COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 441 final
Brussels, 21.10.1994

Proposal for a

COUNCIL REGULATION (EC)

on aid which Norway, Austria and Finland may grant on stocks held by private operators on 1 January 1995

(presented by the Commission)

[redacted]

EXPLANATORY MEMORANDUM

I. Introduction

The transitional arrangements provided for in the Act of Accession of Norway, Austria, Finland and Sweden are based on the application of the CAP to the new Member States in the same way as to the present Member States from the first day of accession.

Contrary to the arrangements in all previous Acts of Accession, this Act involves neither the progressive alignment of the agricultural prices in the new Member States on the common prices nor the abolition in stages of customs duties, other import charges, quantitative restrictions and measures having equivalent effect in trade between the present and the new Member States. The alignment will take place at one sweep on 1 January 1995.

Similarly, in trade with third countries, the new Member States will apply as from that date the import charges applied by the other Member States.

As a result of the arrangements thus introduced in Norway, Austria and Finland, the prices of most agricultural products, which were higher than those applying in the Community in 1994, should fall to the level of the latter in 1995.

As a result, operators holding stocks in the three countries will suffer prejudice, which Article 150 of Act of Accession seeks to make good by providing that the Council, acting by a qualified majority on a proposal from the Commission, may permit the new Member States to grant aid equal at most to the difference in the abovementioned prices to persons holding stocks.

II. Main points in the proposal

In the appended proposal drawn up in accordance with the abovementioned provisions, the Commission follows the following guidelines:

1. The authorization to grant aid must be restricted to those new Members where prices prior to accession were higher than the common prices (as explained in I), namely Norway, Austria and Finland, Sweden, where prices for agricultural products do not differ from the common prices, should accordingly be excluded;

2. This authorization should apply to live animals and products which may be in storage in the new Member States on 1 January 1995. In accordance with normal CAP practice, compensation for products derived from such products should, where possible, be calculated by reference to the difference in prices of the basic agricultural products from which they are derived.

[redacted]

The Commission recognizes, however, that the latter approach cannot reasonably be applied to all processed products and that in certain cases (e.g. sugar) it is more reasonable to calculate the aid on the basis of the difference in the prices for the processed product itself.

In the case of the most important agricultural products, it proposes to solve these problems by reference to a list of products showing the products on which the maximum aid for products derived therefrom is to be calculated. However, aid may also be granted on other product groups.

3. The maximum aid is to be fixed in terms of the reduction in the wholesale prices or the prices at any other stage constituting the first stage of marketing in the three new Member States in question for a period which those Member States consider representative of the effects of the application of the Treaty of Accession on prices.

   Nevertheless, the Commission considers that, with a view to simplification, a calculation based on the prices as subsidized in the new Member States prior to accession and/or the prices as subsidized in the Community could be used where such subsidies exist.

4. The maximum aid thus defined may bear interest which cannot exceed the normal market rate for the country in question for the period between 1 January and the date of payment of the aid. The Commission considers that payment of interest is implicit in the idea of compensation for the prejudice suffered at a particular time.

III. Other points in the proposal

The other points in the proposal call for less comment. They may be summarized as follows:

- overcompensation and receipt in combination with aid provided for in Article 138 of Act of Accession are explicitly ruled out;

- aid is ruled out in the case of speculative stocks;

- aid may also be granted on products covered by the Regulation where they come from non-member countries or other Member States and are in free circulation on 1 January 1995 in Norway, Austria or Finland, but excluding products on which the applicable import charges have not been paid;

[redacted]

- the arrangements are to be implemented and the detailed rules for their application drafted by the new Member States themselves subject, however, to a procedure for notifying the Commission and for the latter to be able to make observations.

Lastly, the Commission stresses that as the aid is financed solely from national funds, this proposal has no financial impact on the budget of the European Union.

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Mindful of the importance and urgency of the appended proposal for Norway, Austria and Finland and of the need to send a signal quickly to operators in those countries on the subject, the Commission calls on the Council to act on this proposal in the very near future.

[redacted]

Proposal

for a

COUNCIL REGULATION

on aid which Norway, Austria and Finland may grant on stocks held by private operators on 1 January 1995

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to Treaty establishing the European Community,

Having regard to the Act of Accession of Norway, Austria, Finland and Sweden, and in particular Article 150(3) thereof,

Having regard to the proposal from the Commission,

[redacted]

Whereas, in accordance with Article 150 of the Act of Accession, the Council, acting by a qualified majority on a proposal from the Commission, may make provision, under certain conditions, for national aid, corresponding at most to the difference between the price recorded in a new Member State prior to accession and that resulting from the application of the Treaty of Accession, to be granted to private operators holding, on 1 January 1995, stocks of basic agricultural products or products processed therefrom;

Whereas the abovementioned difference in prices may be observed in Norway, Austria and Finland only, prices in Sweden showing no difference with the common prices;

Whereas it emerges from the abovementioned provision of the Act of Accession that, apart from specifying the maximum aid which may be granted and certain conditions covering the granting thereof, the Community measures contemplated should simply lay down a general framework within which the three new Member States in question, which are to bear the financial liability therefor, will have full latitude to make their decisions;

Whereas, in accordance with that provision, the product groups concerned cover basic products and products processed therefrom; whereas, while live animals should be included, this Regulation should permit aid to be granted on any product which may be in storage in the three new Member States referred to above on 1 January 1995;

Whereas the maximum aid on live animals and basic products must be equal to the fall in prices recorded in the new Member States as a result of the application of the Treaty of Accession; whereas, however, those Member States should be permitted to determine the period during which that fall has occurred and to make provision, with a view to simplification, for the maximum aid to be calculated on the basis of the institutional prices where such prices exist or have existed;

[redacted]

Whereas, in accordance with the general practice of the CAP, the maximum aid on processed products must be based as far as possible on the level laid down for the basic products; whereas, however, the difficulty in applying this method in certain cases (and in particular where the basic product cannot be stocked or has no substantial impact on the prices of the processed products) means that the aid is to be calculated in those cases on the basis of the fall in prices for the processed products themselves and therefore makes it appropriate to drawn up a list specifying, for the most important agreicultural sectors, the products on which the maximum aid is to be calculated for products derived therefrom; whereas, however, provision should be made for the aid to be granted on other products too;

Whereas the new Member States should be free to consider as part of the compensation provided for herein payment of interest at a rate equal at most to the normal rate on the market in the new Member States in question for the period between 1 January 1995 and the date of payment of the aid;

Whereas the other conditions to be laid down must prevent any risk of overcompensation and of receipt in combination with other aid provided for in the Act of Accession and should rule out the granting of the aid on speculative stocks and products imported into the new Member States prior to 1 January 1995 where the applicable import charges have not been paid;

Whereas, subject to the abovementioned limits and conditions, the new Member States should be allowed to lay down the detailed rules for the application of the arrangements, providing that the latter are submitted to the Commission under a procedure reconciling the interests of suitable monitoring at Community level with the need for swift action in this area by the new Member States,

[redacted]

HAS ADOPTED THIS REGULATION:

Article 1

In order to offset, in full or in part, any fall in prices recorded as a result of the application of the Treaty of Accession, Norway, Austria and Finland may grant aid to private operators (producers, processors and traders) who, at 00.00 hours on 1 January 1995, own:

(a) live animals covered by Chapter I of the CCT;

(b) stocks of agricultural products listed in Annex I;

(c) stocks of products derived from the products referred to in (b);

(d) stocks of products listed in Annex II to the EC Treaty other than those referred to in (a), (b) or (c) and products processed therefrom.

Article 2

1. The aid provided for in Article 1 may not exceed:

(a) in the case of the products referred to in Article 1(a), (b) and (d), the fall in prices recorded in Norway, Austria or Finland,

- at the wholesale stage or any other stage constituting the first stage of marketing of the product in question, and

- for a period:

  . considered by those States as representative of the effects of the application of the Treaty of Accession on prices, and

  . not extending beyond the storage life of the product after the date of accession;

[redacted]

(b) in the case of products referred to in Article 1(c) and those processed from the products listed in Annex II to the EC Treaty as referred to in Article 1(d), the maximum laid down in (a) for the products from which they are derived, multiplied by:

- a coefficient reflecting value in the case of meat;

- a processing coefficient reflecting the impact of the products from which they are derived in the case of other product groups.

The coefficients provided for in (b) shall be determined by the Member State in question.

2. The maximum provided for in paragraph 1(a) may be replaced:

- in the case of products subject, prior to accession, in the Community and in Norway, Austria or Finland, to a price support system, by the difference between the prices as subsidized in December 1994 in the abovementioned Member States and the prices as subsidized by the Community in January 1995;

- in the case of products subject, prior to accession, to a price support system in Norway, Austria or Finland only, by the difference between the prices as subsidized in those Member States in December 1994 and the prices applying in those Member States at the marketing stage referred to in the first indent of paragraph 1(a) at a time in 1995 which they consider representative for the purposes of calculating the fall in prices as a result of the application of the Treaty of Accession;

- in the case of products which, prior to accession, were subject to a price support system in the Community but not in Norway, Austria or Finland, by the difference between the prices recorded in new Member States at the marketing stage referred to in the first indent of paragraph 1(a) at a time in 1994 which they consider representative for the purposes of calculating the fall in prices as a result of the application of the Treaty of Accession and the prices as subsidized in the Community in January 1995.

3. The maximums provided for in paragraphs 1 and 2 shall not preclude the right of the Member State in question to increase the aid by interest at a rate equal at most to the normal rate on the market in that Member State for the period between 1 January 1995 and the date of payment.

[redacted]

Article 3

1. Products as referred to in Article 9(2) of the EC Treaty which are on the territory of Norway, Austria or Finland on 1 January 1995 shall be deemed to be stocks for the purposes of this Regulation.

However, products in free circulation on the territory of those Member States shall qualify for the aid provided for herein only where import thereof took place after the applicable customs duties and charges having an equivalent effect were collected.

2. Norway, Austria and Finland shall ensure that the aid provided for in Article 1:

- does not exceed the amount necessary to offset the fall in prices recorded as a result of the application of Treaty of Accession;
- is deducted from the aid provided for in Article 138 of the Act of Accession where the latter is granted on the same products, as such or after processing;
- is not granted on speculative stocks.

Article 4

1. With a view to the application of this Regulation, Norway, Austria and Finland:

(a) may undertake an inventory of stocks;

[redacted]

(b) shall record prices as provided for in Article 2(1)(a) on the basis, where possible, of quality standards comparable with those provided for in Community regulations;

(c) shall adopt detailed rules on the granting of the aid provided for herein and on verification thereof. Such detailed rules shall include in particular suitable measures to prevent the aid being granted on speculative stocks.

2. Before 31 March 1995, Norway, Austria and Finland shall notify the Commission of the quantities which are likely to qualify for the aid provided for herein.

Article 5

1. Norway, Austria and Finland shall forward to the Commission the draft measures to introduce the aids provided for herein. At the same time they shall specify:

- the rate of aid contemplated;
- the factors serving to determine it.

2. The measures provided for in paragraph 1 may not enter into force before they are approved by the Commission. The Commission may make such approval subject to any condition it considers appropriate with a view to achieving the objectives and observing the provisions of this Regulation.

3. Where, within one month of receipt of the draft measure referred to in paragraph 1, the Commission has not expressed any observations with regard thereto, those measures may be implemented.

[redacted]

Article 6

This Regulation shall enter into force on 1 January 1995.

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

Done at Brussels,

For the Council

[redacted]

ANNEX

CN code	Description
	I. MEAT:
	A. Meat of bovine animals
02011000 and 02021000	Carcases and half-carcases of bovine animals, fresh, chilled or frozen
	B. Meat of swine
02031110 and 02031124	Carcases and half-carcases of domestic swine, fresh, chilled or frozen
	C. Meat of sheep or goats
02041000 and 02043000	Carcases and half-carcases of lamb, fresh, chilled or frozen
02042100 or 02044100	Carcases or half-carcases of sheep, fresh, chilled or frozen
02045011 and 02045051	Carcases and half-carcases of goats, fresh, chilled or frozen
	D. Poultrymeat
02071015 and 02072210	"70% chickens", fresh, chilled or frozen
02071031 and 02072210	"80% turkeys", fresh, chilled or frozen

[redacted]

CN code	Description
02071055 and 02072311	"70% ducks", fresh, chilled or frozen
02071079 and 02072359	"75% geese", fresh, chilled or frozen
	E. Reindeer
02081090	Meat of reindeer
	II. EGGS
04070030	Birds' eggs in shell
	III. MILK AND MILK PRODUCTS
ex 0401	Long-life milk and cream
04021099	Milk in powder
040500	Butter
	IV. EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS
0701	Potatoes, fresh or chilled
0713	Dried leguminous vegetables, in particular peas and field beans
	V. EDIBLE FRESH AND PROCESSED FRUIT AND VEGETABLES

Products listed in Article 1 of Council Regulation (EEC) n° 1035/72 of 18.5.1972 on the common organisation of the markets of fruit and vegetables[1], as last amended by Regulation (EC) n° 3669/93[2]

(1) O.J. no 118 of 20.5.1972, p. 1
(2) O.J. no 338 of 31.12.1993, p. 36

Products listed in Article 1 of Council Regulation (EEC) No 426/86 of 24 February 1986 on the common organization of the market in products processed from fruit and vegetables[3], as last amended by Commission Regulation (EC) No 1490/94[4].

	VI. CEREALS
100110	Durum wheat
100190	Wheat and meslin other than durum wheat
10020000	Rye
100300	Barley
100400	Oats
1005	Maize (corn)
	VII. OILSEEDS AND OTHER PRODUCTS FALLING WITHIN CHAPTER 12 OF THE CCT
120100	Soya beans
120500	Rape or colza seeds
120600	Sunflower seeds
1209	Seeds, fruit and spores, of a kind used for sowing
1210	Hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin
12092950	Lupine seed
1213	Cereal straw and husks, unprepared
ex 1214	Swedes, mangolds, fodder roots, hay, clover, sainfoin, forage kale, lupines, vetches and similar forage products
	VIII. SUGAR
17011110	Raw cane sugar for refining
17011210	Raw beet sugar for refining
17019910	White sugar
	IX. WINE
220421 and 220429	Wine of fresh grapes

(3) OJ No L 49, 27.2.1986, p. 1.
(4) OJ No L 161, 26.6.1994, p. 13.

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