

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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EUROPEAN ECONOMIC COMMUNITY

Common Agricultural Policy

The following communication, dated 2 July 1964, has been received by the Executive Secretary from the Commission of the European Economic Community:

"I have the honour to enclose, for the information of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, the texts of the three regulations adopted by the Council of the European Economic Community on 5 February 1964 and providing for the progressive establishment of a common organization of markets in the following sectors:

1. Dairy products - regulation 13/64/CEE
2. Meat of bovine animals - regulation 14/64/CEE
3. Rice - regulation 16/64/CEE

"These regulations were published in the Journal Officiel des Communautés Européennes No. 34 of 27 February 1964, of which I enclose four copies.

"In communicating these texts, the European Economic Community renews the assurance that it is prepared to present and comment upon these new regulations in Committee II if the CONTRACTING PARTIES express a desire to this effect.

"I must draw your attention to the fact that the date of entry into force of these three regulations, originally planned for 1 July, has been postponed and for the time being it is not possible to indicate a new date.

"In addition, the implementing regulations for the application of these new regulations have not yet been drawn up in full detail. The Community considers that these elements of information are essential for a proper assessment of the scope of the new market organizations thus established and considers, in these circumstances, that it could not meaningfully and usefully present them in Committee II before next autumn."

The text of the regulations mentioned above is distributed herewith.

REGULATION NO. 13/64/EEC

of 5 February 1964

on the progressive establishment of a common organization
of the markets in milk and dairy products

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

having regard to the Treaty setting up the European Economic Community
and in particular Articles 42 and 43 thereof,

having regard to the proposal of the Commission,

having regard to the opinion of the Assembly,

whereas the operation and development of the common market for agricultural
products should be accompanied by the institution of a common agricultural policy
to include in particular a common organization of agricultural markets established
product by product;

whereas the dairy sector is of particular importance in the economy of the
Community both as a source of direct and regular income for producers and as a
source of supply for processing; whereas for consumers milk and dairy products
are among the most important foodstuffs;

whereas trade in dairy products between member States is impeded by a number
of obstacles, namely, customs duties, charges having equivalent effect, quotas
and other quantitative restrictions, the progressive abolition of which during
the transitional period would be governed, failing co-ordinating action by the
institutions of the Community, by varying procedures and different timing;
whereas, on the other hand, a uniform frontier measure covering intra-Community
trade would facilitate progressive and parallel de-restriction in all member
States at a pace adapted to the gradual establishment of the common agricultural
policy;

whereas such uniform frontier measure, in place of all the various national
measures, must firstly ensure adequate support for the dairy markets of member
States during the transitional period, and secondly permit the progressive
creation of a single market by enabling the free movement of goods to develop
within the Community,

whereas these objects can be achieved by a system of intra-Community levies
corresponding to the difference in prices in the exporting member State and the
importing member State respectively so as to avoid causing possible disturbances
in the market of a country where prices are higher, by reason of imports from a
country where prices are lower;

whereas the substitution of intra-Community levies for other measures destined by virtue of the Treaty to disappear during the transitional period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for their progressive reduction;

whereas such progressive reduction of levies depends on approximating the prices of dairy products and standardizing them; whereas, on the other hand, as regards fodder preparations based on dairy products the levy should be divided into two parts, one corresponding to the incidence of the difference in the prices of the raw materials and the other protecting the processing industry, and provision should be made for the progressive and automatic reduction of the latter part;

whereas the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in member States, is justified in relation to the principles laid down in the Treaty only if it replaces all other protective measures;

whereas the system to be introduced must enable the preference resulting from implementation of the Treaty to be maintained in favour of the member States; whereas, subject to special regulations governing products on which customs duties have been bound under GATT, this requirement may be met by levying, on imports from third countries, charges corresponding to the difference between the prices in the importing member State and on the world market and by a standard abatement of the intra-Community levy, fixed so as to permit of the progressive development of intra-Community trade;

whereas the introduction of a system of levies in relation to third countries, affording guarantees to producers in member States, enables the latter to renounce all other protective measures;

whereas so long as national food laws relating to butter shall have not been harmonized, an exception can be allowed in respect of butter imports to the principle that of replacing all measures of protection at the frontier by intra-Community levies and levies in relation to third countries;

whereas the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of such a system; whereas, however, in order to create equal conditions of competition, and to permit exports from a member State where the price is higher to a member State where the price is lower, there is justification for allowing an exporting member State to grant a refund covering the difference in price; whereas in view of the fact that member States have in recent years devoted to the dairy sector considerable public funds, amounting in 1963 to some 500 million accounting units, it is impossible suddenly to abolish these practices without causing a disturbance to the dairy economy of the Community; whereas it is therefore necessary, in order to apply in the final stage a market policy excluding the granting of direct subsidies to milk production, to provide for Community rules for the progressive abolition of existing direct subsidies to milk production;

whereas, the practice in the processing trade, whereby trade between member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the levy system;

whereas, to safeguard the share of member States in world trade in dairy products, it is necessary that such States be allowed, when exporting to third countries, to refund an amount corresponding to the difference between the prices of the exporting member State and world prices;

whereas, in order to ensure that the necessary guarantees in respect of employment and standards of living are maintained for producers in the Community, it is appropriate to fix annually in each member State a target price for milk ex farm;

whereas, the establishment of a single market requires that the national target prices be progressively approximated and, finally, standardized at the level of a common target price to be fixed by the Council; whereas the common target price serves at the same time to establish the price of dairy products, on the basis of which the threshold prices will be standardized, taking into account an additional amount intended to protect the processing industry of the Community;

whereas, in order to avoid an undesirable fall in butter prices, it is necessary that member States should intervene in the butter market; whereas the granting of subsidies for private stockpiling of butter and frozen cream may also contribute to this end; whereas the establishment of a single market requires that national intervention prices should be standardized during the transitional period; whereas in a single market the intervention price should be fixed in such a way that the average proceeds from the total sale of milk should tend to ensure the common target price of milk ex farm; whereas it is further necessary, with a view to maintaining the valorization of milk proteins and the prices of products which are of particular importance in establishing milk production prices, to envisage other Community intervention measures;

whereas there is a considerable world trade in processed milk products, while milk for consumption fresh and its related products are goods for which there are primarily local or regional markets, and, further, milk for consumption fresh and its related products are of particular importance for the stabilization of milk producer prices; whereas it is therefore desirable to find special solutions for the trade in milk for consumption fresh and its related products within the framework of special regulations; whereas member States may meanwhile, under certain conditions, continue to apply the measures they have adopted within the framework of regulations relating to national markets for milk for consumption fresh;

whereas in order to facilitate the implementation of the provisions envisaged, it is necessary that a procedure be laid down for close co-operation between member States and the Commission within a Management Committee;

whereas the common organization of the markets in milk and dairy products must take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty;

whereas it is necessary that the common organization of the markets in milk and dairy products be fully established by the end of the transitional period;

HAS ADOPTED THE PRESENT REGULATION:

Article 1

1. With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the markets in milk and dairy products shall be progressively established, comprising a levy system applicable to trade between member States and to trade between member States and third countries and regulations concerning prices and intervention.
2. The common organization of the markets in milk and dairy products shall cover the following products:

| Common customs tariff No. | Description of goods |
|------------------------------|--|
| (a) 04.01 | Milk and cream, fresh, not concentrated or sweetened |
| (b) 04.02 | Milk and cream, preserved, concentrated or sweetened |
| (c) 04.03 | Butter |
| (d) 04.04 | Cheese and curd |
| (e) 17.02A | Lactose and syrup of lactose |
| (f) ex 23.07 | Sweetened forage; other preparations of a kind used in animal feeding |
| ex B: other | - Preparations containing 50 per cent or more by weight of powdered milk or - Other preparations containing products of items 04.01, 04.02, 04.03, 04.04 or 17.02A, other than the preparations mentioned in the Annex to Regulation No. 19 of the Council |

3. The dairy farming year shall begin on 1 April and end on 31 March.
4. Subject to the provisions of Article 2(6), the Council shall, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter, determine which butters are to be considered prime quality butter within the meaning of the present Regulation.

Article 2

1. The amount of the import levy on the products set out in Article 1(2)(b) to (e) shall correspond to the threshold price of the importing member State, fixed in accordance with the provisions of Article 4, subject to the following deductions:
 - the free-at-frontier price of the product from the exporting member State on arrival at the importing member State, fixed in accordance with the provisions of Article 3;
 - an amount representing the incidence of domestic import taxes, which is where necessary determined on a lump-sum basis;
 - and, on imports from member States, the standard amount fixed in accordance with the provisions of Article 7.
2. On a proposal of the Commission, the Council may, by unanimous vote during the second stage and by qualified majority vote thereafter, take measures in derogation to the provisions of paragraph 1 for the purpose of establishing groups for certain products with a view to determining the amount of the levies. In that case a pilot product shall be chosen for each group and the amount of the levy on that product shall be calculated in accordance with the provisions of paragraph 1. For the other products of the group, termed "assimilated products", the amount of the levy shall be equal to that on the pilot product, unless it be decided, in accordance with the same procedure, that the levy should be derived from that on the pilot product. In the latter case, the factors to be taken into consideration in determining the levies applicable to each of the products in question shall be decided at the same time. The amount of the levies applicable to the assimilated products shall be calculated in conformity with the provisions laid down in accordance with the procedure set out in Article 25.

The free-at-frontier price mentioned in Article 3, the threshold price mentioned in Article 4, and the reference price mentioned in Article 5 shall not be fixed for the assimilated products.

3. Notwithstanding the provisions of paragraph 1:

- in respect of imports from third countries of cheeses of the "Emmental", "Gruyère" or "Sbrinz" types, in cases where the conditions laid down in the GATT tariff concessions are observed, the amount of the levies on these products shall be equal to the consolidated duty under GATT;

- in respect of imports from third countries of Glaris herb cheeses (known as "Schabzieger") and of cheeses of the Cheddar type, in cases where the conditions laid down in the GATT tariff concessions are observed, the amount of the levies for these products shall be equal to that which would result from the application of the bound ad valorem duties under GATT;

- in respect of imports from member States of Glaris herb cheeses (known as "Schabzieger") no levy shall be imposed.

4. When the prices which serve as a basis for calculating the levies are being determined, any differences in composition or standard of quality of the products shall be taken into consideration in so far as they have an appreciable effect on the marketing of the products, the necessary corrections being made in accordance with the procedure laid down in Article 25.

5. The intra-Community levies shall be abolished at the end of the transitional period.

6. During the transitional period, each member State may, up to the date of harmonization of the food laws of member States in respect of butter, prohibit the importation of butter containing by weight less than 82 per cent of fatty matter, more than 16 per cent of water and more than 2 per cent of "non-butter", and not meeting the requirements in force in the importing member State at the time of the entry into force of the present Regulation, as regards prime quality domestic butter.

It has been decided that the harmonization referred to above shall take place before 31 March 1966.

7. The method of determining on a lump-sum basis the incidence of the domestic import taxes mentioned in paragraph 1 shall be in accordance with the procedure laid down in Article 25.

Article 3

1. As regards imports from member States, the free-at-frontier prices on arrival in the importing member State mentioned in Article 2(1) shall be determined on the basis of the prices at which the producers in the exporting member State sell those products ex factory, increased by an amount determined on a lump-sum basis representing transport costs to the frontier of the importing country and frontier clearance costs, the amount of the latter being equal for all member States.

The free-at-frontier prices thus determined shall be reduced by an amount determined on a lump-sum basis corresponding to the incidence of the domestic taxes refunded on export.

2. As regards imports from third countries, the free-at-frontier prices on arrival at the importing member State, mentioned in Article 2(1), shall be determined on the basis of the most favourable purchasing possibilities in the world market. Prices shall be determined separately for butter manufactured from sour cream and butter manufactured from sweet cream.
3. The free-at-frontier prices of butter shall be determined on the basis of the prices of prime quality butter.
4. On a proposal of the Commission, the Council shall, by unanimous vote during the second stage and by qualified majority vote thereafter, fix the standard amounts mentioned in the first sub-paragraph of paragraph 1 above.
5. The Commission shall fix the free-at-frontier prices in accordance with the conditions laid down in paragraphs 1 and 2 and the criteria fixed in accordance with the procedure mentioned in Article 25.
6. The manner in which effect shall be given to paragraphs 1 to 3 shall be determined in accordance with the procedure laid down in Article 25.

Article 4

1. The threshold prices mentioned in Article 2(1) shall be fixed and published annually by member States before 15 March for each ensuing dairy farming year. For the 1964/1965 dairy farming year, however, those prices shall be fixed and published before 1 June 1964.

The threshold prices applicable for the 1964/1965 dairy farming year shall be equal to the reference prices fixed in conformity with the provisions of Article 5, increased by the following:

- the standard amounts fixed in accordance with the provisions of Article 7,

- where necessary, an additional amount fixed for each product in accordance with the conditions laid down in paragraph 2.

2. For prime quality butter, each member State may fix the additional amount mentioned in paragraph 1 at an amount not greater than 0.05 accounting unit per kilogram. However, if in application of Article 21(1) the intervention price is fixed at a level lower by more than 0.05 accounting unit per kilogram than that of the reference price, the additional amount can be equal, at most, to the amount by which the intervention price has been reduced in relation to the reference price.

For each of the products mentioned in Article 1(2)(b) to (e), with the exception of prime quality butter, the Council, by qualified majority vote on a proposal of the Commission, may authorize a member State, at the latter's request, to fix the additional amount mentioned in paragraph 1 at a level equal at most to 2 per cent of the reference price fixed for the product in question in conformity with the provisions of Article 5.

3. The difference between the threshold price, reduced by the standard amount fixed in conformity with the provisions of Article 7, and the intervention price applicable for prime quality butter during the 1964/1965 milk marketing season, shall be reduced by each member State in such a way that the said difference shall amount at most to:

- 0.125 accounting unit per kilogram during the 1965/1966 dairy farming year,
- 0.1 accounting unit per kilogram during the 1966/1967 dairy farming year.

On a proposal of the Commission, the Council shall, by unanimous vote during the second stage and by qualified majority vote thereafter, decide before 1 July 1966 on the measures to be taken as from the 1967/1968 dairy farming year in respect of the difference between the threshold price and the intervention price of butter.

4. The threshold price of cheeses of the "Emmental", "Gruyère", "Sbrinz" or "Cheddar" types must not be higher than the minimum offer prices fixed for those products in the GATT tariff concessions increased by the amount of the bound customs duty.

Article 5

1. For the products mentioned in Article 1(2)(b) to (e), reference prices shall be calculated for each member State on the basis of the arithmetical mean of the prices ex factory during the year 1963 in each member State, increased by an amount determined on a lump-sum basis representing transport costs up to the wholesale marketing stage. In the case of butter, the reference price shall be calculated on the basis of the prices for prime quality butter.

If it is not possible to establish the reference price of a product in accordance with the provisions of paragraph 1, the price shall be calculated on the basis of the prices of similar products. If such similar products are not manufactured in a member State, the price at which the product in question could have been imported during the year 1963 shall be taken as the basis for establishing the reference price.

2. The prices established in conformity with the provisions of paragraph 1 shall be corrected by the amounts resulting from:

- changes in the national target prices for milk, fixed in accordance with the provisions of Article 17(3) in relation to the target prices or average prices at production in the course of the reference period;

- the reduction of subsidies mentioned in Article 19 in respect of the 1964/1965 dairy farming year.

3. The reference prices shall be fixed before 1 April 1964 by the Council by unanimous vote on a proposal of the Commission.

Article 6

1. As regards the products mentioned in Article 1(2)(f), the amount of the intra-Community levies and those vis-à-vis third countries shall be made up of three components:

(a) a variable component, which may be fixed and revised on the basis of a lump-sum assessment; this component shall correspond, for the processed products containing raw materials mentioned in Article 1(2)(b) to (c), to the incidence on the costs of production of these products of the levies on the basic products used in their manufacture; the resulting amount shall be revised in ratio with variations in the levies applicable to basic products;

(b) a fixed component, taking into account the need to ensure protection for the processing industry; in the case of trade between member States, this fixed component shall be equal to nine fifteenths of the amount applied vis-à-vis third countries; it shall be reduced each year on 1 July, and for the first time on 1 July 1965, by two fifteenths of the amount applied vis-à-vis third countries on 1 July 1964;

(c) an additional component; this component shall be equal to the amount of the levies, charges and dues of all kinds to be collected in each member State on imports from either another member State or a third country, on each quantity of products subject to a common organization of the market, contained in the milk products mentioned in Article 1(2)(f).

2. In cases where actual offers from third countries of the products mentioned in Article 1(2)(f) are lower than the price resulting from the price of the basic products entering into their composition, as increased by the cost of manufacture, an additional sum, determined in accordance with the procedure laid down in Article 25, may be added to the levy established in conformity with the provisions of paragraph 1.

3. On a proposal of the Commission, the Council shall, by qualified majority vote, adopt the necessary provisions for determining within the context of the provisions of the present Article, the manner in which effect is to be given to this in respect of the products mentioned in Article 1(2)(f).

Article 7

1. The standard amounts mentioned in the third sub-paragraph of Article 2(1) shall be fixed in such a way that trade between member States shall develop in a progressive and regular manner until the establishment of the single market, taking into account the availabilities on the markets of member States of domestic dairy products or those from other member States. Such amounts shall be determined annually using the procedure laid down in Article 25 and the criteria decided by the Council on a proposal of the Commission by majority vote during the course of the second stage and by qualified majority vote thereafter. They shall be fixed and published annually before 1 March for the ensuing dairy farming year. However, for the 1964/1965 dairy farming year, these amounts shall be fixed and published before 1 May 1964.

2. If in the course of the dairy farming year intra-Community trade does not develop in the way envisaged in paragraph 1, the standard amounts shall be revised in accordance with the procedure laid down in Article 25. In that case, the threshold price shall be fixed anew in accordance with the procedure laid down in Article 4.

Article 8

1. The amounts of the levies shall be fixed by the member States in conformity with the provisions of Article 2 or Article 6; they shall immediately be notified to the Commission which shall forthwith inform the other member States of them.

2. These amounts shall be amended by member States in ratio with variations in the constituent parts which served for their establishment. The criteria for amending the levies and the manner in which effect is given to them shall be decided in accordance with the procedure laid down in Article 25.

Amendments to the levies shall immediately be notified to the Commission which shall forthwith inform the other member States of them.

3. Without prejudice to the provisions of Article 30, the levies shall be collected by the importing member State and their proceeds shall be attributed to it.

Article 9

1. If, in a member State, for one of the products mentioned in Article 1(2)(b) to (f), prices develop in such a way that taking into account the provisions of Article 19, an equitable relationship to the target price of milk no longer exists, the Commission may during the transitional period authorize a member State, at its request, to decrease the amounts of the levies until such a relationship is re-established. The conditions under which use may be made of this authorization shall be defined by the Commission in such a manner that the markets of other member States shall not be disturbed and that the importation of products covered by this authorization, or analogous products, shall not be prejudiced.

To this effect, the Commission shall in particular determine:

- the analogous products for which the levies shall also be decreased;
- the amount of the decrease;
- the duration of the decrease;
- the possibility of making partial use of the authorization.

2. The amount by which the intra-Community levies may be decreased must not exceed the highest intra-Community levy imposed by the member State in question. The amount by which the levies vis-à-vis third countries are decreased must not be greater than the maximum amount by which the intra-Community levies are decreased.

3. The Commission shall at the same time determine what measures member States can or must take in order to avoid distortions of competition and diversions of trade. It shall in particular determine the maximum amount of refunds which may be granted for exports to the member State in question. The preference resulting from the application of the standard amount must be safeguarded.

Article 10

1. Each member State shall be authorized to apply to exports of dairy products to member States a compensatory amount up to the amount of the incidence of national subsidies on the price of those products, on condition that the said member State grant to imports of those same products from the other member States a subsidy up to the compensatory amount mentioned above.

2. The amount of the levies on imports from member States and the amount of the refunds on exports to member States shall be decreased by the amounts resulting from the application of the present Article.

3. The manner in which effect shall be given to the present Article shall be determined, for the first time before the date of the entry into force of the trading system, by the Council on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.

The maximum of the compensatory amounts for exports and the amount of the subsidies for imports shall be fixed in accordance with the procedure laid down in Article 25.

Article 11

1. All imports from third countries and, during the transitional period, all imports from member States, of products mentioned in Article 1(2)(b) and (c), other than powdered whole milk in hermetic packing containing at the most 1 kilogram in weight of powder, shall be subject to presentation of a certificate issued by the member State at the request of the party concerned.
2. Import certificates shall be issued to any applicant who lodges a surety for importation within the term of the certificate. Such surety shall be forfeited if importation does not take place within such time-limit.
3. The manner in which effect is to be given to this Article, and, in particular, the term of validity of the import certificate, the amount of the surety and cases of circumstances outside the applicant's control in which the surety is not forfeited, shall be determined in accordance with the procedure laid down in Article 25.

Article 12

1. In trade between member States, whether import or export, the following shall be incompatible with the application of the present Regulation:

- the charging of any customs duty or charge having equivalent effect other than as provided in the present Regulation;

- the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxemburg,

- recourse to Article 44 of the Treaty.

2. In the case of imports from third countries, the following shall be incompatible with the application of the present Regulation:

- the charging of any customs duty or charge having equivalent effect;

- the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxemburg and to such derogations as may be decided by the Council by qualified majority vote on a proposal of the Commission.

3. A measure having equivalent effect to a quantitative restriction shall include any restriction on the grant of import certificates to a specified category of beneficiaries.

4. It shall be incompatible with the application of the present Regulation to export from one member State to another the following:

(a) products mentioned in Article 1(2)(b) to (f) which have not been subject to levies applicable in an exporting member State or which have benefited by the total or partial rebate of those levies;

(b) products mentioned in Article 1(2)(b) to (f), or products subject to a common organization of markets providing for provisions analogous to those of the present paragraph, into the manufacture of which there have entered, at the time of such manufacture or at an earlier stage of preparation, products mentioned in Article 1(2)(b) to (f) which were not subjected to the levies applicable to them in the exporting member State, or which benefited by the total or partial rebate of those levies.

Article 13

As from the application of the present Regulation, and subject to the provisions of Articles 10, 14, 18(3), 19, 21 and 22, Articles 92, 93 and 94 of the Treaty shall apply to the production of, and trade in, the products mentioned in Article 1(2).

Article 14

1. A member State which, under the provisions of the present Regulation, is entitled to apply levies vis-à-vis another member State may, when exporting to the latter, refund an amount corresponding to the price of the product delivered free on the frontier of the importing member State, determined in accordance with the provisions of Article 3(1):

- decreased by the threshold price of the importing member State, determined in accordance with the provisions of Article 4, and

- increased by the standard amount mentioned in Article 7 and by an amount assessed on a lump-sum basis corresponding to the incidence of the domestic charges on imports.

The amount of the refund for an assimilated product on which the levy corresponds to that on the pilot product shall be equal to the amount of the refund for the pilot product. The amount of the refund for an assimilated product for which the levy is derived from that for the pilot product shall be fixed, by the procedure laid down in Article 25, in accordance with rules analogous to those applied in the calculation of the derived levies.

2. In order to permit of exports to third countries on the basis of quotations ruling on the world market, the difference between such quotations and prices in the exporting member State may be made good by a refund.

3. The quantities exported and the amount of the refunds paid shall be communicated periodically by the exporting member State to the Commission, which shall inform the other member States of them.

4. The manner in which effect is to be given to the present Article shall be determined according to the procedure laid down in Article 25.

Article 15

The provisions necessary in order to avoid, in respect of products from member States or third countries, the trade diversions which might result from the difference in the level of levies as between member States, or as between member States and third countries, shall be determined in accordance with the procedure laid down in Article 25, and for the first time before 1 May 1964.

Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the market in milk and dairy products, such market should, in one or more member States, suffer or become liable to suffer because of imports serious disturbances likely to endanger the objectives laid down in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, take the necessary measures of safeguard concerning the importation of the products in question.

2. The member State or States concerned shall notify the other member States and the Commission of such measures not later than when they come into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected thereby; if the frontier is closed, the period of grace allowed for transport shall not be less than three days. Such States must be prepared to enter into negotiations immediately to reach temporary arrangements in order to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and the Commission.

On the basis of the provisions of paragraph 1, and bearing in mind the importance of not increasing the level of protection between member States, the Commission shall, after consulting the member States within the Management Committee set up by Article 24, decide by an emergency procedure, within not more than four working days of the notification referred to in the first sub-paragraph above, whether the measures shall be retained, amended or abolished. The Commission may also decide on measures to be applied by the other member States.

The Commission's decision shall be notified to all member States and shall come into force immediately.

3. Any member State may refer the Commission's decision to the Council within three working days of the date of its communication. The Council shall meet immediately. It may, on the basis of the provisions of paragraph 1, and bearing in mind the importance of not increasing the level of protection between member States, amend or annul by qualified majority vote the decision taken by the Commission.

If the member State which has taken the steps referred to in paragraph 1 above refers the matter to the Council, in respect of the products mentioned in Article 1(2)(b) and (c), other than powdered whole milk in hermetic packing containing at the most 1 kilogram net weight of powder, the Commission's decision shall be held in abeyance. Such period of abeyance shall terminate ten days after such reference to the Council if the latter has not by then amended or annulled the Commission's decision.

4. Any safeguard measure affecting trade between member States shall be applied simultaneously if not earlier to third countries, the principle of Community preference being observed.

5. If after the end of the transitional period Community markets in products covered by Article 1(2) suffer or become liable to suffer serious disturbances because of imports from third countries, in particular when intervention agencies are in a position of having to make substantial market purchases of the products covered by Article 21 and the products determined under Article 22(3), the issue of import certificates in respect of third countries under Community rules may be suspended, subject to possible exceptions in respect of certain specified destinations, until such time as the disturbances or threat of disturbances shall have subsided.

The manner in which effect is to be given to the last sub-paragraph shall be determined, on a proposal of the Commission, by the Council voting according to the procedure laid down in Article 43 of the Treaty.

Article 17

1. During the transitional period, each member State shall each year fix, before 15 February, a target price per kilogram of milk with 3.7 per cent fat content, ex farm and valid for the whole of the following dairy farming year. The Commission shall be notified of that price and shall inform the other member States of it. The national target price shall be the price which it is intended to ensure for producers as a whole for the total quantity of milk sold during the dairy farming year. In order to attain that national target price, market receipts can, in accordance with provisions of Article 19, be completed by means of:

- direct subsidies to producers, and
- special measures under the system of regulations for the fresh milk market.

2. For the 1964/1965 dairy farming year, the Council, by unanimous vote on a proposal of the Commission, shall determine before 1 March 1964 the upper and lower limits of the national target prices for milk. Those limits shall be valid for all member States. They shall be fixed by taking as a basis the average price of milk ex farm which the producers as a whole in each of the member States have obtained during the year 1963 for all their marketed milk production. That price shall be corrected in order to take account of the following:

- the difference between the average fat content of milk in each member State, and a content of 3.7 per cent,

- changes in the production price in relation to the reference period, to the extent to which they are due to changes in the price objectives for milk or to a normal development of markets and prices in the member State concerned.

3. For the 1964/1965 dairy farming year, the national target prices shall be fixed before 15 March 1964, within the upper and lower limits determined by the Council, on the basis of the price established in accordance with paragraph 2 and taking into account development prospects for the production and consumption of milk and dairy products.

Article 18

1. During the transitional period, differences between the national target prices fixed in accordance with Article 17 must be progressively reduced in such a way that by the end of the transitional period, the common target price for milk fixed in accordance with paragraph 2 shall constitute the only price objective for the Community.

That common target price shall be the production price of milk which, in the single market, the market policy aims at ensuring for all producers of the Community in respect of their total milk production marketed during the dairy farming year.

2. With a view to standardizing national target prices, the Council shall, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter, determine the following:

- each year before 15 January, a common target price for milk ex farm. During the transitional period, the common target price shall serve as a basis, during the dairy farming year, for the standardization of national target prices and the threshold prices of dairy products;

- each year before 15 January, the measures which are to be applied by each member State during the following dairy farming year, with a view to bringing the national target prices closer together.

3. If, as a result of the application of the present Article, the target price in a member State falls below the price per kilogram of milk paid to producers during the year 1963 for the total amount of milk sold, taking into account changes occurring during that period, the member State in question can compensate for that difference. Such compensation may be granted per kilogram of milk. It shall, not later than the end of the transitional period, take a form independent of milk production.

Article 19

1. Each member State shall inform the Commission:

(a) before 1 March 1964, of the subsidies it has paid in the course of the year 1963 for each of the products mentioned in Article 1(2) altogether, and the average per kilogram;

(b) before 1 March 1964, of the amounts which make possible the maintenance of the market prices of each of the products mentioned in Article 1(2) at a level below the price corresponding to the lower limit fixed for the 1964/1965 dairy farming year, in accordance with Article 17(2);

(c) each year before 15 February, and for the first time before 15 February 1965, of the national subsidies it pays, during the current dairy farming year, for each of the products mentioned in Article 1(2) altogether, and the average per kilogram.

2. By subsidies within the meaning of paragraph 1, shall be understood:

- subsidies linked with specific dairy products, and subsidies paid in respect of the milk sold by the producers.

3. For the calculations necessary to give effect to paragraph 1, each member State shall take as a basis, in each case, average yields and costs and the average value of skimmed milk.

If the amounts and subsidies mentioned in paragraph 1 are not calculated in accordance with the provisions of the preceding sub-paragraph, they shall be revised in accordance with the procedure laid down in Article 25.

4. Subject to the compensation provided for in Article 18(3), the Council shall, on a proposal of the Commission by majority vote during the second stage and qualified majority vote thereafter, determine the amount by which the subsidies shall be reduced in ratio with the approximation of national target prices and the raising of the threshold prices.

However, if subsidies granted on the national level make it possible to maintain the prices of the products mentioned in Article 1(2) below the prices corresponding to the lower limit fixed for the 1964/1965 dairy farming year, in accordance with Article 17(2), that part of the subsidies which makes this maintenance possible shall be reduced every year by one seventh for each dairy farming year from 1964/1965 to 1969/1970.

The reduction of subsidies shall be compensated by a corresponding increase in the threshold prices.

5. When the laws of a member State provide for charges on milk for consumption fresh, or on products linked with it, aimed at ensuring equalization in favour of other dairy products, such equalization may be maintained until the application of the regulations mentioned in Article 29(1). However, if such equalization is made directly in favour of the products mentioned in Article 1(2)(b) to (f), the provisions of paragraphs 1, 3 and 4 shall apply.

6. The contribution of the subsidies and equalization measures mentioned in the present Article to the attainment of the national target price for milk must not exceed the difference between that target price and the receipts which the provisions of the present regulation in respect of the price level on the domestic market are intended to secure.

Article 20

1. Starting with the 1965/1966 dairy farming year, and up to the end of the transitional period at the latest, the threshold prices shall be progressively approximated to prices which have to be fixed each year before 15 February on the basis of the common target price for milk. In calculating these prices the basis for each product must be uniform costs and yields for the Community.

2. The Council shall, on a proposal of the Commission by majority vote in the second stage and by qualified majority vote thereafter, determine, for the first time before 1 November 1964, the criteria for this purpose and in particular for:

- the determination of costs and yields for the Community;
- the fixing of an additional amount intended to protect the processing industry of the Community;
- the relationship at which the Community should aim in respect of the valorization of the milk used for the various dairy products.

On the basis of these criteria, the prices on which the approximation of the threshold prices is based shall be fixed in accordance with the procedure laid down in Article 25, for each product or group of products.

3. For the products mentioned in Article 1(2)(b) to (e), with a view to approximating the market prices, the Council shall, on a proposal of the Commission, by unanimous vote in the second stage and by qualified majority vote thereafter, determine each year before 1 March, and for the first time before 1 March 1965, the measures to be applied by each member State during the ensuing dairy farming year.

In reaching its decision on the measures to be applied each year by the member States, the Council shall take into consideration the changes in the national target prices made in accordance with Article 18, and the reduction in subsidies effected in accordance with Article 19.

Article 21

1. During the transitional period, the member States shall fix for prime quality domestic fresh butter each year before 15 March, and for the year 1964 before 15 April, an intervention price for the ensuing dairy farming year. The intervention price applicable to the 1964/1965 dairy farming year shall be equal to the reference price fixed in accordance with Article 5; it may however be decreased by an amount of not more than 0.075 accounting unit per kilogram.

2. The intervention agency of each member State must purchase, under the conditions laid down in conformity with paragraphs 4 and 5, the prime quality fresh domestic butter offered to it. The purchase shall be made:

- at the places which have been declared to be intervention centres by the member State concerned, at the intervention price;

- at other places, at the intervention price reduced by the amount of the cost of transport to the nearest intervention centre.

The butter bought by the intervention agency must be marketed in such a way as not to disturb the sale of other butter.

3. Member States may fulfil the obligation laid down in paragraph 2, first sub-paragraph, by granting, under the conditions laid down in accordance with paragraphs 4 and 5, subsidies for the private stock-piling of prime quality fresh domestic butter and frozen domestic cream.

4. On a proposal of the Commission, the Council shall, by majority vote in the second stage and by qualified majority vote thereafter, determine, for the first time before 1 April 1964:

- the principles according to which the intervention measures mentioned in paragraph 2 are to be taken,

- the principles according to which the subsidies mentioned in paragraph 3 are to be granted,

- the principles governing trade in unstocked butter,

- the principles governing the marketing of butter surpluses.

5. The manner in which effect is to be given to paragraphs 1 to 3, and to the principles laid down in paragraph 4, shall be determined according to the procedure described in Article 25.

6. At the stage of the single market, the Council shall, by qualified majority vote on a proposal of the Commission, fix for each dairy farming year the common intervention price for butter, in such a way that the average receipts from the total milk sales shall be such as to ensure the common target price.

Article 22

1. If, during the transitional period, a member State finds it necessary, for products other than prime quality fresh domestic butter, to intervene by means of measures to counteract a heavy fall in prices or to prevent disequilibrium, either of prices or of production of milk products, such measures must be of such a character that they will not interfere with the application of the present Regulation.

The member State which intends to adopt such measures is under an obligation to give advance notice of their nature to the Commission. The Commission may make any suitable comment on the subject to that State, after consulting member States, through the machinery of the Management Committee set up under Article 24.

2. On a proposal of the Commission, the Council shall, by unanimous vote during the second stage and by qualified majority vote thereafter, determine:

- the principles in accordance with which the national intervention measures mentioned in paragraph 1 are to be co-ordinated;
- the principles governing intra-Community trade in the products mentioned in paragraph 1, in respect of quantities which have been the subject of such intervention.

3. On a proposal of the Commission, the Council shall, by unanimous vote during the second stage and by qualified majority vote thereafter, determine not later than two years after the entry into force of the present Regulation to what products other than prime quality fresh domestic butter and in what way the Community's intervention measures shall be applied. In this connexion, the Council shall be guided in its choice of products by the fact that the latter must be of particular importance as regards:

- the valorization of milk proteins,
- the establishment of production prices for milk.

These measures must be aimed at contributing to the realization of the target prices for milk and establishing a balance between the various products.

Article 23

On a proposal of the Commission, the Council, by unanimous vote during the second stage and by qualified majority vote thereafter, may amend the list of products in Article 1(2) or may take in respect of such products any measures in derogation of the present Regulation so as to take account of any special conditions affecting such products.

Article 24

1. A Management Committee for milk and dairy products, hereinafter called "the Committee", shall be set up, composed of representatives of the member States, with a representative of the Commission as Chairman.
2. Within the Committee, the votes of the member States shall be weighted as provided for in Article 148(2) of the Treaty. The Chairman shall not vote.

Article 25

1. Where the provisions of the present Regulation expressly call for the application of the procedure laid down in the present Article, the Chairman shall refer the matter to the Committee, either on his own initiative or at the request of the representative of a member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the question under consideration. The Committee shall act by a majority vote of twelve votes.
3. The Commission shall adopt measures which shall be immediately applicable. Should such measures, however, not coincide with the opinion delivered by the Committee, they shall at once be communicated by the Commission to the Council. In such case, the Commission may defer for not more than one month as from the date of such notification application of the measures adopted by it.

The Council may by qualified majority vote adopt a different decision within one month.

Article 26

The Committee may consider any other question raised by its Chairman, either on his own initiative or at the request of the representative of a member State.

Article 27

At the end of the transitional period, the Council shall, by qualified majority vote on a proposal of the Commission decide in the light of experience whether to retain or amend the provisions of Article 25.

Article 28

Member States shall take all steps to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation may take effect on 1 July 1964.

Article 29

1. The provisions of the present Regulation, other than those of Articles 17, 18, 19, 21, 22 and 23, shall not be applicable to the products mentioned in Article 1(2)(a). These products shall be governed by separate regulations, determined by the Council in accordance with the procedure laid down in Article 43 of the Treaty, before 1 July 1965, and applied not later than 1 December 1965.

2. Until effect is given to the regulations mentioned in paragraph 1, the member States shall neither abolish nor reduce the quantitative restrictions in force in 1963 in respect of imports from third countries of the products mentioned in Article 1(2)(a).

The Council, by unanimous vote on a proposal of the Commission, shall decide what derogations may be made to the provisions of the preceding subparagraph. However, such derogations must not lead to developments in trade contrary to the principles laid down in the present Regulation.

Article 30

Regulation No. 25, concerning the financing of the common agricultural policy, and the provisions for its implementation shall apply, as from the date of introduction of the system of trade instituted by the present Regulation, to the products mentioned in Article 1(2)(b) to (f); further, the provisions of the regulations mentioned above relating to the financing of interventions on the market shall apply to the measures mentioned in Article 21(3) relating to domestic frozen cream.

Article 31

This regulation must be applied in such a way as to take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty.

Article 32

The present Regulation shall come into force on the day following its publication in the Official Journal of the European Communities.

However, the date of introduction of the system of interventions and trade instituted by the present Regulation shall be 1 July 1964.

Should transitional measures be necessary, these shall be determined in accordance with the procedure laid down in Article 25.

The present Regulation shall be binding in all its parts and directly enforceable in all member States.

Done at Brussels, 5 February 1964.

By the Council
The President
H. FAYAT

REGULATION NO. 14/64/EEC

OF 5 FEBRUARY 1964

on the progressive establishment of a common organization
of the market in beef and veal

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY

having regard to the provisions of the Treaty setting up the European Economic Community and in particular Articles 42 and 43 thereof,

having regard to the proposal of the Commission,

having regard to the opinion of the Assembly,

whereas the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy to include in particular a common organization of agricultural markets established product by product;

whereas the production of beef and veal constitutes a substantial factor in agricultural income and it is therefore essential to ensure an adequate return on such production; whereas it is in the interest both of producers and of processors and consumers to mitigate price fluctuations as far as possible; whereas the objective must be to achieve a balance between supply and demand for beef and veal within the Community, taking account of imports and exports;

whereas trade in agricultural products between member States is impeded by a number of obstacles, namely, customs duties, charges having equivalent effect, minimum prices, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period would be governed, failing co-ordinating action by the institutions of the Community, by varying procedures and different timing; whereas, on the other hand, uniform frontier measures covering intra-Community trade would facilitate progressive and parallel de-restriction in all member States;

whereas such uniform frontier measures, in place of all the various national measures, must firstly ensure adequate support for the agricultural markets of member States during the transitional period, and secondly permit the progressive creation of a single market by enabling the free movement of goods to develop within the Community;

whereas these objectives can normally be achieved by the simple levy of a customs duty on account of the fact that the quantities available for export are relatively limited in intra-Community trade; that it is nevertheless necessary to make provision for the possible addition to that customs duty of a levy to ensure market equilibrium whenever prices have fallen below a certain level in the importing member State;

whereas the substitution of such measures for other measures destined by virtue of the Treaty to disappear during the transitional period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for their progressive reduction;

whereas the introduction of fresh protective measures at the internal frontiers of the Community, affording guarantees to producers in member States, is justified in relation to the principles laid down in the Treaty only if it replaces all other protective measures;

whereas the system to be introduced must enable the preference resulting from implementation of the Treaty to be maintained in favour of the member States; whereas this requirement may be met by establishing customs duties on imports from third countries and by adding a levy thereto in certain cases;

whereas the operation of the system requires that the provisions of the Treaty permitting aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of such a system;

whereas in order to safeguard the share of member States in world trade in beef and veal it is necessary that such States be allowed, when exporting to third countries, to refund an amount designed to compensate the difference between internal prices and prices prevailing in third countries;

whereas the practice in the processing trade, whereby trade between member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the system envisaged;

whereas difficulties of supply may exist within the Community with respect to meat for processing and whereas such difficulties can be eliminated by means of tariff quotas for imports of frozen meat from third countries;

whereas in order to ensure an equitable return to Community producers of beef and veal, it is necessary to fix annually guide prices in each member State for calves and large bovine animals, taking account where appropriate of the situation in the market for milk and dairy products;

whereas the progressive establishment of a single market requires that national guide prices be progressively approximated towards a common guide price;

whereas in order to facilitate the adaptation of national systems to the Community system, and in particular the harmonization of prices, it is necessary for the first two seasons to fix certain limits within which the member States shall determine guide prices;

whereas in order to provide producers with a guarantee that the market price will remain at a level as close as possible to the level of the guide price, it is necessary to make provision for possible intervention in the markets of member States;

whereas in order to facilitate the implementation of the provisions envisaged, it is necessary that a procedure be laid down for close co-operation between member States and the Commission within a Management Committee;

whereas the common organization of the markets in beef and veal must take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty;

whereas it is necessary that the common organization of markets in the sector of beef and veal be fully established by the end of the transitional period,

HAS ADOPTED THE PRESENT REGULATION:

Article 1

With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the markets beef and veal shall be progressively established, comprising a system of customs duties and certain complementary price support measures applicable to trade between member States and to trade between member States and third countries, in respect of the following products:

| Common customs tariff No. | Description of products |
|------------------------------|---|
| (a) 01.02 A II | Live animals of the bovine species, domestic, other than pure-bred for breeding purposes |
| ex 02.01 A II | Meat of animals of the domestic bovine species, fresh, chilled or frozen |
| (b) 02.01 B II | Edible offals of animals of the domestic bovine species, fresh, chilled or frozen |
| ex 02.06 C | Meat of edible offals of animals of the bovine species salted, in brine, dried or smoked |
| (c) ex 16.01 | Sausages and the like, of meat, meat offal or animal blood containing meat or offal of animals of the bovine species, excluding those containing meat or meat offal of swine. |
| ex 16.02 A II | Other prepared or preserved meat or meat offal containing liver of bovine animals, excluding those containing liver of swine |
| ex 16.02 B II | Other prepared or preserved meat or meat offal n.e.s., containing meat or meat offal of animals of the bovine species, excluding those containing meat or meat offal of swine |
| (d) ex 15.02 B | Unrendered fats of bovine cattle; tallow (including " <u>premier jus</u> ") produced from those fats, excluding those intended for industrial purposes other than the manufacture of foodstuffs |

Article 2

1. For each member State guide prices shall be determined annually in respect of the products mentioned in Annex I:

(a) by each member State for the marketing seasons beginning on 1 April 1964 and 1 April 1965 in accordance with the provisions of paragraph 3;

(b) by the Council, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter, each year before 1 October and for the first time before 1 October 1965 with respect to the marketing season beginning on 1 April thereafter.

2. The Council shall, by unanimous vote on a proposal of the Commission, before 1 March 1964 and 1 October 1964 set lower and upper limits for the guide prices to apply for the marketing seasons beginning on 1 April 1964 and 1 April 1965 respectively.

For the marketing season beginning on 1 April 1964 the lower and upper limits shall be determined:

(a) by taking as a basis the weighted average of the prices formed in each member State at the same level of wholesale trade

- for the qualities referred to in Annex III;
- on the representative market or markets referred to in Annex III;
- during the period from 1 November 1962 to 31 October 1963;

(b) by taking account of the direction to be given to production of beef and veal in the Community.

The weighted average mentioned in Section (a) above shall be computed by using the co-efficients determined in Annex III. It shall be corrected to take account of the global incidence of factors which have appreciably affected the equilibrium of markets and the normal evolution of prices.

The lower and upper limits for the marketing season beginning on 1 April 1965 shall be set in such a way that the difference between those limits shall be smaller than that existing between the limits set for the marketing season beginning on 1 April 1964.

3. Each member State shall, within one month following the decision by the Council, set its guide prices within the lower and upper limits referred to in paragraph 2 while taking account of the weighted average mentioned in the same paragraph.

For this purpose each member State may also take account:

- of the outlook for development and production and consumption of beef and veal;
- of the market situation for milk and dairy products.

Each member State shall furnish to the Council all relevant information relating to the conditions in which it has determined the level of guide prices, taking into account the criteria set forth in this paragraph. The Council may proceed to an exchange of views thereon.

4. The guide prices determined in accordance with paragraph 1(b) shall be approximated each year in such a way that not later than 31 December 1969, single guide prices applicable to comparable qualities can be achieved.
5. In taking the decisions provided for in the last sub-paragraph of paragraph 2 and in paragraph 4, the Council shall have regard to past experience and shall take account of the criteria set forth in paragraph 3.
6. In order to take account of seasonal differences in prices, the Commission may authorize a member State, at its request, to increase guide prices until 31 March 1966 at the latest, by a maximum of 3.5 per cent, for not more than four months of the year; in such cases, the guide prices shall be reduced by the same percentage during a period of equal duration to that during which the increase has been applied.

Article 3

Subject to the provisions of Article 24 of the Treaty, each member State shall apply to the products referred to in Article 1, when imported from third countries:

- until 31 March 1965 the customs duty established in accordance with Article 23, paragraph 1(a) and (b) of the Treaty;
- on and after 1 April 1965 a duty reducing by 50 per cent the difference between the rate actually applied on 1 January 1957 and that provided under the common customs tariff;
- as from 1 April 1966 a duty reducing by 65 per cent the above mentioned difference;
- as from 1 April 1968 a duty reducing that difference by 85 per cent;
- as from 1 January 1970, the common customs tariff duty.

However, as regards imports from third countries of frozen meat of animals of the domestic bovine species (item ex 02.01 A II of the common customs tariff) member States whose customs duty on such imports is lower than the duty provided for in the common customs tariff shall apply:

- as from 1 July 1964, a duty of 17.5 per cent;
- as from 1 April 1965, the common customs tariff duty.

Article 4

1. Over and above the tariff quota of 22,000 tons bound under GATT at a 20 per cent rate of duty, an additional quota may be set for imports from third countries of frozen meat intended for processing under customs control.
2. As soon as import possibilities are opened up within the additional quota provided for in paragraph 1, the charging of customs duties and levies shall be suspended on intra-Community trade in frozen meat.
3. Article 5 shall not apply to imports within the quotas referred to in paragraph 1.
4. By a qualified majority vote on a proposal of the Commission the Council shall determine the amount of the additional quota; it may, according to the same procedure, set the applicable customs duty at a rate below 20 per cent.

Article 5

1. With respect to each of the products mentioned in Annex I, the Commission shall fix an import price determined on the basis of prices recorded on the most representative markets for those products in third countries.

If for any of the products referred to in Annex I such import price increased by the import charge calculated on the basis of that price is lower than the guide price of the importing member State, the difference between the guide price and the import price increased by the import charge shall be compensated by a levy applied by such member State.

The levy shall not however be applied if the prices recorded on the market of the importing member State for the product exceeds the guide price by more than 5 per cent. It shall be charged at one half the normal rate if the price recorded on the market of such member State exceeds the guide price by 5 per cent or less.

2. If the levy provided for in paragraph 1 is applied to one of the products referred to in Annex I, a levy shall be applied to the same extent to the products referred to in the corresponding section of Annex II, hereinafter referred to as "derived products".

For each derived product the amount of the levy shall be equal to the difference between the guide price of the product referred to in Annex I and the import price fixed for the latter product by the Commission, increased by the import charge applicable to the derived product, such difference being subject to a co-efficient.

The Council shall by unanimous vote, on a proposal of the Commission during the second stage and by qualified majority vote thereafter, determine the co-efficient for each derived product.

3. The member State applying a levy must immediately notify it to the other member States and the Commission.

4. With respect to the products in items ex 01.02 A II and ex 02.01 A II account shall be taken of the maximum rate of duty resulting from the GATT binding.

5. Until 31 March 1966 the price recorded on the market of the importing member State as referred to in paragraph 1, third sub-paragraph, shall be equal to the weighted average of the prices which have been formed in that member State at the same level of wholesale trade:

- for the qualities referred to in Annex III;
- on the representative market or markets referred to in Annex III;
- over a given period.

The weighted average in the preceding sub-paragraph shall be computed by using the co-efficients determined in Annex III.

The Council shall, by unanimous vote on a proposal of the Commission during the second stage and by qualified majority vote thereafter, decide not later than 31 December 1965 as to any appropriate adjustments to be made to the method of recording prices.

6. The criteria according to which the Commission shall fix the import prices mentioned in paragraph 1 and the prices recorded on the markets referred to in paragraph 5, as well as the manner in which effect is to be given to the present Article, shall be decided in accordance with the procedure laid down in Article 20.

Article 6

1. All imports of frozen meat from member States or from third countries shall be subject to presentation of an import certificate issued by the member State at the request of the party concerned.
2. The certificate referred to in paragraph 1 shall be issued to any applicant who lodges a surety for importation within the term of the certificate. Such surety shall be forfeited completely or in part if the import does not take place within such time-limit.
3. A member State may make any imports from third countries of the products set out in Article 1, Sections (b) and (c) subject to presentation of an import certificate accompanied by a surety and issued at the request of the party concerned.
4. Member States shall regularly notify the Commission of the quantities covered by the certificates issued.
5. The manner in which effect is to be given to this Article and, in particular, the conditions for issuing the certificate, its term of validity, the amount of the surety and cases of circumstances outside the applicant's control in which the surety is not forfeited, shall be determined in accordance with the procedure laid down in Article 20.

Article 7

1. With effect from 1 July 1964 each member State shall apply to imports from other member States of the products set out in Article 1 a customs duty equal to 55 per cent of the basic duty referred to in Article 14(1) of the Treaty. Such customs duty shall be reduced by 10 per cent of the basic duty on 1 April 1965, 1966, 1967, 1968 and 1969, and shall be abolished on 1 January 1970.

However, the rate of the customs duty applied by the Federal Republic of Germany to the products set out in Annexes I and II of the present Regulation shall be reduced by two and a half points if the "Umsatzausgleichsteuer" remains fixed at 4 per cent. The Customs duty shall be modified to take account of any variation in the rate of that tax.

2. If, with respect to any product referred to in Article 1, a member State had suspended the Customs duty on imports from other member States prior to the date of entry into force of the Treaty, such member States shall be authorized to levy a duty equal to 60 per cent of the customs duty applied on 1 January 1962 to imports from third countries.

Such duty shall be progressively eliminated according to the time-table set forth in paragraph 1, by substituting for the basic duty referred to in Article 14(1) of the Treaty, the customs duty applied on 1 January 1962 to imports from third countries.

3. Subject to the provisions of Article 8, the customs duty provided for in the present Article may not be suspended either completely or partially.
4. The present Article is without prejudice to application of Article 15(2) of the Treaty.

Article 8

1. If the situation so requires, the Commission may authorize a member State which so requests to reduce the amount of the customs duties and the levies resulting from the application of Articles 3, 5 and 7.
2. In the event that a member State invokes the provisions of paragraph 1, the amounts of the customs duties or of any levies, vis-à-vis all the member States must be reduced by the incidence of the reduction in the amounts of the customs duties and levies vis-à-vis third countries.

At the same time the Commission shall authorize the other member States to set the amounts of the levies vis-à-vis the member State concerned so as to offset the reduction.

Article 9

1. A member State, when exporting to another member State a product mentioned in Article 1(1)(a) may, up to 31 March 1965, grant an amount corresponding to the charges arising from the health regulations imposed at the time of frontier clearance by the importing member State in excess of the cost of health measures normally imposed within the said member State.
2. The manner in which effect is to be given to the present Article and, in particular, the above amount, shall be determined according to the procedure laid down in Article 20.

Article 10

1. Member States may intervene in their market for the product mentioned in Annex I, Section (b), and for the derived products mentioned in Annex II, Section (b), in order to counter a falling price, on condition that the intervention measures do not impede the application of the present Regulation.

Such measures shall be adopted only if the price of the product mentioned in Annex I Section (b), recorded as laid down in Article 5(5), is below or equal to the intervention price for that product. The intervention price shall be fixed by the member State at a level between 93 per cent and 96 per cent of the guide price.

A member State which intends to adopt such measures shall give previous notification of them to the other member States and to the Commission.

The manner in which effect is to be given to the present paragraph and the definition of the intervention measures shall be determined according to the procedure laid down in Article 20 in conformity with the criteria decided upon by the Council on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter.

2. Meat which has been frozen in a member State as a result of interventions shall be disposed of in such a way as not to disturb the Community market in fresh meat. It may not be sold in intra-Community trade at prices lower than those on the world market for comparable quality.

On a proposal of the Commission, the Council shall determine, by unanimous vote during the second stage and by qualified majority vote thereafter, the manner in which effect is to be given to the present paragraph, in particular as regards intra-Community refunds.

3. On a proposal of the Commission, the Council, by unanimous vote, shall determine before 1 August 1965 the conditions for the co-ordination of intervention measures. It shall decide, on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter, upon the changes to be made in those conditions.

4. On a proposal of the Commission, the Council shall determine, according to the procedure laid down in Article 43 of the Treaty, not later than three years after the entry into force of the present Regulation, the manner in which, in case of need, Community intervention measures on the market shall be adopted at the stage of the single market. The purpose of such measures shall be to contribute, where necessary, to the stabilization of prices, both at production and consumption.

Article 11

1. As long as a member State intervenes on its market in conformity with Article 10(1), it may, up to 31 December 1969, impose a levy on imports from other member States of the product mentioned in Annex I, Section (b), and of the derived products mentioned in Annex II, Section (b), even if such intervention shall relate to only one of those products.

2. For the product mentioned in Annex I, Section (b), the amount of the levy shall at the most be equal to the difference between the guide price, less 5 per cent, and the price on importation from the exporting member State increased by the import charge. For the derived products, the amount of the levy shall at the most be equal to the difference between the guide price of the product mentioned in Annex I, Section (b), less 5 per cent, and the import price for the latter product increased by the import charge applicable to the derived product, this difference being subject to the co-efficient mentioned in Article 5(2).
3. In cases where, in a member State, the intervention price is at a level between 95 per cent and 96 per cent of the guide price, the levy for the product mentioned in Annex I, Section (b), shall at the most be equal to the difference between the intervention price and the price on importation from the exporting member State, increased by the import charge. In that case, the levy shall, for the derived products, be at the most equal to the difference between the intervention price of the product mentioned in Annex I, Section (b) and the import price for the said product, increased by the import charge applicable to the derived product, this difference being subject to the co-efficient mentioned in Article 5.
4. When a member State does not avail itself of the right provided for in Article 10(1), and when, for the product mentioned in Annex I, Section (b), the price recorded on the market in accordance with the provisions of Article 5(5) is more than 10 per cent lower than the guide price, the member State may apply a levy on imports from other member States of the product in question and of the derived products.
5. For the products mentioned in Annex I, Section (b), the amount of such levy shall at the most be equal to the difference between the guide price, less 10 per cent, and the price on importation from the exporting member State, increased by the import charge. For the derived products, the amount of the levy shall at the most be equal to the difference between the guide price of the product mentioned in Annex I, Section (b), less 10 per cent, and the import price for the latter product, increased by the import charge applicable to the derived product, this difference being subject to the co-efficient mentioned in Article 5(2).
6. The import price mentioned in the present Article shall be the price recorded on the market of the exporting member State under the conditions laid down in Article 5(5) and (6).
7. The manner in which effect is to be given to the present Article shall be determined according to the procedure laid down in Article 20.

Article 12

1. In trade between member States, whether import or export, the following shall be incompatible with the application of the present Regulation:

- the charging of any customs duty or charge having equivalent effect other than as provided in the present Regulation;

- the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxemburg;

- recourse to Article 44 of the Treaty.

2. In the case of imports from third countries, the following shall be incompatible with the application of the present Regulation:

- the charging of any customs duty or charge having equivalent effect other than those envisaged in the present Regulation;

- the imposition of any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxemburg and to such derogations as may be decided by the Council by qualified majority vote on a proposal of the Commission.

3. A measure having equivalent effect to a quantitative restriction shall include any restriction on the grant of import certificates to a specified category of beneficiaries.

4. It shall be incompatible with the application of the present Regulation to export from one member State to another the following:

(a) products mentioned in Article 1 which have not been subject to the customs duties and the levies applicable in the exporting member State, or which have benefited by the total or partial rebate of such customs duties or levies;

(b) products mentioned in Article 1, or products subject to a common organization of markets providing for provisions analogous to those of the present paragraph, into the manufacture of which there have entered, at the time of such manufacture or at an earlier stage of preparation, products mentioned in Article 1 which have not been subject to the customs duties and the levies applicable to them in the exporting member State, or which have benefited by the total or partial rebate of such customs duties or levies.

Article 13

Provisions necessary to prevent any diversion of trade in respect of products from member States and third countries, which might arise from differing rates of customs duties and levies as between member States or as between member States and third countries, shall be adopted before 1 July 1964 according to the procedure laid down in Article 20.

Article 14

As from the institution of the system of trade envisaged in the present Regulation, and subject to any provisions of this Regulation to the contrary, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products mentioned in Article 1.

However, the Grand Duchy of Luxemburg shall be authorized to grant, up to 31 March 1967, at a certain stage of marketing, an aid for the purpose of decreasing the price of sale to consumers of the products mentioned in Article 1, on condition that it is granted without any discrimination linked with the origin of the products.

Article 15

1. When exporting one of the products referred to in Article 1 to a third country, a member State may refund an amount determined in ratio with price trends in the exporting member State and on the world market.
2. The manner in which effect shall be given to the present Article, and the amount referred to in paragraph 1, shall be determined according to the procedure laid down in Article 20.

Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the market in beef and veal, such market should, in one or more member States, suffer or become liable to suffer because of imports serious disturbances likely to endanger the objectives laid down in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, take the necessary measures of safeguard concerning the importation of the products in question.
2. The member State or States concerned shall notify the other member States and the Commission of such measures not later than when they come into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected thereby; if the frontier is closed, the period of grace allowed for transport shall not be less than three days. Such States must be prepared to enter into negotiations immediately to reach temporary arrangements in order to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and to the Commission.

On the basis of the provisions of paragraph 1 and bearing in mind the importance of not increasing the level of protection between member States, the Commission shall, after consulting member States within the Management Committee set up by Article 19, decide by an emergency procedure, within not more than four working days of the notification referred to in the first subparagraph, whether the measures shall be retained, amended or abolished. The Commission may also decide on measures to be applied by the other member States.

The Commission's decision shall be notified to all member States and shall come into force immediately.

3. Any member State may refer the Commission's decision to the Council within three working days of the date of its communication. The Council shall meet immediately. It may, on the basis of the provisions of paragraph 1, and bearing in mind the importance of not increasing the level of protection between member States, amend or annul, by qualified majority vote, the decision taken by the Commission.

4. Any safeguard measures affecting trade between member States shall be applied simultaneously if not earlier to third countries, the principle of Community preference being observed.

Article 17

Member States shall take all steps to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation may take effect on 1 July 1964.

Article 18

On a proposal of the Commission the Council, by unanimous vote during the second stage and by qualified majority vote thereafter, may take in respect of the products mentioned in Article 1 any measures in derogation of the present Regulation so as to take account of any special conditions affecting such products.

Article 19

1. A Management Committee for beef and veal, hereinafter called "the Committee", shall be set up, composed of representatives of the member States, with a representative of the Commission as Chairman.
2. Within the Committee the votes of member States shall be weighted as provided for in Article 148(2) of the Treaty. The Chairman shall not vote.

Article 20

1. Where the provisions of the present Regulation expressly call for the application of the procedure laid down in the present Article, the Chairman shall refer the matter to the Committee, either on his own initiative or at the request of the representative of a member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the question under consideration. The Committee shall act by a majority of twelve votes.
3. The Commission shall adopt measures which shall be immediately applicable. Should such measures, however, not coincide with the opinion delivered by the Committee, they shall at once be communicated by the Commission to the Council. In such case the Commission may defer, for not more than one month as from the date of such communication, application of the measures adopted by it.

The Council may by qualified majority vote adopt a different decision within one month.

Article 21

The Committee may consider any other question raised by its Chairman, either on his own initiative or at the request of the representative of a member State.

Article 22

At the end of the transitional period the Council shall, by qualified majority vote on a proposal of the Commission decide in the light of experience whether to retain or amend the provisions of Article 20.

Article 23

Regulation No. 25 concerning the financing of the common agricultural policy and the provisions for its implementation shall apply to the market in beef and veal as from the date of introduction of the system of trade instituted by the present Regulation.

Article 24

This regulation must be applied in such a way as to take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty.

Article 25

The present Regulation shall come into force on the day following its publication in the Official Journal of the European Communities.

However, the date of introduction of the levy system instituted by the present Regulation shall be 1 July 1964.

Should transitional provisions be necessary, these shall be determined in accordance with the procedure laid down in Article 20, if possible before 1 March 1964.

The present Regulation shall be binding in all its parts and directly enforceable in all member States.

Done at Brussels, 5 February 1964.

By the Council
The President
H. FAYAT

ANNEX I

Section (a) Calves:

Live animals of the domestic bovine species of a live weight of not more than 220 kilograms and not having second teeth.

Section (b) Large bovine animals:

Other live animals of the domestic bovine species, with the exception of pure-bred animals for breeding.

ANNEX II

Derived products

Section (a) Products corresponding to those referred to in Annex I, section (a)

Veal, fresh or chilled.

Section (b) Products corresponding to those mentioned in Annex I, section (b)

1. Whole carcasses or sides, fresh or chilled;
2. Fore quarters, fresh or chilled;
3. Hind quarters, fresh or chilled;
4. Pieces, not boned, from the hind quarter, fresh or chilled;
5. Pieces, boned, other than the fillet, from the hind quarter, fresh or chilled;
6. Fillet, fresh or chilled;
7. Pieces, not boned, from the fore quarter, fresh or chilled;
8. Pieces, boned, from the fore quarter, fresh or chilled;
9. Whole carcasses or sides, frozen;
10. Fore quarters, frozen;
11. Hind quarters, frozen;
12. Boned meat, frozen;
13. Pieces, not boned, from the fore and hind quarters, frozen;

ANNEX III

1. Representative markets:

| | |
|----------|--|
| Germany: | 12 markets in Nordrhein-Westfalen Land |
| Belgium: | Anderlecht |
| France: | La Villette |
| Italy: | See table below |

| Category | Zone with surplus | Zone with deficit ¹ |
|-------------------------------|--|--------------------------------|
| Weighting co-efficients | 67% | 33% |
| Vitelloni 1st and 2nd quality | Firenze, Macerata, Padova, Reggio Emilia | Roma |
| Buoi 1st and 2nd quality | Chivasso, Modena | Roma |
| Vacche 1st and 2nd quality | Cremona, Macerata, Modena | Roma |
| Vacche 3rd quality | Chivasso, Cremona | - |
| Vitelli | Cremona, Macerata, Padova, Reggio Emilia | Roma |

¹For the zone with deficit, prices are calculated on the bases of meat quotations.

| | |
|--------------|--------------------------------|
| Luxemburg: | Luxemburg and Esch-sur-Alzette |
| Netherlands: | Rotterdam and 's-Hertogenbosch |

2. Qualities and weighting co-efficients:

| Member State | Qualities | Weighting co-efficients |
|----------------------------------|-----------|-------------------------|
| <u>(a) Large bovine animals:</u> | | |
| GERMANY | Bullen A | 21.0 |
| | Ochsen A | 3.0 |
| | Färsen A | 17.7 |
| | Bullen B | 11.0 |
| | Ochsen B | 0.7 |
| | Färsen B | 5.0 |
| | Kühe A | 11.0 |
| | Bullen C | 1.4 |
| | Kühe B | 16.1 |
| | Färsen C | 1.0 |
| | Kühe C | 9.5 |
| Kühe D | 2.0 100% | |

2. Qualities and weighting co-efficients (cont'd)

| Member State | Qualities | Weighting co-efficients | |
|---|-------------------------------|----------------------------|----------|
| (a) <u>Large bovine animals</u> (cont'd): | | | |
| BELGIUM | Boeufs et génisses | 60% | 18.0 |
| | Taureaux | 60% | 9.0 |
| | Boeufs et génisses | 55% | 21.0 |
| | Taureaux | 55% | 13.0 |
| | Vaches | 55% | 10.0 |
| | Taureaux lourds | | 1.0 |
| | Vaches | 50% | 21.0 |
| | Bétail de fabrication | | 7.0 100% |
| FRANCE | Vaches extra | | 12.0 |
| | Boeufs extra | | 15.0 |
| | Taureaux extra | | 1.0 |
| | Boeufs 1ère qual. | | 21.0 |
| | Vaches 1ère qual. | | 12.0 |
| | Taureaux 1ère qual. | | 2.0 |
| | Boeufs 2ème qual. | | 3.0 |
| | Vaches 2ème qual. | | 23.0 |
| Boeufs 3ème qual. | | 2.0 | |
| Vaches 3ème qual. | | 9.0 100% | |
| ITALY | Vitelloni 1ère qual. | | 27.0 |
| | Vitelloni 2ème qual. | | 22.0 |
| | Buoi 1ère qual. | | 7.0 |
| | Buoi 2ème qual. | | 11.0 |
| | Vacche 1ère qual. | | 8.0 |
| | Vacche 2ème qual. | | 15.0 |
| Vacche 3ème qual. | | 10.0 100% | |
| LUXEMBURG | Génisses, boeufs, taureaux AA | | 65.0 |
| | Vaches AA | | 3.0 |
| | Génisses, boeufs, taureaux A | | 11.0 |
| | Vaches A | | 14.0 |
| | Génisses, boeufs, taureaux B | | 1.0 |
| | Vaches B | | 6.0 |
| Vaches C | | - 100% | |

2. Qualities and wieghting co-efficients (cont'd)

| Member State | Qualities | Weighting co-efficients |
|---|---------------------------|----------------------------|
| <u>(a) Large bovine animals (cont'd):</u> | | |
| NETHERLANDS | Slachtrunderen extra | 10.0 |
| | Slachtrunderen lère qual. | 40.0 |
| | Slachtrunderen 2ème qual. | 32.0 |
| | Vette Stieren | 3.0 |
| | Slachtrundern 3ème qual. | 10.0 |
| | Worstkoeien | <u>5.0 100%</u> |
| <u>(b) Calves</u> | | |
| GERMANY | Kälber A | 42.0 |
| | Kälber B | 36.0 |
| | Kälber C | 17.0 |
| | Kälber D | <u>5.0 100%</u> |
| BELGIUM | Extra blancs | 2.0 |
| | Bon veaux | 7.0 |
| | Ordinaires | 76.0 |
| | Médiocres | <u>15.0 100%</u> |
| FRANCE | Veaux extra | 27.0 |
| | Veaux lère qual. | 35.0 |
| | Veaux 2ème qual. | 26.0 |
| | Veaux 3ème qual. | <u>12.0 100%</u> |
| LUXEMBURG | Veaux | <u>100.0</u> |
| ITALY | Vitelli lère qual. | 60.0 |
| | Vitelli 2ème qual. | <u>40.0 100%</u> |
| NETHERLANDS | Kalveren lère qual. | 25.0 |
| | Kalveren 2ème qual. | 55.0 |
| | Kalveren 3ème qual. | <u>20.0 100%</u> |

REGULATION NO. 16/64/EEC

of 5 February 1964

on the progressive establishment of a common
organization of the market in rice

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY

having regard to the provisions of the Treaty setting up the European Economic Community, and in particular Articles 42 and 43 thereof,

having regard to the proposal of the Commission,

having regard to the opinion of the Assembly,

whereas the operation and development of the common market for agricultural products should be accompanied by the institution of a common agricultural policy to include in particular a common organization of agricultural markets established product by product;

whereas the production of rice is of particular importance in the agricultural economy of certain member States;

whereas certain products with a rice basis for which the system was laid down in Regulation No. 19 of the Council on the progressive establishment of a common organization of the market in cereals, are economically closely related to this primary product and should therefore be under the same system as the latter;

whereas trade in agricultural products between member States is impeded by a number of obstacles, namely, customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period would be governed, failing co-ordinating action by the institutions of the Community, by varying procedures and different timing; whereas, on the other hand, a uniform frontier measure covering intra-Community trade would facilitate progressive and parallel derestriction in all member States at a pace adapted to the gradual establishment of the common agricultural policy;

whereas such uniform frontier measure, in place of all the various national measures, must firstly ensure adequate support for the agricultural markets of producer member States during the transitional period, and, secondly, permit the progressive creation of a single market by enabling the free movement of goods to develop within the Community;

whereas these objects can be achieved by a system of intra-Community levies corresponding to the difference in prices in the exporting member State and the importing member State respectively, so as to avoid causing possible disturbances in the market of a country where prices are higher, by reason of imports from a country where the prices are lower;

whereas the substitution of intra-Community levies for other measures destined by virtue of the Treaty to disappear during the transitional period would be contrary to the principle of the progressive establishment of the common market if provision were not at the same time made for their progressive reduction;

whereas such progressive reduction of levies in respect of paddy rice, husked rice and broken rice is related to approximation of prices; whereas, on the other hand, the levy in respect of milled rice and manufactures based on rice should be divided into one constituent part equal to the incidence of the difference in the prices of the raw materials, and another part for the protection of the processing industry, and provision should be made for the progressive and automatic reduction of the latter part;

whereas the situation existing in the producer member States justifies the replacement of all former protective measures by a new protective measure destined to disappear, whereas, on the other hand, the position is not the same in member States which are not producers, owing to the fact that there have hitherto been few obstacles to trade in rice and broken rice and that it is therefore possible, subject to certain reservations, to institute forthwith a single market for such products;

whereas the system to be introduced must enable the preference resulting from implementation of the Treaty to be maintained in favour of the member States; whereas this requirement may be met by levying, on imports from third countries, charges corresponding to the difference between, on the one hand, prices in the importing producer member State or on the non-producer member States' market and, on the other hand, prices on the world market (such charges to replace all other protective measures at the frontier), and by a standard abatement of the intra-Community levy, fixed so as to permit of the progressive development of trade in rice produced in the Community;

whereas the operation of the levy system requires that the provisions of the Treaty permitting aids to be assessed, and action to be taken against those which are incompatible with the common market, should be extended to aids which distort the working of such a system; whereas, in the case of exports of rice from a producer member State where the price is higher to another producer member State or to non-producer member States, there is justification for allowing, under certain conditions, a refund making the export possible; whereas in intra-Community trade in broken rice, provision may also be made for a refund under certain conditions;

whereas, in order to maintain the possibility of using broken rice for certain specific processes and to ensure competitive prices for the products resulting from such processes, it is appropriate to make provision for broken rice used in the industry manufacturing rice starch and in that manufacturing "Quellmehl" to be made available to them, by means of a refund on production, at a price lower than that which would result from the application of the levy system;

whereas the practice in the processing trade, whereby trade between member States in processed products incorporating imported basic products is based on world prices for such basic products, is incompatible with the application of the levy system;

whereas, in order to ensure that the necessary guarantees in respect of employment and standards of living are maintained for producers in the Community, it is appropriate to fix annually in each producer member State target prices to guide production;

whereas, in order to afford producers a guarantee that the market price of paddy rice will be constantly maintained at a level bearing a normal relationship to the target price, it is desirable to fix in relation to the latter an intervention price which shall govern the action of the competent agencies in producer member States;

whereas the operation of the levy system and of this price system can conveniently be harmonized by determining the threshold price in the importing producer member State; whereas in fact intra-Community levies and levies vis-à-vis third countries will be based on that price in such a way that the selling price of imported rice, in its various forms, will enable the above-mentioned target prices to be reached;

whereas the establishment of a single market at the end of the transitional period requires, on the one hand, the progressive approximation of the threshold prices of the producer member States with the threshold price fixed for the non-producer member States, and, on the other, the simultaneous approximation of the target prices of the producer member States; whereas it is therefore necessary that the difference between the threshold price of each of the producer member States and the threshold price of the non-producer member States shall not be widened; whereas it is therefore necessary to fix for producer member States an upper limit and a lower limit for the derived target price applicable in the marketing centre of the zone with the greatest surplus;

whereas in order to facilitate the implementation of the provisions envisaged it is necessary that a procedure be laid down for close co-operation between member States and the Commission, and this can be suitably ensured within the Management Committee for Cereals.

whereas the common organization of the market in rice must take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty;

whereas it is necessary that the common organization of the market in rice be fully established by the end of the transitional period; whereas it is therefore appropriate to make provision now for certain arrangements to be retained when the single market is established,

HAS ADOPTED THE PRESENT REGULATION:

Article 1

1. With a view to ensuring the progressive development of the common market and the common agricultural policy, a common organization of the markets in rice shall be progressively established, comprising a price system and a levy system applicable to trade between member States and to trade between member States and third countries, in respect of the following products:

| Common customs tariff no. | Description of goods |
|------------------------------|--|
| (a) ex 10.06 A | Rice in the husk |
| ex 10.06 A | Rice in whole grains, not ground to remove the pericarp |
| 10.06 B | Rice in whole grains, ground to remove the pericarp, whether or not polished or glazed |
| (b) 10.06 C | Broken rice |
| (c) 11.01 D | Rice flour |
| ex 11.02 A III b | Rice groats and meal |
| 11.08 A III | Rice starch |

2. For the purposes of the present Regulation the terms listed below shall be deemed to have the meanings shown:

Rice: The products mentioned in paragraph 1(a);

Paddy rice: Rice in the husk

- Husked rice: Rice in grain of which the husk has been removed but which has not undergone mechanical treatment to remove part or all of the pericarp. In particular, this designation shall include the forms of rice known commercially as "riz brun", "riz cargo", "riz loonzain" and "riso sbramato";
- Milled rice: Rice in whole peeled grain, namely husked rice of which part or the whole of the pericarp has been removed, whether or not polished or glazed;
- Broken rice: Rice in broken form.

3. For the purposes of the present Regulation a producer member State shall be deemed to mean a member State with paddy rice production which is marketed.

CHAPTER I: LEVY SYSTEM

Article 2

1. On imports of husked rice and broken rice, a levy shall be charged equal to the difference between the threshold price in the importing member State, fixed in accordance with the provisions of Article 3, and

- the c.i.f. price of the product, determined in accordance with the provisions of Article 4, if the product is imported from third countries, or

- the free-at-frontier price of the product from the exporting member State, fixed in accordance with the provisions of Article 5, if the product is imported from a member State; in that case, such difference shall be reduced by a standard amount fixed in accordance with the provisions of Article 6 if the product derives from rice harvested in the exporting member State.

2. On imports of paddy rice from member States or third countries, a levy shall be charged equal to the intra-Community levy or to the levy vis-à-vis third countries applicable to husked rice, adjusted in accordance with a conversion scale determined in conformity with the provisions of Article 7(c).

3. On imports of milled rice from member States or third countries, a levy shall be charged consisting of two parts:

- a variable part equal to the levy applicable to husked rice, not reduced by the standard amount and adjusted in accordance with a conversion scale determined in conformity with the provisions of Article 7(c);

- a fixed part, equal, per hundred kilogrammes, to 0.55 accounting unit if the product is imported from third countries, or to nine fifteenths of that amount if the product is imported from another member State.

4. For the purpose of calculating the levy applicable to husked rice, paddy rice and broken rice and the variable part of the levy applicable to milled rice, the markets of non-producer member States shall be regarded as a single market.

However, when paddy rice, husked rice or broken rice originating in a third country and re-exported from another member State are imported into a member State, a levy shall be charged equal to the levy applicable vis-à-vis third countries on the day of such importation.

5. On imports of products mentioned in Article 1(1)(c) from member States or third countries, a levy shall be charged consisting of a variable part corresponding to the amount of the levy applicable to the quantity of basic product necessary for the manufacture of the processed product, and a fixed part intended to ensure protection of the processing industry.

On a proposal of the Commission, the Council, by qualified majority vote, shall determine, for each of the products in question, the method of giving effect to the above sub-paragraph.

However, in cases where actual offers from third countries do not correspond to the price resulting from the price of the basic products entering into their composition, increased by the cost of manufacture, an additional amount determined in accordance with the procedure laid down in Article 23 may be added to the levy.

6. The intra-Community levies, calculated in accordance with the provisions of the present Article, shall be progressively reduced in ratio with the approximation of the rice prices decided by the Council in accordance with the provisions of Article 20. However, the fixed part of the levy mentioned in paragraphs 3 and 5 shall be reduced every year as from 1 July 1965 by two fifteenths of the amount applied on 1 July 1964 vis-à-vis third countries.

Article 3

1. A threshold price shall be fixed for husked rice and a threshold price for broken rice. These threshold prices shall come into force on 1 September each year, and for the first time on 1 July 1964. Subject to the provisions of Article 6(2) and Article 17(3), they may not be changed during the marketing season.

2. The threshold price of the husked rice shall be determined for rice with round grains (common rice) of a standard quality identical for all member States.

(a) In each producer member State, the threshold price shall be fixed in such a manner that, in the marketing centre of the zone with the greatest deficit, the selling price of the imported product shall, taking into account the standard amount mentioned in Article 6, be at the level of the basic target price mentioned in Article 17.

The producer member States shall fix the threshold price each year before 1 June for the marketing season beginning on the following 1 September, and for the first time before 15 May 1964. They shall notify the Commission of it as soon as it is fixed. If it has not been fixed in accordance with the conditions set forth above, it shall be revised within one month in accordance with the procedure laid down in Article 23.

(b) In the non-producer member States the threshold price shall be a common threshold price which shall be fixed by the Council, in accordance with the provisions of Article 19 for the period from 1 July 1964 to 31 August 1965, and with those of Article 20 for the marketing seasons subsequent to that period.

3. The threshold price of broken rice shall be equal to the threshold price of husked rice reduced by a certain percentage.

(a) In each producer member State, the threshold price shall be fixed in the following manner: the percentage by which the percentage price of husked rice is reduced shall, for the period from 1 July 1964 to 31 August 1965, be the percentage by which the average price of broken rice has been lower, in the member State concerned, than the average price of husked rice during the period from 1 January 1959 to 31 December 1962; for the marketing season beginning on 1 September 1965 and for subsequent marketing seasons, the percentage shall be fixed by the Council in accordance with the provisions of Article 20.

The producer member States shall fix the threshold price each year before 1 June for the marketing season beginning on the following 1 September, and for the first time before 15 May 1964. They shall notify the Commission of it as soon as it is fixed. If it has not been fixed under the conditions set forth above, it shall be revised within one month in accordance with the procedure laid down in Article 23.

(b) In the non-producer member States, the threshold price shall be a common threshold price which shall be fixed by the Council, in accordance with the provisions of Article 19 for the period from 1 July 1964 to 31 August 1965, and with those of Article 20 for the marketing season subsequent to that period.

Article 4

The c.i.f. price of husked rice shall be established for rice with round grains (common rice) on the basis of the most favourable purchasing possibilities on the world market, for husked rice, paddy rice and milled rice; the rates for these products shall be adjusted in ratio with the differences in quality in

relation to the standard of quality for which the threshold price has been fixed, and further, in the case of paddy rice and milled rice, in relation to the conversion scale, milling costs and the value of the by-products.

The c.i.f. price of broken rice shall be established on the basis of the most favourable purchasing possibilities, on the world market.

In determining the most favourable purchasing possibilities, account shall be taken only of offers meeting precise quality standard requirements and corresponding to real possibilities of purchase for quantities representative of the market. The rates shall be determined, as regards the non-producer member States, for a product delivered to a North Sea port, and as regards producer member States, for a product delivered to a port selected by each of them.

2. In cases where the free quotations on the world market used in establishing the c.i.f. price are not the determining factor in the offer price, the c.i.f. price shall be replaced, solely for the imports in question, by a price determined in ratio with the offer price, if the price thus determined is lower than the price established in accordance with the provisions of paragraph 1.

3. The Commission shall determine the prices mentioned in the present Article. The criteria to be applied in determining them, and the manner in which effect shall be given to the present Article, shall be decided in accordance with the procedure laid down in Article 23.

Article 5

1. The price of husked rice from an exporting member State delivered free at the frontier of an importing producer member State, or of all the non-producer member States, shall be determined for round-grained (common) rice on the basis of the most favourable prices for the importing member State, considering the prices prevailing both for husked rice and for paddy rice and milled rice on the most representative markets of the exporting producer member State or of the non-producer member States, and taking into account transport and marketing costs. Such prices shall be adjusted in ratio with differences in quality as compared with the standard of quality for which the threshold price is fixed, and further, as regards paddy rice and milled rice, in relation to the conversion scale, milling costs and the value of the by-products.

2. The free-at-frontier price of broken rice shall be determined on the basis of the most favourable prices for the importing member State, considering the prices prevailing on the most representative markets of the exporting producer member State, or of the non-producer member States, and taking into account transport and marketing costs.

3. If the quotations on the markets are not sufficient to enable the free-at-frontier prices to be determined, the latter shall be determined, taking into account transport and marketing costs calculated on the lump sum basis,

- in the case of broken rice, on the basis of the threshold price of the exporting producer member State or of the common threshold price;

- in the case of rice in the non-producer member States, on the basis of the common threshold price;

- in the case of rice in each producer member State, on the basis of the target price applicable in the marketing centre of the zone with the greatest surplus.

4. The Commission shall determine the prices mentioned in the present Article. The criteria to be applied in determining them shall be decided in accordance with the procedure laid down in Article 23.

Article 6

1. The standard amounts mentioned in Articles 2 and 15 shall be determined in such a manner as to promote progressive and regular development of intra-Community trade until the establishment of a single market, taking account of availabilities on the markets of member States of rice and broken rice from domestic production or from other member States.

Such amounts shall be determined annually, using the procedure laid down in Article 23, in conformity with the criteria laid down by the Council on a proposal of the Commission, by unanimous vote during the second stage and by qualified majority vote thereafter. They shall be published before the beginning of the marketing season.

2. If, during the marketing season, intra-Community trade does not develop in the way provided for in paragraph 1, the standard amounts mentioned in the said paragraphs shall be reviewed in accordance with the procedure laid down in Article 23. In that case, the threshold price shall be fixed anew in the producer member States, in accordance with the procedure laid down in Article 3.

Article 7

The following shall be determined in accordance with the procedure laid down in Article 23:

(a) The standard of quality of husked rice with round grains (common rice), identical for all member States, for which the threshold price is fixed;

(b) The co-efficients of equivalence making possible the adjustments mentioned in Article 4(1), Article 5(1) and Article 18(2) in ratio with the actual differences in quality of round-grained (common) rice, and the actual difference in quality as between round-grained (common) rice and other types of rice; or, if the assessment of such differences is not possible, in ratio with the differences between the prices which have been freely formed on the world market or in member States in the course of a given reference period;

(c) The conversion scale fixing the conversion rates between husked rice and, on the one hand, milled rice at the processing stages for which the scale provides, and, on the other hand, paddy rice. Such rates shall be determined on the basis of the following factors:

- the quantity of husked rice corresponding, in the case of round-grained (common) rice, to one unit of the product in question;
- the differences in the milling yield of the different varieties of rice;

(d) the milling costs and the value of the by-products to be taken into consideration in applying the provisions of Article 4(1), Article 5(1), Article 18(1), and Article 19, sub-paragraph (a).

Article 8

1. The amounts of the intra-Community levies and of the levies vis-à-vis third countries shall be calculated by member States in accordance with the provisions of Article 2. The Commission shall be notified of them immediately.

2. Those amounts shall be modified by member States in ratio with variations in the factors on which they were based. The criteria for the modification of levies, and the manner in which effect is to be given to them, shall be determined in accordance with the procedure laid down in Article 23.

The Commission shall immediately be notified of changes in the amounts of the levies.

3. The levies shall be charged by the importing member State, and their yield shall be credited to the latter.

Article 9

Provisions necessary to prevent any diversion of trade which might arise from differing rates of levy as between member States, or as between member States and third countries, shall be determined in accordance with the procedure laid down in Article 23.

Article 10

1. All imports and exports of the products mentioned in Article 1(1) shall be subject to presentation of an import or export certificate issued by the member State at the request of the party concerned. Member States shall regularly notify the Commission of the quantities covered by the certificates issued.

2. An import certificate for rice and broken rice shall be valid from the date of issue until the end of the third month following that in which it was issued.

However, in the case of imports from third countries, the certificate shall be valid until the end of the fourth month following that in which it was issued

- when distance or conditions affecting loading operations cause delays in transport which may prevent importation being completed within the period mentioned in the above sub-paragraph,

- or when it is a matter of consignments of 500 tons or less, from distant third countries.

3. An export certificate for rice and broken rice shall be valid from its date of issue until the end of the fifth month following that in which it was issued.

4. The issue of a certificate shall be subject to the lodging of a surety, which shall be forfeit if the import or export to which it relates does not take place within the term of validity of the certificate.

5. The manner in which effect is to be given to this Article, in particular as regards the term of validity of import or export certificates for the products mentioned in Article 1(1)(c), and as regards the provisions relating to the term of validity of the certificates and to the surety in the case of circumstances outside the applicant's control, shall be determined in accordance with the procedure laid down in Article 23.

Article 11

1. The amount of the intra-Community levy or the levy vis-à-vis third countries to be charged shall be that applicable on the day of importation.

2. However, as regards imports of rice and broken rice, the levy applicable on the day on which the application for a certificate is lodged, adjusted in ratio with the threshold price which will be in force at the time of importation, shall be applied, if the party concerned so requests when applying for the certificate, in respect of an importation to be effected within the period indicated at the time of application. In that case, the term of validity of the certificate shall be limited to that period, and, further, if a product is imported from third countries, a premium fixed at the same time as the levy shall be added to the latter.

3. The Council shall, on a proposal of the Commission, by unanimous vote during the second stage, and by qualified majority vote thereafter, determine the manner in which effect shall be given to the present Article, and in particular the criteria for fixing the scale of premiums and the measures to be adopted should exceptional circumstances arise.

The Council may, in accordance with the same procedure, decide that the levy may also be fixed in advance for the products mentioned in Article 1(1)(c). It shall in that case decide on the measures necessary to give effect to its decision.

The scale of premiums shall be determined by the Commission.

Article 12

1. In trade between member States and with third countries, whether import or export, the following shall be incompatible with the levy system:

- the charging of any customs duty or charge having equivalent effect;
- the imposition of any quantitative restriction or measure having equivalent effect;
- recourse to Article 44 of the Treaty.

A measure having equivalent effect to a quantitative restriction shall include any restriction on the grant of import or export certificates to a specified category of beneficiaries.

2. Subject to the provisions of Article 15, it shall be incompatible with the application of the intra-Community levy system to export from one member State to another the products referred to in Article 1(1):

(a) if such products have not been subject to the levies applicable to them in the exporting member State or have benefited by the total or partial rebate of such levies;

(b) if there has entered into the manufacture of those products, either at the time of such manufacture or at an earlier stage of preparation, products mentioned in Article 1(1) which have not been subject to the levies applicable to them in the exporting member State or which have benefited by the total or partial rebate of such levies.

3. On a proposal of the Commission, the Council, by unanimous vote during the second stage and by qualified majority vote thereafter, may decide on derogations to the abolition of quantitative restrictions and measures having equivalent effect in trade with third countries.

Article 13

As from the institution of the levy system and subject to any provisions of the present Regulation to the contrary, Articles 92, 93 and 94 of the Treaty shall apply to the production of, and trade in, the products mentioned in Article 1(1).

Article 14

A system of refunds on production shall be instituted for broken rice used in starch-making and in the industry manufacturing "Quellmehl", a flour of which the starch has been subjected to a treatment by heat or any other process the effect of which is to increase its swelling capacity.

On a proposal of the Commission, the Council, by unanimous vote during the second stage and by qualified majority vote thereafter, shall determine the manner in which effect shall be given to the present Article.

Article 15

1. If the free-at-frontier price of husked rice from the exporting producer member State, determined in accordance with Article 5, is higher than the threshold price of the other producing member State or than the common threshold price applicable in the non-producer member States, the exporting producer member State may grant a refund on exportation of the rice.

If a member State grants a refund on the exportation of milled rice, it shall similarly grant a refund on the exportation of husked rice and paddy rice; if it grants a refund on the exportation of husked rice it shall similarly grant a refund on the exportation of paddy rice.

(a) The maximum amount of the refunds for husked rice shall be fixed as follows:

- for an export from a producer member State to a non-producer member State the amount of the refund shall at the most be equal to the difference between the free-at-frontier price of the product from the exporting member State and the threshold price of the importing member State, increased by the standard amount fixed in accordance with the provisions of Article 6, if the product is from rice harvested in the exporting member State;

- for an export from a producer member State to another producer member State, the amount of the refund shall at the most be equal to that laid down for exports to third countries.

(b) The amount of the refund for paddy rice shall be equal to the amount actually granted on exports of husked rice, in accordance with, respectively, the provisions of the first or the second sub-section of sub-paragraph (a), adjusted in accordance with the conversion scale determined as laid down in Article 7(c).

Article 16

1. If, as a result of the application of the measures relating to the progressive establishment of a common organization of the market in rice, such market should, in one or more member States, suffer or become liable to suffer because of imports, serious disturbances likely to endanger the objectives laid down in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, take the necessary measures of safeguard concerning the importation of the products in question.

2. The member State or States concerned shall notify the other member States and the Commission of such measures not later than when they come into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected thereby; if the frontier is closed, the period of grace allowed for transport shall not be less than three days. Such States must be prepared to enter into negotiations immediately to reach temporary arrangements in order to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and the Commission.

On the basis of the provisions of paragraph 1, and bearing in mind the importance of not increasing the level of protection between member States, the Commission shall, after consulting the member States within the Management Committee set up by Article 23, decide by an emergency procedure, within four working days of the notification referred to in the first sub-paragraph above, whether the measures shall be retained, amended or abolished. The Commission may also decide on measures to be applied by the other member States.

The Commission's decision shall be notified to all member States and shall come into force immediately.

3. Any member State may refer the Commission's decision to the Council within three working days of the date of its communication. The Council shall meet immediately. It may, on the basis of the provisions of paragraph 1, and bearing in mind the importance of not increasing the level of protection between member States, amend or annul by qualified majority vote the decision taken by the Commission.

If the member State which has taken the steps referred to in paragraph 1 above refers the matter to the Council, the Commission's decision shall be held in abeyance; such period of abeyance shall terminate ten days after such reference to the Council if the latter has not by then amended or annulled the Commission's decision.

4. Any safeguard measure affecting trade between member States shall be applied simultaneously if not earlier to third countries, the principle of Community preference being observed.

5. If after the end of the transitional period Community markets in products covered by Article 1(1) suffer or become liable to suffer serious disturbances because of imports from third countries, in particular when intervention agencies are in a position of having to make substantial market purchases of paddy rice, the issue of import certificates in respect of third countries may be suspended, subject to possible exceptions in respect of certain specified destinations, until such time as the disturbances or threat of disturbances shall have subsided.

The manner in which effect is to be given to the present paragraph shall be determined, on a proposal of the Commission, by the Council, voting according to the procedure laid down in Article 43 of the Treaty.

CHAPTER II: PRICE SYSTEM

Article 17

1. The producer member States shall annually determine in respect of husked rice, within the context of the Council's decisions on price fixing, a basic target price, at the wholesale purchasing stage, applicable in the marketing centre of the zone having the largest deficit. That price shall be fixed for round-grained (common) rice, of a standard of quality identical with that for which the threshold price has been fixed. It shall be determined annually before 1 September and shall come into force on 1 September of the following year. However, it shall be determined for the first time in such a way as to come into force on 1 July 1964. For the marketing season beginning on 1 September 1965, it shall be determined before 1 May 1965. Subject to the provisions of paragraph 3, it may not be modified during the marketing season.

2. The producer member States shall determine, on the basis of the basic target price, derived target prices applicable in the major marketing centres of the zones of production, in ratio with price differences due to natural conditions of price formation.

3. The producer member States shall draw up, for a period of eight consecutive months of each marketing season, a monthly scale of target prices, taking storage costs and interest charges into account. The first increase shall take place on 1 December.

4. The manner in which effect is to be given to the present Article, in particular as regards the amount of the monthly increases, shall be determined according to the procedure laid down in Article 23.

Article 18

1. In order to guarantee producers a selling price bearing a normal relationship to the target price, taking market fluctuations into account, the producer member States shall, before the beginning of the marketing season, annually determine an intervention price for paddy rice at all marketing centres where a derived target price is fixed. In each of those marketing centres the intervention price shall be determined on the basis of the relevant derived target price, adjusted in relation to the conversion scale, milling costs and the value of by-products. The amount thus obtained shall be reduced by a fixed percentage determined by each producer member State between a minimum of 4 per cent and a maximum of 7 per cent.

2. Throughout the marketing season, the intervention agencies of member States shall be bound to purchase the paddy rice offered to them; they may also intervene in the paddy rice market throughout the whole of the marketing season, in particular by way of purchases whenever the market situation so demands. They may buy only at the intervention price.

The intervention agencies of each member State may not sell paddy rice within that State on terms which would prevent the prices from reaching the level of the target price applicable in the marketing centres of the zones of production. The buying and selling prices shall be adjusted in ratio with differences in quality as compared with the standard quality for which the intervention price is fixed.

3. The manner in which effect is to be given to the present Article, in particular as regards the standard of quality for paddy rice with round grains (common rice) for which the intervention price is fixed, shall be determined according to the procedure laid down in Article 23.

Article 19

For the period beginning on 1 July 1964, the Council, by unanimous vote on a proposal of the Commission, shall before 1 April 1964 fix the following:

(a) for the producer member States, an upper and a lower limit of the derived target price applicable in the marketing centre of the zone having the largest surplus. The upper limit shall be fixed at the level of the price of husked rice corresponding, after adjustment, to the minimum price guaranteed to the producer for paddy rice in the producer member State having the highest prices. The lower limit shall be fixed at the level of the price of husked rice corresponding, after adjustment, to the minimum price guaranteed to the producer for paddy rice in the producer member State having the lowest prices. The above mentioned adjustments shall be made in relation to the conversion

scale, milling costs and the value of the by-products. The minimum prices guaranteed to the producer to be taken into consideration shall be the prices prevailing at the beginning of the 1963-1964 marketing season for paddy rice with round grains (common rice), increased by 7 per cent, and adjusted in relation to the standard of quality for which the intervention price has been fixed;

(b) for non-producer member States, the level of the common threshold price. This shall be equal,

- in the case of husked rice, to the price which, on the world market for husked round grained (common) rice of the standard of quality for which the threshold price is fixed, can be regarded as most representative for the period beginning on 1 July 1964, plus 5 per cent. It shall not, however, be less than 12.50 accounting units per 100 kilogrammes;

- in the case of broken rice, to the threshold price of husked rice, less the percentage corresponding to the difference between the average price for broken rice and the average price for husked rice during the period from 1 January 1959 to 31 December 1962 throughout the non-producer member States.

Article 20

1. During the transitional period, the differences between the threshold prices and those between the target prices fixed in virtue of the present Regulation shall be progressively reduced, in order to arrive at a single threshold price and a single target price at the end of the transitional period for the products for which such measures are envisaged in the present Regulation.

2. On a proposal of the Commission, the Council by unanimous vote during the second stage and by qualified majority vote thereafter, shall determine the following:

(a) before 1 April 1965, the measures to be adopted in the field of prices by producer member States during the rice marketing season beginning on 1 September 1965, and the common threshold prices applicable during the same period;

(b) before 1 August each year, and for the first time before 1 August 1965, the measures to be adopted in the field of prices by producer member States during the rice marketing season beginning the following year, and the common threshold prices applicable during the same period.

CHAPTER III: GENERAL PROVISIONS

Article 21

1. Member States shall take all steps to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation may take effect on 1 July 1964. They shall, in particular, abolish on that date all measures obliging producers to deliver their produce to the intervention agencies.
2. However, if at the date of entry into force of the present Regulation a member State guarantees a price for a certain quantity only, it shall adjust its rules so as to comply with the provisions of the present Regulation, not later than by the end of the transitional period.

Article 22

1. On a proposal of the Commission, the Council, by unanimous vote during the second stage and by qualified majority vote thereafter, may take in respect of each of the products set out in Article 1(1) any measures in derogation of the present Regulation, so as to take account of any special conditions affecting such products.
2. The Council, in accordance with the procedure laid down in Article 43 of the Treaty, shall, not later than 1 June 1969, adapt the provisions of the present Regulation so as to be able to fix the following:
 - (a) a basic target price for husked rice applicable throughout the Community;
 - (b) a single threshold price established in such a manner that, on the market of the marketing centre of the zone of the Community having the largest deficit, the selling price of the imported product shall be at the level of the basic target price;
 - (c) intervention prices established on the basis of the derived target prices converted into terms of paddy rice and reduced by 4 per cent;
 - (d) a single threshold price for broken rice;
 - (e) a single levy vis-à-vis third countries.

Article 23

1. Where the provisions of present Regulation expressly call for the application of the procedure laid down in the present Article, the Chairman of the Management Committee for Cereals, set up by Article 25 of Regulation No. 19 of the Council on the progressive establishment of a common organization of

the market in the cereals sector, hereinafter called "the Committee", shall refer the matter to it, either on his own initiative or at the request of the representative of a member State. All the provisions of Article 25 of the above mentioned Regulation concerning the said Committee shall remain applicable.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on these measures within a time-limit fixed by the Chairman according to the urgency of the questions under consideration. The Committee shall act by a majority of twelve votes.

3. The Commission shall adopt measures which shall be immediately applicable. Should such measures, however, not coincide with the opinion delivered by the Committee, they shall at once be communicated by the Commission to the Council. In such case, the Commission may defer for not more than one month as from the date of such notification application of the measures adopted by it.

The Council may by qualified majority vote adopt a different decision within one month.

Article 24

The Committee may consider any other question raised by its Chairman, either on his own initiative or at the request of the representative of a member State.

Article 25

At the end of the transitional period the Council shall, by qualified majority vote on a proposal of the Commission, decide in the light of experience whether to retain or amend the provisions of Article 23.

Article 26

Regulation No. 25 concerning the financing of the common agricultural policy and the provisions for its implementation shall apply to the market in rice, as from the date of introduction of the levy system instituted by the present Regulation.

Article 27

This regulation must be applied in such a way as to take account simultaneously and in an appropriate manner of the objectives set out in Articles 39 and 110 of the Treaty.

(c) The amount of the refund for milled rice shall at the most be equal to the amount actually granted on exports of husked rice, in accordance with, respectively, the provisions of the first sub-section or of the second sub-section of sub-paragraph (a), adjusted in accordance with the conversion scale determined as laid down in Article 7(c). In the latter case, the standard amount shall not be added to the amount of the refund mentioned in the first sub-section of sub-paragraph (a).

(d) When a member State, in accordance with the provisions of the second sub-section of sub-paragraph (a) and sub-paragraph (c), is authorized to grant a refund of which the amount is at the most equal to that laid down for exports to third countries, the importing member State shall charge:

- in the first case, the amount of the levy vis-à-vis third countries less the standard amount fixed in accordance with the provisions of Article 6, if the product comes from rice harvested in the exporting member State;

- in the second case, the variable amount applicable vis-à-vis third countries increased by the fixed amount applicable in intra-Community trade.

2. The member State which is entitled to apply a levy on imports of broken rice from another member State may, in the case of exports to the latter, refund an amount equal to the refund granted for exports to third countries. In that case, the importing member State shall charge the amount of the levy vis-à-vis third countries, less the standard amount fixed in accordance with the provisions of Article 6, if the product comes from rice harvested in the exporting member State.

3. In the case of exports by a non-producer member State to another non-producer member State of paddy rice, husked rice or broken rice, originating in third countries and re-exported unprocessed, a refund may be granted equal at the most to the levy applicable vis-à-vis third countries on the day of export.

4. The conditions governing the fixing of the refund to be granted in intra-Community trade in the products mentioned in Article 1(1)(c), shall be determined, on a proposal of the Commission, by the Council by qualified majority vote.

5. In order to permit of exports to third countries of the products covered by Article 1(1) on the basis of quotations ruling on the world market, the difference between such quotations and the price in the exporting member State may be made good by a refund under the conditions determined in accordance with the procedure laid down in Article 23.

6. The manner in which effect is to be given to the present Article, and in particular the conditions under which refunds may be fixed in advance, shall be determined according to the procedure laid down in Article 23.

Article 28

The present Regulation shall come into force on the day following its publication in the Official Journal of the European Communities.

However, the date of introduction of the levy system instituted by the present Regulation shall be 1 July 1964.

Should transitional provisions be necessary, these shall be determined in accordance with the procedure laid down in Article 23, and shall be applicable not later than 31 August 1965.

The present Regulation shall be binding in all its parts and directly enforceable in all member States.

Done at Brussels, 5 February 1964.

By the Council
The President
H. FAYAT

