

Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (repealed)

PART II

INTERNAL MARKET

TITLE I

MARKET INTERVENTION

CHAPTER I

Public intervention and private storage

Section I

General provisions

Article 6

Scope

1 This Chapter lays down the rules concerning, where applicable, buying-in under public intervention and the granting of aids for private storage with regard to the following sectors:

- a cereals;
- b rice;
- c sugar;
- d olive oil and table olives;
- e beef and veal;
- f milk and milk products;
- g pigmeat;
- h sheepmeat and goatmeat.

2 For the purposes of this Chapter:

- a 'cereals' shall mean cereals harvested in the Community;
- b 'milk' shall mean cow's milk produced in the Community;
- c 'skimmed milk' shall mean skimmed milk obtained directly and exclusively from cow's milk produced in the Community;
- d 'cream' shall mean cream obtained directly and exclusively from milk.

Article 7

Community origin

Without prejudice to Article 6(2) only products originating in the Community shall be eligible for buying-in under public intervention or for the granting of aid for the private storage thereof.

Article 8

Reference prices

1 For products subject to the intervention measures referred to in Article 6(1) the following reference prices shall be fixed:

a as regards the cereals-sector:

EUR 101,31/tonne, increased monthly as follows:

- November: by EUR 0,46/tonne,
- December: by EUR 0,92/tonne,
- January: by EUR 1,38/tonne,
- February: by EUR 1,84/tonne,
- March: by EUR 2,3/tonne,
- April: by EUR 2,76/tonne,
- May: by EUR 3,22/tonne,
- June: by EUR 3,22/tonne.

The reference price valid for maize and grain sorghum in June shall remain valid in July, August and September of the same year;

b as regards paddy rice, EUR 150/tonne for standard quality as defined in point A of Annex IV;

c as regards sugar:

(i) for white sugar:

- EUR 541,5/tonne for the marketing year 2008/2009,
- EUR 404,4/tonne as from the marketing year 2009/2010;

(ii) for raw sugar:

- EUR 448,8/tonne for the marketing year 2008/2009,
- EUR 335,2/tonne as from the marketing year 2009/2010.

The reference prices laid down in points (i) and (ii) shall apply to unpacked sugar, ex factory of standard quality as defined in point B of Annex IV;

d as regards the beef and veal sector, EUR 2 224/tonne for carcasses of male bovine animals of grade R3 as laid down in the Community scale for the classification of carcasses of adult bovine animals provided for in Article 42(1)(a);

e as regards the milk and milk products sector:

- (i) EUR 246,39 per 100 kg for butter;
- (ii) EUR 174,69 per 100 kg for skimmed milk powder;

f as regards the pigmeat sector, EUR 1 509,39/tonne for pig carcasses of standard quality defined in terms of weight and lean meat content in accordance with the Community scale for the classification of pig carcasses, provided for in Article 42(1)(b) as follows:

- (i) carcasses weighing from 60 to less than 120 kg: grade E as laid down in point B II of Annex V;
- (ii) carcasses weighing from 120 to 180 kg: grade R as laid down in point B II of Annex V.

2 The reference prices for cereals and rice set out in points (a) and (b) of paragraph 1 respectively, shall relate to the wholesale stage for goods delivered to the warehouse, before unloading. Those reference prices shall be valid for all Community intervention centres designated in accordance with Article 41.

3 The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may change the reference prices fixed in paragraph 1 of this Article in the light of developments in production and the markets.

Article 9

Price reporting in the sugar market

The Commission shall set up an information system on prices in the sugar market, including a system for the publication of price levels for the sugar market.

The system shall be based on information submitted by undertakings producing white sugar or by other operators involved in the sugar trade. This information shall be treated with confidentiality.

The Commission shall ensure that the information published does not permit the identification of prices of individual undertakings or operators.

Section II

Public intervention

Subsection I

General provisions

Article 10

Products eligible for public intervention

1 Public intervention shall be applicable in respect of the following products subject to the conditions laid down in this Section and further requirements and conditions to be determined by the Commission in accordance with Article 43:

- a common wheat, durum wheat, barley, maize and sorghum;
- b paddy rice;

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- c white or raw sugar provided that the sugar concerned has been produced under quota and manufactured from beet or cane harvested in the Community;
 - d fresh or chilled meat of the beef and veal sector falling within CN codes 0201 10 00 and 0201 20 20 to 0201 20 50;
 - e butter produced directly and exclusively from pasteurised cream in an approved undertaking of the Community of a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %;
 - f skimmed milk powder of top quality made by the spray process and obtained in an approved undertaking of the Community, directly and exclusively from skimmed milk, with a minimum protein-content of 35,6 % by weight of the non-fatty dry extract.
- 2 Public intervention may be applied in the pigmeat sector, subject to the conditions laid down in this Section and further requirements and conditions to be determined by the Commission in accordance with Article 43, in respect of carcasses or half-carcasses, fresh or chilled, falling within CN code 0203 11 10, bellies (streaky), fresh or chilled, falling within CN code ex 0203 19 15, and unrendered pig fat, fresh or chilled, falling within CN code ex 0209 00 11.

Subsection II

Opening and suspension of buying-in

Article 11

Cereals

- 1 For cereals, public intervention shall be open:
- a from 1 August to 30 April in the case of Greece, Spain, Italy and Portugal;
 - b from 1 December to 30 June in the case of Sweden;
 - c from 1 November to 31 May in the case of the other Member States.

However, buying into public intervention of maize shall only be carried out within the following limits:

- a 700 000 tonnes for the marketing year 2008/2009;
- b 0 tonnes as from the marketing year 2009/2010.

- 2 In the event of the intervention period in Sweden leading to the diversion of such cereals from other Member States into intervention in Sweden, the Commission shall adopt measures to rectify the position.

Article 12

Rice

For paddy rice, public intervention shall be open during the period 1 April to 31 July. However, buying into public intervention shall only be carried out within the limit of 75 000 tonnes per period.

Article 13

Sugar

1 For sugar, public intervention shall be open throughout the marketing years 2008/2009 and 2009/2010. However, public intervention shall only be carried out within the limits of 600 000 tonnes, expressed in white sugar, per marketing year.

2 Sugar stored in accordance with paragraph 1 during a marketing year may not be subject to any other storage measures provided for in Articles 32, 52 or 63.

Article 14

Beef and veal

1 The Commission, without the assistance of the Committee referred to in Article 195(1), shall open public intervention for beef and veal if, for a period of two consecutive weeks, the average market price in a Member State or in a region of a Member State recorded on the basis of the Community scale for the classification of carcasses provided for in Article 42(1) falls short of EUR 1 560/tonne.

2 The Commission, without the assistance of the Committee referred to in Article 195(1), shall close the public intervention if, for a period of at least one week, the condition provided for in paragraph 1 is no longer met.

Article 15

Butter

1 The Commission, without the assistance of the Committee referred to in Article 195(1), shall open public intervention for butter in the Member State or Member States concerned during the period 1 March to 31 August if, over a representative period, market prices for butter in one or more Member States, are less than 92 % of the reference price.

2 Once the market prices of butter in the Member State or Member States concerned, over a representative period, are 92 % or more of the reference price, the Commission, without the assistance of the Committee referred to in Article 195(1), shall suspend buying-in by public intervention.

Moreover, where the quantities offered for intervention during the period laid down in paragraph 1 exceed 30 000 tonnes, the Commission may suspend buying-in by public intervention. In that case, buying-in may be carried out on the basis of a tendering procedure according to specifications to be determined by the Commission.

3 The Commission shall lay down the detailed rules for the establishment of the market prices for butter.

*Article 16***Skimmed milk powder**

For skimmed milk powder public intervention shall be open during the period 1 March to 31 August.

However, the Commission may suspend public intervention as soon as the quantities offered for intervention in that period exceed 109 000 tonnes. In that case buying-in may be carried out on the basis of a tendering procedure according to specifications to be determined by the Commission.

*Article 17***Pigmeat**

The Commission may decide to open public intervention in the pigmeat sector when the average Community market price for pig carcasses as established by reference to the prices recorded in each Member State on the representative markets of the Community and weighted by means of coefficients reflecting the relative size of the pig herd in each Member State, is, and is likely to remain, at less than 103 % of the reference price.

*Subsection III****Intervention Price****Article 18***Cereals**

The intervention price for cereals shall be equal to the reference price without prejudice to price increases or reductions for quality reasons.

*Article 19***Rice**

The intervention price for rice shall be equal to the reference price.

However, if the quality of the products offered to the paying agency differs from the standard quality, defined in point A of Annex IV, the intervention price shall be increased or reduced accordingly.

Moreover, increases and reductions of the intervention price may be fixed by the Commission in order to ensure that production is orientated towards certain varieties.

Article 20

Sugar

The intervention price for sugar shall be 80 % of the reference price fixed for the marketing year following the marketing year during which the offer is lodged.

However, if the quality of the sugar offered to the paying agency differs from the standard quality defined in point B of Annex IV for which the reference price is fixed, the intervention price shall be increased or reduced accordingly.

Article 21

Beef and veal

1 The intervention prices for beef and veal and the quantities accepted for intervention shall be determined by the Commission by means of tendering procedures. In special circumstances, they may be fixed per Member State or per region of a Member State on the basis of recorded average market prices.

2 Only offers equal to or less than the average market price recorded in a Member State or a region of a Member State and increased by an amount to be determined by the Commission on the basis of objective criteria may be accepted.

Article 22

Butter

Without prejudice to the fixing of the intervention price by means of a tendering procedure in the case referred to in the second subparagraph of Article 15(2), the intervention price for butter shall be 90 % of the reference price.

Article 23

Skimmed milk powder

Without prejudice to the fixing of the intervention price by means of a tendering procedure in the case referred to in the second paragraph of Article 16, the intervention price for skimmed milk powder shall be equal to the reference price.

However, if the actual protein content is less than the minimum protein content of 35,6 % by weight fixed in point (f) of Article 10 but not less than 31,4 % by weight of the non-fatty dry extract, the intervention price shall be equal to the reference price less 1,75 % for each percentage point by which the protein content is lower than 35,6 % by weight.

Article 24

Pigmeat

1 The intervention price in the pigmeat sector shall be fixed by the Commission for pig carcasses of standard quality. The intervention price may not be more than 92 % or less than 78 % of the reference price.

2 For products of standard quality other than pig carcasses, the intervention price shall be derived from the intervention price for pig carcasses on the basis of the ratio existing between the commercial value of these products to the commercial value of pig carcasses.

3 For products other than those of standard quality, the intervention price shall be derived from those in force for the relevant standard qualities, by reference to differences in quality in relation to the standard quality. This price shall apply to defined qualities.

Subsection IV

Disposal from intervention

Article 25

General principles

Disposal of products bought into public intervention shall take place in such a way as to avoid any disturbance of the market, to ensure equal access to the goods and equal treatment of purchasers and in compliance with the commitments resulting from agreements concluded in accordance with Article 300 of the Treaty.

Article 26

Sugar disposal

As regards sugar bought-in under public intervention, paying agencies may sell it only at a price which is higher than the reference price fixed for the marketing year in which the sale takes place.

However, the Commission may decide that paying agencies:

- (a) may sell the sugar at a price equal to or lower than the reference price referred to in the first paragraph if the sugar is intended:
 - (i) for use as animal feed, or
 - (ii) for export, either without further processing or after processing into products listed in Annex I to the Treaty or into goods listed in Part III of Annex XX to this Regulation.
- (b) are to make unprocessed sugar held by them available, for human consumption on the internal market of the Community, to charitable organisations — recognised by the Member State concerned or by the Commission in cases where a Member State has not recognised any such organisation — at a price which is lower than the current

reference price or free of charge for distribution as part of individual emergency aid operations.

Article 27

Distribution to the most deprived persons in the Community

1 Products which are in intervention stocks shall be made available to certain designated organisations to enable food to be distributed to the most deprived persons in the Community in accordance with an annual plan.

The distribution shall be:

- a free of charge, or
- b at a price which is in no case greater than that justified by the costs incurred by the designated organisations in implementing the action.

2 A product may be mobilised on the Community market where:

- a it is temporarily unavailable in Community intervention stocks during implementation of the annual plan referred to in paragraph 1, to the extent necessary to allow implementation of the plan in one or more Member States, and provided that the costs remain within the limits of the costs provided for in the Community budget for that purpose, or
- b implementation of the plan would involve the transfer between Member States of small quantities of products in intervention in a Member State other than that or those in which the product is required.

3 Member States concerned shall designate the organisations referred to in paragraph 1 and shall notify the Commission in due time each year if they wish to apply this scheme.

4 The products referred to in paragraphs 1 and 2 shall be released free of charge to the designated organisations. The accounting value of such products shall be the intervention price, adjusted by coefficients where necessary to take account of quality differences.

5 Without prejudice to Article 190, the products made available under paragraphs 1 and 2 of this Article shall be financed by appropriations in the relevant budgetary heading within the EAGF of the budget of the European Communities. Provision may also be made for this financing to contribute towards the costs of transport of products from intervention centres and for administrative costs for the designated organisations generated by the implementation of the scheme set out in this Article, excluding any costs which may be borne by the beneficiaries within the framework of the application of paragraphs 1 and 2.

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Section III

Private storage

Subsection I

Mandatory aid

Article 28

Eligible products

Aid for private storage shall be granted for the following products subject to the conditions set out in this Section and to further requirements and conditions to be adopted by the Commission in accordance with Article 43:

- (a) in respect of:
 - (i) cream,
 - (ii) unsalted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %,
 - (iii) salted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 80 %, a maximum water content, by weight, of 16 % and a maximum salt content, by weight, of 2 %;
- (b) in respect of cheese:
 - (i) *Grana Padano* cheese at least nine months old,
 - (ii) *Parmigiano Reggiano* cheese at least 15 months old,
 - (iii) *Provolone* cheese at least three months old.

Article 29

Conditions and aid-level for cream and butter

The Commission shall determine which national quality grades for butter qualify for aid. The butter shall be marked accordingly.

The amount of aid for cream and butter shall be fixed by the Commission in the light of storage costs and the likely trend in prices for fresh butter and butter from stocks.

Where, at the time of removal from storage, an adverse change unforeseeable at the time of entry into storage has occurred on the market, the aid may be increased.

Article 30

Conditions and aid-level for cheese

The conditions for, and amount of, aid to be paid for cheese shall be laid down by the Commission. The amount of aid shall be fixed taking account of storage costs and the likely trend of the market price.

The paying agency designated by the Member State in which the cheeses concerned are produced and in which those cheeses qualify to bear the designation of origin shall implement the measures taken by the Commission pursuant to the first paragraph.

Subsection II

Optional Aid

Article 31

Eligible products

1 Aid for private storage may be granted in respect of the following products subject to the conditions set out in this Section and to further requirements and conditions to be adopted by the Commission in accordance with Article 43:

- a white sugar;
- b olive oil;
- c fresh or chilled meat of adult bovine animals presented in the form of carcasses, half-carcasses, compensated quarters, forequarters or hindquarters, classified in accordance with the Community scale for the classification of carcasses of adult bovine animals provided for in Article 42(1);
- d skimmed milk powder of top quality, obtained in an approved undertaking of the Community directly and exclusively from skimmed milk;
- e longkeeping cheeses and cheeses which are manufactured from sheep and/or goat's milk and require at least six months maturing;
- f pigmeat;
- g sheepmeat and goatmeat.

The Commission may amend the list of products laid down in point (c) of the first subparagraph if the market situation so requires

2 The Commission shall fix the aid for private storage provided for in paragraph 1 in advance or by means of tendering procedures.

In respect of the products laid down in points (d) and (e) of paragraph 1, the aid shall be fixed in the light of storage costs and, respectively:

- (i) the likely trend in prices for skimmed milk powder;
- (ii) the balance to be maintained between cheeses for which aid is granted and other cheeses coming on the market.

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Article 32

Conditions of granting for white sugar

1 If the average Community price recorded for white sugar is below the reference price, during a representative period, and is likely to remain at that level, taking into account the market situation, the Commission may decide to grant aid for private storage of white sugar to undertakings which are allocated a sugar quota.

2 Sugar stored in accordance with paragraph 1 during a marketing year may not be subject to any other storage measures provided for in Articles 13, 52 or 63.

Article 33

Conditions of granting for olive oil

The Commission may decide to authorise bodies, offering sufficient guarantees and approved by the Member States, to conclude contracts for the storage of olive oil that they market in the event of a serious disturbance on the market in certain regions of the Community, *inter alia*, when the average price recorded on the market during a representative period is less than:

- (a) EUR 1 779/tonne for extra virgin olive oil, or
- (b) EUR 1 710/tonne for virgin olive oil, or
- (c) EUR 1 524/tonne for lampante olive oil having 2 degrees of free acidity, this amount being reduced by EUR 36,7/tonne for each additional degree of acidity.

Article 34

Conditions of granting for products of the beef and veal sector

When the average Community market price recorded on the basis of the Community scale for the classification of carcasses of adult bovine animals provided for in Article 42(1) is, and is likely to remain, at less than 103 % of the reference price, the Commission may decide to grant aid for private storage.

Article 35

Conditions of granting for skimmed milk powder

The Commission may decide to grant aid for private storage for skimmed milk powder in particular if trends in prices and stocks of the products indicate a serious imbalance in the market which could be avoided or reduced by means of seasonal storage.

Article 36

Conditions of granting for cheese

1 If price developments and the stock situation for the cheese products referred to in point (e) of Article 31(1) indicate a serious imbalance of the market which may be eliminated or reduced by seasonal storage, the Commission may decide to grant aid for private storage.

2 If at the time the storage contract expires, the level of market prices for cheeses in store is higher than that prevailing when the contract was signed the Commission may decide to adjust the amount of aid accordingly.

Article 37

Conditions of granting for pigmeat

When the average Community market price for pig carcasses as established by reference to the prices recorded in each Member State on the representative markets of the Community and weighted by means of coefficients reflecting the relative size of the pig herd in each Member State is, and is likely to remain, at less than 103 % of the reference price, the Commission may decide to grant aid for private storage.

Article 38

Conditions of granting for sheepmeat and goatmeat

The Commission may decide to grant aid for private storage when there is a particularly difficult market situation for sheepmeat and goatmeat in one or more of the following quotation areas:

- (a) Great Britain;
- (b) Northern Ireland;
- (c) any Member State other than the United Kingdom, taken separately.

Section IV

Common provisions

Article 39

Rules concerning storage

1 Paying agencies may not store, outside the territory of the Member State within whose jurisdiction they fall, products they have bought in unless they have obtained prior authorisation from the Commission.

The territories of Belgium and Luxembourg shall be considered as a single Member State for the purposes of this Article.

2 Authorisation shall be granted if storage is essential and taking into account the following factors:

- a storage possibilities and storage requirements in the Member State within whose jurisdiction the paying agency falls and in other Member States;
- b any additional costs resulting from storage in the Member State within whose jurisdiction the paying agency falls and from transportation.

3 Authorisation for storage in a third country shall be granted only if, on the basis of the criteria set out in paragraph 2, storage in another Member State would create significant difficulties.

4 The information referred to in point (a) of paragraph 2 shall be drawn up after consulting all the Member States.

5 Any customs duties and any other amounts to be granted or levied under the common agricultural policy shall not apply to products:

- a transported following an authorisation granted under paragraphs 1, 2 and 3, or
- b transferred from one paying agency to another.

6 Any paying agency acting in accordance with paragraphs 1, 2 and 3 shall remain responsible for products stored outside the territory of the Member State within whose jurisdiction it falls.

7 If products held by a paying agency outside the territory of the Member State within whose jurisdiction it falls are not brought back into that Member State, they shall be disposed of at the prices and subject to the conditions laid down or to be laid down for the place of storage.

Article 40

Rules for tendering procedures

Tender procedures shall ensure equality of access of all persons concerned.

In the selection of tenders preference shall be given to those which are most favourable to the Community. In any case, the award of a contract shall not necessarily ensue.

Article 41

Intervention centres

1 The Commission shall designate the intervention centres in the cereals and rice sectors and determine the conditions applying thereto.

In respect of products of the cereals sector, the Commission may designate intervention centres for each cereal.

2 When drawing up the list of intervention centres the Commission shall in particular take account of the following factors:

- a situation of the centres in surplus areas in respect of the products concerned;
- b availability of sufficient premises and technical equipment;
- c favourable situation as regards means of transport.

Article 42

Carcass classification

1 Community scales for the classification of carcasses shall apply in accordance with the rules laid down in Annex V in the following sectors:

- a beef and veal as regards carcasses of adult bovine animals;
- b pigmeat as regards carcasses of pigs other than those which have been used for breeding.

In the sheepmeat and goatmeat sector Member States may apply a Community scale for the classification of carcasses as regards sheep carcasses in accordance with the rules laid down in point C of Annex V.

2 On-the-spot inspections in relation to the classification of carcasses of adult bovine animals and sheep shall be carried out on behalf of the Community by a Community inspection committee composed of experts from the Commission and experts appointed by the Member States. This Committee shall report back to the Commission and the Member States on the inspections carried out.

The Community shall bear the costs resulting from the inspections carried out.

Article 43

Implementing rules

Without prejudice to any specific powers conferred upon the Commission by the provisions of this Chapter, the Commission shall adopt the detailed rules for its implementation, which may relate in particular to:

- (a) the requirements and conditions to be met by, and, in the case of pigmeat, the list of products to be bought-into public intervention as referred to in Article 10 or for which aid for private storage is granted as referred to in Articles 28 and 31, in particular with respect to quality, quality groups, quality grades, categories, quantities, packaging including labelling, maximum ages, preservation, the stage of the products to which the intervention price relates, the duration of private storage;
- (b) amendments to Part B of Annex IV;
- (c) where applicable, the scale of applicable price increases and reductions;
- (d) the procedures and conditions for taking over into public intervention by paying agencies and the granting of aid for private storage, in particular:
 - (i) with regard to the conclusion and the content of contracts;
 - (ii) the duration of the period of private storage and the conditions according to which such periods, once specified in the contracts, may be curtailed or extended;
 - (iii) the conditions according to which it may be decided that products covered by private storage contracts may be remarketed or disposed of;
 - (iv) the Member State where a request for private storage may be submitted;
- (e) the adoption of the list of representative markets referred to in Articles 17 and 37;

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- (f) the rules as regards the conditions for disposal of products bought-in under public intervention, in particular as regards selling prices, the conditions for release from storage, where appropriate, the subsequent use or destination of products thus released, checks to be carried out and, as the case may be, a system of securities to be applied;
- (g) the setting-up of the annual plan referred to in Article 27(1);
- (h) the condition of mobilisation on the Community market referred to in Article 27(2);
- (i) the rules concerning the authorisations referred to in Article 39 including, as far as strictly necessary, derogations from the rules on trade;
- (j) the rules relating to the procedures to be followed in the case of the making use of tendering procedures;
- (k) the rules concerning the designation of intervention centres referred to in Article 41;
- (l) the conditions to be met by the stores where products may be stored;
- (m) the Community scales for the classification of carcasses provided for in Article 42(1), in particular as regards:
 - (i) definitions;
 - (ii) carcass presentations for the purpose of price reporting in respect of the classification of carcasses of adult bovine animals;
 - (iii) in respect of the measures to be taken by slaughterhouses as provided for in point III of point A of Annex V:
 - any derogations referred to in Article 5 of Directive 88/409/EEC for slaughterhouses wishing to restrict their production to the local market,
 - any derogations which may be granted to Member States which so request for slaughterhouses in which few bovine animals are slaughtered;
 - (iv) authorising the Member States not to apply the grading scale for the classification of pig carcasses and to use assessment criteria in addition to weight and estimated lean-meat content;
 - (v) rules concerning the reporting of prices of certain products by the Member States.

CHAPTER II

Special intervention measures

Section I

Exceptional market support measures

Article 44

Animal diseases

1 The Commission may adopt exceptional support measures for the affected market in order to take account of restrictions on intra-Community and third-country trade which may result from the application of measures for combating the spread of diseases in animals.

The measures provided for in the first subparagraph shall apply to the following sectors:

- a beef and veal;
- b milk and milk products;
- c pigmeat;
- d sheepmeat and goatmeat;
- e eggs;
- f poultrymeat.

2 The measures provided for in the first subparagraph of paragraph 1 shall be taken at the request of the Member State(s) concerned.

They may be taken only if the Member State(s) concerned has (have) taken health and veterinary measures quickly to stamp out the disease, and only to the extent and for the duration strictly necessary to support the market concerned.

Article 45

Loss in consumer confidence

With regard to the poultrymeat and eggs sectors, the Commission may adopt exceptional market support measures in order to take account of serious market disturbances directly attributed to a loss in consumer confidence due to public health, or animal health risks.

Those measures shall be taken at the request of the Member State(s) concerned.

Article 46

Financing

1 For exceptional measures referred to in Articles 44 and 45, the Community shall provide part-financing equivalent to 50 % of the expenditure borne by Member States.

However, with regard to the beef and veal, milk and milk products, pigmeat and sheepmeat and goatmeat sectors, the Community shall provide part-financing equivalent to 60 % of such expenditure when combating foot-and-mouth disease.

2 Member States shall ensure that, where producers contribute to the expenditure borne by Member States, this does not result in distortion of competition between producers in different Member States.

3 Articles 87, 88 and 89 of the Treaty shall not apply to Member States' financial contributions towards the exceptional measures referred to in Articles 44 and 45.

Section II

Measures in the cereals and rice sectors

Article 47

Special market measures in the cereals sector

1 Where the market situation so dictates, the Commission may take special intervention measures in respect of the cereals sector. Such intervention measures may in particular be taken if, in one or more regions of the Community, market prices fall, or threaten to fall, in relation to the intervention price.

2 The nature and application of the special 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 adopted by the Commission.

Article 48

Special market measures in the rice sector

- 1 The Commission may take special measures to:
- a prevent large-scale application of public intervention, as provided for in Section II of Chapter I of this Part, in the rice sector in certain regions of the Community;
 - b make up for paddy rice shortages following natural disasters.
- 2 The Commission shall adopt the detailed rules for the implementation of this Article.

Section III

Measures in the sugar sector

Article 49

Minimum beet price

- 1 The minimum price for quota beet shall be:
- a EUR 27,83 per tonne for the marketing year 2008/2009;
 - b EUR 26,29 per tonne as from the marketing year 2009/2010.
- 2 The minimum price referred to in paragraph 1 shall apply to sugar beet of the standard quality defined in Part B of Annex IV.

3 Sugar undertakings buying quota beet suitable for processing into sugar and intended for processing into quota sugar shall be required to pay at least the minimum price, adjusted by price increases or reductions to allow for deviations from the standard quality.

Increases and reductions referred to in the first subparagraph shall be applied in accordance with implementing rules to be laid down by the Commission.

4 For the quantities of sugar beet corresponding to the quantities of industrial sugar or surplus sugar that are subject to the surplus levy provided for in Article 64, the sugar undertaking concerned shall adjust the purchase price so that it is at least equal to the minimum price for quota beet.

Article 50

Interprofessional agreements

1 Agreements within the trade and delivery contracts shall conform to paragraph 3 and to purchase terms to be determined by the Commission, in particular as regards the conditions governing the purchase, delivery, taking over and payment of beet.

2 The terms for buying sugar beet and sugar cane shall be governed by agreements within the trade concluded between Community growers of these raw materials and Community sugar undertakings.

3 In delivery contracts, a distinction shall be made according to whether the quantities of sugar to be manufactured from sugar beet will be:

- a quota sugar;
- b out-of-quota sugar.

4 Each sugar undertaking shall provide the Member State in which it produces sugar with the following information:

- a the quantities of beet referred to in point (a) of paragraph 3, for which they have concluded pre-sowing delivery contracts and the sugar content on which those contracts are based;
- b the corresponding estimated yield.

Member States may require additional information.

5 Sugar undertakings which have not signed pre-sowing delivery contracts at the minimum price for quota beet for a quantity of beet equivalent to their quota sugar shall be required to pay at least the minimum price for quota beet for all the sugar beet they process into sugar.

6 Subject to the approval of the Member State concerned, agreements within the trade may derogate from paragraphs 3 and 4.

7 If no agreements within the trade exist, the Member State concerned shall take the necessary steps compatible with this Regulation to protect the interests of the parties concerned.

Article 51

Production charge

1 A production charge shall be levied on the sugar quota, the isoglucose quota and the inulin syrup quota held by undertakings producing sugar, isoglucose or inulin syrup as referred to in Article 56(2).

2 The production charge shall be set at EUR 12,0 per tonne of the quota sugar and quota inulin syrup. For isoglucose, the production charge shall be set at 50 % of the charge applicable to sugar.

3 The totality of the production charge paid in accordance with paragraph 1 shall be charged by the Member State to the undertakings on its territory according to the quota held during the marketing year concerned.

Payments shall be made by the undertakings by the end of February of the relevant marketing year at the latest.

4 Community sugar and inulin syrup undertakings may require sugar-beet or sugar-cane growers or chicory suppliers to bear up to 50 % of the production charge concerned.

Article 52

Withdrawal of sugar

1 In order to preserve the structural balance of the market at a price level which is close to the reference price, taking into account the commitments of the Community resulting from agreements concluded in accordance with Article 300 of the Treaty, a percentage, common to all Member States, of quota sugar, quota isoglucose and quota inulin syrup may be withdrawn from the market until the beginning of the following marketing year.

In that case, the traditional supply need for refining imported raw sugar provided for in Article 153 shall be reduced by the same percentage for the marketing year concerned.

2 The withdrawal percentage referred to in paragraph 1 shall be determined by 31 October of the marketing year concerned at the latest on the basis of expected market trends during that marketing year.

3 Each undertaking provided with a quota shall store at its own expense during the period of withdrawal the quantities of sugar corresponding to the application of the percentage referred to in paragraph 1 to its production under quota for the marketing year concerned.

The sugar quantities withdrawn during a marketing year shall be treated as the first quantities produced under quota for the following marketing year. However, taking into account the expected sugar market trends, the Commission may decide to consider, for the current and/or the following marketing year, all or part of the withdrawn sugar, isoglucose or inulin syrup as:

- a surplus sugar, surplus isoglucose or surplus inulin syrup available to become industrial sugar, industrial isoglucose or industrial inulin syrup, or
- b temporary quota production of which a part may be reserved for export respecting commitments of the Community resulting from agreements concluded in accordance with Article 300 of the Treaty.

4 If sugar supply in the Community is inadequate, the Commission may decide that a certain quantity of withdrawn sugar, isoglucose and inulin syrup may be sold on the Community market before the end of the period of withdrawal.

5 Sugar stored in accordance with this Article during a marketing year may not be subject to any other storage measures provided for in Articles 13, 32 or 63.

Article 53

Implementing rules

The Commission may adopt the detailed rules for the implementation of this Section and, in particular:

- (a) the criteria to be applied by the sugar undertakings when allocating among beet sellers the quantities of beet to be covered by pre-sowing delivery contracts as referred to in Article 50(4);
- (b) the percentage of withdrawn quota sugar referred to in Article 52(1);
- (c) the conditions for the payment of the minimum price where the withdrawn sugar is being sold on the Community market under Article 52(4).

Section IV

Adjustment of supply

Article 54

Measures to facilitate the adjustment of supply to market requirements

In order to encourage action by trade organisations and joint trade organisations to facilitate the adjustment of supply to market requirements, with the exception of action relating to withdrawal from the market, the Commission may take the following measures in respect of the live plants, beef and veal, pigmeat, sheepmeat and goatmeat, eggs and poultrymeat sectors:

- (a) measures to improve quality;
- (b) measures to promote better organisation of production, processing and marketing;
- (c) measures to facilitate the recording of market price trends;
- (d) measures to permit the establishment of short and long-term forecasts on the basis of the means of production used.

CHAPTER III

Systems of production limitation

Section I

General provisions

Article 55

Quota systems

- 1 A quota system shall apply to the following products:
 - a milk and other milk products as defined in points (a) and (b) of Article 65;
 - b sugar, isoglucose and inulin syrup.
- 2 If a producer exceeds the relevant quota and, with regard to sugar, does not make use of the surplus quantities as provided for in Article 61, a surplus levy shall be payable on such quantities subject to the conditions set out in Sections II and III.
- 3 This Regulation shall apply without prejudice to the application of Council Regulation (EC) No 1868/94 establishing a quota system in relation to the production of potato starch⁽¹⁾.

Section II

Sugar

Subsection I

Quota allocation and management

Article 56

Quota allocation

- 1 The quotas for the production of sugar, isoglucose and inulin syrup at national or regional level are fixed in Annex VI.
- 2 Member States shall allocate a quota to each undertaking producing sugar, isoglucose or inulin syrup established in its territory and approved in accordance with Article 57.

For each undertaking, the allocated quota shall be equal to the quota under Regulation (EC) No 318/2006 which was allocated to the undertaking for the marketing year 2007/2008.
- 3 In case of allocation of a quota to a sugar undertaking having more than one production unit, the Member States shall adopt the measures they consider necessary in order to take due account of the interests of sugar beet and cane growers.

Article 57

Approved undertakings

1 On request, Member States shall grant an approval to an undertaking producing sugar, isoglucose or inulin syrup or to an undertaking that processes these products into a product included in the list referred to in Article 62(2) provided that the undertaking:

- a proves its professional production capacities;
- b agrees to provide any information and to be subject to controls related to this Regulation;
- c is not subject to suspension or withdrawal of the approval.

2 The approved undertakings shall provide the Member State in whose territory the harvest of beet, cane or the refining takes place, with the following information:

- a the quantities of beet or cane for which a delivery contract has been concluded, as well as the corresponding estimated yields of beet or cane, and sugar per hectare;
- b data regarding provisional and actual sugar beet, sugar cane and raw sugar deliveries, and regarding sugar production and statements of sugar stocks;
- c quantities of white sugar sold and corresponding prices and conditions.

Article 58

Additional and supplementary isoglucose quota

1 In the marketing year 2008/2009 an additional isoglucose quota of 100 000 tonnes shall be added to the quota of the preceding marketing year. This increase shall not concern Bulgaria and Romania.

In the marketing year 2008/2009 an additional isoglucose quota of 11 045 tonnes for Bulgaria and of 1 966 tonnes for Romania shall be added to the quota of the preceding marketing year.

Member States shall allocate the additional quotas to undertakings, proportionately to the isoglucose quotas that have been allocated in accordance with Article 56(2).

2 Italy, Lithuania and Sweden may allocate, upon request by any undertaking established on their respective territories, a supplementary isoglucose quota in the marketing years 2008/2009 and 2009/2010. The maximum supplementary quotas are fixed per Member State in Annex VII.

3 A one-off amount of EUR 730 shall be levied on the quotas that have been allocated to undertakings in accordance with paragraph 2. It shall be collected per tonne of supplementary quota allocated.

Article 59

Quota management

1 The Commission shall adjust the quotas set out in Annex VI by the end of February of the previous marketing year at the latest for each of the marketing years 2008/2009, 2009/2010 and 2010/2011. The adjustments shall result from the application of paragraph 2 of this Article and Article 58 of this Regulation and of Article 3 of Regulation (EC) No 320/2006.

2 Taking into account the results of the restructuring scheme provided for in Regulation (EC) No 320/2006, the Commission shall fix, by 28 February 2010 at the latest, the common percentage needed to reduce the existing quotas for sugar, isoglucose and inulin syrup per Member State or region with a view to avoiding market imbalances in the marketing years as from 2010/2011.

3 Member States shall adjust the quota of each undertaking accordingly.

Article 60

National quota reallocation

1 A Member State may reduce the sugar or isoglucose quota as allocated to an undertaking established on its territory by up to 10 % for each marketing year.

2 Member States may transfer quotas between undertakings in accordance with the rules laid down in Annex VIII and taking into consideration the interests of each of the parties concerned, particularly sugar beet and cane growers.

3 The quantities reduced pursuant to paragraphs 1 and 2 shall be allocated by the Member State in question to one or more undertakings on its territory, whether or not holding a quota.

Subsection II

Quota Overrun

Article 61

Scope

The sugar, isoglucose or inulin syrup produced during a marketing year in excess of the quota referred to in Article 56 may be:

- (a) used for the processing of certain products as referred to in Article 62;
- (b) carried forward to the quota production of the next marketing year, in accordance with Article 63;
- (c) used for the specific supply regime for the outermost regions, in accordance with Title II of Council Regulation (EC) No 247/2006⁽²⁾; or
- (d) exported within the quantitative limit fixed by the Commission respecting the commitments resulting from agreements concluded in accordance with Article 300 of the Treaty.

Other quantities shall be subject to the surplus levy referred to in Article 64.

Article 62

Industrial sugar

1 Industrial sugar, industrial isoglucose or industrial inulin syrup shall be reserved for the production of one of the products referred to in paragraph 2 when:

- a it has been subject to a delivery contract concluded before the end of the marketing year between a producer and a user which have both been granted approval in accordance with Article 57; and
- b it has been delivered to the user by 30 November of the following marketing year at the latest.

2 The Commission shall draw up a list of products for the production of which industrial sugar, industrial isoglucose or industrial inulin syrup is used.

The list shall in particular include:

- a bioethanol, alcohol, rum, live yeast and quantities of syrups for spreading and those to be processed into *Rinse appelstroop*;
- b certain industrial products without sugar content but the processing of which uses sugar, isoglucose or inulin syrup;
- c certain products of the chemical or pharmaceutical industry which contain sugar, isoglucose or inulin syrup.

Article 63

Carry forward of surplus sugar

1 Each undertaking may decide to carry forward all or part of its production in excess of its sugar quota, its isoglucose quota or its inulin syrup quota to be treated as part of the next marketing year's production. Without prejudice to paragraph 3, that decision shall be irrevocable.

2 Undertakings which take the decision referred to in paragraph 1 shall:

- a inform the Member State concerned before a date to be determined by that Member State:
 - between 1 February and 30 June of the current marketing year for quantities of cane sugar being carried forward,
 - between 1 February and 15 April of the current marketing year for other quantities of sugar or inulin syrup being carried forward;
- b undertake to store such quantities at their own expense until the end of the current marketing year.

3 If an undertaking's definitive production in the marketing year concerned was less than the estimate made when the decision in accordance with paragraph 1 was taken, the quantity carried forward may be adjusted retroactively by 31 October of the following marketing year at the latest.

4 The quantities carried forward shall be deemed to be the first quantities produced under the quota of the following marketing year.

5 Sugar stored in accordance with this Article during a marketing year may not be subject to any other storage measures provided for in Articles 13, 32 or 52.

Article 64

Surplus levy

- 1 A surplus levy shall be levied on quantities of:
 - a surplus sugar, surplus isoglucose and surplus inulin syrup produced during any marketing year, except for quantities carried forward to the quota production of the following marketing year and stored in accordance with Article 63 or quantities referred to in points (c) and (d) of Article 61;
 - b industrial sugar, industrial isoglucose and industrial inulin syrup for which no proof has been supplied, by a date to be determined by the Commission, that it has been processed into one of the products referred to in Article 62(2);
 - c sugar, isoglucose and inulin syrup withdrawn from the market in accordance with Article 52 and for which the obligations provided for in Article 52(3) are not met.
- 2 The surplus levy shall be fixed by the Commission at a sufficiently high level in order to avoid the accumulation of quantities referred to in paragraph 1.
- 3 The surplus levy referred to in paragraph 1 shall be charged by the Member State to the undertakings on its territory according to the quantities of production referred to in paragraph 1 that have been established for those undertakings for the marketing year concerned.

Section III

Milk

Subsection I

General provisions

Article 65

Definitions

For the purposes of this Section:

- (a) 'milk' shall mean the produce of the milking of one or more cows;
- (b) 'other milk products' means any milk product other than milk, in particular skimmed milk, cream, butter, yoghurt and cheese; when relevant, these shall be converted into 'milk equivalents' by applying coefficients to be fixed by the Commission;
- (c) 'producer' means a farmer with a holding located within the geographical territory of a Member State, who produces and markets milk or who is preparing to do so in the very near future;
- (d) 'holding' means a holding as defined in Article 2 of Regulation (EC) No 1782/2003;
- (e) 'purchaser' means undertakings or groups which buy milk from producers;

- to subject it to collecting, packing, storing, chilling or processing, including under contract,
- to sell it to one or more undertakings treating or processing milk or other milk products.

However, any group of purchasers in the same geographical area which carries out the administrative and accounting operations necessary for the payment of the surplus levy on behalf of its members shall be regarded as a purchaser. For the purposes of the first sentence of this subparagraph, Greece shall be considered a single geographical area and it may deem an official body to be a group of purchasers;

- (f) ‘delivery’ means any delivery of milk, not including any other milk products, by a producer to a purchaser, whether the transport is carried out by the producer, a purchaser, an undertaking processing or treating such products or a third party;
- (g) ‘direct sale’ means any sale or transfer of milk by a producer directly to consumers, as well as any sale or transfer of other milk products by a producer. The Commission may, while respecting the definition of ‘delivery’ given in point (f), adjust the definition of ‘direct sale’ in order to ensure, in particular, that no quantity of marketed milk or other milk products is excluded from the quota arrangements;
- (h) ‘marketing’ means deliveries of milk or direct sales of milk or other milk products;
- (i) ‘individual quota’ means a producer's quota at 1 April of any twelve-month period;
- (j) ‘national quota’ means the quota referred to in Article 66, fixed for each Member State;
- (k) ‘available quota’ means the quota available to producers on 31 March of the twelve-month period for which the surplus levy is calculated, taking account of all transfers, sales, conversions and temporary re-allocations provided for in this Regulation which have taken place during that twelve-month period.

Subsection II

Quota allocation and management

Article 66

National quotas

1 The national quotas for the production of milk and other milk products marketed during seven consecutive periods of twelve months commencing on 1 April 2008 (hereinafter referred to as ‘twelve-month periods’) are fixed in point 1 of Annex IX.

2 The quotas referred to in paragraph 1 shall be divided between producers in accordance with Article 67, distinguishing between deliveries and direct sales. Any overrun of the national quotas shall be determined nationally in each Member State, in accordance with this Section and making a distinction between deliveries and direct sales.

3 The national quotas set out in point 1 of Annex IX shall be fixed without prejudice to possible review in the light of the general market situation and particular conditions existing in certain Member States.

4 For Bulgaria and Romania a special restructuring reserve shall be established as set out in point 2 of Annex IX. This reserve shall be released as from 1 April 2009 to the extent that the on-farm consumption of milk and milk products in each of these countries has decreased since 2002.

The decision on releasing the reserve and its distribution to the deliveries and direct sales quota shall be taken by the Commission on the basis of a report to be submitted by Bulgaria and Romania to the Commission by 31 December 2008. This report shall detail the results and trends of the actual restructuring process in each country's dairy sector, and in particular the shift from production for on-farm consumption to production for the market.

5 For Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia the national quotas shall include all milk or milk equivalent delivered to a purchaser or sold directly, irrespective of whether it is produced or marketed under a transitional measure applicable in those countries.

Article 67

Individual quotas

1 The producers' individual quota or quotas at 1 April 2008 shall be equal to their individual reference quantity or quantities at 31 March 2008 without prejudice to transfers, sales and conversions of quota that take effect on 1 April 2008.

2 Producers may have either one or two individual quotas, one for deliveries and the other for direct sales. A producer's quantities may be converted from one quota to the other only by the competent authority of the Member State, at the duly justified request of the producer.

3 Where a producer has two quotas, his contribution to any surplus levy due shall be calculated separately for each.

4 The part of the Finnish national quota allocated to the deliveries referred to in Article 66 may be increased by the Commission to compensate Finnish SLOM producers up to 200 000 tonnes. This reserve, to be allocated in accordance with Community legislation, must be used exclusively on behalf of producers whose right to take up production again has been affected as a result of accession.

5 Individual quotas shall be modified, where appropriate, for each of the twelve-month periods concerned, so that, for each Member State, the sum of the individual quotas for the deliveries and that for the direct sales does not exceed the corresponding part of the national quota adapted in accordance with Article 69, taking account of any reductions made for allocation to the national reserve as provided for in Article 71.

Article 68

Allocation of quotas from the national reserve

Member States shall adopt rules allowing for allocation to producers of all or part of the quotas from the national reserve provided for in Article 71 on the basis of objective criteria to be notified to the Commission.

Article 69

Management of quotas

1 The Commission shall adapt, for each Member State and for each period, before the end of that period, the division between 'deliveries' and 'direct sales' of national quotas, in the light of the conversions requested by producers, between individual quotas for deliveries and for direct sales.

2 Member States shall each year forward to the Commission, by dates and according to rules to be fixed by the Commission in accordance with Article 192(2), the information necessary to:

- a make the adaptation referred to in paragraph 1 of this Article;
- b calculate the surplus levy to be paid by them.

Article 70

Fat content

1 Each producer shall be assigned a reference fat content, to be applied to the individual quota for deliveries allocated to that producer.

2 For the quotas allocated to producers on 31 March 2008 in accordance with Article 67(1), the reference fat content referred to in paragraph 1 shall be the same as the reference fat content applied to that quota at that date.

3 The reference fat content shall be altered during the conversion referred to in Article 67(2) and where quotas are acquired, transferred or temporarily transferred in accordance with rules to be established by the Commission.

4 For new producers having an individual quota for deliveries allocated entirely from the national reserve, the fat content shall be fixed in accordance with rules to be established by the Commission.

5 The individual reference fat content referred to in paragraph 1 shall be adjusted, where appropriate, upon the entry into force of this Regulation and thereafter, at the beginning of each twelve-month period as necessary, so that, for each Member State, the weighted average of the individual representative fat contents does not exceed by more than 0,1 gram per kg the reference fat content set in Annex X.

For Romania the reference fat content set in Annex X shall be reviewed on the basis of the figures for the full year 2004 and, if necessary, adjusted by the Commission.

Article 71

National reserve

1 Each Member State shall set up a national reserve as part of the national quotas fixed in Annex IX, in particular with a view to making the allocations provided for in Article 68. The national reserve shall be replenished, as appropriate, by withdrawing some quantities as provided for in Article 72, retaining part of transfers as provided for in Article 76, or by making

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an across-the-board reduction in all individual quotas. The quotas in question shall retain their original purpose, i.e. deliveries or direct sales.

2 Any additional quota allocated to a Member State shall automatically be placed in the national reserve and divided into deliveries and direct sales according to foreseeable needs.

3 The quotas placed in the national reserve shall not have a reference fat content.

Article 72

Cases of inactivity

1 When a natural or legal person holding individual quotas no longer meets the conditions referred to in point (c) of Article 65 during a twelve-month period, the corresponding quantities shall revert to the national reserve no later than 1 April of the following calendar year, unless that person becomes once again a producer within the meaning of point (c) of Article 65 before that date.

Where that person becomes once again a producer not later than the end of the second twelve-month period following withdrawal, all or part of the individual quota which had been withdrawn shall revert to that person no later than 1 April following the date of application.

2 Where producers do not market a quantity equal to at least 70 % of their individual quota during at least one twelve-month period, Member States may decide whether and on what conditions all or part of the unused quota shall revert to the national reserve.

Member States may determine on what conditions a quota shall be re-allocated to the producer concerned should he resume marketing.

3 Paragraphs 1 and 2 shall not apply in cases of *force majeure* and in duly justified cases temporarily affecting the production capacity of the producers concerned and recognised by the competent authority.

Article 73

Temporary transfers

1 By the end of each twelve-month period, Member States shall authorise, for the period concerned, any temporary transfers of part of individual quotas which the producers who are entitled thereto do not intend to use.

Member States may regulate transfer operations according to the categories of producers or milk production structures concerned, may limit them to the level of the purchaser or within regions, authorise complete transfers in the cases referred to in Article 72(3) and determine to what extent the transferor can repeat transfer operations.

2 Any Member State may decide not to implement paragraph 1 on the basis of one or both of the following criteria:

- a the need to facilitate structural changes and adjustments;
- b overriding administrative needs.

Article 74

Transfers of quotas together with land

1 Individual quotas shall be transferred with the holding to the producers taking it over when it is sold, leased, transferred by actual or anticipated inheritance or any other means involving comparable legal effects for the producers, in accordance with detailed rules to be determined by the Member States, taking account of the areas used for dairy production or other objective criteria and, where applicable, of any agreement between the parties. The part of the quota which, where applicable, has not been transferred with the holding shall be added to the national reserve.

2 Where quotas have been or are transferred in accordance with paragraph 1 by means of rural leases or by other means involving comparable legal effects, Member States may decide, on the basis of objective criteria and with the aim of ensuring that quotas are attributed solely to producers, that the quota shall not be transferred with the holding.

3 Where land is transferred to the public authorities and/or for use in the public interest, or where the transfer is carried out for non-agricultural purposes, Member States shall ensure that the necessary measures are taken to protect the legitimate interests of the parties, and in particular, that producers giving up such land are in a position to continue milk production if they so wish.

4 Where there is no agreement between the parties, in the case of tenancies due to expire without any possibility of renewal on similar terms, or in situations involving comparable legal effects, the individual quotas in question shall be transferred in whole or in part to the producer taking them over, in accordance with provisions adopted by the Member States, taking account of the legitimate interests of the parties.

Article 75

Special transfer measures

1 With a view to successfully restructuring milk production or improving the environment, Member States may, in accordance with detailed rules which they shall lay down, taking account of the legitimate interests of the parties concerned:

- a grant compensation in one or more annual instalments to producers who undertake to abandon permanently all or part of their milk production and place the individual quotas thus released in the national reserve;
- b determine on the basis of objective criteria the conditions on which producers may obtain, in return for payment, at the beginning of a twelve-month period, the re-allocation by the competent authority or a body designated by that authority of individual quotas released definitively at the end of the preceding twelve-month period by other producers in return for compensation in one or more annual instalments equal to the abovementioned payment;
- c centralise and supervise transfers of quotas without land;
- d provide, in the case of land transferred with a view to improving the environment, for the individual quota concerned to be allocated to a producer giving up the land but wishing to continue milk production;

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- e determine, on the basis of objective criteria, the regions or collection areas within which the permanent transfer of quotas without transfer of the corresponding land is authorised, with the aim of improving the structure of milk production;
 - f authorise, upon application by a producer to the competent authority or a body designated by that authority, the definitive transfer of quotas without transfer of the corresponding land, or vice versa, with the aim of improving the structure of milk production at the level of the holding or to allow for extensification of production.
- 2 Paragraph 1 may be implemented at national level, at the appropriate territorial level or in specified collection areas.

Article 76

Retention of quotas

1 In the case of transfers as referred to in Articles 74 and 75 Member States may, on the basis of objective criteria, retain part of the individual quotas for their national reserve.

2 Where quotas have been or are transferred in accordance with Articles 74 and 75 with or without the corresponding land by means of rural leases or by other means involving comparable legal effects, Member States may decide, on the basis of objective criteria and with the aim of ensuring that quotas are attributed solely to producers, whether and under which conditions all or part of the transferred quota shall revert to the national reserve.

Article 77

Aid for the acquisition of quotas

No financial assistance linked directly to the acquisition of quotas may be granted by any public authority for the sale, transfer or allocation of quotas under this Section.

Subsection III

Quota overrun

Article 78

Surplus levy

1 A surplus levy shall be payable on milk and other milk products marketed in excess of the national quota as established in accordance with Subsection II.

The levy shall be set, per 100 kilograms of milk, at EUR 27,83.

2 Member States shall be liable to the Community for the surplus levy resulting from overruns of the national quota, determined nationally and separately for deliveries and direct sales, and between 16 October and 30 November following the twelve-month period concerned, shall pay 99 % of the amount due to the EAGF.

3 If the surplus levy provided for in paragraph 1 has not been paid before the due date and after consultation of the Committee of the Agricultural Funds, the Commission shall deduct a sum equivalent to the unpaid surplus levy from the monthly payments within the meaning

of Articles 14 and 15(2) of Regulation (EC) No 1290/2005. Before taking its decision, the Commission shall warn the Member State concerned, which shall make its position known within one week. Article 14 of Council Regulation (EC) No 2040/2000⁽³⁾ shall not apply.

4 The Commission shall determine the arrangements for the implementation of this Article.

Article 79

Contribution of producers to the surplus levy due

The surplus levy shall be entirely allocated, in accordance with Articles 80 and 83, among the producers who have contributed to each of the overruns of the national quotas referred to in Article 66(2).

Without prejudice to Articles 80(3) and 83(1), producers shall be liable vis-à-vis the Member State for payment of their contribution to the surplus levy due, calculated in accordance with Articles 69, 70 and 80, for the mere fact of having overrun their available quotas.

Article 80

Surplus levy on deliveries

1 In order to draw up the definitive surplus levy statement, the quantities delivered by each producer shall be increased or reduced to reflect any difference between the real fat content and the reference fat content, using coefficients and on terms to be laid down by the Commission.

2 Where, at national level, the sum of deliveries adjusted in accordance with paragraph 1 is less than the deliveries actually made, the surplus levy shall be calculated on the basis of the latter. In such cases, each downward adjustment shall be proportionately reduced so as to bring the sum of adjusted deliveries into line with the deliveries actually made.

Where the sum of the deliveries adjusted in accordance with paragraph 1 is greater than the deliveries actually made, the surplus levy shall be calculated on the basis of the former.

3 Each producer's contribution to payment of the surplus levy shall be established by decision of the Member State, after any unused part of the national quota allocated to deliveries has or has not been re-allocated, in proportion to the individual quotas of each producer or according to objective criteria to be set by the Member States:

- a either at national level on the basis of the amount by which each producer's quota has been exceeded;
- b or firstly at the level of the purchaser and thereafter at national level where appropriate.

Article 81

Role of purchasers

1 Purchasers shall be responsible for collecting from producers contributions due from the latter by virtue of the surplus levy and shall pay to the competent body of the Member State, before a date and following a procedure to be laid down by the Commission, the amount of

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these contributions deducted from the price of the milk paid to the producers responsible for the overrun or, failing this, collected by any other appropriate means.

2 Where a purchaser fully or partially replaces one or more other purchasers, the individual quotas available to the producers shall be taken into account for the remainder of the twelve-month period in progress, after deduction of quantities already delivered and account being taken of their fat content. This paragraph shall also apply where a producer transfers from one purchaser to another.

3 Where, during the reference period, quantities delivered by a producer exceed that producer's available quota, the relevant Member State may decide that the purchaser shall deduct part of the price of the milk in any delivery by the producer concerned in excess of the quota, by way of an advance on the producer's contribution, in accordance with detailed rules laid down by the Member State. The Member State may make specific arrangements to enable purchasers to deduct this advance where producers deliver to several purchasers.

Article 82

Approval

Purchaser status shall be subject to prior approval by the Member State in accordance with criteria to be laid by the Commission.

The conditions to be fulfilled and information to be provided by producers in the case of direct sales shall be established by the Commission.

Article 83

Surplus levy on direct sales

1 In the case of direct sales, each producer's contribution to payment of the surplus levy shall be established by decision of the Member State, after any unused part of the national quota allocated to direct sales has or has not been re-allocated, at the appropriate territorial level or at national level.

2 Member States shall establish the basis of calculation of the producer's contribution to the surplus levy due on the total quantity of milk sold, transferred or used to manufacture the milk products sold or transferred by applying criteria fixed by the Commission.

3 No correction linked to fat content shall be taken into account for the purpose of drawing up the definitive surplus levy statement.

4 The Commission shall determine how and when the surplus levy must be paid to the Member State's competent body.

Article 84

Amounts paid in excess or unpaid

1 Where, in the case of deliveries or direct sales, the surplus levy is found to be payable and the contribution collected from producers is greater than that levy, the Member State may:

- a use partially or totally the excess to finance the measures in point (a) of Article 75(1), and/or

- b redistribute it partially or totally to producers who:
 - fall within priority categories established by the Member State on the basis of objective criteria and within the period to be laid down by the Commission, or
 - are affected by an exceptional situation resulting from a national rule unconnected with the quota system for milk and other milk products set up by this Chapter.

2 Where it is established that no surplus levy is payable, any advances collected by purchasers or the Member State shall be reimbursed no later than the end of the following twelve-month period.

3 Where a purchaser does not meet the obligation to collect the producers' contribution to the surplus levy in accordance with Article 81, the Member State may collect unpaid amounts directly from the producer, without prejudice to any penalties it may impose upon the defaulting purchaser.

4 Where a producer or a purchaser fails to comply with the time limit for payment, interest on arrears to be fixed by the Commission shall be paid to the Member State.

Section IV

Procedural provisions

Article 85

Implementing rules

The Commission shall adopt the detailed rules for the application of this Chapter which may relate, in particular, to:

- (a) supplementary information to be submitted by approved undertakings referred to in Article 57 as well as the criteria for administrative penalties, suspensions and withdrawal of approval of the undertakings;
- (b) the establishment and the communications of the amounts referred to in Article 58 and the surplus levy referred to in Article 64;
- (c) derogations from the dates laid down in Article 63.

CHAPTER IV

Aid schemes

Section I

Aid for processing

Subsection I

Dried fodder

Article 86

Eligible undertakings

1 Aid for processing in respect of the products of the dried fodder sector shall be granted to undertakings processing products of that sector falling into at least one of the following categories:

- a processors who have concluded contracts with producers of fodder for drying. Where a contract is a special-order contract for processing of fodder delivered by a producer, it shall include a clause containing an obligation for the processing undertakings to pay the producer the aid received for the quantity processed under the contract;
- b undertakings which have processed their own crop or, in the case of a group, that of its members;
- c undertakings which have obtained their supplies from natural or legal persons having concluded contracts with producers of fodder for drying.

2 The aid provided for in paragraph 1 shall be paid in respect of dried fodder that has left the processing plant and meets the following requirements:

- a its maximum moisture content is from 11 % to 14 % which may vary depending on the presentation of the product;
- b its minimum total crude protein content in the dry matter is not less than:
 - (i) 15 % for the products referred to in point (a) and the second indent of point (b) of Part IV of Annex I;
 - (ii) 45 % for the products referred to in the first indent of point (b) of Part IV of Annex I;
- c it is of sound and fair merchantable quality.

Article 87

Advance payment

1 Processing undertakings shall be entitled to an advance payment of EUR 19,8 per tonne, or EUR 26,4 per tonne if they have lodged a security of EUR 6,6 per tonne.

Member States shall make the necessary checks to verify entitlement to the aid. Once entitlement has been established the advance shall be paid.

However, the advance may be paid before entitlement has been established provided the processor lodges a security equal to the amount of the advance plus 10 %. This security shall also serve as security for the purposes of the first subparagraph. It shall be reduced to the level specified in the first subparagraph as soon as entitlement to aid has been established and shall be released in full when the balance of the aid is paid.

2 Before an advance can be paid the dried fodder must have left the processing undertaking.

3 Where an advance has been paid, the balance amounting to the difference between the amount of the advance and the total aid due to the processing undertaking shall be paid subject to application of Article 88(2).

4 Where the advance exceeds the total to which the processing undertaking is entitled following the application of Article 88(2), the processor shall reimburse the excess to the competent authority of the Member State on request.

Article 88

Aid rate

1 The aid provided for in Article 86 shall be set at EUR 33/tonne.

2 By way of derogation from paragraph 1, where during a marketing year the volume of dried fodder for which aid is claimed exceeds the guaranteed maximum quantity set out in Article 89, the aid shall be reduced in each Member State in which production exceeds the guaranteed national quantity by reducing expenditure as a function of the percentage of the sum of the overruns represented by the overrun of that Member State.

The reduction shall be set by the Commission at a level ensuring that budget expenditure does not exceed that which would have been attained had the maximum guaranteed quantity not been exceeded.

Article 89

Guaranteed quantity

A maximum guaranteed quantity per marketing year of 4 960 723 tonnes of dehydrated and/or sun-dried fodder for which the aid provided for in Article 86 may be granted is hereby established. That quantity shall be apportioned among the Member States concerned as national guaranteed quantities in accordance with point B of Annex XI.

Article 90

Implementing rules

The Commission shall adopt the detailed rules for the implementation of this Subsection which may, in particular, include rules concerning:

- (a) declarations to be submitted by undertakings when applying for aid;
- (b) conditions to be complied with for the determination of the eligibility for the aid, in particular as regards the keeping of stock records and other supporting documents;

- (c) the granting of the aid provided for in this Subsection and the advance, as well as the release of the securities, provided for in Article 87(1);
- (d) the conditions and criteria to be fulfilled by the undertakings referred to in Article 86 and, in the case where undertakings obtain their supplies from natural or legal persons, rules concerning the guarantees to be provided by those persons;
- (e) the terms of approvals of buyers of fodder for drying, to be applied by the Member States;
- (f) the criteria for determining the requirements laid down in Article 86(2);
- (g) the criteria to be fulfilled for the conclusion of contracts and information which they shall contain;
- (h) the application of the maximum guaranteed quantity laid down in Article 89;
- (i) further requirements to those laid down in Article 86, in particular as regards carotene and fibre content.

Subsection II

Flax grown for fibre

Article 91

Eligibility

1 Aid for processing the straw of flax grown for fibre shall be granted to authorised primary processors on the basis of the quantity of fibre actually obtained from straw for which a contract of sale has been concluded with a farmer.

However, in cases where farmers retain ownership of the straw which they are having processed under contract by an authorised primary processor and prove that they have placed the fibres obtained on the market, the aid shall be granted to the farmers.

In cases where the authorised primary processor and the farmer are one and the same person, the contract of sale shall be replaced by a commitment by the party concerned to carry out the processing itself.

2 For the purposes of this Subsection, ‘authorised primary processor’ shall mean a natural or legal person or a group of natural or legal persons, irrespective of its legal status under national law, or that of its members, that has been authorised by the competent authority of the Member State in the territory of which its facilities for producing flax fibre are located.

Article 92

Aid rate

1 The amount of processing aid provided for in Article 91 shall be fixed at EUR 200 per tonne of long flax fibre.

2 The quantities of fibre eligible for aid shall be limited on the basis of the areas which were the subject of one of the contracts or commitments referred to in Article 91.

The limits referred to in the first subparagraph shall be fixed by the Member States so as to comply with the national guaranteed quantities referred to in Article 94.

Article 93

Advance payment

At the request of authorised primary processors, an advance shall be paid on the aid referred to in Article 91 on the basis of the quantity of fibre obtained.

Article 94

Guaranteed quantity

1 A maximum guaranteed quantity of 80 878 tonnes per marketing year shall be established for long flax fibre in respect of which aid may be granted. That quantity shall be apportioned among certain Member States as national guaranteed quantities in accordance with point A of Annex XI.

2 In cases where the fibre obtained in one Member State originates from straw produced in another Member State, the quantities of fibre concerned shall be offset against the national guaranteed quantity of the Member State in which the straw was harvested. The aid shall be paid by the Member State against whose national guaranteed quantity such an offset is made.

Article 95

Implementing rules

The Commission shall adopt the detailed rules for the implementation of this Subsection which may, in particular, include rules concerning:

- (a) the conditions for authorisation of primary processors referred to in Article 91;
- (b) the conditions to be met by approved primary processors as regards the contracts of sale and commitments referred to in Article 91(1);
- (c) the requirements to be complied with by farmers in the case referred to in the second subparagraph of Article 91(1);
- (d) the criteria to be met by long flax fibre;
- (e) the conditions for the grant of aid and the advance payment, and in particular proof of the processing of straw;
- (f) the conditions to be met for fixing the limits referred to in Article 92(2).

Section II

Production refund

Article 96

Production refund for starch

- 1 A production refund may be granted:
 - a for starch obtained from maize, wheat or potatoes and for certain derivatives used in the manufacture of certain products, a list of which shall be drawn up by the Commission;
 - b in the absence of significant domestic production of other cereals for the production of starch, for the following quantities of starch obtained each marketing year in Finland and Sweden from barley and oats, insofar as it does not entail an increase in the level of starch production from those two cereals:
 - (i) 50 000 tonnes in Finland,
 - (ii) 10 000 tonnes in Sweden.
- 2 The refund referred to in paragraph 1 shall be fixed by the Commission periodically.

Article 97

Production refund in the sugar sector

- 1 A production refund may be granted on the products of the sugar-sector listed in points (b) to (e) of Part III of Annex I if surplus sugar or imported sugar, surplus isoglucose or surplus inulin syrup is not available at a price corresponding to the world price for the manufacturing of the products referred to in Article 62(2)(b) and (c).
- 2 The production refund referred to in paragraph 1 shall be fixed taking into account in particular the costs arising from the use of imported sugar which the industry would have to bear in the event of supply on the world market and the price of the surplus sugar available on the Community market or the reference price if there is no surplus sugar.

Article 98

Conditions for granting

The Commission shall adopt the conditions for the granting of the production refunds referred to in this Section, as well as the amount of such refunds and, as regards the production refund for sugar provided for in Article 97, the eligible quantities.

Section III

Aids in the milk and milk products sector

Article 99

Aid for skimmed milk and skimmed milk powder for use as feedingstuffs

1 Aid shall be granted for skimmed milk and skimmed-milk powder intended for use as feedingstuffs, according to conditions and product standards to be determined by the Commission.

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

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

- a the reference price fixed in point (e)(ii) of Article 8(1) for skimmed-milk powder;
- b development of the supply situation as regards skimmed milk and skimmed-milk powder, and developments in the use thereof as feed;
- c trends in calf prices;
- d trends in the market prices for competing proteins as compared with those for skimmed-milk powder.

Article 100

Aid for skimmed milk processed into casein and caseinates

1 Aid shall be granted for Community-produced skimmed milk processed into casein and caseinates, according to conditions and product standards of such milk and the casein or caseinates produced from it to be determined by the Commission.

2 Aid shall be fixed by the Commission taking into account the following factors:

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

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

Article 101

Aid for the purchase of cream, butter and concentrated butter at reduced prices

Under conditions to be determined by the Commission, when surpluses of milk products build up or are likely to occur, the Commission may decide that aid shall be granted to enable cream, butter and concentrated butter to be purchased at reduced prices:

- (a) by non-profit making institutions and organisations;
- (b) by military forces and units of comparable status in the Member States;
- (c) by manufacturers of pastry products and ice-cream;

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- (d) by manufacturers of other foodstuffs to be determined by the Commission;
- (e) for the direct consumption of concentrated butter.

Article 102

Aid for the supply of milk products to pupils

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

2 By way of derogation from Article 180, Member States may, in addition to Community aid, grant national aid for supplying the products referred to in paragraph 1 to pupils in educational establishments. Member States may finance their national aid by means of a levy on the dairy sector or by any other contribution from the dairy sector.

3 In the case of whole milk, the Community aid shall be EUR 18,15/100 kg.

In the case of other milk products, the amounts of aid shall be determined by the Commission taking into account the milk components of the products concerned.

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

Section IV

Aids in the olive oil and table olives sector

Article 103

Aids to operator organisations

1 The Community shall finance, by means of the amounts withheld by Member States in accordance with Article 110i (4) of Regulation (EC) No 1782/2003, three-year work programmes to be drawn up by operator organisations referred to in Article 125 in one or more of the following areas:

- a the market follow-up and administrative management in the olive oil and table olives sector;
- b the improvement of the environmental impacts of olive cultivation;
- c the improvement of the production quality of olive oil and table olives;
- d the traceability system, the certification and protection of the quality of olive oil and table olives, in particular the monitoring of the quality of olive oils sold to final consumers, under the authority of the national administrations;
- e the dissemination of information on the activities carried out by operator organisations with the aim of improving the quality of olive oil.

2 The maximum Community funding for the work programmes referred to in paragraph 1 shall be equal to the part of the amounts withheld by the Member States. This funding shall concern the eligible cost with a maximum of:

- a 100 % for activities in the areas referred to in points (a) and (b) of paragraph 1;

- b 100 % for fixed assets investments and 75 % for other activities in the area referred to in point (c) of paragraph 1;
- c 75 % for the work programmes carried out in at least three third countries or non-producing Member States by approved operator organisations from at least two producer Member States in the areas referred to in points (d) and (e) of paragraph 1, and 50 % for the other activities in these areas.

Complementary financing shall be ensured by the Member State up to 50 % of the costs not covered by the Community funding.

The Commission shall establish the detailed rules for the application of this Article and in particular the procedures for the approval of the work programmes by the Member States and the types of activities eligible under such programmes.

3 Without prejudice to any specific provisions which may be adopted by the Commission in accordance with Article 194, Member States shall verify that the conditions for granting Community funding are met. To that end, they shall carry out an audit of work programmes and a control plan involving a sample determined on the basis of a risk analysis and comprising at least 30 % per year of producer organisations and all the other operators' organisations in receipt of Community funding under this Article.

Section V

Community Tobacco Fund

Article 104

Tobacco Fund

- 1 A Community Tobacco Fund (hereinafter referred to as the Fund) shall be set up to finance measures in the following areas:
 - a improving public awareness of the harmful effects of all forms of tobacco consumption, in particular through information and education, support for the collection of data to establish tobacco consumption patterns and to conduct epidemiological studies on nicotinism in the Community, and a study on preventing nicotinism;
 - b specific measures to help tobacco growers to switch to other crops or other economic activities that create employment and studies of the possibilities for tobacco growers to do so.
- 2 The Fund shall be financed:
 - a for the 2002 harvest by a deduction of 2 % and for the 2003, 2004 and 2005 harvests, of 3 % of the premium provided for in Title I of Regulation (EEC) No 2075/92 as applicable until and including the 2005 harvest for the financing of any kind of measures provided for in paragraph 1;
 - b for the calendar years 2006 and 2007, in accordance with Article 110m of Regulation (EC) No 1782/2003.
- 3 Detailed rules for the application of this Article shall be adopted by the Commission.

*Section VI****Special provisions for the apiculture sector****Article 105***Scope**

1 With a view to improving general conditions for the production and marketing of apiculture products, Member States may draw up a national programme for a period of three years (hereinafter referred to as the ‘apiculture programme’).

2 By way of derogation from Article 180, Articles 87, 88 and 89 of the Treaty shall not apply:

- a to the financial contribution provided by Member States for measures subject to Community support in accordance with this Section;
- b to specific national aids for the protection of apiaries disadvantaged by structural or natural conditions or under economic development programmes, except for those allocated for production or trade.

Aids referred to in point (b) shall be notified to the Commission by Member States together with the communication of the apiculture programme in accordance with Article 109.

*Article 106***Measures eligible for aid**

The measures which may be included in the apiculture programme shall be the following:

- (a) technical assistance to beekeepers and groupings of beekeepers;
- (b) control of varroasis;
- (c) rationalisation of transhumance;
- (d) measures to support laboratories carrying out analyses of the physico-chemical properties of honey;
- (e) measures to support the restocking of hives in the Community;
- (f) cooperation with specialised bodies for the implementation of applied research programmes in the field of beekeeping and apiculture products.

Measures financed from the EAFRD in accordance with Council Regulation (EC) No 1698/2005⁽⁴⁾ shall be excluded from the apiculture programme.

Article 107

Study of the production and marketing structure in the beekeeping sector

To be eligible for the part-financing provided for in Article 108(1), Member States shall carry out a study of the production and marketing structure in the beekeeping sector in their territory.

Article 108

Financing

1 The Community shall provide part-financing for the apiculture programmes equivalent to 50 % of the expenditure borne by Member States.

2 Expenditure relating to the measures taken under the apiculture programmes shall be made by the Member States by 15 October each year.

Article 109

Consultation

The apiculture programme shall be drawn up in close collaboration with the representative organisations and beekeeping cooperatives. It shall be submitted to the Commission for approval.

Article 110

Implementing rules

The Commission shall establish the detailed rules for the application of this Section.

Section VII

Aids in the silkworm sector

Article 111

Aid to be granted to silkworm rearers

1 Aid shall be granted for silkworms falling within CN-code ex 0106 90 00 and for silkworm eggs falling within CN-code ex 0511 99 85 reared within the Community.

2 The aid shall be granted to silkworm rearers for each box of silkworm eggs used, on condition that the boxes contain a minimum quantity of eggs, to be determined, and that the worms have been successfully reared.

3 The aid per box of silkworm eggs used shall be EUR 133,26.

*Article 112***Implementing rules**

Detailed rules for the application of this Section shall be adopted by the Commission which shall cover, in particular, the minimum quantity of eggs referred to in Article 111(2).

TITLE II

RULES CONCERNING MARKETING AND PRODUCTION

CHAPTER I

Marketing standards and conditions for the production*Section I***Marketing standards***Article 113***Marketing standards**

- 1 Provision may be made by the Commission for marketing standards for one or more of the products of the following sectors:
 - a olive oil and table olives in respect of the products referred to in point (a) of Part VII of Annex I;
 - b bananas;
 - c live plants.
- 2 The standards referred to in paragraph 1:
 - a shall be established taking into account, in particular:
 - (i) the specificities of the products concerned;
 - (ii) the need to ensure the conditions for a smooth disposal of those products on the market;
 - (iii) the interest of consumers to receive adequate and transparent product information;
 - (iv) as concerns the olive oils referred to in point (a) of Part VII of Annex I, changes in the methods used for determining their physical, chemical and organoleptic characteristics;
 - b may in particular relate to quality, grading, weight, sizing, packaging, wrapping, storage, transport, presentation, origin and labelling.

3 Save as otherwise provided for by the Commission in accordance with the criteria referred to in point (a) of paragraph 2, the products for which marketing standards have been laid down may be marketed in the Community only in accordance with such standards.

Without prejudice to any specific provisions which may be adopted by the Commission in accordance with Article 194, Member States shall check whether those products conform to those standards and shall apply penalties as appropriate.

Article 114

Marketing standards for milk and milk products

1 Foodstuffs intended for human consumption may be marketed as milk and milk products only if they comply with the definitions and designations laid down in Annex XII.

2 Without prejudice to exemptions provided for in Community law and to measures for the protection of public health, milk falling within CN code 0401 intended for human consumption may only be marketed within the Community in accordance with Annex XIII and, in particular, with the definitions set out in point I thereof.

Article 115

Marketing standards for fats

Without prejudice to Article 114(1) or to any provisions adopted in the veterinary and foodstuffs sectors to ensure that products comply with hygiene and health standards and to protect animal and human health, the standards laid down in Annex XV shall apply to the following products having a fat content of at least 10 % but less than 90 % by weight, intended for human consumption:

- (a) milk fats falling within CN codes 0405 and ex 2106;
- (b) fats falling within CN code ex 1517;
- (c) fats composed of plant and/or animal products falling within CN codes ex ex 1517 and ex 2106.

The fat content excluding salt shall be at least two-thirds of the dry matter.

However, those standards shall only apply to products which remain solid at a temperature of 20 °C, and which are suitable for use as spreads.

Article 116

Marketing standards for products of the eggs and poultrymeat sectors

Products of the eggs and poultrymeat sectors shall be marketed in accordance with the provisions set out in Annex XIV.

Article 117

Certification for hops

1 Products of the hops sector, harvested or prepared within the Community, shall be subject to a certification procedure.

2 Certificates may be issued only for products having the minimum quality characteristics appropriate to a specific stage of marketing. In the case of hop powder, hop powder with higher lupulin content, extract of hops and mixed hop products, the certificate may only be issued if the alpha acid content of these products is not lower than that of the hops from which they have been prepared.

3 The certificates shall indicate at least:

- a the place(s) of production of the hops;
- b the year(s) of harvesting;
- c the variety or varieties.

4 Products of the hops sector may be marketed or exported only if a certificate as referred to in paragraphs 1, 2 and 3 has been issued.

In the case of imported products of the hops sector, the attestation provided for in Article 158(2) shall be deemed to be equivalent to the certificate.

5 Measures derogating from paragraph 4 may be adopted by the Commission:

- a in order to satisfy the trade requirements of certain third countries; or
- b for products intended for special uses.

The measures referred to in the first subparagraph shall:

- a not prejudice the normal marketing of products for which the certificate has been issued;
- b be accompanied by guarantees intended to avoid any confusion with those products.

Article 118

Marketing standards for olive oils and olive-pomace oils

1 The use of the descriptions and definitions of olive oils and olive-pomace oils set out in Annex XVI shall be compulsory as regards the marketing of the products concerned within the Community and, insofar as compatible with international compulsory rules, in trade with third countries.

2 Only oils referred to in points 1(a) and (b), 3 and 6 of Annex XVI may be marketed at the retail stage.

Section II

Conditions for production

Article 119

Use of casein and caseinates in the manufacture of cheese

The use of casein and caseinates in the manufacture of cheese shall be subject to prior authorisation which shall be granted only if such use is a necessary condition for the manufacture of the products.

Article 120

Method of production of agricultural ethyl alcohol

The method of production and the characteristics of agricultural ethyl alcohol obtained from a specific agricultural product listed in Annex I to the Treaty may be laid down by the Commission.

Section III

Procedural rules

Article 121

Adoption of standards, implementing rules and derogations

The Commission shall establish the detailed rules for the application of this Chapter, which may in particular relate to:

- (a) marketing standards referred to in Article 113 including rules on derogations from the standards, on presentation of particulars required by the standards and on the application of the standards to products imported into the Community and products exported from the Community;
- (b) as regards the definitions and designations that may be used in the marketing of milk and milk products in accordance with Article 114(1):
 - (i) drawing up and, where necessary, supplementing the list of the products referred to in the second subparagraph of point III(1) of Annex XII, on the basis of the lists sent to it by the Member States;
 - (ii) making additions, where necessary, to the list of designations given in point (a) of the second subparagraph of point II(2) of Annex XII;
- (c) as regards the standards for spreadable fats referred to in Article 115:
 - (i) a list of the products referred to in point (a) of the third subparagraph of point I(2) of Annex XV, on the basis of the lists sent to the Commission by the Member States;

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- (ii) the methods of analysis needed to check the composition and manufacturing characteristics of the products referred to in Article 115;
 - (iii) detailed rules for the taking of samples;
 - (iv) detailed rules for obtaining statistical information on the markets in the products referred to in Article 115;
- (d) as regards the provisions concerning the marketing of eggs set out in Part A of Annex XIV:
 - (i) definitions;
 - (ii) the frequency of collection, delivery, preservation and handling of eggs;
 - (iii) quality criteria, in particular the appearance of the shell, the consistency of the white and the yolk and the height of the air space;
 - (iv) weight grading, including exceptions;
 - (v) marking of eggs and indications on packs, including exceptions and including the rules to be applied in relation to packing centres;
 - (vi) trade with third countries;
 - (vii) farming methods;
- (e) as regards the provisions concerning the marketing of poultrymeat set out in Part B of Annex XIV:
 - (i) definitions;
 - (ii) the list of poultry carcasses, parts of such carcasses and offals, including *foie gras*, to which Part B of Annex XIV shall apply;
 - (iii) the criteria for classification within the meaning of point III(1) of Part B of Annex XIV;
 - (iv) the rules concerning further indications to be shown on accompanying commercial documents, the labelling, presentation and advertising of poultrymeat intended for the final consumer and the name under which the product is sold within the meaning of point (1) of Article 3(1) of Directive 2000/13/EC;
 - (v) optional indications of the method of the chilling used and of the type of farming;
 - (vi) derogations that may be applied in case of deliveries to cutting or processing establishments;
 - (vii) the rules to be applied as regards the percentages of water absorption during the preparation of fresh, frozen and quick-frozen carcasses and cuts thereof as well as the indications to be made in that respect;
- (f) as regards the provisions concerning the standards for the production and marketing of eggs for hatching and of farmyard poultry chicks set out in Part C of Annex XIV:
 - (i) definitions;

- (ii) the registration of establishments producing or marketing eggs for hatching or farmyard poultry chicks;
- (iii) indications to be made on eggs for hatching, including those to be imported from or to be exported to third countries, and on the packings, as well as the rules to be applied in respect of chicks originating in third countries;
- (iv) registers to be kept by hatcheries;
- (v) the use, other than for human consumption, that may be made of incubated eggs withdrawn from the incubator;
- (vi) communications from hatcheries and other establishments to the competent authorities of the Member States;
- (vii) accompanying documents;
- (g) the minimum quality characteristics for products of the hops sector referred to in Article 117;
- (h) the methods of analysis to be used, where applicable;
- (i) as regards the use of casein and caseinates referred to in Article 119:
 - (i) the conditions according to which the Member States shall grant the authorisations and the maximum percentages to be incorporated, on the basis of objective criteria having regard to what is technologically necessary;
 - (ii) the obligations to be respected by the undertakings authorised in accordance with point (i).

CHAPTER II

Producer organisations, interbranch organisations, operator organisations

Section I

General principles

Article 122

Producer organisations

Member States shall recognise producer organisations, which:

- (a) are constituted by producers of one of the following sectors:
 - (i) the hops sector,
 - (ii) the olive oil and table olives sector,
 - (iii) the silkworm sector;
- (b) are formed on the initiative of the producers;

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- (c) pursue a specific aim, which may in particular relate to:
 - (i) concentrating supply and marketing the produce of the members;
 - (ii) adapting production jointly to the requirements of the market and improving the product;
 - (iii) promoting the rationalisation and mechanisation of production;

Article 123

Interbranch organisations

Member States shall recognise interbranch organisations which:

- (a) are made up of representatives of economic activities linked to the production of, trade in, and/or processing of products in the following sectors:
 - (i) the olive oil and table olives sector;
 - (ii) the tobacco sector;
- (b) are formed on the initiative of all or some of the organisations or associations which constitute them;
- (c) pursue a specific aim, which may, in particular relate to:
 - (i) concentrating and coordinating supply and marketing of the produce of the members;
 - (ii) adapting production and processing jointly to the requirements of the market and improving the product;
 - (iii) promoting the rationalisation and improvement of production and processing;
 - (iv) carrying out research into sustainable production methods and market developments.

Where interbranch organisations carry out their activities in the territories of several Member States, recognition shall be granted by the Commission without the assistance of the Committee referred to in Article 195(1).

Article 124

Common provisions concerning producer and interbranch organisations

1 Article 122 and the first paragraph of Article 123 shall apply without prejudice to the recognition, decided by Member States on the basis of national law and in compliance with Community law, of producer organisations or interbranch organisations respectively, in any sector referred to in Article 1 except for the sectors referred to in Article 122 and the first paragraph of Article 123.

2 Producer organisations recognised or approved in accordance with Regulations (EC) No 865/2004, (EC) No 1952/2005 and (EC) No 1544/2006 shall be considered as recognised producer organisations under Article 122 of this Regulation.

Interbranch organisations recognised or approved in accordance with Regulations (EEC) 2077/92 and (EC) No 865/2004 shall be considered recognised interbranch organisations under Article 123 of this Regulation.

Article 125

Operator organisations

For the purposes of this Regulation, operator organisations shall comprise recognised producer organisations, recognised interbranch organisations or recognised organisations of other operators in the olive oil and table olives sector or their associations.

Section II

Rules concerning interbranch organisations in the tobacco sector

Article 126

Payment of subscription by non-members

1 Where one or more of the activities referred to in paragraph 2 is pursued by a recognised interbranch organisation in the tobacco sector and is in the general economic interest of those persons whose activities relate to one or more of the products concerned, the Member State which has granted recognition, or the Commission, without the assistance of the Committee referred to in Article 195(1), where recognition has been granted by the Commission, may decide that individuals or groups which are not members of the organisation but which benefit from those activities shall pay the organisation all or part of the subscriptions paid by its members to the extent that such subscriptions are intended to cover costs, other than administrative costs of any description, directly incurred as a result of pursuing the activities in question.

2 The activities referred to in paragraph 1 shall relate to one of the following objectives:

- a research to add value to the products, in particular through new uses which do not pose a threat to public health;
- b studies to improve the quality of leaf or baled tobacco;
- c research into methods of cultivation permitting reduced use of plant health products and guaranteeing conservation of the soil and the environment.

3 The Member States concerned shall notify the Commission of decisions which they intend to take under paragraph 1. Such decisions may not apply before the expiry of a three month period starting from the date of notification to the Commission. Within that three month period the Commission may call for the rejection of all or part of the draft decision if the general economic interest put forward does not appear to be well founded.

4 Where the activities of an interbranch organisation recognised by the Commission in accordance with this Chapter are in the general economic interest, the Commission shall notify its draft decision to the Member States concerned, who shall then have two months to make their comments.

*Section III****Procedural rules****Article 127***Implementing rules**

The Commission shall adopt the detailed rules for the application of this Chapter, in particular the conditions and procedures for the recognition of producer, interbranch and operator organisations in individual sectors, including:

- (a) the specific aims to be pursued by such organisations;
- (b) the rules of association of such organisations;
- (c) the activities of such organisations;
- (d) derogations from the requirements laid down in Articles 122, 123 and 125;
- (e) as the case may be, any effects deriving from the recognition as an interbranch organisation.

- (1) [OJ L 197, 30.7.1994, p. 4](#). Regulation as last amended by Regulation (EC) No 671/2007 ([OJ L 156, 16.6.2007, p. 1](#)).
- (2) [OJ L 42, 14.2.2006, p. 1](#).
- (3) [OJ L 244, 29.9.2000, p. 27](#).
- (4) [OJ L 277, 21.10.2005, p. 1](#).