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EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

I

(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 1251/1999

of 17 May 1999

establishing a support system for producers of certain arable crops

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the European Court of Auditors⁽⁵⁾,

(1) Whereas the common agricultural policy aims to attain the objectives referred to in Article 33 of the Treaty, taking account of the market situation;

(2) Whereas, in order to ensure better market balance, a new scheme of support was introduced by Council Regulation (EEC) No 1765/92 of 30 June 1992 establishing a support system for producers of certain arable crops⁽⁶⁾;

(3) Whereas, after the 1992 reform of the common agricultural policy, there has been a particular improvement of market balances;

(4) Whereas set-aside under the support system for producers of certain arable crops, introduced in 1992 in addition to a lowering of the intervention price, has helped to keep production under control, while increased price competitiveness has allowed significant additional cereals quantities to be used on the domestic market, mainly for animal feed;

(5) Whereas the support on the basis of the scheme introduced in 1992 should be continued, taking into account, however, market developments and experience acquired in applying the current scheme;

(6) Whereas Member States may, under certain conditions, make grass silage eligible for area payments under this regime;

(7) Whereas the reform of the support scheme has to take into account the international obligations of the Community;

(8) Whereas the best way to achieve market balance is to approximate the Community prices of cereals to the prices on the world market and to provide for non-crop specific area payments;

(9) Whereas area payments should be revised if the market conditions differ from those currently foreseen;

⁽¹⁾ OJ C 170, 4.6.1998, p. 4.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 284, 14.9.1998, p. 55.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ OJ L 181, 1.7.1992, p. 12. Regulation as last amended by Regulation (EC) No 1624/98 (OJ L 210, 28.7.1998, p. 3).

(10) Whereas the area eligible should be restricted to the area down to arable crops or publicly funded set aside in the past;

(11) Whereas, when the sum of the areas for which payment is claimed under the scheme is in excess

- of the base area, a reduction of the eligible area per farm should be provided for in order to ensure market balance;
- (12) Whereas Member States may apply one or more national base areas; whereas it is considered appropriate that the Member States which choose this option should be able to divide each national base area into sub-base areas; whereas, when a national base area has been exceeded, the Member State concerned should be allowed to concentrate the application of the measures totally or partially on those areas for which the overshoot has been noted;
- (13) Whereas area payments should reflect the specific structural characteristics that influence yield; whereas the drawing up of a regionalisation plan based on objective criteria should be left to the Member States; whereas uniform average yields should be established by the regionalisation plans; whereas these plans should be consistent with the average yields of each region achieved in a given period, taking into account any structural differences between production regions; whereas a specific procedure should be provided in order to examine these plans at Community level;
- (14) Whereas differentiation of yields may be permitted for irrigated and non-irrigated areas provided that a separate base area for irrigated crops is established and there is no extension of the total base area;
- (15) Whereas maize has a different yield which distinguishes it from other cereals and therefore may justify a separate treatment;
- (16) Whereas, in order to calculate the area payment, a basic amount per tonne should be multiplied by the 'average cereals yield' determined for the region concerned; whereas when different yields for maize and for other cereals are fixed, separate base areas for maize should be established;
- (17) Whereas a single basic amount should be fixed for arable crops; whereas the basic amounts per tonne should be increased taking into account the reduction in several steps in the cereals intervention price; whereas a specific aid should be established for protein crops in order to preserve their competitiveness with cereals;
- (18) Whereas in the case of a final reduction in intervention price the basic amount shall be increased applying the same compensation rate as that used in the 2000/2001 and 2001/2002 marketing years;
- (19) Whereas a special scheme for durum wheat should be established to ensure a durum wheat production level which is sufficient to supply user industries while keeping budgetary expenditure in check; whereas that objective should be achieved by introducing a supplement limited, for each Member State concerned, to a maximum area of durum wheat; whereas any overshoot of those areas should lead to an adjustment to the applications submitted;
- (20) Whereas, moreover, in some Member States, the production of durum wheat is well established in regions outside traditional zones; whereas it is desirable to safeguard a certain level of production in those regions by the grant of special aid;
- (21) Whereas, in order to benefit from the area payments, producers should set aside a predetermined percentage of their arable area; whereas the land set aside should be cared for so as to meet certain minimum environmental standards; whereas the areas set aside should also be eligible for use for non-food purposes, provided effective control systems can be applied;
- (22) Whereas in the current market situation, the set-aside requirement should be reduced to 10 % for the period 2000-2006; whereas this percentage should be re-examined to take account of production and market developments;
- (23) Whereas the set-aside obligation should be subject to due compensation; whereas the compensation should be equivalent to the area payments for cereals;
- (24) Whereas no set-aside requirement should be imposed for small producers whose claim for area payments is below a certain level, whereas this level should be fixed;
- (25) Whereas for voluntary set-aside, producers may be granted set-aside payment for land additionally set-aside; whereas a maximum area limit should be fixed by Member States;
- (26) Whereas area payments should be paid once a year for a given area; whereas areas not cultivated immediately before the entry into force of the scheme established by Regulation (EEC) No 1765/92 should not be eligible for

payment; whereas to take account of certain specific situations, where this provision is unduly restrictive, certain derogations should be permitted to be managed by the Member States;

- (27) Whereas it is necessary to determine certain conditions for applying for area payments and to specify when producers should be paid;
- (28) Whereas payment dates should be fixed in order to ensure an even distribution of arable crops sales during the marketing year;
- (29) Whereas sowing dates should be adapted to natural conditions in the different production areas;
- (30) Whereas it is necessary to provide for transitional rules in order to abolish crop specific payments for oilseeds from the 2002/2003 marketing year onwards; whereas some of the existing provisions in this sector have to be maintained taking into account the international obligations of the Community;
- (31) Whereas expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation should be financed by the Community in accordance with Articles 1 and 2 of Council Regulation (EC) No 1258/99 of 17 May 1999 on the financing of the common agricultural policy⁽¹⁾;
- (32) Whereas it is necessary to provide for transitional measures and to enable the Commission to adopt, if necessary, additional transitional measures;
- (33) Whereas the adaptations to the arable crops support system should be introduced as from the marketing year 2000/2001;
- (34) Whereas, in view of the present adaptations to the current support scheme and to previous modifications, it is appropriate, for reasons of clarity, to replace Regulation (EEC) No 1765/92 by a new Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

1. This Regulation hereby establishes a system of area payments for producers of arable crops.

⁽¹⁾ See page 103 of this Official Journal.

2. For the purposes of this Regulation:

- the marketing year shall run from 1 July to 30 June,
- 'arable crops' are taken to mean those listed in Annex I.

3. Member States where maize is not a traditional crop may make grass silage eligible for the arable crops area payments, under the same conditions as those applicable for arable crops.

CHAPTER I

Article 2

1. Community producers of arable crops may apply for an area payment under the conditions set out in this Regulation.

2. The area payment shall be fixed on a per hectare basis and regionally differentiated.

The area payment shall be granted for the area which is down to arable crops or subject to set-aside in accordance with Article 6 and which does not exceed a regional base area. This is established as the average number of hectares within a region down to arable crops or, where appropriate, fallow in conformity with a publicly funded scheme during 1989, 1990 and 1991. A region in this sense shall be understood to mean a Member State or a region within the Member State, at the option of the Member State concerned.

3. Producers applying for the area payment shall be subject to an obligation to set aside part of the land of their holding from production and shall receive compensation for this obligation.

4. When the sum of the areas for which payment is claimed under the arable crops' scheme, including the set-aside provided for under that scheme, is in excess of the base area, the eligible area per farmer shall be reduced proportionately for all the payments granted under this Regulation in the region in question, during the same marketing year.

Areas which are not the subject of an application for payment under this Regulation but are used to support an application for aid under Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal⁽²⁾ shall

⁽²⁾ See page 21 of this Official Journal.

also be taken into account for the calculation of areas for which payment is claimed.

5. If a Member State makes grass silage eligible for the arable crops area payments, a separate base area shall be defined. If the base area for arable crops or grass silage is not reached in a given marketing year, the balance of hectares shall be allocated for the same marketing year to the corresponding base area.

6. Where a Member State has chosen to establish one or more national base areas, it may subdivide each national base area into sub-base areas according to objective criteria to be defined by the Member State.

For the purposes of applying this paragraph, the 'Secano' and 'Regadio' base areas shall be considered as national base areas.

Where there is an overshoot of a national base area, the Member State concerned may, in accordance with objective criteria, concentrate the measure applicable under paragraph 4 totally or partially on the sub-base areas for which the overshoot has been noted.

Member States which have decided to apply the possibilities provided for in this paragraph, shall notify producers and the Commission by 15 September of their choices and the detailed rules for their application.

Article 3

1. For the purpose of setting average yields to be used for calculation of the area payment, each Member State shall establish a regionalisation plan setting out the relevant objective criteria for determination of the separate production regions in order to arrive at distinct homogeneous areas.

With this in mind, Member States shall take due account of specific situations in drawing up their regionalisation plans. They may in particular adjust average yields in line with any structural differences between production regions.

2. Member States may also apply a different yield figure for maize than for other cereals in their regionalisation plans.

(a) Where the yield for maize is higher than for other cereals, a base area, as referred to in Article 2(2),

shall be established separately for maize, covering one or more maize production regions, at the choice of the Member State.

Member States may also, in the regions in question, establish separate base areas for arable crops other than maize. In such cases, if the base area for maize is not reached in a given marketing year, the balance of hectares shall be allocated for the same marketing year to the corresponding base area for arable crops other than maize.

(b) Where the yield for maize is equal to or less than that for other cereals, a base area may also be established separately for maize in accordance with point (a). In such cases and if the Member States chooses to establish a base area for 'arable crops other than maize':

— if the base area for 'maize' is not reached in a given marketing year, the balance of hectares shall be allocated for the same marketing year to the corresponding base areas for other crops,

— if the base area for 'arable crops other than maize' is not reached in a given marketing year, the balance of hectares shall be allocated for the same marketing year to the base area for 'maize' concerned.

Should these base areas be exceeded, Article 2(4) shall apply.

3. Member States may in their regionalisation plans set different yields for irrigated and non-irrigated land. In that case, Member States shall establish a separate base area for areas bearing irrigated crops.

The irrigated base area shall be equal to the average area irrigated from 1989 to 1991 with a view to harvesting arable crops including the increases made pursuant to Article 3(1), fourth subparagraph, last sentence of Regulation (EEC) No 1765/92. However, the irrigated base area in Portugal shall be progressively increased by up to 60 000 ha, for those areas where it has been established that investment in irrigation began after 1 August 1992. This increase may be added partially or totally to the irrigated maize base area as referred to in Article 3(2).

The establishment of the irrigated base area must not lead to any increase in the total base area of the

Member State concerned. Should the irrigated base area be exceeded, Article 2(4) shall apply.

If the irrigated base area is not reached in a given marketing year, the balance of hectares shall be allocated for the same marketing year to the corresponding non-irrigated base area.

4. The regionalisation plan shall in all cases ensure that the average yield of the Member State concerned established for the period and in accordance with the criteria referred to in paragraph 5 is respected.

5. For each production region, the Member State shall give details of the areas and yields of arable crops produced in that region during the five-year period 1986/1987 to 1990/1991. Average cereals yields shall be separately calculated for each region by excluding the year with the highest and the year with the lowest yield during that period.

However, this obligation may be fulfilled in the case of:

- Portuguese cereals by providing data having been supplied pursuant to Council Regulation (EEC) No 3653/90 of 11 December 1990 introducing transitional measures governing the common organisation of the market in cereals and rice in Portugal⁽¹⁾,
- the five new German *Länder* by providing the average crop yield applicable in the other German *Länder*,
- Italy and Spain by fixing the reference yield at 3,9 tonnes/hectare and 2,9 tonnes/hectare respectively.

If a Member State decides to treat:

- maize separately from other cereals, the average cereals yield, which shall not be altered, shall be broken down between maize and other cereals,
- irrigated land separately from non-irrigated land, the corresponding average yield, which shall not be altered, shall be broken down between the two types.

⁽¹⁾ OJ L 362, 27.12.1990, p. 28. Regulation as amended by Commission Regulation (EC) No 1664/95 (OJ L 158, 8.7.1995, p. 13).

6. Member States shall submit their regionalisation plan to the Commission by 1 August 1999 together with all necessary supporting information. In order to fulfil this obligation, they may refer to their regionalisation plan submitted to the Commission in accordance with Regulation (EEC) No 1765/92.

The Commission shall examine the regionalisation plans submitted by the Member States and shall ensure that each plan is based on appropriate, objective criteria and is consistent with available historical information. The Commission may object to plans that are not compatible with the aforementioned relevant criteria in particular with the average yield of the Member State. In this case the plans shall be subject to adjustment by the Member State concerned after consultation with the Commission.

The regionalisation plan may be revised by the Member State concerned at the request of the Commission or at the initiative of that Member State in accordance with the same procedure as outlined in this Article.

7. Should a Member State, pursuant to paragraph 1, choose to establish production regions the demarcation of which does not correspond to that of regional base areas, it shall send the Commission a summary statement of payment applications and the yields pertaining to these. If it emerges from this information that, in a Member State, the average yield resulting from the regionalisation plan applied in 1993 or, in the case of Austria, Finland and Sweden, the average yield resulting from the plan applied in 1995 or, in the case of Italy and Spain the yield as fixed in Article 3(5) is exceeded, all payments to be made in that Member State for the following marketing year shall be reduced in proportion to the overrun which has been recorded. However, this provision shall not apply where the quantity for which applications were made, expressed in tonnes of cereals, does not exceed that resulting from the product of the total base areas of the Member State by the aforementioned average yield.

Member States may decide to ascertain whether there has been any exceeding of the average yield for each base area. In such cases, the provisions of this paragraph shall be applied to the payments to be paid in each base area concerned.

Article 4

1. Without prejudice to Article 10, the area payment shall be calculated by multiplying the basic amount per tonne by the average cereal yield determined in the regionalisation plan for the region concerned.

2. The calculation mentioned in paragraph 1 shall be made using the average cereals yield. However, where maize is treated separately, the 'maize' yield shall be used for maize and the 'cereals other than maize' yield shall be used for cereals, oilseeds and linseed.

3. The basic amount shall be fixed as follows:

for protein crops:

— EUR 72,50/t from the 2000/2001 marketing year onwards;

for cereals, grass silage and set-aside:

— EUR 58,67/t for the 2000/2001 marketing year,

— EUR 63,00/t from the 2001/2002 marketing year onwards;

for linseed:

— EUR 88,26/t for the 2000/2001 marketing year,

— EUR 75,63/t for the 2001/2002 marketing year,

— EUR 63,00/t from the 2002/2003 marketing year onwards;

for oilseeds:

— EUR 63,00/t from the 2002/2003 marketing year onwards.

The amount of EUR 63/t may be increased from the 2002/2003 marketing year onwards in the light of a final reduction in the intervention price for cereals provided for in Article 3(4) of Regulation (EEC) No 1766/92.

This increase in area payments will bear the same proportion to the intervention price reduction as that applicable in 2000/2001 and 2001/2002.

4. In Finland and in Sweden north of the 62nd Parallel and some adjacent areas affected by comparable climatic conditions rendering agricultural activity particularly difficult a supplementary amount to the area payment of EUR 19/t, multiplied by the yield utilised for the area payments, shall be applied for cereals and oilseeds.

Article 5

A supplement to the area payment of EUR 344,50 per hectare shall be paid for the area down to durum

wheat in the traditional production zones listed in Annex II, subject to the limits fixed in Annex III.

Should the total of the areas for which a supplement to the area payment is claimed be greater than the limit referred to above during the course of a marketing year, the area per producer for which the supplement may be paid shall be reduced proportionately.

However, subject to the limits per Member State laid down in Annex III, Member States may distribute the areas indicated in that Annex among the production zones as defined in Annex II, or, if necessary, the production regions referred to in Article 3, according to the extent of the production of durum wheat during the period 1993 to 1997. Where this is done, should the total of the areas within a region for which a supplement to the area payment is requested be greater than the corresponding regional limit during the course of a marketing year, the area per producer in that production region for which the supplement may be paid shall be reduced proportionately. The reduction shall be made when, within a Member State, the areas in regions, which have not reached their regional limits, have been distributed to regions in which those limits have been exceeded.

In regions where the production of durum wheat is well established, other than those referred to in Annex II, special aid amounting to EUR 138,90 per hectare shall be granted up to a limit of the number of hectares laid down in Annex IV.

Article 6

1. The set-aside obligation for each producer applying for area payments shall be fixed as a proportion of his area down to arable crops and for which a claim is made and left in set-aside pursuant to this Regulation.

The basic rate of compulsory set-aside is fixed at 10 % from the 2000/2001 marketing year up to the 2006/2007 marketing year.

2. Member States shall apply appropriate environmental measures which correspond to the specific situation of the land set-aside.

3. The land set-aside may be used for the provision of materials for the manufacture within the Community of products not primarily intended for human or animal consumption, provided that effective control systems are applied.

Member States shall be authorised to pay national aid up to 50 % of the costs associated with establishing

multiannual crops intended for bio-mass production on set-aside land.

4. Where different yields are set for irrigated and non-irrigated land, the payment for set-aside for non-irrigated land apply. In the case of Portugal, payment shall take account of the aid granted under Regulation (EEC) No 3653/90.

5. Producers may be granted the set-aside payment on land voluntarily set aside in excess of their obligation. Member States shall allow farmers to set-aside up to at least 10% of the area down to arable crops and for which a payment application is made, and left in set-aside pursuant to this Regulation. Higher percentages may be set by a Member State taking into account specific situations and ensuring sufficient occupation of farmland.

6. The set-aside payment may be granted on a multiannual basis for a period up to five years.

7. Producers who make a payment application for an area no bigger than the area which would be needed to produce 92 tonnes of cereals, on the basis of the yields determined for their region, are not bound by the set-aside obligation. Paragraphs 5 and 6 shall apply to these producers.

8. Without prejudice to Article 7, areas:

- set aside pursuant to agri-environment (Articles 22 to 24 of Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending certain Regulations⁽¹⁾, which are neither put to any agricultural use nor used for any lucrative purposes other than those accepted for other land set aside under this Regulation, or
- afforested pursuant to afforestation (Article 31 of Regulation (EC) No 1257/1999,

as a result of an application made after 28 June 1995, may, up to any limit per holding which may be set by the Member State concerned, be counted as being set

aside for the purposes of the set-aside requirement indicated in paragraph 1. Such limit shall be set only to the extent necessary to avoid a disproportionate amount of the available budget relating to the scheme in question being concentrated on a small number of farms.

However, on these areas, the area payment specified in Article 4 shall not be granted and the support granted under Article 24(1), or Article 31(1), second indent of Regulation (EC) No 1257/1999 (rural development regulation) shall be limited to an amount equal at most to the area payment for set aside specified in Article 4(3).

Member States may decide not to apply the scheme provided for in this paragraph to a new applicant in any region in which there is a continuing risk of a significant overshoot of the regional base area.

Article 7

Applications for payments may not be made in respect of land that on 31 December 1991 was under permanent pasture, permanent crops or trees or was used for non-agricultural purposes.

Member States may, on terms to be determined, depart from these provisions under certain specific circumstances, in particular for areas subject to restructuring programmes or for areas subject to standard rotations of multiannual arable crops with those crops listed in Annex I. In such cases, they shall take action to prevent any significant increase in the total eligible agricultural area. This may in particular involve deeming previously eligible areas ineligible as an offsetting measure.

Member States may also depart from the provisions of the first subparagraph under certain specific circumstances relating to one or other form of public intervention where such intervention results in a farmer growing crops on land previously regarded as ineligible in order to continue his normal agricultural activity and the intervention in question means that land originally eligible ceases to be so with the result that the total amount of eligible land is not increased significantly.

Moreover, Member States may, in certain cases not covered by the previous two subparagraphs, depart

⁽¹⁾ See page 80 of this Official Journal.

from the first subparagraph if they provide proof in a plan submitted to the Commission that the total amount of eligible land remains unchanged.

Article 8

1. Payments shall be made between 16 November and 31 January following the harvest. However, where Article 6(3) applies, area payments for the land set aside shall be paid between 16 November and 31 March.

2. In order to qualify for the area payment, a producer shall by 31 May at the latest preceding the relevant harvest have sown the seed and by 15 May at the latest have lodged an application.

3. Member States shall take the necessary measures to remind applicants of the need to respect environmental legislation.

Article 9

Detailed rules for the application of this Chapter shall be adopted in accordance with the procedure laid down in Article 23 of Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals⁽¹⁾ and in particular:

- those relating to the establishment and management of base areas,
- those relating to the establishment of production regionalisation plans,
- those relating to grass silage,
- those relating to the granting of the area payment,
- those relating to the minimum area eligible for payment; such rules shall take particular account of the monitoring requirements and of the desired effectiveness of the scheme in question,
- those determining, for durum wheat, the eligibility for the supplement to the area payment referred to in Article 5 and the eligibility requirements for the special aid referred to in that Article, and in particular determination of the regions to be taken into consideration,
- those relating to set-aside, in particular those relating to Article 6(3); these conditions may

⁽¹⁾ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Commission Regulation (EC) No 923/96 (OJ L 126, 24.5.1996, p. 37).

include the growing of products without compensation,

- those relating to the conditions for applying Article 7; these conditions shall specify under what circumstances the provisions of Article 7 may be waived and Member States' obligation to refer envisaged action to the Commission for approval,
- those relating to compliance with the Memorandum of Understanding on certain oil seeds between the European Economic Community and the United States of America within the framework of the GATT approved by Decision 93/355/EEC⁽²⁾.

According to the same procedure, the Commission may:

- either make the granting of payments subject to the use of specific seeds, certified seeds in the case of durum wheat, certain varieties in the cases of oilseeds, durum wheat and linseeds or provide for the possibility for Member States to make the granting of payments subject to such conditions,
- allow the dates in Article 8(2) to be varied in certain zones where exceptional climatic conditions render the normal dates inapplicable,
- allow Member States, subject to the budgetary situation, to authorise, by way of derogation from Article 8(1), payments prior to 16 November in certain regions, of up to 50% of the area payments and of the payment for set-aside in years in which exceptional climatic conditions have so reduced yields that producers face severe financial difficulties.

CHAPTER II

Article 10

1. For the 2000/2001 and 2001/2002 marketing years the area payments for oilseeds are calculated by multiplying the following amounts by the average cereals yield determined in the regionalisation plan in the region concerned:

- EUR 81,74/t for the 2000/2001 marketing year,
- EUR 72,37/t for the 2001/2002 marketing year.

⁽²⁾ OJ L 147, 18.6.1993, p. 25.

However, Member States shall have the possibility of continuing to fix the oilseeds payments on the basis of historical regional oilseeds yield. In that case the yield shall be multiplied by 1,95.

2. For the 2000/2001 and 2001/2002 marketing years, a maximum guaranteed area (MGA) shall be established for the crop-specific oilseeds area payments of 5 482 000 hectares, reduced by the rate of compulsory set-aside applicable for that marketing year, or by 10 % if that rate is less than 10 %. If after the application of Article 2 the maximum guaranteed area is exceeded, the Commission shall reduce the amounts referred to in paragraph 1, in accordance with the provisions of paragraphs 3 and 4.

3. If the area of oilseeds already determined as eligible for crop specific oilseeds area payments in any year exceeds the MGAs, the Commission shall reduce, by 1 % for each percentage point by which the MGA is exceeded, the basic amount for that year. If the MGA is exceeded by more than a threshold percentage, special rules shall apply. Up to the threshold percentage, the reduction of the amount shall be uniform in all Member States. Beyond the threshold percentage, appropriate additional reductions shall apply in those Member States that have exceeded the national reference areas set out in Annex V, reduced by the rate referred to in paragraph 4. However, in the case of Germany the appropriate additional reduction may be adjusted at its request, in whole or in part, according to the regional base area; where this option is exercised, Germany shall immediately send the Commission the data used to calculate the reductions to be applied.

The Commission shall, in accordance with the procedure laid down in Article 23 of Regulation (EEC) No 1766/92, establish the size and distribution of the appropriate reductions to be applied and shall, in particular, ensure that the weighted average reduction for the Community as a whole is equal to the percentage by which the MGA has been exceeded.

4. The threshold percentage provided for in paragraph 3 should be 0 %.

5. If the oilseeds area payment is reduced in accordance with the provisions in paragraphs 3 and 4, the Commission shall reduce the relevant basic amounts for the following marketing year by the same percentage unless the MGA is not exceeded in that year, in which case the commission may determine that such a reduction shall not apply.

6. If the MGA for the Community is exceeded in 2000/2001 marketing year, the percentage of reduction

of the regional reference amounts applied for the 1999/2000 marketing year shall be applied by the Commission to the relevant basic amount for the 2000/2001 marketing year by the same percentage.

7. Notwithstanding the provisions in this Article, Member States in which there is a significant risk of the National Reference Area set out in Annex V being substantially exceeded in the following marketing year may limit the area for which an individual producer may receive the oilseed area payments referred to in this article. Such limit shall be calculated as a percentage of the arable land area, of either the Member State or the regional base area, that is eligible for the area payments provided for in this Regulation and shall be applied to the eligible arable area of the producer. This limit may be differentiated between regional base areas or sub-base areas on the basis of objective criteria. Member States shall announce such limit, at the latest, by 1 August of the marketing year prior to that in respect of which the area payment is requested, or by an earlier date in the case of a Member State, or regions within a Member State, where plantings for the marketing year concerned take place prior to 1 August.

8. The reduction resulting from the overshoot of the MGA, applied in accordance with the provisions of this Article, cannot lead to an amount less than:

— EUR 58,67/t for the 2000/2001 marketing year,

— EUR 63,00/t for the 2001/2002 marketing year.

9. Producers of confectionery sunflower seed, sown for harvest, shall be excluded from the benefit of the support provided for under the terms of this article.

10. Within two years from the application of the present article the Commission will submit a report to the Council on the development on the oilseeds market. If necessary this report will be accompanied by appropriate proposals should the production potential deteriorate seriously.

Article 11

The amounts of the area payments and the payment for set-aside as well as the percentage area to be set aside fixed in this Regulation may be changed in the

light of developments in production, productivity and the markets, according to the procedure laid down in Article 37(2) of the Treaty.

Article 12

Should specific measures be necessary to facilitate the transition from the system in force to that established by this Regulation, such measures shall be adopted in accordance with the procedure laid down in Article 23 of Regulation (EEC) No 1766/92.

Article 13

The measures defined in this Regulation shall be deemed to be intervention intended to stabilise agricultural markets within the meaning of Article 1(2)(b) of Council Regulation (EC) No 1258/1999.

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

Done at Brussels, 17 May 1999.

Article 14

Regulation (EEC) No 1765/92 and Regulation (EEC) No 1872/94 are hereby repealed.

Article 15

1. This Regulation shall enter into force seven days after its publication in the *Official Journal of the European Communities*.
2. This Regulation shall apply from the 2000/2001 marketing year onwards.
3. Regulation (EEC) No 1765/92 and Regulation (EEC) No 1872/94 shall continue to be applied in relation to the 1998/1999 and 1999/2000 marketing years.

For the Council
The President
K.-H. FUNKE

ANNEX I

DEFINITION OF PRODUCTS

CN code	Description
I. CEREALS	
1001 10 00	Durum wheat
1001 90	Other wheat and meslin other than durum wheat
1002 00 00	Rye
1003 00	Barley
1004 00 00	Oats
1005	Maize
1007 00	Grain sorghum
1008	Buckwheat, millet and canary seed; other cereals
0709 90 60	Sweet corn
II. OILSEEDS	
1201 00	Soya beans
ex 1205 00	Rape seed
ex 1206 00 10	Sunflower seed
III. PROTEIN CROPS	
0713 10	Peas
0713 50	Field beans
ex 1209 29 50	Sweet lupins
IV. FLAX	
other than fibre flax	
ex 1204 00	Linseed (<i>Linum usitatissimum</i> L.)

ANNEX II

TRADITIONAL PRODUCTION ZONES FOR DURUM WHEAT

GREECE

Nomoi (prefectures) of the following regions

Central Greece
Peloponnese
Ionian Islands
Thessaly
Macedonia
Aegean Islands
Thrace

SPAIN

Provinces

Almería
Badajoz
Burgos
Cádiz
Córdoba
Granada
Huelva
Jaén
Málaga
Navarra
Salamanca
Seville
Toledo
Zamora
Zaragoza

AUSTRIA

Pannonia

FRANCE

Regions

Midi-Pyrénées
Provence-Alpes-Côte d'Azur
Languedoc-Roussillon

Departments ()*

Ardèche
Drôme

ITALY

Regions

Abruzzo
Basilicata
Calabria
Campania
Latium
Marches
Molise
Umbria
Apulia
Sardinia
Sicily
Tuscany

PORTUGAL

Districts

Santarém
Lisbon
Setúbal
Portalegre
Évora
Beja
Faro

(*) Each of these departments may be linked to one of the abovementioned regions.

ANNEX III

MAXIMUM GUARANTEED AREAS IN RECEIPT OF THE SUPPLEMENT TO THE AREA
PAYMENT FOR DURUM WHEAT

	<i>(hectares)</i>
Greece	617 000
Spain	594 000
France	208 000
Italy	1 646 000
Austria	7 000
Portugal	118 000

ANNEX IV

MAXIMUM GUARANTEED AREAS IN RECEIPT OF THE SPECIAL AID FOR DURUM WHEAT

	<i>(hectares)</i>
Germany	10 000
Spain	4 000
France	50 000
Italy	4 000
United Kingdom	5 000

ANNEX V

NATIONAL REFERENCE AREA

(in 1 000 hectares)

Country	For the 2000/2001 and 2001/2002 marketing years
Belgium	6
Denmark	236
Germany	929
Greece	26
Spain	1 168
France	1 730
Ireland	5
Italy	542
Luxembourg	2
Netherlands	7
Austria	147
Portugal	93
Finland	70
Sweden	137
United Kingdom	385

COUNCIL REGULATION (EC) No 1252/1999**of 17 May 1999****amending Regulation (EC) No 1868/94 establishing a quota system for the production of potato starch**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament⁽¹⁾,

- (1) Whereas Article 2 of Regulation (EC) No 1868/94⁽²⁾, fixes the potato starch quotas for producer Member States for the 1998/1999, 1999/2000 and 2000/2001 marketing years;
- (2) Whereas Article 8(2) of Council Regulation (EEC) No 1766/92⁽³⁾ of 30 June 1992 on the common organisation of market in veal fixes the amount of the compensatory payment for producers of potatoes intended for the manufacture of potato starch; whereas this amount is increased by the Council for the 2000/2001 marketing year as well as the following marketing years on condition that the quotas fixed by Regulation (EC) No 1868/94 are decreased for the Member States having a quota greater than 100 000 tonnes by 2,81 % in the 2000/2001 marketing year and by 5,74 % in the 2001/2002 marketing year, and the current quota for the Member States having a quota lower than 100 000 tonnes must be reduced by 1,41 % in the 2000/2001 marketing year and by 2,87 % in the 2001/2002 marketing year;
- (3) Whereas the quotas established for the 2000/2001 marketing year should be amended and the quotas for the 2001/2002 marketing year should be fixed; whereas the producer Member States should allocate their quotas for the period 2000/2001 and 2001/2002 between all the undertakings producing potato starch on the basis of the quotas for the marketing year 1999/2000; whereas it must be made clear that quantities used in excess of sub-quotas during the marketing year 1999/2000 will be deducted in the 2000/2001 marketing year in accordance with Article 6(2) of Regulation (EC) No 1868/94;
- (4) Whereas at the end of the period the Commission should make a report to the Council on quota allocations accompanied, if necessary, by appropriate proposals taking account of possible changes in the compensatory payment,

⁽¹⁾ Opinion delivered on 7 May 1999 (not yet published in the Official Journal).

⁽²⁾ OJ L 197, 30.7.1994, p. 4. Regulation as last amended by Regulation (EC) No 1284/98 (OJ L 178, 23.6.1998, p. 3).

⁽³⁾ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 1253/1999 (See page 18 of this Official Journal).

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1868/94 is amended as follows:

1. in Article 2:

- (a) in paragraphs 1 and 2 references to the 2000/2001 marketing year shall be deleted;
- (b) the following paragraphs shall be added:

‘3. The producer Member States set out below shall be allocated the following quotas for the production of potato starch for the 2000/2001 and 2001/2002 marketing years:

	2000/2001	2001/2002
Denmark	173 439 tonnes	168 215 tonnes
Germany	676 680 tonnes	656 298 tonnes
Spain	1 972 tonnes	1 943 tonnes
France	273 595 tonnes	265 354 tonnes
The Netherlands	523 161 tonnes	507 403 tonnes
Austria	48 409 tonnes	47 691 tonnes
Finland	53 980 tonnes	53 178 tonnes
Sweden	63 001 tonnes	62 066 tonnes
TOTAL	1 814 237 tonnes	1 762 148 tonnes

4. Each producer Member State shall allocate the quota referred to in paragraph (3) between undertakings producing potato starch for use in the 2000/2001 and 2001/2002 marketing years in proportion to the sub-quotas available to each undertaking for the 1999/2000 marketing year before application of a possible correction under Article 6(2).

The sub-quotas of each undertaking for the 2000/2001 marketing year shall be adjusted to take account of any amount used in excess of quota during the 1999/2000 marketing year in accordance with Article 6(2).’;

2. Article 3 shall be replaced by the following text:

‘Article 3

1. On or before 31 October 2001 and thereafter at three-yearly intervals, the Commission shall present to the Council a report on the allocation of quota within the Community, accompanied if necessary by appropriate proposals. This report shall take account of possible changes in the compensatory payment as well as of the development of the potato and cereal-starch market.

2. On or before 31 December 2001 and thereafter at three-yearly intervals, the Council, acting on the basis of Article 37 of the Treaty, shall allocate the quota between Member States on the basis of the report referred to in paragraph 1, for use in the following three marketing years.

3. On or before 31 January 2002 and thereafter at three-yearly intervals, Member States shall notify those concerned of the details of quota allocations for the following three marketing years.'

Article 2

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

It shall apply from 1 July 2000.

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

Done at Brussels, 17 May 1999.

For the Council

The President

K.-H. FUNKE

COUNCIL REGULATION (EC) No 1253/1999

of 17 May 1999

amending Regulation (EEC) No 1766/92 on the common organisation of the market of cereals and repealing Regulation (EEC) No 2731/75 fixing standard qualities for common wheat, rye, barley, maize and durum wheat

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

(1) Whereas after the 1992 reform of the common agricultural policy, there has been a particular improvement in market balances;

(2) Whereas set-aside under the support system for producers of certain arable crops introduced in 1992 in addition to a lowering of the intervention price, has helped to keep production under control, while increased price competitiveness has allowed significant additional cereals quantities to be used on the domestic market, mainly for animal feed.

(3) Whereas, subject to increases of area payments under the arable crops support system as laid down in Council Regulation (EC) No 1251/1999

of 17 May 1999 establishing a support system for producers of certain arable crops⁽⁶⁾, to reinforce the effect of the 1992 reform, price competitiveness should be strengthened by a further cut in the intervention price, bringing it down in two steps to a safety-net level; whereas the intervention price, if necessary, will be subject to a final reduction, in particular to ensure a better market balance;

(4) Whereas the provisions of standard quality no longer have any practical relevance and should, therefore, be withdrawn;

(5) Whereas since the non cereal starch price and compensation arrangements have always been governed by the common organisation of the market in cereals, the adjustment of those arrangements should follow the measures taken for cereals, whereby the minimum price for potatoes intended for the manufacture of potato starch and the payments for producers of such potatoes should, therefore, be adapted in line with the price reduction for cereals; whereas the payment for producers is fixed at a higher level than the equivalent one for cereals, taking into account that the production quotas set out in Council Regulation (EC) No 1868/94 of 27 July 1994 establishing a quota system in relation to the production of potato starch⁽⁷⁾ are being decreased;

(6) Whereas tariff quotas resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council should be opened and administered by the Commission on the basis of detailed rules;

(7) Whereas, taking into account the influence of the world market price on the internal price, the

⁽¹⁾ OJ C 170, 4.6.1998, p. 1.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 284, 14.9.1998, p. 55.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ See page 1 of this Official Journal.

⁽⁷⁾ OJ L 197, 30.7.1994, p. 4. Regulation as last amended by Regulation (EC) No 1284/98 (OJ L 178, 23.6.1998, p. 3).

conditions for application, by the Commission, of the necessary measures to stabilise the internal market should be clarified,

and the markets in accordance with the procedure laid down in Article 37(2) of the Treaty. In particular a decision upon a final reduction in the intervention price to be applied from 2002/2003 onwards will be taken in the light of market developments.'

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1766/92⁽¹⁾ is hereby amended as follows:

1. Article 1(2) shall be replaced by the following:

'2. This Regulation shall apply notwithstanding the measures provided for by Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops (*).

(*) OJ L 160, 26.6.1999, p. 1.'

2. Article 3 shall be replaced by the following:

'Article 3

1. An intervention price for cereals subject to intervention shall be fixed at:

- EUR 110,25/t for the 2000/2001 marketing year,
- EUR 101,31/t from the 2001/2002 marketing year onwards.

The intervention price valid for maize and grain sorghum in May shall remain valid in July, August and September of the same year.

2. The intervention price shall be subject to monthly increases for the whole or part of the marketing year. The amounts of the monthly increases and their number are determined in accordance with the procedure laid down in Article 37(2) of the Treaty.

3. The intervention price shall refer to the wholesale stage for goods delivered to the warehouse, before unloading. It shall be valid for all Community intervention centres designated for each cereal.

4. The prices fixed in this Regulation may be changed in the light of developments in production

3. Article 8 shall be replaced by the following:

'Article 8

1. A minimum price for potatoes intended for the manufacture of potato starch shall be set at:

- EUR 194,05/t for the 2000/2001 marketing year;
- EUR 178, 31/t from the 2001/2002 marketing year onwards.

This price applies to the quantity of potatoes, delivered to the factory, which is needed for making one tonne of starch.

A decision upon a further reduction in the minimum price to be applied from the 2002/2003 marketing year onwards will be taken in the light of the final reduction in the intervention price for cereals.

2. A system of payments shall be established for producers of potatoes intended for the manufacture of potato starch. The amount of the payment applies to the quantity of potatoes needed for making one tonne of starch. It shall be set at:

- EUR 98,74/t for the 2000/2001 marketing year,
- EUR 110,54/t from the 2001/2002 marketing year onwards.

The amount of EUR 110,54/t may be increased from the 2002/2003 marketing year onwards in the light of the final reduction in the intervention price for cereals.

The payment shall be paid only in respect of the quantity of potatoes covered by a cultivation contract between the potato producer and the starch manufacturer within the limit of the quota allocated to such undertaking, as referred to in Article 2(2) of Council Regulation (EC) No 1868/94 of 27 July 1994 establishing a quota system in relation to the production of potato starch (*).

3. The minimum price and the payment shall be adjusted according to the starch content of the potatoes.

⁽¹⁾ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Commission Regulation (EC) No 923/96 (OJ L 126, 24.5.1996, p. 37).

4. If the situation on the potato starch market makes it necessary, the Council shall adopt the appropriate measures in accordance with the procedure laid down in Article 37(2) of the Treaty.

5. The Commission shall adopt the detailed rules for applying this Article following the procedure laid down in Article 23.

(*) OJ L 197, 30.7.1994, p. 4. Regulation as last amended by Regulation (EC) No 1284/98 (OJ L 178, 23.6.1998, p. 3).'

4. Article 12 paragraph 1 shall be replaced by the following text:

'1. Tariff quotas for the products listed in Article 1 resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council pursuant to the Treaty shall be opened and administered in accordance with detailed rules adopted under the procedure laid down in Article 23.'

5. Article 16 shall be replaced by the following:

'Article 16

1. Where the quotations or prices on the world market for one or more of the products listed in Article 1 reach a level which disrupts or threatens to disrupt the availability of supply on the

Community market, and where that situation is likely to continue and to deteriorate, appropriate measures may be taken. Such measures may be taken as a safeguard measure in cases of extreme emergency.

2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 23.'

Article 2

Regulation (EEC) No 2731/75 of the Council of 29 October 1975 fixing standard qualities for common wheat, rye, barley, maize and durum wheat⁽¹⁾ is hereby repealed.

Article 3

1. This Regulation shall enter into force seven days after its publication in the *Official Journal of the European Communities*.

2. This Regulation shall apply from the 2000/2001 marketing year onwards.

3. Regulation (EEC) No 2731/75 shall continue to apply in relation to the 1998/1999 and 1999/2000 marketing years.

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

Done at Brussels, 17 May 1999.

For the Council

The President

K.-H. FUNKE

⁽¹⁾ OJ L 281, 1.11.1975, p. 22. Regulation as last amended by Regulation (EC) No 2594/97 (OJ L 351, 23.12.1997, p. 10).

COUNCIL REGULATION (EC) No 1254/1999

of 17 May 1999

on the common organisation of the market in beef and veal

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

- (1) Whereas the operation and development of the common market in agricultural products should be accompanied by the establishment of a common agricultural policy to include in particular a common organisation of agricultural markets which may take various forms depending on the product;
- (2) Whereas the aim of the common agricultural policy is to attain the objectives set out in Article 33 of the Treaty; whereas, in the beef and veal sector, in order to stabilise markets and to ensure a fair standard of living for the agricultural community, provision should be made for internal market measures comprising, in particular, direct payments to beef producers, private storage aid and a public storage scheme;
- (3) Whereas, in order to rebalance meat consumption in the Community to the benefit of the beef sector and to improve the

competitiveness of these products on the international markets, the level of market support should be gradually reduced; whereas, given the consequences for producers, the level of income aid provided for under the common market organisation should be adapted and reshaped; whereas, to that end, it is appropriate to establish a comprehensive scheme of direct payments for producers; whereas the amounts of these payments should develop in parallel with the gradual reduction of market support;

- (4) Whereas, given the variety of stockfarming enterprises, direct payments should include a special premium for producers of bulls and steers, a premium for maintaining suckler cow herds and a slaughter premium available for all types of bovine animals including dairy cows and calves; whereas the granting of the premiums should not be reflected by an increase in overall production; whereas, to that end, the number of male bovine animals and suckler cows eligible for special and suckler cow premiums should be limited by applying respectively regional and individual ceilings and, in the case of the special premium, a headage limit per holding which Member States should have the power to modulate in the light of their specific situation; whereas, as regards the slaughter premium, national ceilings should be established on the basis of historic production figures;
- (5) Whereas the conditions of steer production usually differ from those of bull production; whereas it is therefore justified to set the special premium for steers at a different level per animal than for bulls; whereas, however, the special premium for steers should be split into two payments for specific age brackets;
- (6) Whereas slaughtering too great a number of steers during the slaughtering season in Member States where this type of production is particularly important, could disturb the stability of the market and, in particular, lead to a fall in market prices; whereas to encourage the slaughter of steers outside the annual 'off grass' period, an additional premium should be granted, subject to certain conditions, in addition to the special premium for animals slaughtered out of season during the first 23 weeks of the year;

⁽¹⁾ OJ C 170, 4.6.1998, p. 13.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 196.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

- (7) Whereas, in order to give more flexibility to producers, eligibility for suckler cow premium should be extended to heifers meeting the same breeding requirements as suckler cows; whereas, however, the number of eligible heifers in suckler cow herds should be limited to the normal ratio of replacement; whereas Member States where more than 60% of the animals eligible to suckler cow premium are kept in mountain areas, should be authorised to manage the premium separately for suckler cows and heifers and, as regards heifers, to operate a separate national premium ceiling within the above ratio;
- (8) Whereas the suckler cow premium should in principle be restricted to producers who do not supply milk to dairies under the additional levy scheme provided for by Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector⁽¹⁾; whereas, however, income support may also be needed in the case of holdings with a dairy herd and a suckler cow herd; whereas suckler cow premium should therefore also be granted for small and medium-sized mixed holdings with a total individual milk reference quantity of not more than 120 000 kilograms; whereas, given the variety of production structures in the Community, Member States should have the power to change or waive this quantitative limitation on the basis of objective criteria;
- (9) Whereas, as regards the suckler cow premium, it is appropriate to maintain individual ceilings for producers; whereas some of the premium rights conferred by the individual ceilings have not been used in the past; whereas these unused rights would be likely to encourage production and increase expenditure, in particular, as a consequence of heifers becoming fully eligible for suckler cow premium; whereas to avoid such an effect, the total number of suckler cow premium rights of each Member State should be fixed on the basis of the premium payments actually made in respect of historical reference years, increased by a certain margin for maintaining the national reserve; whereas Member States should take the necessary measures to ensure the respect of their national ceilings; whereas, if necessary, they should adjust the individual ceilings of their producers without compensation according to certain objective criteria; whereas these criteria should ensure, in particular, equal treatment of the producers concerned and the protection of legitimate expectations;
- (10) Whereas a producer's level of production may vary because of changes in stock or production capacity; whereas it is therefore advisable to provide for the possibility of transferring suckler cow premium rights acquired in respect of individual ceilings to other producers, under certain conditions, either together with the holding or without retaining the link between premium rights and land farmed;
- (11) Whereas new producers and existing producers whose individual ceilings do not correspond, for various reasons, to changed circumstances of their suckler cow herds should not be excluded from rights to premium; whereas provision should therefore be made to operate national reserves to be stocked and administered in accordance with Community criteria; whereas, for the same reason, it is appropriate to subject the transfer of rights to premium without the transfer of the associated holding to rules whereby part of the rights transferred shall be withdrawn without compensatory payment and allocated to that national reserve;
- (12) Whereas it is opportune to allow Member States to establish a link between sensitive zones or localities and the production of suckler cows so as to ensure the maintenance of such production especially in areas where there is no other alternative;
- (13) Whereas, given the trend towards intensification of beef and veal production, premiums for stockfarming should be limited with regard to the forage capacity of each holding in relation to the numbers and species of animals held; whereas, to avoid excessively intensive types of production, the grant of such premiums should be subject to compliance with a maximum stocking density on the holding; whereas, however, the situation of small producers should be taken into consideration;
- (14) Whereas, to strengthen incentives to extensify production with a view to improving their effectiveness in relation to environmental objectives, an additional amount should be granted to producers who comply with severe and genuine stocking density requirements; whereas, to avoid a major change in the global level of support and ensure reasonable control of expenditure, provision should be made for adjusting the additional amount, if necessary;

⁽¹⁾ OJ L 405, 31.12.1992, p. 1. Regulation as last amended by Regulation (EC) 1256/1999 (See page 73 of this Official Journal).

- (15) Whereas the conditions for beef production and the income situation of producers varies significantly in different production areas of the Community; whereas a Community-wide scheme with uniform payments to all producers would be too rigid to respond adequately to the structural and natural disparities and the diverse needs resulting therefrom; whereas, therefore, it is appropriate to provide for a flexible framework of additional Community payments to be determined and made by Member States within fixed global amounts and in accordance with certain common criteria; whereas the global amounts should be allocated to the Member States on the basis of their share in Community beef production; whereas the common criteria are intended, *inter alia*, to prevent additional payments from producing discriminatory effects and to take full account of the relevant multilateral commitments of the Community; whereas, in particular, it is essential that Member States be obliged to use their discretionary powers exclusively on the basis of objective criteria, to pay full regard to the concept of equal treatment and to avoid market and competition distortions; whereas it is appropriate to provide for the forms that additional payments may take; whereas these forms should be headage payments for certain categories of bovine animals and area payments;
- (16) Whereas, as regards additional headage payments, certain quantitative limits are required to ensure a reasonable level of production control; whereas, moreover, the concept of applying stocking density requirements should be followed by Member States;
- (17) Whereas additional area payments should only be granted for permanent pasture which does not benefit from other Community market support measures; whereas area payments should be applied within the limits of regional base areas of permanent pasture which should be established by Member States according to historical reference data; whereas the maximum amount of area payments which may be granted per hectare, including additional area payments under the common market organisation for milk and milk products, should be comparable to the average support per hectare under the support system for producers of certain arable crops;
- (18) Whereas direct payments should be subject to compliance by the keepers of the animals concerned with the relevant Community rules on identification and registration of bovine animals;
- whereas, in order to achieve the desired economic impact, direct payments must be granted within certain time limits;
- (19) Whereas the use of certain substances in beef production is prohibited under Community law; whereas appropriate penalties should apply where the relevant provisions are not respected;
- (20) Whereas under the price and income support arrangements provided for in this Regulation, the existing public intervention in the form of buying-in by intervention agencies and public storage is no longer indispensable to balance the market but would cause considerable expenditure; whereas it should, therefore, be phased out gradually; whereas, however, in order to contribute to stabilising the market prices around the basic price which represents the desired market support level aid for private storage should be provided for; whereas, to that end, the Commission should be authorised to decide the grant of private storage aid when the market price falls below 103% of the basic price; whereas, moreover, a 'safety net' intervention scheme should be established with a view to support the beef and veal market in Member States or regions of Member States where market prices fall short of a critical price level; whereas provision should be made for the private storage aid and the intervention scheme to be implemented on the basis of the grading scale laid down in Council Regulation (EEC) No 1208/81 of 28 April 1981 determining the Community scale for the classification of carcasses of adult bovine animals⁽¹⁾;
- (21) Whereas the creation of a single Community market for beef and veal involves the introduction of a single trading system at the external frontiers of the Community; whereas a trading system including import duties and export refunds, in addition to the internal market measures, should, in principle, stabilise the Community market; whereas the trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations;
- (22) Whereas, in order to monitor the volume of trade in beef with third countries, provision should be made for a system of import and export licences for certain products, which
- ⁽¹⁾ OJ L 123, 7.5.1981, p. 3. Regulation as last amended by Regulation (EEC) No 1026/91 (OJ L 106, 26.4.1991, p. 2).

- includes the lodging of a security to guarantee that the transactions for which such licences are granted are effected;
- (23) Whereas in order to prevent or counteract adverse effects on the Community market which could result from imports of certain agricultural products, imports of one or more such products should be subject to payment of an additional import duty, if certain conditions are fulfilled;
- (24) Whereas it is appropriate, under certain conditions, to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other acts of the Council;
- (25) Whereas provisions for granting a refund on exports to third countries, based on the difference between prices within the Community and on the world market, and falling within the WTO Agreement on Agriculture⁽¹⁾, should serve to safeguard Community participation in international trade in beef and veal; whereas these refunds should be subject to limits in terms of quantity and value;
- (26) Whereas compliance with the limits in terms of value should be ensured at the time when refunds are fixed through the monitoring of payments under the rules relating to the European Agricultural Guidance and Guarantee Fund; whereas monitoring can be facilitated by the compulsory advance fixing of refunds, while allowing the possibility, in the case of differentiated refunds, of changing the specified destination within a geographical area to which a single refund rate applies; whereas, in the case of a change of destination, the refund applicable to the actual destination should be paid, with a ceiling of the amount applicable to the destination fixed in advance;
- (27) Whereas ensuring compliance with the quantity limits calls for the introduction of a reliable and effective system of monitoring; whereas, to that end, the granting of refunds should be made subject to an export licence; whereas refunds should be granted up to the limits available, depending on the particular situation of each product concerned; whereas exceptions to that rule should only be permitted in the case of food-aid operations, which are exempt from any limit; whereas monitoring of the quantities exported with refunds during the marketing years as referred to in the WTO Agreement on Agriculture should be carried out on the basis of export licences issued for each marketing year;
- (28) Whereas, in addition to the system described above, and to the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of inward-processing arrangements;
- (29) Whereas the customs duty system makes it possible to dispense with all other protective measures at the external frontiers of the Community; whereas, however, the internal market and duty mechanism could, in exceptional circumstances, prove defective; whereas, in such cases, so as not to leave the Community market without defence against disturbances which may arise therefrom, the Community should be able to take all necessary measures without delay; whereas those measures should be in accordance with the obligations derived from the relevant WTO agreements;
- (30) Whereas, in order to ensure proper application of the instruments provided for in this Regulation, the Commission should be fully informed about the development of prices on the common market for beef and veal; whereas, therefore, provision should be made for a system for recording the prices of bovine animals and meat of such animals;
- (31) Whereas it is appropriate to provide for measures to be taken when a substantial rise or fall in prices disturbs or threatens to disturb the Community market; whereas these measures may also include *ad hoc* intervention buying-in;
- (32) Whereas restrictions on free movement resulting from the application of measures intended to prevent the spread of animal diseases could cause difficulties on the market of one or more Member States; whereas provision should be made for the introduction of exceptional market support measures in order to remedy such situations;
- (33) Whereas the establishment of a single market based on common prices would be jeopardised by the granting of certain aids; whereas, therefore, the provisions of the Treaty which allow the assessment of aids granted by Member States and the prohibition of those which are incompatible with the common market should apply in the common market organisation for beef and veal;

⁽¹⁾ OJ L 336, 23.12.1994, p. 22.

- (34) Whereas it is necessary that, as the common market in beef and veal develops, the Member States and the Commission should keep each other supplied with the information necessary for applying this Regulation;
- (35) Whereas, in order to facilitate implementation of the proposed measures, a procedure should be provided for establishing close cooperation between Member States and the Commission within a Management Committee;
- (36) Whereas expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy⁽¹⁾;
- (37) Whereas the common organisation of the market in beef and veal should take appropriate account, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty;
- (38) Whereas the common organisation of the market in beef and veal laid down in Council Regulation (EEC) No 805/68⁽²⁾ has been amended several times; whereas, by reason of their number, their complexity and their dispersal among several Official Journals, these texts are difficult to use and thus lack the clarity which should be an essential feature of all legislation; whereas, under these circumstances, they should be consolidated in a new regulation and the aforementioned Regulation (EEC) No 805/68 should be repealed; whereas Council Regulations (EEC) No 98/69 of 16 January 1969 laying down general rules for the disposal of frozen beef and veal by intervention agencies⁽³⁾, (EEC) No 989/68 of 15 July 1968 laying down general rules for granting private storage aid for beef and veal⁽⁴⁾ and (EEC) No 1892/87 of 2 July 1987 on the recording of market prices in the beef and veal sector⁽⁵⁾, the legal base of which was Regulation (EEC) No 805/68, are replaced by new arrangements in this Regulation and should therefore be repealed;
- (39) Whereas the change from the arrangements in Regulation (EEC) No 805/68 to those in this Regulation could give rise to difficulties which are not dealt with in this Regulation; whereas, in order to deal with that eventuality, provision should be made for the Commission to adopt the necessary transitional measures; whereas the Commission should also be authorised to solve specific practical problems,
- HAS ADOPTED THIS REGULATION:

Article 1

1. The common organisation of the market in beef and veal shall comprise an internal market and trade with third countries system and cover the following products:

CN code	Description of goods
(a) 0102 90 05 to 0102 90 79	Live animals of the domestic bovine species, other than pure-bred breeding animals
0201	Meat of bovine animals, fresh or chilled
0202	Meat of bovine animals, frozen
0206 10 95	Thick skirt and thin skirt, fresh or chilled
0206 29 91	Thick skirt and thin skirt, frozen
0210 20	Meat of bovine animals, salted, in brine, dried or smoked
0210 90 41	Thick skirt and thin skirt, salted, in brine, dried or smoked

⁽¹⁾ See page 103 of this Official Journal.

⁽²⁾ OJ L 148, 28.6.1968, p. 24. Regulation as last amended by Regulation (EC) No 1633/98 (OJ L 210, 28.7.1998, p. 17).

⁽³⁾ OJ L 14, 21.1.1969, p. 2.

⁽⁴⁾ OJ L 169, 18.7.1968, p. 10. Regulation as amended by Regulation (EEC) No 428/77 (OJ L 61, 5.3.1977, p. 17).

⁽⁵⁾ OJ L 182, 3.7.1987, p. 29.

CN code	Description of goods
0210 90 90	Edible flours and meals of meat or meat offal
1602 50 10	Other prepared or preserved meat or meat offal of bovine animals, uncooked; mixtures of cooked meat or offal and uncooked meat or offal
1602 90 61	Other prepared or preserved meat containing bovine meat or offal, uncooked; mixtures of cooked meat or offal and uncooked meat or offal
(b) 0102 10	Live bovine pure-bred animals
0206 10 91	Edible offal of bovine animals excluding thick skirt and thin skirt, fresh or chilled, other than for the manufacture of pharmaceutical products
0206 10 99	
0206 21 00 0206 22 90 0206 29 99	
0210 90 49	Edible meat offal of bovine animals, salted, in brine, dried or smoked, other than thick skirt and thin skirt
ex 1502 00 90	Fats of bovine animals, raw or rendered, whether or not pressed or solvent-extracted
1602 50 31 to 1602 50 80	Other prepared or preserved meat or meat offal, of bovine animals, other than uncooked meat or meat offal and mixtures of cooked meat or offal and uncooked meat or offal
1602 90 69	Other prepared or preserved meat containing bovine meat or offal other than uncooked, and mixtures of cooked meat or offal and uncooked meat or offal

2. For the purposes of this Regulation:

- (a) 'bovine animals' shall mean live animals of the domestic bovine species falling within CN codes ex 0102 10, 0102 90 05 to 0102 90 79;
- (b) 'adult bovine animals' shall mean bovine animals the live weight of which is more than 300 kilograms.

TITLE I

INTERNAL MARKET

Article 2

In order to encourage action by trade and joint trade organisations to facilitate the adjustment of supply to market requirements, the following Community measures may be taken in respect of the products listed in Article 1:

(a) measures to improve stock breeding;

(b) measures to promote better organisation of production, processing and marketing;

(c) measures to improve quality;

(d) measures to permit the establishment of short- and long-term forecasts on the basis of the means of production used;

(e) measures to facilitate the recording of market price trends.

General rules concerning these measures shall be adopted by the Council in accordance with the procedure laid down in Article 37(2) of the Treaty.

CHAPTER 1

DIRECT PAYMENTS

Article 3

For the purposes of this chapter:

- (a) *producer* shall mean an individual farmer, whether a natural or a legal person or group of natural or legal persons, irrespective of the legal status conferred by national law on such a group or its members, whose holding is located in Community territory and who is engaged in rearing bovine animals,
- (b) *holding* shall mean all the production units managed by the producer and located in the territory of a single Member State,
- (c) *region* shall mean a Member State or a region within a Member State, at the option of the Member State concerned,
- (d) *bull* shall mean an uncastrated male bovine animal,
- (e) *steer* shall mean a castrated male bovine animal,
- (f) *suckler cow* shall mean a cow belonging to a meat breed or born of a cross with a meat breed, and belonging to a herd intended for rearing calves for meat production,
- (g) *heifer* shall mean a female bovine animal from the age of eight months which has not yet calved.

SECTION 1

Premiums

Subsection 1

Special premium

Article 4

1. A producer holding male bovine animals on his holding may qualify, on application, for a special premium. It shall be granted in the form of an annual premium per calendar year and per holding within the limits of regional ceilings for not more than 90 animals for each of the age brackets referred to in paragraph 2.

2. The special premium shall be granted no more than:

- (a) once in the life of each bull from the age of nine months, or
- (b) twice in the life of each steer:
 - the first time at the age of nine months,
 - the second time after it has reached the age of 21 months.

3. To qualify for the special premium:

- (a) any animal covered by an application shall be held by the producer for fattening for a period to be determined,
- (b) each animal shall be covered until slaughter or until export by an animal passport referred to in Article 6 of Council Regulation (EC) No 820/97 of 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products⁽¹⁾ containing all relevant information on its premium status or, if not available, an equivalent administrative document.

4. When in a given region the total number of bulls from the age of nine months and of steers from nine months to 20 months of age, for which an application has been made and which satisfy the conditions for granting the special premium exceeds the regional ceiling referred to in Annex I, the number of all eligible animals under paragraph 2(a) and (b) per producer for the year in question shall be reduced proportionately.

Within the meaning of this Article, 'regional ceiling' shall mean the number of animals entitled to benefit, in a region and per calendar year, from the special premium.

5. By way of derogation from paragraphs 1 and 4, Member States may:

- on the basis of objective criteria, which they determine, change or waive the headage limit of 90 animals per holding and age bracket and,
- where exercising this power, decide to apply paragraph 4 in such a way as to reach the level of reductions required to comply with the applicable regional ceiling, without applying such reductions to small producers who, in respect of the year in question, did not submit special premium

⁽¹⁾ OJ L 117, 7.5.1997, p. 1.

applications for more than a minimum number of animals determined by the Member State concerned.

6. Member States may decide to grant the special premium at the time of slaughter. In this case, for bulls the age criterion referred to in paragraph 2(a) shall be replaced by a minimum carcass weight of 185 kilograms.

The premium shall be paid or passed back to the producers.

The United Kingdom shall be authorised to apply in Northern Ireland a system for granting the special premium which differs from that applied in the remainder of its territory.

7. The amount of the premium shall be set at:

(a) per eligible bull:

- EUR 160 for the calendar year 2000,
- EUR 185 for the calendar year 2001,
- EUR 210 for the calendar year 2002 and the subsequent calendar years;

(b) per eligible steer and age bracket:

- EUR 122 for the calendar year 2000,
- EUR 136 for the calendar year 2001,
- EUR 150 for the calendar year 2002 and the subsequent calendar years.

8. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Subsection 2

Deseasonalisation premium

Article 5

1. Where, in a Member State the number of steers:

- (a) slaughtered in a given year exceeds 60% of total annual slaughterings of male bovine animals, and
- (b) slaughtered during the period 1 September to 30 November in a given year exceeds 35% of total annual slaughterings of steers,

producers may qualify, on application, for an additional premium to the special premium (deseasonalisation premium). However, if both triggering rates referred to above are reached in Ireland or in Northern Ireland, the premium shall apply in Ireland and in Northern Ireland.

For the purpose of applying this Article in the United Kingdom, Northern Ireland shall be regarded as a separate entity.

2. The amount of this premium shall be set at:

- EUR 72,45 per animal slaughtered during the first 15 weeks in a given year,
- EUR 54,34 per animal slaughtered during the 16th and 17th weeks in a given year,
- EUR 36,23 per animal slaughtered during the 18th to the 21st week in a given year, and
- EUR 18,11 per animal slaughtered during the 22nd and 23rd weeks in a given year.

3. Where the rate referred to in paragraph 1(b) is not achieved, taking into account the penultimate sentence of paragraph 1, Member States whose producers have previously received the deseasonalisation premium may decide to grant this premium at the rate of 60% of the amounts set in paragraph 2.

In such case, the Member State concerned:

- (a) may decide to grant this premium for the first two or three of the periods in question only,
- (b) shall ensure the measure is financially neutral in respect of the same budget year by accordingly reducing:
 - the amount of the second age bracket of the special premium applicable to steers granted in that Member State, and/or
 - the additional payments to be made under section 2,

and shall inform the Commission of the reduction measure applied.

For the purpose of applying this measure, Ireland and Northern Ireland shall be regarded as one entity for the calculation of the rate referred to in paragraph 1(a) and consequently for qualification for the premium.

4. In order to establish whether the percentages referred to in this Article have been exceeded, account

shall be taken of slaughterings carried out during the second year preceding that in which the animal qualifying for the premium was slaughtered.

5. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Subsection 3

Suckler cow premium

Article 6

1. A producer keeping suckler cows on his holding may qualify, on application, for a premium for maintaining suckler cows (suckler cow premium). It shall be granted in the form of an annual premium per calendar year and per producer within the limits of individual ceilings.

2. The suckler cow premium shall be granted to any producer:

(a) not supplying milk or milk products from his farm for 12 months from the day on which the application is lodged.

The supply of milk or milk products directly from the holding to the consumer shall not, however, prevent grant of the premium,

(b) supplying milk or milk products whose total individual reference quantity as referred to in Article 4 of Regulation (EEC) No 3950/92 does not exceed 120 000 kilograms. However, Member States may decide on the basis of objective criteria, which they determine, to change or waive this quantitative limit,

provided that he keeps, for at least six consecutive months from the day on which the application is lodged a number of suckler cows at least equal to 80% and of heifers at most equal to 20% of the number for which the premium was requested.

For the purposes of determining the number of eligible animals under points (a) and (b) of the first subparagraph, whether cows belong to a suckler herd or to a dairy herd shall be established on the basis of the beneficiary's individual reference quantity as defined in Article 16(3) of Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products⁽¹⁾ and the average milk yield.

⁽¹⁾ See page 48 of this Official Journal.

3. The producers' entitlement to the premium shall be limited by the application of an individual ceiling as defined in Article 7.

4. Per eligible animal, the amount of the premium shall be set at:

— EUR 163 for the calendar year 2000,

— EUR 182 for the calendar year 2001,

— EUR 200 for the calendar year 2002 and the subsequent calendar years.

5. Member States may grant an additional national suckler cow premium, up to a maximum of EUR 50 per animal, provided that no discrimination is caused between stockfarmers in the Member State concerned.

In respect of holdings located in a region as defined in Articles 3 and 6 of Council Regulation (EC) No 1251/1999 of 21 June 1999 laying down general provisions on the Structural Funds⁽²⁾, the first EUR 24,15 per animal of this additional premium shall be financed by the Guarantee Section of the European Guidance and Guarantee Fund (EAGGF).

In respect of holdings located throughout the territory of a Member State if in the Member State concerned the cattle population has a high proportion of suckler cows, representing at least 30% of the total number of cows, and if at least 30% of male bovine animals slaughtered belong to conformation classes S and E, the Guarantee Section of EAGGF shall finance the additional premium in total. Any overshoot of these percentages is established on the basis of the average of the two years preceding that for which the premium is granted.

6. For the purposes of this Article, only heifers belonging to a meat breed or born of a cross with a meat breed and belonging to a herd intended for rearing calves for meat production shall be taken into account.

7. Detailed rules for the application of this Article and, in particular, those relating to the definition of the concept of suckler cow referred to in Article 3, shall be adopted and the average milk yield shall be determined by the Commission in accordance with the procedure laid down in Article 43.

Article 7

1. On 1 January 2000, the individual ceiling of each producer shall be equal to the number of suckler cow premium rights (premium rights) which he held on 31 December 1999 in accordance with the relevant Community rules and, where appropriate, adjusted according to paragraph 3.

⁽²⁾ OJ L 160, 26.6.1999, p. 1.

2. Member States shall take the necessary steps to ensure that, from 1 January 2000, the sum of premium rights on their territory does not exceed the national ceilings set out in Annex II and that the national reserves referred to in Article 9 may be set up.

3. Where the adjustment referred to in paragraph 2 requires a reduction of individual ceilings held by producers, it shall be carried out without compensatory payment and decided on the basis of objective criteria, including, in particular:

- the rate at which producers have used their individual ceilings during the three reference years prior to the year 2000,
- the implementation of an investment or extensification programme in the beef and veal sector,
- particular natural circumstances or the application of penalties, resulting in a non-payment or a reduced payment of the premium for at least one reference year,
- additional exceptional circumstances having the effect that the payments made for at least one reference year do not correspond to the actual situation as established during the previous years.

4. Premium rights which have been withdrawn pursuant to the measure provided for in paragraph 2 shall be abolished.

5. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Article 8

1. Where a producer sells or otherwise transfers his holding, he may transfer all his suckler cow premium rights to the person taking over his holding. He may also transfer, in full or in part, his rights to other producers without transferring his holding.

In the case of transfer of premium rights without transfer of the holding a part of the transferred rights, which shall not exceed 15%, shall be returned without compensatory payment to the national reserve of the Member State where the holding is situated for redistribution free of charge.

2. The Member States:

- (a) shall take the necessary measures to prevent premium rights being transferred outside sensitive areas or regions where beef and veal production is particularly important for the local economy;

(b) may provide either that the transfer of rights without transfer of the holding is carried out directly between producers or that it is carried out through the intermediary of the national reserve.

3. Member States may authorise, before a date to be determined, temporary transfers of part of the premium rights which are not intended to be used by the producer who holds them.

4. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

These detailed rules may concern in particular:

- provisions enabling the Member States to resolve problems relating to the transfer of premium rights by producers who are not the owners of the land occupied by their holdings, and,
- specific rules relating to the minimum number which may form the subject of a partial transfer.

Article 9

1. Each Member State shall maintain a national reserve of suckler cow premium rights.

2. Any premium rights withdrawn pursuant to Article 8(1) or other Community provisions shall be added to the national reserve, without prejudice to Article 7(4).

3. The Member States shall use their national reserves for allocating, within the limits of those reserves, premium rights in particular to newcomers, young farmers and other priority producers.

4. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43. These rules shall concern, in particular:

- the measures applicable where, in a Member State, the national reserve is not used,
- the measures relating to unused premium rights which have been returned to the national reserve.

Article 10

1. By way of derogation from Article 6(3), Member States where more than 60% of suckler cows and heifers are kept in mountain areas within the meaning of Article 18 of Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations⁽¹⁾ may decide to manage the granting of the suckler cow premium for heifers separately from that for suckler cows within the limits of a separate national ceiling to be set up by the Member State concerned.

Such separate national ceiling shall not exceed 20% of the national ceiling of the Member State concerned set out in Annex II to this Regulation. That national ceiling shall be reduced by an amount equal to the separate national ceiling.

When in a Member State exercising the power under paragraph 1 the total number of heifers, for which an application has been made, and which satisfy the conditions for granting the suckler cow premium, exceeds the separate national ceiling, the number of eligible heifers per producer for the year in question shall be reduced proportionately.

2. For the purpose of this Article, only heifers belonging to a meat breed or born of a cross with a meat breed shall be taken into account.

3. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Subsection 4

Slaughter premium*Article 11*

1. A producer keeping bovine animals on his holding may qualify, on application, for a slaughter premium. It shall be granted on slaughter of eligible animals or their export to a third country and within national ceilings to be determined.

The following shall be eligible for the slaughter premium:

(a) bulls, steers, cows and heifers from the age of eight months,

⁽¹⁾ See page 80 of this Official Journal.

(b) calves of more than one and less than seven months old and of carcase weight of less than 160 kilograms,

provided they have been held by the producer for a period to be determined.

2. The amount of the premium shall be set at:

(a) per eligible animal as specified under paragraph 1(a):

— EUR 27 for the calendar year 2000,

— EUR 53 for the calendar year 2001,

— EUR 80 for the calendar year 2002 and the subsequent calendar years;

(b) per eligible animal as specified under paragraph 1(b):

— EUR 17 for the calendar year 2000,

— EUR 33 for the calendar year 2001,

— EUR 50 for the calendar year 2002 and the subsequent calendar years.

3. The national ceilings referred to in paragraph 1 shall be established per Member State and separately for both groups of animals as specified in (a) and (b) thereof. Each ceiling shall be equal to the number of animals of each of these two groups which in 1995 were slaughtered in the Member State concerned to which are added those animals exported to third countries, according to Eurostat data or any other published official statistical information for that year accepted by the Commission.

4. When in a given Member State the total number of animals, for which an application has been made in respect of one of the two groups of animals specified in (a) or (b) of paragraph 1, and which satisfy the conditions for granting the slaughter premium exceeds the national ceiling laid down for that group, the number of all eligible animals under that group per producer for the year in question shall be reduced proportionately.

5. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Subsection 5

Stocking density

Article 12

1. The total number of animals qualifying for the special premium and the suckler cow premium shall be limited by the application of a stocking density on the holding of two livestock units (LU) per hectare and calendar year. This stocking density shall be expressed in LU per unit of forage area of the holding used for the animals carried on it. However, a producer shall be exempt from the application of the stocking density if the number of animals held on his holding and to be taken into account for determining the stocking density is not more than 15 LU.

2. For determining the stocking density on the holding, account shall be taken of:

- (a) the male bovine animals, suckler cows and heifers, sheep and/or goats for which premium applications have been submitted, as well as the dairy cows needed to produce the total reference quantity of milk allocated to the producer. The number of animals shall be converted to LU by reference to the conversion table in Annex III,
- (b) the forage area, meaning the area of the holding available throughout the calendar year for rearing bovine animals and sheep and/or goats. The forage area shall not include:
 - buildings, woods, ponds, paths,
 - areas used for other crops eligible for Community aid or for permanent crops or horticultural crops, except permanent pasture for which area payments are granted pursuant to Article 17 of this Regulation and Article 19 of Regulation (EC) No 1255/1999,
 - areas qualifying for the support system laid down for the producers of certain arable crops, used for the aid scheme for dried fodder or subject to a national or Community set-aside scheme.

Forage area shall include areas in shared use and areas which are subject to mixed cultivation.

3. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Article 43. These rules shall, in particular, concern those:

- relating to areas in shared use and to areas which are subject to mixed cultivation,

- enabling improper application of the stocking density to be prevented.

Subsection 6

Extensification payment

Article 13

1. Producers receiving the special premium and/or the suckler cow premium may qualify for an extensification payment.

2. The extensification payment shall be EUR 100 per special premium and suckler cow premium granted, provided that in respect of the calendar year concerned the stocking density on the holding concerned is less than or equal to 1,4 LU per hectare.

However, Member States may decide to grant the extensification payment as follows:

- (a) in respect of the calendar years 2000 and 2001, at an amount of EUR 33 for a stocking density of 1,6 LU per hectare or more and less than or equal to 2,0 LU per hectare, and at an amount of EUR 66 for a stocking density of less than 1,6 LU per hectare;
- (b) in respect of the calendar year 2002 and the subsequent years, at an amount of EUR 40 for a stocking density of 1,4 LU per hectare or more and less than or equal to 1,8 LU per hectare, and at an amount of EUR 80 for a stocking density of less than 1,4 LU per hectare.

3. For the purposes of the application of paragraph 2:

- (a) by way of derogation from Article 12(2)(a), the stocking density of the holdings shall be determined by taking into account the male bovine animals, cows, and heifers present thereon during the calendar year concerned, as well as the sheep and/or goats for which premium applications have been submitted for the same calendar year. The number of animals shall be converted to LU by reference to the conversion table in Annex III.
- (b) without prejudice to the third indent of Article 12(2)(b), areas used for the production of arable crops as defined in Annex I of Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops⁽¹⁾ shall not be taken as 'forage area';

⁽¹⁾ See page 1 of this Official Journal.

(c) the forage area to be taken into account for the calculation of the stocking density shall consist of at least 50 % of pasture land. 'Pasture land' shall be defined by Member States. The definition shall include at least the criterion that pasture land shall be grassland which, following the local farming practices is recognised as being destined for grazing bovine animals and/or sheep. However, this shall not exclude the mixed use of pasture land during the same year (pasture, hay, grass silage).

4. Without prejudice to the stocking density requirements set out in paragraph 2, producers in Member States where more than 50 % of milk production takes place in mountain areas within the meaning of Article 18 of Regulation (EC) No 1257/1999 and whose holdings are located in such areas, may receive extensification payments as set out in paragraph 2 for the dairy cows kept thereon.

5. In accordance with the procedure laid down in Article 43 the Commission shall:

- adopt detailed rules for the application of this Article,
- if necessary, adjust the amounts set out in paragraph 2 taking account, in particular, of the number of animals qualifying for the payment for the preceding calendar year.

Section 2

Additional payments

Article 14

1. Member States shall, on a yearly basis, make additional payments to producers in their territory totalling the global amounts set out in Annex IV. Such payments shall be made according to objective criteria including, in particular, the relevant production structures and conditions, and in such a way as to ensure equal treatment between producers and to avoid market and competition distortions. Moreover, such payments shall not be linked to fluctuations of market prices.

2. Additional payments may be made in the form of headage payments (Article 15) and/or area payments (Article 17).

Article 15

1. Headage payments may be granted for:

- (a) male bovine animals,

(b) suckler cows,

(c) dairy cows,

(d) heifers.

2. Headage payments may be granted as supplementary amounts per slaughter premium unit as set out in Article 11, except for calves. In the other cases, the grant of headage payments shall be subject:

(a) to the special conditions set out in Article 16,

(b) to specific stocking density requirements to be established by Member States.

3. The specific stocking density requirements shall be established:

— on the basis of the forage area referred to in Article 12(2)(b), with the exception of areas for which area payments are granted in accordance with Article 17,

— taking account of, in particular, the environmental impact of the type of production concerned, the environmental sensitivity of the land used for rearing cattle and the measures which have been implemented with a view to stabilise or improve the environmental situation of this land.

Article 16

1. Headage payments for male bovine animals may be granted per calendar year for no more than a number of animals in a Member State:

— equal to the regional ceiling of the Member State concerned set out in Annex I or

— equal to the number of male bovine animals for which premiums were granted in 1997, or

— equal to the average number of slaughterings of male bovine animals during the years 1997, 1998 and 1999 deriving from Eurostat statistics for these years or any other published official statistical information for these years accepted by the Commission.

Member States may also provide for a headage limit of number of male bovine animals per holding to be determined by the Member State on a national or regional basis.

Only male bovine animals from the age of eight months shall be eligible. If headage payments are

made at the time of slaughter, Member States may decide to replace this condition by a minimum carcase weight of at least 180 kilograms.

2. Headage payments for suckler cows and heifers qualifying for suckler cow premium under Article 6(4) and Article 10 may only be granted as a supplementary amount per suckler cow premium unit as set out in Article 6(4).

3. Headage payments for dairy cows may only be granted as amount per tonne of reference quantity eligible for premium available on the holding to be established in accordance with Article 16(3) of Regulation (EC) No 1255/1999.

Article 15(2)(b) shall not apply.

4. Headage payments for heifers other than those referred to in paragraph 2 may be granted per Member State and calendar year for no more than a number of heifers equal to the average number of slaughterings of heifers during the years 1997, 1998 and 1999 deriving from Eurostat statistics for these years or any other published official statistical information for these years accepted by the Commission.

Article 17

1. Area payments shall be granted per hectare of permanent pasture:

- (a) which is available to a producer during the calendar year concerned,
- (b) which is not used to comply with the specific stocking density requirements referred to in Article 15(3), and
- (c) in respect of which no payments under the support system laid down for producers of certain arable crops, under the aid system for dried fodder and under Community aid schemes for other permanent or horticultural crops are claimed for the same year.

2. The area of permanent pasture in a region for which area payments may be granted shall not exceed the relevant regional base area.

Regional base areas shall be established by Member States as the average number of hectares of permanent pasture available for rearing bovine animals during the years 1995, 1996 and 1997.

3. The maximum area payment per hectare which may be granted, including area payments pursuant to Article 19 of Regulation (EC) No 1255/1999 shall not exceed:

- EUR 210 for the calendar year 2000,
- EUR 280 for the calendar year 2001,
- EUR 350 for the calendar year 2002 and the subsequent calendar years.

Article 18

Before 1 January 2000, Member States shall provide the Commission with detailed information on their national arrangements concerning the granting of additional payments. Any changes of these arrangements shall be communicated to the Commission not later than one month after their adoption.

Article 19

Before 1 April 2004, Member States shall submit to the Commission detailed reports on the implementation of this section.

Before 1 January 2005, the Commission shall evaluate the implementation of this section and examine the distribution of Community funds between Member States as provided for in Annex IV, taking account of, in particular, the development of the Member States shares in Community beef production. If necessary, the Commission shall make appropriate proposals to the Council.

Article 20

Detailed rules of application of this section shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

SECTION 3

Common provisions

Article 21

To qualify for direct payments under this chapter, an animal shall be identified and registered in accordance with Regulation (EC) No 820/97.

Article 22

1. Direct payments under this chapter, except the deseasonalisation premium, shall be paid as soon as the inspections are carried out but not earlier than 16 October of the calendar year in respect of which they are applied for.

2. Save in duly justified exceptional cases:

- direct payments under this chapter shall be made not later than 30 June of the year following the calendar year in respect of which the payment is applied for,
- the deseasonalisation premium shall be paid as soon as the inspections are carried out and no later than 15 October of the calendar year in respect of which it is applied for.

Article 23

1. Where residues of substances prohibited under Council Directive 96/22/EC⁽¹⁾, or residues of substances authorised under the aforementioned act but used illegally, are detected pursuant to the relevant provisions of Directive 96/23/EC⁽²⁾, in an animal belonging to the bovine herd of a producer, or where a non-authorised substance or product, or a substance or product authorised under Council Directive 96/22/EC but held illegally is found on the producer's holding in any form, the producer shall be excluded, for the calendar year of that discovery, from receiving the amounts provided for under this section.

In the event of a repeated infringement, the length of the exclusion period may, according to the seriousness of the offence, be extended to five years as from the year in which the repeated infringement was discovered.

2. In the event of obstruction on the part of the owner or holder of the animals when inspections are being carried out and when the samples are being taken which are necessary for the application of national residue-monitoring plans or when the investigations and checks provided for under Directive 96/23/EC are being carried out, the penalties provided for in paragraph 1 shall apply.

⁽¹⁾ Council Directive 96/22/EC of 29 April 1996 concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and of β -agonists, and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC (OJ L 125, 23.5.1996, p. 3).

⁽²⁾ Council Directive 96/23/EC of 29 April 1996 on measures to monitor certain substances and residues thereof in live animals and animal products and repealing Directives 85/358/EEC and 86/469/EEC and Decisions 89/187/EEC and 91/664/EEC (OJ L 125, 23.5.1996, p. 10).

3. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

Article 24

The amounts of the direct payments set out in sections 1 and 2 may be changed in the light of developments in production, productivity and the markets, according to the procedure laid down in Article 37(2) of the Treaty.

Article 25

The expenditure incurred in granting the direct payments provided for in this chapter shall be considered as intervention measures within the meaning of Article 2(2) of Regulation (EC) No 1258/1999.

CHAPTER 2

PRIVATE AND PUBLIC STORAGE

Article 26

1. From 1 July 2002, the granting of aids for private storage may be decided, when the average Community market price recorded, on the basis of the Community scale for the classification of carcasses of adult bovine animals provided for in Regulation (EEC) No 1208/81 (called hereinafter 'Community scale'), is, and is likely to remain, at less than 103 % of the basic price.

2. The basic price for carcasses of male bovine animals of grade R3 in the Community scale shall be set at EUR 2 224/t.

3. Private storage aid may be granted for fresh or chilled meat of adult bovine animals presented in the form of carcasses, half-carcasses, compensated quarters, forequarters or hindquarters, classified in accordance with the Community scale.

4. The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may:

- change the basic price taking account, in particular, of the need to fix this price at a level which contributes towards stabilising market prices without, however, leading to the formation of structural surpluses in the Community,

— amend the list of products in paragraph 3 which may be the subject of private storage aid.

5. Detailed rules for the application of this Article shall be adopted and the granting of aids for private storage shall be decided by the Commission in accordance with the procedure laid down in Article 43.

Article 27

1. From 1 July 2002, public intervention shall be opened if, for a period of two consecutive weeks, the average market price in a Member State or in a region of a Member State recorded on the basis of the Community scale provided for in Regulation (EEC) No 1208/81 falls short of EUR 1 560/t; in this case, one or more categories, qualities or quality groups, to be determined, of fresh or chilled meat falling within CN codes 0201 10 00 and 0201 20 20 to 0201 20 50 originating in the Community may be bought in by intervention agencies.

2. For buying-in under paragraph 1, only eligible offers equal to or less than the average market price recorded in a Member State or a region of a Member State and increased by an amount to be determined on the basis of objective criteria may be accepted.

3. The buying-in prices and the quantities accepted for intervention shall be determined under tender procedures and may, in special circumstances, be fixed per Member State or per region of a Member State on the basis of recorded average market prices. The tender procedures shall ensure equality of access of all persons concerned. They shall be opened on the basis of specifications to be determined taking commercial structures into account, where necessary.

4. Under the procedure provided for in Article 43:

— the products, categories, qualities or quality groups of products eligible for intervention shall be determined,

— the buying-in prices and the quantities accepted for intervention shall be fixed,

— the amount of the increase referred to in paragraph 2 shall be determined,

— the detailed rules for the application of this Article shall be adopted,

— any transitional provisions necessary for the implementation of these arrangements shall be adopted.

The Commission shall decide on:

— opening buying-in when during two consecutive weeks the condition referred to in paragraph 1 is met,

— closing buying-in when during at least one week the condition as referred to in paragraph 1 is no longer met.

Article 28

1. Disposal of the products bought in by the intervention agencies in accordance with the provisions of Articles 27 and 47 of this Regulation and of Articles 5 and 6 of Regulation (EEC) No 805/68 shall take place in such a way as to avoid any disturbance of the market and to ensure equal access to goods and equal treatment of purchasers.

2. Detailed rules for the application of this Article, in particular as regards selling prices, conditions for release from storage and, where appropriate, the processing of products bought-in by the intervention agencies, shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

TITLE II

TRADE WITH THIRD COUNTRIES

Article 29

1. Imports into the Community of any of the products listed in Article 1(1)(a) shall be subject to presentation of an import licence.

Imports into the Community of any of the products listed in Article 1(1)(b) and exports from the

Community of products listed in Article 1(1)(a) and (b) may be subject to presentation of an import or export licence.

Licences shall be issued by the Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to measures taken for the application of Articles 32 and 33.

Import and export licences shall be valid throughout the Community. Such licences shall be issued subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence; except in cases of *force majeure*, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

2. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure laid down in Article 43. These rules may concern, in particular:

- (a) the term of validity of licences,
- (b) the list of products for which import or export licences are requested under paragraph 1 second subparagraph.

Article 30

Unless this Regulation provides otherwise, the rates of duty in the Common Customs Tariff shall apply to the products listed in Article 1.

Article 31

1. In order to prevent or counteract adverse effects on the market in the Community which may result from imports of certain products listed in Article 1, imports of one or more of such products at the rate of duty laid down in Article 30 shall be subject to payment of an additional import duty if the conditions set out in Article 5 of the Agreement on Agriculture concluded in accordance with Article 300 of the Treaty in the framework of the Uruguay Round of multilateral trade negotiations have been fulfilled unless the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.

2. The trigger prices below which an additional duty may be imposed shall be those which are forwarded by the Community to the World Trade Organisation.

The trigger volumes to be exceeded in order to have the additional import duty imposed shall be determined particularly on the basis of imports into the Community in the three years preceding the year in which the adverse effects referred to in paragraph 1 arise or are likely to arise.

3. The import prices to be taken into consideration for imposing an additional import duty shall be determined on the basis of the cif import prices of the consignment under consideration.

Cif import prices shall be checked to that end against the representative prices for the product on the world market or on the Community import market for that product.

4. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Article 43. Such detailed rules shall specify in particular:

- (a) the products to which additional import duties may be applied under the terms of Article 5 of the Agreement on Agriculture;
- (b) the other criteria necessary to ensure application of paragraph 1 in accordance with Article 5 of the Agreement on Agriculture.

Article 32

1. Tariff quotas for the products listed in Article 1 resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council shall be opened and administered by the Commission in accordance with detailed rules adopted under the procedure laid down in Article 43.

With regard to the import quota of 50 000 tonnes of frozen meat coming within CN codes 0202 20 30, 0202 30 and 0206 29 91 and intended for processing, the Council, acting on a proposal from the Commission by a qualified majority, may lay down that all or part of the quota shall cover equivalent quantities of quality meat, applying a conversion rate of 4,375.

2. Quotas shall be administered by applying one of the following methods or a combination of them:

- method based on chronological order of the lodging of applications ('first come, first served' principle),
- method of distribution in proportion to the quantities requested when the applications were lodged (using the 'simultaneous examination' method),
- method based on taking traditional trade patterns into account (using the 'traditional importers/new arrivals' method).

Other appropriate methods may be adopted.

They shall avoid any discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, give due weight to the supply

requirements of the Community market and the need to safeguard the equilibrium of that market, while at the same time possibly drawing on methods which may have been applied in the past to quotas corresponding to those referred to in paragraph 1, without prejudice to the rights resulting from agreements concluded as part of the Uruguay Round trade negotiations.

4. The detailed rules referred to in paragraph 1 shall provide for annual quotas, if necessary, suitably phased over the year, and shall determine the administrative method to be used and, where appropriate, shall include:

- (a) guarantees covering the nature, provenance and origin of the product, and
- (b) recognition of the document used for verifying the guarantees referred to in (a), and
- (c) the conditions under which import licences are issued and their term of validity.

Article 33

1. To the extent necessary to enable the products listed in Article 1 to be exported on the basis of quotations or prices for those products on the world market and within the limits resulting from agreements concluded in accordance with Article 300 of the Treaty, the difference between those quotations or prices and prices in the Community may be covered by export refunds.

2. The method to be adopted for the allocation of the quantities which may be exported with a refund shall be the method which:

- (a) is most suited to the nature of the product and the situation on the market in question, allowing the most efficient possible use of the resources available, account being taken of the efficiency and structure of Community exports without, however, creating discrimination between large and small operators;
- (b) is least cumbersome administratively for operators, account being taken of administration requirements;
- (c) prevents any discrimination between the operators concerned.

3. Refunds shall be the same for the whole Community.

They may vary according to destination, where the world market situation or the specific requirements of certain markets make this necessary.

Refunds shall be fixed by the Commission in accordance with the procedure laid down in Article 43. Refunds may be fixed, in particular:

- (a) at regular intervals;
- (b) in addition and for limited quantities, by invitation to tender for products for which that procedure seems appropriate.

Except where fixed by tender, the list of products on which an export refund is granted and the amount of such refund shall be fixed at least once every three months. The amount of the refund may, however, remain at the same level for more than three months and may, where necessary, be adjusted in the intervening period by the Commission at the request of a Member State or on its own initiative.

4. The following shall be taken into account when refunds are being fixed:

- (a) the existing situation and the future trend with regard to:
 - prices and availabilities of beef and veal sector products on the Community market,
 - prices for beef and veal sector products on the world market,
- (b) the aims of the common organisation of the market in beef and veal, which are to ensure equilibrium and the natural development of prices and trade on this market;
- (c) the limits resulting from agreements concluded in accordance with Article 300 of the Treaty;
- (d) the need to avoid disturbances on the Community market;
- (e) the economic aspect of the proposed exports.

Account shall also be taken in particular of the need to establish a balance between the use of Community basic products in the manufacture of processed goods exported to third countries and the use of products from these countries admitted to inward-processing arrangements.

5. When prices within the Community listed in paragraph 1 are being determined the following shall be taken into account:

- prices ruling on the representative Community markets,
- prices ruling at export.

When prices in international trade listed in paragraph 1 are being determined account shall be taken of:

- prices ruling on third-country markets,
- the most favourable prices in third countries of destination for third-country imports,
- producer prices recorded in exporting third countries, account being taken, where appropriate, of subsidies granted by those countries,
- free-at-Community-frontier offer prices.

6. Refunds shall be granted only on application and on presentation of the relevant export licence.

7. The refund applicable to exports of products listed in Article 1 shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day:

- (a) for the destination indicated on the licence; or
- (b) for the actual destination if it differs from the destination indicated on the licence. In that case, the amount applicable may not exceed the amount applicable for the destination indicated on the licence.

Appropriate measures may be taken to prevent abuse of the flexibility provided for in this paragraph.

8. Paragraphs 6 and 7 may be waived in the case of products listed in Article 1 on which refunds are paid under food-aid operations, in accordance with the procedure laid down in Article 43.

9. The refund shall be paid on proof that:

- the products are of Community origin,
- the products have been exported from the Community, and
- in the case of a differentiated refund the products have reached the destination indicated on the

licence or another destination for which the refund was fixed, without prejudice to paragraph 3(b). Exceptions may be made to this rule in accordance with the procedure laid down in Article 43, provided conditions are laid down which offer equivalent guarantees.

Moreover, the payment of the refund for exports of live animals shall be subject to compliance with the provisions established in Community legislation concerning animal welfare and, in particular, the protection of animals during transport.

10. Without prejudice to paragraph 9 first indent, in the absence of a derogation granted in accordance with the procedure laid down in Article 43, no export refund shall be granted on products which are imported from third countries and re-exported to third countries.

11. Observance of the volume limits resulting from the agreements concluded in accordance with Article 300 of the Treaty shall be ensured on the basis of the export licences issued for the reference periods provided for therein which apply to the products concerned. With regard to compliance with the obligations arising in the framework of the Uruguay Round multilateral trade negotiations, the ending of a reference period shall not affect the validity of export licences.

12. Detailed rules for the application of this Article, including provisions on the redistribution of exportable quantities which have not been allocated or utilised, shall be adopted by the Commission in accordance with the procedure laid down in Article 43.

With regard to paragraph 9, last subparagraph, the detailed rules for the application may also include conditions concerning, in particular, imports into third countries.

Article 34

1. To the extent necessary for the proper working of the common organisation of the market in beef and veal, the Council, acting by a qualified majority, on a proposal from the Commission, may, in special cases, prohibit in whole or in part the use of inward or outward processing arrangements in respect of products listed in Article 1.

2. However, by way of derogation from paragraph 1, if the situation referred to in paragraph 1 arises with exceptional urgency and the Community market is disturbed or is liable to be disturbed by the inward- or outward-processing arrangements, the Commission shall, at the request of a Member State or on its own

initiative, decide on the necessary measures; the Council and the Member States shall be notified of such measures, which shall be valid for no more than six months and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within a week following receipt of the request.

3. Measures decided on by the Commission may be referred to the Council by any Member State within a week of the day on which they were notified. The Council, acting by a qualified majority, may confirm, amend or repeal the Commission decision. If the Council has not acted within three months, the Commission decision shall be deemed to have been repealed.

Article 35

1. The general rules for the interpretation of the Combined Nomenclature and the detailed rules for its application shall apply to the tariff classification of products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated into the Common Customs Tariff.

2. Safe as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:

- the levying of any charge having equivalent effect to a customs duty,
- the application of any quantitative restriction or measure having equivalent effect.

TITLE III

GENERAL PROVISIONS

Article 37

Member States shall record prices of bovine animals and of meat of bovine animals on the basis of rules to be established by the Commission in accordance with the procedure laid down in Article 43.

Article 38

1. When a substantial rise or fall in prices is recorded on the Community market and this situation is likely to continue, thereby disturbing or threatening to disturb the market, the necessary measures may be taken.

Article 36

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 is affected by, or is threatened with, serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased.

The Council, acting by a qualified majority, on a proposal from the Commission, shall adopt general rules for the application of this paragraph and shall define the circumstances and limits within which Member States may adopt protective measures.

2. If the situation referred to in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide on the necessary measures; the Member States shall be notified of such measures, which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.

3. Measures decided on by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measure in question within one month following the day on which it was referred to the Council.

4. This Article shall be applied having regard to the obligations arising from agreements concluded in accordance with Article 300(2) of the Treaty.

Article 39

In order to take account of the restrictions on free circulation which may result from the application of measures for combating the spread of diseases in animals, exceptional measures of support for the market affected by those restrictions may be taken in accordance with the procedure laid down in Article 43. Those measures may only be taken in so far as, and

for as long as, is strictly necessary for the support of that market.

Article 40

Save as otherwise provided in this Regulation, Articles 87, 88 and 89 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

Article 41

Member States and the Commission shall communicate to each other the information necessary for implementing this Regulation. The information to be communicated shall be determined in accordance with the procedure laid down in Article 43. Rules for the communication and distribution of such information shall be adopted in accordance with the same procedure.

Article 42

A Management Committee for Beef and Veal (hereinafter called 'the Committee') shall be established, composed of representatives of Member States and chaired by a representative of the Commission.

Article 43

1. Where the procedure laid down in this Article is to be followed, the chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down

in Article 205(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

3. (a) The Commission shall adopt measures which shall apply immediately.

(b) However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event:

- the Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication,
- the Council, acting by a qualified majority, may take a different decision within the time limit referred to in the preceding indent.

Article 44

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

Article 45

Regulation (EC) No 1258/1999 and the provisions adopted in implementation thereof shall apply to the products listed in Article 1.

Article 46

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty.

TITLE IV

TRANSITIONAL AND FINAL PROVISIONS

Article 47

1. Until 30 June 2002, products as referred to in paragraph 2 in connection with Article 26(1), may be bought in by intervention agencies in accordance with the provisions laid down in this Article, to prevent or mitigate a substantial fall in prices.

2. Where the conditions laid down in paragraph 3 are met, buying in by intervention agencies in one or more Member States or in a region of a Member State of one or more categories, qualities or quality groups, to be determined, of fresh or chilled meat falling within CN codes 0201 10 00 and 0201 20 20 to 0201 20 50 originating in the Community may be

organised under tender procedures arranged with a view to ensuring reasonable support of the market, having regard to seasonal developments as regards slaughtering.

Such buying in may not cover more than 350 000 tonnes per year and for the Community as a whole.

The Council may amend this quantity, acting by a qualified majority on a proposal from the Commission.

3. For each quality or quality group that may be bought in, the tender procedures may be opened as provided in paragraph 8 whenever, in a Member State or in a region of a Member State, the following two conditions are both met for a period of two consecutive weeks:

- the average Community market price recorded on the basis of Community grading scale for the carcasses of adult bovine animals is less than 84 % of the intervention price,
- the average market price recorded on the basis of the said scale in the Member State or States or regions of a Member State is less than 80 % of the intervention price.

The intervention price shall be set at:

- EUR 3 475 per tonne for the period from 1 January until 30 June 2000,
- EUR 3 242 per tonne for the period from 1 July 2000 until 30 June 2001,
- EUR 3 013 per tonne for the period from 1 July 2001 until 30 June 2002.

4. Tender arrangements for one or more qualities or quality groups shall be suspended in any one of the following two situations:

- where, for two consecutive weeks, the two conditions referred to in paragraph 3 are no longer both met at the same time,
- where intervention buying-in is no longer appropriate in view of the criteria set out in paragraph 2.

5. Intervention shall also be opened if, for a period of two consecutive weeks, the average Community market price of young uncastrated male animals less than two years old or castrated male animals, recorded on the basis of the Community grading scale for carcasses of adult bovine animals, falls short of

78 % of the intervention price, and if in a Member State or regions of a Member State, the average market price of young uncastrated male animals less than two years old or castrated male animals, recorded on the basis of the Community grading scale for carcasses of adult bovine animals, falls short of 60 % of the intervention price; in this case, buying-in shall take place for the categories concerned in the Member States or regions of a Member State where the price level is below that limit.

For this buying-in, and without prejudice to paragraph 6, all offers shall be accepted.

The quantities bought in pursuant to this paragraph shall not be taken into account for the purposes of applying the buying-in ceiling referred to in paragraph 2.

6. Only offers equal to or less than the average market price recorded in a Member State or a region of a Member State and increased by an amount to be determined on the basis of objective criteria may be accepted under the buying-in systems referred to in paragraphs 2 and 5.

7. For each quality or quality group eligible for intervention, the buying-in prices and the quantities accepted for intervention shall be determined under tender procedures and may, in special circumstances, be fixed per Member State or per region of a Member State on the basis of recorded average market prices. The tender procedures must ensure equality of access for all persons concerned. They shall be opened on the basis of specifications to be determined taking commercial structures into account, where necessary.

8. Under the procedure provided for in Article 43:

- the categories, qualities or quality groups of products eligible for intervention shall be determined,
- the opening or reopening of tender procedures and their suspension in the case referred to in the last indent of paragraph 4 shall be decided,
- the buying-in prices and the quantities accepted for intervention shall be fixed,
- the amount of the increase referred to in paragraph 6 shall be determined,
- the procedures implementing this Article, and in particular those designed to prevent market prices spiralling downward, shall be adopted,

— any transitional provisions necessary for the implementation of these arrangements shall be adopted.

The Commission shall decide on:

- opening intervention as referred to in paragraph 5 and suspending it where one or more conditions laid down in that paragraph no longer apply,
- suspending buying-in as referred to in the first indent of paragraph 4.

Article 48

1. Until 30 June 2002, the granting of aids for private storage for products as referred to in Article 26(3) may be decided.

2. Detailed rules of application with regard to private storage aid shall be adopted and the granting of aids for private storage shall be decided by the Commission in accordance with the procedure laid down in Article 43.

Article 49

1. Regulations (EEC) No 805/68, (EEC) No 989/68, (EEC) No 98/69 and (EEC) No 1892/87 are hereby repealed.

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

Done at Brussels, 17 May 1999.

2. References to Regulation (EEC) No 805/68 shall be construed as references to this Regulation and should be read in accordance with the correlation table in Annex V.

Article 50

The Commission shall adopt, in accordance with the procedure laid down in Article 43:

- the measures required to facilitate the transition from the arrangements provided in Regulation (EEC) No 805/68 to those established by this Regulation,
- the measures required to resolve specific practical problems. Such measures, if duly justified, may derogate from certain parts of this Regulation.

Article 51

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

It shall apply as from 1 January 2000, save for Article 18 which shall apply from the entry into force of this Regulation.

For the Council
The President
K.-H. FUNKE

ANNEX I

SPECIAL PREMIUM

Regional ceilings of the Member States referred to in Article 4(4)

Belgium	235 149
Denmark	277 110
Germany	1 782 700
Greece	143 134
Spain	713 999
France	1 754 732 ⁽¹⁾
Ireland	1 077 458
Italy	598 746
Luxembourg	18 962
Netherlands	157 932
Austria	423 400
Portugal	175 075 ⁽²⁾
Finland	250 000
Sweden	250 000
United Kingdom	1 419 811 ⁽³⁾

⁽¹⁾ Without prejudice to the specific rules laid down in Regulation (EEC) No 3763/91 of 16 December 1991 introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments (OJ L 356, 24.12.1991, p. 1). Regulation as last amended by Regulation (EC) No 2598/95 (OJ L 267, 9.11.1995, p. 1).

⁽²⁾ Excluding the extensification programme set out in Regulation (EC) No 1017/94 of 26 April 1994 concerning the conversion of land currently under arable crops to extensive livestock farming in Portugal (OJ L 112, 3.5.1994, p. 2). Regulation as amended by Regulation (EC) No 1461/95 (OJ L 144, 28.6.1995, p. 4).

⁽³⁾ This ceiling shall be temporarily increased by 100 000 to 1 519 811 until such time as live animals under six months of age may be exported.

ANNEX II

SUCKLER COW PREMIUM

National ceilings referred to in Article 7(2) applicable as from 1 January 2000

Belgium	394 253
Denmark	112 932
Germany	639 535
Greece	138 005
Spain	1 441 539
France ⁽¹⁾	3 779 866
Ireland	1 102 620
Italy	621 611
Luxembourg	18 537
Netherlands	63 236
Austria	325 000
Portugal ⁽²⁾	277 539
Finland	55 000
Sweden	155 000
United Kingdom	1 699 511

⁽¹⁾ Excluding the specific ceiling as provided for in Article 5(3) of Regulation (EEC) No 3763/91.

⁽²⁾ Excluding the specific reserve provided for in Article 2 of Regulation (EC) No 1017/94.

ANNEX III

Livestock unit (LU) conversion table referred to in Articles 12 and 13

Male bovine animals and heifers older than 24 months, suckler cows, dairy cows	1,0 LU
Male bovine animals and heifers from six months to 24 months	0,6 LU
Sheep	0,15 LU
Goats	0,15 LU

ANNEX IV

ADDITIONAL PAYMENTS

Global amounts referred to in Article 14

(expressed in millions of euro)

	2000	2001	2002 and subsequent years
Belgium	13,1	26,3	39,4
Denmark	3,9	7,9	11,8
Germany	29,5	58,9	88,4
Greece	1,3	2,5	3,8
Spain	11,0	22,1	33,1
France	31,1	62,3	93,4
Ireland	10,5	20,9	31,4
Italy	21,9	43,7	65,6
Luxembourg	1,1	2,3	3,4
Netherlands	8,4	16,9	25,3
Austria	4,0	8,0	12,0
Portugal	2,1	4,1	6,2
Finland	2,1	4,1	6,2
Sweden	3,1	6,1	9,2
United Kingdom	21,3	42,5	63,8

ANNEX V

CORRELATION TABLE

Regulation (EEC) No 805/68	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 4	—
Article 4a first and second indent	Article 3(a) and (b)
Article 4b(1)	Article 4(1)
Article 4b(2) first subparagraph	Article 4(2)
Article 4b(2) second subparagraph	Article 4(3)(a)
Article 4b(3) point (a) of the third subparagraph	Article 3(c)
Article 4b(3a)	—
Article 4b(4)	—
Article 4b(5)	Article 4(6)
Article 4b(7a)	—
Article 4b(8)	Article 4(8)
Article 4c(1) second subparagraph	Article 5(4)
Article 4c(1) third subparagraph	Article 5(1) second subparagraph
Article 4c(2) second subparagraph	Article 5(2)
Article 4c(2) third subparagraph	Article 5(4)
Article 4c(3) third subparagraph	Article 5(3) third subparagraph
Article 4c(4)	Article 5(5)
Article 4d(1) first sentence	Article 6(1) first sentence
Article 4d(1a)	—
Article 4d(2) first sentence	Article 6(3)
Article 4d(3a)	—
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Article 4d(6) first subparagraph	Article 6(2)(b) first sentence
Article 4d(6) second to fourth subparagraph	—
Article 4d(6) fifth subparagraph	Article 6(2) second subparagraph
Article 4d(8) second indent	Article 6(7)
Article 4e(1) first sentence of the first subparagraph	Article 8(1) first subparagraph
Article 4e(1) second sentence of the first subparagraph	Article 8(4) second indent of the second subparagraph
Article 4e(1) second subparagraph	Article 8(1) second subparagraph
Article 4e(2)	Article 8(2)
Article 4e(3)	Article 8(3)
Article 4e(4)	—
Article 4e(5)	Article 8(4) first subparagraph and first indent of the second subparagraph
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Regulation (EEC) No 805/68	This Regulation
Article 4g(3)	Article 12(2)
Article 4g(4a)	—
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Article 4i	—
Article 4j(1) to (3)	Article 23(1) to (3)
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Article 4l	Article 25
Article 5	—
Article 6(1)	Article 47(2)
Article 6(2)	Article 47(3)
Article 6(3)	Article 47(4)
Article 6(4)	Article 47(5)
Article 6(5)	Article 47(6)
Article 6(6)	Article 47(7)
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Article 8	Article 48
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Article 11	Article 31
Article 12(1) second subparagraph	Article 32(1) second subparagraph
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COUNCIL REGULATION (EC) No 1255/1999

of 17 May 1999

on the common organisation of the market in milk and milk products

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

- (1) Whereas the operation and development of the common market in agricultural products should be accompanied by the establishment of a common agricultural policy to include in particular a common organisation of agricultural markets which may take various forms depending on the product;
- (2) Whereas the aim of the common agricultural policy is to attain the objectives set out in Article 33 of the Treaty; whereas, in the milk sector, in order to stabilise markets and to ensure a fair standard of living for the agriculture community, it is necessary that the intervention agencies, based on a single price system, may take intervention measures on the market including the buying-in of butter and skimmed milk powder and the grant of private storage

aids for these products; whereas, however, such measures should be standardised so as not to impede the free movement of goods in question within the Community;

- (3) Whereas by Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector⁽⁶⁾, an additional levy scheme for the market of milk and milk products was introduced for the purpose of reducing the imbalance between supply and demand on the milk and milk-product market and resulting structural surpluses; whereas this scheme will apply for eight new consecutive periods of 12 months commencing on 1 April 2000;
- (4) Whereas in order to stimulate the consumption of milk and milk products within the Community and to improve the competitiveness of these products on the international markets, the level of market support should be reduced, in particular, through a gradual reduction of the target prices and intervention prices for butter and skimmed milk powder starting from 1 July 2005;
- (5) Whereas the implementation of an intervention system for butter should maintain the competitive position of butter on the market and provide for the most efficient possible storage; whereas the quality requirements to be observed in respect of butter constitute a determining factor for attaining these objectives; whereas buying into intervention should take place in so far as it is necessary to maintain the stability of the market by reference to the market price of butter in the Member States, and should be carried out under a tendering procedure;
- (6) Whereas, in the case of private storage aid for butter, it is appropriate to subject its grant to butter produced from cream and milk of Community origin and to maintain a reference to national quality grades as a condition of eligibility;

⁽¹⁾ OJ C 170, 4.6.1998, p. 38.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 203.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ OJ L 405, 31.12.1992, p. 1. Regulation as last amended by Regulation (EC) No 1256/1999 (see page 73 of this Official Journal).

- (7) Whereas in addition to intervention in respect of butter and fresh cream, other Community intervention measures are required to enable the best return to be obtained from milk proteins and to support the prices of products which have special importance in determining producer prices for milk; whereas these measures should take the form of buying-in of skimmed milk powder and of granting private storage aid for this product; whereas, however, the normal buying into intervention of skimmed milk powder may be suspended when a certain quantity is reached and may be replaced by buying-in under a tender procedure;
- (8) Whereas to avoid distortion between operators selling into public intervention and in the interest of the proper administration of Community funds, a minimum requirement should be set for the protein content of skimmed-milk-powder bought into intervention; whereas the content should be fixed taking account of current commercial standards and in such way that it cannot act as a criterion for exclusion from intervention;
- (9) Whereas, to contribute to balancing the milk market and to stabilise the market prices for milk and milk products, provision should be made for complementary measures increasing the possibility of disposing of milk products; whereas these measures should include the grant of private storage aid for certain types of cheeses, on the one hand, and the grant of aids for the marketing of certain milk products with a view to specific uses and destinations;
- (10) Whereas, in order to stimulate the consumption of milk by young people, provision should be made for the Community to defray a part of the expenditure occasioned by granting aid for the supply of milk to pupils in schools;
- (11) Whereas, as a consequence of reduced market support in the milk sector, income support measures for milk producers should be introduced; whereas these measures should take the form of a dairy premium the level of which should develop in parallel with the gradual reduction of market support; whereas the level of individual income support should be calculated on the basis of the individual reference quantities of the producers concerned; whereas, to ensure the proper application of the scheme, to take account of the multilateral commitments of the Community and for reasons of budget control, provision should be made for keeping the overall income support at the level of the Member States' total reference quantities as applicable at the entry into force of this Regulation;
- (12) Whereas the conditions for milk production and the income situation of producers significantly vary in different production areas of the Community; whereas a Community-wide scheme with uniform dairy payments to all producers would be too rigid to respond adequately to structural and natural disparities and the diverse needs resulting therefrom; whereas, therefore, it is appropriate to provide for a flexible framework of additional Community payments to be determined and made by Member States within fixed global amounts and in accordance with certain common criteria; whereas the global amounts should be allocated to the Member States on the basis of their total reference quantity for milk; whereas the common criteria are intended, *inter alia*, to prevent additional payments from producing discriminatory effects and to take full account of the relevant multilateral commitments of the Community; whereas, in particular, it is essential that Member States be obliged to use their discretionary powers exclusively on the basis of objective criteria, to pay full regard to the concept of equal treatment and to avoid market and competition distortions; whereas it is appropriate to provide for the forms that additional payments may take; whereas these forms should be premium supplements and area payments;
- (13) Whereas premium supplements should be granted in addition to the amounts of dairy premium granted per tonne of available premium reference quantities; whereas it is also necessary to limit the total amount of support which may be granted per premium amount per year;
- (14) Whereas additional area payments should only be granted for permanent pasture which does not benefit from other Community market support measures; whereas area payments should be applied within the limits of regional base areas of permanent pasture which should be established by Member States according to historical reference data; whereas the maximum amount of area payment which may be granted per hectare, including additional area payments under the common market organisation for beef and veal, should be comparable with the average support per hectare under the support system for producers of certain arable crops;

- (15) Whereas, in order to achieve the desired economic impact, direct payments must be granted within certain time limits;
- (16) Whereas, should the administration of bovine somatotrophin to dairy cows be prohibited under Community law, the Commission should establish penalties analogous to those foreseen in the common market organisation for beef and veal in the case of use of certain prohibited substances in beef production;
- (17) Whereas the creation of a single Community market for milk and milk products involves the introduction of a single trading system at the external frontiers of the Community; whereas a trading system including import duties and export refunds, in addition to the intervention measures, should, in principle, stabilise the Community market; whereas the trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations;
- (18) Whereas, in order to monitor the volume of trade in milk and milk products with third countries, provision should be made for a system of import and export licences for certain products, which includes the lodging of a security to guarantee that the transactions for which such licences are granted are effected;
- (19) Whereas in order to prevent or counteract adverse effects on the Community market which could result from imports of certain agricultural products, imports of one or more such products should be subject to payment of an additional import duty, if certain conditions are fulfilled;
- (20) Whereas it is appropriate, under certain conditions, to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other acts of the Council; whereas, moreover, the Commission should have analogous powers concerning certain tariff quotas opened by third countries;
- (21) Whereas provisions for granting a refund on exports to third countries, based on the difference between prices within the Community and on the world market, and falling within the WTO Agreement on Agriculture⁽¹⁾, should serve to safeguard Community participation in international trade in milk and milk products; whereas these refunds should be subject to limits in terms of quantity and value;
- (22) Whereas compliance with the limits in terms of value should be ensured at the time when refunds are fixed through the monitoring of payments under the rules relating to the European Agricultural Guidance and Guarantee Fund; whereas monitoring can be facilitated by the compulsory advance fixing of refunds, while allowing the possibility, in the case of differentiated refunds, of changing the specified destination within a geographical area to which a single refund rate applies; whereas, in the case of a change of destination, the refund applicable to the actual destination should be paid, with a ceiling of the amount applicable to the destination fixed in advance;
- (23) Whereas ensuring compliance with the quantity limits calls for the introduction of a reliable and effective system of monitoring; whereas, to that end, the granting of refunds should be made subject to an export licence; whereas refunds should be granted up to the limits available, depending on the particular situation of each product concerned; whereas exceptions to that rule should only be permitted in the case of processed products not listed in Annex II to the Treaty, to which volume limits do not apply, and in the case of food-aid operations, which are exempt from any limit; whereas monitoring of the quantities exported with refunds during the marketing years as referred to in the WTO Agreement on Agriculture should be carried out on the basis of export licences issued for each marketing year;
- (24) Whereas, in addition to the system described above, and to the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of inward processing arrangements;
- (25) Whereas it is appropriate to provide for measures to be taken when a substantial rise or fall in prices disturbs or threatens to disturb the Community market;

⁽¹⁾ OJ L 336, 23.12.1994, p. 22.

- (26) Whereas the customs duty system makes it possible to dispense with all other protective measures at the external frontiers of the Community; whereas, however, the internal market and duty mechanism could, in exceptional circumstances, prove defective; whereas, in such cases, so as not to leave the Community market without defence against disturbances which may arise therefrom, the Community should be able to take all necessary measures without delay; whereas those measures should be in accordance with the obligations derived from the relevant WTO agreements;
- (27) Whereas restrictions on free movement resulting from the application of measures intended to prevent the spread of animal diseases could cause difficulties on the market of one or more Member States; whereas provision should be made for the introduction of exceptional market support measures in order to remedy such situations;
- (28) Whereas the establishment of a single market would be jeopardised by the granting of certain aids; whereas, therefore, the provisions of the Treaty which allow the assessment of aids granted by Member States and the prohibition of those which are incompatible with the common market should apply in the common market organisation for milk and milk products;
- (29) Whereas it is necessary that, as the common market in milk and milk products develops, the Member States and the Commission should keep each other supplied with the information necessary for applying this Regulation;
- (30) Whereas, in order to facilitate implementation of the proposed measures, a procedure should be provided for establishing close cooperation between Member States and the Commission within a Management Committee;
- (31) Whereas expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy⁽¹⁾;
- (32) Whereas the common organisation of the market in milk and milk products should take appropriate account, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty;
- (33) Whereas the common organisation of the market in milk and milk products laid down in Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organisation of the market in milk and milk products⁽²⁾ has been amended several times; whereas, by reason of their number, their complexity and their dispersal among several Official Journals, these texts are difficult to use and thus lack the clarity which should be an essential feature of all legislation; whereas, under these circumstances, they should be consolidated in a new Regulation and the aforementioned Regulation (EEC) No 804/68 should be repealed; whereas the essential rules of Council Regulations (EEC) No 986/68⁽³⁾, (EEC) No 987/68⁽⁴⁾, (EEC) No 508/71⁽⁵⁾, (EEC) No 1422/78⁽⁶⁾, (EEC) No 1723/81⁽⁷⁾, (EEC) No 2990/82⁽⁸⁾, (EEC) No 1842/83⁽⁹⁾, (EEC) No 865/84⁽¹⁰⁾ and (EEC) No 777/87⁽¹¹⁾ have been incorporated into this Regulation, and should therefore be repealed;
- (34) Whereas the change from the arrangements in Regulation (EEC) No 804/68 to those in this Regulation could give rise to difficulties which are not dealt with in this Regulation; whereas, in order to deal with that eventuality, provision should be made for the Commission to adopt the necessary transitional measures; whereas the Commission should also be authorised to solve specific practical problems,

HAS ADOPTED THIS REGULATION:

- (²) OJ L 148, 27.6.1968, p. 13. Regulation as last amended by Regulation (EC) No 1587/96 (OJ L 206, 16.8.1996, p. 21).
- (³) OJ L 169, 18.7.1968, p. 4. Regulation as last amended by Regulation (EC) No 1802/95 (OJ L 174, 26.7.1995, p. 31).
- (⁴) OJ L 169, 18.7.1968, p. 6. Regulation as last amended by Regulation (EEC) No 1435/90 (OJ L 138, 31.5.1990, p. 8).
- (⁵) OJ L 58, 11.3.1971, p. 1.
- (⁶) OJ L 171, 28.6.1978, p. 14.
- (⁷) OJ L 172, 30.6.1981, p. 14. Regulation as last amended by Regulation (EEC) No 863/84 (OJ L 90, 1.4.1984, p. 23).
- (⁸) OJ L 314, 10.11.1982, p. 26. Regulation as last amended by Regulation (EC) No 2442/96 (OJ L 333, 21.12.1996, p. 1).
- (⁹) OJ L 183, 7.7.1983, p. 1. Regulation as last amended by Regulation (EC) No 1958/97 (OJ L 277, 10.10.1997, p. 1).
- (¹⁰) OJ L 90, 1.4.1984, p. 25.
- (¹¹) OJ L 78, 20.3.1987, p. 10. Regulation as last amended by Regulation (EEC) No 1634/91 (OJ L 150, 15.6.1991, p. 26).

(¹) See page 103 of this Official Journal.

Article 1

The common organisation of the market in milk and milk products shall cover the following products;

CN code	Description of goods
(a) 0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter
(b) 0402	Milk and cream, concentrated or containing added sugar or other sweetening matter
(c) 0403 10 11 to 39	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter not flavoured nor containing added fruit, nuts or cocoa
0403 90 11 to 69	
(d) 0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included
(e) ex 0405	Butter and other fats and oils derived from milk; dairy spreads of a fat content of more than 75 % but less than 80 %
(f) 0406	Cheese and curd
(g) 1702 19 00	Lactose and lactose syrup not containing added flavouring or colouring matter, containing by weight 99 % or more lactose, expressed as anhydrous lactose, calculated on the dry matter
(h) 2106 90 51	Flavoured or coloured lactose syrup
(i) ex 2309	Preparations of a kind used in animal feeding: — Preparations and feedingstuffs containing products to which this Regulation applies, directly or by virtue of Council Regulation (EEC) No 2730/75 ⁽¹⁾ , except preparations and feedingstuffs to which Council Regulation (EEC) No 1766/92 ⁽²⁾ applies.

⁽¹⁾ OJ L 281, 1.11.1975, p. 20. Regulation as last amended by Regulation (EC) No 2931/95 (OJ L 307, 20.12.1995, p. 10).

⁽²⁾ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 923/96 (OJ L 126, 24.5.1996, p. 37).

TITLE I

INTERNAL MARKET

CHAPTER I

Prices

Article 2

The milk year for all products listed in Article 1 shall begin on 1 July and end on 30 June of the following year.

Article 3

1. The target price in the Community for milk containing 3,7% fat, delivered to dairies and expressed in euro per 100 kg, shall be set at:

- 30,98 for the period from 1 July 2000 until 30 June 2005,
- 29,23 for the period from 1 July 2005 until 30 June 2006,
- 27,47 for the period from 1 July 2006 until 30 June 2007,
- 25,72 as from July 2007.

The target price shall be deemed to be that price which it is aimed to obtain for the aggregate of producers' milk sales on the Community market and on external markets.

2. The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may change the target price.

Article 4

1. The intervention prices in the Community, expressed in euro per 100 kg, shall be set:

(a) for butter at:

- 328,20 for the period from 1 July 2000 until 30 June 2005,

— 311,79 for the period from 1 July 2005 until 30 June 2006,

— 295,38 for the period from 1 July 2006 until 30 June 2007,

— 278,97 as from 1 July 2007;

(b) for skimmed milk powder at:

— 205,52 for the period from 1 July 2000 until 30 June 2005,

— 195,24 for the period from 1 July 2005 until 30 June 2006,

— 184,97 for the period from 1 July 2006 until 30 June 2007,

— 174,69 as from 1 July 2007.

2. The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may change the intervention prices.

Article 5

The price system is established without prejudice to the implementation of the additional levy scheme.

CHAPTER II

Intervention system

Article 6

1. Where the market prices of butter are, in one or more Member States, at a level lower than 92% of the intervention price for a representative period, buying-in by the intervention agencies shall be carried out in the Member State(s) concerned under an open invitation to tender on the basis of specifications to be determined.

The buying-in price fixed by the Commission shall not be less than 90% of the intervention price.

Where market prices in the Member State(s) concerned are at a level equal to, or higher than, 92 % of the intervention price for a representative period, buying-in under a tendering procedure shall be suspended.

2. Under paragraph 1, the intervention agencies may only buy in butter produced directly and exclusively from pasteurised cream in an approved undertaking in the Community, and

(a) meet the following requirements:

- a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %,
- an age at the time of buying-in not exceeding a maximum to be fixed,
- conditions to be determined as regards the minimum quantity and packaging;

(b) meet certain requirements to be determined regarding in particular:

- preservation; additional requirements may be laid down by the intervention agencies,
- free fatty acid content,
- peroxide content,
- microbiological standard,
- sensory characteristics (appearance, texture, taste and smell).

National quality grades to be determined may be shown on the packaging of butter which meets national quality requirements.

Flat rate transport costs shall be borne, under conditions to be fixed, by the intervention agency if the butter is delivered to a cold store situated at a distance greater than a distance to be determined from the place where the butter was in store.

3. Aid for private storage shall be granted for:

- cream,
- unsalted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %,

- salted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 80 %, a maximum water content, by weight, of 16 % and a maximum salt content, by weight, of 2 %.

The butter shall be classified according to national quality grades to be determined and shall be marked accordingly.

The aid shall be fixed in the light of storage costs and the likely trend in prices for fresh butter and butter from stocks. Where, at the time of removal from storage, an adverse change unforeseeable at the time of entry into storage has occurred on the market, the aid may be increased.

Private storage aid shall be subject to the drawing-up of a storage contract concluded, in accordance with provisions to be laid down, by the intervention agency of the Member State on whose territory the cream or butter qualifying for the aid is stored.

Where the market situation so requires, the Commission may decide to remarket some or all of the cream or butter covered by private storage contracts.

4. Butter bought in by the intervention agencies shall be disposed of at a minimum price and under conditions to be determined so as to avoid disturbing the balance on the market and to ensure purchasers equal treatment and access to the butter to be sold. Where the butter put up for sale is intended for export, special conditions may be laid down to ensure that the product is not diverted from its destination and to take account of requirements specific to such sales.

For butter kept in public storage which cannot be disposed of during a milk year under normal conditions, special measures may be taken. Where warranted by such measures, special measures shall also be taken with a view to maintaining possibilities of disposing of products which were subject to aid as referred to in paragraph 3.

5. The intervention arrangements shall be applied so as to:

- maintain the competitive position of butter on the market,
- safeguard the original quality of the butter as far as possible,

— ensure storage as rationally as possible.

6. For the purposes of this Article:

— 'milk' shall mean cow's milk produced in the Community,

— 'cream' shall mean cream obtained directly and exclusively from milk.

Article 7

1. The intervention agency designated by each of the Member States shall, under conditions to be determined, buy in at the intervention price top quality skimmed milk powder made by the spray process and obtained in an approved undertaking in the Community, directly and exclusively from skimmed milk, which is offered to it during the period from 1 March to 31 August and which:

- meets a minimum protein content of 35,6 % by weight of the non-fatty dry extract,
- meets preservation requirements to be laid down,
- meets conditions to be determined as regards the minimum quantity and packaging.

However, intervention agencies shall also buy in skimmed milk powder whose protein content is at least 31,4 % and less than 35,6 %, of the non-fatty dry extract, provided that the other provisions laid down in the first subparagraph above are met. In that case, the buying-in price shall be equal to the intervention price less 1,75 % for each percentage point by which the protein content is lower than 35,6 %.

The intervention price shall be that in force on the day of manufacture of the skimmed milk powder and shall apply to skimmed milk powder delivered to the store designated by the intervention agency. Flat-rate transport costs shall be borne, under conditions to be fixed, by the intervention agency if the skimmed milk powder is delivered to a store situated at a distance greater than a distance to be determined from the place where the skimmed milk powder was in store.

The skimmed milk powder may only be stored in stores meeting conditions to be fixed.

2. The Commission may suspend the buying in of skimmed-milk powder provided for in paragraph 1 as

soon as the quantities offered for intervention in the period from 1 March to 31 August each year exceed 109 000 tonnes.

In that case buying-in by the intervention agencies may be carried out under an open standing invitation to tender on the basis of specifications to be determined.

3. Aid for the private storage of skimmed milk powder of top quality, obtained in an approved undertaking in the Community directly and exclusively from skimmed milk may be granted, in particular, if trends in prices and stocks of the products indicate a serious imbalance in the market which could be avoided or reduced by means of seasonal storage. In order to be eligible for aid, the skimmed milk powder must meet conditions to be fixed.

The aid shall be fixed in the light of storage costs and the likely trend in prices for skimmed milk powder.

Private storage aid shall be subject to the drawing-up of a storage contract concluded, in accordance with provisions to be laid down, by the intervention agency of the Member State on whose territory the skimmed milk powder qualifying for the aid is stored. Where the market situation so requires, the Commission may decide to remarket some or all of the skimmed milk powder covered by private storage contracts.

4. Skimmed milk powder bought in by the intervention agency shall be disposed of, at a minimum price and under conditions to be determined so as to avoid disturbing the balance on the market and to ensure purchasers equal treatment and access to the skimmed milk powder to be sold.

Where the skimmed milk powder put up for sale is intended for export, special conditions may be laid down to ensure that the product is not diverted from its destination and to take account of requirements specific to such sales.

For skimmed milk powder kept in public storage which cannot be disposed of during a milk year under normal conditions, special measures may be taken.

5. Within the meaning of this Article, 'skimmed milk' shall mean skimmed milk obtained directly and exclusively from cow's milk produced in the Community.

Article 8

1. Under conditions to be determined, aid shall be granted for the private storage of:

(a) Grana Padano cheese at least nine months old;

(b) Parmigiano Reggiano cheese at least 15 months old;

(c) Provolone cheese at least three months old;

if these cheeses reach certain standards.

2. The amount of private storage aid shall be fixed taking account of storage costs and the likely trend of market prices.

3. The intervention agency designated by the Member State in which the said cheeses are produced and qualify to bear the designation of origin shall implement the measures taken pursuant to paragraph 1.

The granting of private storage aid shall be subject to the conclusion of a storage contract with the intervention agency. The contract shall be drawn up under conditions to be determined.

Where the market situation so requires, the Commission may decide that the intervention agency will remarket some or all of the cheese stored.

Article 9

1. Private storage aid may be granted for longkeeping cheeses and for cheeses which are manufactured from sheep and/or goat's milk and require at least six months for maturing, if for those cheeses price developments and the stock situation indicate a serious imbalance of the market which may be eliminated or reduced by seasonal storage.

2. The amount of aid shall be fixed with reference to storage costs and the balance to be maintained between cheeses for which aid is granted and other cheeses coming on the market.

3. Should the situation of the Community market so require, the Commission may decide to remarket some or all of the cheeses covered by private storage contracts.

4. If, at the time the storage contract expires, the level of market prices for cheeses in store is higher than that prevailing when the contract was signed, a decision may be taken to adjust the amount of aid accordingly.

Article 10

There shall be adopted in accordance with the procedure laid down in Article 42:

(a) the detailed rules for the application of this chapter and, in particular, those for establishing the market prices for butter;

(b) the amounts of aid for private storage referred to in this chapter;

(c) the other decisions and measures which may be taken by the Commission under this chapter.

CHAPTER III

Marketing measures*Article 11*

1. Aid shall be granted for skimmed milk and skimmed-milk powder intended for use as feedingstuffs, if these products reach certain standards.

For the purposes of this Article, buttermilk and buttermilk powder shall be regarded as skimmed milk and skimmed-milk powder.

2. Aid amounts shall be fixed taking into account the following factors:

— the intervention price for skimmed-milk powder,

— development of the supply situation as regards skimmed-milk and skimmed-milk powder, and developments in the use thereof as feed,

— trends in calf prices,

— trends in the market prices for competing proteins as compared with those for skimmed-milk powder.

Article 12

1. Under the conditions determined in accordance with paragraph 2, aid shall be granted for Community-produced skimmed milk processed into casein and caseinates, if such milk and the casein or caseinates produced from it reach certain standards.

2. The aid may vary, according to whether the skimmed milk is processed into casein or caseinates and according to the quality of those products.

Aid shall be fixed taking into account the following factors:

- the intervention price for skimmed-milk powder, or the market price for first-quality spray-process skimmed-milk powder, if that price exceeds the intervention price,
- the market prices for casein and caseinates on the Community and world markets.

Article 13

1. When surpluses of milk products build up, or are likely to occur, the Commission may decide that aid shall be granted to enable cream, butter and concentrated butter to be purchased at reduced prices:

- (a) by non-profit making institutions and organisations;
- (b) by military forces and units of comparable status in the Member States;
- (c) by manufacturers of pastry products and ice-cream;
- (d) by manufacturers of other foodstuffs to be determined;
- (e) for the direct consumption of concentrated butter.

Article 14

1. Community aid shall be granted for supplying to pupils in educational establishments certain processed milk products falling within CN codes 0401, 0403, 0404 90 and 0406 or CN code 2202 90.

2. In addition to the Community aid, Member States may grant national aid for supplying the products specified in paragraph 1 to pupils in educational establishments.

3. In the case of whole milk, the Community aid shall be equal to 95 % of the target price for milk. In the case of other milk products, the amounts of aid shall be determined taking into account the milk components of the products concerned.

4. The aid referred to in paragraphs 1 shall be granted on a maximum quantity of 0,25 litre of milk equivalent per pupil and per day.

Article 15

The following shall be adopted in accordance with the procedure laid down in Article 42:

- (a) the detailed rules for the application of this chapter and, in particular, the conditions under which the aids set out therein may be granted,
- (b) the amounts of the aids referred to in this chapter,
- (c) the lists of products referred to in Article 13(d) and Article 14(1),
- (d) the other decisions and measures that may be adopted by the Commission under this chapter.

CHAPTER IV

Direct payments*Article 16*

1. Producers shall qualify for a dairy premium. It shall be granted per calendar year, per holding and per tonne of individual reference quantity eligible for premium and available on the holding.

2. The premium amount per tonne of individual reference quantity eligible for premium shall be set at:

- EUR 5,75 for the calendar year 2005,
- EUR 11,49 for the calendar year 2006,
- EUR 17,24 for the calendar year 2007 and the subsequent calendar years.

3. The individual reference quantity eligible for premium shall be equal to the individual reference quantity for milk available on the holding on 31 March of the calendar year concerned, without prejudice to reductions resulting from the application of subparagraph 2. Individual reference quantities which have been the subject of temporary transfers in accordance with Article 6 of Regulation (EEC) No 3950/92 on 31 March of the calendar year concerned shall be deemed to be available on the holding of the transferee for that calendar year.

Where, on 31 March of a calendar year, the sum of all individual reference quantities in a Member State exceeds the sum of the corresponding total quantities of that Member State set out in Article 3(2) of Regulation (EEC) No 3950/92 for the 12 month period 1999/2000, the Member State concerned shall, on the basis of objective criteria, take the necessary steps to reduce accordingly the total amount of individual reference quantities eligible for premium on its territory for the calendar year concerned.

4. For the purposes of this chapter, the definitions of 'producer' and 'holding' laid down in Article 9 of Regulation (EEC) No 3950/92 shall apply.

Article 17

1. Member States shall, on a yearly basis, make additional payments to producers in their territory totalling the global amounts set out in Annex I. Such payments shall be made according to objective criteria including, in particular, the relevant production structures and conditions, and in such a way as to ensure equal treatment between producers and to avoid market and competition distortions. Moreover, such payments shall not be linked to fluctuations of market prices.

2. Additional payments may be made in the form of premium supplements (Article 18) and/or area payments (Article 19).

Article 18

1. Premium supplements may only be granted as a supplementary amount per premium amount as set out in Article 16(2).

2. The total amount of dairy premium and premium supplement, which may be granted per premium amount per tonne of individual reference quantity eligible for premium, shall not exceed:

— EUR 13,9 per tonne for the calendar year 2005,

— EUR 27,8 per tonne for the calendar year 2006,

— EUR 41,7 per tonne for the calendar year 2007 and subsequent calendar years.

Article 19

1. Area payments shall be granted per hectare of permanent pasture:

(a) which is available to a producer during the calendar year concerned;

(b) which is not used to comply with the specific stocking density requirements referred to in Article 15(3) of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal⁽¹⁾; and

(c) in respect of which no payments under the support system laid down for producers of certain arable crops, under the aid system for dried fodder and under Community aid schemes for other permanent or horticultural crops are claimed for the same year.

The area of permanent pasture in a region for which area payments may be granted shall not exceed the relevant regional base area.

2. The regional base areas shall be established by Member States in accordance with Article 17 of Regulation (EC) No 1254/1999.

3. The maximum area payment per hectare which may be granted, including area payments pursuant to Article 17 of Regulation (EC) No 1254/1999, shall not exceed EUR 350 for the calendar year 2005 and the subsequent calendar years.

Article 20

1. Before 1 January 2005, Member States shall provide the Commission with detailed information on their national arrangements concerning the granting of additional payments. Any changes of these arrangements shall be communicated to the Commission not later than one month following adoption.

2. Before 1 April 2007, Member States shall submit to the Commission detailed reports on the implementation of Articles 17 to 19.

⁽¹⁾ See page 21 of this Official Journal.

Before 1 January 2008, the Commission shall evaluate the implementation of Articles 17 to 19 and examine the distribution of Community funds between Member States as provided for in Annex I. If necessary, the Commission shall make appropriate proposals to the Council.

Article 21

Direct payments under this chapter shall be made, after verification of entitlement to payment, from 16 October of the calendar year concerned and, save in duly justified exceptional cases, no later than 30 June of the following year.

Article 22

The amounts of the direct payments set out in this chapter may be changed in the light of developments in production, productivity and the markets, according to the procedure laid down in Article 37(2) of the Treaty.

Article 23

Where, by or on the basis of Community law, the administration of bovine somatotrophin to dairy cows is not authorised or where the availability of that substance on farms is regulated otherwise, the Commission shall, in accordance with the procedure laid down in Article 42, adopt measures which shall be analogous to those provided for in Article 23 of Regulation (EC) No 1254/1999.

Article 24

Detailed rules for the application of this chapter shall be adopted by the Commission in accordance with the procedure laid down in Article 42.

Article 25

The expenditure incurred in granting the direct payments provided for in this chapter shall be considered as relating to intervention measures within the meaning of Article 2(2) of Regulation (EC) No 1254/1999.

TITLE II

TRADE WITH THIRD COUNTRIES

Article 26

1. Imports into the Community of any of the products listed in Article 1 shall be subject to the presentation of an import licence. Exports from the Community of any such products may be made subject to presentation of an export licence.

2. Licences shall be issued by Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to the measures taken for the application of Articles 29, 30 and 31.

Import and export licences shall be valid throughout the Community. Such licences shall be issued subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence; except in cases of *force majeure*, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

3. The following shall be adopted by the Commission in accordance with the procedure laid down in Article 42:

- (a) the list of products in respect of which export licences are required;
- (b) the term of validity of the licences; and
- (c) the other detailed rules for the application of this Article.

Article 27

Unless this Regulation provides otherwise, the rates of duty in the Common Customs Tariff shall apply to the products listed in Article 1.

Article 28

1. In order to prevent or counteract adverse effects on the market in the Community which may result

from imports of certain products listed in Article 1, imports of one or more of such products at the rate of duty referred to in Article 27 shall be subject to payment of an additional import duty if the conditions set out in Article 5 of the Agreement on Agriculture concluded in accordance with Article 300 of the Treaty in the framework of the Uruguay Round of multilateral trade negotiations have been fulfilled unless the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.

2. The trigger prices below which an additional duty may be imposed shall be those which are forwarded by the Community to the World Trade Organisation.

The trigger volumes to be exceeded in order to have the additional import duty imposed shall be determined particularly on the basis of imports into the Community in the three years preceding the year in which the adverse effects referred to in paragraph 1 arise or are likely to arise.

3. The import prices to be taken into consideration for imposing an additional import duty shall be determined on the basis of the cif import prices of the consignment under consideration.

Cif import prices shall be checked to that end against the representative prices for the product on the world market or on the Community import market for that product.

4. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Article 42. Such detailed rules shall specify in particular:

- (a) the products to which additional import duties shall be applied under the terms of Article 5 of the Agreement on Agriculture;
- (b) the other criteria necessary to ensure application of paragraph 1 in accordance with Article 5 of the Agreement on Agriculture.

Article 29

1. Tariff quotas for the products listed in Article 1 resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council shall be opened and administered in accordance with detailed rules adopted under the procedure laid down in Article 42.

2. Quotas may be administered by applying one of the following methods or a combination of them:

- method based on the chronological order of the lodging of applications (using the 'first come, first served' principle),
- method of distribution in proportion to the quantities requested when the applications were lodged (using the 'simultaneous examination' method),
- method based on taking traditional trade patterns into account (using the 'traditional importers/new arrivals' method).

Other appropriate methods may be adopted.

They shall avoid any discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, give due weight to the supply requirements on the Community market and the need to safeguard the equilibrium of that market, whilst at the same time possibly drawing on methods which may have been applied in the past to quotas corresponding to those referred to in paragraph 1, without prejudice to the rights resulting from agreements concluded in the framework of the Uruguay Round trade negotiations.

4. The detailed rules referred to in paragraph 1 shall provide for annual quotas, suitably phased over the year, if necessary, to be opened, determine the administrative method to be applied and, where appropriate, include provisions regarding:

- (a) guarantees covering the nature, provenance and origin of the product;
- (b) recognition of the document used for verifying the guarantees referred to in (a); and
- (c) the conditions under which import licences are issued and their term of validity.

Article 30

1. Where an agreement concluded in accordance with Article 300 of the Treaty provides for the total or partial management of a tariff quota opened by a third country for the products referred to in Article 1, the management method to be applied and detailed rules relating to that method shall be adopted in accordance with the procedure provided for in Article 42.

2. Quotas may be managed using one of the following methods or a combination thereof:

- order in which applications are submitted ('first come, first served' basis),
- allocation in proportion to quantities requested when applications are submitted ('simultaneous examination' method),
- traditional trade flows ('traditional importers/new arrivals' method).

Other appropriate methods may be adopted, in particular ones which guarantee the full use of the possibilities available under the quota concerned.

They shall avoid any discrimination between the operators concerned.

Article 31

1. To the extent necessary to enable the products listed in Article 1 to be exported without further processing or in the form of goods listed in Annex II if they are products listed in Article 1(a), (b), (c), (d), (e) and (g), on the basis of prices for those products in world trade and within the limits resulting from agreements concluded in accordance with Article 300 of the Treaty, the difference between those prices and prices in the Community may be covered by export refunds.

Export refunds on the products listed in Article 1 in the form of goods listed in the Annex II may not be higher than those applicable to such products exported without further processing.

2. The method to be adopted for the allocation of the quantities which may be exported with a refund shall be the method which:

- (a) is most suited to the nature of the product and the situation on the market in question, allowing the most efficient possible use of the resources available, account being taken of the efficiency and structure of Community exports without, however, creating discrimination between large and small operators;

(b) is least cumbersome administratively for operators, account being taken of administration requirements;

(c) prevents any discrimination between the operators concerned.

3. Refunds shall be the same for the whole Community.

They may vary according to destination, where the world market situation or the specific requirements of certain markets make this necessary.

Refunds shall be fixed by the Commission in accordance with the procedure laid down in Article 42. Refunds may be fixed:

(a) at regular intervals;

(b) by invitation to tender for products for which that procedure was provided for in the past.

Except where fixed by tender, the list of products on which an export refund is granted and the amount of such refund shall be fixed at least once every four weeks. The amount of the refund may, however, remain at the same level for more than four weeks and may, where necessary, be adjusted in the intervening period by the Commission at the request of a Member State or on its own initiative. However, for products listed in Article 1 and exported in the form of goods listed in Annex II to this Regulation, the refund may be fixed according to another timetable determined in accordance with the procedure referred to in Article 16 of Council Regulation (EC) No 3448/93⁽¹⁾.

4. The following shall be taken into account when refunds are being fixed for the products listed in Article 1 and exported without further processing:

(a) the existing situation and future trends with regard to:

— prices and availabilities of milk and milk products on the Community market,

— prices of milk and milk products on the world market;

⁽¹⁾ OJ L 318, 20.12.1993, p. 31.

- (b) the most favourable marketing costs and transport costs from Community markets to Community ports or other places of export together with forwarding costs to the countries of destination; demand on the Community market;
- (c) the objectives of the common organisation of the markets in milk and milk products, which are to ensure a balanced situation and natural development regarding prices and trade on these markets;
- (d) limits resulting from agreements concluded in accordance with Article 300 of the Treaty;
- (e) the importance of avoiding disturbances on the Community market;
- (f) the economic aspect of the proposed exports.

Account shall also be taken in particular of the need to establish a balance between the use of Community basic agricultural products for export as processed goods to third countries, and the use of products from those countries admitted for inward processing.

5. For the products referred to in Article 1 and exported as such:

- (a) the prices in the Community referred to in paragraph 1 shall be determined taking account of the prices prevailing which prove to be the most favourable as regards export;
- (b) the prices on the world market referred to in paragraph 1 shall be determined taking account in particular of:
 - the prices on third-country markets,
 - the most favourable prices in third countries of destination for third-country imports,
 - producer prices recorded in exporting third countries, account being taken, where appropriate, of subsidies granted by those countries,
 - free-at-frontier offer prices.

6. Refunds shall be granted for the products referred to in paragraph 1 and exported as such only on application and on presentation of the relevant export licence.

7. The refund applicable to exports of products listed in Article 1 and exported as such shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day for:

- (a) the destination indicated on the licence, or where appropriate;
- (b) the actual destination if it differs from the destination indicated on the licence. In that case, the amount applicable may not exceed the amount applicable for the destination indicated on the licence.

Appropriate measures may be taken to prevent abuse of the flexibility provided for in this paragraph.

8. Paragraphs 6 and 7 may be made to apply to products listed in Article 1 and exported in the form of goods listed in Annex II in accordance with the procedure laid down in Article 16 of Regulation (EC) No 3448/93.

9. Paragraphs 6 and 7 may be waived in the case of products listed in Article 1 on which refunds are paid under food-aid operations, in accordance with the procedure laid down in Article 42.

10. The refund shall be paid upon proof that:

- the products are of Community origin,
- the products have been exported from the Community, and
- in the case of a differentiated refund, the products have reached the destination indicated on the licence or another destination for which a refund was fixed, without prejudice to paragraph 7(b). Exceptions may be made to this rule in accordance with the procedure laid down in Article 42, provided conditions are laid down which offer equivalent guarantees.

11. Without prejudice to paragraph 10, first indent, in the absence of a derogation granted in accordance with the procedure laid down in Article 42, no export refund shall be granted on products which are imported from third countries and re-exported to third countries.

12. As regards the products referred to in Article 1 and exported in the form of the goods listed in Annex II to this Regulation, paragraphs 10 and 11 shall apply only to goods falling within the following CN codes:

- 0405 20 30 (dairy spreads with a fat content between 60 and 75 %),
- 1806 90 60 to 1806 90 90 (certain products containing cocoa),
- 1901 (certain food preparations of flour, etc.),
- 2106 90 98 (certain food preparations not elsewhere specified),

having a high milk-product content.

13. Compliance with the limits on volumes arising from agreements concluded in accordance with Article 300 of the Treaty shall be ensured on the basis of the export certificates issued for the reference periods provided for therein and applicable to the products concerned. With regard to compliance with the obligations arising under the Agreement on Agriculture, the ending of a reference period shall not affect the validity of export licences.

14. Detailed rules for the application of this Article, including the arrangements for redistributing unallocated or unused exportable quantities, shall be adopted by the Commission in accordance with the procedure laid down in Article 42. However, the detailed rules on the application of paragraphs 8, 10, 11 and 12 for products referred to in Article 1 and exported in the form of goods listed in Annex II to this Regulation shall be adopted in accordance with the procedure laid down in Article 16 of Regulation (EC) No 3448/93.

Article 32

1. To the extent necessary for the proper working of the common organisation of the market in milk and milk products, the Council, acting by a qualified

majority, on a proposal from the Commission, may, in special cases, prohibit in whole or in part the use of inward processing arrangements in respect of products listed in Article 1 which are intended for the manufacture of products listed in that Article or of goods listed in Annex II to this Regulation.

2. By way of derogation from paragraph 1, if the situation referred to in paragraph 1 arises with exceptional urgency and the Community market is disturbed or is liable to be disturbed by the inward processing arrangements, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the Council and the Member State shall be notified of such measures, which shall be valid for no more than six months and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within a week following receipt of the request.

3. Measures decided on by the Commission may be referred to the Council by any Member State within a week of the day on which they were notified. The Council, acting by a qualified majority, may confirm, amend or repeal the Commission Decision.

If the Council has not acted within three months, the Commission Decision shall be deemed to have been repealed.

Article 33

1. The general rules for the interpretation of the Combined Nomenclature and the special rules for its application shall apply to the tariff classification of products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated in the Common Customs Tariff.

2. Save as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:

- the levying of any charge having equivalent effect to a customs duty,
- the application of any quantitative restriction or measure having equivalent effect.

Article 34

1. Where, for one or more of the products listed in Article 1, the free-at-frontier price significantly exceeds the level of Community prices and where that

situation is likely to continue, thereby disturbing or threatening to disturb the Community market, the measures provided for in paragraph 5 may be taken.

2. A significant excess within the meaning of paragraph 1 shall exist when the free-at-frontier price exceeds the intervention price fixed for the product in question, increased by 15 %, or, as regards products for which there is no intervention price, a price derived from the intervention price, to be determined in accordance with the procedure laid down in Article 42, taking account of the nature and composition of the product in question.

3. The situation in which the free-at-frontier price significantly exceeds the level of prices is likely to continue when an imbalance exists between supply and demand and that imbalance is likely to continue, in view of foreseeable trends in production and market prices.

4. The Community market is disturbed or under threat of disturbance by the situation referred to in this Article when the high level of prices in international trade:

— hinders imports of milk products into the Community, or

— causes milk products to leave the Community,

so that security of supply is no longer ensured or threatens to be no longer ensured in the Community.

5. Where the conditions listed in paragraphs 1 to 4 are met, total or partial suspension of the import duties and/or collection of export charges may be decided on in accordance with the procedure laid down in Article 42. Detailed rules for the application of this Article shall, if necessary, be adopted by the Commission in accordance with the same procedure.

Article 35

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 is affected by, or is threatened with, serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased.

The Council, acting by a qualified majority, on a proposal from the Commission, shall adopt general rules for the application of this paragraph and shall define the cases in which and the limits within which Member States may take protective measures.

2. If the situation referred to in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the Member States shall be notified of such measures, which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.

3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measure in question within one month following the day on which it was referred to the Council.

4. This Article shall be applied having regard to the obligations arising from agreements concluded in accordance with Article 300(2) of the Treaty.

TITLE III

GENERAL PROVISIONS

Article 36

In order to take account of the restrictions on free circulation which may result from the application of measures for combating the spread of diseases in animals, exceptional measures of support for the market affected by those restrictions may be taken in accordance with the procedure laid down in Article 42. Those measures may only be taken in so far as, and

for as long as, is strictly necessary for the support of that market.

Article 37

Save as otherwise provided in this Regulation, Articles 87, 88 and 89 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

Article 38

1. Subject to the provisions of Article 87(2) of the Treaty, aids the amount of which is fixed on the basis of the price or quantity of products listed in Article 1 shall be prohibited.
2. National measures permitting equalisation between the prices of products listed in Article 1 shall also be prohibited.

Article 39

Without prejudice to the application of Articles 87, 88 and 89 of the Treaty, a Member State may impose a promotional levy on its milk producers in respect of marketed quantities of milk or milk equivalent in order to finance the measures on promoting consumption in the Community, expanding the markets for milk and milk products and improving quality.

Article 40

Member States and the Commission shall communicate to each other the information necessary for implementing this Regulation. Rules for the communication and distribution of such information shall be adopted by the Commission in accordance with the procedure laid down in Article 42.

Article 41

A Management Committee for Milk and Milk Products (hereinafter called the 'committee') shall be established, composed of representatives of Member States and chaired by a representative of the Commission.

Article 42

1. Where the procedure laid down in this Article is to be followed, the chairman shall refer the matter to the committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 205(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event the Commission may defer application of the measures which it has decided for not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within one month.

Article 43

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

Article 44

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty.

Article 45

Regulation (EC) No 1254/1999 and the provisions adopted in implementation thereof shall apply to the products listed in Article 1.

TITLE IV

TRANSITIONAL AND FINAL PROVISIONS

Article 46

1. Regulations (EEC) No 804/68, (EEC) No 986/68, (EEC) No 987/68, (EEC) No 508/71, (EEC) No 1422/78, (EEC) No 1723/81, (EEC) No 2990/82,

(EEC) No 1842/83, (EEC) No 865/84 and (EEC) No 777/87 are hereby repealed.

2. References to Regulation (EEC) No 804/68 shall be construed as references to this Regulation and

should be read in accordance with the correlation table in Annex III.

Article 47

The Commission shall adopt, in accordance with the procedure laid down in Article 42:

- the measures required to facilitate the transition from the arrangements provided in Regulation (EEC) No 804/68 to those established by this Regulation,

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

Done at Brussels, 17 May 1999.

- the measures required to resolve specific practical problems. Such measures — if duly justified — may derogate from certain parts of this Regulation.

Article 48

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

It shall apply as from 1 January 2000.

For the Council
The President
K.-H. FUNKE

ANNEX I

ADDITIONAL PAYMENTS: GLOBAL AMOUNTS REFERRED TO IN ARTICLE 17

(expressed in EUR million)

	2005	2006	2007 and subsequent calendar years
Belgium	8,6	17,1	25,7
Denmark	11,5	23,0	34,5
Germany	72,0	144,0	216,0
Greece	1,6	3,3	4,9
Spain	14,4	28,7	43,1
France	62,6	125,3	187,9
Ireland	13,6	27,1	40,7
Italy	25,7	51,3	77,0
Luxembourg	0,7	1,4	2,1
Netherlands	28,6	57,2	85,8
Austria	7,1	14,2	21,3
Portugal	4,8	9,7	14,5
Finland	6,2	12,4	18,6
Sweden	8,5	17,1	25,6
United Kingdom	37,7	75,4	113,1

ANNEX II

CN code	Description of goods
0403 10 51 to 99 and 0403 90 71 to 99	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter, flavoured or containing added fruit or cocoa
ex 0405	Butter and other fats and oils derived from milk; dairy spreads:
0405 20	— Dairy spreads
0405 20 10	— — of a fat content, by weight, of 39 % or more but less than 60 %
0405 20 30	— — — of a fat content, by weight, of 60 % or more but not exceeding 75 %
ex 1517	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or fractions of different fats or oils of this chapter, other than edible fats or oils or their fractions of CN code 1516:
1517 10	— Margarine, excluding liquid margarine:
1517 10 10	— — containing more than 10 % but not more than 15 % by weight of milk fats
1517 90	— Other:
1517 90 10	— — containing more than 10 % but not more than 15 % by weight of milk fats
ex 1702	Lactose and lactose syrup:
1702 11 00	— — containing by weight 99 % or more lactose, expressed as anhydrous lactose, calculated on the dry matter
ex 1704	Sugar confectionery (including white chocolate), not containing cocoa:
ex 1704 90	— Other, excluding liquorice extract containing more than 10 % by weight of sucrose but not containing other added substances
ex 1806	Chocolate and other food preparations containing cocoa, excluding cocoa powder sweetened solely by the addition of sucrose of CN code 1806 10
ex 1901	Malt extract; food preparations of flour, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of CN codes 0401 to 0404, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included:
1901 10 00	— Preparations for infant use, put up for retail sale
1901 20 00	— Mixes and doughs for the preparation of bakers' wares of CN code 1905
1901 90	— other:
	— — other:
1901 90 91	— — — containing no milk fats, sucrose, isoglucose, glucose or starch or containing less than 1,5 % milk fat, 5 % sucrose (including invert sugar) or isoglucose, 5 % glucose or starch, excluding food preparations in powder form of goods of CN codes 0401 to 0404
1901 90 99	— — — other

CN code	Description of goods
ex 1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared:
	— Uncooked pasta not stuffed or otherwise prepared:
1902 19	— — other
1902 20	— Stuffed pasta, whether or not cooked or otherwise prepared:
	— — other:
1902 20 91	— — — Cooked
1902 20 99	— — — other
1902 30	— other pasta
1902 40	— Couscous:
1902 40 90	— — Other
1904	Prepared food obtained by the swelling or roasting of cereals or cereal products (for example, cornflakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked or otherwise prepared, not elsewhere specified or included
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products:
1905 10 00	— Crispbread
1905 20	— Gingerbread and the like
1905 30	— Sweet biscuits; waffles and wafers
1905 40	— Rusks, toasted bread and similar toasted products
1905 90	— other:
	— — other:
1905 90 40	— — — Waffles and wafers with a water content exceeding 10 % by weight
1905 90 45	— — — Biscuits
1905 90 55	— — — Extruded or expanded products, savoury or salted
1905 90 60	— — — — with added sweetening matter
1905 90 90	— — — — other
ex 2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading No 2006:
2004 10	— Potatoes:
	— — other:
2004 10 91	— — — in the form of flour, meal or flakes
ex 2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading No 2006:
2005 20	— Potatoes:
2005 20 10	— — in the form of flour, meal or flakes
ex 2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit not elsewhere specified or included:
	— Nuts, ground-nuts and other seeds, whether or not mixed together:

CN code	Description of goods
2008 11	— — Ground-nuts:
2008 11 10	— — — Peanut butter
2105 00	Ice-cream and other edible ice, whether or not containing cocoa
ex 2106	Food preparations not elsewhere specified or included, excluding compound alcoholic preparations falling within CN code 2106 90 20 and flavoured or coloured sugar syrups falling within CN codes 2106 90 30, 2106 90 51, 2106 90 55 and 2106 90 59
ex 2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit and vegetable juices of CN code 2009:
2202 90	— other:
	— — other, containing by weight of fat obtained from the products of CN codes 0401 to 0404:
2202 90 91	— — — less than 0,2 %
2202 90 95	— — — 0,2 % or more but less than 2 %
2202 90 99	— — — 2 % or more
ex 2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages:
2208 70	— Liqueurs and cordials
2208 90	— other:
	— — other spirits and spirituous beverages, in containers holding:
	— — — two litres or less:
	— — — — other:
2208 90 69	— — — — other spirituous beverages
	— — — more than two litres:
2208 90 78	— — — — other spirituous beverages
ex 3302	Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages:
3302 10	— of a kind used in the food or drink industries:
	— — of a kind used in the drink industries:
3302 10 29	— — — — other
3501	Casein, caseinates and other casein derivatives; casein glues
ex 3502	Albumins, albuminates and other albumin derivatives:
3502 20	— Milk albumin, including concentrates of two or more whey proteins:
	— — other:
3502 20 91	— — — dried (for example in sheets, scales, flakes, powder)
3502 20 99	— — — other

ANNEX III

CORRELATION TABLE

Regulation (EEC) No 804/68	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3(1) and (2)	Article 3(1)
Article 3(3)	—
Article 3(4)	Article 3(2)
Article 4	—
Article 5	Article 4(1)
Article 5a	—
Article 5c	Article 5
Article 6(2)	Article 6(3)
Article 6(3)	Article 6(4)
Article 6(4)	Article 6(5)
Article 6(6)	Article 10
Article 7(1)	Article 7(1)
Article 7(2)	Article 7(3)
Article 7(3), first subparagraph	Article 7(4), first subparagraph
Article 7(3), fourth subparagraph	Article 7(4), second subparagraph
Article 7(4)	Article 7(5)
Article 7(5)	Article 10
Article 7a	—
Article 8(1) to (3)	Article 8(1) to (3)
Article 8(4)	Article 10
Article 9(3)	Article 10
Article 10(1)	Article 11(1)
Article 10(2)	—
Article 10(3)	Article 15
Article 11(1)	Article 12(1)
Article 11(2)	—
Article 11(3)	Article 15
Article 12(3)	Article 15
Article 13	Article 26
Article 14	Article 27
Article 15	Article 28
Article 16	Article 29
Article 16a	Article 30
Article 17	Article 31

Regulation (EEC) No 804/68	This Regulation
Article 18	Article 32
Article 19	Article 33
Article 20	Article 34
Article 21	Article 35
Article 22	—
Article 22a	Article 36
Article 23	Article 37
Article 24	Article 38
Article 24a	Article 39
Article 25	—
Article 26(1) and (2)	Article 14(1) and (2)
Article 26(4)	Article 15
Article 26(5)	—
Article 28	Article 40
Article 29(1)	Article 41
Article 29(2)	—
Article 30	Article 42
Article 31	Article 43
Article 32	—
Article 33	Article 44
Article 34	Article 45
Article 35	—
Article 36	—
Article 37(1)	Article 48
Annex	Annex II

COUNCIL REGULATION (EC) No 1256/1999

of 17 May 1999

amending Regulation (EEC) No 3950/92 establishing an additional levy in the milk and milk products sector

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

(1) Whereas, pursuant to Council Regulation (EEC) No 3950/92 of 28 December 1992, establishing an additional levy in the milk and milk products sector⁽⁶⁾, the additional levy scheme, which had originally been introduced from 2 April 1984 in the said sector, was extended by another seven 12-month periods; whereas the purpose of this scheme was to reduce the imbalance between supply and demand on the milk and milk-products market and the resulting structural surpluses; whereas the scheme remains necessary in the future in order to achieve a better market balance; whereas it should therefore continue to be applied for eight further consecutive 12-month periods starting on 1 April 2000;

(2) Whereas the level of price support in the dairy sector will be gradually reduced by 15 % in total over three marketing years from 1 July 2005;

whereas the effects of this measure on internal consumption and export of milk and milk products justify a well balanced increase in the total reference quantity for milk in the Community following the respective price cuts on the one hand and targeting certain structural problems at an earlier stage on the other;

(3) Whereas the individual reference quantity should be defined as the quantity available, irrespective of any quantities which may have been transferred temporarily, on 31 March 2000, the expiry date of the seven periods of application of the levy scheme following its prolongation decided in 1992;

(4) Whereas the underuse of reference quantities by producers can prevent the sector of milk production from developing properly; whereas in order to avoid such practices Member States should have the possibility to decide in accordance with the general principles of Community law that, in cases of substantial underuse over a significant period of time, the unused reference quantities will revert to the national reserve with a view to their reallocation to other producers;

(5) Whereas in order to strengthen the possibilities for decentralised management of reference quantities for restructuring of milk production or environmental improvement Member States should be given the power to implement certain provisions in that context at the appropriate territorial level or in collection areas;

(6) Whereas the experience with the additional levy scheme has shown that the transfer of reference quantities through legal constructions such as leases which do not necessarily lead to a permanent allocation of the reference quantities concerned to the transferee, can be an additional cost factor for milk production hampering the improvement of production structures; whereas, in order to strengthen the reference quantities' character as a means of regulating the market of milk and milk products, the Member States should be authorised to allocate reference quantities, which have been transferred through leases or comparable legal means, to the national reserve for re-distribution, on the basis of

⁽¹⁾ OJ C 170, 4.6.1998, p. 60.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 203.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ OJ L 405, 31.12.1992, p. 1. Regulation as last amended by Commission Regulation (EC) No 751/1999 (OJ L 96, 10.4.1999, p. 11).

objective criteria, to active producers in particular to those who have used them before; whereas Member States should also have the right to organise the transfer of reference quantities in a different way than by the means of individual transactions between producers; whereas it should be explicitly provided, in particular with a view to taking account adequately of existing legal rights, that, when using these authorisations, Member States are to take the necessary measures to comply with the general principles of Community law;

- (7) Whereas a certain number of provisions in Regulation (EEC) No 3950/92 have become obsolete and should therefore be deleted,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 3950/92 is hereby amended as follows:

1. Article 1, first subparagraph shall be replaced by the following:

‘For eight new consecutive periods of 12 months commencing on 1 April 2000, an additional levy shall be payable by producers of cow’s milk on quantities of milk or milk equivalent delivered to a purchaser or sold directly for consumption during the 12-month period in question in excess of a quantity to be determined.’

2. The table in Article 3(2) shall be replaced by the table in Annex I to this Regulation.

3. Article 3(2) shall be replaced by the following:

‘2. The total quantities set out in the Annex shall be fixed without prejudice to possible review in the light of the general market situation and particular conditions existing in certain Member States.

The overall quantity for the Finnish deliveries quota may be increased to compensate Finnish “SLOM” producers, up to a maximum of 200 000 tonnes, to be allocated in accordance with Community legislation. This reserve must be

non-transferable and used exclusively on behalf of producers whose right to take up production again will be affected as a result of accession.

The increase in overall quantities, and the conditions under which the individual reference quantities provided for in the preceding subparagraph shall be granted, shall be decided upon in accordance with the procedure referred to in Article 11.’

4. Article 3(3) shall be deleted.

5. Article 4 shall be replaced by the following:

‘Article 4

1. The individual reference quantity available on the holding shall be equal to the quantity available on 31 March 2000. It shall be adjusted, where appropriate, for each of the periods concerned, so that the sum of the individual reference quantities of the same type does not exceed the corresponding global quantities referred to in Article 3, taking account of any reductions made for allocation to the national reserve provided for in Article 5.

2. Individual reference quantities shall be increased or established at the duly justified request of producers to take account of changes affecting their deliveries and/or direct sales. The increase or establishment of such a reference quantity shall be subject to a corresponding reduction or cancellation of the other reference quantity the producer owns. Such adjustments may not lead to an increase in the sum of the deliveries and direct sales referred to in Article 3 for the Member State concerned.

Where the individual reference quantities undergo a definitive change, the quantities referred to in Article 3 shall be adjusted in accordance with the procedure laid down in Article 11.’

6. Article 5 shall be replaced by the following:

‘Article 5

Within the quantities referred to in Article 3, the Member State may replenish the national reserve following an across-the-board reduction in all the individual reference quantities in order to grant additional or specific quantities to producers determined in accordance with objective criteria agreed with the Commission.

Without prejudice to Article 6(1), reference quantities available to producers who have not marketed milk or other milk products for one of the 12-month periods shall be allocated to the national reserve and may be reallocated in accordance with the first subparagraph. Where the producer resumes production of milk or other milk products within a period to be determined by the Member State, he shall be granted a reference quantity in accordance with Article 4(1) no later than 1 April following the date of his application.

Where during at least one 12 months period a producer does not make use, either through deliveries or direct sales, of at least 70 % of the individual reference quantity available to him, Member States may decide in compliance with the general principles of Community law:

- whether and under which conditions the total or part of the unused reference quantity shall revert to the national reserve. However, unused reference quantities shall not revert to the national reserve in case of *force majeure* and in duly justified cases affecting the production capacity of the producers concerned and recognised by the competent authority;
- under which conditions a reference quantity shall be reallocated to the producers concerned.

7. Article 6(1), first subparagraph shall be replaced by the following:

‘1. Before a date that they shall determine and by 31 March at the latest, Member States shall authorise, for the 12-month period concerned, temporary transfers of individual reference quantities which producers who are entitled thereto do not intend to use.’

8. Article 7(1) shall be replaced by the following:

‘1. Reference quantities available on a holding shall be transferred with the holding in the case of sale, lease or transfer by inheritance to the producers taking it over in accordance with detailed rules to be determined by the Member States taking account of the areas used for dairy

production or other objective criteria and, where applicable, of any agreement between the parties.

Any part of the reference quantity, which is not transferred with the holding, shall be added to the national reserve. However, if a part reverted to the national reserve on the occasion of a transfer of reference quantities the reduction shall not apply to cases where reference quantities are transferred back.

The same provisions shall apply to other cases of transfers involving comparable legal effects for producers.

However, where land is transferred to public authorities and/or for use in the public interest, or where the transfer is carried out for non-agricultural purposes, Member States shall provide that the measures necessary to protect the legitimate interests of the parties are implemented, and in particular that the departing producer is in a position to continue milk production, if such is his intention.’

9. Article 8 shall be replaced by the following:

‘Article 8

With a view to completing restructuring of milk production or to environmental improvement, Member States may take one or more of the following actions in accordance with detailed rules which they shall lay down taking account of the legitimate interests of the parties:

- (a) grant compensation in one or more annual instalments to producers who undertake to abandon definitively all or part of their milk production and place the reference quantities thus released in the national reserve,
- (b) determine on the basis of objective criteria the conditions under which producers may obtain, in return for payment, at the beginning of a 12-month period, the reallocation by the competent authority or by the body designated by that authority, of reference quantities released definitively at the end of the preceding 12-month period by other producers in return for compensation in one or more annual instalments equal to the abovementioned payment,

- (c) provide, in the case of land transferred with a view to improving the environment, for the allocation of the reference quantity available on the holding concerned to the departing producer if he intends continuing milk production,
- (d) determine, on the basis of objective criteria, the regions or collection areas within which the definitive transfer of reference quantities without transfer of the corresponding land is authorised, with the aim of improving the structure of milk production,
- (e) authorise, upon application by the producer to the competent authority or the body designated by that authority, the definitive transfer of reference quantities without transfer of the corresponding land, or vice versa, with the aim of improving the structure of milk production at the level of the holding or to allow for extensification of production.

The rules under (a), (b), (c) and (e) may be implemented at national level or at the appropriate territorial level or in collection areas.'

10. The following shall be inserted after Article 8:

'Article 8a

Acting in compliance with the general principles of Community law, Member States may take the following measures, with the aim of ensuring that reference quantities are solely attributed to active milk producers:

- (a) Without prejudice to Article 7(1), second subparagraph, where reference quantities have been or are transferred with or without the corresponding land by means of rural

leases or by other means involving comparable legal effects, Member States may decide on the basis of objective criteria whether and under which conditions all or part of the transferred reference quantity shall revert to the national reserve.

This provision shall not apply to temporary transfers under Article 6.

- (b) Member States may decide not to apply the provisions on transfer of reference quantities in Article 7(1).'

11. The Annex set out in Annex II to this Regulation is hereby added to Regulation (EEC) No 3950/92.

Article 2

Where transitional measures are necessary to facilitate the implementation of the amendments provided for in Article 1, they shall be adopted in accordance with the procedure referred to in Article 11 of Regulation (EEC) No 3950/92.

Article 3

The Council undertakes to conduct a mid-term review in 2003, on the basis of a Commission report, with the aim of allowing the present quota arrangements to run out after 2006.

Article 4

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

It shall apply from 1 April 2000, save for Article 1, point 2, which shall apply from the date of entry into force thereof.

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

Done at Brussels, 17 May 1999.

For the Council
The President
K.-H. FUNKE

ANNEX I

‘Total reference quantities as applicable from 1 April 1999 to 31 March 2000

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 140 696	169 735
Denmark	4 454 640	708
Germany	27 767 036	97 780
Greece	629 817	696
Spain	5 457 564	109 386
France	23 793 932	441 866
Ireland	5 236 575	9 189
Italy	9 698 399	231 661
Luxembourg	268 098	951
Netherlands	10 991 900	82 792
Austria	2 543 979	205 422
Portugal	1 835 461	37 000
Finland	2 394 528	10 000
Sweden	3 300 000	3 000
United Kingdom	14 373 969	216 078

ANNEX II

'ANNEX

(a) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2000 to 31 March 2001

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 140 696	169 735
Denmark	4 454 640	708
Germany	27 767 036	97 780
Greece	674 617	696
Spain	5 807 564	109 386
France	23 793 932	441 866
Ireland	5 332 575	9 189
Italy	10 082 399	231 661
Luxembourg	268 098	951
Netherlands	10 991 900	82 792
Austria	2 543 979	205 422
Portugal	1 835 461	37 000
Finland	2 394 528	10 000
Sweden	3 300 000	3 000
United Kingdom	14 386 577 (*)	216 078

(*) Specific quota increase for allocation to Northern Ireland.

(c) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2002 to 31 March 2005

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 140 696	169 735
Denmark	4 454 640	708
Germany	27 767 036	97 780
Greece	699 817	696
Spain	6 007 564	109 386
France	23 793 932	441 866
Ireland	5 386 575	9 189
Italy	10 298 399	231 661
Luxembourg	268 098	951
Netherlands	10 991 900	82 792
Austria	2 543 979	205 422
Portugal	1 835 461	37 000
Finland	2 394 528	10 000
Sweden	3 300 000	3 000
United Kingdom	14 393 669	216 078

(b) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2001 to 31 March 2002

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 140 696	169 735
Denmark	4 454 640	708
Germany	27 767 036	97 780
Greece	699 817	696
Spain	6 007 564	109 386
France	23 793 932	441 866
Ireland	5 386 575	9 189
Italy	10 298 399	231 661
Luxembourg	268 098	951
Netherlands	10 991 900	82 792
Austria	2 543 979	205 422
Portugal	1 835 461	37 000
Finland	2 394 528	10 000
Sweden	3 300 000	3 000
United Kingdom	14 393 669 (*)	216 078

(*) Specific quota increase for allocation to Northern Ireland.

(d) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2005 to 31 March 2006

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 157 248	169 735
Denmark	4 476 917	708
Germany	27 906 360	97 780
Greece	699 817	696
Spain	6 007 564	109 386
France	23 915 111	441 866
Ireland	5 386 575	9 189
Italy	10 298 399	231 661
Luxembourg	269 443	951
Netherlands	11 047 273	82 792
Austria	2 557 726	205 422
Portugal	1 844 823	37 000
Finland	2 406 551	10 000
Sweden	3 316 515	3 000
United Kingdom	14 466 619	216 078

(e) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2006 to 31 March 2007

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 173 800	169 735
Denmark	4 499 193	708
Germany	28 045 684	97 780
Greece	699 817	696
Spain	6 007 564	109 386
France	24 036 290	441 866
Ireland	5 386 575	9 189
Italy	10 298 399	231 661
Luxembourg	270 788	951
Netherlands	11 102 647	82 792
Austria	2 571 473	205 422
Portugal	1 854 186	37 000
Finland	2 418 573	10 000
Sweden	3 333 030	3 000
United Kingdom	14 539 569	216 078

(f) Total reference quantities referred to in Article 3(2) as applicable from 1 April 2007 to 31 March 2008

(in tonnes)

Member States	Deliveries	Direct sales
Belgium	3 190 352	169 735
Denmark	4 521 470	708
Germany	28 185 008	97 780
Greece	699 817	696
Spain	6 007 564	109 386
France	24 157 469	441 866
Ireland	5 386 575	9 189
Italy	10 298 399	231 661
Luxembourg	272 134	951
Netherlands	11 158 020	82 792
Austria	2 585 220	205 422
Portugal	1 863 548	37 000
Finland	2 430 596	10 000
Sweden	3 349 545	3 000
United Kingdom	14 612 520	216 078'

COUNCIL REGULATION (EC) No 1257/1999

of 17 May 1999

on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

- (1) Whereas a common rural development policy should accompany and complement the other instruments of the common agricultural policy and thus contribute to the achievement of the policy's objectives as laid down in Article 33(1) of the Treaty;
- (2) Whereas, according to Article 33(2)(a) of the Treaty, in working out the common agricultural policy and the special methods for its application, account is to be taken of the particular nature of agricultural activity which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
- (3) Whereas, according to Article 159 of the Treaty, the implementation of the common policies is to take into account the objectives set out in

Articles 158 and 160 for the common policy of economic and social cohesion and contribute to their achievement; whereas rural development measures should, therefore, contribute to this policy in regions whose development is lagging behind (Objective 1) and regions facing structural difficulties (Objective 2) as defined in Council Regulation (EC) No 1260/1999, of 21 June 1999 laying down general provisions on the Structural Funds⁽⁶⁾;

- (4) Whereas measures designed to support the improvement of agricultural structures were introduced into the common agricultural policy as early as 1972; whereas for almost two decades, attempts have been made to integrate agricultural structural policy into the wider economic and social context of rural areas; whereas the 1992 policy reform stressed the environmental dimension of agriculture as the largest land user;
- (5) Whereas rural policy is currently carried out through a range of complex instruments;
- (6) Whereas over the coming years, agriculture will have to adapt to new realities and further changes in terms of market evolution, market policy and trade rules, consumer demand and preferences and the Community's next enlargement; whereas these changes will affect not only agricultural markets but also local economies in rural areas in general; whereas a rural development policy should aim at restoring and enhancing the competitiveness of rural areas and, therefore, contribute to the maintenance and creation of employment in those areas;
- (7) Whereas these developments should be encouraged and supported by reorganisation and simplification of the existing rural development instruments;
- (8) Whereas such reorganisation should take into account the experience gained in applying existing instruments and thus be based on those instruments, which are those implemented under

⁽¹⁾ OJ C 170, 4.6.1998, p. 7.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 210.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ OJ L 161, 26.6.1999, p. 1.

the current priority objectives promoting rural development by speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy and facilitating the development and structural adjustment of rural areas (Objectives 5a and 5b), as laid down in Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments⁽¹⁾ and Council Regulation (EEC) No 4256/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Agricultural Guidance and Guarantee Fund (EAGGF) Guidance Section⁽²⁾, and those introduced as accompanying measures to the 1992 common agricultural policy reform by Council Regulation (EEC) No 2078/92 of 30 June 1992 on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside⁽³⁾, Council Regulation (EEC) No 2079/92 of 30 June 1992 instituting a Community aid scheme for early retirement from farming⁽⁴⁾ and Council Regulation (EEC) No 2080/92 of 30 June 1992 instituting a Community aid scheme for forestry measures in agriculture⁽⁵⁾;

- (9) Whereas the framework of a reformed rural development policy should cover all rural areas in the Community;
- (10) Whereas the three existing accompanying measures introduced by the 1992 reform of the common agricultural policy (agri-environment, early retirement and afforestation) should be supplemented by the scheme for less-favoured areas and areas with environmental restrictions;
- (11) Whereas other rural development measures should form part of integrated development programmes for Objective 1 and may form part of programmes for Objective 2 regions;
- (12) Whereas in rural areas, rural development measures should accompany and complement market policies;
- (13) Whereas support from the EAGGF for rural development should be based on a single legal framework establishing measures eligible for support, their objectives and criteria for eligibility;
- (14) Whereas, given the diversity of the Community's rural areas, rural development policy should follow the principle of subsidiarity; whereas it should therefore, be as decentralised as possible and emphasis must be on participation and a 'bottom up' approach; whereas, therefore, eligibility criteria for rural development support should not go beyond what is necessary to achieve the objectives of rural development policy;
- (15) Whereas consistency with other instruments of the common agricultural policy and with other common policies requires, however, basic support criteria to be laid down at Community level; whereas, in particular, unjustified distortions of competition resulting from rural development measures should be avoided;
- (16) Whereas, in order to ensure flexibility and to simplify legislation, the Council should confer all necessary implementing powers on the Commission in accordance with the third indent of Article 202 of the Treaty;
- (17) Whereas the structure of agriculture in the Community is typified by the existence of a large number of holdings which lack the structural conditions to ensure a fair income and living conditions for farmers and their families;
- (18) Whereas the aim of Community investment aid is to modernise agricultural holdings and to improve their viability;
- (19) Whereas Community conditions concerning eligibility for investment aid should be simplified

⁽¹⁾ OJ L 185, 15.7.1988, p. 9. Regulation as last amended by Regulation (EC) No 3193/94 (OJ L 337, 24.12.1994, p. 11).

⁽²⁾ OJ L 374, 31.12.1988, p. 25. Regulation as last amended by Regulation (EEC) No 2085/93 (OJ L 193, 31.7.1993, p. 44).

⁽³⁾ OJ L 215, 30.7.1992, p. 85. Regulation as last amended by Commission Regulation (EC) No 2272/95 (OJ L 288, 1.12.1995, p. 35). Regulation rectified by Commission Regulation (EC) No 1962/96 (OJ L 259, 12.10.1996, p. 7).

⁽⁴⁾ OJ L 215, 30.7.1992, p. 91. Regulation as amended by Commission Regulation (EC) No 2773/95 (OJ L 288, 1.12.1995, p. 37).

⁽⁵⁾ OJ L 215, 30.7.1992, p. 96. Regulation as last amended by Commission Regulation (EC) No 231/96 (OJ L 30, 8.2.1996, p. 33).

- as compared to the existing conditions laid down in Council Regulation (EC) No 950/97 of 20 May 1997 on improving the efficiency of agricultural structures⁽¹⁾;
- (20) Whereas the granting of specific benefits to young farmers may facilitate not only their establishment but also the structural adjustment of their holdings after their initial establishment;
- (21) Whereas the evolution and specialisation of agriculture require an appropriate level of general, technical and economic training for persons involved in agricultural and forestry activities, especially as regards new approaches to management, production and marketing;
- (22) Whereas a particular effort is needed to educate farmers in and inform them of agricultural methods compatible with the environment;
- (23) Whereas early retirement from farming should be encouraged in order to improve the viability of agricultural holdings, taking into account the experience acquired in the implementation of Regulation (EEC) No 2079/92;
- (24) Whereas support for less-favoured areas should contribute to the continued use of agricultural land, maintaining the countryside, maintenance and promotion of sustainable farming systems;
- (25) Whereas less-favoured areas should be classified on the basis of common criteria;
- (26) Whereas there is no need for any further classification of less-favoured areas at Community level;
- (27) Whereas conditions concerning eligibility for compensatory allowances should be laid down in order to ensure the efficiency of this support scheme and to ensure that its objectives are achieved;
- (28) Whereas for limitations on agricultural use in areas with environmental restrictions it might be necessary that support is granted to farmers to solve their specific problems arising from these limitations;
- (29) Whereas, in the coming years, a prominent role should be given to agri-environmental instruments to support the sustainable development of rural areas and to respond to society's increasing demand for environmental services;
- (30) Whereas the existing agri-environmental support under Regulation (EEC) No 2078/92 should be continued for targeted environmental measures, taking into account experience gained in the implementation of this scheme as described in detail in the Commission's report presented pursuant to Article 10(2) of Regulation (EEC) No 2078/92;
- (31) Whereas the agri-environmental aid scheme should continue to encourage farmers to serve society as a whole by introducing or continuing the use of farming practices compatible with the increasing need to protect and improve the environment, natural resources, soil and genetic diversity and to maintain the landscape and the countryside;
- (32) Whereas improvements in the processing and marketing of agricultural products should be encouraged by support for investments in that field;
- (33) Whereas such support can largely be based on existing conditions as currently laid down in Council Regulation (EC) No 951/97 of 20 May 1997 on improving the processing and marketing conditions for agricultural products⁽²⁾.
- (34) Whereas it should be ensured that such investments are viable and that farmers have a share in the economic benefits of the action taken;
- (35) Whereas forestry is an integral part of rural development and forestry measures should, therefore, be included under the rural development support scheme, whereas support for forestry should avoid distorting competition and should be market neutral;

⁽¹⁾ OJ L 142, 2.6.1997, p. 1. Regulation as amended by Regulation (EC) No 2331/98 (OJ L 291, 30.10.1998, p. 10).

⁽²⁾ OJ L 142, 2.6.1997, p. 22.

- (36) Whereas forestry measures should be adopted in the light of undertakings given by the Community and the Member States at international level and be based on Member States' forestry plans; whereas such measures should also take into account the specific problems of climate change;
- (37) Whereas forestry measures should be based on those taken under the existing schemes laid down in Council Regulation (EEC) No 1610/89 of 29 May 1989 laying down provisions for implementing Regulation (EEC) No 4256/88 as regards the scheme to develop and optimally utilise woodlands in rural areas in the Community⁽¹⁾ and in Council Regulation (EEC) No 867/90 of 29 March 1990 on improving the processing and marketing conditions for forestry products⁽²⁾;
- (38) Whereas the afforestation of agricultural land is especially important from the point of view of soil use and the environment and as a contribution to increasing supplies for certain forestry products, whereas the existing support for afforestation under Regulation (EEC) No 2080/92 should, therefore, be continued, taking into account the experience gained in the implementation of that scheme as described in detail in the Commission's report presented pursuant to Article 8(3) thereof;
- (39) Whereas payments should be granted for activities to maintain and improve ecological stability of forests in certain areas;
- (40) Whereas support should be granted for other measures relating to farming activities and their conversion; whereas the list of measures should be defined on the basis of experience and having regard to the need for rural development to be based partly on non-agricultural activities and services so as to reverse the trend towards the economic and social decline and depopulation of the countryside; whereas measures to remove inequalities and to promote equal opportunities for men and women should be supported;
- (41) Whereas demand from consumers for organically-produced agricultural products and foodstuffs is increasing; whereas a new market for agricultural products is thus being created; whereas organic agriculture improves the sustainability of farming activities and thus contributes to the general aims of this Regulation; whereas the specific rural development support measures may concern the production, processing and marketing of organically-produced agricultural products;
- (42) Whereas rural development measures eligible for Community support should comply with Community law and be consistent with other Community policies as well as with other instruments of the common agricultural policy;
- (43) Whereas in the framework of this Regulation support should be excluded for certain measures eligible under other common agricultural policy instruments and in particular those falling within the scope of support schemes under common organisations of the market with the exceptions justified by objective criteria;
- (44) Whereas, in view of existing aid to producer groups and their associations in several common organisations of the market, specific support to producer groups in the framework of rural development no longer appears to be necessary; whereas, therefore, the aid scheme existing under Council Regulation (EC) No 952/97 of 20 May 1997 on producer groups and associations thereof⁽³⁾ should be discontinued;
- (45) Whereas the financing of Community support for the accompanying measures and for other rural development measures in areas other than Objective 1 should come from the Guarantee Section of the EAGGF; whereas the basic financial rules laid down in Regulation (EC) No 1260/1999 have been adapted accordingly;
- (46) Whereas the financing of Community support for rural development measures, in areas covered

⁽¹⁾ OJ L 165, 15.6.1989, p. 3.

⁽²⁾ OJ L 91, 6.4.1990, p. 7.

⁽³⁾ OJ L 142, 2.6.1997, p. 30.

- by Objective 1, should continue to come from the Guidance Section of the EAGGF except for the three existing accompanying measures and the support for less-favoured areas and areas with environmental restrictions;
- (47) Whereas, with regard to the support for rural development measures covered by Objective 1 and Objective 2 programming, Regulation (EC) No 1260/1999 should apply, in particular as to integrated programming of these measures; whereas, however, rules concerning financing should take into account the Guarantee financing of measures in Objective 2 regions;
- (48) Whereas rural development measures not covered by Objective 1 or Objective 2 programming should be subject to rural development programming pursuant to specific rules; whereas rates of assistance for such measures should be differentiated according to the general principles laid down in Article 29(1) of Regulation (EC) No 1260/1999 taking sufficiently into account the requirement of social and economic cohesion; whereas, as a result, those assistance rates should, in principle, be differentiated as between areas covered by Objective 1 and Objective 2 and other areas; whereas the rates laid down in this Regulation are the maximum rates of Community assistance;
- (49) Whereas, in addition to rural development programmes, the Commission should be able to make provisions for studies on rural development on its own initiative notwithstanding the rural development initiative provided for in Articles 19 and 20 of Regulation (EC) No 1260/1999;
- (50) Whereas appropriate rules should be established for the monitoring and evaluation of rural development support, using as a reference well-defined indicators to be agreed and established prior to programme implementation;
- (51) Whereas rural development measures should be eligible for Member State support without any Community co-financing; whereas, in view of the considerable economic impact of such aid and in order to ensure consistency with measures eligible for Community support and simplify procedures, specific State-aid rules should be established;
- (52) Whereas it should be possible to adopt transitional rules to facilitate the transition from existing support schemes to the new rural development support scheme;
- (53) Whereas the new support scheme provided for in this Regulation replaces existing support schemes which should therefore be repealed; whereas, as a consequence, the derogation in current schemes for outermost regions and for the Aegean Islands will equally have to be repealed; whereas new rules providing for the necessary flexibility, adaptations and derogations in order to meet the specific needs of those regions will be established when rural development measures are programmed,
- HAS ADOPTED THIS REGULATION:

TITLE I

SCOPE AND OBJECTIVES

Article 1

1. This Regulation establishes the framework for Community support for sustainable rural development.
2. Rural development measures shall accompany and complement other instruments of the common agricultural policy and thus contribute to the achievement of the objectives laid down in Article 33 of the Treaty.
3. Rural development measures shall:
 - be integrated into the measures promoting the development and structural adjustment of regions whose development is lagging behind (Objective 1), and
 - accompany the measures supporting the economic and social conversion of areas facing structural difficulties (Objective 2)

in the regions concerned, taking into account the specific targets of Community support under these objectives as laid down in Articles 158 and 160 of the Treaty and in Regulation (EC) No 1260/1999 and according to the conditions laid down in this Regulation.

Article 2

Support for rural development, related to farming activities and their conversion, may concern:

- the improvement of structures in agricultural holdings and structures for the processing and marketing of agricultural products,
- the conversion and reorientation of agricultural production potential, the introduction of new technologies and the improvement of product quality,
- the encouragement of non-food production,
- sustainable forest development,
- the diversification of activities with the aim of complementary or alternative activities,

- the maintenance and reinforcement of viable social fabric in rural areas,
- the development of economic activities and the maintenance and creation of employment with the aim of ensuring a better exploitation of existing inherent potential,
- the improvement of working and living conditions,
- the maintenance and promotion of low-input farming systems,
- the preservation and promotion of a high nature value and a sustainable agriculture respecting environmental requirements,
- the removal of inequalities and the promotion of equal opportunities for men and women, in particular by supporting projects initiated and implemented by women.

Article 3

Support shall be granted for the rural development measures defined in Title II and under the conditions laid down therein.

TITLE II

RURAL DEVELOPMENT MEASURES

CHAPTER I

INVESTMENT IN AGRICULTURAL HOLDINGS

Article 4

Support for investment in agricultural holdings shall contribute to the improvement of agricultural incomes and of living, working and production conditions.

Such investment shall pursue one or more of the following objectives:

- to reduce production costs,
- to improve and redeploy production,

- to increase quality,
- to preserve and improve the natural environment, hygiene conditions and animal welfare standards,
- to promote the diversification of farm activities.

Article 5

Support for investment shall be granted to agricultural holdings:

- the economic viability of which can be demonstrated,

- which comply with minimum standards regarding the environment, hygiene and animal welfare, and
- where the farmer possesses adequate occupational skill and competence.

Article 6

Support shall not be granted for investment which has as its objective an increase in production for which no normal market outlets can be found.

Article 7

Member States shall set limits for total investment eligible for support.

The total amount of support, expressed as a percentage of the volume of eligible investment, is limited to a maximum of 40 % and 50 % in less-favoured areas. Where investments are undertaken by young farmers, as referred to under Chapter II, these percentages may reach a maximum of 45 % and 55 % in less-favoured areas.

CHAPTER II

SETTING UP OF YOUNG FARMERS

Article 8

1. Setting-up aid to facilitate the establishment of young farmers shall be granted under the following conditions:

- the farmer is under 40 years of age,
- the farmer possesses adequate occupational skill and competence,
- the farmer is setting up on an agricultural holding for the first time,
- as regards the holding:
 - (i) economic viability can be demonstrated, and
 - (ii) minimum standards regarding the environment, hygiene and animal welfare are complied with,

and

- the farmer is established as head of the holding.

Specific conditions may be applied in a situation where a young farmer is not established as sole head of the holding. These conditions must be equivalent to those required for a young farmer setting up as sole head of a holding.

2. The setting-up aid may comprise:

- a single premium up to the maximum eligible amount specified in the Annex,
- an interest subsidy on loans taken on with a view to covering the costs arising from setting up; the capitalised value of the interest subsidy may not exceed the value of the premium.

CHAPTER III

TRAINING

Article 9

Support for vocational training shall contribute to the improvement of the occupational skill and competence of farmers and other persons involved in agricultural activities and forestry activities, and their conversion.

Training shall in particular be designed:

- to prepare farmers for qualitative reorientation of production, the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare and acquisition of the skills needed to enable them to manage an economically viable farm, and
- to prepare forest holders and other persons involved in forestry activities for the application of forest management practices to improve the economic, ecological or social functions of forests.

CHAPTER IV

EARLY RETIREMENT

Article 10

1. Support for early retirement from farming shall contribute to the following objectives:

- to provide an income for elderly farmers who decide to stop farming,
- to encourage the replacement of such elderly farmers by farmers able to improve, where necessary, the economic viability of the remaining agricultural holdings,
- to reassign agricultural land to non-agricultural uses where it cannot be farmed under satisfactory conditions of economic viability.

2. Early retirement support may include measures to provide an income for farm workers.

Article 11

1. A transferor of a farm shall:

- stop all commercial farming activity definitively; he may, however, continue non-commercial farming and retain the use of the buildings,
- be not less than 55 years old but not yet of normal retirement age at the time of transfer, and
- have practised farming for the 10 years preceding transfer.

2. The transferee of a farm shall:

- succeed the transferor as the head of the agricultural holding or take over all or part of the land released. The economic viability of the transferee's holding must be improved within a period and in compliance with conditions to be defined in terms of, in particular, the transferee's occupational skill and competence and the surface area and volume of work or income, according to the region and type of production,

- possess adequate occupational skill and competence, and

- undertake to practise farming on the agricultural holding for not less than five years.

3. A farm worker shall:

- stop all farm work definitively,
- be not less than 55 years old but not yet of normal retirement age,
- have devoted at least half of his working time as a family helper or farm worker to farm work during the preceding five years,
- have worked on the transferor's agricultural holding for at least the equivalent of two years full-time during the four-year period preceding the early retirement of the transferor, and

- belong to a social security scheme.

4. A non-farming transferee may be any other person or body who takes over released land to use it for non-agricultural purposes, such as forestry or the creation of ecological reserves, in a manner compatible with protection or improvement of the quality of the environment of the countryside.

5. The conditions laid down in this Article shall be applied throughout the period during which the transferor receives early retirement support.

Article 12

1. The maximum amounts eligible for Community support are laid down in the Annex.

2. The duration of early retirement support shall not exceed a total period of 15 years for the transferor and 10 years for the farm worker. It shall not go beyond the 75th birthday of a transferor and not go beyond the normal retirement age of a worker.

Where in the case of a transferor a normal retirement pension is paid by the Member State, early retirement support shall be granted as a supplement taking into account the amount of the national retirement pension.

CHAPTER V

LESS-FAVOURLED AREAS AND AREAS WITH ENVIRONMENTAL RESTRICTIONS

Article 13

Support for less-favoured areas and areas with environmental restrictions shall contribute to the following objectives.

(a) *Compensation for naturally less-favoured areas*

- to ensure continued agricultural land use and thereby contribute to the maintenance of a viable rural community,
- to maintain countryside,
- to maintain and promote sustainable farming systems which in particular take account of environmental protection requirements.

(b) *Compensation for areas with environmental restrictions*

- to ensure environmental requirements and safeguard farming in areas with environmental restrictions.

Article 14

1. Farmers in less-favoured areas may be supported by compensatory allowances.

2. Compensatory allowances shall be granted per hectare of areas used for agriculture to farmers who:

- farm a minimum area of land to be defined,
- undertake to pursue their farming activity in a less-favoured area for at least five years from the first payment of a compensatory allowance, and

- apply usual good farming practices compatible with the need to safeguard the environment and maintain the countryside, in particular by sustainable farming.

3. Where residues of substances prohibited under Directive 96/22/EC⁽¹⁾ or residues of substances authorised under that Directive but used illegally, are detected pursuant to the relevant provisions of Council Directive 96/23/EC⁽²⁾ in an animal belonging to the bovine herd of a producer, or where an unauthorised substance or product, or a substance or product authorised under Directive 96/22/EC but held illegally is found on the producer's holding in any form, the producer shall be excluded from receiving compensatory allowances for the calendar year of that discovery.

In the event of a repeated infringement, the length of the exclusion period may, depending on the seriousness of the offence, be extended to five years from the year in which the repeated infringement was discovered.

In the event of obstruction on the part of the owner or holder of the animals when inspections are being carried out and the necessary samples are being taken in application of national residue-monitoring plans, or when the investigations and checks provided for under Directive 96/23/EC are being carried out, the penalties provided for in the first subparagraph shall apply.

Article 15

1. Compensatory allowances shall be fixed at a level which:

- is sufficient in making an effective contribution to compensation for existing handicaps, and
- avoids overcompensation.

2. Compensatory allowances shall be duly differentiated, taking into account:

- the situation and development objectives peculiar to a region,
- the severity of any permanent natural handicap affecting farming activities,

⁽¹⁾ OJ L 125, 23.5.1996, p. 3.

⁽²⁾ OJ L 125, 23.5.1996, p. 10.

- the particular environmental problems to be solved where appropriate,
- the type of production and, where appropriate, the economic structure of the holding.

3. Compensatory allowances shall be fixed between the minimum and maximum amounts set out in the Annex.

Compensatory allowances higher than this maximum amount may be granted provided that the average amount of all compensatory allowances granted at the programming level concerned does not exceed this maximum amount. However, in cases duly justified by objective circumstances, Member States may, for the purpose of calculating the average amount, present a combination of several regional programmes.

Article 16

1. Payments to compensate for costs incurred and income foregone may be made to farmers who are subject to restrictions on agricultural use in areas with environmental restrictions as a result of the implementation of limitations on agricultural use based on Community environmental protection rules, if and in so far as such payments are necessary to solve the specific problems arising from those rules.

2. Payments shall be fixed at a level which avoids overcompensation; this is especially necessary in the case of payments in less-favoured areas.

3. The maximum amounts eligible for Community support are laid down in the Annex.

Article 17

Less-favoured areas shall include:

- mountain areas (Article 18),
- other less-favoured areas (Article 19), and
- areas affected by specific handicaps (Article 20).

Article 18

1. Mountain areas shall be those characterised by a considerable limitation of the possibilities for using the land and an appreciable increase in the cost of working it due:

- to the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season,
- at a lower altitude, to the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or
- to a combination of these two factors, where the handicap resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent handicap.

2. Areas north of the 62nd Parallel and certain adjacent areas shall be treated in the same way as mountain areas.

Article 19

Less-favoured areas which are in danger of abandonment of land-use and where the conservation of the countryside is necessary, shall comprise farming areas which are homogeneous from the point of view of natural production conditions and exhibit all of the following characteristics:

- the presence of land of poor productivity, difficult cultivation and with a limited potential which cannot be increased except at excessive cost, and which is mainly suitable for extensive livestock farming,
- production which results from low productivity of the natural environment which is appreciably lower than the average, with regard to the main indices of economic performance in agriculture,
- a low or dwindling population predominantly dependent on agricultural activity, the accelerated decline of which would jeopardise the viability of the area concerned and its continued habitation.

Article 20

Less-favoured areas may include other areas affected by specific handicaps, in which farming should be

continued, where necessary and subject to certain conditions, in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

Article 21

The total extent of areas referred to in Article 16 and Article 20 may not exceed 10% of the area of the Member State concerned.

CHAPTER VI

AGRI-ENVIRONMENT

Article 22

Support for agricultural production methods designed to protect the environment and to maintain the countryside (agri-environment) shall contribute to achieving the Community's policy objectives regarding agriculture and the environment.

Such support shall promote:

- ways of using agricultural land which are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity,
- an environmentally-favourable extensification of farming and management of low-intensity pasture systems,
- the conservation of high nature-value farmed environments which are under threat,
- the upkeep of the landscape and historical features on agricultural land,
- the use of environmental planning in farming practice.

Article 23

1. Support shall be granted to farmers who give agri-environmental commitments for at least five

years. Where necessary, a longer period shall be determined for particular types of commitments in view of their environmental effects.

2. Agri-environmental commitments shall involve more than the application of usual good farming practice.

They shall provide for services which are not provided for by other support measures, such as market support or compensatory allowances.

Article 24

1. Support in respect of an agri-environmental commitment shall be granted annually and be calculated on the basis of:

- income foregone,
- additional costs resulting from the commitment given, and
- the need to provide an incentive.

The cost of any non-remunerative capital works necessary for the fulfilment of the commitments may also be taken into account in calculating the level of annual support.

2. Maximum amounts per year eligible for Community support are laid down in the Annex. These amounts shall be based on that area of the holding to which agri-environmental commitments apply.

CHAPTER VII

IMPROVING PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS

Article 25

1. Support for investment shall facilitate the improvement and rationalisation of processing and marketing of agricultural products and thereby contribute to increasing the competitiveness and added value of such products.

2. Such support shall contribute to one or more of the following objectives:

- to guide production in line with foreseeable market trends or encourage the development of new outlets for agricultural products,
- to improve or rationalise marketing channels or processing procedures,
- to improve the presentation and preparation of products or encourage the better use or elimination of by-products or waste,
- to apply new technologies,
- to favour innovative investments,
- to improve and monitor quality,
- to improve and monitor health conditions,
- to protect the environment.

Article 26

1. Support shall be granted to those persons ultimately responsible for financing the investment in enterprises

- for which economic viability can be demonstrated, and
- which comply with minimum standards regarding the environment, hygiene and animal welfare.

2. Investment must contribute to improving the situation of the basic agricultural production sector in question. It must guarantee the producers of such basic products an adequate share in the resulting economic benefits.

3. Sufficient evidence must be shown that normal market outlets for the products concerned can be found.

Article 27

1. Investment shall concern the processing and marketing of products covered by Annex I to the Treaty except fishery products.

2. Investment shall meet selection criteria setting priorities and indicating which types of investment are not eligible for support.

Article 28

1. The following types of investment shall be excluded from support:

- investment at the retail level,
- investment in the processing or marketing of products from third countries.

2. The total amount of support, expressed as a percentage of the volume of eligible investment, is limited to a maximum of:

- (a) 50 % in Objective 1 regions;
- (b) 40 % in the other regions.

CHAPTER VIII

FORESTRY

Article 29

1. Support for forestry shall contribute to the maintenance and development of the economic, ecological and social functions of forests in rural areas.

2. Such support shall promote in particular one or more of the following objectives:

- sustainable forest management and development of forestry,
- maintenance and improvement of forest resources,
- extension of woodland areas.

3. Such support shall be granted only for forests and areas owned by private owners or by their associations or by municipalities or their associations. This restriction shall not apply to the measures provided for in the sixth indent of Article 30(1).

4. Such support shall contribute to the fulfilment of the undertakings given by the Community and the Member States at international level. It shall be based on national or subnational forest programmes or equivalent instruments which should take into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe.

5. Measures proposed under this Regulation in areas classified as high or medium forest fire risk under Council Regulation (EEC) No 2158/92 of 23 July 1992 on protection of the Community forests against fire ⁽¹⁾ must conform to the forest protection plans presented by the Member States under Regulation (EEC) No 2158/92.

Article 30

1. Support for forestry shall concern one or more of the following measures:

- afforestation of land not eligible under Article 31 provided that such planting is adapted to local conditions and is compatible with the environment,
- investment in forests aimed at significantly improving their economic, ecological or social value,
- investment to improve and rationalise the harvesting, processing and marketing of forestry products; investment related to the use of wood as a raw material shall be limited to all working operations prior to industrial processing,
- promotion of new outlets for the use and marketing of forestry products,
- the establishment of associations of forest holders that are set up in order to help their members to improve the sustainable and efficient management of their forests,

⁽¹⁾ OJ L 217, 31.7.1992, p. 3. Regulation as amended by Regulation (EC) No 308/97 (OJ L 51, 21.2.1997, p. 2).

— restoring forestry production potential damaged by natural disasters and fire and introducing appropriate prevention instruments.

2. The rules laid down in Chapters I and VII, with the exception of the second subparagraph of Article 7, shall apply as appropriate for investments.

Article 31

1. Support shall be granted for the afforestation of agricultural land provided that such planting is adapted to local conditions and is compatible with the environment.

Such support may include in addition to planting costs:

— an annual premium per hectare afforested to cover maintenance costs for a period of up to five years,

— an annual premium per hectare to cover loss of income resulting from afforestation for a maximum period of 20 years for farmers or associations thereof who worked the land before its afforestation or for any other private law person.

2. Support for the afforestation of agricultural land undertaken by public authorities shall cover only the cost of establishment.

3. Support for the afforestation of agricultural land shall not be granted:

— for farmers benefiting from early retirement support,

— in respect of the planting of Christmas trees.

In the case of fast-growing species cultivated in the short term, support for afforestation shall be granted for planting costs only.

4. Maximum amounts per year of the annual premium to cover loss of income eligible for Community support are laid down in the Annex.

Article 32

1. With a view to:

- maintaining and improving the ecological stability of forests where the protective and ecological role of these forests are of public interest and where the costs of maintenance and improvement measures for these forests exceed the income from forestry,
- maintaining fire-breaks through agricultural measures,

payments for relevant measures shall be granted to the beneficiaries provided that the protective and ecological values of these forests are ensured in a sustainable manner and the measures to be carried out are laid down by contract and their cost specified therein.

2. Payments shall be fixed between the minimum and maximum amounts set out in the Annex, on the basis of the real costs of the measures carried out, as previously stipulated in the contract.

- basic services for the rural economy and population,
- renovation and development of villages and protection and conservation of the rural heritage,
- diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes,
- agricultural water resources management,
- development and improvement of infrastructure connected with the development of agriculture,
- encouragement for tourist and craft activities,
- protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare,
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments,
- financial engineering.

CHAPTER IX

PROMOTING THE ADAPTATION AND DEVELOPMENT OF RURAL AREAS

Article 33

Support shall be granted for measures, relating to farming activities and their conversion and to rural activities, which do not fall within the scope of any other measure referred to in this Title.

Such measures shall concern:

- land improvement,
- reparable,
 - setting-up of farm relief and farm management services,
 - marketing of quality agricultural products,

CHAPTER X

IMPLEMENTING RULES

Article 34

Detailed rules for the implementation of this Title shall be adopted in accordance with the procedure laid down in Article 50(2) of Regulation (EC) No 1260/1999.

These rules may in particular define:

- conditions for support for investment in agricultural holdings (Articles 4 to 7), including the necessary restrictions resulting from application of Article 6,
- the period and the conditions for the improvement of economic viability of an agricultural holding

- and conditions of use of land released in the case of early retirement (Article 11(2)),
- conditions for the granting and calculation of the compensatory allowance in less-favoured areas, including in the case of communal use of agricultural land (Articles 14 and 15) and the compensatory payments in areas with environmental restrictions (Article 16),
 - conditions governing the giving of agri-environmental commitments (Articles 23 and 24),
 - selection criteria for investment aimed at improving the processing and marketing of agricultural products (Article 27(2)),
 - conditions governing forestry measures (Chapter VIII).
- According to the same procedure, the Commission may derogate from the second indent of Article 28(1) in the outermost regions subject to the condition that the processed products are destined for the market of the region in question.

TITLE III

GENERAL PRINCIPLES, ADMINISTRATIVE AND FINANCIAL PROVISIONS

CHAPTER I

Article 36

GENERAL PRINCIPLES

Subchapter I

Support from EAGGF

Article 35

1. Community support for early retirement (Articles 10 to 12), less-favoured areas and areas with environmental restrictions (Articles 13 to 21), agri-environment (Articles 22 to 24) and afforestation (Article 31) shall be financed by the EAGGF Guarantee Section throughout the Community.

2. Community support for other rural development measures shall be financed by the EAGGF:

- Guidance Section in areas covered by Objective 1,
- Guarantee Section in areas not covered by Objective 1.

3. Support for the measures referred to in the sixth, seventh and ninth indents of Article 33 shall be financed by the EAGGF in areas classified under Objectives 1 and 2 and areas in transition in so far as their financing is not provided by the European Regional Development Fund (ERDF).

1. With regard to support for the rural development measures referred to in Article 35(2):

- in areas covered by Objective 1, Regulation (EC) No 1260/1999 shall apply as supplemented by specific rules contained in this Regulation,
- in areas covered by Objective 2, Regulation (EC) No 1260/1999 shall apply as supplemented by specific rules contained in this Regulation and save as otherwise provided for under this Regulation.

2. With regard to support for rural development measures financed by the EAGGF Guarantee Section, the specific rules of Regulation (EC) No 1260/1999⁽¹⁾ and the provisions adopted in implementation thereof shall apply save as otherwise provided for under this Regulation.

Subchapter II

Compatibility and consistency

Article 37

1. Support for rural development shall be granted only for measures which comply with Community law.

⁽¹⁾ See page 103 of this Official Journal.

2. Such measures shall be consistent with other Community policies and measures implemented thereunder.

In particular, no measure which falls within the scope of this Regulation shall be eligible for support under other Community support schemes if it is incompatible with any specific condition laid down in this Regulation.

3. Consistency shall also be ensured with measures implemented under other instruments of the common agricultural policy, and in particular between rural development support measures on the one hand and measures implemented under the common market organisations and agricultural quality and health measures on the other hand, as well as between the different rural development support measures.

Accordingly, no support under this Regulation may be granted for:

— measures falling within the scope of support schemes under common market organisations, with the exceptions, justified by objective criteria, that may be defined according to Article 50,

— measures to support research projects, to promote agricultural products or to eradicate animal diseases.

4. Member States may lay down further or more restrictive conditions for granting Community support for rural development provided that such conditions are consistent with the objectives and requirements laid down in this Regulation.

Article 38

1. Payments may not be made in respect of the same measure under both this Regulation and another Community support scheme.

2. Support for several measures under this Regulation may be combined only if such measures are consistent and compatible with each other. If necessary, the level of support shall be adjusted.

Article 39

1. Member States shall take all necessary steps to ensure the compatibility and consistency of rural development support measures pursuant to the provisions laid down in this Chapter.

2. The rural development plans submitted by Member States shall include an appraisal of the compatibility and the consistency of the support measures envisaged and an indication of the measures taken in order to ensure compatibility and consistency.

3. Support measures shall, where necessary, be subsequently revised to ensure compatibility and consistency.

CHAPTER II

PROGRAMMING

Article 40

1. Rural development measures financed by the EAGGF Guidance Section shall form part of the programming for Objective 1 regions according to Regulation (EC) No 1260/1999.

2. Rural development measures other than those referred to in Article 35(1) may form part of the programming for Objective 2 regions in accordance with Regulation (EC) No 1260/1999.

3. Other rural development measures which do not form part of the programming in accordance with paragraphs 1 and 2 shall be subject to rural development programming in accordance with Articles 41 to 44.

4. With reference to appropriate rural development measures, Member States may also submit for approval general framework Regulations which form part of the programming in accordance with paragraphs 1 to 3, as far as it is appropriate with a view to maintaining uniform conditions.

Article 41

1. Rural development plans shall be drawn up at the geographical level deemed to be the most appropriate. They shall be prepared by the competent authorities designated by the Member State and

submitted by the Member State to the Commission after competent authorities and organisations have been consulted at the appropriate territorial level.

2. Rural development support measures to be applied in one area shall be integrated, whenever possible, into a single plan. Wherever several plans need to be established, the relationship between measures put forward in such plans shall be indicated and their compatibility and consistency ensured.

Article 42

Rural development plans shall cover a period of seven years from 1 January 2000.

Article 43

1. Rural development plans shall include:

- a quantified description of the current situation showing disparities, gaps and potential for development, the financial resources deployed and the main results of operations undertaken in the previous programming period with regard to the evaluation results available,
- a description of the strategy proposed, its quantified objectives, and rural development priorities selected, and the geographical area covered,
- an appraisal showing the expected economic, environmental and social impact, including employment effects,
- an indicative overall financial table summarising the national and Community financial resources provided for and corresponding to each rural development priority submitted in the context of the plan and, where the plan covers rural areas in Objective 2, identifying the indicative amounts for rural development measures under Article 33 in these areas,
- a description of the measures contemplated for implementing the plans, and in particular aid schemes, including the points necessary for assessing the rules of competition,

- where appropriate, information on the needs for any studies, demonstration projects, training or technical assistance operations relating to the preparation, implementation or adaptation of the measures concerned,
- the designation of competent authorities and bodies responsible,
- provisions to ensure the effective and correct implementation of the plans, including monitoring and evaluation, a definition of quantified indicators for evaluation, arrangements for controls and sanctions and adequate publicity,
- the results of consultations and designation of associated authorities and bodies as well as the economic and social partners at the appropriate levels.

2. In their plans, Member States shall:

- provide for agri-environment measures throughout their territories, and in accordance with their specific needs,
- ensure the necessary balance is kept between the different support measures.

Article 44

1. Rural development plans shall be submitted not later than six months after the entry into force of this Regulation.

2. The Commission shall appraise the proposed plans to determine whether they are consistent with this Regulation. On the basis of the plans, it shall approve rural development programming documents in accordance with the procedure referred to in Article 50(2) of Regulation (EC) No 1260/1999 within six months after the submission of the plans.

CHAPTER III

ADDITIONAL MEASURES AND COMMUNITY INITIATIVES

Article 45

1. Pursuant to Article 21(2) of Regulation (EC) No 1260/1999, the Commission, following the

procedure laid down in Article 50(2) of that Regulation, may extend the scope of assistance from the EAGGF Guidance Section beyond that provided for in Article 35(2) of this Regulation and the financing of measures eligible under Council Regulations (EC) No 1262/1999⁽¹⁾, (EC) No 1261/1999⁽²⁾ and (EC) No 1263/1999⁽³⁾ with a view to implementing all the measures in the rural development Community initiative.

2. The EAGGF Guarantee Section may, on the initiative of the Commission, finance studies related to rural development programming.

CHAPTER IV

FINANCIAL PROVISIONS

Article 46

1. Community support for rural development from the EAGGF Guarantee Section shall be subject to financial planning and accounting on an annual basis. The financial planning shall form part of rural development programming (Article 40(3)) or of programming related to Objective 2.

2. The Commission shall make initial allocations to Member States, broken down on an annual basis and using objective criteria which take into account particular situations and needs, and efforts to be undertaken especially for the environment, job creation and maintenance of the landscape.

3. Initial allocations shall be adjusted on the basis of actual expenditure and revised expenditure forecasts submitted by the Member States taking into account programme objectives, and be subject to the funds available and as a rule be consistent with the aid intensity for rural areas covered by Objective 2.

Article 47

1. The financial provisions laid down in Articles 31, 32 (except for the fifth subparagraph of paragraph 1 thereof), 34, 38 and 39 of Regulation (EC) No 1260/

⁽¹⁾ OJ L 161, 26.6.1999, p. 48.

⁽²⁾ OJ L 161, 26.6.1999, p. 43.

⁽³⁾ OJ L 161, 26.6.1999, p. 54.

1999 shall not apply to support for rural development measures in relation to Objective 2.

The Commission shall take the necessary action to ensure efficient and coherent implementation of these measures which shall attain at least the same standards as those laid down in the provisions referred to in the first subparagraph, including the principle of a single management authority.

2. For measures covered by rural development programming, the Community shall contribute to financing pursuant to the principles laid down in Articles 29 and 30 of Regulation (EC) No 1260/1999.

In this connection:

— the Community contribution shall not exceed 50 % of the total eligible cost and, as a general rule, shall be equal to at least 25 % of eligible public expenditure in areas not covered by Objective 1 and Objective 2,

— for revenue-bearing investment, the rates laid down in Article 29(4)(a)(ii) and (iii) and (b)(ii) and (iii) of Regulation (EC) No 1260/1999 shall apply. Agricultural and forestry holdings and businesses involved in the processing and marketing of agricultural and forestry products are businesses in that respect within the meaning of Article 29(4)(b)(iii),

— the Community contribution to the programming for measures laid down in Articles 22 to 24 of this Regulation shall be 75 % in areas covered by Objective 1 and 50 % in the other areas.

The fifth subparagraph of Article 32(1) of Regulation (EC) No 1260/1999 shall apply to such payments.

3. Payments of financial assistance from the EAGGF Guarantee Section may take the form of advances for programme implementation and of payments in respect of expenditure incurred.

CHAPTER V

MONITORING AND EVALUATION

Article 48

1. The Commission and the Member States shall ensure effective monitoring of implementation of rural development programming.

2. Such monitoring shall be carried out by way of jointly agreed procedures.

Monitoring shall be carried out by reference to specific physical and financial indicators agreed and established beforehand.

Member States shall submit annual progress reports to the Commission.

3. Where appropriate, monitoring committees shall be established.

Article 49

1. Evaluation of measures covered by rural development programming shall be carried out on the basis of the principles laid down in Articles 40 to 43 of Regulation (EC) No 1260/1999.

2. The EAGGF Guarantee Section may, within the framework of the financial resources allocated to programmes, participate in the financing of evaluations relating to rural development in the Member States. The EAGGF Guarantee Section may also, on the initiative of the Commission, finance evaluations at Community level.

TITLE IV

STATE AID

Article 51

1. Save as otherwise provided in this Title, Articles 87 to 89 of the Treaty shall apply to aid granted by Member States for measures to support rural development.

However, Articles 87 to 89 of the Treaty shall not apply to financial contributions provided by Member States for measures subject to Community support within the scope of Article 36 of the Treaty in accordance with the provisions of this Regulation.

2. Aid for investment in agricultural holdings which exceeds the percentages referred to in Article 7 shall be prohibited.

This prohibition does not apply to aid for investments relating to:

- investments undertaken predominantly in the public interest related to the conservation of traditional landscapes shaped by agricultural and forestry activities or relocation of farm buildings,

CHAPTER VI

IMPLEMENTING RULES

Article 50

Detailed rules for the application of this Title shall be adopted in accordance with the procedure laid down in Article 50(2) of Regulation (EC) No 1260/1999.

These rules may in particular define the details of:

- the presentation of rural development plans (Articles 41 to 44),
- the revision of rural development programming documents,
- financial planning, in particular to ensure budgetary discipline (Article 46), and participation in financing (Article 47(2)),
- monitoring and evaluation (Articles 48 and 49),
- how to ensure consistency between rural development measures and the support measures introduced by the market organisations (Article 37).

- the protection and improvement of the environment,

- improvement of the hygiene conditions of livestock enterprises and the welfare of animals.

3. State aid granted to farmers to compensate for natural handicaps in less-favoured areas shall be prohibited if it does not satisfy the conditions laid down in Articles 14 and 15.

4. State aid to support farmers who give agri-environmental commitments which fail to satisfy the conditions laid down in Articles 22 to 24 shall be prohibited. However, additional aid exceeding maximum amounts fixed according to Article 24(2) may be granted if justified under paragraph 1 of that Article. In duly justified exceptional cases derogation may be permitted in respect of the minimum duration of these commitments as laid down in Article 23(1).

Article 52

Within the scope of Article 36 of the Treaty, State aid intended to provide additional financing for rural development measures for which Community support

is granted shall be notified by Member States and approved by the Commission in accordance with the provisions of this Regulation as part of programming referred to in Article 40. The first sentence of Article 88(3) of the Treaty shall not apply to aid thus notified.

TITLE V

TRANSITIONAL AND FINAL RULES

Article 53

1. Should specific measures be necessary to facilitate the transition from the system in force to the one established by this Regulation, such measures shall be adopted by the Commission in accordance with the procedures laid down in Article 50(2) of Regulation (EC) No 1260/1999.

2. Such measures shall in particular be adopted for the integration of existing Community support actions, approved by the Commission for a period ending after 1 January 2000 or without any time limit, into the rural development support provided for by this Regulation.

and 31 December of the marketing year in respect of which the aid is applied for.

4. The Commission shall, following the procedure laid down in Article 20, adopt rules for the application of this Article¹.

2. Article 6 of Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organisation of the market in bananas ⁽²⁾ shall be replaced by the following text:

'Article 6

1. For the five years following the date of recognition, the Member States shall grant recognised producer organisations assistance to encourage their establishment and assist with their administrative operation.

2. Such aid:

— shall be, for the first, second, third, fourth and fifth years respectively, 5 %, 5 %, 4 %, 3 % and 2 % of the value of production marketed under the auspices of the producer organisation,

— shall not exceed the actual cost of formation and administrative operation of the organisation concerned,

— shall be paid in annual instalments for a maximum of seven years following the date of recognition.

The value of each year's production shall be calculated on the basis of:

— the annual volume actually marketed,

Article 54

1. Article 17 of Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops ⁽¹⁾ shall be replaced by the following:

'Article 17

1. The Regulations on the financing of the common agricultural policy shall apply to the market in the products referred to in Article 1(1) from the date of implementation of the arrangements laid down herein.

2. The aid referred to in Article 8 shall be subject to part financing by the Community.

3. Member States shall pay the aid referred to in Article 12 to the producers between 16 October

⁽¹⁾ OJ L 175, 4.8.1971, p. 1. Regulation as last amended by Regulation (EC) No 1554/97 (OJ L 208, 2.8.1997, p. 1).

⁽²⁾ OJ L 47, 25.2.1993, p. 1. Regulation as last amended by Regulation (EC) No 1637/98 (OJ L 210, 28.7.1998, p. 28).

— the average producer prices obtained.

3. Producer organisations deriving from organisations which already comply to a large extent with the conditions of this Regulation shall qualify for aid under this Article only if they are formed as the result of a merger enabling the objectives referred to in Article 5 to be achieved more effectively. However, in such a case, the aid shall be granted only in respect of the cost of formation of the organisation (expenditure incurred in connection with the preparatory work and the drawing up of the memorandum and articles of association).

4. The aid referred to in this Article shall be notified to the Commission in a report from the Member States at the close of each financial year'.

3. Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables ⁽¹⁾ is hereby amended as follows:

(a) Article 15(6) shall be replaced by the following:

'6. In regions of the Community where the degree of organisation of producers is particularly low, Member States may be authorised, on a duly substantiated request, to pay producer organisations national financial assistance equal to a maximum of half the financial contributions of producers. This assistance shall be additional to the operational fund.

For Member States where producer organisations market less than 15 % of the fruit and vegetable production and whose fruit and vegetable production represents at least 15 % of their total agricultural output, the assistance referred to in the first subparagraph may be partly reimbursed by the Community at the request of the Member State concerned'.

(b) Article 52 shall be replaced by the following:

Article 52

1. Expenditure relating to the payment of the Community withdrawal compensation and to Community financing of the operational fund, the specific measures referred to in Article 17 and Articles 53, 54 and 55 and checks by experts of the Member States made available to the Commission in application of Article 40(1) shall

be deemed to be intervention to stabilise agricultural markets within the meaning of Article 1(2)(b) of Regulation (EC) No 1257/1999 (*).

2. Expenditure relating to the aid granted by the Member States in accordance with Article 14 and the second subparagraph of Article 15(6) shall be deemed to be intervention to stabilise agricultural markets within the meaning of Article 1(2)(b) of Regulation (EC) No 1257/1999. It shall be eligible for part financing by the Community.

3. The Commission shall, following the procedure laid down in Article 46, adopt rules for the application of paragraph 2 of this Article.

4. The provisions of Title VI shall apply without prejudice to the application of Council Regulation (EEC) No 4045/89 of 21 December 1989 on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and repealing Directive 77/435/EEC (**).

(*) OJ L 160, 26.6.1999, p. 80.

(**) OJ L 388, 30.12.1989, p. 17. Regulation as last amended by Regulation (EC) No 3235/94 (OJ L 338, 28.12.1994, p. 16)'.
 Article 55

1. The following Regulations are hereby repealed:

- Regulation (EEC) No 4256/88,
- Regulations (EC) No 950/97, (EC) No 951/97, (EC) No 952/97 and Regulation (EEC) No 867/90,
- Regulations (EEC) No 2078/92, (EEC) No 2079/92, (EEC) No 2080/92,
- Regulation (EEC) No 1610/89

2. The following provisions are hereby deleted:

- Article 21 of Regulation (EEC) No 3763/91 ⁽²⁾,
- Article 32 of Regulation (EEC) No 1600/92 ⁽³⁾,

⁽¹⁾ OJ L 297, 21.11.1996, p. 1. Regulation as last amended by Regulation (EC) No 857/1999 (OJ L 108, 27.4.1999, p. 7).

⁽²⁾ OJ L 356, 24.12.1991, p. 1.

⁽³⁾ OJ L 173, 27.6.1992, p. 1.

- Article 27 of Regulation (EEC) No 1601/92 ⁽¹⁾,
— Article 13 of Regulation (EEC) No 2019/93 ⁽²⁾.

accordance with Article 21(2) and (3) of Regulation (EC) No 950/97 shall remain in force unless further amended in the framework of programmes.

Article 56

3. The Regulations repealed and provisions deleted under paragraphs 1 and 2 respectively shall continue to apply to actions approved by the Commission under the Regulations before 1 January 2000.

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

4. Council and Commission Directives adopting lists of less-favoured areas or amending such lists in

It shall apply in relation to Community support as from 1 January 2000.

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

Done at Brussels, 17 May 1999.

For the Council
The President
K.-H. FUNKE

⁽¹⁾ OJ L 173, 27.6.1992, p. 13.

⁽²⁾ OJ L 184, 27.7.1993, p. 1.

ANNEX

TABLE OF AMOUNTS

Article	Subject	Euro	
8(2)	Setting-up aid	25 000	
12(1)	Early retirement	15 000 (*) 150 000 3 500 35 000	per transferor and year total amount per transferor per worker and year total amount per worker
15(3)	Minimum compensatory allowance Maximum compensatory allowance	25 (**) 200	per hectare of areas used for agriculture per hectare of areas used for agriculture
16	Maximum payment	200	per hectare
24(2)	Annual crops Specialised perennial crops Other land uses	600 900 450	per hectare per hectare per hectare
31(4)	Maximum annual premium to cover loss of income from afforestation — for farmers or associations thereof — for any other private law person	725 185	per hectare per hectare
32(2)	Minimum payment Maximum payment	40 120	per hectare per hectare

(*) Subject to the total maximum per transferor, the maximum annual payments may be increased up to twofold taking account of the economic structure of holdings in territories and the objective of speeding up the adjustment of agricultural structures.

(**) This amount may be reduced to take account of the particular geographical situation or economic structure of holdings in certain territories and in order to avoid overcompensation in accordance with Article 15(1), second indent.

COUNCIL REGULATION (EC) No 1258/1999

of 17 May 1999

on the financing of the common agricultural policy

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Court of Auditors⁽⁴⁾,

information on the common agricultural policy and certain evaluation actions should be financed by the 'Guarantee' section of the Fund in order to achieve the objectives set out in Article 33(1) of the Treaty;

- (1) Whereas by means of Regulation No 25 on the financing of the common agricultural policy⁽⁵⁾, the Council established the European Agricultural Guidance and Guarantee Fund (EAGGF), hereinafter referred to as 'the Fund', which forms part of the general budget of the European Communities; whereas that Regulation laid down the principles which should apply for the financing of the common agricultural policy;
- (2) Whereas at the single market stage, in view of the fact that price systems are standardised and the agricultural policy is a Community policy, the financial consequences devolve upon the Community; whereas, in accordance with that principle as laid down in Article 2(2) of Regulation No 25, refunds on exports to third countries, intervention aimed at stabilising agricultural markets, rural development measures, specific veterinary measures as laid down in Council Decision 90/424/EEC of 26 June 1990 on expenditure in the veterinary field⁽⁶⁾, measures intended to provide
- (3) Whereas the 'Guidance' section of the Fund should finance expenditure for certain rural development measures in regions whose development is lagging behind as well as for the rural development Community initiative;
- (4) Whereas the Commission is responsible for the administration of the Fund and whereas close cooperation between Member States and the Commission is provided for within a committee for the Fund;
- (5) Whereas the responsibility for checking the Fund's Guarantee Section expenditure lies, in the first place, with the Member States, which designate the authorities and bodies empowered to effect expenditure; whereas the Member States must carry out this task fully and effectively; whereas the Commission, being responsible for implementing the Community budget, must verify the conditions under which payments and checks have been made; whereas the Commission can only finance expenditure where those conditions offer all necessary guarantees regarding compliance with Community rules; whereas, in a decentralised system of management of Community expenditure, it is essential that the Commission, as the institution responsible for funding, is entitled and enabled to carry out all checks on the management of expenditure it considers necessary and that there should be full and effective transparency and mutual assistance between the Member States and the Commission;
- (6) Whereas, during the clearance of accounts, the Commission is able to determine within a reasonable time the total expenditure to be entered against the Guarantee Section in the general account only if it has satisfactory assurance that the national controls are adequate and transparent and that the paying agencies verify the legality and regularity of the payment requests which they execute; whereas provision should therefore be made for the accreditation of paying agencies by Member States; whereas in

⁽¹⁾ OJ C 170, 4.6.1998, p. 83.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 222.

⁽⁴⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁵⁾ OJ L 30, 20.4.1962, p. 991/60. Regulation as last amended by Regulation (EEC) No 728/70 (OJ L 94, 28.4.1970, p. 9).

⁽⁶⁾ OJ L 224, 18.8.1990, p. 19. Decision as last amended by Decision 94/370/EC (OJ L 168, 2.7.1994, p. 31).

- order to ensure consistency in the standards required for accreditation in the Member States the Commission provides guidance on the criteria to be applied; whereas, for that purpose, it should be stipulated that only expenditure effected by paying agencies accredited by the Member States should be financed; whereas, moreover, in order to ensure the transparency of national controls, in particular as regards authorisation, validation and payment procedures, the number of authorities and bodies to which these responsibilities are delegated should, where appropriate, be restricted taking account of the constitutional arrangements of each Member State;
- (7) Whereas decentralised management of Community funds, in particular following reform of the common agricultural policy, leads to the designation of several paying agencies; whereas, therefore, where a Member State accredits more than one paying agency, it must designate a single contact body to ensure consistency in the management of the funds, to provide liaison between the Commission and the various accredited paying agencies and to ensure that the information requested by the Commission concerning the operations of several paying agencies is made rapidly available;
- (8) Whereas financial resources must be mobilised by the Member States in accordance with the needs of their disbursing agencies, while the Commission makes advance payments against the booking of the expenditure effected by the disbursing agencies; whereas in the framework of rural development measures, genuine advance payments for programme implementation should be provided for; whereas it is appropriate to treat these advance payments according to the financial mechanisms established for advances on the provision for expenditure effected in a reference period;
- (9) Whereas two types of decisions should be established, one concerning the clearance of the Guarantee Section of the Fund, the other determining the consequences, including financial corrections, to be drawn from the results of the checks on conformity, with Community rules, of the expenditures;
- (10) Whereas the checks on conformity and the ensuing clearance decisions will therefore no longer be linked to the implementation of the budget in a particular financial year; whereas the maximum period to which the consequences to be drawn from the checks on conformity may be applied must be determined; whereas, however, the pluriannual character of rural development measures does not allow the application of such a maximum period;
- (11) Whereas measures must be taken to prevent and deal with any irregularities and to recover the amounts lost as a result of such irregularities or negligence; whereas the financial responsibility for such irregularities or negligence must be determined;
- (12) Whereas Community expenditure must be made subject to close supervision; whereas, in addition to supervision carried out by Member States on their own initiative, which remains essential, provisions should be made for verification by officials of the Commission and for it to have the right to enlist the help of Member States;
- (13) Whereas information technology needs to be used as fully as possible for producing the information to be sent to the Commission; whereas, when carrying out checks, the Commission must have full and immediate access to information on expenditure held in both documents and electronic files;
- (14) Whereas the extent of Community financing makes it necessary for the European Parliament and the Council to be kept regularly informed by means of financial reports;
- (15) Whereas, with a view to simplifying financial management, it is desirable to bring the financing period of the Fund closer to the financial year as set out in Article 272(1) of the Treaty; whereas carrying out such an operation requires having a clear picture of the funds currently available towards the end of the financial year concerned; whereas, therefore, provision should be made for the Commission to have the powers necessary to adapt the financing period of the Fund where there are enough remaining budgetary resources available;
- (16) Whereas Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy⁽¹⁾ has been substantially amended on several occasions; whereas, now that new amendments are being made to the said Regulation, it is desirable, in order to clarify matters, that the provisions in question should be recast,
- ⁽¹⁾ OJ L 94, 28.4.1970, p. 13. Regulation as last amended by Regulation (EC) No 1287/96 (OJ L 125, 8.6.1996, p. 1).

HAS ADOPTED THIS REGULATION:

Article 1

1. The European Agricultural Guidance and Guarantee Fund (hereinafter called the 'Fund') shall form part of the general budget of the European Communities.

It shall comprise two sections:

- the Guarantee Section,
- the Guidance Section.

2. The Guarantee Section shall finance:

- (a) refunds on exports to third countries;
- (b) intervention intended to stabilise the agricultural market;
- (c) rural development measures outside Objective 1 programmes except the rural development Community initiative;
- (d) the Community's financial contribution towards specific veterinary measures, inspection measures in the veterinary field and programmes for the eradication and monitoring of animal diseases (veterinary measures) as well as towards plant health measures;
- (e) measures intended to provide information on the common agricultural policy and certain evaluation actions of measures financed by the Guarantee Section of the Fund.

3. The Guidance Section shall finance rural development measures which are not covered by paragraph 2, point (c).

4. Expenditure relating to administrative costs and personnel borne by Member States and by recipients of aid from the Fund shall not be taken over by the Fund.

Article 2

1. Refunds on export to third countries, granted in accordance with the Community rules within the framework of the common organisation of agricultural markets, shall be financed under Article 1(2)(a).

2. Intervention intended to stabilise the agricultural markets, undertaken in accordance with Community rules within the framework of the common organisation of agricultural markets, shall be financed under Article 1(2)(b).

3. The Council, acting by a qualified majority on a proposal from the Commission, shall, as far as is necessary, adopt the procedure for financing the measures referred to in paragraphs 1 and 2.

Article 3

1. Rural development measures outside Objective 1 programmes undertaken in accordance with Community rules shall be financed under Article 1(2)(c).

2. Veterinary and plant health measures undertaken in accordance with Community rules shall be financed under Article 1(2)(d).

3. Information measures and evaluation actions undertaken in accordance with Community rules shall be financed under Article 1(2)(e).

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13.

Article 4

1. Each Member State shall communicate to the Commission:

- (a) details of the authorities and bodies it accredits to pay the expenditure referred to in Articles 2 and 3, hereinafter referred to as 'paying agencies',
- (b) where more than one paying agency is accredited, details of the authority or body it charges, first, with bringing together the information to be supplied to the Commission and sending it the same, and, second, with promoting the harmonised application of Community rules, hereinafter referred to as the 'coordinating body'.

2. Paying agencies shall be authorities and bodies of the Member States, which, as regards payments in the

areas for which they are responsible, offer sufficient guarantees that:

- (a) the admissibility of claims and compliance with Community rules are checked before payment is authorised;
- (b) the payments effected are correctly and fully recorded in the accounts; and
- (c) the necessary documents are submitted within the time and in the form laid down in Community rules.

3. The paying agencies must hold documents justifying the payments effected and documents concerning the carrying out of the prescribed administrative and physical controls. Where the relevant documents are kept by the bodies responsible for authorising the expenditure, those bodies must transmit reports to the paying agency on the number of checks carried out, their content and the measures taken in the light of the results.

4. Only expenditure effected by accredited paying agencies may be the subject of Community financing.

5. Each Member State shall, taking into account its constitutional and institutional structures, limit the number of accredited paying agencies to the minimum necessary in order to effect the expenditure referred to in Articles 2 and 3 under satisfactory administrative and accounting conditions.

6. Each Member State shall communicate to the Commission the following particulars concerning those paying agencies:

- (a) their name and their statutes;
- (b) the administrative, accounting and internal control conditions under which payments are made relating to the implementation of Community rules within the framework of the common agricultural policy;
- (c) the act of accreditation.

The Commission shall be informed forthwith of any change in those particulars.

7. Where one or more of the conditions for accreditation are not, or are no longer, fulfilled by an accredited paying agency, accreditation shall be withdrawn unless the paying agency makes the

necessary adjustments within a time limit to be fixed in relation to the seriousness of the problem. The Member State concerned shall inform the Commission.

8. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13.

Article 5

1. The financial resources required to cover the expenditure referred to in Articles 2 and 3 shall be made available to the Member States by the Commission by means of advances on the provision for expenditure effected in a reference period.

Advance payments for programme implementation in the framework of rural development measures referred to in Article 3(1) may be granted by the Commission on the approval of the programmes concerned and shall be deemed to be expenditure effected on the first day of the month following the granting decision.

2. Until the advances on the provision for expenditure effected are paid, the resources necessary to meet that expenditure shall be mobilised by the Member States in accordance with the needs of their accredited paying agencies.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13.

Article 6

1. Member States shall, at regular intervals, transmit to the Commission the following information concerning the accredited paying agencies and coordinating bodies and relating to the transactions financed by the Guarantee Section of the Fund:

- (a) statements of expenditure and estimates of financial needs;
- (b) annual accounts, accompanied by the information required for clearance and an attestation regarding the integrity, accuracy and veracity of the accounts transmitted;

2. Detailed rules for the application of this Article and, in particular, those covering the attestation of the accounts referred to in paragraph 1(b) shall be adopted in accordance with the procedure laid down in Article 13.

Article 7

1. The Commission, after consulting the Fund Committee shall adopt the decisions set out in paragraphs 2, 3 and 4.

2. The Commission shall decide on monthly advances on the provision for expenditure effected by the accredited paying agencies.

Expenditure for October shall be attributed to October if it is effected from 1 to 15 October and to November if it is effected from 16 to 31 October. Advances shall be paid to the Member State not later than the third working day of the second month following that in which the expenditure is effected.

Additional advances may be made, the Fund Committee being informed at the next consultation.

3. The Commission shall, before 30 April of the year following the financial year concerned, on the basis of the information referred to in Article 6(1)(b), clear the accounts of the paying agencies.

The clearance of accounts decision shall cover the integrality, accuracy and veracity of the accounts submitted. The decision shall not prejudice the adoption of a subsequent decision pursuant to paragraph 4.

4. The Commission shall decide on the expenditure to be excluded from the Community financing referred to in Articles 2 and 3 where it finds that expenditure has not been effected in compliance with Community rules.

Before a decision to refuse financing is taken, the results of the Commission's checks and the replies of the Member State concerned shall be notified in writing, after which the two parties shall endeavour to reach agreement on the action to be taken.

If no agreement is reached, the Member State may ask for a procedure to be initiated with a view to mediating between the respective positions within a period of four months, the results of which shall be set out in a report sent to and examined by the Commission, before a decision to refuse financing is taken.

The Commission shall evaluate the amounts to be excluded having regard in particular to the degree of

non-compliance found. The Commission shall take into account the nature and gravity of the infringement and the financial loss suffered by the Community.

A refusal to finance may not involve:

- (a) expenditure referred to in Article 2 effected prior to 24 months preceding the Commission's written communication of the results of those checks to the Member State concerned;
- (b) expenditure for a measure or action referred to in Article 3 in respect of which the final payment was effected prior to 24 months preceding the Commission's written communication of the results of those checks to the Member State concerned.

However, the fifth subparagraph shall not apply to the financial consequences:

- (a) of irregularities as referred to in Article 8(2);
- (b) concerning national aids, or infringements, for which the procedures referred to in Articles 88 and 226 of the Treaty have been initiated.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13. Those rules shall cover in particular the treatment of advance payments referred to in Article 5(1), second subparagraph under paragraphs 2, 3 and 4 of this Article and the procedures relating to the decisions referred to in the said paragraphs 2, 3 and 4.

Article 8

1. The Member States shall, in accordance with national provisions laid down by law, regulation or administrative action, take the measures necessary to:

- (a) satisfy themselves that transactions financed by the Fund are actually carried out and executed correctly;
- (b) prevent and deal with irregularities;
- (c) recover sums lost as a result of irregularities or negligence.

The Member States shall inform the Commission of the measures taken for those purposes and in particular of the state of the administrative and judicial procedures.

2. In the absence of total recovery, the financial consequences of irregularities or negligence shall be borne by the Community, with the exception of the consequences of irregularities or negligence attributable to administrative authorities or other bodies of the Member States.

The sums recovered shall be paid to the accredited paying agencies and deducted by them from the expenditure financed by the Fund. The interest on sums recovered or paid late shall be paid into the Fund.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall lay down general rules for the application of this Article.

Article 9

1. Member States shall make available to the Commission all information required for the proper working of the Fund and shall take all suitable measures to facilitate the supervision which the Commission may consider necessary to undertake within the framework of the management of Community financing, including inspections on the spot.

Member States shall communicate to the Commission provisions laid down by law, regulation or administrative action which they have adopted for the application of legal acts of the Community relating to the common agricultural policy in so far as those acts have financial consequences for the Fund.

2. Without prejudice to the supervision effected by the Member States in accordance with national provisions laid down by law, regulation or administrative action and without prejudice to Article 248 of the Treaty, or to any inspection organised on the basis of Article 279(c) of the Treaty, authorised representatives appointed by the Commission to carry out inspections on the spot shall have access to the books and all other documents, including information created or stored in electronic form, relating to expenditure financed by the Fund.

They may, in particular, check:

(a) whether administrative practices are in accordance with Community rules;

(b) whether the requisite supporting documents exist and tally with the transaction financed by the Fund;

(c) the conditions under which transactions financed by the Fund are carried out and checked.

The Commission shall give due notice before the inspection is carried out to the Member State concerned or to the Member State on whose territory it is to take place. Officials of the Member State concerned may take part in the inspection.

At the request of the Commission and with the agreement of the Member State, inspections or inquiries concerning the transactions referred to in this Regulation shall be carried out by the competent authorities of that Member State. Officials of the Commission may also participate.

To make verification more effective, the Commission may, with the agreement of the Member States concerned, arrange for the administrative authorities of those States to participate in certain inspections or inquiries.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall, as far as is necessary, lay down general rules for the application of this Article.

Article 10

Before 1 July of each year, the Commission shall submit to the European Parliament and to the Council a financial report on the administration of the Fund during the preceding financial year and, in particular, on the state of its resources and the nature of its expenditure and the conditions for achieving Community financing.

Article 11

The Committee for the European Agricultural Guidance and Guarantee Fund (hereinafter called the 'Fund Committee') shall assist the Commission in administering the Fund, as laid down in Articles 12 to 15.

Article 12

The Fund Committee shall consist of representatives of the Member States and of the Commission. Each

Member State shall be represented on the Fund Committee by not more than five officials. The Fund Committee shall have a representative of the Commission as chairman.

Article 13

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

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 205(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

3. (a) The Commission shall adopt measures which shall be immediately applicable.

(b) However, if such measures are not in accordance with the opinion delivered by the Fund Committee, they shall be communicated by the Commission to the Council forthwith. In that event:

— the Commission may defer for not more than one month from the date of such communication, application of the measures which it has adopted,

— the Council, acting by a qualified majority, may adopt a different decision within the time limit referred to in the preceding indent.

Article 14

1. The Fund Committee shall be consulted:

(a) in cases where provision is made for it to be consulted;

(b) for the assessment of the Fund's credits to be entered in the Commission's estimate for the

coming financial year and, if necessary, in additional estimates;

(c) on draft reports on the Fund to be submitted to the Council.

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

It shall be informed regularly of the activities of the Fund.

Article 15

The chairman shall convene the Fund Committee.

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

The Fund Committee shall lay down its own rules of procedure.

Article 16

1. Regulation (EEC) No 729/70 shall be repealed.

2. References to the repealed Regulation shall be construed as references to this Regulation and should be read in accordance with the correlation table set out in the Annex.

Article 17

Article 15, third subparagraph and Article 40 of Decision 90/424/EEC shall be deleted.

Article 18

The measures required to facilitate the transition from the arrangements provided in Regulation (EEC) No 729/70 to those established by this Regulation shall be adopted in accordance with the procedure laid down in Article 13.

Article 19

The Commission may delete the first sentence of Article 7(2), second subparagraph in accordance with the procedure laid down in Article 13 where the budgetary funds attributed to the Guarantee Section of

the Fund, which are available toward the end of a given financial year, would allow the Fund to finance the additional expenditure resulting from that deletion for that financial year. Where the Commission makes use of this power, it may in accordance with the same procedure postpone the starting date of those payment windows of measures, which start to run between 16 and 31 October inclusive, to 1 November.

Article 20

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

It shall apply to expenditure effected as from 1 January 2000.

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

Done at Brussels, 17 May 1999.

For the Council

The President

K.-H. FUNKE

ANNEX

CORRELATION TABLE

Regulation (EEC) No 729/70	This Regulation
Article 1(1)	Article 1(1)
Article 1(2)(a) and (b)	Article 1(2)(a) and (b)
Article 1(4)	Article 1(4)
Article 2(1)	Article 2(1)
Article 2(2)	Article 2(3)
Article 3(1)	Article 2(3)
Article 3(2)	Article 2(3)
Article 3(3)	—
Article 4(1)(a), first subparagraph	Article 4(1)(a)
Article 4(1)(a), second subparagraph	Article 4(2)
Article 4(1)(a), third subparagraph	Article 4(3)
Article 4(1)(b), first subparagraph	Article 4(1)(b)
Article 4(1)(b), second subparagraph	Article 4(4)
Article 4(2)	Article 4(5)
Article 4(3)	Article 4(6)
Article 4(4)	Article 4(7)
Article 4(5), first sentence	Article 5(1), first subparagraph
Article 4(5), second sentence	Article 5(2)
Article 4(6)	Article 4(8) and Article 5(3)
Article 5(1)	Article 6(1)
Article 5(2)(a)	Article 7(2)
Article 5(2)(b)	Article 7(3)
Article 5(2)(c)	Article 7(4)
Article 5a	—
Article 6	—
Article 6a	—
Article 6b	—
Article 6c	—
Article 7	—
Article 8	Article 8
Article 9	Article 9
Article 10	Article 10
Article 11	Article 11

Regulation (EEC) No 729/70	This Regulation
Article 12(1)	Article 12
Article 12(2)	—
Article 13	Article 13
Article 14	Article 14
Article 15	Article 15
Article 16	—

COUNCIL REGULATION (EC) No 1259/1999

of 17 May 1999

establishing common rules for direct support schemes under the common agricultural policy

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Having regard to the opinion of the Committee of the Regions⁽⁴⁾,

Having regard to the opinion of the Court of Auditors⁽⁵⁾,

- (1) Whereas for direct payments under the various income support schemes in the common agricultural policy some common conditions should be established;
- (2) Whereas payments provided for under Community support schemes should be made by the competent national authorities in full to beneficiaries subject to any reductions explicitly provided for in this Regulation;
- (3) Whereas, with a view to better integrating the environment into the common market organisations, Member States should apply appropriate environmental measures in relation to agricultural land and agricultural production subject to direct payments; whereas Member States should decide on the consequences in the case of environmental requirements not being

observed; whereas Member States should be enabled to reduce or even cancel benefits accruing from support schemes where such environmental requirements are not respected; whereas such measures should be taken by Member States notwithstanding the possibility of granting aid in return for optional agri-environmental commitments;

- (4) Whereas, in order to stabilise the employment situation in agriculture and to take into account the overall prosperity of holdings and Community support to those holdings and thus to contribute to a fair standard of living for the agricultural community, including all persons engaged in agriculture, Member States should be authorised to reduce direct payments to farmers in cases where the labour force used on their holding falls short of limits to be determined and/or where the overall prosperity of holdings and/or the total amounts of payments rise above limits to be decided by Member States; whereas in order to maintain in particular agricultural productivity, such reductions should, however, not exceed 20 % of the total amount of payments;
- (5) Whereas detailed rules for reductions of payments should be determined by Member States on the basis of objective criteria; whereas Member States should be enabled to use amounts made available from payment reductions for certain additional measures in the framework of rural development support provided for under Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations⁽⁶⁾;
- (6) Whereas common support schemes have to be adapted to market developments, if necessary within short time limits; whereas beneficiaries cannot, therefore, rely on support conditions remaining unchanged and should be prepared for a possible review of schemes in the light of market developments;

⁽¹⁾ OJ C 170, 4.6.1998, p. 93.

⁽²⁾ Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

⁽³⁾ OJ C 407, 28.12.1998, p. 208.

⁽⁴⁾ OJ C 93, 6.4.1999, p. 1.

⁽⁵⁾ OJ C 401, 22.12.1998, p. 3.

⁽⁶⁾ See page 80 of this Official Journal.

- (7) Whereas the support schemes under the common agricultural policy provide for direct income support in particular with a view to ensuring a fair standard of living for the agricultural community; whereas this objective is closely related to the maintenance of rural areas; whereas, in order to avoid misallocations of Community funds, no support payments should be made to those farmers for whom it is established that they have artificially created the conditions required for obtaining such payments with a view to obtaining an advantage contrary to the objectives of support schemes;
- (8) Whereas, in view of the significant budgetary implications of direct payment support and in order to better appraise their impact, Community schemes should be subject to a proper evaluation,

land used or the production concerned and which reflect the potential environmental effects. These measures may include:

- support in return for agri-environmental commitments,
- general mandatory environmental requirements,
- specific environmental requirements constituting a condition for direct payments.

2. Member States shall decide on the penalties that are appropriate and proportionate to the seriousness of the ecological consequences of not observing the environmental requirements referred to in paragraph 1. They may provide for a reduction or, where appropriate, a cancellation of the benefits accruing from the support schemes concerned if such environmental requirements are not respected.

HAS ADOPTED THIS REGULATION:

Article 1

Scope

This Regulation shall apply to payments granted directly to farmers under support schemes in the framework of the common agricultural policy which are financed in full or in part by the 'Guarantee' section of the EAGGF, except those provided for under Regulation (EC) No 1257/1999.

These support schemes are listed in the Annex.

Article 2

Full payment

Payments under support schemes shall be made in full to the beneficiaries.

Article 3

Environmental protection requirements

1. Where agricultural activity within the scope of this Regulation is concerned, Member States shall take the environmental measures they consider to be appropriate in view of the situation of the agricultural

Article 4

Modulation

1. Member States may decide to reduce the amounts of payments which would, but for this paragraph, be granted to farmers in respect of a given calendar year in cases where:

- the labour force used on their holdings during that calendar year, expressed in annual work units, falls short of limits to be determined by the Member States, and/or
- the overall prosperity of their holdings during that calendar year, expressed in the form of standard gross margin corresponding to the average situation of either a given region or a smaller geographic entity, rises above limits to be decided by Member States, and/or
- the total amounts of payments granted under support schemes in respect of a calendar year exceed limits to be decided by Member States.

'Annual work unit' shall mean the national or regional average annual working time of adult full-time farm workers employed throughout a calendar year.

'Standard gross margin' shall mean the difference between standard production value and the standard amount for certain specific costs.

2. The reduction of support to a farmer in respect of a given calendar year, resulting from the application of the measures referred to in paragraph 1, shall not exceed 20 % of the total amount of payments which would, but for paragraph 1, be granted to the farmer in respect of the calendar year concerned.

Article 5

Common provision

1. Member States shall apply the measures referred to in Articles 3 and 4 in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions.

2. The difference between the amounts which would, but for Articles 3 and 4, be paid to farmers in a Member State in respect of a calendar year and the amounts calculated after application of those Articles, shall be available to the Member State concerned within time limits to be fixed under the procedure referred to in Article 11 as additional Community support for measures under Articles 10 to 12 (early retirement), 13 to 21 (less-favoured areas and areas with environmental restrictions), 22 to 24 (agri-environment) and 31 (afforestation) of Regulation (EC) No 1257/1999.

Article 6

Review

Support schemes shall be applied without prejudice to possible review at any moment in the light of market developments.

Article 7

Restriction of payments

Notwithstanding any specific provisions in individual support schemes, no payment shall be made in favour of beneficiaries for whom it is established that they artificially created the conditions required for obtaining such payments with a view to obtaining an advantage contrary to the objectives of that support scheme.

Article 8

Evaluation

In order to gauge their effectiveness, payments under support schemes shall be subject to evaluation

designed to appraise their impact with respect of their objectives and to analyse their effects on the relevant markets.

Article 9

Transmission of information to the Commission

Member States shall inform the Commission in detail on the measures taken to implement this Regulation.

Article 10

Definitions

For the purposes of this Regulation:

- (a) 'farmer' shall mean an individual agricultural producer, whether a natural or legal person or a group of natural or legal persons, whatever legal status is granted the group and its members by national law, whose holding is within Community territory,
- (b) 'holding' shall mean all the production units managed by a farmer situated within the same Member State's territory,
- (c) payments to be granted in respect of a calendar year shall include payments to be granted in respect of other periods starting in that calendar year.

Article 11

Detailed rules

In accordance with the procedure referred to in Article 9 of Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops⁽¹⁾, the procedure referred to in Article 43 of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal⁽²⁾ or, as appropriate, the corresponding Articles in the other Regulations on the common organisation of agricultural markets, the Commission shall adopt:

⁽¹⁾ See page 1 of this Official Journal.

⁽²⁾ See page 21 of this Official Journal.

- where appropriate, detailed rules for the application of this Regulation including, in particular, the measures necessary to avoid Articles 3 and 4 being circumvented, as well as those concerning Article 7 and
- amendments to the Annex as may become necessary taking into account the criteria set out in Article 1.

*Article 12***Entry into force**

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

It shall apply as from 1 January 2000.

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

Done at Brussels, 17 May 1999.

For the Council

The President

K.-H. FUNKE

ANNEX

LIST OF SUPPORT SCHEMES FULFILLING THE CRITERIA SET OUT IN ARTICLE 1

Sector	Legal base	Notes
Arable crops	Articles 2 and 5 Regulation (EC) No 1251/1999	Area payments including set-aside payments and including durum wheat supplement and special aid
Potato starch	Article 8(2) Regulation (EEC) No 1766/92	Payment
Cereals	Article 3 Regulation (EEC) No 3653/90 (as read together with Regulation (EEC) No 738/93)	Transitional measures governing common organisation of the market for cereals in Portugal
Olive oil	Article 5(1) Regulation 136/66/EEC	Production aid
Grain legumes	Article 1 Regulation (EC) No 1577/96	Area aid
Flax	Article 4 Regulation (EEC) No 1308/70	Area aid (the portion paid to farmers)
Hemp	Article 4 Regulation (EEC) No 1308/70	Area aid
Silkworms	Article 2 Regulation (EEC) No 845/72	Aid to encourage rearing
Bananas	Article 12 Regulation (EEC) No 404/93	Production aid
Dried grapes	Article 7(1) Regulation (EC) No 2201/96	Area aid
Tobacco	Article 3 Regulation (EEC) No 2075/92	Production aid
Seeds	Article 3 Regulation (EEC) No 2358/71	Production aid
Hops	Article 12 Regulation (EEC) No 1696/71	Area aid
	Regulation (EC) No 1098/98	Payments for temporary resting only
Rice	Article 6 Regulation (EC) No 3072/95	Area aid
Beef and veal	Articles 4, 5, 6 and 10, 11, 13 Regulation (EC) No 1254/1999	Special premium, deseasonalisation premium, suckler cow premium (including when paid for heifers and including the additional national suckler cow premium when co-financed), slaughter premium, extensification payment, additional payments
Milk and dairy products	Articles 16 and 17 Regulation (EC) No 1256/1999	Dairy premium and additional payments
Sheep and goats	Article 5 Regulation (EC) No 2467/98	Ewe and she-goat premium and LFA supplements
Agri-money	Articles 4 and 5 of Regulation (EC) No 2799/98 Articles 2 and 3 of Regulation (EC) No 2800/98	Payments to producers (including those under the transitional Regulation)

Sector	Legal base	Notes
Poseidom	Articles 5, 13(1), 17 Regulation (EEC) No 3763/91	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; sugar
Poseima	Articles 11, 14 & 24, 16 & 27, 17 & 25(1), 22 & 29, 30 Regulation (EEC) No 1600/92	Sectors: development of fruit, vegetables, plants and flowers; beef and veal and milk; potatoes and endives; sugar; wine; pineapples
Poseican	Articles 10, 13, 15, 19, 20, 24 Regulation (EEC) No 1601/92	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; sheep and goats; wine; potatoes; honey
Aegean Islands	Articles 6, 7, 8, 9, 11, 12 Regulation (EEC) No 2019/93	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; potatoes; wine; olives; honey