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OF THE EUROPEAN ECONOMIC COMMUNITY

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Initiative 1964

(supplementary communication by the Commission, 30 October 1964)

Part I

Draft decision of the representatives of the Member Governments of the European Economic Community meeting in the Council to proceed with the speedier realization of the objectives of the Treaty

The representatives of the Member Governments of the European Economic Community meeting in the Council,

Having regard to the Treaty establishing the European Economic Community;

Having regard to the decisions of the representatives of the Member Governments dated 12 May 1960 and 15 May 1962;

Having regard to the communication of the Commission dated 30 September 1964,

Have made the present decision :

Article 1

Notwithstanding the provisions of Article 2 below, the Member States shall, with effect from 1 January 1965, reduce the customs duties applicable among themselves so that :

a) total customs charges on products not listed in Annex II to the Treaty — calculated by multiplying by the basic duties the value of imports from the other Member States during 1956 — are reduced by 75 %, the reduction on any one product being not less than 70 % of the basic duty;

b) total customs charges on the products listed in Annex II, other than those referred to in Article 6 — calculated by multiplying by the basic duties the value of imports from the other Member States during 1956 — are reduced by 55 %, the reduction any one product being not less than 50 % of the basic duty.

Article 2

For products in respect of which application has been made before 1 October 1964 to have recourse to safeguard measures under Article 226 of the Treaty, the Member States having made such application shall, on 1 January 1965, introduce customs duties on imports from the other Member States equal to the duties currently

applicable less at least 5 % of the basic duty.

Provided that the Member States shall retain the right to apply in intra-Community trade the customs duties directly fixed by decision of the Commission for the term of validity of such decision.

Article 3

On 1 January 1966, in respect of products not listed in Annex II, and on 1 January 1966 and 1 January 1967, in respect of the products listed in Annex II other than those referred to in Article 6, the Member States shall again reduce the customs duties applying among themselves so that with each of these reductions total customs charges as defined in Article 1 are reduced by 15 %, the reduction for any one product being at least 10 % of the basic duty.

Article 4

The Member States shall not proceed under Articles 1 to 3 to effect for certain products reductions less than those of the total customs charges without first examining, case by case, among themselves and together with the Commission, the problems involved in a linear reduction.

Article 5

For the products listed in Annex II, other than those referred to in Article 6, the Member States shall, on 1 July 1965, apply duties such as will reduce by 60 % the difference between the rates actually applied on 1 January 1957 and those in the common customs tariff.

Article 6

The provisions of the present decision shall not apply to the products covered by Council Regulations Nos. 19, 20, 21, 22, 23, 13/64/CEE, 14/64/CEE and 16/64/CEE.

Part II

Proposal for a Council decision, based on Article 235 of the Treaty, for the complete abolition of intra-Community customs duties, application of the duties in the common customs tariff of the Community and prohibition of quantitative restrictions among the Member States

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas the establishment of the European Economic Community has given rise in the member countries to economic adaptations and reorientations more rapid and more far-reaching than was foreseen when the Treaty was drawn up;

Whereas in view of these developments the Member Governments have several times agreed to speed up the implementation of the Treaty, particularly as regards customs duties and quantitative restrictions on trade among Member States; and whereas, in consequence, the Community is already well ahead in fulfilling the obligations deriving from the Treaty — and will move still further ahead in the near future by virtue of the decision of the representatives of the Member Governments of the European Economic Community meeting in the Council dated ...;

Whereas this state of affairs means that customs duties on imports among Member States can be completely abolished and national duties can finally be aligned on those in the common customs tariff on dates considerably in advance of these stipulated in the Treaty; and whereas, the objectives of the Treaty in this field may be jeopardized if there is any slackening in the pace of their attainment;

Whereas, to these ends, it appears necessary to take a decision in pursuance of the Treaty as soon as possible; whereas a fixed date for the complete removal of intra-Community duties will dispel the uncertainty in trade circles within the Community as regards the customs charges applicable to trade during the third stage; whereas, moreover, it will have the effect of encour-

aging progress towards unification in other fields and thus of promoting European integration; whereas, for similar reasons, the common customs tariff should definitively be established; whereas it is also desirable to remove all quantitative restrictions on imports of industrial products from other Member States of the Community; and whereas, by so doing, the Community will fulfil its task of promoting a harmonious development of economic activities throughout the Community and increased stability;

Whereas, in respect of industrial products, alignments of the duties applied by Member States in relations with non-member countries on the duties in the common customs tariff were effected on 1 January 1961 and 1 July 1963 — on which dates the reduction of internal duties reached 30 % and 60 % respectively; whereas it seems advisable, since distortions of trade may occur if the Member States continue to apply widely divergent external duties where such divergences are no longer offset by residual intra-Community customs duties, to provide for the full introduction of the common customs tariff for the products in question on 1 January 1966, by which date internal tariff disarmament will have attained an average of 90 % of the basic duty; whereas fixing the date thus would remove any ambiguity for non-member countries as regards the value of the concessions granted by the Community during negotiations; and whereas, in view of the fact that over a period of four and a half years intra-Community customs duties have been reduced by 50 %, their total abolition on 1 January 1967 should not cause any serious difficulties for the economies of the Member States;

Whereas the date on which internal custom duties on the products listed in Annex II to the Treaty will be entirely abolished should be fixed at 1 January 1968 in view of the measures still to be taken under the common agricultural policy and of the divergence between progress in customs disarmament for these products and that already achieved for other products; and whereas it seems expedient to take

1 January 1967 as the date on which the common customs tariff will be applied *in to* in respect of such products,

Has made the following decision :

Article 1

Save as provided in Article 4 below, the Member States shall abolish customs duties still applying among themselves :

a) On 1 January 1967, for products not listed in Annex II to the Treaty;

b) On 1 January 1968, for the products listed in Annex II to the Treaty;

Article 2

Save as provided in Article 4 below, the Member States shall apply the duties in the common customs tariff :

a) On 1 January 1966, for products not listed in Annex II to the Treaty;

b) On 1 January 1967, for the products listed in Annex II to the Treaty.

Article 3

All quantitative restrictions on imports of products not listed in Annex II to the Treaty originating in the other Member States of the European Economic Community shall be prohibited.

Article 4

The provisions of the present decision shall not apply to the products covered by Council Regulations Nos. 19, 20, 21, 22, 23, 13/64/CEE, 14/64/CEE and 16/64/CEE.

Article 5

The present decision is addressed to all the Member States.

Part III

Draft Council resolution accelerating the application of measures concerning certain agricultural products

The Council of the European Economic Community,

Whereas attainment of customs union has been fixed for 1 January 1968 in respect of the products listed in Annex II to the Treaty, other than those covered by Council Regulations Nos. 19, 20, 21, 22, 23, 13/64/CEE, 14/64/CEE and 16/64/CEE.

Whereas protection for these last products is provided by various factors : the variable component of the levy (which varies with the price of the products themselves or the price of the basic products), the fixed com-

ponent of the levy (in various forms), and customs duties;

Agrees that, for these products, customs duties and the fixed element of protection in trade among Member States should be abolished at latest by 1 January 1968, and that the common customs tariff should be introduced and the fixed element of protection in trade with non-member countries be standardized at latest by 1 January 1967,

And requests the Commission to put forward the proposals to this effect.

Draft Council decision on the harmonization of customs legislation (Initiative 1964)

(submitted by the Commission to the Council on 11 November 1964)

The Council,

Having regard to the Treaty, and in particular Articles 145 and 152 thereof;

Having regard to the decisions of the Council and of the representatives of the member Governments meeting in the Council

dated . . . on the time-table for establishing customs union;

Having regard to the Council decision . . . on the abolition by 1 January 1970 at latest of controls on imports or exports among the Member States;

Having regard to the draft submitted by the Commission;

Whereas the establishment and proper functioning of the customs union require that Community customs legislation be enacted as rapidly as possible;

Whereas the adoption of joint rules will enable a great number of frontier controls between Member States to be abolished—particularly controls on goods from non-member countries in circulation within the Community,

Has made the present decision :

1. The Member States shall give the Commission every assistance in speeding up the work needed to ensure that common or harmonized customs regulations may be introduced, on the basis of the Action Programme put forward by the Commission on 31 July 1963, not later than the time when customs union is attained for industrial and agricultural products.

2. The Council shall request the Commission to submit proposals for concrete measures as soon as possible, on the basis of the specific provisions of the Treaty, for the uniform application of the common customs tariff and of the various procedures relating to goods imported, definitively or temporarily, from non-member countries, and for the institution of common rules and procedures to obviate customs controls at the internal frontiers of the Community.

Draft Council decision on the abolition of frontier controls among the Member States

(Initiative 1964)

(submitted by the Commission to the Council on 11 November 1964)

The Council,

Having regard to the Treaty, and in particular Articles 145 and 152 thereof;

Having regard to the decisions of the Council and of the representatives of the member Governments meeting in the Council dated . . . on the time-table for establishing customs union;

Having regard to the Council decision of . . . on the harmonization of customs legislation;

Having regard to the draft submitted by the Commission;

Whereas one of the objectives of the Community is to institute a common market with the characteristics of an internal market in which goods can circulate freely;

Whereas this objective cannot be attained solely by abolishing customs duties and quantitative restrictions;

Whereas, on the contrary, it is clearly evident at the present stage of progress towards customs union that there are still many other obstacles in the way of trade in goods, particularly controls at frontier posts;

Whereas these obstacles to the free movement of goods are becoming all the more manifest as further progress is made in eliminating customs duties and quantitative restrictions;

Whereas, in order to abolish controls at internal frontiers, it is essential that obstacles resulting from the following be removed:

a) disparities as regards turnover taxes, excise duty and other indirect taxes;

b) the disparity between certain national provisions applied when goods are imported or exported, compliance with which is generally enforced by the customs although this is not a customs matter;

c) divergences in commercial policy towards non-member countries,

Decides as follows :

1. Steps must be taken to remove controls on imports or exports in trade among Member States by 1 January 1970 at latest.

To this end :

a) the abolition of charges on imports and drawback on exports in trade among the Member States, provided for in Article 4 of the proposal for a directive on the harmonization among Member States of turnover tax legislation, submitted by the Commission to the Council, must be effected by 1 January 1970 at latest;

b) legislation in the Member States on excise duties and other indirect taxes giving rise to frontier formalities or controls shall be harmonized by the procedure laid down in the Treaty;

c) all other laws, regulations or administrative practices necessitating or involving controls on imports or exports among Member States must be harmonized, without prejudice to the alignment of all other laws, regulations or administrative practices directly affecting the establishment or operation of the common market;

d) measures to co-ordinate Member States' commercial relations with non-member countries, which are needed to obviate further recourse to the safeguard clause of Article 115, must be adopted before customs union is attained;

e) obstacles of an administrative nature shall be removed, in particular the system of compulsory licences.

2. The Council requests the Commission to submit proposals for concrete measures as soon as possible, on the basis of the specific provisions of the Treaty, for the realization of the objectives mentioned above, without prejudice to such measures as it is itself empowered to take.

Draft Council decision on certain aspects of social policy

(Initiative 1964)

(submitted by the Commission to the Council on 11 November 1964)

The Council,

Having regard to the Treaty, and in particular Articles 145 and 152 thereof;

Having regard to the decisions of the Council and of the representatives of the member Governments meeting in the Council on the time-table for establishing customs union;

Whereas the establishment of a true common market requires that economic union be attained concurrently with customs union; and whereas, to this end, an effort to speed up the implementation of social policy must also be made;

Whereas such acceleration is necessary both to enable enterprises to adapt to the rapid development implied in the attainment of economic union and to uphold the primary social aim of a high level of employment;

Considers it essential that the action of the Social Fund to promote geographical and

occupational mobility among workers in accordance with the principles laid down in Article 123 of the Treaty be intensified, together with work under Articles 117 and 118 to level upwards the living and working conditions of workers,

Decides :

1. To take note of the Commission's intention to put forward concrete proposals to augment the Social Fund and to ask the Commission to submit these proposals as soon as possible;

2. To ask the Commission to speed up and intensify action in pursuance of Article 118 of the Treaty and, where appropriate, to put forward concrete proposals to this end;

3. That the Member States shall give the Commission every assistance in carrying out the necessary work.

Proposal for a Council regulation establishing a common organization of markets in fats and oils

(submitted by the Commission to the Council on 2 December 1964)

Explanatory memorandum

I. INTRODUCTION

1. The attached draft regulation is designed to institute a common policy with regard to oils and fats of vegetable origin or derived from fish or marine mammals, in accordance with Articles 38, 40 and 43 of the Treaty establishing the European Economic Community and the Council resolution dated 23 December 1963, published in the official gazette of the European Communities on 27 February 1964, laying down the broad line of a common policy in this sector.

2. Olive oil produced in the Community from home-grown olive covers between 70 and 80 % of requirements; owing to the characteristics of olive oil, and the preference it enjoys with large numbers of consumers, the market can expand more or less independently, a feature which points to the desirability of a system of levies on olive products.

3. On the other hand, Community production of oil-seeds covers a mere 5-10 % of overall requirements for vegetable oils and fats other than olive oil. Furthermore, oil-seeds are grown only in certain Member States and then thanks to price supports.

The Community is therefore dependent on imports to cover the bulk of its requirements for oil-seeds and fruits, seed oils and oilcakes and also for oils of fish or marine mammals.

Furthermore, the common customs tariff duties, bound in GATT (except for olive oil), are nil for most oil-seeds and fruits and oilcakes and range from 3-8 % on almost all vegetable oils for technical and industrial uses and from 9-15 % on those for use in food; the duties on oils and fats derived from fish and marine mammals are also bound at nil, except for those on most fish liver oils, which are bound at 6 %.

Production of oil-seeds and fats and oils of marine origin is low and the value of imports high, so that it would not be a sound policy to raise the price of imports to put them on a par with Community products; the basis of trading policy with non-member countries should rather be the application pure and simple of CCT duties for oil-seeds and fruits, products derived therefrom, and oils and fats of marine animals.

Such a policy will ensure that the processing industries are readily supplied at world prices and afforded a measure of protection, and will make it possible to supply consumers at the most favourable prices.

However, the liberalization of imports, carrying only the CCT duties, would put an end to Community production of oil-seeds, which is essential to the economy of certain agricultural areas, if special measures were not taken in its favour.

4. In giving effect to the present regulation, the Member States will, at no risk to their economy and trade pattern, replace their existing market organization for vegetable oils and fats, if any, by a Community system which offers producers the necessary assurances as regards employment and standard of living, and holds out the advantages of free development of trade to all concerned.

5. The regulation is applicable to all oil-seeds and fruits, products derived therefrom, oils and fats of fish or marine mammals, and olives and olive oil; it therefore covers the entire range of oils and fats of vegetable or marine origin.

6. Dates for the implementation of the measures contained in the regulation, together with the dates on which certain of them are to be taken for the first time, will be laid down by the Council, depending on when the regulation is adopted.

II. THE OPERATIVE CLAUSES

B. Olive oil

A. Trading system

7. Since the customs duties already applied by most Member States to oleaginous products from both their EEC partners and non-member countries are low or nil, and since the market in Community-grown oil-seeds will be governed by common rules when the regulation takes effect, the common customs tariff can be applied and duties abolished between Member States from that time on.

Duties on derived products, however, whether imported from Member or non-member States, still vary greatly, so that alignment of the CCT and intra-Community "disarmament" will have to be carried out progressively.

The imposition of duties or taxes with equivalent effect, other than those laid down in the present regulation, or of any import restrictions whatsoever, is incompatible with a common organization of the market and the development of trade.

With regard to olive oil, however, the above provisions should be applied in EEC producer countries from the opening of a marketing year if serious market disturbances are to be avoided. Their application will therefore be postponed until the following 1 November if the regulation is made applicable to olive oil later than to other oleaginous products.

8. Any unforeseen disturbances on the olive oil market caused by imports, which are subject to licences and levies, could be smoothed by applying a safeguard clause similar to that contained in other regulations.

On the other hand, the Community market for oil-seeds and derived products is at the mercy of every fluctuation in world prices; furthermore, customs duties are payable on only a certain number of such products.

Abnormal prices for a basic product or any processed product might therefore cause market disturbances which the Community would be powerless to cope with unless special provision were made to waive the rule of free entry into the EEC.

9. Most of the Community's olive oil is produced by Italy and a little by France. Italy is also the largest importer, with France second, the other Member States together accounting for but a small quantity.

Apart from some exports to long-established markets, Italy and France consume all the olive oil they produce and import.

Furthermore, the technical and economic conditions of production are much the same in both countries and market prices are comparable.

It is thus possible to introduce a single Community market for olive oil without any transition period.

Price system

10. As a general rule, olives cannot be kept for longer than a few days without fermentation setting in, which affects the quality of the oil. They must therefore be delivered to the oil-mill as soon as possible after picking. Moreover, only part of the harvest is sold to oil-mills at a price based on the estimated quantity and quality of the oil yield, both of which vary greatly with the type of tree, the area and the year. Sales are confined to local markets.

It would therefore be unrealistic to set up a market organization at the olive-growing stage since government intervention, amongst other things, would not be feasible.

Prices will consequently be fixed at the oil production stage; they will however benefit olive growers, directly if they press the olives themselves or have this done for them, indirectly if they sell them to oil-mills.

11. The Commission's proposal provides for four prices, to be fixed annually by the Council: these are the norm price, the target price, the intervention price and the threshold price, the purpose of the last named being explained in the paragraph on imports.

Norm price and target price

The common organization of the market in oils and fats is intended to afford olive-oil producers guarantees as regards their employment and standard of living equiva-

lent to those they enjoy under national marketing arrangements.

This result could not be achieved if the Community market organization went no further than to stabilize wholesale olive-oil prices through the same machinery of target prices, intervention prices and levies as used in other sectors of agricultural production.

The reason is that under the common organization the two olive-growing countries will abolish all measures which run counter to the regulation in that they force up national market prices for seed oils, so that olive oil will have to meet keener competition from the latter oils, which will enter the Community levy-free.

If then the market price is maintained at a level required to make Community production sufficiently profitable, consumption may decline; this could jeopardize the guarantees as regards employment which the producers must have and, by keeping the market price below the intervention price, force government purchasing agencies to buy up surpluses, the disposal of which would cause serious difficulties.

If, on the other hand, the market price is simply fixed at a level to prevent a decline of consumption, the guarantees to producers as regards their standard of living may be jeopardized.

For this reason, a new price has been provided for under the common organization of the olive oil market. This is the "norm" price which represents a fair return for producers and is intended to give them long-term assurances as regards their livelihood.

In these circumstances, the purpose of the target price is to stabilize the wholesale price of olive oil during a given marketing year in order to maintain the necessary volume of consumption, taking into account the price of competing products.

If for this reason the target price falls below the norm price, producers will receive aid, equal in amount to the difference between the two prices.

While such aid raises certain practical problems, it may take various forms which need not be discussed at this stage.

The norm price for the first year should be based on the average price obtained in Italy over the past three marketing years, which were particularly significant by reason of their fluctuations.

Intervention price

The intervention price assures producers of an adequate return, having regard to the aid they may receive; holders of home-produced olive oil will be able to sell at this price to the purchasing agencies in the producing States at any time during the marketing year.

The intervention price is set far enough below the target price to allow for wholesalers' margins and permit normal market fluctuations. The difference between the two prices must be sufficient to avoid the need for too frequent market intervention.

All three prices will be increased monthly throughout the marketing year, except during the first two months, when a good part of the olive harvest is brought in and pressed; these increases are intended, in the absence of payments to defray storage costs, to prevent excessive quantities from being offered for sale in the early months of the marketing year, squeezing prices and creating the risk of frequent market intervention.

12. Owing to the structure of the Community olive oil market, purchasing agencies need be set up only in the producer countries, with centres in the areas concerned.

It may happen that producers will be forced to sell even when market prices are falling, in which case compulsory government purchasing would become an increasingly frequent occurrence. For this reason, purchasing agencies should be permitted to conclude stocking contracts with the holders of home-produced olive oil allowing the latter to wait until they can sell on more favourable terms.

Oil production both in the EEC and in the rest of the world, where most of the industry is concentrated in the same climatic zone as in the Community, varies greatly from year to year, sometimes following the same pattern in a given year. This means that the normal play of imports and exports cannot be relied upon to balance supply and demand in the Community.

The purchasing agencies should therefore be allowed by Council decision to stock and carry over surpluses from one marketing year to the next if forecasts point to a poor harvest; this will make it possible to palliate the consequences of uneven harvests by improving the annual balance

between supply and demand and stabilizing consumer prices.

Government purchasing agencies must not release stocks of oil in such a way as to depress prices below the target price level; if necessary they can sell for export or, after denaturing, as edible oil of unspecified denomination, but not under the protected name of olive oil.

System of trade with non-member countries

13. The Community price system determines the conditions of competition between seed oils and olive oil on the internal market while providing for a fair return to producers.

The provisions regarding trade with non-member countries fix the terms of competition between Community and non-Community olive oil.

14. Concurrently with internal prices, the Council will fix a threshold price to enable Community olive-oil producers to obtain at least the target price for all their oil. This will be ensured by applying a levy whenever the cif price of olive oil imported from non-member countries falls below the threshold price.

When olives are imported for processing in oil-mills, in addition to customs duties a levy, based on the levy applicable to olive oil, will be applied in order to bring the price of the oil obtainable from the olives up to the same level as the threshold price for olive oil.

An additional charge is made, if necessary, equal to the amount of aid granted to Community producers, in order to prevent such aid from being extended to oils extracted from imported olives (in fact this is an advance repayment, made at a time when no distinction can be made between oils from home-grown and imported olives, to be received later by the producer).

C. Other Community-produced oil-seeds and oil-seed products

15. There is little oil-seed growing and oil production from home-grown produce

in the Community in comparison with main crops.

In certain areas, however, they are important; indeed oil-seeds are indispensable to the technical and financial equilibrium of the farms which grow them. As a rotation crop, they can be used in place of others and are even necessary for certain types of soil. The Community provides the processing industries with a certain quantity of high quality seeds and its production constitutes a margin of security for consumers.

Since, in the absence of customs duties and levies, oil-seeds can be imported into the Community at world prices, such crops would be economically impossible if completely exposed to world competition.

Furthermore, since the various varieties of oil-seeds are highly interchangeable as far as the user is concerned, it would be pointless to protect those grown in the Community against competition from the same varieties grown elsewhere.

For this reason, the proposed regulation contains provisions which do not restrict the purchaser's choice but are designed to maintain the required volume of production in the Community. They supersede the national measures currently applicable in this sector and may be applied, as directed by the Council, to any of the varieties of seed which can be grown in the Member States or could be grown in future as a result of advances in agricultural research.

16. If producers are to be able to sell at a price ensuring a fair return, buyers must be certain that the final price they pay for Community-grown seeds is no higher than that of the same or comparable varieties on the world market.

Purchasers of Community-grown oil-seeds will therefore receive a bonus to make up the difference between the cost price and the world price and to ensure that Community-grown seeds enjoy sufficient preference to find an outlet on the market.

In addition, purchasers will have an incentive to take Community supplies promptly, since storage may in certain cases raise problems of a technical nature.

This bonus will be equal to the difference between the norm price, fixed annually at a level ensuring an adequate return to producers, and the world price, which is computed as often as necessary.

The market intervention price, which is below the norm price, represents a guaranteed minimum price for producers.

Buyers and sellers will be at liberty to agree on a price between the intervention and the norm price, which ensures the free play of the market and a certain preference for Community-grown produce.

17. The basis on which Member States will fix the norm and intervention prices will be decided by the Council far enough in advance to allow farmers to plan their crops advisedly.

The norm and intervention prices are increased monthly for part of the marketing year to prevent, in the absence of compensation for storage costs, the oil-seed market from being flooded early in the marketing year.

18. The regulation proposed by the Commission will apply from the first marketing year to colza, rape and sunflower seeds, which are most produced at present in the Community and already come under a support system in some Member States.

The Council may extend the regulation to other oil-seeds and may also establish a system of aids for oils derived from Community agricultural produce (other than seeds grown specially for the purpose) which might otherwise become impossible to market at a profit, thus damaging the interests of the industries and agricultural sectors concerned. Finally, until such

times as common prices are introduced, Member States may in certain circumstances grant aids to the production of vegetable oil-seeds or oils not covered by the Council's decisions, if they have enjoyed direct or indirect price support during the last marketing year before the regulation comes into force.

D. General provisions

19. The general provisions of the regulation proposed by the Commission are substantially the same as those adopted for other market organizations, especially as regards the Management Committee and the role of the European Agricultural Guidance and Guarantee Fund in financing common agricultural policy in this sector.

In addition to the usual provisions, a Community programme in the spirit of the Council Regulation of 23 December 1963, will be drawn up to improve olive and olive-oil market and production structures as well as the economic situation of olive-growing areas.

The programme is designed to reorganize the olive-oil economy, bringing the norm price closer to the target price acceptable to consumers.

There is also a special provision allowing the Commission to lay down rules whereby Member States are required to provide the statistical data necessary for the proper implementation of the regulation.

Proposal for a Council regulation establishing a common organization of markets in oils and fats

The Council of the European Economic Community,

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

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas the salient feature of the Community market in oils and fats of vegetable or marine origin is a contrast between heavy demand and a low level of production; whereas Member States are therefore largely dependent on the world market for their supplies; whereas in this situation there are good grounds for removing import barriers and replacing them, except for oil-seeds and seed-oils, by the Common Customs Tariff, which by its nil duty on basic products ensures ready supplies for

industry and by its duties on processed products protects the industries concerned and ensures supplies to consumers at reasonable prices;

Whereas, however, failure to balance the effects of such a policy by other measures would, in view of the world market situation, jeopardize Community production of certain agricultural or industrial goods; whereas the public may in fact turn away from olive oil if the price of competing oils falls substantially; whereas, moreover, other oil-seed products will be exposed to the direct competition of similar products imported from non-member countries entering the Community duty-free or at low rates;

Whereas olive-growing and olive oil production are especially important to the economy of certain areas of the Community, often being an essential means of livelihood for a substantial part of the population; whereas for large sections of consumers olive oil is the chief source of fats; whereas the growing of oil-seeds, particularly colza, rape and sunflower, helps to increase agricultural productivity and enables farmers to achieve better technical and financial balance; whereas it is therefore necessary to support those activities by taking measures suited to the circumstances described above;

Whereas to this end, the price obtained on the market for Community produce should ensure a fair return to producers and should be defined as a norm price, the difference between it and the price acceptable to the consumer representing, in principle, the amount of aid which should be granted;

Whereas consumers prefer olive oil to others used for similar purposes and are prepared to pay a higher price for it; whereas this higher price can therefore be fixed as the target price, by which the producer should obtain through normal trade channels all or a good part of the return deemed necessary;

Whereas the target price cannot fulfil its function unless it is constantly kept in normal relationship with the market price of olive oil; whereas machinery should therefore be provided both in the Member States and at the Community frontiers to keep the target price stable;

Whereas the desired stability will be achieved if holders of olive oil in the producing areas can sell to government purchasing

agencies at a compulsory intervention price; whereas, in order to palliate the effects of uneven production and maintain a balance between supply and demand, those agencies should hold buffer stocks;

Whereas, furthermore, the need to prevent fluctuations on the world market from affecting prices in the Community can be met by imposing a levy on imported products; whereas, in order to stabilize market prices at the desired level, this levy should be equal to the difference between the threshold price, based on the target price, and the prices prevailing on the world market, whereas, in order to establish a complete and coherent system of protection, olive-oilcakes with a specific oil content should be brought under identical regulations and olives for oil production under regulations equivalent in effect;

Whereas exemption from the levy or the granting of aids to olive oil for use in foodstuffs will promote consumption and enable the olive-oil industry to meet competition from similarly manufactured products imported from non-member countries;

Whereas, the said products being derived from oil-seeds, it follows from the foregoing explanations that the price acceptable to the consumer is necessarily determined by the price of important seeds; whereas, therefore, the amount of aid required to ensure that the norm price is attained is equal to the difference between that price and the world price; whereas, moreover, the granting of a further advantage in the form of a premium for stocking will ensure that harvests are promptly disposed of;

Whereas farmers can be protected against the risks which, despite this system, may result from the vicissitudes of the market, by setting up machinery whereby government purchasing agencies buy up, at a fixed price, any supplies offered to them;

Whereas the list of oil-seeds to which the system described above is to apply should comprise the varieties most extensively grown at the present time; whereas, however, the possibility should be left open of adding to the list in the light of experience; and whereas, by granting aids to certain oils derived from farm products which are not specifically classed as oleaginous, the costs of the processing industries could be lightened and the market in such oils supported by keeping an outlet for them;

Whereas, in view of the geographical concentration of olive-growing and the special features of trade in consumption of olive oil, a single market can be set up forthwith; whereas, on the other hand, in the case of oil-seed production the pattern varies in the Member States, so that prices must be gradually aligned before a single market can be established;

Whereas the Community regulations should provide for the necessary powers of action to mitigate any adverse effects which the world market situation may have on Community production;

Whereas the coherence of the provisions governing the common organization of the market in oils and fats would be jeopardized if their effects were combined with those of aids incompatible with the Treaty;

Whereas, in order to facilitate the implementation of the proposed regulation,

arrangements should be made for close co-operation between the Member States and the Commission within a Management Committee,

Has adopted the present regulation,

Article 1

1. In order to promote the development of the Common Market and the common agricultural policy, a common organization shall be established for the markets in oil-seeds and oleaginous fruit and in oils and fats of vegetable origin or derived from fish or marine mammals.

2. The present regulation shall apply to the following products :

CCT Heading	Description of goods
a) 12.01	Oil-seeds or oleaginous fruit, whole or broken
b) ex 07.01 N	Olives, fresh or chilled, for processing
ex 07.02	Olives, preserved by freezing, for processing
ex 07.03 A	Olives provisionally preserved in brine, in sulphur water or in other preservative solutions, for processing
ex 07.04 B	Dried, dehydrated or evaporated olives, whole, cut, sliced, broken or in powder, but not further prepared, for processing
12.02	Flours or meals of oil-seeds or oleaginous fruit, non-defatted (excluding mustard flour)
15.04	Fats and oils, of fish and marine mammals, whether or not refined
ex 15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified, excluding olive oil
ex 15.12	Vegetable fats and oils, hydrogenated, whether or not refined but not further prepared
15.13	Margarine, imitation lard and other prepared edible fats

CCT Heading	Description of goods
ex 15.17	Residues resulting from the treatment of fatty substances or vegetable waxes
ex 23.04	Oilcake, olive-oilcake (except where the oil content is higher than is provided for in Article 14) and other residues, except dregs, resulting from the extraction of vegetable oils
<i>c)</i> ex 15.07	Olive oils, crude, refined or purified
ex 23.04	Olive-oilcakes with an oil content higher than is provided for in Article 14
<i>d)</i> ex 07.01 N	Olives, fresh or chilled, except those for processing
ex 07.02	Olives preserved by freezing, except those for processing
ex 07.03 A	Olives provisionally preserved in brine, in sulphur water or in other preservative solutions, except those for processing
ex 07.04 B	Dried, dehydrated or evaporated olives, whole, cut, sliced, broken or in powder but not further prepared, except those for processing

TITLE I

Trading system

Article 2

1. As regards the products listed in Article 1(2) sections *a)* and *d)*, the common customs tariff shall apply from 1 July 196., without prejudice to the provisions of Article 14, to imports from non-member countries, and customs duties shall be abolished between Member States.

2. As regards the products listed in Article 1(2) section *b)*, with effect from 1 July 196. the common customs tariff shall apply to imports, and customs duties shall be reduced between Member States, in accordance with the timing laid down, by the Treaty and acceleration decisions past and future.

3. As regards the products listed in Article 1(2) section *c)*, a system of levies shall be applied from 1 November 196. to imports from non-member countries.

Article 3

1. In trade between Member States and with non-member countries, both import and export, the following shall be incompatible with the present regulation :

a) The imposition of any customs duty or charge having equivalent effect save as provided in this regulation;

b) The application of any quantitative restriction or measure having equivalent effect;

c) Recourse to Article 44 of the Treaty.

However, in olive-growing Member States, the provisions of the present paragraph shall not apply to the products listed in

Article 1(2) sections *a*) and *b*), until 1 November 196..

2. Save as otherwise provided in Article 18, the products listed in Article 1 shall not be imported duty- or levy-free unless they are intended for re-export to non-member countries in the same condition or after processing.

The conditions under which recourse may be had to the foregoing provision regarding re-export of products in any of the forms listed in Article 1 shall be determined by the procedure laid down in Article 36.

3. On a proposal from the Commission, the Council may decide, unanimously during the second stage and by qualified majority thereafter, to waive the provisions of paragraph 1, sub-paragraph 1 above, as they apply to trade with non-member countries, more especially if supplies of oleaginous seed and fruit products from those countries are offered at a price not corresponding to the price of the seeds and fruit themselves plus processing costs.

TITLE II

Olive oil

Price system

Article 4

Before 1 August each year, and in the first instance before 1 November 196., the Council, acting on a proposal from the Commission, shall fix, by unanimous decision during the second stage and by qualified majority thereafter, a Community norm price, target price, intervention price and threshold price for olive oil.

Subject to the provisions of Article 9, these prices shall remain applicable throughout the ensuing marketing year, which runs from 1 November to 31 October.

They shall relate to a specific quality of olive oil decided by the Council by the voting procedure referred to above.

Article 5

The norm price fixed for the marketing year beginning on 1 November 1964 shall be based on the average wholesale tax-free

price, increased by 10 %, obtained in the largest Community producer country over the last three marketing years for olive oil of the quality referred to in Article 4.

The norm price for the following marketing years shall be fixed, having regard to the desired development of production, at a fair level for producers.

Article 6

The target price shall be fixed for the wholesale stage tax-free, at a level such as to ensure the normal disposal of olive-oil supplies, taking into account the price of competing products.

Article 7

The intervention price shall be so fixed as to guarantee for producers a selling price as close as possible to the target price allowing for market fluctuations. It shall be equal to the target price obtaining on 1 November 196. less 10 %, but may be adjusted by the Council, on a proposal from the Commission, by unanimous vote during the second stage and by qualified majority thereafter.

Article 8

The threshold price shall be fixed at a level to prevent difficulty in the marketing of Community production at the target price.

Article 9

From January until October, the norm price, the target price, the intervention price and the threshold price shall be increased monthly by the same amount, which shall be fixed annually by the Council at the same time as the prices themselves, and by the same procedure, taking into account average stocking costs and interest rates in the Community and the rate at which stocks are disposed of.

Article 10

When the norm price for a marketing year is higher than the target price, Community olive-oil producer shall receive aid, equal in amount to the difference between the two prices, by arrangements decided by the procedure laid down in Article 36.

Article 11

1. Under the arrangements provided for in paragraph 3 below, an intervention agency, set up in each Member State with centres in the various producing areas, shall purchase at the intervention price, and at this price only, any olive oil offered for sale.

The intervention price shall be adjusted if the product is delivered to a place other than the centre chosen by the seller.

If the oil thus offered is above or below the standard of quality for which the intervention price was fixed, the latter shall be adjusted by applying a scale of premiums and abatements.

The intervention agencies may conclude stocking contracts with the holders of Community-produced olive oil in order to regulate the market in the course of the marketing year.

2. In order to mitigate the consequences of uneven harvests on the balance of supply and demand, the Council may decide by qualified majority, on a proposal from the Commission, that the intervention agencies shall build up stocks of olive oil to be carried over from one marketing year to the next, and shall issue instructions, by the same procedure, for the management of such stocks.

3. The details for implementing the present article, particularly as regards the quality and quantity of olive oil offered for sale as provided for in paragraph 1, shall be determined by the procedure laid down in Article 36.

Article 12

1. Intervention agencies shall release their stocks of olive oil in such a way as not to prevent prices from reaching the target price level. Provided that this ruling does not prevent the product from being sold, after denaturing, under another trade name than olive oil.

2. The details for implementing the present article shall be determined by the procedure laid down in Article 36.

Trading system

Article 13

1. When olive oil is imported from non-member countries, a levy shall be applied

which shall be equal to the difference between the threshold and the cif price.

2. The cif price of olive oil, calculated for a Community frontier point determined by the Council by qualified majority on a proposal from the Commission, shall be established by the Commission on the basis of the best terms offered on the world market; and the figure shall be adjusted in relation to any quality differences compared with the quality standard for which the threshold price was fixed.

3. Should the offer price not be governed by free quotations on the world market and be lower than world prices, the cif price shall be replaced for the imports in question by a price determined in relation to the offer price.

4. The details for implementing the present article shall be decided by the procedure laid down in Article 36.

Article 14

1. When olives are imported from non-member countries for other than processing purposes, a levy shall be applied, based on the levy applicable to olive oil and on their oil content, which can be set at a standard amount.

This levy shall be reduced by the amount of CCT duty payable and increased by the amount of aid, if any, granted in accordance with Article 10.

2. When olive-oilcakes with an oil content above a specific level are imported from non-member countries, a levy in proportion to this oil content shall be applied, based on the levy applicable to olive oil.

3. The details for implementing the present article shall be determined by the Council, acting by qualified majority on a proposal from the Commission.

Article 15

1. All trade in olive oils and olives with non-member countries shall be subject to import or export licence. Licences shall be issued by the Member State on application from the party concerned and the Commission shall be regularly informed of the quantities involved.

2. Licences shall be issued only against the deposit of surety, which commits the applicant to import or export during the period for which they are valid, and is forfeited in whole or in part if the transaction is not completed within that period.

3. The details for implementing the present article, particularly as regards the term of the licences and the disposal of the deposit in the event of *force majeure*, shall be determined by the procedure laid down in Article 36.

Article 16

1. The levy applicable to imports shall be that which obtains on the day of import.

2. However, the levy obtaining on the day of application for the licence, adjusted according to the threshold price on the proposed date of importation, shall be applied to olive-oil consignments from non-member countries within the term of the licence, provided that the importer so requests when applying therefor.

The details for implementing the present paragraph, which may include the addition of a premium to the levy, shall be laid down by the Council, acting by a qualified majority on a proposal from the Commission.

Article 17

To facilitate exports of olive oil to non-member countries, the difference between Community and world prices may be made good by a refund fixed by the Commission by the procedure laid down in Article 36.

Article 18

1. Olive oil imported from non-member countries for use in foodstuffs shall be wholly or partially exempt from the levy. Exemption shall take the form of a rebate to the processing firms concerned.

2. Processing firms using Community-produced olive oil in preparing foodstuffs shall receive aid equal in amount to the rebate mentioned in the foregoing paragraph.

3. The details for implementing the foregoing paragraphs shall be determined by the procedure laid down in Article 36 and shall cover :

a) The list of foodstuffs concerned;

b) The amount of rebate, which may be at a standard rate based on the average levy imposed over a given period.

4. The Council, acting on a proposal by the Commission, may decide, unanimously during the second stage and by qualified majority thereafter, to extend the provisions of the foregoing paragraph to olive oil for technical or industrial uses other than the manufacture of foodstuffs, in order to safeguard the competitive position of olive oil in relation to substitute oils.

Article 19

If imports of olive oil from non-member countries cause or threaten to cause grave disturbances to Community olive-oil markets, and in particular if intervention agencies are impelled to buy up substantial quantities of olive oil by virtue of Article 11(1), the Commission may suspend the issue of import licences, subject to exceptions when the oil is intended for certain specific purposes or meets certain quality standards, until the disturbances disappear.

The details for implementing the present article shall be determined by the Council, acting on a Commission proposal, by unanimous decision during the second stage and by qualified majority thereafter.

TITLE III

Other oleaginous products of the Community

Article 20

1. The provisions of Articles 21-27 cover :

a) Colza and rape seeds;

b) Sunflower seeds.

Other oil-seeds may be added by the Council, acting on a proposal from the Commission, by unanimous decision during the second stage and by qualified majority thereafter.

2. Until 30 June 1968, Member States may grant aids to the production of oil-seeds other than those mentioned in the foregoing paragraph or covered by arrangements made in pursuance thereof; such aid shall be granted in accordance with the provisions of Article 29.

Article 21

1. Before 1 May each year, a norm price and an intervention price shall be fixed for oil-seeds, both prices referring to unpacked seed of a specified quality.

Except in the first instance, they are valid for the marketing year beginning in the following calendar year.

2. Member States shall fix the norm and intervention prices up to the 1968/69 marketing year for each type of seed which can be grown on their territory.

3. The factors governing the norm price of oil-seeds for the first marketing year shall be determined before 31 March 196. and those for ensuing years at least 15 months in advance.

4. Common norm and intervention prices shall be fixed from the 1968/69 marketing year onwards.

5. The Council, acting on a proposal from the Commission, shall determine, unanimously during the second stage and by qualified majority vote thereafter, the quality standard referred to in paragraph 1, the dates on which the marketing year for each type of oil-seed will begin and end, the factors referred to in paragraph 3 and the common prices mentioned in paragraph 4.

Article 22

The measures regarding norm prices provided for in Article 21 shall be determined by the Council, taking into account :

- a) The technical and economic conditions of production;
- b) The need to maintain the required volume of production in the Community;
- c) In respect of measures decided for the first marketing year, the prices which certain Member States have guaranteed their producers during the preceding marketing year;
- d) In respect of measures decided on thereafter, the need to reach a common price by the 1968/69 marketing year.

Article 23

The intervention price shall be equal to the norm price, less an amount fixed by

the Council, acting on a proposal from the Commission, by unanimous decision during the second stage and by qualified majority vote thereafter.

Article 24

In order to spread sales over a longer period, the norm and intervention prices shall be increased monthly by the same amount for at least five months. The monthly increases shall be fixed by the Council, on a proposal from the Commission, by unanimous decision during the second stage and by qualified majority vote thereafter, taking into account the average stocking costs and interest rates in the Community and also the rate at which stocks are disposed of.

Article 25

1. In each Member State an intervention agency shall be required to buy at the intervention price any oil-seeds offered to the purchasing centres, provided that the seller offers proof that they are home-grown and have not benefited from any aid under the present Title.

The said proof shall be furnished in manner determined by the procedure laid down in Article 36.

2. The intervention price shall be adjusted if the product is delivered to a place other than the centre chosen by the seller.

3. If the seeds offered to the purchasing agencies do not meet the quality standard for which the intervention price was fixed, the latter shall be adjusted by applying a scale of premiums and abatements.

4. The purchasing agencies must release their stocks of oil-seeds in such a way as to avoid any adverse effects on sales by producers in Community markets.

5. The details for implementing the present article, particularly as regards the purchase and resale of oil-seeds by the intervention agency, shall be determined by the procedure laid down in Article 36.

Article 26

1. In each Member State, purchase on the market of home-grown seeds up to

30 June 1968 and seeds of Community origin thereafter shall entitle the buyer to a bonus. Except when otherwise decided in abnormal situations by the procedure referred to in paragraph 4, this bonus shall be equal to the difference between the norm price of the seeds and the world market price determined in accordance with the provisions of Article 27.

2. Purchases made during the first three months of the marketing year shall also entitle the buyer to a premium for stocking, which shall be degressive from the first to the third month and shall be fixed by the Council, acting on a proposal from the Commission, by unanimous decision during the second stage and by qualified majority thereafter.

3. All applicants for the payments provided for in the present article shall furnish proof that the origin of the seeds is as stipulated in paragraph 1 and that the bonus has not already been paid on them.

4. The details for implementing the present article shall be determined by the procedure laid down in Article 36.

Article 27

The world price of oil-seeds of the quality to which the norm price and the intervention price apply shall be determined by the Commission from world quotations for the same or similar varieties by criteria to be established in accordance with the procedure laid down in Article 36.

Article 28

1. Acting on a proposal from the Commission, the Council may decide, unanimously during the second stage and by qualified majority thereafter, to introduce a system of production aids for vegetable oils derived from Community-grown produce other than the oil-seeds referred to in Article 20 or covered by regulations made in pursuance thereof.

2. Until 30 June 1968, Member States may grant production aids in respect of the oils referred to in the foregoing paragraph, if the Community system provided for therein is not already in operation. Such aids shall be granted in accordance with the provisions of Article 29.

Article 29

1. The aids referred to in Article 20(2) and in Article 28(2) may be granted only for products which benefited, directly or indirectly, from price support during the marketing year preceding the introduction of the present regulation.

2. Such aids shall be granted from the first marketing year following the introduction of the present regulation and to the extent required to maintain the said price support.

TITLE IV

General provisions

Article 30

As soon as the present regulation comes into force, Articles 92, 93 and 94 of the Treaty shall be applicable, save as otherwise provided herein, to production and trade in the items listed in Article 1.

Article 31

Member States shall amend their legislation on the classification of olive oil to comply with the annex to the present regulation.

Article 32

In conformity with Article 16 of Regulation 17/64/CEE, a Community programme shall be drawn up before 1 January 1966 to improve the conditions of production and marketing of olives and olive oil and the economic situation of olive-growing regions.

Article 33

The statistical foreign trade headings for the products listed in Article 1 which are to be included in the special trade of Member States, the nature of the information to be supplied, and at what intervals, shall be determined by the procedure laid down in Article 36.

Article 34

The Council, acting on a proposal from the Commission, unanimously during the second

stage and by qualified majority thereafter, may amend the list of products referred to in Article 1 and waive the provisions of the present regulation in respect of any of them.

Article 35

A Management Committee for oils and fats, hereinafter called "the Committee", shall be set up, composed of representatives of the Member States with a representative of the Commission as chairman.

Within this Committee, the votes of the Member States shall be weighted in accordance with the scale set out in Article 148(2) of the Treaty.

The chairman shall not vote.

Article 36

1. Where the provisions of the present regulation expressly provide for the application of the procedure laid down in the present article, the chairman shall refer the matter to the Committee either on his own initiative or at the request of a representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures proposed. The Committee shall deliver an opinion on such measures within such time-limit as the chairman may lay down taking into consideration the urgency of the matters at issue. The opinion shall be adopted by the Committee by a majority of twelve votes.

3. The Commission shall adopt measures which shall come into force immediately. Should such measures, however, not coincide with the opinion adopted by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer for not more than one month as from the date of such communication the application of the measures decided by it. The Council may by qualified majority adopt a

different decision within a period of one month.

Article 37

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

Article 38

At the end of the transition period, the Council, acting by qualified majority on a proposal from the Commission, shall decide in the light of experience whether to maintain or amend the provisions of Article 36.

Article 39

Council Regulation No. 25 on the financing of the common agricultural policy together with the implementing provisions thereof shall apply from the date on which the present regulation comes into force.

Article 40

The present regulation shall be applied in such a way as to have due regard at the same time to the objectives set out in Articles 39 and 110 of the Treaty.

Article 41

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

It shall be applicable to the products listed in Article 1(2) sections *c*) and *d*) from 1 November 1964 and to the other products listed in that Article from 1 July 1965.

Any interim provisions required shall be laid down by the procedure set out in Article 36.

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

ANNEX

Trade designations and definitions of olive oils

1. Virgin olive oils (or pure olive oils): olive oils obtained by mechanical processes and not mixed with oils of a different kind or obtained by other methods. Virgin olive oils are classified as follows:

a) Extra-fine: olive oil of unexceptionable taste with a maximum oleic acid content of 1 % by weight.

b) Fine: olive oil conforming to the same standards as "extra-fine", except with

regard to the oleic acid content which may be up to 1.5 % by weight.

c) Ordinary (or semi-fine): olive oil of satisfactory taste with a maximum oleic acid content of 3 % by weight; the percentage indicated should itself be accurate to within 10 %.

d) "*Lampante*": olive oil of unsatisfactory taste with an oleic acid content higher than 3.3 % by weight.

2. Refined olive oils (or pure refined olive oils): obtained by refining virgin olive oils.

3. Pure olive oils: a mixture of virgin and refined olive oils. Mixtures may also be classed as types and their characteristics

determined by agreement between buyer and seller.

4. Oils from olive-oilcakes: oils extracted from olive-oilcakes by means of solvents.

5. Refined oils from olive-oilcakes: obtained by refining the oils mentioned in paragraph 4 and intended for sale as edible oils (N.B. mixtures of refined oils from olive-oilcake with virgin olive oil — normally intended for domestic consumption in certain producing countries — are designated as refined oil from olive-oilcakes and olive oil but cannot under any circumstances be designated simply as olive oil).

6. Oils from olive-oilcakes for technical uses: any other oils from olive-oilcakes.

Proposal for a Council regulation making special provisions for oil-seeds and oils imported into the Community and originating in the Associated African States and Madagascar or the Overseas Countries and Territories

(submitted by the Commission to the Council on 2 December 1964)

Explanatory memorandum

1. Under the Convention of Association between the Community and the Associated African States and Madagascar (AASM), the Community must take into account in its common agricultural policy the interests of the Associated States in respect of products similar to and competing with European products. The Council decision of 25 February 1964 extends this obligation to benefit the Overseas Countries and Territories (OCT).

Under the Convention the AASM in turn must sell their oilseeds and oils at world market prices in view of the production aids supplied by the Community. However, world prices are liable to collapse in a manner that may be dangerous for countries whose economies are largely dependent on exports of these products.

The proposed regulation contains a set of provisions concerning oilseeds and oils imported into the Community from the AASM or OCT, to be applied once the

Council regulation establishing a common organization of the market in fats comes into force.

These provisions will enable the Community to do what it has undertaken to do; they also take into account the world market situation and the effects this might have on the economic development of the AASM and the OCT.

The regulation lays down trading arrangements and the conditions on which financial aid may be given for the products in question; as olives and olive oils are not produced in these countries, they do not come within the scope of the regulation.

2. The arrangements for trade are based on the application of the same duties for products imported into the Community from the AASM and the OCT as those applied by the Member States among themselves.

As regards oils, this means that duties will be reduced until they disappear entirely, that oils produced by mills in the AASM and OCT will be given preference on Community markets and that these mills will have good prospects of selling what they produce.

As for oil-seeds and oleaginous fruits, the duties in the common customs tariff applicable to products from non-member countries are nil, as among Member States; there is thus no means on the tariff plane of facilitating this trade with the Community, part of which is at present still governed by bilateral arrangements; it was therefore deemed necessary that the Community should be able to take specific measures where trade in oil-seeds or fruits between the AASM and OCT and the Community suffered serious disturbance.

3. The revenue accruing to the AASM and the OCT from exports of oil-seeds and oils is dependent on the level of world prices; when there is a significant fall in prices, the seriousness of its consequences for the economy of the various countries will be in relation to the share of these products in their total exports.

Consequently, in order to alleviate the effects of falling prices, financial aid should be granted to the AASM and the OCT when the world market price for these products falls below a reference price fixed by the Council after consulting the Associated States concerned; the level of the reference price takes account both of world prices recorded previously and of probable trends on the world market in the output of the countries concerned.

For oils derived from those seeds or fruits which are items of international trade, it is reasonable that their reference prices should be based on economically justifiable conversion rates between the various seeds or fruits and the relevant oils.

Aid is granted only to those products that are of the greatest importance to the economies of the AASM and the OCT; it is calculated on the quantities purchased by the Community at prices below the reference price.

However, the procedure for calculating the aid must not be such as would encourage exporters to sell below world prices or bring about important changes in the traditional pattern of trade. On these grounds, aid will be degressive and will take into account average quantities imported into the Community.

As it is important that the AASM and the OCT should be able to assess, before the marketing year begins, what their receipts are likely to be, the rates at which the Community will compensate for differences between reference price and world price will each year be fixed by the Council together with the reference price.

Furthermore, in order to help the AASM to finance any measures planned for the marketing year, the regulation stipulated that advances on Community aid may be granted to these States before the amount of aid has been finally settled.

Proposal for a Council regulation

The Council of the European Economic Community,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 235 thereof;

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament;

Whereas, under the Convention of Association between the European Economic Community and the Associated African States and Madagascar, the Community

agreed that it would take into consideration, when drawing up its common agricultural policy, the interests of the Associated States as regards products similar to and competing with European products;

Whereas the Council decision of 25 February 1964 on the association of the Overseas Countries and Territories with the European Economic Community gives the same undertaking as regards the interests of the said Countries and Territories;

Whereas, by virtue of Council Regulation No. .../6./CEE dated ... establishing a common organization of the markets in

fats, imports of oil-seeds and oils other than olives intended for oil and olive oil are subject only to the duties in the common customs tariff and are otherwise free;

Whereas fluctuations in the world prices of oil-seeds and oils and reductions in these prices impair the economic development of the Associated States because of the amount of these products that they export;

Whereas it is therefore expedient to eliminate the customs duties on oils in the national tariffs at the same pace as that applied to their elimination in trade between Member States and, if necessary, to put into effect special measures for oil-seeds, and to grant the AASM and the OCT assistance for their oil-seeds and oils imported into the Community in order to alleviate the effects if world prices should fall below an average price to be fixed as a reference point;

Whereas the consultation required under Article 11 of the Convention of Association has been carried out,

Has adopted the present regulation :

Article 1

The Member States shall apply to the products referred to in Article 1 (2 *a*) and *b*) of Regulation No. .../6./CEE (1) originating in the AASM and the OCT the customs duties they apply among themselves.

Article 2

Where trade in oil-seeds between the AASM or the OCT and the Member States suffers serious disturbance, the Council, acting on a proposal by the Commission by unanimous vote during the second stage and by qualified majority thereafter, shall take specific measures to facilitate such trade.

Article 3

The Community shall grant aid on the conditions laid down in Article 4 to 7 below for the following products imported into the Community and originating in the AASM and the OCT :

	CCT Heading	Description of goods
<i>a)</i>	12.01 A	Groundnuts
	12.01 B	Copra
	12.01 C	Palm nuts and kernels
<i>b)</i>	ex 15.07 B II	Groundnut oil
	ex 15.07 B II	Copra oil
	ex 15.07 B II	Palm kernel oil
<i>c)</i>	ex 15.07 B II	Palm oil

Article 4

When the world market price for any of the products referred to in Article 3, determined in accordance with Article 7, is below the reference price fixed in accordance with Article 5, the Community shall grant aid to the AASM and the OCT. The amount of such aid shall be fixed annually by the Council, acting on a proposal by the Commission by unanimous vote during the second stage and by qualified majority thereafter. The amount shall be calculated on the basis of quantities imported into the Community from each of the AASM and the OCT and of the degressive scale referred to in Article 6.

Article 5

By 1 June of each year the Council, acting on a proposal by the Commission by unanimous vote during the second stage and by qualified majority thereafter, after consulting the Associated States concerned, shall fix a reference price for the products referred to in Article 3, applicable from 1 January to 31 December of the following year. The reference price valid for the period 1 July 196. to 31 December 196. shall be fixed within three months of the adoption of the present regulation.

These reference prices shall be fixed with due regard to the following :

a) For the products referred to in Article 3 (*a*) and *c*) — world market prices over the

(1) The regulation on fats.

three years before the reference price is fixed;

The trend on the world market for the product in question;

The trend of output in the AASM and the OCT;

b) For the products referred to in Article 3b)

The reference price fixed for each type of seed and a conversion rate between the seed and the relevant oil.

Article 6

At the same time as it fixes the reference price referred to in Article 4 the Council, acting on a proposal by the Commission by unanimous vote during the second stage and by qualified majority thereafter, shall establish a degressive scale of rates at which the Community will compensate for differences between reference prices and world prices with due regard to average quantities of products originating in the AASM and the OCT imported into the Community over the three preceding years.

Article 7

The world market price referred to in Article 4 shall be fixed annually by the procedure laid down in Article 36 of Regulation No. .../6./CEE (*) and in the light of criteria laid down by the same procedure :

(1) The regulation on fats.

a) For products referred to in Article 3 (a) and c)), on the basis of cif prices to North Sea ports;

b) For products referred to in Article 3b), with due regard to the world market price established for each kind of seed and an average conversion rate between such seed and the relevant oil.

Article 8

The amount due to each Associated State or Overseas Country of Territory shall be paid during the six months following the end of the annual period referred to in Article 5. Provided that the Council, acting on a proposal by the Commission by unanimous vote during the second stage and by qualified majority thereafter, may decide to issue advances on the presumed amount of aid to any Associated State which so requests.

Article 9

The present regulation shall come into force on the day following its publication in the official gazette of the European Communities. It shall be applicable in all the Member States during the validity of the Convention of Association between the European Economic Community and the Associated African States and Madagascar. The present regulation shall be binding in all its parts and directly applicable.



