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Contents

Common agricultural market nears completion

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The common agricultural market is at last taking shape

Since 27 July 1966 the EEC has had a coherent agricultural policy covering a common market for agricultural products.

The decisions taken by the EEC Council of Ministers on 24 July 1966 constitute the keystone of the common agricultural market: the basic principles have been laid down for the few common organizations of the market that are still outstanding and the remaining agricultural prices have been fixed. However, between now and 1 July 1967 or 1 July 1968 the finishing touches will have to be put to this work, and the necessary implementing decisions will have to be taken so that there can be

free trade in goods, a customs union and an economic union in the EEC by 1 July 1968.

On 27 July the Council of Ministers, acting on a proposal of the Commission, made an important addition to its recent decisions on prices and on the organization of markets when, in the light of these decisions, it submitted the EEC's offer for the agricultural part of the Kennedy Round negotiations in GATT. Thus the first step has been taken towards integrating the EEC's common agricultural policy, the main outlines of which are now complete, into world economic relations. The EEC had travelled a long way to reach this point, as is shown by the following key dates:

30 June 1960.	The Commission makes proposals for the establishment and implementation of the common agricultural policy, in pursuance of Article 43 of the EEC Treaty.
May - July 1961.	The Commission submits a number of draft agricultural regulations to the Council.
14 January 1962.	The Council approves six regulations on the progressive establishment of common organizations of the markets in various products or groups of products (cereals, pigmeat, poultry meat, eggs, fruit and vegetables, vine products), and a regulation on financing the common agricultural policy (setting up the European Agricultural Guidance and Guarantee Fund (EAGGF) - timing for taking-over of expenditure by the Fund, and scale of Member States' contributions, settled until 1965).
4 April 1962.	The regulations of 14 January 1962 are officially adopted.
23 December 1963.	The Council approves regulations on the progressive establishment of common organizations of the markets in rice, beef and veal, and milk and milk products.
	The Council accepts a Commission proposal for a resolution on the basic principles for the market organization for vegetable oils.
	The Council gives the Commission instructions for the Kennedy Round negotiations.

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1 November 1964.	The regulations establishing common organizations of the markets in milk and milk products and in beef and veal become operative.
15 December 1964.	The Council decides on the common cereal price which will enter into force on 1 July 1967. Completion of the common market for cereals will lead to establishment of common organizations of the market for pigmeat, eggs and poultry. From 1 July 1967 the EAGGF is to refund the whole amount of expenditure eligible for Community financing (expenditure by Member States for refunds on exports to non-member countries and for market support measures in respect of cereals, pigmeat, eggs and poultry). Common financing will be extended to other sectors (1 January 1966: fruit and vegetables; 1 July 1967: durum wheat, etc.). A Council resolution is adopted calling for more effective protection of the market in fruit and vegetables, and requesting the Commission to work out a proposal for a corresponding regulation.
31 March 1965.	In accordance with the financial regulation of 14 January 1962 and the decisions of 15 December 1964, the Commission submits to the Council proposals on the financing of the common agricultural policy and the replacement of Member States' financial contributions by independent Community revenues.
30 June - 1 July 1965.	In its discussions on the financing of the common agricultural policy, the Council of Ministers is unable to reach a decision. Accordingly, the President of the Council terminates the session, declaring that no agreement has been reached in the allotted time as to whether the regulations still to be adopted should cover the whole of the transition period (1970), two years (1967), or one year. <u>The Community faces a serious crisis</u>.
22 July 1965.	The Commission submits to the Council a Memorandum on the financing of the common agricultural policy. It proposes that expenditure borne by the Community should in principle be met out of its own independent revenues as from 1970.
4 March 1966.	The Commission submits to the Council its proposals, with explanatory memoranda, for Council resolutions on the establishment of a common price level for milk, milk products, beef and veal, rice, sugar, oilseeds and olive oil.
11 May 1966.	The Council of Ministers reaches agreement on arrangements for EAGGF financing until 1970, thus resuming the work where it was left off on 30 June 1965. The first step towards ending the crisis has been taken.

24 July 1966. The Council of Ministers decides upon the common organization of the market in oils and fats, a supplementary regulation for fruit and vegetables in pursuance of the Council decision of 15 December 1964, and the principles for a common organization of the sugar market; in addition, it fixes common prices for milk, beef and veal, sugar, oilseeds and olive oil.

As far as market policy is concerned, the framework of the common agricultural policy is thus complete.

27 July 1966. The Council of Ministers again gives the EEC Commission a mandate to negotiate on the most important agricultural products at the Kennedy Round in GATT, supplementing a similar mandate already given for the negotiations on cereals. At the same time the Council formally adopts the decisions of 11 May 1966 and 24 July 1966.

The common market in milk and milk products

A. Progress to date

The common organization of the market in milk and milk products came into force on 28 February 1964, except for the arrangements regarding intra-Community trade in fresh milk.

1. The Council established the basic principles relating to the common target price for milk, and defined it (1).
2. Arrangements governing intervention to support the price of butter were laid down in full detail by the Council and the Commission (2).
3. Arrangements governing trade were also worked out in full detail by the Council and the Commission.

On 4 March 1966 the Commission, in its Memorandum to the Council on the establishment of a common price level, proposed that the common target price for milk ex farm with a fat content of 3.7% be fixed at 9.5 u.a. (DM 38) per 100 kg.

The common target price is the sine qua non for a free market in milk and milk products, the elimination of levies at the EEC's internal frontiers, and the application of uniform measures on the milk market.

B. Uniform milk price

After protracted negotiations, the Council decided on 24 July 1966 to fix the price at 10.3 u.a. (DM 41.20) per 100 kg of milk ex dairy with a fat content of 3.7%, this price to be applicable throughout the Community from 1 April 1968. The Council considers that this price is justified primarily because it guarantees producers in the Community a higher average income from milk yields and at the same time bears a reasonable relationship to the other most important agricultural prices.

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(1) Regulation No. 13/64/CEE of 5 February 1964.
(2) Article 21 of Regulation No. 13/64/CEE.

C. Measures to achieve the target price

In order to reach the target price mainly through market receipts, without direct aids to producers, the Council decided to give appropriate protection to the market by fixing specific threshold prices at the EEC's external frontiers for the various groups of products. In addition, the Council made the following special provisions:

(a) Market support measures for butter and the simultaneous fixing of an intervention price of DM 705 (176.25 u.a.) per 100 kg. This intervention price makes it possible for milk to be marketed at DM 1.25 below the target price.

(b) A grant of DM 5.50 per 100 kg to support the price of liquid skim milk for animal feed, and of DM 60 per 100 kg for skim milk powder, to enable these products to compete with the other types of feed containing protein.

(c) Market support measures for Parmesan cheese (Parmigiano-Reggiano and Grana-Padano cheese), giving an advantage to Italy in particular.

(d) Support for Emmental and Cheddar cheese equal to the difference between the threshold price corresponding to the common target price and the threshold price consistent with the binding of duties in GATT.

(e) In years in which this proves necessary, support for certain types of cheese in order to relieve the market at times of seasonal surplus.

(f) Support for skim milk processed into casein, in order to offset the difference between the value of skim milk at the common target price and the value given to skim milk processed into casein by the binding of duties in GATT.

In addition, the Council of Ministers agreed to adopt special measures:

(i) For the Federal Republic of Germany, in respect of Group 9 cheese (Gouda), Tilsit cheese and butter, and

(ii) For the Netherlands, in respect of butter.

On certain conditions, consumption of these products may be subsidized; such consumer subsidies are to be degressive and must cease by 1 January 1970. They will enable the Member States to offset the detrimental effects to consumers that would follow from the elimination of aids to producers in Germany and the Netherlands.

(iii) The Grand Duchy of Luxembourg will receive Community aid amounting to 4 million u.a. to support its milk market.

D. Cost of the proposed measures

The Commission estimates that the proposed measures will cost the Community about 500 million u.a. per year.

E. Community protection

In order to give milk production in the Community reasonable protection against imports from non-member countries, the following threshold prices have been fixed from the agreed target price, taking into account the average costs and profits of producers.

Group	Produce	Theoretical threshold price calculated from a common target price of DM 41.20 (10.3 u.a.) per 100 kg of milk ex dairy
1	Lactoserum powder	21.50 u.a.
2	Whole milk powder	103.25 "
3	Skim milk powder	54 "
4	Condensed milk, unsweetened	46 "
5	Condensed milk, sweetened	61.75 "
6	Blue-veined cheese	132.25 "
7	Parmesan	204 "
8	Emmental	149.25 "
9	Medium-hard cheese (Gouda)	123.50 "
10	St. Paulin, etc.	119.75 "
11	Soft cheese (Camembert)	123.50 "
13	Lactose	43 "
14	Butter	191.25 "
	Cheddar	134.25 "
	Tilsit	123.50 "

These threshold prices take into account a certain content of milk fat in skim milk which will enable skim milk to be better utilized in the EEC. In addition a certain amount designed to protect the milk processing industry is included in the threshold prices.

F. Incompatibility of certain national measures with the common arrangements

The Council has declared the following measures incompatible with the application of common prices:

(i) The granting of direct aids to producers of milk and milk products;

(ii) Arrangements made by individual Member States to fix a balance between fresh milk and milk for processing.

The Member States fix their retail prices for fresh milk in such a way that fresh milk produces receipts not more than 0.5 u.a. per 100 kg higher than the price of milk for processing. Thus fresh milk prices are directly bound up with the overall arrangements connected with the common organization of the milk market.

G. Future tasks

(i) Organizational arrangements to complete the common milk market, particularly market support measures and implementing procedures for them;

(ii) Arrangements governing trade with non-member countries;

(iii) Implementation in the Member States of national adjustments such as the elimination of State aids and the incorporation of the fresh milk market into the general scheme.

Beef and veal

A. Progress to date

1. 1 November 1964: common organization of the market for beef and veal came into force.

2. 4 March 1966: in the context of its Memorandum on the establishment of a common agricultural price level, the Commission submitted to the Council a proposal for a resolution on beef and veal.

3. 17 May 1966: the European Parliament rendered its opinion.

4. 24 July 1966: the Agricultural Ministers of the Six reached agreement in the Council on the common prices and on procedures relating to measures to support the beef and veal market in the final stage.

B. Uniform price system

1. A uniform price system will be applied for beef and veal from the beginning of the marketing year (i.e. from 1 July 1967); the particular prices come into force on 1 April 1968.

(i) The guide price for cattle, applicable throughout the Community, is fixed at 66.25 u.a. per 100 kg live weight;

(ii) The guide price for calves, applicable throughout the Community, is fixed at 89.50 u.a. per 100 kg live weight.

2. These prices are prices for medium quality calculated by multiplying the prices for the various qualities of cattle and calves produc in the Member States by, firstly, the coefficients mentioned in the basic regulation establishing a common organization of the market in beef and veal (1) and, secondly, the coefficients denoting the size of the cattle stocks in the individual Member States.

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(1) See Annex III of Regulation No. 14/64/CEE.

3. Before 1 October 1967 the Council, acting on a report from the Commission, will examine the guide prices and adjust them, where necessary, to interim developments.

C. Procedure relating to market support measures

1. The Council establishes the principles underlying measures to support the common beef and veal market in the final stage:

(i) The Community system must not impede the development of intra-Community trade;

(ii) The aim of market support measures must be to help to stabilize both producer and consumer prices;

(iii) In order to guarantee effective market support, the intervention arrangements must be selective and regionalized; they must be adjusted to trends in the various categories of cattle and meat in the most important areas of the Community.

2. In order that the relevant regulation may be adopted before 1 April 1967, the Council will examine proposals which the Commission has undertaken to submit before 1 December 1966.

Rice

A. Progress to date

1. 1 September 1964: common organization of the rice market came into force. The arrangements for rice are similar to those for cereals, but take into account the special position of rice in the European economy.

2. 4 March 1966: the Commission submitted a proposal for the establishment of a common price level for rice.

3. 24 July 1966: the Agricultural Ministers of the Six reached agreement in the Council on the common rice prices to be applied throughout the Community, and on arrangements for imports of rice from Madagascar and Surinam in the coming marketing year.

B. Common price system

(a) The common organization of the rice market is based, like that of the cereal market, on target prices, intervention prices and threshold prices. The common arrangements for the transitional period apply, however, only to the two producer countries, the four other Member States being treated as a single market with a common threshold price.

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(b) For the final stage, beginning on 1 September 1967, all the Member States will form a single market with the following prices:

(i) The target price for husked rice, applicable throughout the Community, is fixed at 18.12 u.a. per 100 kg.

At the purchasing stage of wholesale trade, this price is the one applicable to bulk rice delivered to the warehouse at Duisburg, the marketing centre having the greatest deficit in the Community.

(ii) The threshold price for husked rice, applicable throughout the Community, is fixed at 17.78 u.a. per 100 kg.

Both prices apply to bulk supplies of common (round-grained) rice.

(iii) The intervention prices for rice in the husk (paddy) are fixed at 12.30 u.a. per 100 kg for Arles (France) and 12.00 u.a. per 100 kg for Vercelli (Italy).

These intervention prices apply, in the purchasing stage of wholesale trade, to loose rice in the husk (paddy - round-grained - common) of standard quality, brought to a warehouse and not unloaded.

Intervention prices for the other important marketing centres in the producing areas will be fixed later.

C. Arrangements for imports originating in Madagascar and Surinam

1. In view of the obligations arising out of the Agreements between the EEC and the Associated African States and Madagascar and with the overseas countries and territories, the Council has decided to alter the previous import arrangements.

For imports of rice into France from Madagascar and into the non-producer Member States from Surinam, the Council considered that the existing arrangements were not sufficient to enable the traditional trade flows to be gradually adjusted to the new situation.

2. The Council therefore decided that from 1 September 1966 to 31 August 1967, up to 10 000 metric tons of rice may be imported free of levy into France from Madagascar, and up to 9 000 metric tons may be imported free of levy into the non-producer Member States from Surinam.

The common organization of the sugar market

A. Progress to date

The EEC Commission's initial ideas on a common sugar policy and a common organization of the sugar market were set out in its basic proposals on the common agricultural policy, submitted to the Council on 30 June 1960.

The Commission's final proposals, based on the principle of a free sugar market, were laid before the Council on 4 March 1964.

B. The common prices

On 24 July 1966 the Council decided that a uniform price system should come into force throughout the EEC on 1 July 1968; this system will include:

(i) A target price of 22.35 u.a. per 100 kg for white sugar in the area of the Community having the greatest surplus;

(ii) An intervention price of 21.23 u.a. per 100 kg for white sugar;

(iii) A minimum price of 17.00 u.a. per metric ton for sugarbeet in the main surplus area of the Community.

The price system also involves intervention prices for raw cane sugar, a price of 3.2 u.a. per 100 kg for molasses ex sugar factory, and threshold prices for white sugar, raw sugar and molasses.

The sugarbeet price was fixed with close attention to the common prices which will apply from 1 July 1967 to the other most important basic agricultural products, particularly wheat other than durum. The sugarbeet price comes to between 17% and 18% of the producer price for wheat other than durum.

The minimum beet prices are derived from the regionalized intervention prices.

C. Organization of the market

1. Regionalization

Sugar prices and markets will vary from one region to another. The target and intervention prices mentioned above will apply to the main surplus area, i.e. north and north-west France. Derived intervention prices will be fixed for the other areas, taking into account the regional price differences that can be expected given normal harvests and free trade based on the natural conditions for market price formation.

In particular, derived intervention prices are considered necessary for Italy and for some ports in France, including Marseilles and Bordeaux, and for the French overseas departments.

These arrangements will have the following results:

(a) Normal disposal of rice grown within the Community to the consumer areas in the Member States;

(b) Maintenance of a higher sugarbeet price for Italian producers, i.e. it is expected that regionalization will give Italy a price advantage;

(c) Rice from the French overseas territories (overseas departments - Guadeloupe, Reúnion and Martinique) can be sold in the EEC without aid being given for transport costs and without disturbing the market.

2. The market system

A threshold price at the EEC's external frontier ensures sufficient protection for sugar production in the Community. It must be so fixed that sugar from the area having the greatest surplus can still be sold at the target price in the consumer area farthest away (Palermo).

For imports into the Community, the levy is equal to the difference between the threshold price and the cif price established on the basis of the most favourable offers on the world market; for exports from the Community, the maximum refund is equal to the levy.

3. Intervention system

The intervention agencies are required to purchase the sugar offered them, at the intervention price. There is, however, one limitation: the quantities purchased from each producer may not exceed the ceiling fixed for him.

The arrangements governing intervention are also applicable to raw beet sugar until 31 December 1969.

D. Special measures

Sugar quotas

In order as far as possible to prevent overproduction of sugar in spite of the relatively high price level agreed upon, and in order to promote specialization in sugarbeet cultivation in the EEC, the Member States have decided to limit the price and sales guarantee for sugar for a 7-year transitional period. A basic quota in terms of white sugar is fixed for each Member State. The total for the Community is 6 480 000 metric tons, allocated as follows:

	metric tons
Germany	1 750 000
France	2 400 000
Italy	1 230 000
Netherlands	550 000
Belgium and Luxembourg	550 000
Total EEC	6 480 000

Each Member State must share out its basic quota among the various sugar factories. The individual quotas are calculated from the factories' average output over the last five years.

In each Member State the full price and sales guarantee applies to the basic quota. In addition, the EAGGF guarantees Community producers the full price for 105% of consumption. Between 105% and 135% - the upper limit or "ceiling" - there is an intermediate zone in which the full sales guarantee is given but not the full price guarantee. For sugar produced within this margin in excess of the basic quota, producers must pay a production levy which is passed on to the price of sugarbeet. However, the guaranteed minimum sugarbeet price of 10 u.a. per metric ton also holds good for this excess quantity.

If the production levy exceeds a certain maximum, the lower limit of which is marked by the 10 u.a., the resulting losses are again covered by the EAGGF.

Sugar produced above the ceiling of 135% may not be sold on the EEC's internal market, but must be exported by the producers for their own account.

The EEC Commission estimates that total expenditure of the EAGGF in the sugar sector will be about 45 million u.a. for production amounting to 105% of consumption. The Council of Ministers decided that this special system shall apply from the 1968/69 marketing year to the 1974/75 marketing year.

Later on, all discrimination between sugar producers in the different Member States will cease.

Aids for Italy

In addition to certain price advantages which Italy will get through regionalization of the market, aids are to be granted for the maintenance of Italian sugarbeet cultivation. Sugarbeet producers will receive a subsidy amounting to 1.10 u.a. per ton; sugar manufacturers can be granted a subsidy of 1.46 u.a. per 100 kg. This is equivalent to a total of 2.34 u.a. per 100 kg of sugar.

In this way, Italian sugarbeet growers can continue to get a higher price than is paid in the other Community countries.

E. Future arrangements

After establishment of the most important principles for the EEC's sugar policy, discussions and decisions will still be necessary to determine the ways in which the policy should be carried out; this work will involve adoption of the basic regulation itself and all the implementing regulations.

Prices still to be fixed include:

(i) White sugar prices for the various regions as part of the regionalization scheme;

(ii) Minimum beet prices for the various regions;

(iii) Raw sugar prices;

(iv) Threshold prices at the EEC's external frontier.

Furthermore, agreement has still to be reached on a European quality standard for white sugar, and a standard model for supply contracts between cultivators and sugar factories has to be worked out.

The common organization of the market for oils and fats

A. Progress to date

1. 23 December 1963: the Council of Ministers lays down the principles of a common organization of the market for oils and fats.

2. 2 December 1964: the Commission submits a proposal for a regulation.

3. January 1965: the working party on oils and fats formed.

4. 18 June 1965: the European Parliament gives its opinion on the Commission's proposal.

5. 20-23 June 1965: on the basis of a report from the working party's report, the Special Committee for Agriculture deals with unsolved problems and reaches agreement in principle on the proposed regulation.

6. 24 July 1966: the Ministers of Agriculture of the Six reach agreement in the Council on the proposal for establishment of a common organization of the market. At the same time the Council fixes common prices for olive oil and oleaginous fruits.

B. Main provisions of the regulation

The common organization of the market covers oilseeds, oleaginous fruits and oils and fats of vegetable origin or derived from fish or marine mammals.

1. Trading system

(a) From 1 November 1966, a levy will be charged on imports of olive oil from non-member countries, and for this item customs duties between the Member States will be eliminated.

(b) For the other products, the common customs tariff will apply to imports from non-member countries; from 1 July 1967 the customs duties on trade in these items between Member States will be abolished.

(c) The Council may decide that fish and vegetable canners who use olive oil can benefit from a system of drawback or from complete or partial exemption from payment of the import levy.

2. Price system - olive oil

(a) Each year, the following prices are fixed:

(i) A "norm" price for producers;
(ii) A target price, for the market, that will permit the normal disposal of production;
(iii) An intervention price, which assures producers of a return on sales that is as close as possible to the target price for the market;
(iv) A threshold price which brings the price of imports up to the level of the target price for the market.

For the first marketing year during which the regulations is in force, the producer's "norm" price in the Community is fixed at 115 u.a. per 100 kg. of medium-fine pure olive oil with acid content of 3°.

The other prices are fixed until 1 October 1966. In order to spread sales throughout the year, target price and intervention price are increased by the same amount each month from January to November.

(b) If the "norm" price is above the target price at the beginning of the marketing year, producers will receive a subsidy equal in amount to the difference between the two prices.

(c) If need be, an intervention agency in each producing Member State will buy olive oil of Community origin at the intervention price. If the oil offered is not of the quality for which the intervention price has been fixed the appropriate additions or deductions will be made.

(d) In order to ensure a balanced market, the intervention agencies can build up buffer stocks of olive oil, with which to offset fluctuations in harvests and to stabilize consumer prices.

(e) Also for the purpose of ensuring a balanced market, the intervention agencies may during the course of the marketing year conclude storage agreements with holders of olive-oil stocks.

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(f) In the light of world market prices and Community prices, refunds may be granted or levies charged on exports of olive oil to non-member countries.

(g) If the Community's olive oil market should be seriously disturbed or threatened with serious disturbance, suitable protective measures may be taken.

3. <u>System for other oilseeds.</u>

The following arrangements apply to colza, rape and sunflower seed. On a proposal by the Commission, they can also be extended to other oil seeds.

(a) Each year, starting with 1966, the following prices will be fixed for each type of oil seed:

   (i) A single target price;
   (ii) A basic intervention price, ensuring that producers can sell at a price as close to the target price as possible;
   (iii) Derived intervention prices, to be previously determined for each intervention centre. These prices are meant to ensure free trade in oil-seeds in the Community on the basis of natural price conditions and market requirements.

   For the first marketing year in which the regulation is in force, the target price in the Community for colza, rape and sunflower seed will be 20.25 u.a. per 100 kg. The basic intervention price will be 19.25 u.a. per 100 kg, and the lowest derived intervention prices will be fixed at a level corresponding to not less than 17.65 u.a. per 100 kg.

(b) An intervention agency in each Member State will, on the terms applicable in the various intervention centres, buy the seeds of Community origin offered to it. Only the fixed intervention price will be paid, except for variations to allow for differences in quality.

(c) For oilseeds harvested and processed in the Community, aids will be given amounting to the difference between the target price and the world market price.

(d) Refunds may be made on exports to non-member countries.

(e) Producers of raisin-seed oil may receive aid for five years after the abolition of national measures to support the prices of vegetable oils. This will be given by the European Agricultural Guidance and Guarantee Fund to a maximum amount of 4 400 000 u.a.

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More security for producers of fruit and vegetables

When on 15 December 1964 the EEC Council of Ministers adopted a decision on common cereal prices, it also adopted a resolution in which the Commission was asked to make complementary proposals in connection with the organization of the market in fruit and vegetables (Regulation No. 23 of 1962).

The supplementary regulation was to offer producers of fruit and vegetables guarantees comparable with those given to EEC producers under other market organizations, such as those for cereals and beef. Extension of the common financing provisions of the EAGGF to fruit and vegetables was required.

The main object of the new arrangement was to combat the collapse in the price of certain fruit and vegetables (e.g. tomatoes, apricots, peaches) which occurs every year in one part or another of the EEC. The Commission's proposals were submitted to the Council in July 1964 and were finally discussed in the Council session of 21-24 July 1966.

The Council regulation containing additional provisions on the organization of the market for fruit and vegetables consists of three different parts:

(i) Establishment of the market through the efforts of the producers, in particular through the formation of producers' co-operatives, backed by support from the member countries and from the EAGGF;

(ii) Intervention measures;

(iii) Refunds.

The regulation will first be applied as a transitional measure, applying in the EEC from 1 January 1967 to 31 December 1969.

A. Producers' organizations

The regulation adopted by the Council includes the possibility of forming producers' organizations in the fruit and vegetables sector but their establishment is not compulsory, being left to the initiative of the producers themselves.

Some Member States have already made progress in establishing the co-operatives, but others have not got so far.

The fundamental aims of these bodies are: improvement of the producer's position in the market, improvement of the quality of the product, and adaptation of supply to the requirements of the modern market.

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An organization of this type has little point unless its members use it to market their entire output.

A provision in this sense, but not applicable to all products, has been included in the regulation. Promotion of the concentration of supply, and regulation of producers' prices through producers' co-operatives, effects cauliflower, lettuce, endives, onions, tomotoes, oranges, apples, pears, apricots, peaches, plums, spinach, chicory, peas, beans, carrots, artichokes, lemons, table grapes, cherries, strawberries, asparagus, garlic, cucumbers, and various types of cabbage.

1. Incentives to the formation of producers' organizations

If producers are to combine, a financial incentive is necessary at the start, since fruit and vegetable growers have not the capital for the installations required. Accordingly, the Council of Ministers also accepted most of the Commission's proposals for providing initial aid. Recognized co-operatives wishing to build up a producers' market organization can be granted State aid up to 3% of the value of the output handled in the first year, 2% in the second, and 1% in the third.

The producers' organizations are also meant to carry out certain tasks such as intervention in the market, and these are described in more detail in the regulation. They may be given advances in order to carry out this work, or they may be helped to obtain the necessary money via credit institutions.

The Guidance Section of the EAGGF is responsible for providing half the initial aid.

The implementing provisions are to be issued by the Council, on a proposal by the Commission, before the end of this year.

2. Intervention in the market by the producers' organization

One of the main tasks of the producers' associations will be to take preventive action in the market. When a slump in prices is threatened and prices of a product fall below a specific level, the associations will resort to a kind of "pre-intervention" by removing surplus goods from the market, in order to prevent a real crisis from occurring. To this end, the producers' organization can fix a "buying price" for the products covered by the regulation, whereby they guarantee to compensate producers for quantities left unsold. In order to finance these purchases members of the association set up an "intervention fund", to which they contribute themselves.

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B. Intervention on the market

As we have said, the main task will be to prevent a serious crisis for the products covered by the regulation.

For this purpose, a representative price is fixed, which is regarded as "basic price" and applies to the areas of surplus in the Community, where prices are lowest. This basic price is equal to the arithmetic average of the prices quoted during the three previous marketing years on the representative market or markets in the Community, which must account for 20 to 30% of Community output. Abnormal fluctuations in the market are not taken into consideration.

The "buying-in price" is derived from the basic price, as follows:

Cauliflowers and tomatoes: 40 to 45% of the basic price;

Apples and pears: 50 to 55% of the basic price;

Other products: 60 to 70% of the basic price.

Until the end of 1969, the member countries can fix buying-in prices as they please, provided they do not exceed 70% of the basic price. The buying-in prices fixed must be notified to the Commission.

Intervention on the market must not take place before or after the normal season. The cost of intervention is borne by the EAGGF.

1. Procedure for determining prices.

If, on three consecutive marketing days, prices on the representative markets are below the buying-in price plus 15% of the basic price, the Member State concerned will immediately declare a state of crisis. After the end of the transitional period, in 1970, this will be done by the Commission. When the situation is reversed the state of crisis is declared to have ceased, i.e. as soon as prices on three consecutive marketing days again reach the buying-in price plus 15% of the basic price. During the period of crisis the producers' organizations, where they exist, can start buying in. For this they receive financial compensation corresponding to the value of the quantities bought in.

2. Real crisis

If these measures fail to prevent market prices from falling, a "real crisis" may result. According to the Council's decisions, such a crisis exists as soon as market prices have fallen below the buying-in price on three consecutive marketing days.

The Member States may then, on their own account, guarantee full financial compensation to producers, the scale of this compensation being subject to certain conditions.

During the transitional period, determination of a real crisis falls within the competence of the Member States.

C. Trade between the Member States

Not later than 1 July 1968, quantitative restrictions, customs duties and all other barriers to trade will be abolished for all products coming under the new complementary regulation. In the case of some products this will already have happened by 1 July 1967.

D. Trade with non-member countries, and refunds

The measures needed to co-ordinate and standardize the regulations applied by the individual Member States to imports from non-member countries are to be adopted before 1 January 1967.

If exporting states outside the EEC should practise dumping on the markets of non-member countries, refunds can be granted on the products concerned when exported to non-member states from the EEC. The amount of refund must not exceed the duty in the common customs tariff - increased, if applicable, by the countervailing charges.

This refund system applies to a special list of goods, which may also include some processed products (e.g. processed tomatoes), and fruit juices. Products obtained by processing apples and pears are excluded.

The refund arrangements will be applicable until 31 December 1969. Before 1 July 1969, on a proposal by the Commission, the Council will fix by qualified majority the arrangements applicable from 1 January 1970.

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