

This document is meant purely as a documentation tool and the institutions do not assume any liability for its contents

► **B**

COUNCIL REGULATION (EC) No 1453/2001

of 28 June 2001

**introducing specific measures for certain agricultural products for the Azores and Madeira and
repealing Regulation (EEC) No 1600/92 (Poseima)**

(OJ L 198, 21.7.2001, p. 26)

Amended by:

	Official Journal		
	No	page	date
► <u>M1</u> Council Regulation (EC) No 1782/2003 of 29 September 2003	L 270	1	21.10.2003
► <u>M2</u> Council Regulation (EC) No 55/2004 of 17 December 2003	L 8	1	14.1.2004
► <u>M3</u> Council Regulation (EC) No 1690/2004 of 24 September 2004	L 305	1	1.10.2004



COUNCIL REGULATION (EC) No 1453/2001
of 28 June 2001

**introducing specific measures for certain agricultural products for
the Azores and Madeira and repealing Regulation (EEC) No 1600/
92 (Poseima)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36, 37 and 299(2) thereof,

Having regard to the proposal from the Commission,

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

Whereas:

- (1) By Decision 91/315/EEC ⁽²⁾ the Council adopted a programme of options specific to the remote and insular nature of Madeira and the Azores (Poseima) in accordance with the Community's policy of assistance for the outermost regions. The purpose of the programme is to facilitate the economic and social development of those regions and enable them to benefit from the advantages of the single market of which they are an integral part despite the objective factors leaving them geographically and economically isolated. The programme calls for the CAP to be applied in those regions and provides for special measures to be adopted, in particular to improve the conditions in which agricultural products are produced and marketed there and to mitigate the effects of their exceptional geographical situation and constraints as since recognised in Article 299(2) of the Treaty.
- (2) The particular geographical situation of Madeira and the Azores imposes additional transport costs in supplying essential products for human consumption, for processing and as agricultural inputs. In addition, objective factors arising as a result of insularity impose further constraints on economic operators and producers in these islands that severely handicap their activities. These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to these islands and compensate for the additional costs arising from their remoteness, insularity and outermost location.
- (3) To that end, notwithstanding Article 23 of the Treaty, imports of the products concerned from third countries should be exempt from the applicable import duties. To take account of their origin and the customs treatment accorded to them under the Community provisions, products which have entered the Community's customs territory under inward processing or customs warehousing arrangements should be considered as direct imports, for the purpose of granting the benefits of the specific supply arrangements.
- (4) In order to achieve the goal of lowering prices in these regions and mitigating the additional costs of their remoteness, insularity and outermost location while maintaining the competitiveness of Community products, aid should be granted for the supply to the islands of products of Community origin. Such aid should take account of the additional cost of transport to Madeira and the Azores and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

⁽¹⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽²⁾ OJ L 171, 29.6.1991, p. 10.

▼B

- (5) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of these regions, those arrangements do not impair the proper functioning of the internal market. In addition, the economic advantages of the specific supply arrangements should not provoke deflections of trade in the products concerned. Re-dispatching or re-exportation of those products from the Azores and Madeira should therefore be prohibited. However, this prohibition does not apply to trade flows between the regions of Madeira and the Azores. Nor does it apply, where processing is concerned, subject to certain conditions, to exports to third countries to promote regional trade or to traditional consignments to the rest of the Community.
- (6) The economic advantages of the specific supply arrangements should be passed on so as to reduce production costs and bring down prices throughout the production and distribution chain to the end user, culminating in lower consumer prices. They should therefore be granted only on condition that they are actually passed on, and monitoring must be carried out to that end.
- (7) The area aid scheme for fruit and edible vegetables, roots and tubers, flowers and live plants has proved unsuitable, especially because of the slowness and complexity of procedures and the way the proposed aid was structured. Lessons should be learned from the encouraging results of the Poseidom reform in that sector, and marketing and processing aid should be envisaged with a view to supplying the market in Madeira and the Azores. Such aid should help local produce compete with products from elsewhere on high-growth markets, better satisfy the requirements of consumers and new distribution channels, improve the productivity of farms and upgrade the quality of products. The marketing of these products, both fresh and processed, should be continued and they should be promoted on the Community market. An economic study of each region will help to refine the structure of the sector in these two regions.
- (8) It is essential, for both economic and environmental reasons, to keep vines, the most widespread crop, on Madeira. In order to help support domestic production, a flat-rate area aid is granted for the cultivation of vines for producing quality wines produced in specified regions. That aid also applies in the Azores.
- (9) Likewise, market regulation mechanisms and abandonment premiums do not apply in these two regions.
- (10) Agricultural producers in the Azores and Madeira should be encouraged to supply quality products and the marketing of these should be assisted. Using the Community's graphic symbol might help achieve this.
- (11) Traditional livestock farming activities should be supported in Madeira in order to help meet local consumption needs. To that end, derogations are needed from some of the provisions of the common market organisations which restrict production, to take account of the development and particular conditions of local production, which are quite different from those in the rest of the Community. This objective may also be pursued indirectly by financing genetic improvement programmes involving the purchase of pure-bred breeding animals, by purchasing commercial breeds more suited to local conditions and by supplementing the suckler cow premium and the slaughter premium, and, pending the development of local livestock farming, temporary provision should be made for the supply of male animals for fattening, the number of such animals to be supplied each year being limited so as not to compromise the abovementioned objective. The estimate of local consumption requirements is drawn up in a periodic balance. To ensure that Community support can be mobilised effectively, a comprehensive programme to support local activities in the livestock and milk products sectors should enable the sectors concerned to define and implement strategies tailored to the local context for

▼B

economic development, spatial organisation of production and increasing the professionalism of producers.

- (12) In Madeira, aid for human consumption of fresh cow's milk products is paid to the dairies. This aid has not succeeded in maintaining the balance between domestic and external supply, chiefly because of the serious structural difficulties affecting the sector and its poor capacity to adapt to new economic environments. Consequently, it is planned to direct this aid, in the context of a supply balance, towards the collection of local production linked with an authorisation to produce reconstituted UHT milk from milk powder of Community origin, with a view to covering local consumption more fully.
- (13) The need to maintain local production by way of incentives justifies not applying Regulation (EEC) No 3950/92⁽¹⁾. This exemption should be established within the limit of 4 000 tonnes, corresponding to the current production of 2 000 tonnes and to a reasonable possibility of increased production estimated at present at a maximum of 2 000 tonnes.
- (14) Potato production is essential in Madeira, for both economic and social and environmental reasons. The small size of farms and the cost of inputs make for very high production costs. Specific aid is granted for growing potatoes for human consumption in order to support domestic production to satisfy the islands' consumption patterns.
- (15) The aid for the cane-sugar-rum sector in Madeira is granted to support local production of the sugar cane needed to manufacture the products processed from it, within the limits of the requirements arising from the methods traditionally used in the region.
- (16) Liqueur wines should continue to be prepared using traditional methods in the islands by facilitating the purchase of concentrated musts and wine alcohol produced in the rest of the Community and by granting aid for the ageing of such wines. To assist the efforts made to maintain the quality and authenticity of these products, aid should be granted for marketing them.
- (17) Aid should be granted in Madeira for the production of wicker, which is important as a supplement to farming and provides a livelihood for family craft businesses in the most disadvantaged areas of the islands.
- (18) Technical and socio-economic difficulties have prevented the full conversion, on time, of areas planted with hybrid vine varieties prohibited by the common organisation of the market in wine. The wine produced by such vineyards is intended solely for traditional local consumption; additional time will allow such vineyards to be converted while preserving a regional economic fabric very heavily reliant upon wine-growing. Portugal should notify the Commission, each year, of the progress made in converting the areas concerned.
- (19) Milk production and cattle farming are the mainstay of the agricultural economy of the Azores, and support for the sector should take account of the crucial importance of these activities in both social and economic terms, especially for small farmers. To ensure the survival of traditional activity in this sector, the suckler cow premium and the aid for dairy cows should continue to be supplemented, within the limit of the available local quota. A supplement to the slaughter premium should be introduced and aid granted for the disposal of surplus male bovines for which no normal outlets can be found in the islands and which must be shipped to the rest of the Community at

⁽¹⁾ Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector (OJ L 405, 31.12.1992, p. 1). Regulation as last amended by Commission Regulation (EC) No 1256/1999 (OJ L 160, 26.6.1999, p. 73).

▼B

considerable additional cost, given the particular geographical situation of the region. To ensure that Community support can be mobilised effectively, a comprehensive programme to support local activities in the livestock and milk products sectors should enable the sectors concerned to define and implement strategies tailored to the local context for economic development, spatial organisation of production and increasing the professionalism of producers.

- (20) Agricultural activity in the Azores is highly dependent on milk production. This dependence, combined with other handicaps linked to their outermost location and the absence of viable alternative production, is detrimental to their economic development. The needs of local consumption in those islands covered by local production should be taken into account and some of the provisions of the common market organisation for milk and milk products on limiting output should be derogated from for a period of four marketing years beginning in 1999/2000 in order to take account of the level of development of and the conditions for local production. Although this measure derogates from the second subparagraph of Article 34(2) of the Treaty, it is restricted to milk producers in the Azores and is of marginal economic impact when compared with the total quota for Portugal. It should enable the sector in the Azores to continue being restructured over the period of application of this measure without interfering with the milk market and without appreciably affecting the sound working of the levy scheme at Portuguese or Community level.
- (21) With regard to crop cultivation in the Azores, the small cultivable area, the small size and fragmentation of farms and the extensive nature of production all make for high production costs. It is vital that these crops (beet, chicory, potatoes, tobacco, pineapples, wine, tea, etc.) continue to be cultivated as an alternative to counterbalance the predominance of livestock farming, and to ensure this the aid granted to the local processing industry should be continued.
- (22) Furthermore, the making of liqueur wines in the Azores by traditional methods should be continued, by granting aid for the ageing of 'verdelho' wine.
- (23) The plant health of agricultural crops in Madeira is subject to particular problems associated with the climate and the inadequacy of the control measures hitherto applied there. Programmes should be implemented to combat harmful organisms including by organic methods. The Community's financial contribution towards such programmes should be specified.
- (24) Regulation (EC) No 1257/1999 ⁽¹⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support.
- (25) This Regulation seeks to remedy the handicaps due to the remote and insular nature of these regions.
- (26) The structures of certain agricultural holdings or processing and marketing enterprises located in these regions show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of some structural aid provided for in Regulation (EC) No 1257/1999.
- (27) Article 29(3) of Regulation (EC) No 1257/1999 restricts the grant of forestry support to forests and wooded areas belonging to

⁽¹⁾ 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 (OJ L 160, 26.6.1999, p. 80).

▼B

private owners and municipalities and associations thereof. Part of the forests and wooded areas located in these regions belong to public authorities other than municipalities. Under these circumstances, the conditions laid down in the said Article should be made more flexible.

- (28) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, should be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.
- (29) Article 24(2) of Regulation (EC) No 1257/1999 and the Annex thereto determine the maximum amounts per year eligible for Community agri-environmental aid. To take into account the specific environmental situation of certain very sensitive pasture areas in the Azores and the preservation of the landscape and traditional features of agricultural land, in particular the areas of terrace cultivation in Madeira, provision should be made for the possibility, in the case of certain specific measures, of increasing those amounts up to twofold.
- (30) Pursuant to Article 14 of Regulation (EC) No 1260/1999 ⁽¹⁾, each plan, Community support framework, operational programme and single programming document should cover a period of seven years, and the programming period should begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation should, exceptionally, be applicable to the whole programming period.
- (31) A derogation may be granted from the Commission's consistent policy of not authorising State operating aid for the production, processing and marketing of agricultural products covered by Annex I to the Treaty in order to mitigate the specific constraints on farming in the Azores and Madeira as a result of their remoteness, insularity and outermost location, small area, mountainous terrain, climate and their economic dependency on a small number of products.
- (32) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽²⁾,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation lays down specific measures to remedy the difficulties caused by the remoteness, insularity and outermost location of the Azores and Madeira in respect of certain agricultural products.

⁽¹⁾ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (OJ L 161, 26.6.1999, p. 1).

⁽²⁾ OJ L 184, 17.7.1999, p. 23.

▼B

TITLE I

SPECIFIC SUPPLY ARRANGEMENTS*Article 2*

Specific supply arrangements are hereby introduced for the agricultural products listed in Annexes I and II to this Regulation, which are essential for human consumption, for processing and as agricultural inputs in the Azores and Madeira.

A forecast supply balance shall be drawn up stating the quantity of the agricultural products listed in Annexes I and II needed to meet supply requirements each year. A separate forecast balance may be drawn up for the requirements of the industries processing and packaging products intended for the local market, for export under certain conditions to third countries or for traditional consignment to the rest of the Community.

Article 3

1. No duties shall apply to direct imports into the Azores and Madeira of products covered by the specific supply arrangements if they originate in third countries, within the limit of the quantities determined in the supply balance.

Products which have entered the Community's customs territory under inward processing or customs warehousing arrangements shall be considered as direct imports for the purposes of this Title.

2. To ensure coverage of the requirements established in accordance with Article 2 in terms of quantity, price and quality, while taking care to maintain the Community's share in supplies, aid shall be granted to supply the Azores and Madeira with Community products held in public intervention storage or available on the Community market.

Such aid shall be fixed to take account of the additional cost of transport to the Azores and Madeira and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

3. In implementing the specific supply arrangements, account shall be taken, in particular, of the following:

- the specific requirements of the Azores and Madeira and, in the case of products intended for processing and agricultural inputs, the specific quality requirements,
- trade flows with the rest of the Community,
- the economic aspect of the proposed aid.

4. Entitlement under the specific supply arrangements shall be subject to the condition that the economic advantage derived either from exemption from import duties or from aid in the case of supply from the rest of the Community is actually passed on to the end user.

▼M3

5. Products covered by the specific supply arrangements may be re-exported to third countries or re-dispatched to the rest of the Community only on the conditions laid down by the Commission under the procedure referred to in Article 35(2). These conditions shall include in particular reimbursement of the aid received under the specific supply arrangements for the products referred to in paragraph 2 or payment of import duties on the products referred to in paragraph 1.

The restriction referred to in the first subparagraph shall not apply to products which are processed in the regions of the Azores or Madeira and contain raw materials covered by the special supply arrangements, where those products:

- (a) are exported in the context of traditional exports or regional trade from the Azores or Madeira to third countries, or

▼M3

(b) are dispatched in the context of:

- (i) traditional consignments from the Azores or Madeira to the rest of the Community, or
- (ii) trade flows between the Azores and Madeira.

No export refund shall be granted for the products referred to in the second subparagraph.

▼B

6. Detailed rules for applying this Title shall be adopted in accordance with the procedure referred to in Article 35(2). These shall include:

- the fixing of aid for supply from the rest of the Community,
- provisions to ensure that the advantages granted are actually passed on to the end user,
- introduction if necessary of a system of import or delivery licences.

The Commission shall draw up supply balances in accordance with the procedure referred to in Article 35(2). It may revise those balances, and the list of products in Annexes I and II, in accordance with the same procedure, in the light of changes in the Azores' and Madeira's requirements.

When determining the Azores' raw sugar requirements, account shall be taken of the development of local production of sugar beet. The quantities covered by the supply arrangements shall be determined so as to ensure that the total volume of sugar refined in the Azores each year does not exceed 10 000 tonnes.

Article 9 of Regulation (EEC) No 2038/1999 ⁽¹⁾ shall not apply to the Azores.

TITLE II

MEASURES TO ASSIST LOCAL PRODUCTS

CHAPTER I

MEASURES COMMON TO BOTH REGIONS*SECTION 1****Livestock****Article 4*

1. In the livestock sector, aid shall be granted for the supply to the Azores and Madeira of pure-bred animals, animals of commercial breeds and livestock products, originating in the Community, excluding pure-bred bovine animals to the Azores.

2. The terms for granting aid shall be laid down taking account, in particular, of the supply requirements of the Azores and Madeira for starting up production and genetic improvement of livestock and the need for the breeds best suited to local conditions. The aid shall be paid for the delivery of goods which fulfil the requirements specified in Community rules.

3. The following shall be taken into account when aid is being fixed:

- the conditions and in particular the costs of supply to the Azores and Madeira resulting from their geographical situation;

⁽¹⁾ Council Regulation (EEC) No 2038/1999 of 13 September 1999 on the common organisation of the markets in sugar (OJ L 252, 25.9.1999, p. 1). Regulation as last amended by Commission Regulation (EC) No 907/2001 (OJ L 127, 9.5.2001, p. 28).

▼B

- the price of products on the Community market and on the world market;
- whether or not duties are charged on imports from third countries;
- the economic aspect of the proposed aid.

4. Article 3(4) and (5) shall apply to goods qualifying for aid under paragraph 1 of this Article.

5. The list of products covered, the level of the aid referred to in paragraph 1 of this Article and the detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

*SECTION 2**Fruit, vegetables, plants and flowers**Article 5*

1. Aid shall be granted in respect of the fruits, vegetables, flowers and live plants listed in Chapters 6, 7 and 8 of the Combined Nomenclature, tea falling within CN code 0902, honey falling within CN code 0409 00 and fruits of the genus *Capsicum* and the genus *Pimenta* falling within CN code 0904, harvested or produced locally and intended to supply the markets of the respective production regions. This aid shall not be granted for bananas grown in Madeira.

The aid shall be granted for products which conform to common standards fixed by Community legislation or, where no such standards exist, to specifications written into the supply contracts.

Grant of the aid shall be subject to the conclusion of supply contracts lasting one or more years between individual producers or producer groups, or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 ⁽¹⁾ and the food industry or distributors, restaurants and the like or local authorities.

The aid shall be paid out to the abovementioned individual producers, producer groups or producer organisations within the limits of annual quantities established for each product category.

The amount of the aid shall be fixed on a flat-rate basis for each of the product categories to be determined, based on the average value of the products covered. The amount of aid shall be differentiated according to whether or not the beneficiary is one of the producer organisations referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96.

2. This Article shall not apply to pineapples produced in the Azores.

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2). The product categories and amounts of aid referred to in paragraph 1 shall be fixed in accordance with the same procedure.

Article 6

1. Aid shall be granted for the conclusion of annual contracts concerning the marketing of fresh and processed products included in the products referred to in Article 5(1). In the case of plants and flowers, aid shall not be subject to the conclusion of an annual contract.

This aid shall be paid up to a limit of a volume of 3 000 tonnes per product per year for each of the two regions.

The contracts shall be concluded between individual producers or producer groups or producer organisations referred to in Articles 11, 13

⁽¹⁾ Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables (OJ L 297, 21.11.1996, p. 1). Regulation last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

▼B

and 14 of Regulation (EC) No 2200/96 which are established in the islands and natural or legal persons established in the rest of the Community.

2. The amount of the aid shall be 10 % of the value of the production marketed, free at destination.

3. The aid shall be granted to sellers who have concluded a contract as referred to in paragraph 1 with an operator established in the rest of the Community.

4. Where the measures provided for in paragraph 1 are undertaken by joint ventures constituted, with the aim of marketing produce from the regions concerned, by producers or producer organisations or associations in those regions and natural or legal persons established in the rest of the Community, and where the partners undertake to pool the knowledge and know-how required to achieve the objective of the joint venture over a minimum period of three years, the amount of the aid specified in paragraph 2 shall be increased to 13 % of the value of the annual production marketed jointly.

5. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

Article 7

1. The Community shall contribute up to a maximum of EUR 100 000 towards the financing of two economic analyses and forward studies of the fresh and processed fruit and vegetable sector in each of the two regions, paying particular attention to tropical produce.

The study shall produce an economic and technical assessment of the sector in each region. It shall pay particular attention to supply data and processing costs and examine the conditions and scope for development and sales at regional and international level, having regard to competition on the world market.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

*SECTION 3**Wine**Article 8*

Chapter II of Title II and Chapters I and II of Title III of Regulation (EC) No 1493/1999⁽¹⁾ and Chapter III of Regulation (EC) No 1227/2000⁽²⁾, shall not apply to the Azores and Madeira.

Article 9

1. A flat-rate aid per hectare shall be granted for the continued cultivation of vines for the production of quality wines psr in the traditional production zones.

The following areas shall be eligible for aid:

- (a) areas planted to vine varieties included among the varieties classified by the Member States as being suitable for the production of each of the quality wines psr produced in their territory, as referred to in Article 19 of Regulation (EC) No 1493/1999, and

⁽¹⁾ Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (OJ L 179, 14.7.1999, p. 1). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽²⁾ Commission Regulation (EC) No 1227/2000 of 31 May 2000 laying down detailed rules for the application of Council Regulation (EC) No 1493/1999 on the common organisation of the market in wine, as regards production potential (OJ L 143, 16.6.2000, p. 1).

▼B

(b) areas where the yield per hectare is lower than a maximum to be fixed by the Member State, expressed as quantities of grapes, grape musts or wine, under the terms of Annex VI(I) to Regulation (EC) No 1493/1999.

2. The amount of the aid shall be EUR 650 per hectare per year. The aid shall be paid to producer groups or their associations. However, the aid shall also be granted to individual producers during a transitional period. During that period, all the aid shall be paid through the Wine Institute of Madeira and the Wine-growing Commission of the Azores, in accordance with rules to be laid down in accordance with the procedure referred to in Article 35(2).

3. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 35(2).

Article 10

1. Notwithstanding Article 19(1) of Regulation (EC) No 1493/1999, grapes from prohibited direct-producer hybrid vine varieties (Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont) harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions.

2. By 31 December 2006 Portugal shall have gradually eliminated vineyards planted with prohibited direct-producer hybrid vine varieties, with, where appropriate, the support provided for in Chapter III, Title II, of Regulation (EC) No 1493/1999.

3. Portugal shall notify the Commission, each year, of the progress made in converting and restructuring areas planted with prohibited direct-producer hybrid vine varieties.

*SECTION 4****Graphic symbol****Article 11*

1. The conditions for using the graphic symbol introduced with a view to ensuring greater awareness and consumption of quality agricultural products, whether natural or processed, specific to the Azores and Madeira as outermost regions, shall be proposed by the professional organisations. The Portuguese authorities shall forward such proposals, with their opinion, to the Commission for approval.

Use of the symbol shall be monitored by an official authority or a body approved by the competent Portuguese authorities.

2. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 35(2).

CHAPTER II

MEASURES TO ASSIST LOCAL PRODUCTS IN MADEIRA*SECTION 1****Livestock and milk products****Article 12*

1. Until the local numbers of young male bovines reach a level sufficient to maintain traditional beef production, and within the limit of the balance referred to in Article 12:

(a) the customs duties referred to in Article 30 of Regulation (EC) No 1254/1999 ⁽¹⁾ shall not be applied to imports of bovine animals

⁽¹⁾ Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21).

▼B

from third countries for on-site fattening and consumption in the islands;

- (b) aid shall be granted for the supply of animals as referred to in (a) originating in the Community, up to a limit of 1 000 head. Priority shall be given to producers holding animals for fattening at least 50 % of which are of local origin.

Article 3(4) and (5) shall apply to goods qualifying for the measures referred to in the first subparagraph of this Article.

2. The numbers of animals qualifying for the measures referred to in paragraph 1 of this Article shall be determined in a periodic forecast supply balance, taking account of the development of local production. These numbers, the amount of the aid referred to in paragraph 1(b) of this Article and detailed rules for applying this Article, including in particular the minimum duration of the fattening period, shall be fixed in accordance with the procedure referred to in Article 35(2).

▼M1*Article 13*

1. In case of application of the exclusion provided for in Article 70 of Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers ⁽¹⁾, the Portuguese Republic shall present to the Commission a programme to assist traditional activities connected with beef and veal, as well as sheep and goat production and measures to improve product quality, within the limits of the consumption needs of Madeira.

The programme shall be prepared and implemented by the competent authorities designated by the Member State.

2. The Community shall finance the programme up to an annual amount equal to the sum of premiums actually paid in 2003 pursuant to Regulation (EC) No 1254/1999 ⁽²⁾, to this Regulation and to Regulation (EC) No 2529/2001 ⁽³⁾ for producers established in Madeira.

The Commission shall increase such amount in order to take into consideration the development of the local production. However, the annual amount shall in no case be higher than the sum of the ceilings applicable in 2003 for beef premiums pursuant to Regulation (EC) No 1453/2001 multiplied by the base and complementary premiums and payments applicable in 2003 and the sum of all premiums rights held by producers established in Madeira at the date of 30 June 2003 pursuant to Regulation (EC) No 2529/2001 and the pertinent proportion of the national reserve multiplied by the premiums and payments applicable in 2003.

3. The Commission shall adopt the implementing arrangements, approve and modify the programme as well as fix and increase the amount provided for in paragraph 2, first subparagraph, of this Article in accordance with the procedure referred to in Article 144(2) of Regulation (EC) No 1782/2003. The Commission may, in accordance with the same procedure, revise the limit set forth in paragraph 2, second subparagraph.

4. Before 15 April every year, the Portuguese Republic authorities shall present a report on implementation of the programme.

▼B*Article 14*

1. During the period 2002—2006, aid shall be granted to implement a comprehensive programme to support the production and marketing of local produce in the livestock and milk products sectors in Madeira.

⁽¹⁾ OJ L 270, 21.10.2003, p. 1.

⁽²⁾ OJ L 160, 26.6.1999, p. 21. Regulation as last amended by Regulation (EC) No 806/2003 (OJ L 122, 16.5.2003, p. 1).

⁽³⁾ OJ L 341, 22.12.2001, p. 3.

▼B

The programme may include measures to encourage improved quality and hygiene, marketing, sector structuring, the rationalisation of production and marketing structures, local communication relating to quality products and the provision of technical assistance. The programme may not include the grant of aid in addition to the premiums paid under Articles 13 and 15.

The programme shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the most representative producer organisations or their associations in the sectors concerned.

2. Detailed rules for applying this Article shall be laid down in accordance with the procedure referred to in Article 35(2). Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities; the Commission shall approve them in accordance with the procedure referred to in Article 35(2).

3. Each year the Portuguese authorities shall present a report on implementation of the programme. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

Article 15

1. The aid provided for in paragraph 2 below shall be granted to assist traditional activities connected with cow's milk production and measures to improve product quality, within the limits of the consumption needs of Madeira as assessed in the context of a periodic supply balance. The balance shall take account of the milk products covered by the supply arrangements referred to in Article 2.

2. Aid shall be granted for the human consumption of locally produced fresh cow's milk products, within the limits of the consumption needs of Madeira as assessed periodically.

The amount of the aid shall be EUR 12/100 kg of whole milk delivered to a dairy in order to ensure the regular disposal of the aforementioned products on the local market. The aid shall be paid to the dairies.

3. The additional levy scheme applicable to producers of cow's milk provided for in Regulation (EEC) No 3950/92 ⁽¹⁾ shall not apply in Madeira, within the limit of local production of 4 000 tonnes of milk.

4. Notwithstanding Articles 2 and 3 of Regulation (EC) No 2597/97 ⁽²⁾, the production in Madeira of UHT milk reconstituted from milk powder originating in the Community shall be authorised within the limits of local consumption requirements, insofar as this measure ensures that locally produced milk is collected and finds outlets. This product shall be intended for local consumption only.

5. The Commission shall review the aid referred to in paragraph 2 of this Article and adopt detailed rules for applying this Article in accordance with the procedure referred to in Article 35(2). The detailed rules shall determine, in particular, the quantity of locally produced fresh milk to be incorporated into the reconstituted UHT milk referred to in paragraph 4 of this Article.

⁽¹⁾ Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector (OJ L 405, 31.12.1992, p. 1). Regulation as last amended by Regulation (EC) No 1256/1999 (OJ L 160, 26.6.1999, p. 73).

⁽²⁾ Council Regulation (EC) No 2597/97 of 18 December 1997 laying down additional rules on the common organisation of the market in milk and milk products for drinking milk (OJ L 351, 23.12.1997, p. 13).

▼B*SECTION 2**Potatoes**Article 16*

1. Aid per hectare shall be granted for the cultivation of potatoes for human consumption falling within CN codes 0701 90 50 and 0701 90 90.

The annual amount of the aid shall be EUR 596,9 per hectare per year.

The aid shall be paid up to a limit of 2 000 hectares cultivated and harvested per year.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

*SECTION 3**Cane-sugar-rum**Article 17*

1. Flat-rate area aid shall be granted each year to sugar-cane growers.

2. The amount of the aid shall be EUR 500 per hectare planted and harvested per year. The aid shall be paid for up to 100 hectares.

Article 18

1. Aid shall be granted for the direct processing of sugar cane produced in Madeira into sugar syrup (mel de cana) or agricultural rum as defined in Article 1(4)(a) of Regulation (EEC) No 1576/89 ⁽¹⁾.

The aid shall be paid to manufacturers of sugar syrup or to distillers on condition that they have paid the sugar cane producer a minimum price, to be determined.

2. The aid shall be granted for the production of an annual quantity of 250 tonnes of sugar syrup and 2 500 hectolitres of alcohol at 71,8° in the case of agricultural rum.

Article 19

The amount of the aid provided for in Articles 17 and 18, the minimum price to be paid to producers and the detailed rules for applying the above Articles shall be adopted in accordance with the procedure referred to in Article 35(2).

*SECTION 4**Wine**Article 20*

1. The aid provided for in this Article shall be granted to assist the preparation of Madeira liqueur wines within the limits of the requirements arising from the methods traditionally used in the region.

2. Aid shall be granted to purchase rectified concentrated musts in the rest of the Community for use in wine-making to sweeten the liqueur wines concerned.

3. Aid shall be granted for the purchase of wine alcohol.

⁽¹⁾ Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks (OJ L 160, 12.6.1989, p. 1). Regulation as last amended by Regulation (EC) No 3378/94 of the European Parliament and of the Council (OJ L 366, 31.12.1994, p. 1).

▼B

Terms for this specific outlet shall be laid down to ensure that the markets for alcohol and spirit drinks in the Community are not disturbed.

4. The following shall be taken into account when the amount of aid is being fixed:

- (a) the conditions and in particular the costs of supply to Madeira resulting from its geographical situation;
- (b) the price of products on the Community market and on the world market;
- (c) the economic aspect of the proposed aid.

No refund shall be granted on exports from Madeira of musts and wine alcohol.

5. Aid shall be granted for the ageing of Madeira liqueur wines up to a maximum of 20 000 hectolitres each year. The aid shall be paid for liqueur wines which require five years' ageing or more. It shall be paid for each lot during three marketing years.

The amount of the aid shall be EUR 0,040 per hectolitre per day.

6. Temporary aid shall be granted each year for the shipment of Madeira wine and its marketing on Community markets.

The aid shall amount to EUR 0,2 per bottle, up to a limit of 2,5 million litres per year.

7. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

*SECTION 5**Wicker**Article 21*

1. Flat-rate area aid shall be granted each year to wicker growers.
2. The amount of the aid shall be EUR 575 per hectare of area planted and harvested, up to a limit of 200 hectares.
3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

CHAPTER III

MEASURES TO ASSIST LOCAL PRODUCTS*SECTION 1**Livestock and milk products in the Azores**Article 22*

1. The aid provided for in this Article shall be granted to support essential traditional economic activities in the beef and veal and milk sectors in the Azores.

▼M1

2. In case of application of the exclusion provided for in Article 70 of Council Regulation (EC) No 1782/2003 ⁺, the Portuguese Republic shall present to the Commission a programme to assist traditional activities connected with beef and veal, as well as sheep and goat production and measures to improve product quality.

The programme shall be prepared and implemented by the competent authorities designated by the Member State.

3. The Community shall finance the programme up to an annual amount equal to the sum of premiums actually paid in 2003 pursuant to Regulation (EC) No 1254/1999, to this Regulation and to Regulation (EC) No 2529/2001 for producers established in the Azores.

▼M1

The Commission shall increase such amount in order to take into consideration the development of the local production. However, the annual amount shall in no case be higher than the sum of the ceilings applicable in 2003 for beef premiums pursuant to this Regulation multiplied by the base and complementary premiums and payments applicable in 2003 and the sum of all premium rights held by producers established in the Azores at the date of 30 June 2003 pursuant to Regulation (EC) No 2529/2001 and to Regulation (EC) No 1254/1999 for suckler cows premiums, and the pertinent proportions of the national reserves thereof multiplied by the premiums and payments applicable in 2003.

In case of application of Article 68(a)(i) of Regulation (EC) No 1782/2003 the Portuguese Republic authorities may increase the ceiling for suckler cow for the Azores by transferring suckler cow premium rights from the national ceiling. In this case, the corresponding amount shall be transferred from the ceiling fixed in application of Article 68(a)(i) of Regulation (EC) No 1782/2003 to the ceiling referred to in the second subparagraph of paragraph 3 of this Article.

4. The Commission shall adopt the implementing arrangements, approve and modify the programme as well as fix and increase the amount provided for in paragraph 3, first subparagraph of this Article, in accordance with the procedure referred to in Article 144(2) of Regulation (EC) No 1782/2003. The Commission may, in accordance with the same procedure, revise the limit set forth in paragraph 2, second subparagraph.

5. Before 15 April every year the Portuguese Republic authorities shall present a report on implementation of the programme.

▼B

7. A specific premium shall be granted to maintain the dairy herd, up to a maximum of 78 000 head.

The premium shall be paid to producers. The amount of this premium shall be EUR 96,6 per cow held by the producer on the day on which the application is submitted.

8. Aid shall be granted for the private storage of traditionally manufactured cheeses:

- S. Jorge, at least three months old,
- Ilha, at least 45 days old.

The amount of the aid shall be fixed in accordance with the procedure referred to in paragraph 10.

9. Aid shall be introduced to dispose of young male bovine animals born in the Azores in other regions of the Community.

The aid shall amount to EUR 40 per head shipped, and shall be granted for up to 20 000 animals to producers who have kept those animals for at least three months before shipment.

10. Detailed rules for applying this Article shall be adopted, as appropriate, in accordance with the procedure referred to in Article 35 (2).

▼M2*Article 23*

1. As from marketing year 1999/2000, for the purposes of sharing the additional levy between the producers referred to in the second sentence of Article 2(1) of Regulation (EEC) No 3950/92, only producers as defined in Article 9(c) of that Regulation, established and producing in the Azores, who market quantities exceeding their reference quantity increased by the percentage referred to in the third subparagraph shall be deemed to have contributed to the overrun.

The additional levy shall be due on quantities exceeding the increased reference quantity after reallocation of the unused quantities within the

▼M2

margin resulting from this increase among the producers referred to in the first paragraph and in proportion to the reference quantity available to each producer.

The percentage referred to in the first paragraph shall be equal to the ratio between the quantities respectively of 73 000 tonnes for the period 1999/2000 to 2004/2005 and 23 000 tonnes as from marketing year 2005/2006 and the total of the reference quantities available on each holding on 31 March 2000. It shall apply for each producer only to the reference quantities available to that producer on 31 March 2000.

2. The quantities of milk or milk equivalent marketed which exceed the reference quantities but which comply with the percentage referred to in paragraph 1 of this Article, after the reallocation referred to in that same paragraph, shall not be taken into account in establishing any overrun in Portugal as calculated in accordance with the first sentence of Article 2(1) of Regulation (EEC) No 3950/92.

▼B*Article 24*

1. Prior to their entry into force, the Portuguese Republic shall notify the Commission of measures taken pursuant to Article 23.

Article 25

1. In accordance with the procedure provided for in Article 35(2), the Commission shall, where necessary, adopt the measures necessary for the application of Article 23.

Article 26

1. During the period 2002—2006, aid shall be granted to implement a comprehensive programme to support the production and marketing of local produce in the livestock and milk products sector in the Azores.

The programme may include measures to encourage improved quality and hygiene, marketing, local communication relating to quality products and the provision of technical assistance. The programme may not include the granting of aid in addition to the premiums paid under Article 22.

The programme shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the most representative producer organisations or their associations in the sectors concerned.

2. Detailed rules for applying this Article shall be laid down in accordance with the procedure referred to in Article 35(2). Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities. The Commission shall approve them in accordance with the procedure referred to in Article 35(2).

3. Each year the Portuguese authorities shall present a report on implementation of the programme. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

*SECTION 2**Pineapples**Article 27*

Aid shall be granted to produce pineapples falling within CN code 0804 30 00 up to a limit of 2 000 tonnes per year.

The amount of the aid shall be EUR 1,20 per kilogram.

Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).



SECTION 3

Sugar

Article 28

1. Flat-rate area aid shall be granted in order to develop the production of sugar beet, up to the limit of an area corresponding to production of 10 000 tonnes of white sugar per year.

The amount of the aid shall be EUR 800 per hectare sown and harvested.

2. Specific aid shall be granted to process sugar beet harvested in the Azores into white sugar, up to an overall production limit of 10 000 tonnes of refined sugar per year.

The aid shall amount to EUR 27 per 100 kg of refined sugar. It may be adapted in accordance with the procedure referred to in Article 35(2).

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 4

Tobacco

Article 29

1. A supplementary premium shall be granted, in addition to the premium introduced by Title I of Regulation (EEC) No 2075/92 ⁽¹⁾, for the collection of leaf tobacco of the variety Burley P., up to a limit of 250 tonnes. The amount of the supplementary premium shall be EUR 0,24 per kg of leaf tobacco.

The detailed rules for applying the premium scheme laid down in Regulation (EC) No 2848/98 ⁽²⁾ shall apply to the supplementary premium, except for specific derogations adopted in accordance with the procedure referred to in Article 35(2).

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 5

Seed potatoes, chicory and tea

Article 30

1. Aid shall be granted to produce seed potatoes falling within CN code ex 0701 10 00 up to a limit of 200 hectares.

The amount of the aid shall be EUR 596,9 per hectare.

2. Aid shall be granted to produce chicory falling within CN code 1212 99 10 for up to a maximum area of 200 hectares per year.

The amount of the aid shall be EUR 596,9 per hectare.

3. Aid shall be granted to conclude annual contracts for the marketing of the potatoes referred to in paragraph 1 of this Article on the same terms as those laid down in Article 6.

⁽¹⁾ Council Regulation (EEC) No 2075/92 of 30 June 1992 on the common organisation of the market in raw tobacco (OJ L 215, 30.7.1992, p. 70). Regulation as last amended by Regulation (EC) No 1336/2000 (OJ L 154, 27.6.2000, p. 2).

⁽²⁾ Commission Regulation (EC) No 2848/98 of 22 December 1998 laying down detailed rules for the application of Council Regulation (EEC) No 2075/92 as regards the premium scheme, production quotas and the specific aid to be granted to producer groups in the raw tobacco sector (OJ L 358, 31.12.1998, p. 17). Regulation as last amended by Commission Regulation (EC) No 385/2001 (OJ L 57, 27.2.2001, p. 18).

▼B

4. Aid per hectare shall be granted for the cultivation of tea.

The amount of the aid shall be EUR 800 per hectare of harvested area per year.

The aid shall be paid for up to 100 hectares.

5. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

Article 31

Aid shall be granted for the ageing of Azores 'verdelho' wine up to a maximum of 4 000 hectolitres each year. The aid shall be paid for 'verdelho' wine which requires three years' ageing or more. It shall be paid for each lot during three marketing years.

The amount of the aid shall be EUR 0,08 per hectolitre per day.

TITLE III

PLANT-HEALTH MEASURES*Article 32*

1. The competent authorities shall submit to the Commission programmes for the control of organisms harmful to plants or plant products. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost. The programmes submitted pursuant to this Article shall not concern protective measures for bananas.

2. The Community shall contribute to the financing of such programmes on the basis of a technical analysis of the regional situation.

3. The financial participation of the Community and the amount of the aid shall be decided in accordance with the procedure referred to in Article 35(2). The measures eligible for Community financing shall be defined in accordance with the same procedure.

4. Such participation may cover up to 75 % of the eligible expenditure. Payment shall be made on the basis of documentation supplied by the competent authorities. If necessary, investigations may be organised by the Commission and conducted on its behalf by experts as referred to in Article 21 of Directive 2000/29/EC ⁽¹⁾.

TITLE IV

STRUCTURAL DEROGATIONS*Article 33*

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small economic size to be defined in the programme complement referred to in Article 18 (3) of Regulation (EC) No 1260/1999.

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the

⁽¹⁾ Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000, p. 1). Directive as last amended by Commission Directive 2001/33/EC (OJ L 127, 9.5.2001, p. 42).

▼B

programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. The restriction laid down in Article 29(3) of Regulation (EC) No 1257/1999 shall not apply to subtropical forests or wooded areas located in the Azores and Madeira.

4. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22, 23 and 24 of that Regulation shall be 85 %.

5. Notwithstanding Article 24(2) of Regulation (EC) No 1257/1999, the maximum amounts per year eligible for the Community aid provided for in the Annex to this Regulation may be increased up to twofold in the case of the measure to protect lakes in the Azores and the measure to preserve the landscape and traditional features of agricultural land, in particular the conservation of the stone walls supporting terraces in Madeira.

6. A summary description of the measures planned under this Article shall be included in the operational programmes for these regions referred to in Article 18 of Regulation (EC) No 1260/1999.

TITLE V

GENERAL AND FINAL PROVISIONS*Article 34*

The measures necessary for the implementation of this Regulation shall be adopted in accordance with the management procedure referred to in Article 35(2).

Article 35

1. The Commission shall be assisted by the Management Committee for Cereals established by Article 22 of Regulation (EEC) No 1766/92 ⁽¹⁾, or by the management committees established by the other regulations on the common organisation of the markets for the products concerned.

In the case of agricultural products covered by Regulation (EEC) No 827/68 ⁽²⁾ and products not covered by a common organisation of the market, the Commission shall be assisted by the Management Committee for Hops established by Article 20 of Regulation (EEC) No 1696/71 ⁽³⁾.

In the case of the graphic symbol and other cases provided for in this Regulation, the Commission shall be assisted by the Management Committee for Fresh Fruit and Vegetables established by Regulation (EC) No 2200/96.

For the purposes of implementing Title III, the Commission shall be assisted by the Standing Committee on Plant Health established by Decision 76/894/EEC ⁽⁴⁾.

⁽¹⁾ Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (OJ L 181, 1.7.1992, p. 21). Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

⁽²⁾ Regulation (EEC) No 827/68 of the Council of 28 June 1968 on the common organisation of the market in certain products listed in Annex II to the Treaty (OJ L 151, 30.6.1968, p. 16). Regulation as last amended by Regulation (EC) No 3290/94 (OJ L 349, 31.12.1994, p. 105).

⁽³⁾ Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops (OJ L 175, 4.8.1971, p. 1). Regulation as last amended by Regulation (EC) No 191/2000 (OJ L 23, 28.1.2000, p. 4).

⁽⁴⁾ Council Decision 76/894/EEC of 23 November 1976 establishing a Standing Committee on Plant Health (OJ L 340, 9.12.1976, p. 25).

▼B

For the purposes of implementing Title IV, the Commission shall be assisted by the Committee for the Development and Conversion of Regions and by the Committee on Agricultural Structures and Rural Development, established respectively by Article 48 and by Article 50 of Regulation (EC) No 1260/1999.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

However, in the case of Title III, the procedure laid down in Article 18 of Directive 2000/29/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

3. The Committees shall adopt their rules of procedure.

Article 36

For the agricultural products covered by Annex I to the Treaty, to which Articles 87, 88 and 89 thereof apply, the Commission may authorise operating aid in the sectors producing, processing and marketing those products, with a view to mitigating the specific constraints on farming in the Azores and Madeira as a result of their remoteness, insularity and outermost location.

Article 37

The measures provided for in this Regulation, except for Article 33, shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 2(2) of Regulation (EC) No 1258/1999 ⁽¹⁾.

Article 38

The Member States shall take the measures necessary to ensure compliance with this Regulation, in particular as regards controls and administrative penalties, and shall inform the Commission thereof.

The detailed rules for applying this Article shall be adopted by the procedure provided for in Article 35(2).

Article 39

1. Portugal shall present an annual report to the Commission on the implementation of the measures provided for in this Regulation.

2. No later than at the end of the fifth year of application of the system the Commission shall submit a general report to Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

Article 40

Regulation (EEC) No 1600/92 ⁽²⁾ is hereby repealed. References to Regulation (EEC) No 1600/92 shall be construed as references to this Regulation and should be read in accordance with the correlation table in Annex III.

Article 41

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

Article 33 shall apply as from 1 January 2000.

⁽¹⁾ Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy (OJ L 160, 26.6.1999, p. 103).

⁽²⁾ Council Regulation (EEC) No 1600/92 of 15 June 1992 concerning specific measures for the Azores and Madeira relating to certain agricultural products (OJ L 173, 27.6.1992, p. 1). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

▼B

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

▼B

ANNEX I

List of products covered by the specific supply arrangements provided for in Article 3 for the Azores

Description	CN code
Cereals and cereal products intended for human consumption and animal feed:	
Maize seed	1005 10
Rice	1006
Soya seed	1201 00 90
Sunflower seed	1206 00 99
Hops	1210
Raw sugar	1701 12 10
Fruit juice (raw materials) other than those covered by Article 5 of this Regulation	2009
Olive oil	1509 10 90, 1509 90 00, 1509 00 90



ANNEX II

**List of products covered by the specific supply arrangements provided for in
Article 3 for Madeira**

Description	CN code
Cereals and cereal products intended for human consumption and animal feed	
Hops	1210
Dried alfalfa	1214
Soya cake	2304
Rice	1006
Vegetable oil	ex 1507 to 1516
Sugar	1701 and 1702 (except isoglucose)
Fruit preserves and concentrated fruit juices (raw materials) other than those covered by Article 5 of this Regulation	2007 99, 2008 and 2009
Beef and veal:	
Fresh or chilled	0201
Frozen	0202
Pigmeat	0203
Milk and milk products:	
Milk powder	ex 0402
Liquid milk	0401
Butter	0405
Cheese	0406
Seed potatoes	0701 10 00



ANNEX III

Correlation table

Regulation (EEC) No 1600/92	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3(1)	First subparagraph of Article 3(1) Second subparagraph of Article 3(1)
Article 3(2)	Article 3(2)
Article 3(3)	Article 3(3)
Article 3(4)	Article 3(6)
Article 4	Article 4
Article 5	Article 12
Article 6	Deleted
Article 7	Article 3(4)
Article 8(1)	First subparagraph of Article 3(5) Second subparagraph of Article 3(5)
Article 8(2)	Third subparagraph of Article 3(5)
Article 9	Fourth subparagraph of Article 3(5)
Article 10	Article 3(6)
Article 11	Deleted
Article 12	Article 5
Article 13	Article 6
Article 14(1)	Article 7
Article 14(2)	Article 10
Article 14(3)	Article 13(1)
Article 14(4)	Deleted
First subparagraph of Article 15(1)	Article 13(3)
Second and third subparagraph of Article 15(1)	Article 13(2) Article 13(4) Article 13(5) Article 13(6)
Article 15(2)	Article 14
Article 16	First subparagraph of Article 15(1)
Article 17	Article 15(2)
Article 18	Article 15(3)
Article 19	Article 15(4)
Article 20	Article 15(5)
Article 21	Article 16
Article 22	Article 17
Article 23	Article 18
Article 24(1)	Article 19
	Article 8
	Article 20
	Article 20(6)
	Article 21
	Article 9
	Deleted
	Article 22(1)

▼B

Regulation (EEC) No 1600/92	This Regulation
Article 24(2)	Deleted
Article 24(3)	Article 22(2)
	Article 22(3)
	Article 22(4)
	Article 22(5)
	Article 22(6)
Article 24(4)	Article 22(7)
Article 24(5)	Article 22(8)
	Article 22(9)
Article 24(6)	Article 22(10)
	Article 23
	Article 24
	Article 25
	Article 26
Article 25	Article 28
Article 26	Article 29
Article 27	Article 30
	Article 30(4)
	Article 31
Article 28	Article 8
Article 29	Article 9
Article 30	Article 27
Article 31	Article 11
Article 32	Article 33
Article 33	Article 32
	Article 34
	Article 35
	Article 36
Article 34	Article 37
	Article 38
	Article 39(1)
Article 35(1)	Deleted
Article 35(2)	Article 39(2)
	Article 40
Article 36	Article 41
Annex I	Annex I
Annex II	Annex II
	Annex III