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# Proposal for a Council directive relating to the approximation of the laws of Member States concerning preservatives which may be used in foods

(Submitted by the Commission to the Council on 15 February 1963)

*The Council of the European Economic Community,*

*Having regard to the Treaty establishing the European Economic Community, and in particular Article 100 thereof,*

*Having regard to the proposal of the Commission,*

*Having regard to the opinion of the European Parliament,*

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

*Whereas in all legislation concerning preservatives that may be employed in foods account must primarily be taken of the requirements involved in the protection of public health and also of the protection of consumers against adulteration, and of economic requirements,*

*Whereas the differences between national legislation concerning these preservatives hinder the free movement of foods and may create unequal conditions of competition, thereby directly affecting the establishment of operation of the Common Market,*

*Whereas the approximation of such legislation is necessary for the free movement of foodstuffs,*

*Whereas the harmonization of legislation in this field requires as a first stage the drawing up of a single list of preservatives, the use of which is authorized to protect food against deterioration, particularly that caused by micro-organisms, as well as the defining of standards of purity to which these preservatives must conform,*

*Whereas the defining of the specific standards of purity to which the authorized preservatives must conform and the determination of the methods of analysis required for checking the general and specific standards of purity are technical implementing measures, and as such should be entrusted to the Commission,*

*Whereas, to take account of economic requirements in certain Member States, it is necessary to make provision for a period during which, for certain preservatives, Member States may retain the existing legislation in force,*

*Whereas in a second stage the Council will have to decide on the harmonization of laws concerning individual foods to which the preservatives listed in the schedule to the present directive may be added, and on the conditions under which this may take place,*

*Whereas for certain preservatives it is possible to proceed immediately to this second stage,*

*Has adopted the present directive :*

## *Article 1*

For the protection of food against deterioration, particularly that caused by micro-organisms, Member States may only authorize the preservatives listed in the schedule to the present directive.

## *Article 2*

1. Member States shall take all appropriate measures to ensure that the preservatives for which the schedule stipulates certain conditions of use are only used under those conditions.

2. Subject to the preceding paragraph, the present directive shall not affect the provisions of national legislation specifying the foods to which the preservatives listed in the schedule may be added and the conditions under which this may take place; however, these provisions shall not have the effect of totally excluding the use, in food, of any of the preservatives listed in the schedule.

## *Article 3*

Member States shall authorize the smoking of certain foods only if this is done by means of smoke from wood or other ligneous plants, in the natural state, not including wood or plants impregnated, coloured, glued, painted or treated in a similar manner, and provided that this smoking does not entail any risk to human health.

## *Article 4*

1. If the use, in food, of one of the preservatives listed in the schedule should subsequently be recognized as being liable

to endanger human health, a Member State may suspend, for a period not exceeding one year, the authorization to use this preservative in food. It shall inform the Commission and the other Member States thereof within one month.

2. On a proposal from the Commission the Council shall, by unanimous vote, decide without delay whether the list in the schedule should be amended and, where appropriate, shall adopt the necessary amendments by means of a directive. If necessary the Council may also extend the period referred to in the first sentence of the preceding paragraph.

#### Article 5

Notwithstanding Article 1, Member States may :

a) for a period of three years from the notification of the present directive, retain in force the national legislation governing the use, in food, of formic acid and its salts, boric acid and its salts, organic borated compounds, hexamethylenetetramine, liquid paraffin, and, for the preservation of eggs in shell only, refined mineral oil;

b) until 31 December 1965, retain in force the national legislation governing treatment of the surface of citrus fruits with diphenyl, orthophenylphenol and sodium orthophenylphenate.

#### Article 6

The present directive does not affect the provisions of national legislation concerning :

a) products also used as food, particularly wine vinegar, sodium chloride, ethyl alcohol, edible oils and sugars;

b) products used for coating foods, not including paraffin wax;

c) products intended for use against organisms harmful to plants and vegetable products;

d) antibiotics used for treating drinking water;

e) products having anti-oxidant properties.

#### Article 7

Member States shall take all appropriate measures to ensure that the preservatives listed in the schedule and intended for use in food conform with :

a) the following general standards of purity :

i) they shall not contain more than 3 mg. per kg. of arsenic or more than 10 mg. per kg. of lead;

ii) they shall not contain more than 25 mg. per kg. of copper or of zinc, taken separately, neither shall they contain any ascertainable trace of toxic elements, especially of other heavy metals, except where otherwise provided for in the specific standards referred to in paragraph b) below;

b) the specific standards of purity established for each preservative in accordance with Article 8.

#### Article 8

After consulting the Member States, the Commission shall, by means of a directive and on the basis of the results of scientific research into the protection of public health, adopt :

i) the specific standards of purity provided for in Article 7,

ii) the methods of analysis for checking the general and specific standards of purity.

#### Article 9

1. Member States shall take all appropriate measures to ensure that the preservatives listed in the schedule and intended for use in food shall not be offered for sale unless their packings or containers bear :

a) the name and address of the producer or the vendor, who shall be established within the European Economic Community;

b) the number and name of the preservatives as these appear in the schedule;

c) the statement "For use in foods (subject to restrictions)";

d) if preservatives are mixed with other products, the percentage of preservative and the name of the other product or products.

2. Member States may not prohibit, solely on the grounds of inadequate labelling, the introduction into their territory of the preservatives listed in the schedule, or the offer for sale thereof, if the details laid down in the preceding paragraph appear on the packings or containers and if the information laid down in sub-paragraphs b) and c) is given in two of the official languages of the European Economic Community, one of Germanic origin and the other of Latin origin.

### Article 10

1. The present directive shall also apply to the provisions in national legislation which concerns the importation into the European Economic Community of foods and of preservatives intended for use in foods.

2. The present directive shall not apply to the provisions of national legislation concerning preservatives and foods intended for export from the European Economic Community.

### Article 11

1. Within one year of notification of the present directive, Member States shall

amend their legislation in conformity with the above provisions and shall inform the Commission thereof without delay. The legislation as amended shall be applied to products offered for sale in the Member States not later than two years after such notification.

2. For the application of Article 5, subparagraph *a)*, the final date of the period for which provision is made in that Article shall be substituted for that of the notification referred to in the preceding paragraph.

### Article 12

The present directive is addressed to all Member States.

## SCHEDULE

Number	Name	Conditions of use	
		Foods to which use of the preservative is restricted	Methods of application
<i>I. Preservatives used throughout the product or on the surface</i>			
E 200	Sorbic acid		
E 201	Sodium sorbate (sodium salt of sorbic acid)		
E 202	Potassium sorbate (potassium salt of sorbic acid)		
E 203	Calcium sorbate (calcium salt of sorbic acid)		
E 210	Benzoic acid		
E 211	Sodium benzoate (sodium salt of benzoic acid)		
E 212	Potassium benzoate (potassium salt of benzoic acid)		
E 213	Calcium benzoate (calcium salt of benzoic acid)		
E 214	Ethyl ester of p-Hydroxybenzoic acid and its sodium salt		
E 215	Propyl ester of p-Hydroxybenzoic acid and its sodium salt		
E 220	Sulphur dioxide		
E 221	Sodium sulphite		
E 222	Sodium hydrogen sulphite (sodium bisulphite)		
E 223	Sodium pyrosulphite (sodium metabisulphite)		
E 224	Potassium pyrosulphite (potassium metabisulphite)		
E 225	Calcium pyrosulphite (calcium metabisulphite)		
<i>II. Preservatives used exclusively on the surface</i>			
E 240	Sodium silicate	For eggs in shell only	
E 241	Potassium silicate	For eggs in shell only	
E 242	Calcium hydroxide (slaked lime)	For eggs in shell only	
E 243	Paraffin wax	For cheese-rinds only	

Number	Name	Conditions of use	
		Foods to which use of the preservative is restricted	Methods of application
<i>III. Substances intended primarily for other uses but which may also have preservative properties</i>			
E 250	Sodium nitrite		Only when mixed with sodium chloride
E 251	Sodium nitrate		Also mixed with sodium chloride
E 252	Potassium nitrate		Also mixed with sodium chloride
E 260	Acetic acid		
E 261	Potassium acetate		
E 262	Sodium diacetate		
E 263	Calcium acetate		
E 270	Lactic acid		
E 280	Propionic acid		
E 281	Sodium propionate (sodium salt of propionic acid)		
E 282	Calcium propionate (calcium salt of propionic acid)		
E 290	Carbon dioxide		

## **Proposal for a Council regulation on the European Fund for Structural Improvements in Agriculture**

(Submitted by the Commission to the Council on 5 March 1963)

### **Explanatory Memorandum**

#### **Introduction**

1. At its session of 14 and 15 November 1960 the Council of Ministers noted the need to co-ordinate national measures for structural improvements in agriculture and the desirability of further measures; at its session of 14 November 1962 the Council took a decision on the co-ordination of agricultural structure policies.

2. One of the objectives of the Treaty of Rome is to ensure an adequate standard of living for farmers; this can only be attained through a common agricultural policy maintaining a balance amongst struc-

tural policy, marketing policy, commercial policy and social policy in agriculture.

3. Agriculture is closely bound up with the rest of the economy. But there is a risk that the economic expansion expected from the establishment of a broad common market may help to widen the present gap between the agricultural and non-agricultural sectors and aggravate disparities between regions.

4. This means that new problems will arise, while it may become more difficult to solve existing ones, having regard to the provisions of the Treaty of Rome which oblige Member States to eliminate certain measures that have so far palliated these difficulties.

5. The common agricultural policy will induce many farmers to make numerous changes and will thereby accentuate even further the effects of an overall economic development which calls for rationalization and adaptation of farming methods. In this case neither the advantages gained nor the additional burdens borne by the individual as a result of the Common Market will be evenly distributed.

6. Implementation of the common agricultural policy creates a Community responsibility. It is incumbent upon the Community to help overcome difficulties it has brought about in individual cases in the interests of Community agriculture as a whole.

7. This is not only a question of fairness but also one of efficacy. Structural defects in agriculture hinder harmonious development not only in agriculture but in the economy as a whole. The fact that farming offers inadequate rewards for those engaged in it, and the existence side by side of rich and poor areas, would lead to social unrest in the Community.

8. If the Community were in a position to provide financial help, this might facilitate the solution of the problems and would also be in line with the Council decision instructing the Commission to promote and co-ordinate structural improvements in agriculture.

#### *A. New measures as a means of co-ordination*

9. It seems appropriate first to recall what the Commission means by "co-ordination". Co-ordination of the Member States' policies on agricultural structure must serve the aims of the common agricultural policy. It consists in defining the precise aims and guiding principles of structural policy at Community level; it makes these aims compulsory and is so devised as to ensure that the steps taken by the Member States are in line with these aims. It leaves to the Member States the choice of means by which to attain the aims defined.

10. To enable the Commission to accomplish its task of co-ordination, the decision of 14 November 1962 provided for:

i) The setting up of a Standing Committee on agricultural structures to study Member States' structure policies and proposed measures and programmes for im-

proving agricultural structures and to supply reciprocal information on structural policy amongst the Member States and the Commission;

ii) The submission by the Commission of an annual report on structures;

iii) The communication to the Commission of Member States' projects for new laws and regulations, plans covering several years and regional programmes that include measures for improving agricultural structures, the Commission being entitled to express its opinion on these projects;

iv) The adoption, by the Council, of measures proposed by the Commission for co-ordinating Member States' agricultural structure policies.

11. Important though they may be, these measures are not sufficient to enable the Commission to promote and give guidance to measures for structural improvement, especially those involving the Community as a whole.

#### *B. Prompting and guidance of new measures by financial assistance*

12. The prospect of financial assistance from the Community will, it may be supposed, induce some planners to give form and substance to their plans or to carry out those which have been held up by lack of funds.

13. Though such Community assistance is intended to promote the execution of plans it must nevertheless in the long run benefit those concerned, in other words those who bear the financial burden involved.

14. Since the purpose of this assistance is to stimulate, it must be supplementary and must not serve to relieve the Member States or other authorities of their normal financial efforts.

15. To stimulate is only one of the effects of such Community assistance. It will also enable the Commission to guide projects towards the Community's objectives. Thanks to the conditions attaching to it and to the criteria of eligibility and priority, national efforts will be directed especially towards areas where the implementation of the common agricultural policy is likely to bring about a deterioration of the situation, or where economic development is backward. Naturally, if the conditions imposed are to be respected, the means to ensure this must be provided.

C. Assistance needed  
to resolve financial difficulties

16. The grant of Community financial assistance will enable the Commission to co-ordinate, to stimulate and to guide. It can also lighten the financial burden on farmers who have to make structural im-

provements, almost all of which require considerable capital outlay.

17. In 1960, agricultural investments in the Community were estimated at approximately 2.25 thousand million units of account. Studies by the Commission reveal the following breakdown as to purpose and manner of financing :

Million units of account

	Grants	Low-interest loans	Private loans or self-financing	Total
Improvements to land and buildings	170	333	450	953
Infrastructure <sup>(1)</sup>	72	340	37	449
Other equipment	250	125	475	850
Total :	492	798	962	2 252

<sup>(1)</sup> i.e. equipment other than on farm.

18. Though this may seem a large figure, it is still far short of requirements in view of the structural improvements needed with increasing urgency as a result of the establishment of the Common Market.

19. Such investment must necessarily be accompanied by an increase in working capital. This is essential to render the investment profitable. But it is generally accepted that the farmer himself will have to find the working capital without Government assistance. This increased need for working capital makes it more difficult for the farmer to finance structural improvements.

20. Farmers lack sufficient capital to step up their efforts. Their resources are already committed by their present activities. This shortage of funds is especially acute in areas where structural improvements are most urgently needed, because it is there that farm incomes are lowest.

21. Capital is of course available on the market, but on terms which put it beyond the reach of farmers. Interest rates and redemption periods are often prohibitive.

22. The beneficial effects of such investments will be slow to show themselves and modest in scope, but they will be lasting, which enhances their economic importance.

23. If farmers are not making the investments needed, this is less because of a shortage of capital on the market than because of the terms on which it is available. This can be clearly seen from the fact that in countries where interest rates for agricultural credit are low, farmers borrow; this increases farm incomes and makes new money available for investment. But in countries where agricultural loans bear a high rate of interest and heavy incidental charges, farmers borrow little and invest little.

The European Fund for Structural Improvements in Agriculture

24. None of the Community's existing institutions can provide the assistance needed for structural improvement. The European Investment Bank cannot issue loans running for more than 20 years and its interest rates are close to those of the capital market, and this kind of aid is outside the province of the European Social Fund.

25. From these considerations it follows that a European Fund for Structural Improvements in Agriculture, which would act either by granting interest subsidies, or by extending the period of loans, to some



degree replacing the borrower in his relations with the lender and later claiming from him repayment of the sums advanced, or by a combination of the two, would be a serviceable instrument for the Community.

26. As to the methods of operation recommended, capital subsidies and guarantees relating to interest and repayment must be considered as a matter for the Member States; moreover, the Fund will not make loans for the actual financing of projects, since there are agricultural credit institutions which will do so at the national level, just as the European Investment Bank does at the Community level.

27. If the Fund operates in this way it will be in a sound position to facilitate and to extend the European Investment Bank's activities in the agricultural sphere. In other words, the two Community institutions will work together.

28. It would be desirable for the Fund to operate in the same way in all Member States. In particular, it should not be influenced by local conditions as regards duration of loans or rates of interest, which are in part dependent upon credit systems. Having regard to the terms prevailing in the various countries it seems appropriate to limit the Fund's intervention to 4 % as regards interest subsidies and as regards extensions a period of 30 years.

29. It seems reasonable for those profiting from these investments to pay an interest of at least 1 %. Also, there should be a limit to the rate of interest payable by borrowers where the Fund intervenes. When the European Investment Bank is prepared to lend, its rate will set the limit for the Fund. For the remaining cases it would seem proper to fix 4 % as the upper limit for the interest payable by the borrower.

30. In many cases the three forms of financing set out on page 5 (grants, low-interest loans, private financing or self-financing) are practised simultaneously. The Fund can help with expenditure on land improvement, building and infrastructure financed by private credit or self-financing (487 million units of account) or by loans at reduced rates of interest (673 million). But for four-fifths of the loans at reduced rates the rate of interest can already be considered sufficiently low. The volume of investment which the Fund would influence can consequently be estimated at 625 million units of account (487 million being provided by private cre-

dit and self-financing and the remaining 138 million by low-interest loans).

31. The Commission feels that it will suffice for the Fund to take direct action on 10 % of these investments (or 62.5 million units of account) to give the desirable guidance to structural improvements and to ensure that the Fund will effectively support the co-ordination of policies on agricultural structure and serve the other aims referred to.

32. Interest subsidies of 4 % on 62.5 million units of account will cost the Fund 2.5 million units of account in the year in which they are granted; subsequently, this amount will diminish until the loans concerned are fully repaid.

33. For an annual outlay of 250 000 units of account the Fund can extend from 20 to 30 years the duration of loans amounting to 15 million units of account (more especially loans from the European Investment Bank).

34. The Fund will thus need 2.75 million units of account each year, in addition to what it will require to meet its commitments from the preceding years, so as to be able to undertake the same number of new commitments each year.

35. For the first year of the Fund's operations, that is to say for 1963, 2.75 million units of account will have to be made available, and a further 2.75 million units of account will have to be committed to it in 1964 (in addition to the amount needed to meet its 1963 commitments) and 2.75 million in 1965 (in addition to the amount required to meet the 1963 and 1964 commitments). After 1965 the Fund's rate of expenditure should be reconsidered with a view to expanding its activities.

36. Direct contacts between lender and borrower would enable the Fund to obtain a better picture of local conditions. It seems therefore desirable that bodies who require the Fund's assistance should make application to it direct. But of course their own Governments can also submit applications for aid. The Commission, furthermore, must obtain the Government's opinion in the case of a direct application.

37. It will then be for the Commission, taking into account the objectives and needs of the common agricultural policy, to pronounce upon the eligibility and priority of the applications submitted and to fix the terms and conditions for any action to be taken by the Fund.

38. The conditions on which the borrower and the Fund have agreed must be fulfilled. Also, the Commission must be empowered to supervise the execution of the project concerned so that it may, where necessary, modify its intervention.

39. The Fund's administrative regulations must be such as to ensure smooth functioning.

40. Assistance from the Fund must serve the aims of the Community's structural policies as embodied in the common agricultural policy. These are: to improve the competitive position of farms; to orientate production according to market requirements; to ensure productive work and a reasonable income for those engaged in agriculture; to promote vocational training; to stimulate productivity; to make holdings economically viable by ensuring adequate size, an efficient structure, a credit system suited to the special needs of agriculture, modern equipment and dependable supplies of farming necessities; and to promote regional economic development.

41. Projects submitted with a view to assistance from the Fund will be judged in the light of the requirements of the common agricultural policy and the common market and of the objectives underlying its establishment. The criteria are as follows:

i) A project must be of importance to the Community in relation to the common agricultural policy (Article 39 of the Treaty) and to the Community's task (Article 2 of the Treaty);

ii) The intended improvement in agricultural structure must be of benefit not only to farmers but to the economy as a whole;

iii) It must be aimed at keeping agricultural holdings economically viable or at making them viable if this can be done by justifiable investment;

iv) It must make for greater competitiveness of these holdings in an enlarged and unified market;

v) It must offer adequate assurance that its expected effects will be lasting, failing which Community financing, whether medium- or long-term, would not be justifiable.

42. The resources of the Fund being limited, certain priorities should also be applied. Preference should be given to projects offering the highest promise of effectiveness inasmuch as they form part of a regional economic development plan and attach adequate importance to agricultural training and advisory services. Projects which help to improve the social situation of agricultural workers also deserve high priority.

### **Proposal for a Council regulation on the European Fund for Structural Improvements in Agriculture**

*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,*

*Whereas it is a task for the institutions of the Community to co-ordinate the Member States' policies on agricultural structures;*

*Whereas the accomplishment of that task requires adequate and effective means for promoting and guiding action to improve agricultural structures;*

*Whereas financial assistance subject to certain conditions is one necessary means of contributing to such co-ordination;*

*Whereas the economic expansion consequent upon the establishment of the Common Market together with the effects of the common agricultural policy may aggravate disparities between regions and sectors and give rise to new problems or render difficult of solution those already existing in agriculture, and whereas Community responsibility in relation to these developments calls for Community action to improve agricultural structures;*

*Whereas the Community institutions must possess means for the selective promotion of projects of Community interest which are consistent with the aims of the common agricultural policy, and for ensuring that such projects should not be impeded by financial difficulties;*

*Whereas one of the aims of the common agricultural policy is to increase the eco-*

conomic and competitive capacity of viable agricultural holdings;

*Whereas* for the grant of Community assistance there must be an adequate assurance that the structural improvement effected will be lasting;

*Whereas* agriculture is an integral part of the general economy and this is also true at the regional level; and whereas consequently the solution to certain agricultural problems can be found in regional development, more especially through supplementary measures taken outside the field of agricultural policy; and whereas for such measures to be co-ordinated they must be incorporated in a regional economic development programme; and whereas the Fund in granting aid must therefore accord priority to projects forming part of such regional economic development programmes, as a result of which the measures as a whole will become more effective;

*Whereas* policy on agricultural structures and the financing of projects for structural improvements in agriculture, on the one hand, and economic regional development and regional programmes on the other are interdependent;

*Whereas* it is therefore necessary in the interests of harmonious development to press forward the execution of certain existing projects and stimulate the preparation and execution of new projects for structural improvements in agriculture;

*Whereas* in certain cases steps to improve agricultural structure must, to be fully effective, be accompanied by special efforts in the fields of vocational training and advisory services;

*Whereas* the financial burden involved in making structural improvements discourages farmers from undertaking them although such improvements would enable them to make their farms more profitable;

*Whereas* the failure of farmers to make the necessary investments on a sufficient scale is caused not so much by a shortage of capital in the market as by the terms on which it is normally available;

*Whereas* with an increase in profitability due to structural improvements it is proper that those who benefit thereby should bear part of the burden of interest on the funds involved;

*Whereas* an upper limit should be set for interest rates charged by credit institutions;

*Whereas* structural improvements must generally be considered as a long-term investment, and whereas it is frequently impossible without encumbering the holding to repay in less than thirty years loans contracted for that purpose;

*Whereas* assistance by the Fund is intended to supplement other forms of assistance and must not, therefore, result in a reduction of other aids normally provided either by the Community or the Member States;

*Whereas* through the establishment of the Fund the European Investment Bank can widen its activities in the agricultural sphere inasmuch as it can make loans to farmers on more acceptable terms;

*Whereas* the conditions laid down by the Commission are intended to guide projects along the lines of the common agricultural policy and it is necessary that these conditions be fulfilled;

*Whereas*, the Standing Committee on Agricultural Structures having been set up to promote the co-ordination of policies on agricultural structure, this Committee must be consulted on all matters of general interest concerning the work of the Fund and must be kept informed of its activities,

*Has adopted the present regulation :*

## Purpose of the Fund

### Article 1

1. There shall be established a European Fund for Structural Improvements in Agriculture, hereinafter referred to as "the Fund".
2. In furtherance of the Community's task to co-ordinate policy on agricultural structure, it shall be the purpose of the Fund to promote and to guide structural improvements in the Member States in conformity with the common agricultural policy, and in this way to contribute to creating a well-balanced overall socio-economic situation, without disturbing competitive conditions to an extent incompatible with the common interest.
3. The Fund shall be managed and administered by the Commission.

## Conditions governing assistance by the Fund

### Article 2

The Fund may be used to promote structural adaptation in agriculture where:

i) The socio-economic situation — and especially in the agricultural sector — is backward to the extent of compromising the implementation of the common agricultural policy;

ii) The implementation of the common agricultural policy has brought about, or is likely to bring about, an unfavourable development of the socio-economic situation.

### Article 3

1. To become eligible for assistance from the Fund any project within the meaning of Article 4 must satisfy the following requirements:

- a) It must be of Community interest;
- b) It must have as its purpose structural improvements benefiting the economy as a whole;
- c) It must be intended to make agricultural holdings economically viable and to increase their competitiveness;
- d) It must offer an adequate assurance that any structural improvement effected will be lasting.

2. Priority shall be given to any project which in addition fulfils one or more of the following conditions:

- a) It forms part of a regional economic development programme;
- b) It attaches sufficient importance to advisory services and vocational training;
- c) It contributes to improving the social situation of agricultural workers.

### Article 4

1. Assistance from the Fund shall relate to that part of a project which is concerned with improvement to agricultural structure.

2. For the purposes of the present Regulation a "project" shall signify any public, semi-public or private scheme wholly or in part intended to serve structural improvement in agriculture.

### Article 5

1. The assistance provided by the Fund shall consist of:

- a) Interest subsidies for loans to finance projects; or
- b) Extension of redemption dates; or
- c) A combination of the above.

2. In no case shall the annual interest subsidies exceed 4 % on the balance of loans at the preceding 31st of December or cover a period of more than thirty years. The annual interest rate to be borne by the borrower shall be not less than 1 % nor more than 4 %.

3. In no case shall the period for redemption of a loan be so extended as to make the total period more than thirty years.

### Article 6

Assistance by the Fund shall not:

- a) Be substituted for assistance by the European Investment Bank, the European Social Fund, or the European Agricultural Guidance and Guarantee Fund;
- b) Be substituted for, or entail the reduction of, any financial aid normally given by the national authorities.

### Article 7

1. The Fund shall not act in cases where loans have been obtained from a source other than the European Investment Bank on terms less favourable than those offered by that Bank, the Bank having declared its willingness to act.

2. Except as stipulated in paragraph 1 above, no restriction shall be placed upon the action of the Fund in respect of the source of loans for the financing of projects.

## Procedure for applications to the Fund

### Article 8

The Fund shall grant assistance to individuals or corporations on whom, wholly or in part, the financial burden of executing a project finally falls. Such assistance shall be rendered through the public, semi-public or private bodies responsible for authorizing expenditure on the project concerned.

### Article 9

1. a) Applications for assistance from the Fund shall be submitted to the Commission before 1 October of each year. If

approved, they shall be granted in the following year.

b) Applications for assistance in 1963 may be submitted up to 1 October 1963.

2. After consulting the Standing Committee on Agricultural Structures set up under Article 1 of the Council Decision of 14 November 1962 concerning the co-ordination of agricultural structure policies, the Commission shall stipulate the particulars to be supplied in making applications and the form in which they shall be submitted.

3. Applications for assistance from the Fund shall be put forward by the Member State concerned or by the body responsible for authorizing expenditure on the project in question.

#### *Article 10*

1. The Commission shall verify that projects submitted satisfy the conditions laid down for the grant of assistance from the Fund.

2. Having due regard to the priorities set out in Article 3 above and the financial means available to the Fund, the Commission shall decide as to the grant of assistance from the Fund and as to the terms and conditions thereof.

3. In the case of a project not put forward by a Member State, the Commission shall consult the Member State concerned before taking any decision committing the Fund to grant assistance.

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

#### *Article 11*

1. Throughout any operation of the Fund the Commission shall supervise the proper fulfilment of the technical, financial and

other conditions applicable to each project receiving assistance from the Fund.

2. In the event of such conditions not being, or no longer being, fulfilled, the Commission may suspend, reduce or terminate the assistance given by the Fund.

#### *Article 12*

Each year the Commission shall draw up a budget, showing separately expenditure arising from previous commitments of the Fund and expenditure required to meet new commitments.

### General provisions

#### *Article 13*

1. The Commission shall consult the Standing Committee on Agricultural Structures on all questions of general interest concerning the operations of the Fund.

2. The Commission shall regularly inform the Standing Committee on Agricultural Structures of the operations of the Fund.

3. The Commission shall report to the Council on the operations of the Fund in the report on structures provided for by Article 2 of the decision referred to in Article 9(2) above.

#### *Article 14*

The Commission shall ensure that the activities of the Fund shall be co-ordinated with those of the European Investment Bank, the European Social Fund, and the European Agricultural Guidance and Guarantee Fund.

The Present Regulation shall be binding in all its parts and directly enforceable in all Member States.

## **Proposal for a Council regulation on the granting of aid by the European Agricultural Guidance and Guarantee Fund**

(Submitted by the Commission to the Council on 5 March 1963)

*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 financing of the common agricultural policy, and in particular Article 3, (1), b), c) and d) thereof;*

*Having regard to the proposal of the Commission;*

*Having regard to the opinion of the European Parliament;*

*Whereas in order to bring the European Agricultural Guidance and Guarantee Fund into operation it is necessary to establish the conditions under which it will make payments and under which applications for refunds or subsidies must be submitted;*

*Whereas Community rules applicable to all the common organizations of markets must be established as far as possible on the basis of standard definitions, general criteria and a common procedure;*

*Whereas it is intended that the present Regulation will apply to any markets to which the Council decides to extend the scope of Regulation No. 25;*

*Whereas intervention varies in form for the different common organizations of markets and the expenditure chargeable to the Fund in pursuance of Article 3 (1), b) and c) of Council Regulation No. 25 must therefore be determined for each common organization;*

*Whereas, by the enactments so far made under the common agricultural policy, intervention expenditure on the home market concerns for the time being only the cereals market;*

*Whereas, in view of the need to clarify the concepts serving as a basis for computing expenditure on refunds for exports to non-member countries, the present Regulation also covers expenditure coming under Article 3, (1) a) of Council Regulation No. 25;*

*Whereas the steps to be taken in order to fulfil the aims of Article 39 (1), a) of the Treaty, including structural alterations necessitated by the development of the Common Market, concern in particular the improvement of the structure of agricultural markets and the improvement of agricultural structures through the European Fund for Structural Improvements in Agriculture;*

*Whereas agriculture is an integral part of the general economy and this is also true at the regional level; and whereas consequently the solution to certain agricultural problems can be found in regional development, more especially through supplementary measures taken outside the field of agricultural policy; and whereas for such measures to be co-ordinated they must be incorporated in a regional economic development programme; and whereas the Fund in granting aid must therefore accord priority to projects forming part of such regional economic development programmes, as a*

*result of which the measures as a whole will become more effective;*

*Whereas in order to improve the structure of the agricultural markets and to develop it along Common Market lines, provision must be made so that expenditure eligible under Article 3 (1), d) of Council Regulation No. 25 may concern any farm product listed in Annex II of the Treaty;*

*Whereas arrangements are needed to overcome the uncertainty arising from the impossibility of knowing before the end of a season what sum is available to defray expenditure chargeable to the Fund under Article 3 (1), d) of Council Regulation No. 25, since this sum is determined by the expenditure chargeable under Article 3 (1), a) b) and c) of the said Regulation;*

*Whereas a definition of the concept "net imports" contained in Article 7 of Council Regulation No. 25 is needed in order to compute the second part of the Member States' contributions;*

*Whereas the Fund cannot function without close co-operation between the Member States and the Commission, and whereas satisfactory co-operation can be ensured through the machinery of a Committee of the European Agricultural Guidance and Guarantee Fund,*

*Has adopted the following regulation :*

## PART I

### **Compensation for refunds on exports to non-member countries and for intervention on the home market**

#### Sphere of operation

##### *Article 1*

1. Under the conditions and within the limits fixed by the present Regulation, the European Agricultural Guidance and Guarantee Fund, hereinafter called "the Fund", shall compensate the Member States for expenditure incurred in making refunds on exports to non-member countries and in intervening on the home market, such compensation being on a scale rising in accordance with Article 5 of Council Regulation No. 25 on financing of the common agricultural policy, hereinafter called "Council Regulation No. 25".

2. Member States' administrative and staff expenditure shall not be chargeable to the Fund.

Refunds on exports  
to non-member countries

*Article 2*

1. In each regulated market, the net exports of each Member State to non-member countries, which determine the sums payable by the Fund in respect of the export refunds provided for in Article 3 (1), *a)* of Council Regulation No. 25, shall be calculated by basic products, derived products being expressed in terms of basic products.

A basic product or products in each regulated market shall mean a product or products on which the import charge is calculated according to criteria directly applicable and not in relation to the charge on imports of another product.

However, the products mentioned in Article 1 *c)* of Council Regulation No. 19 on the gradual establishment of a common organization of the market in cereals, hereinafter called "Regulation No. 19", shall not be considered as basic products.

2. A list of the basic products and the conversion rates to be used for expressing derived products in terms of basic products shall be fixed according to the procedure referred to in Article 5.

*Article 3*

1. In order to obtain the refund rate, referred to in Article 3 (1), *a)* of Council Regulation No. 25, in the Member State whose average refund is the lowest, each Member State shall calculate once a year the average refund for each basic product.

2. The calculation shall be made for each basic product each season, derived products being excluded, by dividing the total of refunds granted by the quantities exported to non-member countries.

3. On submitting the refund application provided for in Article 9, each Member State shall advise the Commission, before 1 November, of the average rates of refund for each basic product and shall submit the supporting data used in their calculation.

*Article 4*

1. On the basis of the data supplied in pursuance of Article 3, the Commission shall make a comparison between the average annual refunds granted by the Member States.

In so doing it shall not take into account average refunds which :

*a)* are influenced by a price in a Member State arrived at by waiving the lower price-limit fixed for the Community;

*b)* refer to non-representative quantities of products exported to non-member countries.

2. The lowest average refund rate applicable in the Community for each basic product shall be determined according to the procedure referred to in Article 5.

*Article 5*

Where reference is made to this Article, the procedures applicable shall be those laid down in Article 26 of Council Regulation No. 19, Article 20 of Council Regulation No. 20 on the progressive establishment of a common organization of the market in pigmeat, Article 17 of Council Regulation No. 21 on the progressive establishment of a common organization of the market in eggs and Article 17 of Council Regulation No. 22 on the progressive establishment of a common organization of the market in poultrymeat. Any relevant procedure laid down in subsequent regulations on the progressive common organization of a market shall likewise be applicable.

Intervention  
on the home market  
under Article 3 (1), *b)*  
of Council Regulation No. 25

*Article 6*

1. Sums spent on the home market whose aim and effect are identical to those of refunds on exports to non-member countries within the meaning of Article 3 (1), *b)* of Council Regulation No. 25 shall be understood to be expenditure arising under the second sub-paragraph of Article 7 (4) of Council Regulation No. 19, namely :

*a)* Losses sustained in the sale of rye or wheat other than durum at a price below the target prices for these cereals, provided that 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. In determining the losses and the denaturing premiums the following shall be taken into account :

i) The cost of the denaturing operation fixed at a standard rate for the Community according to the procedure laid down in Article 26 of Council Regulation No. 19;

ii) 90 % of the difference in each Member State between the target price for rye or for wheat other than durum and the target price for barley.

**Intervention  
on the home market  
under Article 3 (1), c)  
of Council Regulation No. 25**

*Article 7*

1. If, at the time of transition from one marketing season to another, the unsold stocks of home-grown cereals purchased by the Member States' intervention agencies in pursuance of Article 7 (3) of Council Regulation No. 19 have depreciated owing to a fall in prices, the losses sustained by these agencies shall be chargeable to the Fund under Article 3 (1), c) of Council Regulation No. 25.

2. The losses shall be calculated on the basis of the difference between the intervention price for the last month of the marketing season and the target price for the first month of the following marketing season.

3. The Fund shall accept no liability in respect of reserves held under international agreements independently of national and Community policies for agricultural markets.

**Applications  
for reimbursement**

*Article 8*

Not more than three months after the end of each quarter the Member States shall transmit to the Commission a statement containing the following information :

a) As regards expenditure on refunds for exports to non-member countries, the quantities of produce exported (by weight) these quantities being expressed where appropriate in terms of basic products in accordance with Article 2, and the total amount of refunds granted for each basic product;

b) As regards expenditure for intervention on the home market, the quantities affected by interventions chargeable to the Fund, and the sums spent by class of product.

*Article 9*

1. Once in each year the Member States shall submit to the Commission before 1 November an application for reimbursement of the expenditure which they have incurred for the period from 1 July to 30 June in respect of refunds for exports to non-member countries and of intervention on the home market and which is chargeable to the Fund under Articles 1 to 7.

2. After consulting the Committee of the European Agricultural Guidance and Guarantee Fund, referred to in Articles 23 to 27 and hereinafter called the "Committee of the Fund", the Commission shall stipulate the particulars to be supplied by the Member States in making applications for refunds and the form in which they shall be submitted.

*Article 10*

The reimbursement of expenditure on refunds for exports to non-member countries and on intervention on the home market shall be effected once a year by the Commission after consultation with the Committee of the Fund.

**PART 2**

**Expenditure on improvement of the  
structures of the agricultural markets**

**Sphere of operation**

*Article 11*

1. Under the conditions and within the limits laid down in the present Regulation, the Fund shall contribute, in accordance with Article 3 (1) d) of Council Regulation No. 25, to certain expenditure on improving the structure of agricultural markets.

2. The assistance of the Fund shall be in the form of non-repayable grants. It shall not be substituted for the financial aid granted by national authorities or entail a reduction of such aid, nor may it disturb competitive conditions to an extent incompatible with the common interest.



3. Expenditure chargeable to the Fund under Article 3 (1) *a*) of Council Regulation No. 25 may be in respect of any agricultural product listed in Annex II of the Treaty.

#### *Article 12*

1. Provision for the Fund's expenditure under Article 5 (2) of Council Regulation No. 25 shall be made, beginning with the budget for 1964, in the budget for the financial year following the season for which expenditure is chargeable to the Fund under Article 3 (1) *a*), *b*) and *c*) of the said Regulation.

2. Under the conditions and within the limits fixed by the Financial Regulation concerning the European Agricultural Guidance and Guarantee Fund and the European Fund for Structural Improvements in Agriculture, a part of the sums made available under Article 5 (2) of Council Regulation No. 25 shall be allocated to the European Fund for Structural Improvements in Agriculture.

#### Conditions for the grant of aid from the Fund

#### *Article 13*

1. In order to qualify for aid from the Fund, projects within the meaning of Article 16 must satisfy the following criteria :

*a*) They must form part of a Community programme for improving the structures of agricultural markets drawn up in accordance with Article 14;

*b*) They must offer adequate assurance that the improvement effected in the structures of agricultural markets will be lasting;

*c*) Public, semi-public or private bodies benefiting from the improvement effected must contribute at least 30 % of the total cost of the project.

2. Priority for aid from the Fund shall be accorded to any project which in addition fulfils one or more of the following conditions :

*a*) It forms part of a regional economic development programme;

*b*) It is supplementary to a project financed by the European Fund for Structural Improvements in Agriculture in so far as such project concerns the structural improvement of agricultural markets;

*c*) It represents an economic consequence of the common organization of markets.

#### *Article 14*

1. The Community programmes for improving the structures of agricultural markets, hereinafter called "Community programmes" shall be adopted by the Council, on proposals of the Commission, by unanimous vote during the second stage and by qualified majority thereafter.

2. Such Community programmes shall state :

*a*) The objective to be attained pursuant to Article 15;

*b*) The areas upon which the main effort will bear;

*c*) The percentage or percentages of aid which the Fund may grant for a given project.

3. Each Community programme may provide for different percentages of aid from the Fund against the total cost of the project; a higher percentage may be laid down for projects qualifying for priority treatment under Article 13 (2).

4. After consulting the Committee of the Fund, the Commission shall fix the detailed terms and conditions for the execution of each Community programme approved by the Council. These terms and conditions must also take into account the criteria laid down in Article 13 (1) *a*) and *b*).

#### *Article 15*

1. A Community programme may have one of the following objectives :

*i*) Adaptation and improvement of the marketing of agricultural products;

*ii*) Adaptation and orientation of production and development of outlets for agricultural products.

2. The adaptation and improvement of the marketing of agricultural products shall be concerned with :

*a*) Storage capacity, notably the construction or conversion of silos, warehouses, cellars, cold storage equipment, deep-freeze plant and other equipment for the storage and preservation of products;

*b*) The processing of agricultural products, particularly the construction or conversion of abattoirs, dairies, sugar factories, canning factories, flour-mills, oil-pressing plant, distilleries, wine-making plant or plant for the manufacture of fruit juices;

*c*) The improvement of distribution channels, particularly the establishment or im-

provement of wholesale auction centres, markets with storage facilities, markets with rail transport facilities, centres for packaging and handling products, and the development of market access facilities;

d) Dissemination of fuller information on factors determining price formation on agricultural markets, notably through the establishment or improvement of market survey centres or of information services for price quotations.

3. The adaptation and orientation of production and the development of outlets shall be concerned with:

a) The quantitative adaptation of production to outlets, in particular by changes in crops, limitation of output and changes in marketing seasons;

b) The promotion of higher-quality and more homogeneous production;

c) The improvement of outlets, in particular by the encouragement of consumption as mentioned in Article 41 (b) of the Treaty.

#### *Article 16*

1. Any aid from the Fund shall be concerned with that part of the project which aims at improving the structure of agricultural markets.

2. For the purposes of the present Regulation, a "project" shall signify any public, semi-public or private scheme wholly or in part intended to improve the structure of agricultural markets.

#### *Procedure for the granting of aid from the Fund*

#### *Article 17*

The Fund shall grant assistance to individuals or corporations on whom, wholly or in part, the financial burden of executing a project finally falls. Such assistance shall be rendered through the public, semi-public or private bodies responsible for authorizing expenditure on the project concerned.

#### *Article 18*

1. Applications for aid from the Fund shall be submitted to the Commission before 1 October of each year, beginning in 1963.

2. After consulting the Committee of the Fund, the Commission shall stipulate the particulars to be supplied in making applications and the form in which they shall be submitted.

3. Applications for assistance from the Fund shall be put forward by the Member State concerned or by the body responsible for authorizing expenditure on the project in question.

#### *Article 19*

1. The Commission shall verify that projects submitted satisfy the conditions laid down for the grant of aid from the Fund and in particular that they are in conformity with the Community programme.

2. Having due regard to the priorities set out in Article 13 (2) and to the financial means available, the Commission shall, after consulting the Committees of the Fund, decide as to the grant of assistance from the Fund and as to the terms and conditions thereof.

3. In the case of an application not submitted by a Member State, the Commission shall consult the Member State concerned before taking any decision committing the Fund to grant assistance.

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

#### *Article 20*

1. Grants shall be made by single payment or, in the case of large-scale projects, by instalments.

2. The Commission shall decide, in consultation with the Committee of the Fund, as to the detailed application of the foregoing paragraph.

#### *Article 21*

1. The Commission shall exercise oversight of the fulfilment of the technical, financial or other conditions laid down for each project assisted by the Fund.

2. Where these conditions are not, or are no longer, fulfilled the Commission may suspend, reduce or withdraw the Fund's aid.

### PART 3

## Contributions to the Fund

### Article 22

Net imports from non-member countries by each Member State, the figures for which are needed in calculating the second part of the Member States' contribution to the Fund pursuant to Article 7 (1) of Council Regulation No. 25, shall be calculated by value for all products in which the market is governed by the said Regulation.

## Committee of the Fund

### Article 23

1. There shall be set up a Committee of the European Agricultural Guidance and Guarantee Fund.
2. The Committee of the Fund shall assist the Commission in the administration of the Fund in accordance with Articles 24 to 27 of the present Regulation.

### Article 24

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

### Article 25

The Committee of the Fund shall be consulted:

1. In all cases in which consultation is provided for, whether in the present Regulation or in any subsequent decisions of the Council or of the Commission concerning the financing of the common agricultural policy;

2. On appropriations to the Fund to be included each year in the estimates for the Commission's budget of expenditure for the subsequent budget year, and in any draft supplementary estimates;

3. On the drafts of the annual reports and of the general report prepared pursuant to Article 3 (3) and Article 4 of Council Regulation No. 25;

4. On the draft of any proposal in pursuance of Council Regulation No. 25 which the Commission intends to lay before the Council.

### Article 26

The Committee of the Fund may consider any other matters referred to it by the chairman on his own initiative or at the request of a representative of a Member State.

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

### Article 27

The meetings of the Committee of the Fund shall be convened and arranged by the chairman.

The secretariat services for the Committee shall be provided by the Commission's staff.

On a proposal of the chairman, the Committee may consult experts.

The Committee shall draw up its own rules of procedure.

### Article 28

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

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

# **Proposal for a financial regulation relating to the European Agricultural Guidance and Guarantee Fund and to the European Fund for Structural Improvements in Agriculture**

(Submitted by the Commission to the Council on 5 March 1963)

*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 Regulation No 25 of the Council on Financing of the Common Agricultural Policy;*

*Having regard to Regulation No. ... of the Council on the granting of aid by the European Agricultural Guidance and Guarantee Fund;*

*Having regard to Regulation No. ... of the Council on the European Fund for Structural Improvements in Agriculture;*

*Having regard to the proposal of the Commission;*

*Whereas under Article 1 of Regulation No. 25 of the Council on Financing of the Common Agricultural Policy the European Agricultural Guidance and Guarantee Fund forms part of the Community's budget;*

*Whereas the European Fund for Structural Improvements in Agriculture will likewise form part of the Community's budget;*

*Whereas for these two agricultural funds to serve their purpose the financial and budgetary conditions under which they operate must be embodied in the Community's budget;*

*Whereas for satisfactory operation of the European Fund for Structural Improvements in Agriculture a financial link must be established between that Fund and the European Agricultural Guidance and Guarantee Fund;*

*Whereas such financial link should take the form of certain limited drawings on the European Agricultural Guidance and Guarantee Fund appropriated to the European Fund for Structural Improvements in Agriculture, and whereas it is necessary to ensure the smooth functioning of the latter Fund, which undertakes short- and long-term operations, by supplementing its revenue from the ordinary budget;*

*Whereas because of the number and the importance of such financial and budgetary provisions it is appropriate to consolidate them in a separate Financial Regulation applying to both Funds,*

*Has adopted the present Regulation :*

## **General**

### *Article 1*

Except as otherwise provided in this Regulation, the Financial Regulations adopted under Article 209 shall be applicable to the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as the EAGGF, and to the European Fund for Structural Improvements in Agriculture, hereinafter referred to as the EFSIA.

## **Budget provision**

### *Article 2*

1. The expenditure of the EAGGF shall constitute a special section in the budget of the Community. This section shall be divided in two chapters :

*a)* Expenditure for refunds on exports to non-member countries and for intervention in the home market eligible by virtue of Article 3 (1), *a)*, *b)* and *c)* of Regulation No. 25 of the Council on Financing of the Common Agricultural Policy, hereinafter referred to as Council Regulation No. 25;

*b)* Expenditure on structural improvements for agricultural markets, eligible by virtue of Article 3 (1) *d)* of Council Regulation No. 25.

2. The expenditure of the EFSIA shall constitute a special section in the budget of the Community. This section shall be divided in two chapters :

*a)* Expenditure in respect of previous commitments;

*b)* Expenditure in respect of new commitments.

### Article 3

1. The estimates in the preliminary draft budget shall be computed on the basis of the information available at the time. Before approval of the draft budget by the Council, the Commission may submit revised estimates in the light of additional information.

2. Any further expenditure required to meet the Commission's commitments relating to the EAGGF and the EFSIA shall be the subject of a supplementary budget.

### Article 4

1. The funds available to the EAGGF under Article 5 (2) of Council Regulation No. 25 shall be drawn from the budget of the financial year following the marketing season for which such expenditure is chargeable to the Fund under Article 3 (1), a), b) and c) of that Regulation, and in the first instance from the 1964 budget.

2. For EAGGF operations, the term "marketing season" shall run from 1 July to the 30 June following.

## Contributions of Member States

### Article 5

1. Notwithstanding the provisions of Article 3 (2) of the Financial Regulation concerning the drawing up and execution of the budget of the EEC and the responsibility of certifying officers and accountants, the financial contributions of the Member States shall be appropriated to the expenditure of the EAGGF and EFSIA.

2. Where necessary a new apportionment of the financial contributions of the Member States shall be made by way of a supplementary budget, after the Member States have furnished the Commission with their import statistics, with a view to final calculation of the special scale provided for in Article 7 of Council Regulation No. 25.

### Article 6

The Member States' contributions to the EAGGF required to cover the expenditure referred to in Article 5 (2) of the Council

Regulation No. 25 shall be allocated in part to the EFSIA, but the amounts so allocated shall not exceed one quarter of the amount arrived at in accordance with the said Article 5 (2).

Where the amount so calculated is nil or is insufficient to provide the necessary appropriations for the operation of the EFSIA, due regard being had to the provisions of the preceding paragraph, supplementary estimates shall be made in the budget.

### Article 7

The EFSIA shall re-apply to its purposes any sums representing reimbursement of advances made by it to extend the redemption periods of loans and the interest received on such amounts.

### Article 8

1. The financial contributions, expressed in national currencies, shall be credited by each Member State to the special accounts opened for the Commission with the Treasury or any other authority designated by the Member States concerned. Such accounts shall be kept separate from all other accounts opened for the Commission under the budget procedure.

2. Credits shall be made:

a) In respect of contributions to cover the expenditure referred to in Article 2 (1) a) above:

in full at latest by 20 January or within 30 days from the final adoption of the supplementary or revised budget;

b) In respect of contributions to cover the expenditure referred to in Article 2 (1) b) and (2) above:

i) as to 7/12ths of the annual amount by 20 January or within 30 days from final determination of the budget if the provisions of Article 204 of the Treaty are applied;

ii) as to the remaining 5/12ths on 1 July of the year in question.

3. The Commission shall maintain, in each Member State, with the Central Bank or other financial establishment approved by the State concerned, operational accounts for the EAGGF and the EFSIA bearing the same names as those opened in pursuance of paragraph 1 of this Article.

Commitment of funds  
and carrying forward

*Article 9*

1. The following shall be considered as commitments of funds:

i) For the EAGGF: recognition by the Commission of Member States' claims in respect of expenditure for refunds and interventions;

ii) For the EAGGF: in respect of expenditure on structural improvement of agricultural markets, the Commission's decisions taken under paragraph 2 of Article 19 of Council Regulation No. .... on the granting of aid by the EAGGF;

iii) For the EFSIA: the Commission's decisions taken under Article 10 (2) of Council Regulation No. .... on the EFSIA.

2. Amounts committed within the meaning of the foregoing paragraph, but not paid out by the end of the financial year, shall be automatically carried forward to the next financial year. Amounts not used for expenditure on refunds or intervention in the home market shall lapse.

3. Amounts included in the chapters referred to in paragraph 1 *b*) and paragraph 2 *b*) of Article 2 above, but not committed, shall be carried forward to the subsequent financial year only, unless the Council shall decide otherwise by qualified majority within six weeks of the Commission having submitted its reasons for such carry forward.

Repayment to the Member States of expenditure on refunds or intervention through the EAGGF

*Article 10*

Expenditure on refunds and intervention shall be approved, certified and paid once in each marketing season. For this purpose the Commission shall determine:

1. The balance of the account of each Member State, regard being had to its final contribution and to the total expenditure refunded to it under Article 10 of Council Regulation No. ....

2. The amount of the transfers to be made in order to clear credit or debit accounts.

*Article 11*

As soon as the operations stipulated in Article 10 of the present Regulation have been concluded, the Commission shall notify:

1. To debtor Member States the amounts to be paid by them to the Commission;
2. To creditor Member States the amounts to be paid to them by the Commission.

*Article 12*

Within two months from such notification the Commission shall pay to the creditor Member State, through the account opened for this purpose with the Central Bank or approved establishment, the amount referred to in Article 11 *b*) by debiting the corresponding amount to the account opened in the name of the Commission in conformity with Article 8 of the present Regulation.

*Article 13*

1. The amounts to be repaid by the EAGGF to the Member States shall be determined, in the national currencies of the latter, on the basis of decisions taken by the Commission in conformity with Article 10 of Council Regulation No. ....

2. In determining the contributions and the balances of the accounts of the Member States, the amounts of the refunds shall be converted into units of accounts.

3. Payments made in order to clear accounts expressed in units of account shall also be made in the national currencies of the Member States.

*Article 14*

Creditor Member States shall receive from the Commission a payment in their national currencies at the rate of exchange obtaining on the day the accounts were balanced as stipulated in Article 10.

*Article 15*

If there is a change in the exchange rate of the currency of a creditor Member State between the date of the balancing of accounts stipulated in Article 10 and the time of payment, any surplus accruing, in the case of a devaluation, to the accounts opened for the EAGGF in the name of the Commission shall be divided among all Member States in accordance with the special scale laid down in Article 7 of Council Regulation No. 25; in the case of revaluation all Member States shall make corresponding supplementary payments into the account opened for the EAGGF in the name of the Commission.

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

## Proposal for a Council regulation concerning price measures to be applied to cereals from the 1963/64 marketing season onwards

(Submitted by the Commission to the Council on 8 March 1963)

It has been assumed in drafting this proposal that the Italian Government, invoking Article 23 (2) of Council Regulation No. 19, will request a further one-year extension of the time-limit laid down in Article 23 (1) of that Regulation. The passages relating to Italy, in both preamble and substantive text, have therefore been placed between square brackets.

*The Council of the European Economic Community,*

*Having regard to the Treaty establishing the European Economic Community;*

*Having regard to Council Regulation No. 19 on the gradual establishment of a common organization of the markets in cereals, and in particular Articles 6 [and 23 (2)] thereof;*

*[Having regard to the request of the Italian Government for authorization to waive the lower limit of the target price for barley];*

*Having regard to the Commission's proposal;*

*Whereas Article 6 (4) of Council Regulation No. 19 provides that disparities between target prices of cereals shall be progressively reduced so that a common target price may be established for each kind of cereal by the end of the transition period;*

*Whereas such approximation of target prices requires that price ratios between the various cereals be harmonized;*

*Whereas such price ratios have an appreciable influence on the pattern of production;*

*Whereas, in view of the trends of consumption in the Community of barley and maize on the one hand and of wheat other than durum and rye on the other, it is necessary to reorientate the present production of these cereals, which can be done by harmonizing the present price ratio between barley and the other cereals, placing the target price of wheat other than durum between 113 and 117 and that of rye and maize between 98 and 102 in relation to a target price of 100 for barley;*

*Whereas the ratio between the lower limit of the target price for barley and the lower limit of the target price for wheat other than durum, which were fixed by Council decision of 10 May 1962 for the 1962/63*

*marketing season, is 100 to 125; and whereas in order to arrive at the necessary price ratio the lower limit of the target price for barley should be increased, since a reduction in the price of wheat other than durum in the Member State with the lowest price is contrary to the principle of approximating prices;*

*Whereas the common target price which is to be fixed for each cereal at the end of the transition period must be at an intermediate level, and whereas it is not the Council's intention to make the common agricultural policy protectionist;*

*Whereas it is therefore necessary simultaneously to lower the upper limit of the target price for barley;*

*Whereas in the Federal Republic of Germany the lowering of the upper limit of the price of barley, combined with the introduction of Community-wide ratios between the prices of the various cereals, means a reduction of all cereal prices; and whereas the upper limit for barley should not therefore be lowered by the same amount as that by which the lower limit is raised;*

*[Whereas the application of the lower limit of the target price of barley in Italy would cause a considerable rise in the price of this cereal with consequent grave difficulties, a situation which was already taken into consideration by the Council in its decision of 24 July 1962 pursuant to Article 23 (2) of Council Regulation No. 19; and whereas the authorization granted to Italy to fix the target price for barley below the lower limit should therefore be renewed according to the same procedure for the 1963/64 marketing season;*

*Whereas it is necessary however that, for the approximation of cereal prices, the price of barley in Italy should be gradually increased so that at latest by the beginning of the 1964/65 marketing season it may reach the lower limit];*

Whereas immediate application of the measures to harmonize price ratios between the various cereals would entail material difficulties for Italy and Luxembourg and it is therefore advisable to authorize these two Member States to make exceptional arrangements for a limited period;

Whereas the harmonization of price ratios between the various cereals can only achieve its object if the target prices and the intervention prices of each cereal are fixed for an identical quality standard in all Member States,

Has adopted the present Regulation :

#### Article 1

1. For the 1963/64 cereals marketing season, each Member State shall fix the target price applicable at the beginning of the season for barley within the following limits :

a) Upper limit applicable in the marketing centre of the area having the largest deficit, in national currency per ton :

DM 400.00; FF 493.71; Lit. 62 500; FB/Lux. 5 000; Fl. 362.00;

b) Lower limit applicable in the marketing centre of the area having the largest surplus, in national currency per ton :

DM 310.00; FF 382.62; Lit. 48 438; FB/Lux. 3 875; Fl. 280.55.

[2. Notwithstanding the provisions of paragraph 1, the Italian Republic shall be authorized to waive the application of the lower limit of the target price for barley for the 1963/64 marketing season, provided that the target price at the beginning of the season in the marketing centre of the area with the largest surplus is not lower than Lit. 45 625 per ton.]

#### Article 2

1. From the 1963/64 marketing season onwards, each Member State shall so fix the basic target price applicable at the opening of the season for wheat other than durum, and for rye and maize if the Member State is a substantial producer of either of the latter, that in relation to the basic target price for barley applicable at the opening of the season the target prices shall be as follows :

a) For wheat other than durum between 113 % minimum and 117 % maximum;

b) For rye between 98 % minimum and 102 % maximum;

c) For maize between 98 % minimum and 102 % maximum.

2. Notwithstanding the provisions of paragraph 1 :

a) The Italian Republic shall be authorized for the 1963/64 marketing season to fix the target price for wheat other than durum applicable in the marketing centre of the area with the largest surplus at a maximum of 137 % of the target price of barley fixed in accordance with Article 1 (2).

b) The Grand Duchy of Luxembourg shall be authorized to fix the basic target price for wheat other than durum :

i) For the 1963/64 marketing season, at a maximum of 128 % of the basic target price for barley;

ii) For the 1964/65 marketing season, at a maximum of 122 % of the basic target price for barley.

c) The Grand Duchy of Luxembourg shall be authorized to fix the basic target price for rye :

i) For the 1963/64 marketing season at a maximum of 116 % of the basic target price of barley;

ii) For the 1964/65 marketing season at a maximum of 108 % of the basic target price of barley.

3. On a proposal of the Commission, the Council, acting by unanimous vote during the second stage and thereafter by qualified majority, may modify from the 1965/66 marketing season onwards the price ratios fixed in paragraph 1.

#### Article 3

From the 1963/64 marketing season onwards, the basic target prices and the derived target prices, the basic intervention prices and the derived intervention prices shall be fixed for barley and wheat other than durum, as well as for rye and maize if the Member State is a substantial producer of either of the latter, in respect of an identical quality standard in all Member States.

These quality standards shall be determined in accordance with the provisions of Article 26 of Council Regulation No. 19, which shall be applicable by analogy.



#### Article 4

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

It shall be binding in all its parts and directly applicable in every Member State.

#### **Explanatory memorandum on the Commission's proposal concerning price measures to be applied by the Member States from the 1963/64 cereals marketing season onwards.**

1. The implementation of the common agricultural market requires the establishment of a common price level for agricultural products. This must begin by an approximation of cereal prices, first, because Article 6 (4) of Council Regulation No. 19 on the gradual establishment of a common organization of the market in cereals provides that disparities between the basic target prices of cereals fixed by the Member States shall be progressively reduced during the transition period so as to arrive at a common target price by the end of this period and, secondly, because these are staple products occupying a key position in the agricultural price structure.

2. In the common agricultural market, common basic target prices fixed annually by the Council on a proposal from the Commission will therefore be applicable to the various kinds of cereals (barley, wheat other than durum and, where appropriate, rye and maize). The relationships between the basic target prices of the various kinds of cereals will thus be the same throughout the Community. These relationships will be fixed in such a way as to guide production and consumption of the various kinds of cereals in the direction required by the objectives of the Community's agricultural and commercial policies, with due regard to the supply situation in the Community.

3. But a feature of the present situation is that the basic target prices fixed by the Member States for the 1962/63 marketing season not only diverge considerably as to their absolute level — within the price limits fixed by the Council on a proposal from the Commission — but also as to the relative levels for the various kinds of cereals (see Table I). In view of the influence of price relationships on the pattern of production, these differences be-

tween the national price relationships lead to a situation where production of the various kinds of cereals in the Member States is orientated in a direction contrary to the Community interest. The Community's supply situation is marked by growing requirements for certain coarse grains (particularly barley and maize) while the production of wheat other than durum and rye tends to be surplus to both internal and external outlets.

Under the common organization of the cereals market any surpluses of wheat other than durum in Member States will have to be bought at the intervention price and, after denaturing, sold as fodder on the internal market; in accordance with Council Regulation No. 25 this will involve growing Community expenditure in the years ahead. Consequently, the proposed initial measures for the establishment of common cereal prices aim first to harmonize as soon as possible relationships between the basic target prices of the various kinds of cereals in the Member States. Similar measures will have to be taken without delay to deal with relationships between the threshold prices of those cereals for which no target price is fixed (see draft resolution attached).

4. But the harmonization of price ratios between cereals in the Member States can only achieve its purpose — in the establishment of a common level of cereal prices — if the prices apply to an identical quality standard in each Member State. The common quality standards for barley, wheat other than durum and rye fixed for purposes of threshold prices by Commission Regulation No. 61 in pursuance of Article 12 a) of Council Regulation No. 19 are at present applied to target prices only by France, the Netherlands and Italy, whilst in the other Member States — in conformity with the relevant provisions [Regulation No. 19, Article 5 (1) and Council Decision of 10 May 1962, Article 1] — the target prices for the 1962/63 marketing season apply to the quality standards actually applied during the 1961/62 season.

It is consequently proposed, among the price measures to be applied by the Member States, that beginning with the 1963/64 marketing season in all these States, basic target prices as well as derived target prices and intervention prices should apply to quality standards to be fixed by the procedure laid down in Article 26 of Regulation No. 19 (Management Committee; see Article 3 of the draft).

5. As the quality standards at present applied in Germany, Belgium and Luxembourg for target prices are inferior to the common quality standard laid down in Commission Regulation No. 61 for threshold prices, the proposed measure entails for the said Member States :

a) An absolute reduction in the threshold price, that is to say, a reduction of the price of imported cereals;

b) An actual fall in the return to the grower who sells, at the intervention price, cereals of the same quality as in the preceding year.

6. In view of the present supply situation in the Community and the consumption trends of barley and maize on the one hand and wheat other than durum and rye on the other, the prices must be so fixed that, in relation to a barley price of 100; the prices for wheat other than durum will be from 113 to 117 and the prices of rye and maize between 98 and 102.

The above price ratios will influence the pattern of cereal production in the way desired, in particular, by encouraging barley growing and not offering a higher incentive to grow wheat other than durum.

7. As a further price measure it is therefore proposed that, from the marketing season beginning on 1 July 1963, the Member States should at the beginning of the season fix the basic target prices applicable in the marketing centre of the area with the largest deficit so that, in relation to a barley price of 100, the price of wheat other than durum will be between 113 and 117 and the price of rye and maize, in the Member States which are substantial producers, between 98 and 102 [see Article 2 (1) of the draft]. In order to influence the pattern of production in the way desired, the price ratios mentioned would need to be valid for the 1963/64 and the 1964/65 marketing seasons. In later years they can be changed by the Council on a proposal of the Commission with due regard to the trend of the Community's supply situation (see Article 2 (3) of the draft). Probably the price ratios will then be shifted even more in favour of barley (100 - 112).

As soon as possible the Council, on a proposal of the Commission, will take steps to make the price ratios valid not only at the beginning of the marketing season but throughout the season (see draft resolution).

8. The upper limits fixed by the Council decision of 10 May 1962 for the target prices of barley, wheat other than durum and rye largely correspond to the price relationship proposed under point 7 above. Consequently, for the Federal Republic of Germany, which has made full use of these upper price limits, the application of the proposed measures presents no special problem. In a general way the same is true of Belgium. In Luxembourg, which has fixed high prices for wheat other than durum and rye and low prices for barley, it will be possible to solve the problems which arise by means of special clauses [see Article 2 (2) of the draft]. The Netherlands, which has already increased the target price of wheat for the 1963/64 marketing season by 20 florins a ton, will be able to restore the reasonable price ratio which has so far existed between barley and wheat other than durum by a corresponding rise in the price of barley.

9. On the other hand, the relationship between the lower limits of the 1962/63 target price brackets for barley, wheat other than durum and maize diverges appreciably from the price relationship proposed for the Community in 1963/64. Thus, at the present time, the ratio between the target prices for barley and wheat other than durum in the main areas of France where there is a surplus is 100 - 125.

Since it would run counter to the efforts to approximate Community cereal prices if the target price of wheat other than durum were reduced in France, the price ratio of 100 (113 - 117), which is precisely the ratio needed in order to orientate production in that country, must be established by raising the target price of barley by DM 21.24 (FF 26.22) per ton. This means that the lower limit of the target price will be raised from DM 285.68 per ton in 1962/63 to DM 310 per ton in 1963/64.

10. The establishment of the necessary price ratios comes up against special difficulties in Italy in view of the present relation between barley and wheat other than durum (100-157) — an exceptionally wide disparity. Under the national cereals policy so far applied in Italy the price of wheat has been maintained at a level among the highest in the Community, while prices for coarse grains (maize and barley) are only a little higher on the Italian than on the world market. Under the Community's price policy for cereals, transi-

tional measures must be provided to enable Italy :

a) To fix the 1963/64 target prices for barley — in accordance with Article 23 (2) of Regulation No. 19 — under the lower limit [see Article 1 (2) of the draft];

b) To introduce the Community price ratio by simultaneously lowering wheat prices and raising barley and maize prices, spreading the operation over two seasons [see Article 2 (2)].

11. If in establishing Community-wide price ratios it is found necessary to raise the lower limit of the target prices for barley for the 1963/64 marketing season, the upper limit cannot be left unchanged for the following reasons :

a) The Commission has always thought in terms of a common target price for cereals at an intermediate level, i.e. established by reducing high, and raising low, prices;

b) The Community should not give its trading partners the impression of attempting to establish a given level of farm prices simply by raising the lower prices, as this would lend a protectionist and autarkic character to the common agricultural policy;

c) The Federal Republic of Germany and Luxembourg will have to reckon with difficulties over farm incomes if the upper price limits are lowered, and conversely Italy will be faced with certain problems if the lower limits for fodder grains are raised. However, since in the case of Germany and Luxembourg the link between the lowering of the upper price limit for barley and the establishment of Community-wide price ratios will mean lower prices for all cereals, it would seem reasonable to raise the lower limit by an amount greater than the reduction in the upper limit.

12. Consequently, it is proposed that for the 1963/64 marketing season the price bracket within which the Member States should fix target prices for barley should be as follows :

Upper limit DM 400/ton (— DM 12.00)  
Lower limit DM 310/ton (+ DM 24.32)  
[see Article 1 (1) of the draft].

These price limits are applicable to an identical quality standard.

13. If, with effect from 1 July 1963, the ratio between the prices of the various kinds of cereals in all the Member States has been fixed by decision of the Council, it will be possible for future Council decisions on the establishment of common target prices to be confined to gradually reducing the gap between the lower and upper limits of the target prices for barley. In this way account will be taken of the fact that barley is of special importance for processed and conversion products in the Community.

Hence, for the 1963/64 marketing season the Council, acting on a proposal from the Commission, will fix the target price bracket for barley only. The common target price to be fixed by the Council from the end of the transition period will also be for barley only. The target prices for wheat other than durum, rye and maize will be fixed by the Member States according to the ratio established by the Council by reference to the target prices for barley.

14. The application to cereal prices of the three measures proposed will give rise in some Member States to problems calling for special arrangements. These may consist in authorizing certain Member States, as provided for in the draft regulation, in certain circumstances to establish by stages the price ratios planned for the Community from 1963/64 onwards. This is needed particularly in Luxembourg [see point 8 above and Article 2 (2) of the draft] and in Italy [see point 10 above and Article 2 (2)].

Such measures may also take the form of aids to cereal growers in the Member States. So that the effect of the Community price ratios on production may not be totally or partially cushioned by such aids, and to avoid discrimination between growers in the Community, the Council, acting on proposals from the Commission, will adopt regulations on these matters as soon as possible (see draft Council resolution).

15. The consequences which this regulation is likely to have for target prices in the cereals marketing season 1963/64 in each Member State are shown in Tables II and III.

TABLE I

I. *Basic target price ratios 1962/63*

Barley = 100

	Wheat	Rye	Maize
Upper limit	115	105	—
Germany	115	105	—
Luxembourg	135	124	—
Italy	157	—	99
Belgium	118	94	—
Netherlands	116	88	—
France	123	100	110
Lower limit	125	92	87

II. *Basic target price ratios 1963/64 and 1964/65*

Barley = 100

	Wheat	Rye	Maize
	113-117	98-102	98-102

**Note**

1. Council Regulation No. 19 on the gradual establishment of a common organization of the market in cereals provides that the Council, on a proposal from the Commission, shall decide:

a) Before 1 April 1963, on the price measures to be applied by the Member States for the 1963/64 marketing season beginning on 1 July 1963;

b) Before 1 September 1963, on the price measures to be applied by the Member States for the marketing of cereals of which the production season starts on 1 October following.

2. The attached draft regulation deals with the measures to be approved before 1 April 1963 and applied to the cereals marketing season beginning 1 July 1963.

3. This draft regulation is an extremely urgent measure as the Council decision fixing the upper and lower limits of the target prices for cereals in the 1962/63 marketing season expires on 30 June 1963.

To avoid the adoption of this text being held up for procedural reasons, certain points which are related to the proposed measures, but would require amendments to Council Regulation No. 19 and, con-

sequently, recourse to Article 43 and consultation of the European Parliament, have been covered by a draft resolution so that the Council may lay down a general line of policy.

These points are:

- a) The harmonization of the fixing of threshold prices;
- b) The monthly scale of target prices;
- c) The question of aids.

4. As regards consultation on the draft regulation concerning price measures which the Member States are to apply in the 1963/64 cereals marketing season and thereafter, it is relevant to recall the reply to question No. 47 by M. Vredeling. Here it was stated that the matter of cereals target prices was dealt with, not by a normative act under Article 43 of the Treaty involving obligatory consultation of the European Parliament, but by implementing arrangements pursuant to Regulation No. 19 adopted by the Council under Article 43 after consulting the European Parliament; hence no obligatory consultation of the European Parliament was proposed.

It would therefore appear proper to transmit the draft regulation to the competent parliamentary Committee for information.

TABLE II

Basic target prices and derived target prices for cereals

(in DM/tons)

	Barley		Wheat other than durum		Rye		Maize	
	1962/63	1963/64	1962/63	1963/64	1962/63	1963/64	1962/63	1963/64
Upper limit	412.26 (100)	400.00 (100)	475.69 (115)		432.69 (105)			
<i>Germany</i>								
Duisburg	412.00 (100)	400.00 (100)	475.50 (115)	468.00 (117)	432.50 (105)	408.00 (102)		
Simbach	381.00 (100)	368.00 (100)	444.50 (117)	437.00 (119)	401.50 (105)	377.00 (102)		
<i>Luxembourg</i>	347.20 (100)	347.20 (100)	468.00 (135)	444.40 (128) *	438.00 (124)	402.75 (116) *		
<i>Belgium</i>								
Malines	347.20 (100)	347.20 (100)	410.40 (118)	406.22 (117)	327.20 (94)	340.25 (98)		
<i>Netherlands</i>								
Rotterdam			367.96 (116)	390.05 (117)				
Deventer (a)	316.57 (100)	333.33 (100)			277.90 (88)	326.66 (98)		
<i>France</i>								
Chartres	(b) 288.76 (100)	310.00 (100)	361.59 (125)	361.59 (117)				
Chateaudun	(d) 315.90 (100)	337.14 (100)	388.73 (123)	388.73 (115)	316.38 (100)	330.39 (98)	324.49 (112)	319.54 (103)
Marseilles					289.24 (100)	303.25 (98)		
Orléans	(c)						348.79 (110)	343.84 (102)
Dunkirk	(d)							
<i>Italy</i>								
Ravenna	(1) 265.60 (100)	292.00 (100)	417.60 (157)	400.00 (137)*				
Bologna	(d)						262.40 (99)	286.16 (98)
Naples	(2)		441.60	424.00				
Lower limit	285.68 (100)	310.00 (100)	357.70 (125)		262.84 (92)		249.60 (87)	

(a) For barley and rye.

(b) For barley.

(c) For rye.

(d) For maize.

(1) North and Central Italy.

(2) Rest of country.

(\*) Transitional measures.

TABLE III

*Changes in target prices in the Member States (DM/ton) resulting from the proposed measures (1) in 1963/64*

Country	Barley			Wheat other than durum			Rye			Maize		
	Adjustment for quality standard	Approximation	Total	Adjustment for quality standard	Approximation	Total	Adjustment for quality standard	Approximation	Total	Adjustment for quality standard	Approximation	Total
Germany F.R.	-14.50	-12.00	-26.50	- 6.00	- 7.50	-13.50	- 7.50	-24.50	-32.00	—	—	—
Belgium	- 8.00	—	- 8.00	- 4.00	- 4.18	- 8.18	- 4.00	+13.05	+ 9.05	—	—	—
Luxembourg	- 8.00	—	- 8.00	- 7.20	-23.60	-30.80	- 6.40	-29.25	-35.65	—	—	—
Netherlands	—	+16.76 <sup>(2)</sup>	+16.76 <sup>(2)</sup>	—	+22.09	+22.09	—	+48.76 <sup>(3)</sup>	+48.76 <sup>(3)</sup>	—	—	—
France	—	+21.24	+21.24	—	—	—	—	+14.01	+14.01	—	- 4.95	- 4.95
Italy	—	+26.40	+26.40	—	-17.60	-17.60	—	—	—	—	+23.76	+23.76

(1) Proposal : a) Barley bracket : DM 400.00 — DM 310.00.  
(— DM 12.26) (+ DM 24.32).

b) Harmonization of price ratios : Barley = 100, wheat = 113-117, rye = 98-102, maize = 98-102.

c) Harmonization of quality standards.

(2) The subsidy at present granted to sandy areas (DM 193 ha.) is equivalent to DM 55.00 t. (3 500 kg. per ha.).

(3) The subsidy at present granted to sandy areas (DM 193 ha.) is equivalent to DM 64.30 t. (3 000 kg. per ha.).

## Draft Council resolution concerning certain measures to be taken in the approximation of cereal prices

### *The Council*

*Whereas* the Regulation concerning price measures to be applied in the 1963/64 cereals marketing season and thereafter provides for harmonization of price ratios between the kinds of cereals for which a target price is fixed;

*Whereas* in order to create equal conditions of competition between the various kinds of cereals and arrive at a common threshold price for each cereal at the single market stage, in conformity with Article 13 of Council Regulation No. 19, it is further necessary to establish, from the 1964/65 marketing season onwards, a proper relationship between the threshold price of barley and the threshold prices of the kinds of cereals for which no target price is fixed;

*Whereas* in order to ensure that the price ratios fixed by the Regulation have the desired effect on the pattern of production and that discrimination does not arise between growers in the Member States, it is necessary to provide that any aids granted to mitigate the effects of the price changes resulting from the measures to approximate cereal prices may, where they are incompatible with the common market, be restricted and gradually abolished;

*Whereas* the harmonization of price ratios between the various cereals cannot be limited to the beginning of the marketing season but must extend to the whole season, and it is therefore advisable to provide, from the 1964/65 marketing season onwards, for the harmonization of provisions on the monthly scale of target prices;

*Resolves* to take, before 1 September 1963, a decision in accordance with the procedure under Article 43 of the Treaty concerning :

- a) The harmonization of ratios between the threshold price of barley and the threshold prices of those kinds of cereals for which no target price is fixed;
- b) The application of Articles 92, 93 and 94 of the Treaty to aids granted to mitigate the effects of price changes resulting from measures to approximate cereal prices;
- c) The harmonization from the 1964/65 marketing season onwards of provisions on the monthly scale of target prices;

*Invites* the Commission to submit proposals to this effect before 30 June 1963.

