COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.3.2001
COM(2001)156 final

2000/0314 (CNS)

Amended proposal for a

COUNCIL REGULATION

introducing specific measures for certain agricultural products for the Azores and Madeira

(presented by the Commission pursuant to Article 250 (2) of the EC Treaty)

EXPLANATORY MEMORANDUM

On 29 November 2000, the Commission adopted the proposal for a Council Regulation introducing specific measures for certain agricultural products for the Azores and Madeira under the reference number COM(2000) 791 – 2000/0314 (CNS). This proposal was sent to the Council and the European Parliament on 1 December 2000.

To find a solution to the problems in the milk sector in the Azores and create conditions conducive to the restructuring of the sector in that region, where agricultural activity is highly dependent on milk production, and in view of that dependence, which in combination with other handicaps linked to its extreme remoteness is detrimental to its economic development, the Commission is submitting a further proposal to the Council amending the Council Regulation introducing specific measures for certain agricultural products for the Azores and Madeira.

Based on the figures currently available, this measure, strictly limited to the Azores, will involve a maximum of 73 000 tonnes of milk, i.e. 3.86% of the Portuguese quota.

The Commission is presenting this draft provision to resolve the above problem within the framework of the proposal for a Council Regulation introducing specific measures for certain agricultural products for the Azores and Madeira in the form of an amended proposal.

The Council is requested to examine this together with the original proposal.

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1. The following recital is added:

"(17a)
Agricultural activity in the Azores is highly dependent on milk production. This dependence, combined with other handicaps linked to their extreme remoteness and the absence of viable alternative production, is detrimental to their economic development. The needs of local consumption in those islands covered by local production should be taken into account and some of the provisions of the common market organisation for milk and milk products on limiting output should be derogated from for a period of four marketing years beginning in 1999/2000 in order to take account of the level of development of and the conditions for local production. Although this measure derogates from the second subparagraph of Article 34(2) of the EC Treaty, it is restricted to milk producers in the Azores and is of marginal economic impact when compared with the total quota for Portugal. It should enable the sector in the Azores to continue being restructured over the period of application of this measure without interfering with the milk market and without appreciably affecting the sound working of the levy scheme at Portuguese or Community level."

2. The following Articles 21a to 21c are inserted after Article 21 in Section 1 (Livestock and milk products) of Chapter III (Measures to assist local products in the Azores) of Title II (Measures to assist local products):

"Article 21a

1. For a transitional period covering the 1999/2000, 2000/01, 2001/02 and 2002/03 marketing years, for the purposes of sharing the additional levy between the producers referred to in the second sentence of Article 2(1) of Regulation (EEC) No 3950/92[1], only producers as defined in Article 9(c) of that Regulation established and producing in the Azores, who market quantities exceeding their reference quantity increased by the percentage referred to in subparagraph 3 shall be deemed to have contributed to the overrun.

The additional levy shall be due on quantities exceeding the increased reference quantity after reallocation of the unused quantities within the margin resulting from this increase among the producers referred to in the first subparagraph and in proportion to the reference quantity available to each producer.

[1] OJ L 405, 31.12.1992, p. 1. Regulation as last amended by Regulation (EC) No 749/2000 (OJ L 90, 12.4.2000, p. 4).

The percentage referred to in the first subparagraph shall be equal to the ratio between the quantity of 73 000 tonnes and the total of the reference quantities available on each holding on 31 March 2000. It shall apply for each producer only to the reference quantities available to that producer on 31 March 2000.

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

Article 21b

Prior to their entry into force, the Portuguese Republic shall notify the Commission of measures taken pursuant to Article 21a.

Article 21c

In accordance with the procedure provided for in Article 29(2), the Commission shall, where necessary, adopt the measures necessary for the application of Article 21a."

FINANCIAL STATEMENT

1.	BUDGET HEADING: B1 - 201 B1 - 203 B1 - 207 B1 - 370	APPROPRIATIONS: - EUR 2 million +EUR 44 million - EUR 89 million - EUR 700 million
2.	TITLE: Amended proposal for a Council Regulation introducing specific measures for certain agricultural products for the Azores and Madeira.	
3.	LEGAL BASIS: The proposal for a Regulation introducing specific measures for certain agricultural products for the Azores and Madeira: Articles 36 and 299(2) of the Treaty.	
4.	AIMS OF PROJECT: Specific measures to support milk production in the Azores.	

5.	FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (EUR million)	CURRENT FINANCIAL YEAR 2001 (EUR million)	FOLLOWING FINANCIAL YEAR 2002 (EUR million)
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER	9.0	46.6	9.0
5.1	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	-	-

		2003	2004	2005	2006
5.0.1	ESTIMATED EXPENDITURE	9.0			
5.1.1	ESTIMATED REVENUE	-	-	-	-

5.2 METHOD OF CALCULATION: (2002 and 2003 financial years)

Derogation for local consumption: 73 000 tonnes* x EUR 123/t* = EUR 9.0 million

* present average cost of intervention in quantities of butter and skimmed-milk-power equivalent.

6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?	YES
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?	
6.2	IS A SUPPLEMENTARY BUDGET NECESSARY?	
6.3	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?	YES

OBSERVATIONS:

2001 financial year:

In the case of the 1999/2000 marketing year, the additional levy of EUR 20.6 million booked to 2000 is no longer due as a result of the measure; it will be reimbursed by the budget in 2001.
In the case of the 2000/01 marketing year, the measure should result in the non-collection of EUR 20.6 million (73 000 tonnes x 356.3 EUR/t) in respect of the levy. This effect is also felt in the 2001 financial year.

Following years:

For the 2001/02, 2002/03 marketing years it is assumed that the reference quantities will be adhered to without the measure.
The additional costs resulting from the measure will consequently be calculated on the basis of the cost of disposing of the additional quantity and not on the basis of a loss of additional levy. Should the opposite be the case, the cost of not collecting the additional levy of EUR 26.0 million will also be repeated in 2002 and 2003.