

**COUNCIL REGULATION (EEC) No 1579/86****of 23 May 1986****amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission <sup>(1)</sup>,

Having regard to the opinion of the European Parliament <sup>(2)</sup>,

Having regard to the opinion of the Economic and Social Committee <sup>(3)</sup>,

Whereas the Community cereals market is characterized by structural surpluses resulting from the imbalance between the supply of, and demand for, the products covered by Regulation (EEC) No 2727/75 <sup>(4)</sup>, as last amended by Regulation (EEC) No 1006/86 <sup>(5)</sup>; whereas production has outstripped both consumption in the Community and outlets on world markets; whereas the resulting costs and market management problems could, if that trend is not checked, jeopardize the future of the common agricultural policy;

Whereas, in order to achieve, with the utmost urgency, an improved balance in market forces and to control growth, it is appropriate to develop Community outlets on one hand and on the other to give the producers an indication of the market situation; whereas this objective can best be attained by means of a co-responsibility levy applied to cereals produced in the Community and used for certain operations; whereas, bearing in mind the social implications of this measure, it is appropriate to establish a direct aid system for small cereals producers, intended to compensate for the effect of the co-responsibility levy on their revenue; whereas an estimate of the overall amount of this aid may be put at 120 million ECU for the 1986/87 marketing year;

Whereas the amount of the levy must be determined annually, taking into account the various elements

which will enable a definition to be given of that production which requires financial support in order to ensure its disposal and allow an assessment to be made of the resulting charges on the budget, bearing additionally in mind imports of cereals substitute products on the Community market;

Whereas determined action aimed at achieving a more satisfactory balance between supply and demand on the market must also entail changes in the price-support arrangements and adjustment of the intervention machinery; whereas special intervention measures for common wheat of bread-making quality at a higher price-support level than the intervention price have, together with bread-making quality requirements which were not sufficiently stringent, boosted the production of that particular type of wheat; whereas eliminating the reference price and fixing a 'bread-making quality' intervention price can help to achieve the objective described above; whereas, however, the production of common wheat of higher bread-making quality should be supported; whereas this objective can be attained by setting a special premium for this particular quality; whereas in the interests of consistency, provision should also be made for a special premium for rye of bread-making quality;

Whereas this new approach means that the target price will be derived, for common wheat, from its intervention price and, for feed-grain, from the intervention price for barley;

Whereas when there is a surplus on the market and market prices are depressed, the fact that cereals can at all times be sent to intervention is very often, even at the beginning of the marketing year, seen as an outlet in its own right by many operators, with the result that the latter do not have to seek to market their grain; whereas, in order to encourage operators to seek more actively an outlet on the market during the early stages of the marketing year, the quantities bought in by intervention agencies should be limited to a certain period of the marketing year, bearing in mind the special features of certain Member States; whereas, moreover, allowing operators to offer their grain for intervention without necessarily being taken over by the intervention agency will allow them to seek, during a period to be determined, a more advantageous outlet, and will be in keeping with the objective described above while guaranteeing that the grain can, as a last resort, be bought in if such is the wish of the producer;

<sup>(1)</sup> OJ No C 53, 7. 3. 1986, p. 5.

<sup>(2)</sup> OJ No C 120, 20. 5. 1986.

<sup>(3)</sup> OJ No C 118, 20. 5. 1986, p. 9.

<sup>(4)</sup> OJ No L 281, 1. 11. 1975, p. 1.

<sup>(5)</sup> OJ No L 94, 9. 4. 1986, p. 1.

Whereas a marketing year beginning on 1 July should allow more fully for the new conditions obtaining in the Community following the accession of Spain and Portugal, where harvests tend to take place early on in the year, and can ease the introduction of the new intervention arrangements referred to above;

Whereas, moreover, in view of the appearance on the market of the harvests of maize and sorghum, it is appropriate that the threshold price applicable to them on import during the preceding month of March should be retained for the first three months of the marketing year for these two products;

Whereas, in the context of the market organization adjusted as described above, a carry-over payment can be regarded simply as a management measure designed to ease the transition from one marketing year to another; whereas the decision to grant such a carry-over payment should accordingly be a Commission responsibility under the management committee procedure; whereas the possibility of applying such a measure for maize moreover no longer seems justified, in view of the recent provisions introduced in respect of that cereal;

Whereas the aim of restoring balance on the market should be to encourage the search for, and development of, new industrial outlets for cereals, in particular in the field of energy; whereas provision should therefore be made for granting aid for cereals used for such research and development work; whereas the aid, should, however, be fixed in such a way as to allow sound competition with world market outlets for those cereals;

Whereas Articles 15 and 16 introduce arrangements which permit, in cases where there is no carry-over payment, the import and export of malt manufactured from the previous harvest's crop for the first two months of the new marketing year; whereas the change in the date of the beginning of the marketing year calls for a one-month extension of the period referred to above in order to enable the import and export arrangements for malt to operate at the beginning of the marketing year,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

Regulation (EEC) No 2727/75 is hereby amended as follows:

1. Article 2 is replaced by the following:

#### *'Article 2*

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

2. Article 3 is replaced by the following:

#### *'Article 3*

1. Before the beginning of the marketing year referred to in Article 2, the following prices shall be fixed annually for the Community:

- an intervention price for common wheat, durum wheat, rye, barley, maize and sorghum,
- a target price for common wheat, a target price for durum wheat and a common target price for rye, barley, maize and sorghum,
- a special premium for common wheat and for rye showing certain features as to quality.

2. The prices shall be fixed for a standard quality.

3. The intervention prices shall be fixed for the Ormes intervention centre, which is the centre for the Community area having the greatest surplus for all cereals, at the wholesale stage, goods delivered at warehouse, before unloading. They shall be valid for all Community intervention centres designated for each cereal.

4. (a) The target prices for common wheat and durum wheat and the common target price for rye, barley, maize and sorghum shall be fixed for Duisburg, which is the centre for the Community area having the greatest deficit for all cereals, at the wholesale stage, goods delivered at the warehouse, before unloading.

They shall be calculated by adding, to the intervention price for common wheat, durum wheat and barley, a market component and a component reflecting the cost of transport between the Ormes area and the Duisburg area.

(b) The market component for:

- common wheat shall reflect the difference which should exist between the intervention price and the market price for very high quality common wheat of bread-making quality, produced in the Community, to be expected, in a normal harvest and under natural pricing conditions on the Community market, in the area having the greatest surplus,
- rye, barley, maize and sorghum shall reflect the difference which should exist between the market price for barley and its common intervention price, plus the difference in market prices reflecting the ratio between the relative values of barley and maize for use in animal feed. The market prices to be

taken into consideration are those to be expected in a normal harvest and under natural pricing conditions on the Community market, in the production area having the greatest surplus,

- durum wheat shall reflect the difference which should exist between the intervention price and the market price to be expected, in a normal harvest and under natural pricing conditions on the Community market, in the area having the greatest surplus.

- (c) The component reflecting the cost of transport shall be determined on the basis of the most favourable means of transport or combination of means of transport and on existing tariffs. When inland waterway or sea-freight rates are not based on a tariff, transport costs shall be determined by taking the average freight rate over the two months with the lowest average rate during the most recent 12-month period for which data are available.

- 5. The prices and the special premiums referred to in paragraph 1 and the standard qualities referred to in paragraph 2 shall be determined in accordance with the procedure laid down in Article 43 (2) of the Treaty.

6. The Council, acting by a qualified majority on a proposal from the Commission, shall lay down rules for determining the intervention centres to which the intervention prices apply.

7. The intervention centres shall be determined, after consultation with the Member States concerned, in accordance with the procedure laid down in Article 26.'

3. Article 3a is hereby repealed.

4. Article 4 is replaced by the following:

#### *'Article 4*

1. A co-responsibility levy shall be payable in respect of the cereals referred to in Article 1 (a) and (b) produced in the Community and used for one of the operations referred to in paragraph 5 hereof. This arrangement shall apply for the 1986/87 to 1990/91 marketing year.

2. The amount, per unit, of the levy shall be fixed annually before the beginning of the marketing year, in accordance with the procedure laid down in Article 43 (2) of the Treaty.

3. When the amount of the co-responsibility levy is determined, imports into the Community of the

products shown in Annex D shall be taken into consideration.

4. The levy referred to in this Article shall be regarded as one of the intervention measures designed to stabilize agricultural markets and shall be allocated to the financing of costs in the cereals sector.

5. The co-responsibility levy shall be collected on cereals that undergo one of the following operations:

- first processing,
- intervention buying,
- export in the form of grain.

6. The levy shall be passed on to the producer.

7. The detailed rules for the application of this Article, and in particular:

- the definition of the first processing,
- the procedure for collecting the levy,
- operations exempted from the co-responsibility levy,

shall be adopted in accordance with the procedure laid down in Article 26.

The transitional measures necessary for the application of this Article shall be adopted in accordance with the same procedure.

8. The Commission shall ensure that the co-responsibility levy system does not create any distortion with competing products.

9. The Commission will consult with trade interests on the use of the amount produced by the levy.

#### *Article 4a*

1. Direct aid shall be introduced for small producers. For the Community, the overall aid amount shall be fixed each year before the beginning of the marketing year in accordance with the procedure laid down in Article 43 (2) of the Treaty.

This amount may not exceed the total estimated amount produced by the co-responsibility levy on producers marketing not more than 25 tonnes.

2. For the 1986/87 marketing year the overall aid amount shall be set at 120 million ECU. Should paragraph 4 be applied, this latter amount shall be reduced by the amount that would have been paid to the Member State under the current aid arrangement, had the said paragraph 4 not been applied.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall lay down general rules for such aid.

4. During the 1986/87 marketing year only, Member States, which experience particular difficulties

of an administrative or technical nature in applying the rules laid down for small producers under this Article may, subject to conditions to be set in accordance with the procedure laid down in paragraph 5, grant aid to small producers in the form of compensation for the levy payable by those small producers.

The overall amount of that compensation for the Member State in question may in no event exceed the amount that would have been paid to it, had this paragraph not been applied.

5. The detailed rules for the application of the aid, and in particular its allocation, shall be adopted in accordance with the procedure laid down in Article 26 on the basis of objective criteria.'

5. Article 5 is hereby amended as follows:

(a) The following subparagraph is added to paragraph 1:

'However, for maize and sorghum, the threshold price valid during March shall be applicable for July, August and September of the following marketing year.'

(b) The first indent of paragraph 4 is replaced by the following:

'— a component representing the cost of transport between Rotterdam and Duisburg, determined in accordance with the criteria laid down in Article 3 (4) (c).'

(c) Paragraph 6 is replaced by the following:

'6. Threshold prices for products referred to in this Article shall be fixed annually, before the beginning of the marketing year, in accordance with the procedure laid down in Article 26.'

6. Article 6 is replaced by the following:

*'Article 6*

1. Without prejudice to Article 5, the intervention prices, the target prices and the threshold prices shall be the subject of monthly increases phased over part or all of the marketing year.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall determine annually, before the beginning of the marketing year, the number and amount of the monthly increases and in what months they are to apply.'

7. Article 7 (1) is replaced by the following:

'1. The intervention agencies designated by the Member States shall buy in, during the period from 1 October to 30 April, cereals referred to in Article 3, which have been harvested in the Community and which are offered to them, provided that the offers comply with conditions, in parti-

cular in respect of quality and quantity, to be determined in accordance with paragraph 5. However:

- intervention agencies shall buy in the cereals offered to them from 1 September on deferred payment terms, and, in Portugal, Italy, Greece and Spain from 1 August, for cereals harvested in these countries,
- during July 1986, the Spanish intervention agency shall buy in the cereals harvested in Spain which are offered to them on the payment conditions existing in that country before 1 March 1986.

Subject to certain conditions and in respect of certain periods to be determined in accordance with the procedure laid down in Article 26, the Commission shall have power to authorize the submission to intervention agencies of offers which include a cancellation clause.'

8. In Article 7 (2):

- (a) 'single intervention price' is replaced by 'intervention price';
- (b) the third sentence is deleted.

9. In Article 7 (5) the following indent is inserted between the second and third indents:

'— the specific quality criteria which common wheat of breadmaking quality and rye of breadmaking quality must meet in order to be eligible for the special premium provided for in Article 3 (1).'

10. Article 8 is replaced by the following:

*'Article 8*

1. Particular intervention measures may be adopted whenever the market situation in certain regions of the Community so requires.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

3. The nature and application of the particular intervention measures and the conditions and procedures for the sale or for any other means of disposal of the products subject to those measures shall be determined in accordance with the procedure laid down in Article 26. Detailed rules for the application of this Article shall, where appropriate, be adopted in accordance with the same procedure.'

11. Article 9 is replaced by the following:

*'Article 9*

To the extent required to facilitate the changeover from one marketing year to another, the Commission may, in accordance with the procedure laid down in Article 26, grant a carry-over payment in

respect of stocks of one or more of the following cereals harvested in the Community which remain to the end of the marketing year: common wheat, durum wheat, rye and barley.'

12. The following Article 11a is inserted:

*'Article 11a*

1. Aid may be granted for cereals harvested in the Community that are put to new industrial uses. The amount of the aid may not exceed that of the export refund for the cereal concerned.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt rules for the application of this Article.'

13. In the second subparagraph of Article 15 (3), 'the first two months of the marketing year' is replaced by 'the first three months of the marketing year'.

14. In the last subparagraph of Article 16 (4), 'during the first two months of the marketing year' is replaced by 'during the first three months of the marketing year'.

*Article 2*

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

It shall apply from 1 July 1986.

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

Done at Brussels, 23 May 1986.

*For the Council*

*The President*

G. BRAKS

---