. With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the market in rice shall be progressively established, comprising a price system and a levy system applicable to trade between the Member States as well as to trade between Member States and non-member countries, in respect of the following products:

Common Customs Tariff No.	Description of Goods
a) ex 10.06 A	Rice in the husk
ex 10.06 A	Rice with the grains still enclosed in the pericarp
10.06 B	Rice - whole grains ground to remove the pericarp, whether or not polished or glazed
b) 10.06 C	Broken rice
c) 11.01 D	Rice flour
ex 11.02 A III b	Rice groats and meal
11.08 A III	Rice starch

2. For the purposes of the present Regulation the following terms shall have the meanings indicated:

RICE: The products referred to in paragraph 1 a)

PADDY: Rice in the husk, i.e. with outer husk not removed

HUSKED RICE: Rice with the grains still enclosed in the pericarp, i.e. rice grains from which the outer husk has been removed and which has not been milled to remove all or part of the pericarp. In particular this term

embraces rice known commercially as "brown rice", "cargo rice", "loonzain rice" and "riso sbramato"

MILLED RICE: Whole rice grains ground to remove the pericarp, i.e. husked rice from which all or part of the pericarp has been removed, whether or not polished or glazed

BROKENS: Broken rice

3. For the purposes of the present Regulation, the term "producer Member State" shall mean a Member State in which rice is grown for marketing.

## TITLE I

### The Levy System

#### Article 2

1. On imports of husked rice and brokens a levy shall be imposed equal to the difference between the threshold price in the importing Member State, fixed in accordance with the provisions of Article 3, and

i) the cif price of the product, determined in accordance with the provisions of Article 4, if the product is imported from non-member countries, or

ii) if the product is imported from a Member State, the free-at-frontier price of the product consigned from the exporting Member State, fixed in accordance with the provisions of Article 5; in this case, such difference shall be reduced by a standard amount fixed in

accordance with the provisions of Article 6 if the product is derived from rice harvested in the exporting Member State.

2. On imports of paddy from Member States or non-member countries, a levy shall be imposed equal respectively to the intra-Community levy or to the levy as against non-member countries applicable to husked rice, adjusted according to a conversion scale determined in accordance with the provisions of Article 7 c).

3. On imports of milled rice from Member States or non-member countries a levy shall be imposed comprising two components:

i) a variable component equal to the levy applicable to husked rice, not reduced by the

standard amount but adjusted according to a conversion scale determined in accordance with the provisions of Article 7 c);

ii) a fixed component equal to 0,55 units of account per 100 kilograms if the product is imported from non-member countries or equal to nine-fifteenths of that amount if the product is imported from another Member State.

4. For the purpose of calculating the levy applicable to husked rice, paddy and brokens, and the variable component of the levy applicable to milled rice, the markets of the non-producer Member States shall be considered as a single market.

However, on imports into one Member State from another Member State of paddy, husked rice or brokens, originating in non-member countries and re-exported in the unaltered state, a levy shall be imposed equal to the levy applicable as against non-member countries on the date of importation.

5. On imports of the products referred to in Article 1(1) c), consigned from Member States or non-member countries, a levy shall be imposed comprising a variable component corresponding to the amount of the levy applicable to the quantity of the basic product required for producing the processed product, and also a fixed component designed to ensure protection for the processing industry.

Achting by qualified majority vote on a proposal of the Commission, the Council shall determine the procedures for implementing the above sub-paragraph in respect of each of the products in question.

However, if actual offers from non-member countries do not correspond to the price arrived at from the price of the basic products entering into the composition of the products in question, plus processing costs, an additional amount may be added to the levy, such amount being fixed in accordance with the procedure laid down in Article 23.

6. The intra-Community levies calculated in accordance with the provisions of this Article shall be progressively reduced in step with the approximation of rice prices decided by the Council in accordance with the provisions of Article 20. However, the fixed component of the levy referred to in paragraphs 3 and 5 above shall be reduced each year, starting from 1 July 1965, by two-fifteenths of the amount applied on 1 July 1964 as against non-member countries.

### Article 3

1. Threshold prices shall be fixed for husked rice and for brokens respectively. These threshold prices shall enter into force on

1 September each year and in the first instance on 1 July 1964. Except where otherwise provided for in Article 6(2) and Article 17(3), they may not be amended during the marketing year.

2. The threshold price for husked rice shall be fixed in respect of a round-grained (common) rice of an identical quality standard for all Member States.

a) In each producer Member State the threshold price shall be so fixed that, in the marketing centre of the area having the greatest deficit, the selling price of the imported product comes to the same figure as the basic target price provided for in Article 17, taking into account the standard amount provided for in Article 6.

The producer Member States shall fix the threshold price each year before 1 June in respect of the marketing year beginning on 1 September following, and in the first instance before 15 May 1964. They shall notify the Commission of this price immediately it is fixed. If it has not been fixed in accordance with the conditions laid down above it shall be revised within one month in accordance with the procedure laid down in Article 23.

b) The threshold price applicable in the non-producer Member States shall be a common threshold price fixed by the Council in accordance with the provisions of Article 19 for the period from 1 July 1964 to 31 August 1965, and in accordance with the provisions of Article 20 for subsequent marketing years.

3. The threshold price for brokens shall be equal to the threshold price for husked rice, reduced by a certain percentage.

a) In each producer Member State the threshold price shall be fixed in the following manner: The percentage by which the threshold price for husked rice is reduced shall be equal, for the period from 1 July 1964 to 31 August 1965, to the percentage by which the average price of brokens in the Member State concerned was lower than the average price of husked rice during the period from 1 January 1959 to 31 December 1962. For the marketing year beginning on 1 September 1965 and for subsequent marketing years the percentage shall be fixed by the Council in accordance with the provisions of Article 20.

The producer Member States shall fix the threshold price each year before 1 June in respect of the marketing year beginning on 1 September following, and in the first instance before 15 May 1964. They shall notify the Commission of this price immediately it is fixed. If it has not been fixed in accordance with the conditions laid down above it shall be revised within one month in accordance with the procedure laid down in Article 23.

b) The threshold price applicable in the non-producer Member States shall be a common threshold price fixed by the Council in accordance with the provisions of Article 19 for the period from 1 July 1964 to 31 August 1965, and in accordance with the provisions of Article 20 for subsequent marketing years.

#### Article 4

1. The cif price of husked rice shall be established in respect of a round-grained (common) rice on the basis of the most favourable purchasing possibilities on the world market both for husked rice and for paddy and milled rice. The prices of these products shall be adjusted according to differences in quality as compared with the quality standard in respect of which the threshold price is fixed and also, in respect of paddy and milled rice, according to the conversion scale, milling costs and the value of by-products.

The cif price of brokens shall be established on the basis of the most favourable purchasing possibilities on the world market.

In determining the most favourable purchasing possibilities account shall be taken only of offers which meet precise quality standards and which correspond to actual opportunities for purchasing quantities which are representative for the market. For the non-producer Member States, these prices shall be determined in respect of a product delivered at a North Sea port and, for the producer Member States, in respect of a product delivered at a port selected by each of these States.

2. Should the free quotations on the world market which are used in establishing the cif price be inadequate for determining the offer price, the cif price shall be replaced, solely for the imports in question, by a price determined according to the offer price, if the price thus determined is lower than the price established in accordance with the provisions of paragraph 1 above.

3. The Commission shall determine the prices referred to in this Article. The criteria to be applied in determining these prices, and the procedures for implementing this Article, shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 5

1. The price of husked rice consigned from an exporting Member State and delivered free-at-frontier to an importing producer Member State or to the non-producer Member States as a whole shall be determined in respect of a round-grained (common) rice on the basis of the most favourable prices for the importing Member State, these prices being calculated

from the prices ruling both for husked rice and for paddy and milled rice on the most representative markets of the exporting producer Member State or of the non-producer Member States as a whole, taking transport and marketing costs into account. These prices shall be adjusted according to differences in quality as compared with the quality standard in respect of which the threshold price is fixed and, in respect of paddy and milled rice, according to the conversion scale, milling costs and the value of by-products.

2. The free-at-frontier price of brokens shall be determined on the basis of the most favourable prices for the importing Member State, these prices being calculated from the prices ruling on the most representative markets of the exporting producer Member State or of the non-producer Member States as a whole, taking transport and marketing costs into account.

3. Should market quotations be inadequate for determining the free-at-frontier prices, these shall be determined, taking into account transport and marketing costs calculated on a flat-rate basis:

i) for brokens, on the basis of the threshold price in the exporting producer Member State or of the common threshold price;

ii) for rice, in non-producer Member States, on the basis of the common threshold price;

iii) for rice, in each producer Member State, on the basis of the target price applicable in the marketing centre of the area having the greatest surplus.

4. The Commission shall determine the prices referred to in this Article. The criteria to be applied in determining these prices shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 6

1. The standard amounts referred to in Articles 2 and 15 shall be so fixed that trade between the Member States develops progressively and smoothly until the single market is established, taking into account the supplies of rice and brokens available on the markets of the Member States, either home-produced or consigned from other Member States.

These amounts shall be fixed annually in accordance with the procedure laid down in Article 23 and according to criteria adopted, on a proposal of the Commission, by the Council acting unanimously during the second stage and by qualified majority vote thereafter. They shall be published before the beginning of the marketing year.

2. If, in the course of the marketing year, intra-Community trade does not develop as envisaged in paragraph 1 above, the standard amounts provided for in the said paragraph shall be revised in accordance with the procedure laid down in Article 23. In this event a new threshold price shall be fixed in the producer Member States, in accordance with the procedure laid down in Article 3.

#### Article 7

The following shall be determined in accordance with the procedure laid down in Article 23:

a) The quality standard for round-grained (common) husked rice, identical for all the Member States, in respect of which the threshold price is fixed;

b) The coefficients of equivalence required for making the adjustments provided for in Article 4(1), Article 5(1) and Article 18(2) according to actual differences in quality of round-grained (common) rice and according to actual differences in quality between round-grained (common) rice and other types of rice, or, if these differences cannot be evaluated, according to the differences between the prices which have been freely established on the world market or in the Member States during a given reference period;

c) The conversion scale fixing the conversion rates as between husked rice and milled rice at the processing stages laid down in this scale on the one hand, and between husked rice and paddy on the other hand. These rates shall be determined on the basis of the following factors:

i) the quantity of husked rice corresponding, in respect of round-grained (common) rice, to one unit of the product in question;

ii) the differences in milling yield of the different varieties of rice;

d) The milling costs and the value of by-products to be taken into consideration in applying the provisions of Article 4(1), Article 5(1), Article 18(1) and Article 19 a).

#### Article 8

1. The amounts of the intra-Community levies and of the levies as against non-member countries shall be calculated by the Member States in accordance with the provisions of Article 2 and shall immediately be communicated to the Commission.

2. The Member States shall modify these amounts according to any variations in the factors employed in establishing them. The

criteria for modifying the levies and the relevant implementing procedures shall be adopted in accordance with the procedure laid down in Article 23.

Modifications in the amounts of the levies shall immediately be communicated to the Commission.

3. Levies shall be collected by the importing Member State and their yield shall be assigned to the latter.

#### Article 9

The provisions required in order to prevent deflections of trade which might arise from the differences in levies as between the Member States, or as between the Member States and non-member countries, shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 10

1. All imports and all exports of the products referred to in Article 1(1) shall be subject to the presentation of an import or export licence issued by the Member State on application from the party concerned. The Member States shall regularly keep the Commission informed of the quantities for which licences have been issued.

2. An import licence for rice and brokens shall be valid from the date of issue until the end of the third month following that in which it was issued.

However, for imports from non-member countries such licence shall be valid until the end of the fourth month following that in which it was issued;

i) if distance or conditions affecting shipment lead to transport delays likely to prevent imports being effected within the time-limit referred to above,

ii) or where quantities of five hundred metric tons or less are imported from distant non-member countries.

3. An export licence for rice and brokens shall be valid from the date of issue until the end of the fifth month following that in which it was issued.

4. The issue of all licences shall be subject to the deposit of a surety which shall be forfeit if the corresponding importation or exportation does not take place within the term of validity of the licence.

5. The procedures for implementing this Article, particularly as regards the term of validity



of import and export licences for the products referred to in Article 1(1) c) and, in cases of force majeure, as regards the provisions relating to the term of validity of licences and relating to the surety shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 11

1. The intra-Community levy, or the levy as against non-member countries, which is to be imposed shall be that which is applicable on the day of importation.

2. However, as regards imports of rice and brokens, the levy imposed on a consignment imported within a time-limit indicated when application for the licence is made shall, if so requested by the party concerned when applying for a licence, be that in force on the date of such application, adjusted according to the threshold price in force on the date of importation. In this event the term of validity of the licence shall be restricted to this time-limit and, if the product is imported from a non-member country, a premium fixed at the same time as the levy shall be added to the latter.

3. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall adopt the procedures for implementing this Article and in particular the criteria for fixing the scale of premiums and the measures to be applied in exceptional circumstances.

Following the same procedure, the Council may decide that advance fixing of the levy may be extended to the products referred to in Article 1(1) c). In this case it shall determine the necessary implementing procedures.

The scale of premiums shall be adopted by the Commission.

#### Article 12

1. In trade between Member States and with non-member countries, as regards both imports and exports, the following shall be incompatible with the application of the levy system:

- i) the imposition of any customs duty or charge having equivalent effect;
- ii) the application of any quantitative restriction or measure having equivalent effect;
- iii) recourse to Article 44 of the Treaty.

Measures having an effect equivalent to a quantitative restriction shall be deemed to include, inter alia, the issue of import or export licences to a specified category of applicants only.

2. Subject to the provisions of Article 15, the export of products referred to in Article 1(1) from one Member State to another shall be incompatible with the application of the intra-Community levy system:

a) if such products have not borne the levies applicable to them in the exporting Member State or have benefited from a total or partial drawback of such levies; or

b) if there have entered into their manufacture, at the time of such manufacture or at a previous stage of processing, any products referred to in Article 1(1) which have not borne the levies applicable to them in the exporting Member State or which have benefited from a total or partial drawback of such levies.

3. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council may decide on exceptions to the abolition of quantitative restrictions and measures having equivalent effect in trade with non-member countries.

#### Article 13

As from the introduction of the levy system, and save as otherwise provided in the present Regulation, Articles 92, 93, and 94 of the Treaty shall apply to the production and marketing of the products referred to in Article 1(1).

#### Article 14

A system of production refunds shall be set up for brokens used in manufacturing starches and "Quellmehl", i.e. a flour in which the starch has been treated by heat or any other process increasing its swelling power.

Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall adopt the procedures for implementing this Article.

#### Article 15

1. If the free-at-frontier<sup>2</sup> price of husked rice consigned from an exporting producer Member State, determined in accordance with the provisions of Article 5, is higher than the threshold price in the importing producer Member State or the common threshold price applicable in non-producer Member States, the exporting producer Member State may grant a refund on exports of rice.

If a Member State grants a refund on exports of milled rice, it shall also grant a refund on exports of husked rice and paddy; if it grants a refund on exports of husked rice it shall also grant a refund on exports of paddy.

a) The maximum amount of refunds on husked rice shall be fixed as follows :

i) In respect of exports from a producer Member State to a non-producer Member State, the refund shall not exceed the difference between the free-at-frontier price of the product consigned from the exporting Member State and the threshold price in the importing Member State, plus the standard amount fixed in accordance with the provisions of Article 6 if the product is derived from rice harvested in the exporting Member State ;

ii) In respect of exports from one producer Member State to another producer Member State, the refund shall not exceed the amount laid down for exports to non-member countries.

b) The refund on paddy shall be equal to the amount actually granted on exports of husked rice in accordance, as the case may be, with the provisions of paragraph 1 a) i) or ii) of this Article, adjusted according to the conversion scale determined in accordance with the provisions of Article 7 c).

c) The refund on milled rice shall not exceed the amount actually granted on exports of husked rice in accordance, as the case may be, with the provisions of paragraph 1 a) i) or ii) of this Article, adjusted according to the conversion scale determined in accordance with the provisions of Article 7 c). In the latter case, the standard amount shall not be added to the amount of the refund referred to in paragraph 1 a) i) above.

d) If a Member State is authorized, in accordance with the provisions of paragraph 1 a) ii) and the provisions of sub-paragraph c) above, to grant a refund which does not exceed that laid down for exports to non-Member countries, the importing Member State shall impose :

i) in the first case, the amount of the levy as against non-member countries, less the standard amount fixed in accordance with the provisions of Article 6 if the product is derived from rice harvested in the exporting Member State ;

ii) in the second case, the variable component applicable as against non-member countries, plus the fixed component applicable in intra-Community trade.

2. A Member State which is entitled to impose a levy on imports of brokens from another Member State may refund on exports to that State an amount equal to the refund granted in respect of exports to non-member countries. In this event the importing Member State shall impose the amount of the levy as against non-member countries, less the standard amount fixed in accordance with the provisions of Article 6 if the product is derived from rice harvested in the exporting Member State.

3. On exports from a non-producer Member State to another non-producer Member State of paddy, husked rice or brokens originating in non-member countries and re-exported in the unaltered state, a refund may be granted not exceeding the levy applicable as against non-member countries on the date of exportation.

4. The conditions for fixing the refunds to be granted in respect of intra-Community trade in the products referred to in Article 1(1) c) shall be adopted by the Council, acting by qualified majority vote on a proposal of the Commission.

5. In order to permit exports of the products referred to in Article 1(1) to be made to non-member countries at world market prices, the difference between these prices and the price in the exporting Member State may be covered by a refund under conditions determined in accordance with the procedure laid down in Article 23.

6. The procedures for implementing this Article, and particularly the conditions under which refunds may be fixed in advance, shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the market in rice, this market in one or more of the producer Member States should, by reason of imports, suffer or be threatened with serious disturbances likely to jeopardize the attainment of the objectives set out in Article 39 of the Treaty, the Member State or States concerned may, during the transitional period, take the necessary safeguard measures regarding imports of the products in question.

2. The Member State or States concerned shall notify the other Member States and the Commission of such measures not later than at the date of their entry into force.

The Member State or States applying such measures shall make arrangements to ensure that goods in transit are not affected thereby; if the frontier is closed, the period of grace allowed for goods in transit shall be not less than three days. The Member States concerned shall be prepared to begin negotiations immediately with a view to temporary arrangements to prevent excessive or avoidable loss to exporters. These arrangements shall be notified without delay to the other Member States and to the Commission.

On the basis of the provisions of paragraph 1 above and in order to avoid raising the level

of protection between Member States, the Commission, after consulting the Member States through the Management Committee referred to in Article 23, shall decide, by emergency procedure within a time-limit of four working days reckoned from the date of the notification referred to in the first sub-paragraph above, whether the measures shall be retained, amended or abolished. The Commission may also decide as to measures to be applied by the other Member States.

The Commission's decision shall be notified to all the Member States and shall take effect immediately.

3. Any Member State may refer the Commission's decision to the Council within a time-limit of three working days reckoned from the date of its notification. The Council shall meet without delay. It may, on the basis of the provisions of paragraph 1 above, and in order to avoid raising the level of protection between the Member States, amend or annul by qualified majority vote the decision taken by the Commission.

If a Member State which has taken the safeguard measures referred to in paragraph 1 above refers the matter to the Council, the

Commission's decision shall be suspended. This suspension shall terminate ten days after the said decision has been referred to the Council if the Council has not by then amended or annulled it.

4. Any safeguard measure affecting trade between the Member States shall be applied simultaneously if not earlier to trade with non-member countries, the principle of Community preference being observed.

5. If, after the end of the transitional period, Community markets in the products referred to in Article 1(1) suffer or are threatened with serious disturbance by reason of imports from non-member countries, and especially if the intervention agencies are obliged to make large purchases of paddy, the issue of import licences in respect of non-member countries may be suspended, subject to possible exceptions in the case of rice for particular purposes, until the disturbance or threat of disturbance has subsided.

The conditions for the application of the present paragraph shall be determined, on a proposal of the Commission, by the Council acting in accordance with the voting procedure laid down in Article 43 of the Treaty.

## TITLE II

### The Price System

#### Article 17

1. Within the framework of the Council's decisions on the fixing of prices, the producer Member States shall annually fix a basic target price for husked rice, at the wholesale purchasing stage, applicable in the marketing centre of the area having the greatest deficit. This price shall be fixed in respect of a round-grained (common) rice of a quality standard identical with that in respect of which the threshold price is fixed. It shall be adopted each year before 1 September and shall enter into force on 1 September of the following year, provided that in the first instance it shall be adopted so as to enable it to enter into force on 1 July 1964. For the marketing year beginning on 1 September 1965 it shall be adopted before 1 May 1965. Save as provided in paragraph 3 below, it may not be modified during the marketing year.

2. Proceeding from the basic target price the producer Member States shall determine derived target prices applicable in the important

marketing centres of the rice-growing areas, according to price differences due to natural conditions of price formation.

3. The producer Member States shall establish a monthly scale of target prices for a period of eight consecutive months in each marketing year, taking storage costs and interest charges into account, the first upward step being scheduled for 1 December.

4. The procedures for implementing this Article, in particular as regards the amount of the monthly increases, shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 18

1. In order to guarantee to producers that their sales will be made at a price bearing a normal relationship to the target price, taking market fluctuations into account, the producer Member States shall each year, before the

start of the marketing year, fix an intervention price in respect of paddy in all the marketing centres for which a derived target price is fixed. In each of these marketing centres the intervention price shall be determined on the basis of the corresponding derived target price, adjusted in accordance with the conversion scale, milling costs and the value of by-products. The figure thus obtained shall be reduced by a fixed percentage determined by each producer Member State and lying between a minimum of 4% and a maximum of 7%.

2. Throughout the marketing year the intervention agencies of the Member States shall be required to purchase any paddy which is offered to them. They may also intervene on the paddy market throughout the whole marketing year, in particular by way of purchases, whenever the market situation so requires. They may purchase only at the intervention price.

The intervention agencies of a Member State may not sell paddy within that State on terms which prevent prices in the marketing centres of the production areas from reaching the derived target price applicable in those centres. The purchasing and selling prices shall be adjusted according to differences in quality as compared with the quality standard in respect of which the intervention price is fixed.

3. The procedures for implementing this Article, in particular as regards the quality standard for round-grained (common) paddy in respect of which the intervention price is fixed, shall be adopted in accordance with the procedure laid down in Article 23.

#### Article 19

For the period beginning on 1 July 1964 the Council, acting unanimously on a proposal of the Commission, shall, before 1 April 1964 fix the following:

a) For the producer Member States, an upper limit and a lower limit for the derived target price applicable in the marketing centre of the area having the greatest surplus. The upper limit shall be the price for husked rice which after adjustment corresponds to the minimum price guaranteed to the producer for a given quality of paddy in the producer Member State in which prices are highest. The lower limit shall be the price for husked rice which after adjustment corresponds to the minimum price guaranteed to the producer for a given quality of paddy in the producer Member State in which prices are lowest. The adjustments referred to above shall be made in accordance with the conversion scale, milling costs and the value of by-products. The minimum guaranteed pro-

ducer prices which are to be taken into account shall be the prices in force for round-grained (common) paddy at the beginning of the 1963/64 marketing year, increased by 7% and adjusted in relation to the quality standard in respect of which the intervention price is fixed.

b) For the non-producer Member States, the level of the common threshold price, which shall be equal:

i) in respect of husked rice, to the world market price for a round-grained (common) husked rice corresponding to the quality standard in respect of which the threshold price is fixed and which may be considered as the most representative for the period beginning on 1 July 1964, such price being increased by 5%. It may not, however, be less than 12.50 units of account per 100 kilograms;

ii) in respect of brokens, to the threshold price for husked rice less a percentage corresponding to the difference between the average price of brokens and the average price of husked rice during the period 1 January 1959 to 31 December 1962 in the non-producer Member States as a whole.

#### Article 20

1. During the transitional period, the differences between the threshold prices and the differences between the target prices fixed pursuant to the present Regulation shall be progressively reduced in order to arrive at a single threshold price and a single target price at the end of the transitional period, for the products in respect of which such measures are provided for in the present Regulation.

2. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall adopt:

a) Before 1 April 1965, the price measures to be applied by the producer Member States during the rice marketing year beginning on 1 September 1965, as also the common threshold prices applicable during the same period;

b) Each year before 1 August, and in the first instance before 1 August 1965, the price measures to be applied by the producer Member States during the rice marketing year beginning in the following year, as also the common threshold prices applicable during the same period.

## TITLE III

### General Provisions

#### Article 21

1. Member States shall take all necessary measures to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may take effect as from 1 July 1964. In particular they shall abolish by this date any measure by which producers are obliged to deliver their output to the intervention agencies.

2. However, if on the date of entry into force of the present Regulation any Member State guarantees a price for a certain quantity only, it shall adapt its system so as to comply in this respect with the provisions of the present Regulation at latest by the end of the transitional period.

#### Article 22

1. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council may, in respect of each of the products referred to in Article 1(1), take measures by way of derogation from the provisions of the present Regulation in order to take into account any special circumstances affecting these products.

2. Acting in accordance with the procedure laid down in Article 43 of the Treaty the Council shall, not later than 1 June 1969, adapt the provisions of the present Regulation with a view to fixing:

- a) A basic target price for husked rice applicable throughout the Community;
- b) A single threshold price so fixed that the selling price of the imported product in the marketing centre of the area having the greatest deficit in the Community shall equal the basic target price;
- c) Intervention prices based on the derived target prices expressed in terms of paddy and reduced by 4%;
- d) A single threshold price for broken;
- e) A single levy as against non-member countries.

#### Article 23

1. Where reference is made to the procedure laid down in the present Article, the Chairman of the Management Committee for cereals set up under Article 25 of Council Regulation No. 19

on the Progressive Establishment of a Common Organization of the Market in Cereals, hereinafter referred to as "the Committee", shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State. All the provisions of Article 25 of the Regulation referred to above which concern the Committee shall continue to apply.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the matters under consideration. The Committee shall act by a majority of twelve votes.

3. The Commission shall adopt measures which shall be immediately applicable. Provided that, should such measures be at variance with the Committee's opinion, the Commission shall immediately communicate them to the Council. In this event the Commission may postpone the application of the measures it has decided upon for not more than one month from the date of such communication.

Acting by qualified majority vote the Council may take a different decision within a period of one month.

#### Article 24

The Committee may examine any other question raised by its Chairman, either on his own initiative or at the request of the representative of a Member State.

#### Article 25

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide in the light of experience whether the provisions of Article 23 are to be maintained or amended.

#### Article 26

Regulation No. 25 on the Financing of the Common Agricultural Policy, and the provisions adopted for implementing that Regulation, shall apply to the market in rice as from the date of entry into force of the levy system set up by the present Regulation.

Article 27

The present Regulation shall be applied in such manner as to have due regard at one and the same time to the objectives set out in Article 39 and those set out in Article 110 of the Treaty.

Article 28

The present Regulation shall come into force on the day following its publication in the official gazette of the European Communities.

However, the levy system set up by the present Regulation shall become operative on 1 July 1964.

Should transitional provisions be necessary, these shall be adopted in accordance with the procedure laid down in Article 23 and shall be applicable until 31 August 1965 at the latest.

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

# COUNCIL REGULATION No. 17/64/EEC

of 5 February 1964

on the conditions governing aid from the European Agricultural  
Guidance and Guarantee Fund

THE COUNCIL OF THE EUROPEAN ECONOMIC  
COMMUNITY,

HAVING REGARD TO the Treaty establishing  
the European Economic Community and in  
particular Article 43 thereof;

HAVING REGARD TO Council Regulation No. 25  
on the financing of the common agricultural  
policy (1);

HAVING REGARD TO the proposal of the Com-  
mission;

HAVING REGARD TO the opinion of the Euro-  
pean Parliament (2);

HAVING REGARD TO the opinion of the Econo-  
mic and Social Committee;

WHEREAS the operation of the European Agri-  
cultural Guidance and Guarantee Fund requires  
that the conditions under which and the pro-  
cedure whereby the common agricultural policy  
is to be financed should be defined and that  
this should be done under a Guarantee Section  
and under a Guidance Section, in view of the  
diverse types of expenditure under the Fund;

WHEREAS, for the Guarantee Section, general  
rules must be established for the whole of the  
common organization of agricultural markets,  
including any markets to which the Council  
extends the application of Regulation No. 25;

WHEREAS a method must be laid down for  
calculating the net quantities exported which  
are to be taken as the basis for establishing  
expenditure in respect of refunds on exports  
to non-member countries, and whereas for  
this purpose the "basic products" method is  
the most appropriate; whereas in making this  
calculation, certain kinds of trade conducted  
under special arrangements must be left out  
of account;

WHEREAS corrections must be applied to the  
rate of the lowest average refund in order to  
eliminate the effect of non-representative ex-  
ports or of provisions derogating from the  
general system of the common organization of  
markets;

WHEREAS general conditions applicable to the  
whole of the common organization of markets  
must be laid down regarding the eligibility of  
expenditure in respect of intervention on the  
domestic market;

WHEREAS for the satisfactory operation of  
the Guarantee Section it is essential to establish  
a procedure whereby the Member States con-  
cerned may receive aid from the Fund by  
providing in particular for submission to the  
Commission of all the necessary supporting  
data;

WHEREAS the measures eligible for aid from  
the Fund with a view to effecting structural  
improvements must be concerned with the  
adaptation and improvement of the conditions  
of production in agriculture, the adaptation  
and improvement of the marketing of  
agricultural products and also the development  
of outlets for agricultural products;

WHEREAS it is necessary to establish general  
and special criteria for the granting of aid  
from the Fund in order to ensure that projects  
are in accordance with Community interests;

WHEREAS, in order to make possible an  
assessment of the Community interest attaching  
to the various projects, these must be incor-  
porated in Community programmes;

WHEREAS, however, in view of the time re-  
quired for drawing up Community programmes,  
the possibility of financing schemes which do  
not form part of Community programmes must  
be left open for a maximum period of two  
years;

WHEREAS for certain types of operation a  
special effort must be made in the field of  
vocational training and advisory services;  
whereas special attention must likewise be  
paid to the social situation of persons engaged  
in agriculture; whereas, finally, the Fund in  
granting aid must accord priority to projects  
forming part of a group of measures designed  
to encourage regional economic development,  
so as to enable the best use to be made, in the  
general economic context, of all factors af-  
fecting structures;

WHEREAS the profitability of agriculture is  
in many cases insufficient to finance the im-  
provement of agricultural structures and where-

(1) Official gazette of the European Communities No. 30 of  
20 April 1962, p. 991/62.

(2) Ibid., No. 157 of 30 October 1963, p. 2640/63.

as farmers must be encouraged to increase their productivity; whereas it is therefore desirable that the Fund should provide them with capital subsidies, paid either as a lump sum or in instalments;

WHEREAS, however, aid from the Fund must not have the effect of disturbing competitive conditions to an extent incompatible with the principles of the Treaty;

WHEREAS, in order to ensure harmony between action undertaken by the Community and that undertaken by the Member States, it is advisable that projects to be financed by the Fund should be approved by the Member State concerned and that the said State should share in their financing;

WHEREAS, in order to ensure that beneficiaries under the Fund comply with the conditions governing the grant of such aid; provision must be made for effective supervision and for the possibility of suspending, reducing, or withdrawing the said aid;

WHEREAS it is necessary to define the method of calculating the "net imports" part of the Member States' contributions referred to in Article 7(1) of Regulation No. 25 by laying down that this calculation should be done separately for each sector of the common organization of markets;

WHEREAS in order to facilitate the general operation of the Fund, provision must be made for close co-operation between the Member States and the Commission through a Committee of the European Agricultural Guidance and Guarantee Fund.

WHEREAS, in regard to aid from the Fund under the Guarantee Section, the rendering of opinions on the main components of Community financing must be the responsibility of the Fund Committee, while leaving to the Management Committees for the individual products

the responsibility of rendering opinions on certain arrangements directly connected with the functioning of the common organization of markets;

WHEREAS, in regard to aid from the Fund under the Guidance Section, the rendering of opinions must be the responsibility of the Standing Committee on Agricultural Structures, which was set up to promote the co-ordination of agricultural structure policies; whereas the Fund Committee must also be consulted on the financial aspects of aid from the Fund,

HAS ADOPTED THE PRESENT REGULATION:

#### Article 1

1. The European Agricultural Guidance and Guarantee Fund set up under Article 1 of Regulation No. 25 on the financing of the common agricultural policy and hereinafter referred to as the Fund, shall comprise two sections:

- i) the Guarantee Section,
- ii) the Guidance Section.

2. The Guarantee Section shall cover expenditure financed by the Fund in respect of refunds on exports to non-member countries and of intervention measures on the domestic market.

3. The Guidance Section shall cover expenditure financed by the Fund and arising from joint measures undertaken to attain the aims set forth in Article 39(1) a) of the Treaty, including structural changes necessitated by the development of the Common Market or essential for its satisfactory operation.

4. Administrative and staff expenditure incurred by the Member States and by beneficiaries under the Fund shall not be chargeable to the Fund.

### PART I

## GUARANTEE SECTION

### 1. Expenditure in respect of refunds on exports to non-member countries

#### Article 2

1. The net quantities exported by each Member State to non-member countries, which serve as the basis for calculating payments in respect of the refunds on exports to non-member countries provided for in Article 3(1) a) of Regulation No. 25 shall be calculated by

the "basic products" method, derived products being expressed in terms of basic products.

For each sector of the common organization of markets a list of basic products shall be established, on a proposal of the Commission, by the Council acting by qualified majority vote.



In establishing this list the Council shall proceed from the principle that the term "basic product" means a product on which the import charge is calculated according to criteria directly applicable and not in relation to the charge on imports on another product.

2. Derived products shall be expressed in terms of basic products by applying the coefficients adopted in the common organization of markets.

3. Standard coefficients may, however, be applied in cases where :

a) Provisions relating to the common organization of markets provide for more than one coefficient for a derived product by reason of its composition or presentation ;

b) A derived product is obtained from more than one basic product ;

c) Products presenting different characteristics are listed under the same tariff heading and are obtained from the same basic product ;

d) Statistical data do not allow of isolating one derived product from a group of products.

Furthermore, for the marketing years 1962/63 and 1963/64, specific coefficients may be adopted where several derived products are obtained from a single basic product.

A list of the coefficients referred to in the present paragraph shall be adopted in accordance with the procedure laid down in Article 7.

4. In calculating the net quantities exported, Member States shall not take the following into account :

a) Trade which takes place under customs arrangements whereby import charges are suspended ;

b) Trade which takes place under arrangements whose economic effect is regarded as similar to that of the arrangements referred to under a) above and which offer equivalent administrative safeguards ;

c) Trade which takes place under exemption from import charges and without export refunds, in accordance with an exception laid down by provisions relating to the common organization of markets.

The procedures for implementing this paragraph shall be determined in accordance with the procedure laid down in Article 26.

The safeguards offered by the arrangements referred to under b) above and the economic effect of the said arrangements shall be assessed in accordance with the procedure laid down in Article 7.

### Article 3

1. With a view to determining the rate of refund provided for in Article 3(1) a) of Regulation No. 25, each Member State shall once a year calculate the average refund in respect of each basic product for the accounting period of the Guarantee Section stipulated in Article 4 of the Financial Regulation relating to the Fund.

2. The calculation shall be made for each basic product by dividing the total refunds granted in respect of such basic product and of products derived therefrom by the gross quantities of the said basic product and the derived products expressed in terms of the basic product exported to non-member countries. The gross quantities shall be calculated by the method laid down in Article 2(4). Provided that, as regards the beef and veal sector, frozen meat is to be excluded from the calculation of the lowest average refund.

Special provisions shall be in accordance with the procedure laid down in Article 26 for exports effected under a transitional system adopted under the Regulations governing the common organization of markets.

3. Each Member State shall communicate to the Commission within the time-limits laid down in Article 9(1) below the average refund for each basic product, the data on which it has been calculated and the data required for any corrections as provided for in Article 4(3).

### Article 4

1. On the basis of the particulars supplied in pursuance of Article 3(3), the lowest average refunds which are to be adopted for the Community as a whole after comparison of the average annual refunds granted by the Member States, shall be determined in accordance with the procedure laid down in Article 26.

When this comparison is effected and where appropriate :

i) Average refunds in respect of non-representative quantities within the meaning of paragraph 2 below shall be left out of account ;

ii) Corrections shall be applied in accordance with paragraph 3 below.

2. The term "non-representative quantities" shall mean gross quantities exported to non-member countries, calculated by the method laid down in Article 2(4), which represent, in respect of each Member State and of each basic product including derived products expressed in terms of the basic product, less than 5% of the gross quantities exported to non-member countries by the Community as a whole.

The non-representative quantities to be left out of account may be reduced to 4% or increased to 6% in accordance with the procedure laid down in Article 26 in order to allow in particular for the stability or otherwise of export trade in the product under consideration. The degree of stability shall be assessed from the figures for exports effected during a period including at least the two preceding years.

3. Corrections shall be applied to the average refunds of each Member State in accordance with the procedure laid down in Article 26 where these refunds are affected by measures taken under the common organization of markets with a view to:

a) Waiving the lower price limit fixed for the Community;

b) Effecting a reduction, authorized for a period of more than three months, in levies vis-à-vis non-member countries;

c) Granting production refunds;

d) In respect of milk products, granting production aids which have become necessary in order to reach a target price.

The corrections to be applied shall correspond to the incidence of the measures taken by the Member States and shall be calculated in accordance with the provisions laid down under the common organization of markets.

When, in the case of a Member State which is a net exporter, the rate of the lowest average refund thus corrected is higher than the rate of the actual average refund, the latter shall be adopted for calculating the repayment. Provided that, for a Member State which is a net exporter and which, in accordance with sub-paragraph d) above, grants production aids under the common organization of markets in the milk and milk products sector, such actual average refund shall be increased by the incidence of these aids.

## II. Expenditure in respect of intervention on the domestic market

### Article 5

1. Intervention measures on the domestic market having, under the terms of Article 3(1) b) of Regulation No. 25, an aim and purpose identical to those of refunds on exports to non-member countries, shall be understood to mean all actions, subject to Community rules under the common organization of markets, which are designed to withdraw from the market such quantities of products as it cannot absorb, provided that appropriate measures are taken to ensure, for the disposal of these products on the domestic market, an outlet other than their normal outlet, in order to remedy the situation of over-supply.

2. For each sector of the common organization of markets, the Council, acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, shall determine the identity of the aim and purpose of such actions with those of refunds on exports to non-member countries, and shall determine the particulars of aid to be provided by the Fund.

### Article 6

1. Other intervention measures on the domestic market under the terms of Article 3(1) c) of Regulation No. 25 shall be understood to mean any action on the domestic market undertaken in accordance with Community rules under the common organization of markets, where this action is compulsory or is intended to avert wholly or in part a compulsory action.

In this latter case, the eligible expenditure may not exceed that which would have been eligible in respect of the action which has been avoided.

2. Acting on a proposal of the Commission, unanimously during the second stage and by qualified majority vote thereafter, the Council shall determine for each sector of the common organization of markets the conditions under which the expenditure relating thereto shall be eligible.

## III. Procedure for the Guarantee Section

### Article 7

Where reference is made to the provisions of this Article, the procedure applicable shall be that laid down in Article 26 of Regulation

No. 19 on the progressive establishment of a common organization of the market in cereals or, according to the sector under consideration, any similar procedure laid down in the corresponding articles of other regulations establishing a common organization of markets.

## Article 8

The Member States shall transmit to the Commission, in respect of each quarter and within a time-limit of three months, a statement including the following particulars:

a) Gross exports and imports by volume and by value to or from non-member countries, in respect of each basic product including derived products expressed in terms of such basic product in accordance with Article 2, as also the amount of refunds on exports to non-member countries granted for the said products;

b) For each category of product the quantities in respect of which intervention measures as defined in Articles 5 and 6 have been taken, as also the expenditure relating thereto.

## Article 9

1. The Member States concerned shall submit to the Commission each year before 1 October

an application for repayment of the expenditure which they have incurred for the period from 1 July to 30 June in respect of refunds on exports to non-member countries and of intervention measures on the domestic market chargeable to the Guarantee Section of the Fund. However, for the period from 30 July 1962 to 30 June 1963, the Member States shall submit their applications for repayment three months after the date of entry into force of the present Regulation.

2. The particulars to be supplied in applications made by the Member States for repayment, and the form in which they are to be submitted, shall be determined in accordance with the procedure laid down in Article 26.

## Article 10

On the basis of the applications submitted in accordance with Article 9(1), the Commission shall decide once each year, after consulting the Fund Committee, as to the aid to be provided by the Fund.

## PART II

### GUIDANCE SECTION

#### I. Scope of Application

## Article 11

1. The operations of the Guidance Section of the Fund shall concern:

a) The adaptation and improvement of the conditions of production in agriculture;

b) The adaptation and guidance of agricultural production;

c) The adaptation and improvement of the marketing of agricultural products;

d) The development of outlets for agricultural products.

2. The operations defined in paragraph 1 a) and b) may relate to agriculture; those defined in paragraph 1 c) and d) may relate to agricultural products as from the moment when they become subject to the common organization of markets.

Article 11(1), there shall be understood the promotion, by action taken within an agricultural undertaking, within a number of agricultural undertakings, or external to such undertakings, for the effective co-ordination of the factors of production in agriculture, with a view to permitting their optimum employment within the economy as a whole.

2. By adaptation and guidance of production, within the meaning of Article 11(1), there shall be understood:

a) The quantitative adaptation of production to outlets;

b) The promotion of higher-quality production.

3. By adaptation and improvement of the marketing of agricultural products, within the meaning of Article 11(1), there shall be understood marketing arrangements within an agricultural undertaking, within a number of agricultural undertakings, or external to such undertakings, in the following sectors:

## Article 12

1. By adaptation and improvement of the conditions of production, within the meaning of

a) The improvement of storage and preservation facilities;

- b) The valorization of agricultural products;
- c) The improvement of distribution channels;
- d) A better knowledge of the factors affecting the formation of prices on agricultural markets.

4. By development of outlets for agricultural products within the meaning of Article 11(1), there shall be understood Community action to increase consumption of certain agricultural products under the common agricultural policy in accordance with Article 41 b) of the Treaty.

## II. General and special conditions governing aid from the Fund

### Article 13

1. Aid from the Fund shall be granted for projects in respect of which applications have been submitted to the Commission in accordance with the procedure laid down in Article 20.

2. For the purposes of the present Regulation, the term "project" shall mean any public, semi-public or private scheme wholly or in part intended to improve the structure of agriculture within the meaning of Article 11(1).

3. Aid from the Fund shall relate to that part of a project which is concerned with improving the structure of agriculture within the meaning of Article 11(1).

### Article 14

1. To be eligible for aid from the Fund a project must satisfy simultaneously the following general requirements:

a) It must form part of a Community programme drawn up in accordance with Article 16;

b) It must be intended to effect an adaptation or orientation of agriculture necessitated by the economic consequences of the implementation of the common agricultural policy or designed to meet the requirements thereof;

c) It must provide adequate assurances as to the lasting economic effects of the improvement made in the structure of agriculture.

Provided that for a period of two years following the entry into force of the present Regulation, projects relating to a given operation may be eligible for aid from the Fund even in the absence of a programme covering this operation, until such time as a programme has been adopted.

2. In respect of the operations defined in Article 11(1), a) and b), a project must also satisfy the following requirements:

a) It must be intended to make or to keep agricultural undertakings economically viable and to enhance their competitive capacity;

b) It must pay sufficient attention to advisory services and vocational training for the best use to be made of the investment planned;

c) It must contribute to improving the social and economic situation of workers in agriculture.

### Article 15

1. In granting aid the Fund shall give priority to projects forming part of a group of measures intended to promote the harmonious development of the overall economy of the region in which these projects are to be carried out.

2. The priority referred to in paragraph 1 above may consist either in the project receiving preference among projects satisfying the requirements laid down in Article 14, or in the granting of aid on more favourable terms.

### Article 16

1. Community programmes shall be adopted by the Council, on a proposal of the Commission, in accordance with the procedure laid down in Article 43 of the Treaty.

They shall take into account measures adopted by the Council under the provisions of Article 3 of the Council decision of 4 December 1962 on the co-ordination of agricultural structure policies.

2. Each Community programme shall state:

a) The objective to be attained and the nature of the operations to be envisaged in pursuance of Article 11(1);

b) The areas where the main effort should be brought to bear;

c) The percentage or percentages of aid from the Fund for each type of project;

d) The total amount and the period of time envisaged for putting the Community programme into effect.

3. The procedures for implementing each Community programme shall be fixed in accordance with the procedure laid down in Article 19(1); the Commission shall reach its decisions after also consulting the Fund Committee on the financial aspects.

4. Each Community programme shall be published in the official gazette of the European Communities.

#### Article 17

1. Aid from the Fund shall be in the form of capital subsidies granted as a lump sum or in instalments.

Before 30 June 1967 the Commission shall submit a report on the lessons to be drawn from the experience gained in implementing this provision. It may make proposals for diversifying the forms of aid from the Fund.

2. Aid from the Fund shall not be such as adversely to affect the conditions of competition in a manner incompatible with the principles laid down in the relevant provisions of the Treaty.

3. The Commission shall ensure that the activities of the Fund are in harmony with

those of the European Investment Bank and the European Social Fund.

#### Article 18

1. For any given project, and as a proportion of the investment made:

i) subsidies granted by the Fund shall not exceed 25%;

ii) the financial participation of the beneficiary of the improvement effected shall be not less than 30%.

The Member State on whose territory the project is to be carried out shall participate in the financing thereof. Provided that, if the legislative provisions currently in force in a Member State do not permit this, the application of this provision shall be suspended with respect to such Member State during the first two years following the entry into force of the present Regulation.

2. Before 30 June 1967 the Commission shall submit a report on the lessons to be drawn from the experience gained in implementing the above provisions. It may make proposals for amending these provisions for adapting them to the specific financial requirements of the various types of operation referred to in Article 11(1), and for harmonizing national procedures for promoting such investments.

### III. Procedure for the Guidance Section

#### Article 19

1. Where reference is made to the provisions of this Article, the Standing Committee on Agricultural Structures set up by Article 1 of the Council decision of 4 December 1962 on the co-ordination of agricultural structure policies shall issue a formal opinion, the votes of the Member States being weighted in accordance with the first sub-paragraph of Article 148(2). In such case the procedure laid down in Article 26 shall apply.

2. The Standing Committee on Agricultural Structures may also be consulted by its Chairman on all matters of general importance relating to the Guidance Section of the Fund.

3. In the cases referred to in this Article, each Member State shall be represented on the Standing Committee on Agricultural Structures by no more than five officials.

#### Article 20

1. Applications for aid from the Fund shall be submitted to the Commission before 1 Octo-

ber of each year. The Commission shall reach a decision on the substance of the matter before 31 December of the following year.

Notwithstanding the above, applications for aid in respect of 1964 may be submitted to the Commission up to 1 July 1964.

2. Applications for aid from the Fund must be submitted through the Member State concerned.

3. To be eligible for aid from the Fund a project must have received the approval of the Member State on whose territory it is to be carried out.

4. Where an application has not received the approval of the Member State concerned, the latter may at its discretion forward such application to the Commission for information.

5. The particulars to be supplied in applications, and the form in which they are to be submitted, shall be determined in accordance with the procedure laid down in Article 19(1).

#### Article 21

1. Decisions concerning aid from the Fund shall be taken in accordance with the procedure laid down in Article 19(1), the Commission reaching its decision after consulting the Fund Committee on the financial aspects and particularly on the financial resources available.

2. The beneficiaries and the Member State concerned shall be notified of the Commission's decision.

#### Article 22

1. Aid from the Fund shall be granted to the natural or legal persons or groups thereof finally bearing all or part of the financial burden involved in carrying out the project.

Aid from the Fund shall be granted through the body or bodies designated to this end by the Member State concerned.

2. Throughout the period during which aid is provided by the Fund, the authority or body designated to this end by the Member State concerned shall supply the Commission, on request, with any supporting documents or other relevant material serving to establish that the financial or other conditions laid down for each project are being complied with. If necessary the Commission may exercise supervision on the spot.

Should these conditions not be complied with, aid from the Fund may be suspended, reduced or withdrawn in accordance with the procedure laid down in Article 19(1), the Commission reaching its decision after consulting the Fund Committee on the financial aspects.

The beneficiaries and the Member State concerned shall be notified of the Commission's decision.

3. The procedures for implementing this Article shall be adopted in accordance with the procedure laid down in Article 26.

### PART III

## GENERAL PROVISIONS

### I. Contribution to the Fund

#### Article 23

The net imports from non-member countries effected by each Member State, the figures for which are to be used in calculating the second part of the Member States' contributions to the Fund in pursuance of Article 7(1) of Regulation No. 25, shall be calculated:

a) For all products to the markets in which

Regulation No. 25 applies, in accordance with Article 8 thereof;

b) For the period referred to in Article 3(1) of the present Regulation, omitting the forms of trade referred to in Article 2(4);

c) By adding together the values of net imports in each sector of the common organization of markets.

### II. Committee of the European Agricultural Guidance and Guarantee Fund

#### Article 24

1. There shall be set up a Committee of the European Agricultural Guidance and Guarantee Fund, referred to in the present Regulation as the "Fund Committee".

2. The Fund Committee shall assist the Commission in the administration of the Fund in accordance with Articles 25 to 28.

#### Article 25

1. The Fund Committee shall be composed of representatives of the Member States and of the Commission, each Member State being represented by not more than five officials.

The Chairman of the Fund Committee shall be a representative of the Commission.

2. Where the procedure laid down in Article 26 is applied, the votes of the Member States shall be weighted in accordance with Article 148(2) of the Treaty. The Chairman shall not vote.

#### Article 26

1. Where reference is made to the procedure laid down in the present article, the Chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the proposed measures. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the matters under consideration. The Committee shall act by a majority of twelve votes.

3. The Commission shall adopt measures which shall be immediately applicable. Provided that, should such measures be at variance with the Committee's opinion, the Commission shall immediately communicate them to the Council. In this event the Commission may postpone the application of the measures it has decided upon for not more than one month from the date of such communication.

Acting by qualified majority vote, the Council may take a different decision within a period of one month.

#### Article 27

1. The Fund Committee shall be consulted:
  - a) In all cases in which consultation is provided for;
  - b) On the assessment of appropriations to the Fund to be provided for each year in the Commission's provisional estimate of expenditure for the following financial year, and in any supplementary estimates;
  - c) On the drafts of the annual and the general reports drawn up in accordance with Article 3(3) and Article 4 of Regulation No. 25;
  - d) On the draft of any proposal by the Commission to the Council drawn up on the basis of Regulation No. 25.

2. The Fund Committee may examine any other question raised by its Chairman either on his own initiative or at the request of the representative of a Member State.

The Fund Committee shall be regularly informed of the activities of the Fund.

#### Article 28

The Fund Committee shall be convened by its Chairman.

Secretarial services for the Fund Committee shall be provided by the Commission.

The Fund Committee shall draw up its own rules of procedure.

### III. Final Provisions

#### Article 29

The Member States shall supply the Commission with all the information needed for the satisfactory operation of the Fund and shall take all steps to facilitate any supervision that the Commission may think fit to exercise prior to its decisions on aid from the Fund.

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

# COUNCIL REGULATION No. 18/64/EEC

of 5 February 1964

on the financing of intervention expenditure in the cereals sector  
of domestic markets

THE COUNCIL OF THE EUROPEAN ECONOMIC  
COMMUNITY,

HAVING REGARD TO the Treaty establishing  
the European Economic Community;

HAVING REGARD TO Council Regulation No. 25  
on the financing of the common agricultural  
policy (1);

HAVING REGARD TO Council Regulation  
No. 17/64/EEC on the conditions governing aid  
from the European Agricultural Guidance and  
Guarantee Fund (2), and in particular Articles 5  
and 6 thereof;

HAVING REGARD TO the proposal of the Com-  
mission;

WHEREAS the conditions governing aid from  
the Fund must be determined for Community  
financing of intervention expenditure in respect  
of each sector of the common organization of  
markets;

WHEREAS in the cereals sector denaturing  
operations effected pursuant to Article 7(4),  
second sub-paragraph, of Regulation No. 19  
satisfy the conditions laid down in Article 5(1)  
of Regulation No. 17/64/EEC, to the extent  
that these operations concern cereals fit for  
human consumption; whereas in previous sea-  
sons there were no Community rules on mini-  
mum qualities;

WHEREAS the storage of home-grown cereals  
which have been the object of intervention  
measures in accordance with Article 7(3) of  
Regulation No. 19 may, by reason of the ex-  
istence of a graduated price system, bring about  
at the time of the transition from one season  
to another losses or expenditure which meet  
the conditions laid down in Article 6(1) of  
Regulation No. 17/64/EEC;

WHEREAS it is necessary, in the absence of  
a common price level for cereals, to take as  
a basic price levels differing from one Member  
State to another, as also the price relationships  
existing within each Member State;

WHEREAS the prices in the area having the  
greatest surplus of each Member State must

be taken as the basis of calculation in view  
of the fact that intervention measures are  
taken mainly in the areas with a surplus;

WHEREAS standard criteria must be adopted  
with a view to eliminating any difference other  
than that resulting from the price levels and  
price relationships applied by the Member  
States,

HAS ADOPTED THE PRESENT REGULATION:

## Article 1

1. For the common organization of markets  
in the cereals sector, intervention measures  
on the domestic market whose aim and purpose  
are identical with those of refunds on exports  
to non-member countries, in accordance with  
Article 5(1) of Regulation No. 17/64/EEC on  
the conditions governing aid from the Euro-  
pean Agricultural Guidance and Guarantee Fund,  
shall be understood to mean actions arising  
from the implementation of Article 7(4), second  
sub-paragraph, of Regulation No. 19. Conse-  
quently, the following expenditure shall be  
eligible for aid from the Fund:

a) Losses sustained in the sale of wheat other  
than durum or of rye fit for human consumption  
at a price below the target prices in force for  
these cereals, provided they have been rendered  
unfit for human consumption;

b) The denaturing premiums granted by the  
Member States for rye and wheat other than  
durum.

2. The losses and the denaturing premiums  
shall be determined according to:

a) The costs of the denaturing process, fixed  
at a standard amount for the Community, and

b) 90% of the difference existing in the first  
month of the marketing season, in each Member  
State, between the target price for wheat other  
than durum or for rye in the area having the  
greatest surplus and the target price for barley  
in the same area.

3. The following shall be determined in accord-  
ance with the procedure laid down in Article 7  
of Regulation No. 17/64/EEC:

(1) Official gazette of the European Communities No. 30 of  
20 April 1962, p. 991/62.

(2) Ibid., No. 34 of 27 February 1964, p. 586/64.



i) the costs for the denaturing process referred to in paragraph 2 a) above;

ii) the minimum quality from which wheat other than durum or rye is considered to be fit for human consumption within the meaning of paragraph 1 a) above.

However, the provision relating to the minimum quality shall not be applicable to quantities denatured during the 1962/1963 and 1963/1964 marketing years.

## Article 2

1. The losses sustained or expenses incurred on the transition from one marketing year to the next in respect of stocks of home-grown cereals which have been the object of intervention measures by Member States in accordance with Article 7(3) of Regulation No. 19, shall be chargeable to the Fund under Article 6(1) of Regulation No. 17/64/EEC.

2. In each Member State the quantities of home-grown cereals in stock on the last day of the marketing year, with the exception of newly harvested cereals, shall be counted as follows:

a) As regards cereals stored subsequent to compulsory action, the entire stock;

b) As regards cereals stored under an action intended to avert a compulsory action, a deduction shall be made of a quantity corresponding to one twelfth of the industry's total annual consumption for domestic requirements.

The volume of this consumption shall be determined in accordance with the procedure laid down in Article 7 of Regulation No. 17/64/EEC.

3. The losses sustained or expenses incurred shall be calculated in each Member State on

the basis of the difference between the intervention price established for the last month of the marketing year in the area having the greatest surplus, corrected by the method laid down below, and the target price applicable in the same area during the first month of the following year in respect of the product concerned.

The intervention price shall be increased by an amount corresponding to:

two and a half monthly steps in respect of quantities arising out of a compulsory action;

two monthly steps in respect of quantities arising out of an action intended to avert wholly or in part a compulsory action.

The amount of each supplementary step shall be equal to the amount of the average step existing in the Member State concerned.

4. Reserve stocks not built up as a result of a Community decision shall not be chargeable to the Fund.

## Article 3

The Fund's contribution towards expenditure, fixed in accordance with Article 5(1) of Regulation No. 25, may not exceed the corresponding part of the actual expenditure of the Member States.

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

# COUNCIL REGULATION No. 19/64/EEC

of 5 February 1964

amending Council Regulations Nos. 20, 21 and 22 with regard to refunds  
on exports to Member States

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community and in particular Article 43 thereof;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament <sup>(1)</sup>;

WHEREAS, in accordance with Article 10 of Council Regulation No. 20 <sup>(2)</sup>, Article 7 of Council Regulation No. 21 <sup>(3)</sup> and Article 7 of Council Regulation No. 22 <sup>(4)</sup>, a Member State may, when exporting to another Member State the products referred to in Article 1 of each of the above-mentioned regulations, refund either an amount corresponding to the incidence on feeding costs of the difference between feed-grain prices in the importing and exporting Member States respectively, or an amount equal to the sum of the first two components of the levy on imports from non-member countries;

WHEREAS recourse to this second possibility of refund has raised difficulties and it is therefore necessary to remove such possibility;

WHEREAS for the products listed in Article 1(1) c) of Regulation No. 20, it is also necessary to provide for the possibility of refunding an amount which corresponds, as the case may be, to the weighted average referred to in Article 4(2) a) or b) of the said Regulation.

HAS ADOPTED THE PRESENT REGULATION:

## Article 1

Article 10 of Regulation No. 20 on the Progressive Establishment of a Common Organization of the Market in Pigmeat shall read as follows:

<sup>(1)</sup> Official gazette of the European Communities No. 7 of 21 January 1964, p. 92/64.

<sup>(2)</sup> Ibid., No. 30 of 20 April 1962, p. 945/62.

<sup>(3)</sup> Ibid., No. 30 of 20 April 1962, p. 953/62.

<sup>(4)</sup> Ibid., No. 30 of 20 April 1962, p. 959/62.

"1. A Member State which, in accordance with the provisions of the present Regulation, applies levies on imports from another Member State may, when exporting to such Member State, refund:

a) For the products referred to in Article 1(1) a) and b), an amount corresponding to the incidence on feeding costs of the difference between the prices of feed-grain in the importing and exporting Member States respectively;

b) For the products referred to in Article 1(1) c), an amount which corresponds, as the case may be, to the weighted averages referred to in sub-paragraph a) or in sub-paragraph b) of Article 4(2).

The Grand Duchy of Luxembourg, shall however, be authorized, when exporting to a Member State where prices are lower, to refund a sum equal to the difference between the price of the product free-at-frontier of the importing Member State and the market price in such Member State.

2. Such refunds may not exceed the total levy arising under Article 6 where applicable.

The additional amounts which may be introduced under Article 8(3) shall not be taken into account in calculating the refunds provided for in paragraph (1) above.

3. The amount of such refunds shall be notified to the other Member States and to the Commission."

## Article 2

1. Article 7 of Regulation No. 21 on the Progressive Establishment of a Common Organization of the Market in Eggs, and Article 7 of Regulation No. 22 on the Progressive Establishment of a Common Organization of the Market in Poultry Meat, shall read as follows:

"1. A Member State which, in accordance with the provisions of the present Regulation, applies levies on imports from another Member State may, when exporting to such Member States, refund, for the products referred to in Article 1, an amount corresponding to the incidence on feeding costs of the difference between the prices of feed-grain in the importing and exporting Member States respectively.

2. Such refunds may not exceed the amount of the levy arising under Article 5 where applicable.

3. The amount of such refunds shall be notified to the other Member States and to the Commission. "

### Article 3

The provisions of the present Regulation shall enter into force on 1 July 1964.

The present Regulation shall be binding in all its parts and directly applicable in each Member State.

Done at Brussels, 5 February 1964.

By the Council  
The President

H. FAYAT

# FINANCIAL REGULATION

## relating to The European Agricultural Guidance and Guarantee Fund (64/127/EEC)

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

HAVING REGARD TO the Treaty establishing the European Economic Community and in particular Article 209 thereof;

HAVING REGARD TO Council Regulation No. 25 on the financing of the common agricultural policy <sup>(1)</sup>;

HAVING REGARD TO Council Regulation No. 17/64/EEC on the conditions governing aid from the European Agricultural Guidance and Guarantee Fund <sup>(2)</sup>;

HAVING REGARD TO the proposal of the Commission;

HAVING REGARD TO the opinion of the European Parliament <sup>(3)</sup>;

HAVING REGARD TO the opinion of the Economic and Social Committee;

WHEREAS, under Article 1 of Regulation No. 25 on the financing of the common agricultural policy, the European Agricultural Guidance and Guarantee Fund forms part of the Community's budget;

WHEREAS for the European Agricultural Guidance and Guarantee Fund to serve its purpose the financial and budgetary provisions under which it operates must be established;

WHEREAS the European Agricultural Guidance and Guarantee Fund is composed of two sections operating in different fields requiring in some cases specific financial provisions;

WHEREAS the number and importance of these financial and budgetary provisions require that they should be consolidated in a separate financial regulation applying to the European Agricultural Guidance and Guarantee Fund,

HAS ADOPTED THE PRESENT FINANCIAL REGULATION;

### TITLE I

#### General Provisions

##### Article 1

Subject to special provisions laid down in the present Regulation, the general provisions of the financial regulations adopted under Arti-

cle 209 of the Treaty shall be applicable to the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as "the Fund".

### TITLE II

#### Inclusion of Appropriations in the Budget

##### Article 2

1. The expenditure of the Fund shall constitute a special section in the budget of the Community. This section shall be divided as follows:

a) For expenditure in respect of refunds on exports to non-member countries (Guarantee

Section); a head for each sector of the common organization of markets to which Regulation No. 25 is applicable;

b) For expenditure in respect of intervention measures on the domestic market (Guarantee Section); a head for each sector of the common organization of the markets to which Regulation No. 25 is applicable, in so far as such intervention is provided for in the regulations concerned, each head being divided into two sub-heads, one for expenditure relating to intervention measures having an aim and purpose

<sup>(1)</sup> Official gazette of the European Communities No. 30 of 20 April 1962, p. 991/62.

<sup>(2)</sup> Ibid., No. 34 of 27 February 1964, p. 586/64.

<sup>(3)</sup> Ibid., No. 157 of 30 October 1963, p. 2649/63.

identical to those of refunds, and one for other intervention measures on the domestic market;

c) One head for expenditure in respect of operations under the Guidance Section.

2. Before 30 June 1966, the Commission shall present a report on the lessons to be drawn from experience gained in applying the provisions of paragraph 1 a) and b). If necessary, it shall submit proposals for amending these provisions.

#### Article 3

Each year the Commission shall submit, as an annex to the preliminary draft budget, a table in respect of the Guidance Section showing:

a) Commitments and payments as at 31 December of the previous year and 1 September of the current year;

b) A schedule of payments contemplated up to the end of the current year;

c) Forecasts of payments in subsequent financial years.

#### Article 4

1. Appropriation shall be included in the budget for the financial year following the end of each accounting period of the Fund.

The accounting period shall be understood to mean the period which serves as a basis for calculation in respect of the Guarantee Section and which extends from 1 July to 30 June.

However, for the year 1962/63, the accounting period shall be from 30 July 1962 to 30 June 1963.

2. The appropriations included in the budget shall serve:

a) For the Guarantee Section, to reimburse Member States, once a year, for eligible expenditure in respect of the previous accounting period;

b) For the Guidance Section, to finance common operations eligible under this part of the Fund.

#### Article 5

1. The appropriations shown in the preliminary draft budget shall be calculated on the basis of the information available at the time of drafting. The Member States shall ensure that the refund information reaches the Commission in good time.

2. Before the adoption of the draft budget by the Council, the Commission may submit revised estimates in the light of further information received.

### TITLE III

#### Contributions of Member States

#### Article 6

The financial contributions from Member States laid down in Article 7(1) of Council Regulation No. 25 shall be appropriated to the expenditure of the Fund.

#### Article 7

Where necessary, a new apportionment of the financial contributions of the Member States, designed to cover the expenditure of the Fund, shall be made by way of a revised budget, after completion of the calculations provided for in Article 23 of Council Regulation No. 17/64/EEC on the conditions governing aid from the European Agricultural Guidance and Guarantee Fund.

#### Article 8

1. The financial contributions, expressed in units of account, shall be converted into national currencies and credited by each Member State to special accounts opened, in the name

of the Commission (EAGGF), with the Treasury or other authority designated by the Member State concerned. Such accounts shall be kept separate from all other accounts opened in the name of the Commission under the budget procedure.

2. These credits shall be effected as follows:

a) For the Guarantee Section, according to the provisions laid down in Article 11(1);

b) For the Guidance Section:

i) seven-twelfths of the annual contribution shall be credited by 20 January or within 30 days of the final adoption of the budget in cases where provisions of Article 204 of the Treaty have been applied;

ii) the remaining five-twelfths shall be credited on 1 July of the year in question.

3. In each Member State the Commission shall maintain, with the Central Bank or other financial institution approved by the State concerned, accounts bearing the same titles as those opened in pursuance of paragraph 1 above.

## TITLE IV

### Commitment of Funds and Carrying Forward

#### Article 9

1. Decisions taken by the Commission under the provisions of Article 10 and Article 21(1) of Council Regulation No. 17 64 EEC on the conditions governing aid from the Fund shall be deemed to be commitments of funds.

2. Notwithstanding the provisions of Article 6, paragraphs (1) a) and (5), of the Financial Regulation concerning the drawing up and execution of the budget of the EEC and the responsibility of authorizing officers and accountants, appropriations under the head relating to the Guidance Section and corresponding to payments due under commitments entered into between 1 January and 31 December shall be carried forward automatically for five years.

At the end of this period the Commission may submit to the Council, each year before 1 March, a list of amounts committed of which the carry-forward is requested, stating the

reasons therefor. The Council shall decide on the matter by qualified majority within six weeks of the request; if no decision has been taken by then, the carry-forward will be deemed approved.

3. As regards the Guidance Section, appropriations unexpended on 31 December may be carried forward to the next financial year only, under the provisions of Article 6, paragraphs (1) b), (3) and (5) of the Financial Regulation referred to in paragraph 2 above.

4. The provisions of the Financial Regulation referred to in paragraph 2 above shall be applicable in respect of appropriations under the Guarantee Section.

5. In the execution of the budget of the Fund, the amounts expended from appropriations carried forward shall be noted by separate sub-heads in the accounts for the current financial year.

## TITLE V

### Reimbursement of Member States for Expenditure under the Guarantee Section

#### Article 10

1. Expenditure under the Guarantee Section shall be approved, certified and paid once in each accounting period.

To this end, the Commission shall keep an account in the name of each Member State which shall be :

i) credited with the amounts to be repaid to that Member State under decisions taken in pursuance of Article 10 of Council Regulation No. 17/64/EEC on the conditions governing aid from the Fund;

ii) debited with the contribution of that Member State calculated, in accordance with the provisions of Article 7 of Council Regulation No. 25, in relation to the total amount of the expenditure falling upon the Guarantee Section of the Fund.

2. As soon as the operations specified in the foregoing paragraph have been carried out, the Commission shall notify each Member State of the balance of its account.

3. The accounts referred to in paragraph 1 above shall be kept and made up in units of account.

#### Article 11

1. Debtor Member States shall pay the amounts owing within one month of notification. Payments shall be made in their national currencies into the accounts opened under Article 8(1) at the rate of exchange obtaining on the day of payment.

2. Creditor Member States shall receive from the Commission within two months of notification a payment in their national currencies at the rate of exchange obtaining on the day the accounts were made up as provided for in Article 10.

#### Article 12

Should there be a change in the parity of the currency of a creditor Member State in the interval between the date when the accounts are made up as provided for in Article 10 of

the present Regulation and the time of payment, any surpluses on the accounts opened for the Fund by the Commission shall, in the event of devaluation, be distributed among all the Member States according to the scale used in calculating the financial contributions for the

financial year in question, in accordance with Article 7(1) of Council Regulation No. 25. In the event of revaluation, all Member States shall make a corresponding supplementary payment into the account opened in the Commission's name in favour of the Fund.

#### TITLE VI

#### Final Provisions

##### Article 13

Done at Brussels, 5 February 1964.

The present Regulation shall take effect on the date of entry into force of Council Regulation No. 17/64/EEC on the conditions governing aid from the European Agricultural Guidance and Guarantee Fund.

By the Council  
The President

H. FAYAT

## COUNCIL RESOLUTION

on the basic principles of the common organization of markets in the fats sector  
(64/128/EEC)

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

WHEREAS Community production of vegetable fats and fats extracted from marine animals covers only about 20% of the Community's requirements;

WHEREAS a common policy based on fats prices designed to maintain domestic production of oil-yielding products would lead to a sharp rise in the consumer prices of these fats in most Member States;

WHEREAS, for these reasons, it is preferable to ensure that the production of oilseeds within the Community is maintained by direct aids to producers;

WHEREAS, for olive oil, stabilization of the market can be assured and the necessary guarantees given to producers in respect of their employment and their living standard by the introduction of a system of target prices serving as basis of a threshold price to be used in calculating levies and of an intervention price to provide producers with a guarantee that their sales will be made at a price as close as possible to the target price, and by coupling this system with the establishment of a buffer stock;

WHEREAS, however, the low world price of products competing with olive oil might make it necessary to fix the target price of these products at a level below the fair producer price, in order to counter an appreciable drop in consumption, and direct aids would therefore have to be granted to producers;

WHEREAS, in certain regions of southern Italy, the cultivation of olive trees raises special problems requiring to be dealt with under an overall plan aimed at improving production and marketing conditions, which the competent financial bodies of the Community should cooperate in financing;

WHEREAS the Community has undertaken, by the Convention with the Associated African States and Madagascar, to take the interests of these States into consideration when determining its own common agricultural policy, and whereas this undertaking can be fulfilled by granting a privileged position in relation to that of non-member countries;

WHEREAS oil-yielding products are the most important exports of the Associated African States and Madagascar taken as a whole;

CONSIDERING the pronounced downward trend in world prices of edible oils and its repercussions on the economic development of the Associated States for whom groundnut exports represent almost the whole of their foreign currency receipts;

WHEREAS the necessary resources may be obtained by means of a charge levied on edible fats, whether of vegetable origin or extracted from marine animals, produced in or imported into the Community;

WHEREAS the liberalization of trade and the possibility open to certain Member States of reducing present charges on fats could have favourable effects on the prices of these fats,

AGREES that the common organization of the fats market shall be based on the following principles:

i) Unrestricted importation of oilseeds, vegetable oils and fats and oils and fats extracted from marine animals, as also application of the common customs tariffs duties to these products, with the exception of olive oil;

ii) Granting of direct aids to producers of oil-yielding products in order to ensure that the required volume of production is maintained in the Community;

iii) Annual fixing, in respect of olive oils, of a target price making it possible to maintain the required volume of production in the Community at fair producer prices;

iv) Annual fixing, in respect of olive oil, of an intervention price in order to guarantee to producers that their sales will be made at a price as near as possible to the target price;

v) Establishment of a buffer stock in order to stabilize consumer prices;

vi) Fixing of a threshold price for olive oil and imposition of levies on imports;

vii) Granting of direct Community aids to producers, should it prove necessary, in order to counter an appreciable drop in the consumption of olive oil resulting from low world prices for competitive products to fix the target price at a level below that referred to above;



viii) Establishment by the Italian Government, in co-operation with the Commission, of a programme aimed at improving not only the conditions for the production and marketing of olives and olive oil, but also the economic situation in the olive-growing regions; intervention by the European Agricultural Guidance and Guarantee Fund to achieve this programme, subject to the provisions governing this Fund, without prejudice to possible intervention by other Community institutions;

ix) As regards oil-yielding products originating in the Associated African States and Madagascar, and imported into the Community, abolition, in respect of oils, of customs duties under the national tariffs in accordance with the arrangements which the Member States apply as between themselves and, in respect of oilseeds, the implementation, where necessary, of special measures to guarantee the Associated States a certain privileged position;

x) As regards oil-yielding products originating in the Associated African States and Madagascar and imported into the Community, granting of aid to cushion the results of any drop in world prices below an average price to be established as a basis of reference;

xi) Levying of a charge on edible vegetable fats and edible fats extracted from marine animals, produced in or imported into the Community, the yield of this charge being assigned to the Community;

xii) Financing of the planned intervention measures and aids by the European Agricultural Guidance and Guarantee Fund,

AND INVITES the Commission to submit to it, before 1 November 1964, proposals providing for the progressive establishment of a common organization of the market on the basis of these principles.