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Commission

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I

(Acts whose publication is obligatory)

**COUNCIL REGULATION (EC) No 1666/2000
of 17 July 2000
amending Regulation (EEC) No 1766/92 on the common organisation of the market in cereals**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

- (1) Article 3(2) of Council Regulation (EEC) No 1766/92 ⁽⁴⁾ provides for the intervention price to be subject to monthly increases. This mechanism seeks to take account, to some extent, of storage costs and financing charges for storing cereals in the Community and of the need to ensure that stocks are disposed of in line with market requirements. In accordance with the approach followed for the reform of the common organisation of the markets in connection with Agenda 2000 and in order to enable producers to organise their production over several years, the number and amount of the monthly increases should be fixed without any limit in time, without prejudice to any revisions that may be called for in the future.
- (2) With an eye to simplification and legislative clarity, the provisions of Regulation (EEC) No 1766/92 that are not relevant should be deleted at the same time.
- (3) The measures necessary for the implementation of Regulation (EEC) No 1766/92 should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁵⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1766/92 is amended as follows:

1. Article 3(2) shall be replaced by the following:

‘2. The intervention price shall be subject to monthly increases in accordance with the table set out in Annex D.’

⁽¹⁾ OJ C 86 E, 24.3.2000, p. 1.

⁽²⁾ Opinion delivered on 16 May 2000 (not yet published in the Official Journal).

⁽³⁾ OJ C 168, 16.6.2000, p. 17.

⁽⁴⁾ OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 1253/1999 (OJ L 160, 26.6.1999, p. 18).

⁽⁵⁾ OJ L 184, 17.7.1999, p. 23.

2. Articles 20 and 22 shall be deleted.
3. Articles 23 shall be replaced by the following:

'Article 23

1. The Commission shall be assisted by the Management Committee for Cereals, hereinafter referred to as "the Committee".
 2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply. The period referred to in Article 4(3) of Decision 1999/468/EC shall be set at one month.
 3. The Committee shall adopt its rules of procedure.'
4. The following Annex shall be added:

'ANNEX D

Monthly increases in the intervention price

(EUR/t)		
Month	2000/2001 marketing year	From 2001/2002 marketing year
July	—	—
August	—	—
September	—	—
October	—	—
November	1	0,93
December	2	1,86
January	3	2,79
February	4	3,72
March	5	4,65
April	6	5,58
May	7	6,51
June	7	6,51'

Article 2

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

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

Done at Brussels, 17 July 2000.

For the Council
The President
J. GLAVANY

COUNCIL REGULATION (EC) No 1667/2000
of 17 July 2000
amending Regulation (EC) No 3072/95 on the common organisation of the market in rice

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

- (1) Article 3(2) of Council Regulation (EC) No 3072/95 ⁽⁴⁾ provides for the intervention price to be subject to monthly increases. This mechanism seeks to take account, to some extent, of storage costs and financing charges for storing cereals in the Community and of the need to ensure that stocks are disposed of in line with market requirements. In accordance with the approach followed for the reform of the common organisation of the markets in connection with Agenda 2000 and in order to enable producers to organise their production over several years, the monthly increases should be fixed without any limit in time, without prejudice to any revisions that may be called for in the future. In particular given the stability of prices and interest rates, the increases currently applicable should be maintained.
- (2) In the context of providing support for producers of rice, Article 6 of Regulation (EC) No 3072/95 lays down a national base area for each producer Member State with the exception of France and Greece, for which two base areas are laid down. Greece has requested that the departments of Kavala and Aitolia and Akarnania be included in the same base area as Thessaloniki, Serres and Fthiotida, as rice constitutes a traditional crop in all of these departments. The total area of the base areas and the amount of the compensatory payment remain unchanged.
- (3) With an eye to simplification and legislative clarity, the provisions of Regulation (EEC) No 3072/95 that are not relevant should be deleted at the same time.
- (4) The measures necessary for the implementation of Regulation (EC) No 3072/95 should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁵⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 3072/95 is amended as follows:

1. Article 3(2) shall be replaced by the following:

‘2. The intervention price shall be subject to monthly increases during each of the four months specified in Article 4(1). The price thus obtained for the month of July shall remain valid until 31 August.

From the 2000/2001 marketing year, each monthly increase shall be equal to EUR 2/t.’

⁽¹⁾ OJ C 86 E, 24.3.2000, p. 3.

⁽²⁾ Opinion delivered on 16 May 2000 (not yet published in the Official Journal).

⁽³⁾ OJ C 168, 16.6.2000, p. 17.

⁽⁴⁾ OJ L 329, 30.12.1995, p. 18. Regulation as last amended by Regulation (EC) No 2072/1998

(OJ L 265, 30.9.1998, p. 4).

⁽⁵⁾ OJ L 184, 17.7.1999, p. 23.

2. In Article 6, paragraphs 3 and 4 shall be replaced by the following:

‘3. The amounts of the compensatory payment shall be as follows:

	(EUR/ha)		
	1997/98	1998/99	1999/2000 and after
Spain	111,44	222,89	334,33
France			
— metropolitan territory	96,35	192,70	289,05
— French Guyana	131,80	263,60	395,40
Greece			
— departments of Thessaloniki, Serres, Kavala, Aitolia, Akarnania and Fthiotida	131,27	262,55	393,82
— other departments	131,27	262,55	393,82
Italy	106,00	212,00	318,01
Portugal	106,18	212,36	318,53

In order to pursue a better orientation of production, the amounts of the compensatory payment may be varied by applying price increases or reductions depending on the variety.

The compensatory payments shall be made between 16 October and 31 December following the start of the marketing year in question.

4. A national base area for each producer Member State is hereby established. However, for France and Greece two base areas are established. The base areas shall be as follows:

Spain:	104 973 ha
France:	
— metropolitan territory	24 500 ha
— French Guyana	5 500 ha
Greece:	
— departments of Thessaloniki, Serres, Kavala, Aitolia, Akarnania and Fthiotida	22 330 ha
— other departments	2 561 ha
Italy:	239 259 ha
Portugal:	34 000 ha'

3. Article 20 is deleted.

4. Article 22 shall be replaced by the following:

‘Article 22

1. The Commission shall be assisted by the Management Committee for Cereals established by Article 23 of Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (*) hereinafter referred to as “the Committee”.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply. The period provided for in Articles 4(3) of Decision 1999/468/EC shall be set at one month.
3. The Committee shall adopt its rules of procedure.

(*) OJ L 181, 1.7.1992, p. 21.'

Article 2

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

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

Done at Brussels, 17 July 2000.

For the Council

The President

J. GLAVANY

COUNCIL REGULATION (EC) No 1668/2000**of 17 July 2000****amending Regulation (EEC) No 845/72 laying down special measures to encourage silkworm rearing**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the Opinion of the European Parliament ⁽²⁾,

Having regard to the Opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

- (1) Council Regulation (EEC) No 845/72 ⁽⁴⁾ provides for the Community aid for silkworms reared within the Community to be fixed annually. In accordance with the approach followed for the reform of the common organisation of the markets in connection with Agenda 2000 and in order to enable producers to work out longer-term production plans, the aid should be fixed without any limit in time, without prejudice to any revisions that may be called for in the future.
- (2) The aid should be set at a level that ensure a fair standard of living for silkworm rearers.
- (3) The measures necessary for the implementation of Regulation (EEC) No 845/72 should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁵⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 845/72 is amended as follows:

1. Article 1 shall be replaced by the following:

'Article 1

1. Aid shall be granted for silkworms falling within subheading 0106 00 90 of the Combined Nomenclature

and for silkworm eggs falling within subheading 0511 99 80 reared within the Community.

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

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

2. Article 2 shall be replaced by the following:

'Article 2

Detailed rules shall be adopted for the application of this Regulation in accordance with the procedure laid down in Article 4(2).

The detailed rules shall cover in particular the minimum quantity referred to in Article 1(2), the information to be forwarded to the Commission by the Member States and any inspection measures to protect the Community's financial interests from fraud or other irregularities.'

3. Article 4 shall be replaced by the following:

'Article 4

1. The Commission shall be assisted by the Management Committee for Flax and Hemp established by Article 11 of Council Regulation (EEC) No 1308/70 of 29 June 1970 on the common organisation of the market in flax and hemp ^(*), hereinafter referred to as "the Committee".

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

The period referred to in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee shall adopt its rules of procedure.

^(*) OJ L 146, 4.7.1970, p. 1.'

Article 2

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

It shall apply from 1 April 2000.

⁽¹⁾ OJ C 86 E, 24.3.2000, p. 9.

⁽²⁾ Opinion delivered on 16 May 2000 (not yet published in the *Official Journal*).

⁽³⁾ OJ C 168, 16.6.2000, p. 17.

⁽⁴⁾ OJ L 100, 27.4.1972, p. 1. Regulation as last amended by Regulation (EEC) No 2059/92 (OJ L 215, 30.7.1992, p. 19).

⁽⁵⁾ OJ L 184, 17.7.1999, p. 23.

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

Done at Brussels, 17 July 2000.

For the Council

The President

J. GLAVANY

COUNCIL REGULATION (EC) No 1669/2000**of 17 July 2000****amending Regulation (EC) No 2467/98 on the common organisation of the market in sheepmeat and goatmeat**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the Opinion of the European Parliament ⁽²⁾,

Having regard to the Opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

- (1) Article 3(1) of Council Regulation (EC) No 2467/98 ⁽⁴⁾ provides that the basic price for sheepmeat carcasses should be fixed in accordance with the criteria laid down in Article 3(2). It also provides that the basic price should be seasonally adjusted to take account of the normal seasonal variations on the Community market in sheepmeat. The applicable parameters result in the prices being fixed at the level laid down in this Regulation.
- (2) In accordance with the approach followed in the reform of common market organisations within the framework of Agenda 2000 and in order to enable producers to organise their production over several years, it is appropriate to fix the basic price without a time limit. However this shall not prejudice any revisions which may be justified in the future.
- (3) The measures necessary for the implementation of Regulation (EC) No 2467/98 should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽⁵⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 2467/98 is amended as follows:

1. Article 3 shall be replaced by the following:

'Article 3

The basic price for the 2001 and following marketing years is hereby fixed at EUR 504,07/100 kg carcase weight.

The seasonally adjusted basic price, which takes account of the normal seasonal variations on the Community market in sheepmeat, is hereby fixed on a weekly basis as indicated in Annex III to this Regulation.

Save where a decision to the contrary is taken by the Council, acting by a qualified majority on a proposal from the Commission, the marketing year shall begin on the first Monday in January and shall end on the day preceding that day in the following year.'

2. Article 24 is deleted.

3. Article 25 shall be replaced by the following:

'Article 25

1. The Commission shall be assisted by the Management Committee for Sheep and Goats, hereinafter referred to as "the Committee".

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

The period referred to in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee shall adopt its rules of procedure.'

4. The Annex to this Regulation shall be inserted as Annex III to Regulation (EC) No 2467/98.

Article 2

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

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

Done at Brussels, 17 July 2000.

For the Council

The President

J. GLAVANY

⁽¹⁾ OJ C 86 E, 24.3.2000, p. 11.

⁽²⁾ Opinion delivered on 16 May 2000 (not yet published in the Official Journal).

⁽³⁾ OJ C 168, 16.6.2000, p. 17.

⁽⁴⁾ OJ L 312, 20.11.1998, p. 1.

⁽⁵⁾ OJ L 184, 17.7.1999, p. 23.

ANNEX

'ANNEX III

Seasonally adjusted basic prices

(EUR/100 kg carcase weight)

Week	Basic price	Week	Basic price
1	515,06	27	483,55
2	518,58	28	481,20
3	522,67	29	480,01
4	525,59	30	479,45
5	528,51	31	478,83
6	531,42	32	478,83
7	534,35	33	478,83
8	537,27	34	478,83
9	539,61	35	478,83
10	541,94	36	478,83
11	543,11	37	478,83
12	543,11	38	478,83
13	541,94	39	478,86
14	540,30	40	478,98
15	538,09	41	479,10
16	534,94	42	479,20
17	532,60	43	479,30
18	529,09	44	480,00
19	525,59	45	480,95
20	520,92	46	482,00
21	515,08	47	483,20
22	509,23	48	486,10
23	502,24	49	490,75
24	496,39	50	496,60
25	491,72	51	503,85
26	487,05	52	511,50'

**COUNCIL REGULATION (EC) No 1670/2000
of 20 July 2000
amending Regulation (EC) No 1255/1999 on the common organisation of the market in milk and
milk products**

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the Opinion of the European Parliament ⁽²⁾,

Having regard to the Opinion of the Economic and Social Committee ⁽³⁾,

After consulting the Committee of the Regions,

Whereas:

- (1) Article 14 of Council Regulation (EC) No 1255/1999 ⁽⁴⁾ provides for Community aid for supplying certain milk and milk products to pupils in educational establishments, the stated objective of which is to stimulate the consumption of milk by young people. An evaluation of this measure has shown that the educational establishment milk distribution scheme has an impact, albeit limited, on the dairy market balance. The evaluation further underlines that if the measure were withdrawn and the onus for providing subsidised milk to school-children consequently placed on Member States, availability and, thus, consumption of milk products in educational establishments would decrease further. It is therefore in line with the objectives of the common agriculture policy to continue the measure, although with a reduced level of Community aid.

- (2) Member States should be able to top up the Community aid with a national contribution, where appropriate by means of a tax levied from the dairy sector,

HAS ADOPTED THIS REGULATION:

Article 1

Paragraphs 2 and 3 of Article 14 of Regulation (EC) No 1255/1999 shall be replaced by the following:

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

3. In the case of whole milk, the Community aid shall be equal to 75 % of the target price for milk. In the case of other milk products, the amounts of aid shall be determined taking into account the milk components of the products concerned.’

Article 2

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

It shall be applicable as from 1 January 2001.

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

Done at Brussels, 20 July 2000.

For the Council

The President

F. PARLY

⁽¹⁾ OJ C 89, 28.3.2000, p. 22.

⁽²⁾ Opinion delivered on 3 May 2000 (not yet published in the Official Journal).

⁽³⁾ Opinion delivered on 27 April 2000 (not yet published in the Official Journal).

⁽⁴⁾ OJ L 160, 26.6.1999, p. 48. Regulation amended by Regulation (EC) No 1040/2000 (OJ L 118, 19.5.2000, p. 1).

COUNCIL REGULATION (EC) No 1671/2000**of 20 July 2000****amending Regulation (EEC) No 918/83 as regards a temporary derogation for duty-free imports of beer into Finland**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 26 thereof,

Having regard to the proposal from the Commission,

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

Having regard to the Opinion of the Economic and Social Committee ⁽²⁾,

Whereas:

(1) Article 26 of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such product ⁽³⁾, grants Finland the right to maintain a quantitative limit for beer acquisitions from other Member States of 15 litres, as laid down in the Act of Accession of Austria, Finland and Sweden, which is exempted from Finnish taxes.

(2) Finland should take measures to ensure that imports of beer from third countries are not allowed under more favourable conditions than such imports from other Member States.

(3) Whereas Article 45 of Council Regulation (EEC) No 918/83, of 28 March 1983 setting up a Community system of reliefs from customs duty ⁽⁴⁾, provides that goods contained in the personal luggage of travellers coming from a third country shall be admitted free of import duties, provided that such imports are of a non-commercial nature.

(4) In accordance with Article 47 of regulation (EEC) No 918/83, the total value of beer admissible free of import duties may not exceed EUR 175 per traveller. In accordance with Article 47(2) thereof, Member States may

reduce this amount to EUR 90 for travellers under 15 years of age.

(5) Finland has requested a derogation from these values and has asked to apply a quantitative limitation for duty-free beer imports from third countries.

(6) A limit of not less than 6 litres of beer seems appropriate, regard being had to the geographical situation of Finland and the economic difficulties of Finnish retailers located in the border regions and the considerable loss of revenue caused by the increased duty-free imports of beer from third countries.

(7) It is necessary to set a time limit for this derogation in order to ensure that the equal treatment of travellers throughout the Community is ensured after a transitional period.

(8) It is appropriate to maintain this derogation two years longer than the restriction for beer imported into Finland from other Member States, in order to allow the Finnish retail trade to adapt to the new situation,

HAS ADOPTED THIS REGULATION:

Article 1

The following Article shall be inserted in Regulation (EEC) No 918/83:

'Article 47b

By way of derogation from the values set out in Article 47, Finland shall be authorised until 31 December 2005 to apply a quantitative limit of not less than 6 litres for duty-free imports of beer.'

Article 2

This Regulation shall enter into force on 1 November 2000.

⁽¹⁾ Opinion delivered on 14 June 2000 (not yet published in the Official Journal)

⁽²⁾ Opinion delivered on 24 May 2000 (not yet published in the Official Journal)

⁽³⁾ OJ L 76, 23.3.1992, p.1. Directive as last amended by Directive 96/99/EC (OJ L 8, 11.1.1997, p.12).

⁽⁴⁾ OJ L 105, 23.4.1983, p. 1. Regulation as last amended by Regulation (EC) No 355/94 (OJ L 46, 18.2.1994, p. 5).

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

Done at Brussels, 20 July 2000.

For the Council

The President

F. PARLY

COUNCIL REGULATION (EC) No 1672/2000**of 27 July 2000****amending Regulation (EC) No 1251/1999 establishing a support system for producers of certain arable crops, to include flax and hemp grown for fibre**

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Having regard to the opinion of the Committee of the Regions ⁽⁴⁾,

Whereas:

- (1) The common agricultural policy aims to attain the objectives referred to in the Treaty, taking account of the market situation.
- (2) The flax and hemp sector has undergone profound changes since the entry into force of Council Regulation (EEC) No 1308/70 of 29 June 1970 on the common organisation of the market in flax and hemp ⁽⁵⁾. In addition to the traditional production of long flax fibre for textiles and the traditional uses of hemp fibres, flax and hemp are now also being grown for a new market in short fibres. Since these short fibres can be used for new materials, their production should be encouraged in order also to promote innovative markets offering a future.
- (3) Given its attractiveness, the aid provided for in Regulation (EEC) No 1308/70 has given rise, in some Member States, to purely speculative production. Steps taken to combat this phenomenon have further complicated the legislation governing this sector and have not always had the desired success.
- (4) In order to solve the problems facing the market in flax and hemp grown for fibre, the amount of aid granted to the growers concerned should be comparable to that for competitor crops. To that end, and with a view to

simplifying the applicable legislation, these crops should be included in the support system for producers of certain arable crops established by Regulation (EC) No 1251/1999 ⁽⁶⁾. Moreover, where there is a need to ensure continued production, Council Regulation (EC) No 1673/2000 of 27 July 2000 on the common organisation of the market in flax and hemp grown for fibre ⁽⁷⁾ provides for aid for processing flax and hemp straw. Aid for processing should lead to an increase in the purchase price of flax and hemp straw and make production more profitable for producers.

- (5) To ensure a smooth transition to the level of support granted for cereals and to solve the current problems caused by the existence of different aid schemes for fibre flax and seed flax, the payments for flax and hemp grown for fibre should be the same as those granted for linseed, which must themselves be aligned with those for cereals by the 2002/2003 marketing year. Additional aid in Finland and Sweden, as envisaged for competing crops in Article 4 of Regulation (EC) No 1251/1999, is also justified in the case of flax and hemp.
- (6) To take account of the recent establishment of flax and hemp production in particular near processing plants, eligibility for the scheme laid down in Regulation (EC) No 1251/1999 should be extended to cover the areas and crops in question.
- (7) To avert the danger that the aims of Regulation (EC) No 1251/1999 might be circumvented, the granting of the per-hectare aid for flax and hemp grown for fibre should be made subject to certain conditions as regards cultivation.
- (8) Specific measures should be laid down for hemp, to ensure that illegal crops cannot be hidden among the crops eligible for area payments, thereby disturbing the common market organisation for hemp. Provision must therefore be made for area payments to be granted only for areas sown to varieties of hemp offering certain guarantees with regard to the psychotropic substance content.

⁽¹⁾ OJ C 56 E, 29.2.2000, p. 17.

⁽²⁾ Opinion delivered on 6 July 2000 (not yet published in the Official Journal).

⁽³⁾ OJ C 140, 18.5.2000, p. 3.

⁽⁴⁾ Opinion delivered on 14 June 2000 (not yet published in the Official Journal).

⁽⁵⁾ OJ L 146, 4.7.1970, p. 1. Regulation as last amended by Regulation (EC) No 2702/1999 (OJ L 327, 14.12.1999, p. 7).

⁽⁶⁾ OJ L 160, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 2704/1999 (OJ L 327, 21.12.1999, p. 12).

⁽⁷⁾ See page 16 of this Official Journal.

- (9) In order that the quantities eligible for straw-processing aid under Regulation (EC) No 1673/2000 can be monitored, straw production must be linked to the area on which it is grown and producers should have imposed on them obligations which are reciprocal to those imposed on the producers involved,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1251/1999 is hereby amended as follows:

1. Article 4(2) shall be replaced by the following:

'2. The calculation mentioned in paragraph 1 shall be made using the average cereals yield. However, where maize is treated separately, the "maize" yield shall be used for maize and the "cereals other than maize" yield shall be used for cereals, oilseeds, linseed and flax and hemp grown for fibre.'

2. In the first subparagraph of Article 4(3), the words 'for linseed' shall be replaced by 'for linseed and flax and hemp grown for fibre'.

3. Article 4(4) shall be replaced by the following:

'4. In Finland, and in Sweden north of the 62nd Parallel and some adjacent areas affected by comparable climatic conditions rendering agricultural activity particularly difficult, a supplementary amount to the area payment of EUR 19 per tonne, multiplied by the yield utilised for the area payments, shall be applied for cereals, oilseeds, linseed and flax and hemp grown for fibre.'

4. The following Article shall be added:

'Article 5a

1. For flax and hemp grown for fibre, the area payment shall be made only, depending on circumstances, when the contract is concluded or commitment made as referred to in Article 2(1) of Regulation (EC) No 1673/2000.

For hemp grown for fibre, the area payment shall also be made only where the varieties used have a tetrahydrocannabinol content not exceeding 0,2 %.

2. Member States shall establish a system for verifying the tetrahydrocannabinol content of the crops grown on at least 30 % of the areas of hemp grown for fibre for which area payment applications have been made. However, if a Member State introduces a system of prior approval for such cultivation, the minimum shall be 20 %.'

5. The first subparagraph of Article 7 shall be replaced by the following:

'Applications for payments may not be made in respect of land which, on 31 December 1991, was under permanent pasture, permanent crops or trees or was used for non-agri-

cultural purposes. However, applications for payments for areas used for growing flax or hemp for fibre and, if appropriate, for obligatory set-aside relating to it may be presented for land which benefited from aid granted under Council Regulation (EEC) No 1308/70 of 29 June 1970 on the common organisation of the market in flax and hemp (*) during at least one of the marketing years from 1998/1999 to 2000/2001.

(*) OJ L 146, 4.7.1970, p. 1. Regulation as last amended by Regulation (EC) No 2702/1999 (OJ L 327, 14.12.1999, p. 7).'

6. Article 9 shall be amended as follows:

- (a) in the first subparagraph, the following indents shall be inserted after the sixth indent:

— with regard to flax and hemp grown for fibre, those relating to the arrangements for contracts and to the commitment referred to in Article 5a(1),

— with regard to hemp grown for fibre, those relating to the specific control measures and methods for determining tetrahydrocannabinol levels.;

- (b) the first indent of the second subparagraph shall be replaced by the following:

— either make the granting of payments subject to the use of:

- (i) specific seeds;
- (ii) certified seed in the case of durum wheat and flax and hemp grown for fibre;
- (iii) certain varieties in the cases of oilseeds, durum wheat, linseed and flax and hemp grown for fibre,

— or provide for the possibility for Member States to make the grant of payments subject to such conditions.'

7. Point IV in Annex I shall be replaced by the following:

'CN code	Description
IV. FLAX	
ex 1204 00	Linseed (<i>Linum usitatissimum</i> L.)
ex 5301 10 00	Flax, raw or retted, grown for fibre (<i>Linum usitatissimum</i> L.)
V. HEMP	
ex 5302 10 00	Hemp, raw or retted, grown for fibre (<i>Cannabis sativa</i> L.)

Article 2

In accordance with the third subparagraph of Article 3(6) of Regulation (EC) No 1251/1999, Member States shall submit to the Commission any revisions of their regionalisation plans required for incorporating the data on flax and hemp for fibre by 1 October 2000 at the latest.

Article 3

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

It shall apply from the 2001/2002 marketing year.

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

Done at Brussels, 27 July 2000.

For the Council

The President

H. VÉDRINE

COUNCIL REGULATION (EC) No 1673/2000**of 27 July 2000****on the common organisation of the markets in flax and hemp grown for fibre**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof;

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Having regard to the opinion of the Committee of the Regions ⁽⁴⁾,

Whereas:

- (1) The operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy. Such a policy must include, in particular, a common organisation of agricultural markets which may take various forms, depending on the product.
- (2) The aim of the common agricultural policy is to attain the objectives set out in the Treaty. In the case of flax and hemp grown for fibre, in addition to the provisions on area payments in Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops ⁽⁵⁾, measures are needed to govern the internal market, including aid to primary processors of flax and hemp straw or to farmers who have the straw processed at their own expense.
- (3) In order to ensure that flax and hemp straw is actually processed, grant of the aid should be subject to certain conditions, in particular the authorisation of primary processors and the requirement that such processors purchase the straw under contract. Likewise, in order to counter any possible abuse, aid for processing will be granted only on the basis of the processing of the straw, or on the basis of the use of the fibres on the market if the farmer has the straw processed on his behalf.
- (4) In order to prevent improper use of Community funds, no aid should be granted to primary processors or farmers who are found to have artificially created the conditions for receiving the aid, thereby enjoying an

advantage that does not conform to the objectives of the support scheme for straw processing.

- (5) In view of the differences between the market for long flax fibre and the market for short flax fibre and hemp fibre, the aid should be differentiated according to which of the two types of fibre is obtained. In order to ensure that overall support is sufficient to maintain traditional production of long flax fibre in conditions similar to those provided for in Council Regulation (EEC) No 1308/70 of 4 July 1970 on the common organisation of the market in flax and hemp ⁽⁶⁾, the aid should be gradually increased to offset the gradual reduction in the aid per hectare paid to growers under Regulation (EC) No 1251/1999 and, ultimately, the abolition of the aid for short flax fibre. The aid for short flax fibre and hemp fibre should be fixed at a level that will give new products and their potential outlets the time to reach equilibrium. In order to promote only the production of high quality short flax fibre and hemp fibre, provision should be made for a maximum percentage of impurities and shives, together with transitional provisions to enable the processing industry to adapt to this requirement.
- (6) In order to take account of the special status of traditional flax in certain areas of the Netherlands, Belgium and France, additional transitional aid must be granted to the primary processors of straw in respect of the areas concerned.
- (7) In order to prevent any fraudulent increases in the quantities eligible for aid, the Member States should fix maximum quantities on the basis of the areas whose straw is the subject of processing contracts or commitments.
- (8) In order to keep down the expenditure incurred in applying this Regulation, a stabiliser mechanism should be introduced for both types of fibre obtained, i.e. long flax fibre and short flax fibre and hemp fibre. In order to ensure reasonable production levels in each Member State, a maximum guaranteed quantity should be set for both types of fibre, to be distributed among the Member States as national guaranteed quantities. However, national guaranteed quantities will be fixed for short flax fibre and hemp fibre only for the time needed to allow the new products to adjust to the market. The national

⁽¹⁾ OJ C 56 E, 29.2.2000, p. 19.

⁽²⁾ Opinion delivered on 6 July 2000 (not yet published in the Official Journal).

⁽³⁾ OJ C 140, 18.5.2000, p. 3.

⁽⁴⁾ Opinion delivered on 14 June 2000 (not yet published in the Official Journal).

⁽⁵⁾ OJ L 160, 26.6.1999, p. 1. Regulation as last amended by Regulation (EC) No 1672/2000 (see p 13 of this Official Journal).

⁽⁶⁾ OJ L 146, 4.7.1970, p. 1. Regulation last amended by Regulation (EC) No 2702/1999 (OJ L 327, 14.12.1999, p. 7.).

guaranteed quantities will apply to processing aid and will not affect the system introduced by Regulation (EC) No 1251/1999. The national guaranteed quantities should be fixed taking account in particular of the most recent average areas under fibre flax and hemp, adjusted where necessary to reflect the areas actually in production, multiplied by average fibre yields. With regard to Member States whose current production is low, provision should be made for a common quantity to be apportioned each marketing year in order to enable them to adapt and develop their production.

(9) To enable the Member States to make adjustments between the quantities thus obtained, conditions should be laid down governing transfers between the national guaranteed quantities allocated to each. Any such transfers should be carried out on the basis of a coefficient to ensure budgetary equivalence.

(10) The producer Member States must take the steps needed to ensure that the arrangements for granting the aid operate smoothly. Furthermore, because of the time needed to process all the straw harvested in one marketing year, provision should be made for advance payments as a verification measure.

(11) Taken as a whole, the regime governing trade with third countries should make it possible to dispense with all quantitative restrictions and taxes levied at the Community's external borders. However, this mechanism may in exceptional circumstances prove defective. In such cases, so as not to leave the Community market without defence against disturbances which may ensue, the Community should be able to take all necessary measures without delay. All such measures must comply with the obligations arising from the World Trade Organisation agreements on agriculture ⁽¹⁾.

(12) In order to prevent illicit crops from disturbing the common organisation of the market in hemp for fibre, provision should be made for checks on imports of hemp and hemp seed to ensure that such products offer certain guarantees with regard to the tetrahydrocannabinol content. In addition, imports of hemp seeds

intended for uses other than sowing must be subjected to a control system which makes provision for a system for authorising the importers concerned.

(13) As the market in flax and hemp grown for fibre develops over time, Member States and the Commission must exchange all the information needed for this Regulation to be applied.

(14) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽²⁾.

(15) Expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy ⁽³⁾.

(16) Although the common organisation of the market in flax and hemp as defined in Regulation (EEC) No 1308/70 has been amended a number of times, it nevertheless no longer reflects the deep changes that the sector has undergone. This being so, Regulation (EEC) No 1308/70 and Council Regulation (EEC) No 619/71 of 22 March 1971 laying down general rules for granting aid for flax and hemp ⁽⁴⁾ should be repealed. Council Regulation (EEC) No 620/71 of 22 March 1971 laying down outline provisions for contracts for the sale of flax and hemp straw ⁽⁵⁾, Council Regulation (EEC) No 1172/71 of 3 June 1971 laying down general rules on private storage aid for flax and hemp fibre ⁽⁶⁾, Council Regulation (EEC) No 1430/82 of 18 May 1982 providing for restrictions on the importation of hemp and hemp seed and amending Regulation (EEC) No 1308/70 in respect of hemp ⁽⁷⁾ and Council Regulation (EEC) No 2059/84 of 16 July 1984 laying down general rules relating to the import restrictions on hemp and hemp seed and amending Regulation (EEC) No 619/71 in respect of hemp ⁽⁸⁾, which are based on Regulations (EEC) No 1308/70 and (EEC) No 619/71, should be repealed and replaced by the new provisions in this Regulation.

(17) The change from the arrangements in Regulation (EEC) No 1308/70 to those in this Regulation could give rise to difficulties which are not dealt with in this Regulation. In order to deal with that eventuality, provision should be made for the Commission to adopt the necessary transitional measures. The Commission should also be authorised to solve specific practical problems.

⁽²⁾ OJ L 184, 17.7.1999, p. 23.

⁽³⁾ OJ L 160, 26.6.1999, p. 103.

⁽⁴⁾ OJ L 72, 26.3.1971, p. 2. Regulation as last amended by Regulation (EC) No 1420/98 (OJ L 19, 4.7.1998, p. 7).

⁽⁵⁾ OJ L 72, 26.3.1971, p. 4. Regulation as last amended by Regulation (EC) No 713/95 (OJ L 73, 1.4.1995, p. 16).

⁽⁶⁾ OJ L 123, 5.6.1971, p. 7.

⁽⁷⁾ OJ L 162, 12.6.1982, p. 27. Regulation as last amended by Regulation (EC) No 3290/94 (OJ L 349, 31.12.1994, p. 105).

⁽⁸⁾ OJ L 191, 19.7.1984, p. 6. Regulation as last amended by Regulation (EC) No 3290/94.

⁽¹⁾ OJ L 336, 23.12.1994, p. 22.

(18) Having regard to the date on which this Regulation enters into force, provision needs to be made for special measures for the 2000/2001 marketing year. To that end, the system in force during the 1999/2000 marketing year should remain applicable until 30 June 2001. However, the amounts of aid should be fixed by the Commission on the basis of the budget balances as soon as the areas concerned have been reliably assessed, and the amount withheld for the financing of measures promoting the use of flax fibre should be set at zero.

(19) In order to evaluate the effects of the new measures, the Commission will submit to the European Parliament and the Council reports concerning, on the one hand, in 2003 the national guaranteed quantities and the maximum level of impurities and skives in short flax fibre and hemp fibre, and, on the other hand, in 2005 the impact of processing aid and supplementary aid on producers and markets,

HAS ADOPTED THIS REGULATION:

Article 1

1. The common organisation of the markets in flax and hemp grown for fibre shall comprise arrangements governing the internal market and trade with third countries. It shall apply to the following products:

NC code	Description
5301	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock)
5302	True hemp (<i>Cannabis sativa</i> L.) raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock)

2. For the purposes of this Regulation:

- (a) 'farmer' shall mean farmers as defined in Article 10(a) of Council Regulation (EC) No 1259/1999 of 17 May 1999 establishing common rules for direct support schemes under the common agricultural policy⁽¹⁾;
- (b) 'authorised primary processor' shall mean a natural or legal person or a group of natural or legal persons, irrespective of its legal status under national law, or that of its members, that has been authorised by the competent authority of the Member State in the territory of which are located his or its facilities for producing flax or hemp fibre.

3. This Regulation shall apply without prejudice to the measures laid down in Regulation (EC) No 1251/1999.

⁽¹⁾ OJ L 160, 26.6.1999, p. 113.

TITLE I

Internal market

Article 2

1. Aid for processing the straw of flax and hemp grown for fibre shall be introduced.

The aid shall be granted to authorised primary processors on the basis of the quantity of fibre actually obtained from straw for which a sale/purchase contract has been concluded with a farmer.

However:

- (a) in cases where the authorised primary processor and the farmer are one and the same person, the sale/purchase contract shall be replaced by a commitment by the party concerned to carry out the processing himself;
- (b) in cases where the farmer retains ownership of the straw which he is having processed under contract by an authorised primary processor and proves that he has placed the fibres obtained on the market, the aid shall be granted to the farmer.

2. No aid shall be paid to authorised primary processors or farmers who are found to have artificially created the conditions for receiving the aid, thereby enjoying an advantage that does not conform to the objectives of this scheme.

3. The amount of processing aid per tonne of fibre shall be fixed as follows:

- (a) for long flax fibre:
- EUR 100 for the 2001/2002 marketing year,
 - EUR 160 for the 2002/2003, 2003/2004, 2004/2005 and 2005/2006 marketing years,
 - EUR 200 from the 2006/2007 marketing year onwards.

- (b) for short flax fibre and hemp fibre containing not more than 7,5 % impurities and skives: EUR 90 for the 2001/2002 to 2005/2006 marketing years.

However, for the 2001/2002 to 2003/2004 marketing years, the Member State may, with reference to traditional outlets, also decide to grant aid:

- for short flax fibre containing a percentage of impurities and skives of between 7,5 % and 15 %,
- for hemp fibre containing a percentage of impurities and skives of between 7,5 % and 25 %.

In such cases, the Member State shall grant the aid in respect of a quantity which amounts to not more than the quantity produced, on the basis of 7,5 % of impurities and skives.

4. The quantities of fibre eligible for aid shall be limited on the basis of the areas which were the subject of one of the contracts or commitments referred to in paragraph 1.

The limits referred to in the first subparagraph shall be fixed by the Member States so as to comply with the national guaranteed quantities referred to in Article 3.

5. At the request of authorised primary processors, an advance shall be paid on the aid on the basis of the quantity of fibre obtained.

Article 3

1. A maximum guaranteed quantity of 75 250 tonnes per marketing year shall be established for long flax fibre and apportioned among all the Member States as national guaranteed quantities. That quantity shall be apportioned as follows:

- 13 800 tonnes for Belgium,
- 300 tonnes for Germany,
- 50 tonnes for Spain,
- 55 800 tonnes for France,
- 4 800 tonnes for the Netherlands,
- 150 tonnes for Austria,
- 50 tonnes for Portugal,
- 200 tonnes for Finland,
- 50 tonnes for Sweden,
- 50 tonnes for the United Kingdom.

2. A maximum guaranteed quantity of 135 900 tonnes per marketing year shall be established for short flax fibre and hemp fibre in respect of which aid may be granted. That quantity shall be apportioned in the form of:

(a) national guaranteed quantities for the following Member States:

- 10 350 tonnes for Belgium,
- 12 800 tonnes for Germany,
- 20 000 tonnes for Spain,
- 61 350 tonnes for France,
- 5 550 tonnes for the Netherlands,
- 2 500 tonnes for Austria,
- 1 750 tonnes for Portugal,
- 2 250 tonnes for Finland,
- 2 250 tonnes for Sweden,
- 12 100 tonnes for the United Kingdom.

(b) 5 000 tonnes to be apportioned in national guaranteed quantities for each marketing year among Denmark, Greece, Ireland, Italy and Luxembourg. Such apportionment shall be determined on the basis of the areas which were the subject of one of the contracts or commitments referred to in Article 2(1).

The national guaranteed quantities for short flax fibre and hemp fibre, reduced where applicable in accordance with para-

graph 5 of this Article, shall cease to apply from the 2006/2007 marketing year.

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

4. Member States which wish to do so may transfer between themselves, on a one-off basis and before 30 June 2001, part of their national guaranteed quantities referred to in paragraphs 1 or 2, adjusted if necessary in accordance with paragraph 5. In such cases, they shall inform the Commission, which will notify the other Member States accordingly.

5. Each Member State may transfer part of its national guaranteed quantity as referred to in paragraph 1 to its national guaranteed quantity as referred to in paragraph 2 and vice versa.

Transfers as referred to in the first subparagraph shall be carried out on the basis of an equivalence of one tonne of long flax fibre to 2,2 tonnes of short flax fibre and hemp fibre.

Processing aid shall be granted only in respect of the quantities referred to in paragraphs 1 and 2, respectively, adjusted in accordance with the first two subparagraphs of this paragraph and paragraph 4.

Article 4

Until the 2005/2006 marketing year, additional aid shall be granted to the authorised primary processor in respect of areas under flax in zones I and II as described in the Annex and the straw production of which has been the subject of:

- a sale/purchase contract or a commitment as referred to in Article 2(1) and
- aid for processing into long fibre.

The amount of additional aid shall be EUR 120 per hectare in zone I and EUR 50 per hectare in zone II.

TITLE II

Trade with third countries

Article 5

1. This Article shall apply without prejudice to more restrictive provisions adopted by Member States in compliance with the Treaty and the obligations arising from the World Trade Organisation agreements on agriculture.

2. All imports of hemp from third countries shall be subject to the issue of a licence provided the following conditions are met:

- raw true hemp falling within CN code 5302 10 00 must meet the conditions laid down in Article 5a of Regulation (EC) No 1251/1999,

- seeds of varieties of hemp falling within CN code 1207 99 10 for sowing must be accompanied by proof that the tetrahydrocannabinol level does not exceed that fixed in accordance with Article 5a of Regulation (EC) No 1251/1999,
- hemp seeds other than for sowing, falling within CN code 1207 99 91 may be imported only by importers authorised by the Member State in order to ensure that such seeds are not intended for sowing.

Imports into the Community of the products specified in the first and second indents shall be subject to checks to determine whether the terms of this Article have been complied with.

Article 6

Save as otherwise provided in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:

- the levying of any charge having equivalent effect to a customs duty,
- the application of any quantitative restriction or measure having equivalent effect.

Article 7

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1(1) is affected by, or is threatened with, serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat thereof has ceased.

The Council, acting by a qualified majority, on a proposal from the Commission, shall adopt general rules for the application of this paragraph and shall define the circumstances and limits within which Member States may adopt protective measures.

2. If the situation mentioned in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures, which shall be communicated to the Member States and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.

3. The Commission's decision may be referred to the Council by any Member State within three working days of the day on which it was notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measure in question within one month following the day on which it was referred to the Council.

4. This Article shall be applied having regard to the obligations arising from agreements concluded in accordance with Article 300(2) of the Treaty.

TITLE III

General provisions

Article 8

Save as otherwise provided in this Regulation, Articles 87, 88 and 89 of the Treaty shall apply to the production of, and trade in, the products listed in Article 1(1) of this Regulation.

Article 9

The measures necessary for the implementation of this Regulation relating to the matters referred to below shall be adopted in accordance with the management procedure referred to in Article 10(2). These shall include, in particular:

- the conditions for authorisation of primary processors,
- the conditions to be met by approved primary processors as regards the sale/purchase contracts and commitments referred to in Article 2(1),
- the requirements to be complied with by farmers in the case referred to in Article 2(1)(b),
- the criteria to be met, firstly, by long flax fibre and, secondly, by short flax fibre and hemp fibre,
- the methods for calculating the quantities eligible for aid in the cases referred to in the second subparagraph of Article 2(3)(b),
- the conditions for the grant of aid and the advance payment, and in particular proof of the processing of straw,
- the conditions to be met for fixing the limits referred to in Article 2(4),
- the apportionment of the quantity of 5 000 tonnes referred to in Article 3(2)(b),
- the conditions for transfer between the national guaranteed quantities referred to in Article 3(5),
- the conditions for the granting of additional aid referred to in Article 4.

Such measures may also concern all the necessary inspection measures to protect the Community's financial interests against fraud and other irregularities.

Article 10

1. The Commission shall be assisted by the Management Committee for Natural Fibres (hereinafter called the 'Committee').

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

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee may examine any question raised by its Chairman, either on the tatter's initiative or at the request of the representative of a Member State.

4. The Committee shall adopt its rules of procedure.

Article 11

Regulation (EC) No 1258/1999 and the provisions adopted in implementation thereof shall apply to the products listed in Article 1 (1) of this Regulation.

TITLE IV

Transitional and final provisions*Article 12*

1. For the 2000/2001 marketing year, the amounts of aid for flax and hemp produced in the Community shall be fixed not later than 31 October 2000 in accordance with the procedure laid down in Article 10(2).

These amounts shall be determined by applying to the amounts in force for the 1999/2000 marketing year a coefficient equal to the ratio between

- average expenditure per hectare corresponding to EUR 88 million for all areas resulting from crop declarations, and
- average expenditure of EUR 721 per hectare estimated for the 1999/2000 marketing year.

However, the amounts of aid for the 2000/2001 marketing year may not exceed those fixed for the 1999/2000 marketing year.

2. For the 2000/2001 marketing year, the amount to be withheld from the aid for flax for the financing of the measures promoting the use of flax fibre shall be fixed at EUR 0 per hectare.

3. The 2000/2001 marketing year shall end on 30 June 2001.

Article 13

Regulations (EEC) No 1308/70, (EEC) No 619/71, (EEC) No 620/71, (EEC) No 1172/71, (EEC) No 1430/82 and (EEC) No 2059/84 shall be repealed on 1 July 2001.

Article 14

The Commission shall adopt, in accordance with the procedure referred to in Article 10(2):

- the measures required to facilitate the transition from the arrangements laid down in Regulations (EEC) No 1308/70 and (EEC) No 619/71 to those established by this Regulation,

- the measures required to resolve specific practical problems. Such measures, if duly justified, may derogate from certain parts of this Regulation.

Article 15

1. Not later than 31 December 2003, the Commission shall submit a report to the European Parliament and the Council, if necessary accompanied by proposals, on production trends in the various Member States and the impact of the reform of the common organisation of the market on the outlets and economic viability of the sector. It shall also examine the maximum content of impurities and shives applicable to short flax fibre and hemp fibre.

Should the need arise, the report shall serve as a basis for a re-apportionment of, and possible increase in, the national guaranteed quantities. In particular, the Commission shall take account of the level of production, processing capacity and outlets on the market.

2. In 2005 the Commission shall submit a report to the European Parliament and the Council on processing aid, if necessary accompanied by proposals.

The report shall include an assessment of the impact of processing aid, in particular on

- the position of producers as regards areas sown and prices paid to them,
- market trends for textile fibres and the development of new products,
- the processing industry.

The report shall indicate, in the light of alternative production, whether the industry is able to function with the guidelines laid down. It shall also examine the possibility of putting on to a permanent footing, beyond the 2005/2006 marketing year, processing aid per tonne of short flax fibre and hemp fibre and additional aid per hectare of flax, as referred to in Article 4.

Article 16

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

Articles 1 to 11 shall apply from the 2001/2002 marketing year onwards.

Regulations (EEC) No 1308/70 and (EEC) No 619/71 shall continue to be applied in relation to the 1998/1999, 1999/2000 and 2000/2001 marketing years.

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

Done at Brussels, 27 July 2000.

For the Council

The President

H. VÉDRINE

ANNEX

ZONES ELIGIBLE FOR THE AID REFERRED TO IN ARTICLE 4

ZONE I

1. The territory of the Netherlands,
2. The following Belgian communes: Assenede, Beveren-Waas, Blankenberge, Bredene, Brugge, Damme, De Haan, De Panne, Diksmuide (except Vladslo and Woumen), Gistel, Jabbeke, Knokke-Heist, Koksijde, Lo-Reninge, Middelkerke, Nieuwport, Oostende, Oudenburg, Sint-Gillis-Waas (Meerdonk only), Sint-Laureins, Veurne and Zuienkerke.

ZONE II

1. Areas of Belgium other than those included in Zone I.
 2. The following areas of France:
 - the department of Nord,
 - the districts of Béthune, Lens, Calais, Saint-Omer and the canton of Marquise in the department of Pas-de-Calais,
 - the districts of Saint-Quentin and Vervins in the department of Aisne,
 - the district of Charleville-Mézières in the department of Ardennes.
-

COMMISSION REGULATION (EC) No 1674/2000
of 28 July 2000
establishing the standard import values for determining the entry price of certain fruit and vegetables

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 3223/94 of 21 December 1994 on detailed rules for the application of the import arrangements for fruit and vegetables ⁽¹⁾, as last amended by Regulation (EC) No 1498/98 ⁽²⁾, and in particular Article 4(1) thereof,

Whereas:

- (1) Regulation (EC) No 3223/94 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in the Annex thereto.

- (2) In compliance with the above criteria, the standard import values must be fixed at the levels set out in the Annex to this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 4 of Regulation (EC) No 3223/94 shall be fixed as indicated in the Annex hereto.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

⁽¹⁾ OJ L 337, 24.12.1994, p. 66.

⁽²⁾ OJ L 198, 15.7.1998, p. 4.

ANNEX

to the Commission Regulation of 28 July 2000 establishing the standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)

CN code	Third country code ⁽¹⁾	Standard import value
0707 00 05	628	136,5
	999	136,5
	052	63,0
0709 90 70	528	65,2
	999	64,1
	388	42,6
0805 30 10	524	56,3
	528	64,7
	999	54,5
0806 10 10	052	99,8
	220	170,1
	400	206,4
0808 10 20, 0808 10 50, 0808 10 90	508	155,6
	512	53,1
	600	82,1
0808 20 50	624	133,9
	999	128,7
	388	80,5
0809 10 00	400	63,2
	508	69,3
	512	113,1
0809 20 95	528	84,6
	720	72,4
	804	82,4
0809 40 05	999	80,8
	052	116,8
	388	85,8
0809 10 00	512	61,4
	528	78,0
	720	118,7
0809 20 95	804	81,8
	999	90,4
	052	169,8
0809 40 05	064	122,1
	999	145,9
	052	348,7
0809 10 00	400	217,5
	404	359,0
	616	255,0
0809 20 95	999	295,1
	052	24,3
	064	53,7
0809 40 05	624	171,3
	999	83,1

⁽¹⁾ Country nomenclature as fixed by Commission Regulation (EC) No 2543/1999 (OJ L 307, 2.12.1999, p. 46). Code '999' stands for 'of other origin'.

COMMISSION REGULATION (EC) No 1675/2000**of 28 July 2000****fixing the minimum selling prices for butter and the maximum aid for cream, butter and concentrated butter for the 58th individual invitation to tender under the standing invitation to tender provided for in Regulation (EC) No 2571/97**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) The intervention agencies are, pursuant to Commission Regulation (EC) No 2571/97 of 15 December 1997 on the sale of butter at reduced prices and the granting of aid for cream, butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs ⁽³⁾, as last amended by Regulation (EC) No 635/2000 ⁽⁴⁾, to sell by invitation to tender certain quantities of butter that they hold and to grant aid for cream, butter and concentrated butter. Article 18 of that Regulation stipulates that in the light of the tenders received in response to each individual invitation to tender a minimum selling price shall be fixed for butter and maximum aid shall be fixed for cream, butter and concentrated butter. It is further stipulated that the price or aid may vary according to the intended use of the

butter, its fat content and the incorporation procedure, and that a decision may also be taken to make no award in response to the tenders submitted. The amount(s) of the processing securities must be fixed accordingly.

- (2) No bids will be accepted, taking into account the level of the bids, following the tender for the sale of untraced intervention butter.
- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

The minimum selling prices and the maximum aid and processing securities applying for the 58th individual invitation to tender, under the standing invitation to tender provided for in Regulation (EC) No 2571/97, shall be fixed as indicated in the Annex hereto.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 350, 20.12.1997, p. 3.

⁽⁴⁾ OJ L 76, 25.3.2000, p. 9.

ANNEX

to the Commission Regulation of 28 July 2000 fixing the minimum selling prices for butter and the maximum aid for cream, butter and concentrated butter for the 58th individual invitation to tender under the standing invitation to tender provided for in Regulation (EC) No 2571/97

(EUR/100 kg)

Formula			A		B	
Incorporation procedure			With tracers	Without tracers	With tracers	Without tracers
Minimum selling price	Butter ≥ 82 %	Unaltered	209	210	—	—
		Concentrated	209	—	—	—
Processing security		Unaltered	133	133	—	—
		Concentrated	133	—	—	—
Maximum aid	Butter ≥ 82 %		95	91	95	91
	Butter < 82 %		92	88	—	88
	Concentrated butter		117	113	117	113
	Cream		—	—	40	38
Processing security	Butter		105	—	105	—
	Concentrated butter		129	—	129	—
	Cream		—	—	44	—

COMMISSION REGULATION (EC) No 1676/2000**of 28 July 2000****fixing the maximum aid for concentrated butter for the 230th special invitation to tender opened under the standing invitation to tender provided for in Regulation (EEC) No 429/90**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) In accordance with Commission Regulation (EEC) No 429/90 of 20 February 1990 on the granting by invitation to tender of an aid for concentrated butter intended for direct consumption in the Community ⁽³⁾, as last amended by Regulation (EC) No 124/1999 ⁽⁴⁾, the intervention agencies are opening a standing invitation to tender for the granting of aid for concentrated butter; Article 6 of that Regulation provides that in the light of the tenders received in response to each special invitation to tender, a maximum amount of aid is to be fixed for concentrated butter with a minimum fat content of 96 % or a decision is to be taken to make no award; whereas the end-use security must be fixed accordingly.

- (2) In the light of the tenders received, the maximum aid should be fixed at the level specified below and the end-use security determined accordingly.

- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

For the 230th special invitation to tender under the standing invitation to tender opened by Regulation (EEC) No 429/90, the maximum aid and the amount of the end-use security shall be as follows:

- | | |
|---------------------|-----------------|
| — maximum aid: | EUR 117/100 kg |
| — end-use security: | EUR 129/100 kg. |

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 45, 21.2.1990, p. 8.

⁽⁴⁾ OJ L 16, 21.1.1999, p. 19.

**COMMISSION REGULATION (EC) No 1677/2000
of 28 July 2000
suspending the buying-in of butter in certain Member States**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) Article 2 of Commission Regulation (EC) No 2771/1999 of 16 December 1999 laying down detailed rules for the application of Council Regulation (EC) No 1255/1999 as regards intervention on the market in butter and cream ⁽³⁾, as amended by Regulation (EC) No 1560/2000 ⁽⁴⁾, lays down the criteria for opening or suspending the buying-in of butter by invitation to tender in the Member States.
- (2) Commission Regulation (EC) No 1548/2000 ⁽⁵⁾ suspending the buying-in of butter in certain Member States establishes the list of Member States in which intervention is suspended. As a result of the market prices communicated by Spain intervention must be

suspended in this country and the list of Member States established by Regulation (EC) No 1548/2000 adjusted accordingly.

- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

Buying-in of butter by invitation to tender as provided for in Article 6(1) of Regulation (EC) No 1425/1999 is hereby suspended in Belgium, Denmark, Germany, Spain, France, Greece, Luxembourg, the Netherlands, Austria, Finland and Sweden.

Article 2

Regulation (EC) No 1548/2000 is hereby repealed.

Article 3

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 333, 24.12.1999, p. 11.

⁽⁴⁾ OJ L 179, 18.7.2000, p. 10.

⁽⁵⁾ OJ L 176, 15.7.2000, p. 23.

COMMISSION REGULATION (EC) No 1678/2000**of 28 July 2000****fixing the minimum selling price for skimmed-milk powder for the 14th individual invitation to tender issued under the standing invitation to tender referred to in Regulation (EC) No 2799/1999**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) Pursuant to Article 26 of Commission Regulation (EC) No 2799/1999 of 17 December 1999 laying down detailed rules for applying Council Regulation (EC) No 1255/1999 as regards the grant of aid for skimmed milk and skimmed-milk powder intended for animal feed and the sale of such skimmed-milk powder ⁽³⁾, as last amended by Regulation (EC) No 1550/2000 ⁽⁴⁾, intervention agencies have put up for sale by standing invitation to tender certain quantities of skimmed-milk powder held by them.
- (2) According to Article 30 of the said Regulation, in the light of the tenders received in response to each individual invitation to tender a minimum selling price shall be fixed or a decision shall be taken to make no award. The amount of the processing security shall also be fixed taking account of the difference between the market

price of skimmed-milk powder and the minimum selling price.

- (3) In the light of the tenders received, the minimum selling price should be fixed at the level specified below and the processing security determined accordingly.
- (4) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

For the 14th individual invitation to tender pursuant to Regulation (EC) No 2799/1999, in respect of which the time limit for the submission of tenders expired on 25 July 2000, the minimum selling price and the processing security are fixed as follows:

- | | |
|--------------------------|--------------------|
| — minimum selling price: | EUR 241,52/100 kg, |
| — processing security: | EUR 70,00/100 kg. |

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 340, 31.12.1999, p. 3.

⁽⁴⁾ OJ L 176, 15.7.2000, p. 24.

**COMMISSION REGULATION (EC) No 1679/2000
of 28 July 2000**

**amending Regulation (EEC) No 1609/88 as regards the latest date by which butter must have been
taken into storage in order to be sold pursuant to Regulations (EEC) No 3143/85 and (EC) No
2571/97**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1255/1999 of 17 May 1999 on the common organization of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10,

Whereas:

- (1) Pursuant to Article 1 of Commission Regulation (EC) No 2571/97 of 15 December 1997 on the sale of butter at reduced prices and the grant of aid for cream, butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs ⁽³⁾, as last amended by Regulation (EC) No 635/2000 ⁽⁴⁾, the butter put up for sale must have been taken into storage before a date to be determined.
- (2) In view of the trends on the butter market and the quantities of stocks available, the date in Article 1 of Commission Regulation (EEC) No 1609/88 ⁽⁵⁾, as last amended by Regulation (EC) No 1551/2000 ⁽⁶⁾, relating

to the butter referred to in Regulation (EC) No 2571/97, should be amended.

- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1 of Regulation (EEC) No 1609/88, the second subparagraph is hereby replaced by the following:

‘The butter referred to in Article 1(1)(a) of Regulation (EC) No 2571/97 must have been taken into storage before 1 July 2000.’

Article 2

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

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 350, 20.12.1997, p. 3.

⁽⁴⁾ OJ L 76, 25.3.2000, p. 9.

⁽⁵⁾ OJ L 143, 10.6.1988, p. 23.

⁽⁶⁾ OJ L 176, 15.7.2000, p. 26.

COMMISSION REGULATION (EC) No 1680/2000**of 28 July 2000****determining the extent to which import rights applications submitted in July 2000 under the tariff quotas for beef provided for by Regulation (EC) No 1173/2000 for Estonia, Latvia, and Lithuania may be accepted**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 1173/2000 of 31 May 2000 laying down, for the period 1 July 2000 to 30 June 2001, detailed rules of application for the tariff quotas for beef originating in Estonia, Latvia and Lithuania ⁽¹⁾, as amended by Regulation (EC) No 1433/2000 ⁽²⁾, and in particular Article 3(3) thereof,

Whereas:

Article 1(1) of Regulation (EC) No 1173/2000 fixes the quantities of fresh, chilled and frozen beef and veal originating in Lithuania, Latvia and Estonia and of processed products originating in Latvia which may be imported on special terms during

the period 1 July 2000 to 30 June 2001. No applications were submitted for import licences for beef and veal or processed products,

HAS ADOPTED THIS REGULATION:

Article 1

No applications for import rights were submitted for the period from 1 July 2000 to 30 June 2001 under the import quotas referred to in Article 1(1) of Regulation (EC) No 1173/2000.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 131, 1.6.2000, p. 25.

⁽²⁾ OJ L 161, 1.7.2000, p. 56.

COMMISSION REGULATION (EC) No 1681/2000
of 28 July 2000
amending Regulation (EEC) No 1832/92 setting the amounts of aid for the supply of cereals
products from the Community to the Canary Islands

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1601/92 of 15 June 1992 introducing specific measures in respect of certain agricultural products for the benefit of the Canary Islands ⁽¹⁾, as last amended by Regulation (EC) No 1257/1999 ⁽²⁾, and in particular Article 3(4) thereof,

Whereas:

- (1) The amounts of aid for the supply of cereals products to the Canary Islands has been settled by Commission Regulation (EEC) No 1832/92 ⁽³⁾, as last amended by Regulation (EC) No 1405/2000 ⁽⁴⁾; as a consequence of the changes of the rates and prices for cereals products in the European part of the Community and on the

world market, the aid for supply to the Canary Islands should be set at the amounts given in the Annex.

- (2) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex of amended Regulation (EEC) No 1832/92 is replaced by the Annex to the present Regulation.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 173, 27.6.1992, p. 13.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 185, 4.7.1992, p. 26.

⁽⁴⁾ OJ L 161, 1.7.2000, p. 9.

ANNEX

to the Commission Regulation of 28 July 2000 amending Regulation (EEC) No 1832/92 setting the amounts of aid for the supply of cereals products from the Community to the Canary Islands

		(EUR/t)
Product (CN code)		Amount of aid
Common wheat	(1001 90 99)	19,50
Barley	(1003 00 90)	17,00
Maize	(1005 90 00)	64,50
Durum wheat	(1001 10 00)	17,00
Oats	(1004 00 00)	38,00

COMMISSION REGULATION (EC) No 1682/2000
of 28 July 2000
amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals
products from the Community to the Azores and Madeira

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1600/92 of 15 June 1992 introducing specific measures in respect of certain agricultural products for the benefit of the Azores and Madeira ⁽¹⁾, as last amended by Regulation (EC) No 1257/1999 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) The amounts of aid for the supply of cereals products to the Azores and Madeira has been settled by Commission Regulation (EEC) No 1833/92 ⁽³⁾, as last amended by Regulation (EC) No 1406/2000 ⁽⁴⁾; whereas, as a consequence of the changes of the rates and prices for cereals products in the European part of the Community and on the world market, the aid for supply to the Azores and

Madeira should be set at the amounts given in the Annex.

- (2) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex of amended Regulation (EEC) No 1833/92 is replaced by the Annex to the present Regulation.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 173, 27.6.1992, p. 1.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 185, 4.7.1992, p. 28.

⁽⁴⁾ OJ L 161, 1.7.2000, p. 11.

ANNEX

to the Commission Regulation of 28 July 2000 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira

		(EUR/t)	
Product (CN code)		Amount of aid	
		Destination	
		Azores	Madeira
Common wheat	(1001 90 99)	19,50	19,50
Barley	(1003 00 90)	17,00	17,00
Maize	(1005 90 00)	64,50	64,50
Durum wheat	(1001 10 00)	17,00	17,00

COMMISSION REGULATION (EC) No 1683/2000
of 28 July 2000
amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products
from the Community to the French overseas departments

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3763/91 of 16 December 1991 introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments ⁽¹⁾, as last amended by Regulation (EC) No 1257/1999 ⁽²⁾, and in particular Article 2(6) thereof,

Whereas:

- (1) The amounts of aid for the supply of cereals products to the French overseas departments (FOD) has been settled by Commission Regulation (EEC) No 391/92 ⁽³⁾, as last amended by Regulation (EC) No 1404/2000 ⁽⁴⁾; as a consequence of the changes of the rates and prices for cereals products in the European part of the Community

and on the world market, the aid for supply to the FOD should be set at the amounts given in the Annex.

- (2) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex of amended Regulation (EEC) No 391/92 is replaced by the Annex to the present Regulation.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 356, 24.12.1991, p. 1.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 43, 19.2.1992, p. 23.

⁽⁴⁾ OJ L 161, 1.7.2000, p. 7.

ANNEX

to the Commission Regulation of 28 July 2000 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the French overseas departments

(EUR/t)

Product (CN code)	Amount of aid			
	Destination			
	Guadeloupe	Martinique	French Guiana	Réunion
Common wheat (1001 90 99)	22,50	22,50	22,50	25,50
Barley (1003 00 90)	21,00	21,00	21,00	25,00
Maize (1005 90 00)	67,50	67,50	67,50	70,50
Durum wheat (1001 10 00)	21,00	21,00	21,00	25,00
Oats (1004 00 00)	41,00	41,00	—	—

COMMISSION REGULATION (EC) No 1684/2000**of 28 July 2000****fixing the maximum purchasing price for butter for the 14th invitation to tender carried out under the standing invitation to tender governed by Regulation (EC) No 2771/1999**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1255/1999 of 17 May 1999 on the common organisation of the market in milk and milk products ⁽¹⁾, as last amended by Commission Regulation (EC) No 1526/2000 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) Article 13 of Commission Regulation (EEC) No 2771/1999 of 16 December 1999 laying down detailed rules for the application of Council Regulation (EC) No 1255/1999 as regards intervention on the market in butter and cream ⁽³⁾, as amended by Regulation (EC) No 1560/2000 ⁽⁴⁾, provides that, in the light of the tenders received for each invitation to tender, a maximum buying-in price is to be fixed in relation to the interven-

tion price applicable and that it may also be decided not to proceed with the invitation to tender.

- (2) As a result of the tenders received, the maximum buying-in price should be fixed as set out below.
- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

For the 14th invitation to tender issued under Regulation (EC) No 2771/1999, for which tenders had to be submitted not later than 25 July 2000, the maximum buying-in price is fixed at 295,38 EUR/100 kg.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 48.

⁽²⁾ OJ L 175, 14.7.2000, p. 55.

⁽³⁾ OJ L 333, 24.12.1999, p. 11.

⁽⁴⁾ OJ L 179, 18.7.2000, p. 10.

COMMISSION REGULATION (EC) No 1685/2000**of 28 July 2000****laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽¹⁾, and in particular Articles 30(3) and 53(2) thereof,

After consulting the Committee pursuant to Article 147 of the Treaty, the Committee on Agricultural Structures and Rural Development and the Committee on Structures for Fisheries and Aquaculture,

Whereas:

- (1) Article 1(3) of Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations ⁽²⁾ specifies that rural development measures which are integrated into the measures promoting the development and structural adjustment of regions whose development is lagging behind (Objective 1) or which accompany the measures supporting the economic and social conversion of areas facing structural difficulties (Objective 2) in the regions concerned, shall take into account the specific targets of Community support under the Structural Funds according to the conditions laid down in Regulation (EC) No 1260/1999. Article 2 of Regulation (EC) No 1257/1999 specifies the operations that may be concerned by support for rural development.
- (2) Article 2 of Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund ⁽³⁾ specifies the type of operations the ERDF may help finance.
- (3) Article 3 of Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund ⁽⁴⁾, specifies the type of operations the ESF may help finance.
- (4) Article 2 of Council Regulation (EC) No 1263/1999 of 21 June 1999 on the Financial Instrument for Fisheries Guidance ⁽⁵⁾ specifies the type of measures the FIFG may help finance. Council Regulation (EC) No 2792/1999 ⁽⁶⁾ lays down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector.

- (5) Article 30(3) of Regulation (EC) No 1260/1999 provides that rules on eligible expenditure should be the relevant national rules unless the Commission deems it necessary to adopt rules at Community level; for certain types of operation the Commission considers it necessary in order to guarantee the uniform and equitable implementation of the Structural Funds across the Community to adopt a common set of rules on eligible expenditure. The adoption of a rule relating to a particular type of operation does not prejudice under which of the abovementioned Funds such operation may be co-financed. The adoption of these rules should not prevent Member States, in certain cases which should be indicated, from applying stricter national provisions. The rules should apply to all expenditure incurred between the dates set out in Article 30(2) of Regulation (EC) No 1260/1999.

- (6) Article 36(1) of Regulation (EC) No 1257/1999 provides that Regulation (EC) No 1260/1999 and the provisions adopted in implementation thereof apply, save as otherwise provided for under Regulation (EC) No 1257/1999, to rural development measures in areas covered by Objective 2 financed by the EAGGF (Guarantee section). Therefore, the rules set out in the present Regulation apply to such measures which form part of the programmes for Objective 2 regions except in so far as Regulation (EC) No 1257/1999 and Commission Regulation (EC) No 1750/1999 ⁽⁷⁾ laying down detailed rules for the application of Regulation (EC) No 1257/1999 provide otherwise.
- (7) Article 87 and 88 of the Treaty apply to operations co-financed by the Structural Funds. The decision of the Commission approving an assistance cannot prejudice any assessment in relation to State aid rules and does not relieve the Member State of its obligations under those Articles.
- (8) The measures provided for in this Regulation are in accordance with the opinion of the Committee on the Development and Conversion of Regions,

HAS ADOPTED THIS REGULATION:

Article 1

The rules contained in the Annex to this Regulation shall apply in determining the eligibility of expenditure under forms of assistance as defined in Article 9(e) of Regulation (EC) No 1260/1999.

⁽¹⁾ OJ L 161, 26.6.1999, p. 1.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 213, 13.8.1999, p. 1.

⁽⁴⁾ OJ L 213, 13.8.1999, p. 5.

⁽⁵⁾ OJ L 161, 26.6.1999, p. 54.

⁽⁶⁾ OJ L 337, 30.12.1999, p. 10.

⁽⁷⁾ OJ L 214, 13.8.1999, p. 31.

Article 2

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

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

Done at Brussels, 28 July 2000.

For the Commission
Michaela SCHREYER
Member of the Commission

ANNEX

ELIGIBILITY RULES

Rule No 1: expenditure actually paid out

1. PAYMENTS BY FINAL BENEFICIARIES

- 1.1. Payments effected by final beneficiaries within the meaning of the third subparagraph of Article 32(1) of Regulation (EC) No 1260/1999 (hereinafter 'the General Regulation') shall be in the form of cash subject to the exceptions indicated in point 1.4.
- 1.2. In the case of aid schemes under Article 87 of the Treaty and aid granted by bodies designated by the Member States, 'payments by final beneficiaries' means aid paid to individual recipients by the bodies which grant the aid. Payments of aid by final beneficiaries must be justified by reference to the conditions and objectives of the aid.
- 1.3. In cases other than those referred to in point 1.2, 'payments by final beneficiaries' means payments effected by the bodies or public or private firms of the type defined in the programme complement in accordance with Article 18(3)(b) of the General Regulation having direct responsibility for commissioning the specific operation.
- 1.4. Under the conditions set out in points 1.5 to 1.7, depreciation, contributions in kind and overheads can also form part of the payments referred to in point 1.1. However, the Structural Funds' co-financing of an operation shall not exceed the total eligible expenditure, excluding contributions in kind, at the end of the operation.
- 1.5. The cost of depreciation of real estate or equipment for which there is a direct link with the objectives of the operation is eligible expenditure, provided that:
 - (a) national or Community grants have not contributed towards the purchase of such real estate or equipment;
 - (b) the depreciation cost is calculated in accordance with the relevant accountancy rules; and
 - (c) the cost relates exclusively to the period of co-financing of the operation in question.
- 1.6. In kind, contributions are eligible expenditure provided that:
 - (a) they consist in the provision of land or real estate, equipment or materials, research or professional activity, or unpaid voluntary work;
 - (b) they are not made in respect of financial engineering measures referred to in Rules 8, 9 and 10;
 - (c) their value can be independently assessed and audited;
 - (d) in the case of the provision of land or real estate, the value is certified by an independent qualified valuer or duly authorised official body;
 - (e) in the case of unpaid voluntary work, the value of that work is determined taking into account the amount of time spent and the normal hourly and daily rate for the work carried out;
 - (f) the provisions of Rules 4, 5 and 6 are complied with where applicable.
- 1.7. Overheads are eligible expenditure provided that they are based on real costs which relate to the implementation of the operation co-financed by the Structural Funds and are allocated pro rata to the operation, according to a duly justified fair and equitable method.
- 1.8. The provisions of points 1.4 to 1.7 are applicable to individual recipients referred to in point 1.2 in the case of aid schemes under Article 87 of the Treaty and aid granted by bodies designated by Member States.
- 1.9. Member States may apply stricter national rules for determining eligible expenditure under points 1.5 to 1.7.

2. PROOF OF EXPENDITURE

As a rule, payments by final beneficiaries shall be supported by receipted invoices. Where this cannot be done, payments shall be supported by accounting documents of equivalent probative value.

In addition, where the execution of operations is not subject to a competitive tendering procedure, payments by final beneficiaries shall be justified by expenditure actually paid (including expenditure referred to in point 1.4) by the bodies or public or private firms concerned in implementing the operation.

3. SUBCONTRACTING

- 3.1. Without prejudice to the application of stricter national rules, expenditure relating to the following subcontracts is ineligible for co-financing by the Structural Funds:
- (a) subcontracting which adds to the cost of execution of the operation, without adding proportionate value to it;
 - (b) subcontracts with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the operation unless such payment is justified by the final beneficiary by reference to the actual value of the work or services provided.
- 3.2. For all subcontracts, subcontractors shall undertake to provide the audit and control bodies with all necessary information relating to the subcontracted activities.

Rule No 2: accounting treatment of receipts

1. 'Receipts' for the purposes of this rule covers revenue received by an operation during the period of its co-financing or during such longer period up to the closure of the assistance as may be fixed by the Member State, from sales, rentals, services, enrolment/fees or other equivalent receipts with the exception of:
 - (a) receipts generated throughout the economic lifetime of the co-financed investments and subject to the specific provisions of Article 29(4) of the General Regulation;
 - (b) receipts generated within the framework of financial engineering measures referred to in Rules 8, 9 and 10;
 - (c) contributions from the private sector to the co-financing of operations, which appear alongside public contributions in the financing tables of the relevant assistance.
2. Receipts under point 1 represent income which reduces the amount of co-financing under the Structural Funds that is required for the operation in question. Before the Structural Funds' participation is calculated and no later than at the time of the closure of the assistance, they are deducted from the operation's eligible expenditure in their entirety or pro rata, depending on whether they were generated entirely or only in part by the co-financed operation.

Rule No 3: financial and other charges and legal expenses

1. FINANCIAL CHARGES

Debit interest (other than expenditure on interest subsidies to reduce the cost of borrowing for businesses under an approved State aid scheme), charges for financial transactions, foreign exchange commissions and losses, and other purely financial expenses are not eligible for co-financing by the Structural Funds. However, in the sole case of global grants, debit interest charges paid by the designated intermediary prior to payment of the final balance of the assistance are eligible, after deduction of credit interest on advances.

2. BANK CHARGES ON ACCOUNTS

Where co-financing by the Structural Funds requires the opening of a separate account or accounts for implementing an operation, the bank charges for opening and administering the accounts, are eligible.

3. LEGAL FEES FOR ADVICE, NOTARY FEES, THE COSTS OF TECHNICAL OR FINANCIAL EXPERTISE, AND ACCOUNTANCY OR AUDIT COSTS

These costs are eligible if they are directly linked to the operation and are necessary for its preparation or implementation or, in the case of accounting or audit costs, if they relate to requirements by the managing authority.

4. COSTS OF GUARANTEES PROVIDED BY A BANK OR OTHER FINANCIAL INSTITUTION

These costs are eligible to the extent that the guarantees are required by national or Community legislation or in the Commission Decision approving the assistance.

5. FINES, FINANCIAL PENALTIES AND EXPENSES OF LITIGATION

These expenses are not eligible.

Rule No 4: purchase of second-hand equipment

The purchase costs of second-hand equipment are eligible for co-financing by the Structural Funds under the following three conditions without prejudice to the application of stricter national rules:

- (a) the seller of the equipment shall provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or Community grants;
- (b) the price of the equipment shall not exceed its market value and shall be less than the cost of similar new equipment; and
- (c) the equipment shall have the technical characteristics necessary for the operation and comply with applicable norms and standards.

Rule No 5: purchase of land**1. GENERAL RULE**

- 1.1. The cost of purchase of land not built on shall be eligible for co-financing by the Structural Funds under the following three conditions without prejudice to the application of stricter national rules:

- (a) there shall be a direct link between the land purchase and the objectives of the operation co-financed;
- (b) except in the cases described in point 2, the land purchase may not represent more than 10 % of the total eligible expenditure of the operation, unless a higher percentage is fixed in the assistance approved by the Commission,
- (c) a certificate shall be obtained from an independent qualified valuer or duly authorised official body confirming that the purchase price does not exceed the market value.

- 1.2. In the case of aid schemes under Article 87 of the Treaty, the eligibility of land purchase shall be assessed in terms of the aid scheme in its entirety.

2. ENVIRONMENTAL CONSERVATION OPERATIONS

For environmental conservation operations, all the conditions indicated below shall be met for the expenditure to be eligible:

- the purchase is the subject of a positive decision by the managing authority,
- the land is devoted to the intended use for a period determined in that decision,
- the land is not for agricultural purposes save in duly justified cases accepted by the managing authority,
- the purchase is made by or on behalf of a public institution or a body governed by public law.

Rule No 6: purchase of real estate**1. GENERAL RULE**

The cost of purchase of real estate, i.e. buildings already constructed and the land on which they are built, is eligible for co-financing by the Structural Funds if there is a direct link between the purchase and the objectives of the operation concerned under the conditions set out in point 2 without prejudice to the application of stricter national rules.

2. TERMS OF ELIGIBILITY

- 2.1. A certificate shall be obtained from an independent qualified valuer or duly authorised official body establishing that the price does not exceed the market value, and either attesting that the building is in conformity with national regulations or specifying the points which are not in conformity where their rectification by the final beneficiary is foreseen under the operation.
- 2.2. The building shall not have received, within the previous 10 years, a national or Community grant which would give rise to a duplication of aid in the event of co-financing of the purchase by the Structural Funds.
- 2.3. The real estate shall be used for the purpose and for the period decided by the managing authority.
- 2.4. The building may only be used in conformity with the objectives of the operation. In particular, the building may be used to accommodate public administration services only where such use is in conformity with eligible activities of the Structural Fund concerned.

Rule No 7: VAT and other taxes and charges

1. VAT does not constitute eligible expenditure except where it is genuinely and definitively borne by the final beneficiary, or individual recipient within the aid schemes pursuant to Article 87 of the Treaty and in the case of aid granted by the bodies designated by the Member States. VAT which is recoverable, by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.
2. Where the final beneficiary or individual recipient is subject to a flat-rate scheme under Title XIV of the Sixth Council Directive 77/388/EEC on VAT ⁽¹⁾, VAT paid is considered recoverable for the purposes of point 1.
3. In no case may Community co-financing exceed total eligible expenditure excluding VAT.
4. Other taxes and charges (in particular direct taxes and social security contributions on wages and salaries) which arise from co-financing by the Structural Funds do not constitute eligible expenditure except where they are genuinely and definitively borne by the final beneficiary or individual recipient.

Rule No 8: venture capital and loan funds**1. GENERAL RULE**

The Structural Funds may co-finance the capital of venture capital and/or loan funds or of venture capital holding funds (hereinafter 'funds') under the conditions set out in point 2. For the purposes of this Rules, 'Venture capital funds and loan funds' means investment vehicles established specifically to provide equity or other forms of risk capital, including loans, to small and medium-sized enterprises as defined in Commission Recommendation 96/280/EC ⁽²⁾. 'Venture capital holding funds' means funds set up to invest in several venture capital and loan funds. The Structural Funds' participation in funds may be accompanied by co-investments or guarantees from other Community financing instruments.

2. CONDITIONS

- 2.1. A prudent business plan shall be submitted by the co-financiers or sponsors of the fund specifying, *inter alia*, the targeted market, the criteria, terms and conditions of financing, the operational budget of the fund, the ownership and co-financing partners, the professionalism, competence and independence of the management, the fund's by-laws, the justification and intended utilisation of the Structural Funds' contribution, the investment exit policy, and the winding-up provisions of the fund, including the reutilisation of returns attributable to the contribution from the Structural Funds. The business plan shall be carefully appraised and its implementation monitored by or under the responsibility of the managing authority.
- 2.2. The fund shall be set up as an independent legal entity governed by agreements between the shareholders or as a separate block of finance within an existing financial institution. In the latter case the fund shall be subject to a separate implementation agreement, stipulating in particular the keeping of separate accounts distinguishing the new resources invested in the fund (including those contributed by the Structural Funds) from those initially available in the institution. All participants in the fund shall make their contributions in cash.
- 2.3. The Commission cannot become a partner or shareholder in the fund.
- 2.4. The contribution from the Structural Funds shall be subject to the limits laid down in Article 29(3) and (4) of the General Regulation.
- 2.5. Funds may invest only in SMEs at their establishment, early stages (including seed capital) or expansion and only in activities which the fund managers judge potentially economically viable. The assessment of the viability should take into account all sources of income of the enterprises in question. Funds shall not invest in firms in difficulty within the meaning of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty ⁽³⁾.
- 2.6. Precautions should be taken to minimise distortion of competition in the venture capital or lending market. In particular returns from equity investments and loans (less pro-rata share of the management costs) may be preferentially allocated to the private sector shareholders up to the level of remuneration laid down in the shareholder agreement, and after that, they shall be allocated proportionally between all shareholders and the Structural Funds. Returns to the fund attributable to the Structural Funds' contributions shall be reused for SME development activities in the same eligible area.

⁽¹⁾ OJ L 145, 13.6.1977, p. 1.

⁽²⁾ OJ L 107, 30.4.1996, p. 4.

⁽³⁾ OJ C 288, 9.10.1999, p. 2.

- 2.7. Management costs may not exceed 5 % of the paid-up capital on a yearly average for the duration of the assistance unless, after a competitive tender, a higher percentage proves necessary.
- 2.8. At the time of the closure of the operation, the eligible expenditure of the fund (the final beneficiary) shall be the capital of the fund that has been invested in or loaned out to SMEs, including the management costs incurred.
- 2.9. Contributions to funds from the Structural Funds and other public sources, as well as the investments made by funds in individual SMEs, are subject to the rules on State aid.

3. RECOMMENDATIONS

- 3.1. The Commission recommends the standards of good practice set out in points 3.2 to 3.6 for funds to which the Structural Funds contribute. The Commission will regard compliance with these recommendations as a positive element when it examines the fund's compatibility with State aid rules. The recommendations are not binding for the purposes of the eligibility of expenditure.
- 3.2. The financial contribution of the private sector should be substantial, and above 30 %.
- 3.3. Funds should be large enough and cover a wide enough target population to ensure that their operations are potentially economically viable, with a time scale for investments compatible with the period of the Structural Funds' participation, and focusing on areas of market deficiency.
- 3.4. The timing of payments of capital into the fund should be the same for the Structural Funds and the shareholders, and pro rata to the stakes subscribed.
- 3.5. Funds should be managed by independent professional teams with sufficient business experience to demonstrate the necessary capability and credibility to manage a venture capital fund. Management teams should be chosen on the basis of a competitive selection process, taking into account the level of fees envisaged.
- 3.6. Funds should not normally acquire majority stakes in firms and should pursue the objective of realising all investments within the life of the fund.

Rule No 9: guarantee funds

1. GENERAL RULE

The Structural Funds may co-finance the capital of guarantee funds under the conditions set out in point 2. For the purposes of this Rule, 'Guarantee funds' mean financing instruments that guarantee venture capital and loan funds within the meaning of Rule No 8 and other SME risk financing schemes (including loans) against losses arising from their investments in small and medium-sized enterprises as defined in recommendation 96/280/EC. The funds may be publicly-supported mutual funds subscribed by SMEs, commercially-run funds with private-sector partners, or wholly publicly-financed funds. The Structural Funds' participation in funds may be accompanied by part-guarantees provided by other Community financing instruments.

2. CONDITIONS

- 2.1. A prudent business plan shall be submitted by the co-financiers or sponsors of the fund in the same way as for venture capital funds (Rule No 8), *mutatis mutandis*, and specifying the target guarantee portfolio. The business plan shall be carefully appraised and its implementation monitored by or under the responsibility of the managing authority.
- 2.2. The fund shall be set up as an independent legal entity governed by agreements between the shareholders or as a separate block of finance within an existing financial institution. In the latter case the 'fund' shall be subject to a separate implementation agreement, stipulating in particular the keeping of separate accounts distinguishing the new resources invested in the fund (including those contributed by the Structural Funds) from those initially available in the institution.
- 2.3. The Commission cannot become a partner or shareholder in the fund.
- 2.4. Funds may only guarantee investments in activities that are judged potentially economically viable. Funds shall not provide guarantees for firms in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty.
- 2.5. Any part of the Structural Funds' contribution left over after the guarantees have been honoured shall be reused for SME development activities in the same eligible area.
- 2.6. Management costs may not exceed 2 % of the paid-up capital on a yearly average for the duration of the assistance unless, after a competitive tender, a higher percentage proves necessary.

- 2.7. At the time of the closure of the operation, the eligible expenditure of the fund (the final beneficiary) shall be the amount of the paid-up capital of the fund necessary, on the basis of an independent audit, to cover the guarantees provided including the management costs incurred.
- 2.8. Contributions to guarantee funds from the Structural Funds and other public sources, as well as the guarantees provided by such funds to individual SMEs are subject to the rules on State aid.

Rule No 10: leasing

1. Expenditure incurred in relation to leasing operations is eligible for co-financing under the Structural Funds subject to the rules set out in points 2 to 4.
2. AID VIA LESSOR
 - 2.1. The lessor is the direct recipient of the Community co-financing, which is used for the reduction of the lease rental payments made by the lessee in respect of assets covered by the leasing contract.
 - 2.2. Leasing contracts for which Community aid is paid shall include an option to purchase or provide for a minimum leasing period equal to that of the useful life of the asset to which the contract relates.
 - 2.3. Where a leasing contract is terminated before expiry of the minimum leasing period without the prior approval of the competent authorities, the lessor shall undertake to repay to the national authorities concerned (for credit to the appropriate fund) that part of the Community aid corresponding to the remainder of the leasing period.
 - 2.4. The purchase of the asset by the lessor, supported by a receipted invoice or an accounting document of equal probative value, constitutes the expenditure eligible for co-financing. The maximum amount eligible for Community co-financing shall not exceed the market value of the asset leased.
 - 2.5. Costs connected with the leasing contract (notably tax, lessor's margin, interest refinancing costs, overheads, insurance charges), other than the expenditure referred to in point 2.4, are not eligible expenditure.
 - 2.6. Community aid paid to the lessor shall be used in its entirety for the benefit of the lessee by means of a uniform reduction in all the leasing rentals for the duration of the leasing period.
 - 2.7. The lessor shall demonstrate that the benefit of the Community aid will be transferred fully to the lessee by establishing a breakdown of the rental payments or by an alternative method giving equivalent assurance.
 - 2.8. The costs referred to in point 2.5, the use of any fiscal benefits arising from the leasing operation, and other conditions of the contract shall be equivalent to those applicable in the absence of any Community financial intervention.
3. AID TO LESSEE
 - 3.1. The lessee is the direct recipient of the Community co-financing.
 - 3.2. The leasing rentals paid to the lessor by the lessee, supported by a receipted invoice or an accounting document of equivalent probative value, constitute the expenditure eligible for co-financing.
 - 3.3. In the case of leasing contracts which include an option to purchase or which provide for a minimum leasing period equal to the useful life of the asset to which the contract relates, the maximum amount eligible for Community co-financing shall not exceed the market value of the asset leased. Other costs connected with the leasing contract (tax, lessor's margin, interest refinancing costs, overheads, insurance charges, etc.) are not eligible expenditure.
 - 3.4. The Community aid in respect of leasing contracts referred to under point 3.3 is paid to the lessee in one or more tranches in respect of leasing rentals effectively paid. Where the term of the leasing contract exceeds the final date for taking account of payments under the Community assistance, only expenditure in relation to leasing rentals falling due and paid by the lessee up to the final date for payment under the assistance can be considered eligible.
 - 3.5. In the case of leasing contracts which do not contain an option to purchase and whose duration is less than the period of the useful life of the asset to which the leasing contract relates, the leasing rentals are eligible for co-financing by the Community in proportion to the period of the eligible operation. However, the lessee must be able to demonstrate that leasing was the most cost-effective method for obtaining the use of the equipment. Where the costs would have been lower if an alternative method (for example hiring of the equipment) had been used, the additional costs shall be deducted from the eligible expenditure.

3.6. Member States may apply stricter national rules for determining eligible expenditure under points 3.1 to 3.5.

4. SALE AND LEASE-BACK

Leasing rentals paid by a lessee under a sale and lease-back scheme may be eligible expenditure under the rules set out in point 3. The acquisition costs of the asset are not eligible for Community co-financing.

Rule No 11: costs incurred in managing and implementing the Structural Funds

1. GENERAL RULE

Costs incurred by Member States in the management, implementation, monitoring and control of the Structural Funds are ineligible for co-financing except as provided for in point 2 and falling within the categories set out in point 2.1.

2. CATEGORIES OF MANAGEMENT, IMPLEMENTATION, MONITORING AND CONTROL EXPENDITURE ELIGIBLE FOR CO-FINANCING

2.1. The following categories of expenditure are eligible for co-financing under assistance under the conditions set out in points 2.2 to 2.7:

- expenditure relating to the preparation, selection, appraisal and monitoring of the assistance and of operations (but excluding expenditure on the acquisition and installation of computerised systems for management, monitoring and evaluation),
- expenditure on meetings of monitoring committees and sub-committees relating to the implementation of assistance. This expenditure may also include the costs of experts and other participants in these committees, including third-country participants, where the chairperson of such committees considers their presence essential to the effective implementation of the assistance,
- Expenditure relating to audits and on-the-spot checks of operations.

2.2. expenditure on salaries including social security contributions is eligible only in the following cases:

- (a) civil servants or other public officials seconded by duly documented decision of the competent authority to carry out tasks referred to in point 2.1;
- (b) other staff employed to carry out tasks referred to in point 2.1.

The period of secondment or employment may not exceed the final date for the eligibility of expenditure laid down in the decision approving the assistance.

2.3. The Structural Funds' contribution to the expenditure under point 2.1 shall be limited to a maximum amount which will be fixed in the assistance approved by the Commission and shall not exceed the limits set out in points 2.4 and 2.5.

2.4. For all assistance, except Community Initiatives, the PEACE II special programme and innovative actions, the limit shall be the sum of the following amounts:

- 2,5 % of that part of the total Structural Funds' contribution less than or equal to EUR 100 million,
- 2,00 % of that part of the total Structural Funds' contribution which exceeds EUR 100 million but is less than or equal to EUR 500 million,
- 1,00 % of that part of the total Structural Funds' contribution which exceeds EUR 500 million but is less than or equal to EUR 1 000 million,
- 0,5 % of that part of the total Structural Funds' contribution which exceeds EUR 1 000 million.

2.5. For Community Initiatives, innovative actions and the PEACE II special programme, the limit shall be 5 % of the Structural Funds' total contribution. Where such assistance involves the participation of more than one Member State this limit may be increased to take account of higher costs of management and implementation and will be fixed in the Commission's decision.

2.6. For the purposes of calculating the amount of the limits in points 2.4 and 2.5, the Structural Funds' total contribution shall be the total fixed in each assistance approved by the Commission.

2.7. The implementation of points 2.1 to 2.6 of this Rule shall be agreed between the Commission and the Member States and laid down in the assistance. The rate of the contribution will be fixed in accordance with Article 29(7) of the General Regulation. For the purposes of monitoring, the costs referred to in 2.1 will be the subject of a separate measure or sub-measure within technical assistance.

3. OTHER EXPENDITURE UNDER TECHNICAL ASSISTANCE

Actions which can be co-financed under technical assistance, other than those set out in point 2 (such as studies, seminars, information actions, evaluation, and the acquisition and installation of computerised systems for management, monitoring and evaluation), are not subject to the conditions set out in points 2.4 to 2.6. Expenditure on the salaries of civil servants or other public officials in carrying out such actions is not eligible.

4. EXPENDITURE BY PUBLIC ADMINISTRATIONS RELATING TO THE EXECUTION OF OPERATIONS

The following expenditure of public administrations is eligible for co-financing outside technical assistance if it relates to the execution of an operation provided that it does not arise from the statutory responsibilities of the public authority or the authority's day-to-day management, monitoring and control tasks:

- (a) costs of professional services rendered by a public service in the implementation of an operation. The costs must be either invoiced to a final beneficiary (public or private) or certified on the basis of documents of equivalent probative value which permit the identification of real costs paid by the public service concerned in relation to that operation;
- (b) costs of the implementation of an operation, including the expenditure related to the provision of services, borne by a public authority that is itself the final beneficiary and which is executing an operation on its own account without recourse to outside engineers or other firms. The expenditure concerned must relate to expenditure actually and directly paid on the co-financed operation and must be certified on the basis of documents which permit the identification of real costs paid by the public service concerned in relation to that operation.

Rule No 12: eligibility of operations depending on the location

1. GENERAL RULE

As a general rule, operations co-financed by the Structural Funds shall be located in the region to which the assistance relates.

2. EXCEPTION

- 2.1. Where the region to which the assistance relates will benefit wholly or partly from an operation located outside that region, the operation may be accepted by the managing authority for co-financing provided that all the conditions set out in points 2.2 to 2.4 are satisfied. In other cases an operation may be accepted as eligible for co-financing under the procedure in point 3. For operations financed under the Financial Instrument for Fisheries Guidance (FIFG), the procedure under point 3 must always be followed.
- 2.2. The operation must be located in a NUTS III area of the Member State immediately adjacent to the region to which the assistance relates.
- 2.3. The maximum eligible expenditure of the operation is determined pro rata to the proportion of the benefits from the operation which it is foreseen will accrue to the region and shall be based on an evaluation by a body independent of the managing authority. The benefits shall be assessed taking account of the specific targets of the assistance and its expected impact. The operation cannot be accepted for co-financing where the proportion of benefits is less than 50 %.
- 2.4. For each measure of the assistance, the eligible expenditure of the operations accepted under point 2.1 should not exceed 10 % of the total eligible expenditure of the measure. In addition, the eligible expenditure of all operations in the assistance accepted under point 2.1 should not exceed 5 % of the total eligible expenditure of the assistance.
- 2.5. Operations accepted by the managing authority under point 2.1 shall be indicated in the annual and final implementation reports of the assistance.

3. OTHER CASES

In the case of operations located outside the region to which the assistance relates but which do not fulfil the conditions of point 2, and of operations financed under the FIFG, the acceptance of the operation for co-financing shall be subject to prior approval by the Commission on a case-by-case basis following a request submitted by the Member State, taking into account in particular the proximity of the operation to the region, the level of benefit to the region which can be foreseen, and the amount of the expenditure in proportion to the total expenditure under the measure and under the assistance. In the case of assistance relating to the outermost regions, the procedure in this point will be applicable.

COMMISSION REGULATION (EC) No 1686/2000**of 28 July 2000****setting the amounts of aid for the supply of rice products from the Community to the Canary Islands**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1601/92 of 15 June 1992 introducing specific measures in respect of certain agricultural products for the benefit of the Canary Islands ⁽¹⁾, as last amended by Regulation (EC) No 1257/1999 ⁽²⁾, and in particular Article 3 thereof,

Whereas:

- (1) Pursuant to Article 3 of Regulation (EEC) No 1601/92, the requirements of the Canary Islands for rice are to be covered in terms of quantity, price and quality by the mobilisation, on disposal terms equivalent to exemption from the levy, of Community rice, which involves the grant of an aid for supplies of Community origin. This aid is to be fixed with particular reference to the costs of the various sources of supply and in particular is to be based on the prices applied to exports to third countries.
- (2) Commission Regulation (EC) No 2790/94 ⁽³⁾, as last amended by Regulation (EC) No 1620/1999 ⁽⁴⁾, lays down common detailed rules for implementation of the

specific arrangements for the supply of certain agricultural products, including rice, to the Canary Islands.

- (3) As a result of the application of these detailed rules to the current market situation in the rice sector, and in particular to the rates of prices for these products in the European part of the Community and on the world market, the aid for supply to the Canary Islands should be set at the amounts given in the Annex.
- (4) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

Pursuant to Article 3 of Regulation (EEC) No 1601/92, the amount of aid for the supply of rice of Community origin under the specific arrangements for the supply of the Canary Islands shall be as set out in the Annex hereto.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 173, 27.6.1992, p. 13.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 296, 17.11.1994, p. 23.

⁽⁴⁾ OJ L 192, 24.7.1999, p. 19.

ANNEX

to the Commission Regulation of 28 July 2000 setting the amounts of aid for the supply of rice products from the Community to the Canary Islands

(EUR/t)

Product (CN code)	Amount of aid
Milled rice (1006 30)	1 33,00
Broken rice (1006 40)	29,00

COMMISSION REGULATION (EC) No 1687/2000**of 28 July 2000****setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1600/92 of 15 June 1992 introducing specific measures in respect of certain agricultural products for the benefit of the Azores and Madeira ⁽¹⁾, as last amended by Regulation (EC) No 1257/1999 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

- (1) Pursuant to Article 10 of Regulation (EEC) No 1600/92, the requirements of the Azores and Madeira for rice are to be covered in terms of quantity, price and quality by the mobilization, on disposal terms equivalent to exemption from the levy, of Community rice, which involves the grant of an aid for supplies of Community origin. This aid is to be fixed with particular reference to the costs of the various sources of supply and in particular is to be based on the prices applied to exports to third countries.
- (2) Commission Regulation (EEC) No 1696/92 ⁽³⁾, as last amended by Regulation (EEC) No 2596/93 ⁽⁴⁾, lays down common detailed rules for implementation of the specific arrangements for the supply of certain agricultural products, including rice, to the Azores and Madeira. Commission Regulation (EEC) No 1983/92 of 16 July 1992 laying down detailed rules for implementation of the specific arrangements for the supply of rice

products to the Azores and Madeira and establishing the forecast supply balance for these products ⁽⁵⁾, as last amended by Regulation (EC) No 1683/94 ⁽⁶⁾, lays down detailed rules which complement or derogate from the provisions of the aforementioned Regulation.

- (3) As a result of the application of these detailed rules to the current market situation in the rice sector, and in particular to the rates of prices for these products in the European part of the Community and on the world market the aid for supply to the Azores and Madeira should be set at the amounts given in the Annex.
- (4) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

Pursuant to Article 10 of Regulation (EEC) No 1600/92, the amount of aid for the supply of rice of Community origin under the specific arrangements for the supply of the Azores and Madeira shall be as set out in the Annex hereto.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 173, 27.6.1992, p. 1.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 179, 1.7.1992, p. 6.

⁽⁴⁾ OJ L 238, 23.9.1993, p. 24.

⁽⁵⁾ OJ L 198, 17.7.1992, p. 37.

⁽⁶⁾ OJ L 178, 12.7.1994, p. 53.

ANNEX

to the Commission Regulation of 28 July 2000 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira

(EUR/t)

Product (CN code)	Amount of aid	
	Destination	
	Azores	Madeira
Milled rice (1006 30)	133,00	133,00

COMMISSION REGULATION (EC) No 1688/2000**of 28 July 2000****fixing the export refunds on rice and broken rice and suspending the issue of export licences**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 3072/95 of 22 December 1995 on the common organisation of the market in rice ⁽¹⁾, as last amended by Regulation (EC) No 2072/98 ⁽²⁾, and in particular the second subparagraph of Article 13(3) and (15) thereof,

Whereas:

- (1) Article 13 of Regulation (EC) No 3072/95 provides that the difference between quotations or prices on the world market for the products listed in Article 1 of that Regulation and prices for those products within the Community may be covered by an export refund.
- (2) Article 13(4) of Regulation (EC) No 3072/95, provides that when refunds are being fixed account must be taken of the existing situation and the future trend with regard to prices and availabilities of rice and broken rice on the Community market on the one hand and prices for rice and broken rice on the world market on the other. The same Article provides that it is also important to ensure equilibrium and the natural development of prices and trade on the rice market and, furthermore, to take into account the economic aspect of the proposed exports and the need to avoid disturbances of the Community market with limits resulting from agreements concluded in accordance with Article 300 of the Treaty.
- (3) Commission Regulation (EEC) No 1361/76 ⁽³⁾ lays down the maximum percentage of broken rice allowed in rice for which an export refund is fixed and specifies the percentage by which that refund is to be reduced where the proportion of broken rice in the rice exported exceeds that maximum.
- (4) Article 13(5) of Regulation (EC) No 3072/95 defines the specific criteria to be taken into account when the export refund on rice and broken rice is being calculated.

- (5) The world market situation or the specific requirements of certain markets may make it necessary to vary the refund for certain products according to destination.
- (6) A separate refund should be fixed for packaged long grain rice to accommodate current demand for the product on certain markets.
- (7) The refund must be fixed at least once a month; whereas it may be altered in the intervening period.
- (8) It follows from applying these rules and criteria to the present situation on the market in rice and in particular to quotations or prices for rice and broken rice within the Community and on the world market, that the refund should be fixed as set out in the Annex hereto.
- (9) For the purposes of administering the volume restrictions resulting from Community commitments in the context of the WTO, the issue of export licences with advance fixing of the refund should be restricted.
- (10) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

The export refunds on the products listed in Article 1 of Regulation (EC) No 3072/95 with the exception of those listed in paragraph 1(c) of that Article, exported in the natural state, shall be as set out in the Annex hereto.

Article 2

The issue of export licences with advance fixing of the refund is suspended.

Article 3

This Regulation shall enter into force on 1 August 2000.

⁽¹⁾ OJ L 329, 30.12.1995, p. 18.

⁽²⁾ OJ L 265, 30.9.1998, p. 4.

⁽³⁾ OJ L 154, 15.6.1976, p. 11.

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

Done at Brussels, 28 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

ANNEX

to the Commission Regulation of 28 July 2000 fixing the export refunds on rice and broken rice and suspending the issue of export licences

(EUR/t)			(EUR/t)		
Product code	Destination ⁽¹⁾	Amount of refunds	Product code	Destination ⁽¹⁾	Amount of refunds
1006 20 11 9000	01	95,00	1006 30 65 9900	01	119,00
1006 20 13 9000	01	95,00		04	125,00
1006 20 15 9000	01	95,00	1006 30 67 9100	05	125,00
1006 20 17 9000	—	—	1006 30 67 9900	—	—
1006 20 92 9000	01	95,00	1006 30 92 9100	01	119,00
1006 20 94 9000	01	95,00		02	125,00
1006 20 96 9000	01	95,00		03	130,00
1006 20 98 9000	—	—		04	125,00
1006 30 21 9000	01	95,00		05	125,00
1006 30 23 9000	01	95,00	1006 30 92 9900	01	119,00
1006 30 25 9000	01	95,00		04	125,00
1006 30 27 9000	—	—			
1006 30 42 9000	01	95,00			
1006 30 44 9000	01	95,00	1006 30 94 9100	01	119,00
1006 30 46 9000	01	95,00		02	125,00
1006 30 48 9000	—	—		03	130,00
1006 30 61 9100	01	119,00		04	125,00
	02	125,00		05	125,00
	03	130,00	1006 30 94 9900	01	119,00
	04	125,00		04	125,00
	05	125,00			
1006 30 61 9900	01	119,00	1006 30 96 9100	01	119,00
	04	125,00		02	125,00
1006 30 63 9100	01	119,00		03	130,00
	02	125,00		04	125,00
	03	130,00		05	125,00
	04	125,00	1006 30 96 9900	01	119,00
	05	125,00		04	125,00
1006 30 63 9900	01	119,00			
	04	125,00	1006 30 98 9100	05	125,00
1006 30 65 9100	01	119,00	1006 30 98 9900	—	—
	02	125,00	1006 40 00 9000	—	—
	03	130,00			
	04	125,00			
	05	125,00			

⁽¹⁾ The destinations are identified as follows:

01 Liechtenstein, Switzerland, the communes of Livigno and Campione d'Italia,

02 Zones I, II, III, VI, excluding Turkey,

03 Zones IV, V, VII(c), Canada and Zone VIII excluding Suriname, Guyana and Madagascar,

04 Destinations mentioned in Article 34 of amended Commission Regulation (EEC) No 3665/87,

05 Ceuta and Melilla.

NB: The zones are those defined in the Annex to amended Commission Regulation (EEC) No 2145/92.

COMMISSION REGULATION (EC) No 1689/2000
of 28 July 2000
fixing the refunds applicable to cereal and rice sector products supplied as Community and national food aid

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals ⁽¹⁾, as last amended by Commission Regulation (EC) No 1510/2000 ⁽²⁾, and in particular the third subparagraph of Article 13(2) thereof,

Having regard to Council Regulation (EC) No 3072/95 of 22 December 1995 on the common organisation of the market in rice ⁽³⁾, as amended by Regulation (EC) No 2072/98 ⁽⁴⁾, and in particular Article 13(3) thereof,

Whereas:

- (1) Article 2 of Council Regulation (EEC) No 2681/74 of 21 October 1974 on Community financing of expenditure incurred in respect of the supply of agricultural products as food aid ⁽⁵⁾ lays down that the portion of the expenditure corresponding to the export refunds on the products in question fixed under Community rules is to be charged to the European Agricultural Guidance and Guarantee Fund, Guarantee Section.
- (2) In order to make it easier to draw up and manage the budget for Community food aid actions and to enable the Member States to know the extent of Community participation in the financing of national food aid

actions, the level of the refunds granted for these actions should be determined.

- (3) The general and implementing rules provided for in Article 13 of Regulation (EEC) No 1766/92 and in Article 13 of Regulation (EC) No 3072/95 on export refunds are applicable *mutatis mutandis* to the abovementioned operations.
- (4) The specific criteria to be used for calculating the export refund on rice are set out in Article 13 of Regulation (EC) No 3072/95.
- (5) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Cereals,

HAS ADOPTED THIS REGULATION:

Article 1

For Community and national food aid operations under international agreements or other supplementary programmes, and other Community free supply measures, the refunds applicable to cereals and rice sector products shall be as set out in the Annex.

Article 2

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

⁽¹⁾ OJ L 181, 1.7.1992, p. 21.

⁽²⁾ OJ L 174, 13.7.2000, p. 11.

⁽³⁾ OJ L 329, 30.12.1995, p. 18.

⁽⁴⁾ OJ L 265, 30.9.1998, p. 4.

⁽⁵⁾ OJ L 288, 25.10.1974, p. 1.

ANNEX

to the Commission Regulation of 28 July 2000 fixing the refunds applicable to cereal and rice sector products supplied as Community and national food aid

(EUR/t)

Product code	Refund
1001 10 00 9400	0,00
1001 90 99 9000	16,50
1002 00 00 9000	31,00
1003 00 90 9000	4,50
1004 00 00 9400	35,00
1005 90 00 9000	61,50
1006 30 92 9100	169,00
1006 30 92 9900	169,00
1006 30 94 9100	169,00
1006 30 94 9900	169,00
1006 30 96 9100	169,00
1006 30 96 9900	169,00
1006 30 98 9100	169,00
1006 30 98 9900	169,00
1006 30 65 9900	169,00
1006 40 00 9000	—
1007 00 90 9000	61,50
1101 00 15 9100	22,00
1101 00 15 9130	22,00
1102 20 10 9200	86,17
1102 20 10 9400	73,86
1102 30 00 9000	—
1102 90 10 9100	1,10
1103 11 10 9200	0,00
1103 11 90 9200	0,00
1103 13 10 9100	110,79
1103 14 00 9000	—
1104 12 90 9100	41,60
1104 21 50 9100	1,46

NB: The product codes are defined in Commission Regulation (EEC) No 3846/87 (OJ L 366, 24.12.1987, p. 1), amended.

COMMISSION REGULATION (EC) No 1690/2000**of 28 July 2000****determining the extent to which applications lodged in July 2000 for licences for certain eggs and poultrymeat products under the regime provided for by the Interim Agreements concluded by the Community with the Republic of Poland, the Republic of Hungary, the Czech Republic, Slovakia, Romania and Bulgaria can be accepted**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 1899/97, of 29 September 1997, setting rules of application in the poultrymeat and egg sectors for the arrangements covered by Council Regulation (EC) No 3066/95 and repealing Regulations (EEC) No 2699/93 and (EC) No 1559/94 ⁽¹⁾, as amended by Regulation (EC) No 2719/98 ⁽²⁾ and in particular Article 4(5) thereof,

Whereas:

The applications for import licences lodged for the third quarter of 2000 are, in the case of some products, for quantities less than or equal to the quantities available and can therefore be met in full, but in the case of other products the said applications are for quantities greater than the quantities

available and must therefore be reduced by a fixed percentage to ensure a fair distribution,

HAS ADOPTED THIS REGULATION:

Article 1

1. Applications for import licences for the period 1 July to 30 September 2000 submitted under Regulation (EC) No 1899/97 shall be met as referred to in Annex I.
2. During the first 10 days of the period of 1 October to 31 December 2000 application may be lodged pursuant to Regulation (EC) No 1899/97 for import licences for a total quantity as referred to in Annex II.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

⁽¹⁾ OJ L 267, 30.9.1997, p. 67.

⁽²⁾ OJ L 342, 17.12.1998, p. 16.

ANNEX I

Group No	Percentage of acceptance of import licences submitted for the period 1 July to 30 September 2000
1	3,51
2	3,50
4	100,00
7	2,65
8	2,93
9	1,89
10	100,00
11	100,00
44	3,97
45	100,00
12	100,00
14	—
15	100,00
16	2,19
17	—
18	—
19	100,00
21	100,00
23	100,00
24	3,86
25	100,00
26	100,00
27	—
28	100,00
30	—
32	100,00
33	100,00
34	—
35	—
36	—
37	7,63
38	100,00
39	—
40	100,00
43	—

ANNEX II

(t)

Group No	Total quantity available for the period 1 October to 31 December 2000
1	4 156,25
2	406,25
4	9 993,64
7	2 625,00
8	656,25
9	1 500,00
10	1 139,95
11	281,25
44	343,75
45	857,25
12	1 180,01
14	2 187,50
15	1 990,63
16	437,50
17	937,50
18	187,50
19	393,75
21	1 465,00
23	1 180,63
24	125,00
25	3 104,88
26	169,13
27	1 375,00
28	157,47
30	1 125,00
32	415,63
33	291,88
34	1 562,50
35	125,00
36	625,00
37	156,25
38	296,88
39	1 000,00
40	337,50
43	625,00

**COMMISSION REGULATION (EC) No 1691/2000
of 28 July 2000**

determining the extent to which applications lodged in July 2000 for import licences for certain poultrymeat products under the regime provided for in Council Regulation (EC) No 774/94 opening and providing for the administration of certain Community tariff quotas for poultrymeat and certain other agricultural products can be accepted

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 1431/94 of 22 June 1994, laying down detailed rules for the application in the poultrymeat sector of the import arrangements provided for in Council Regulation (EC) No 774/94 opening and providing for the administration of certain Community tariff quotas for poultrymeat and certain other agricultural products ⁽¹⁾, as last amended by Regulation (EC) No 2719/1999 ⁽²⁾, and in particular Article 4(4) thereof,

Whereas:

The applications for import licences lodged for the period 1 July to 30 September 2000 are greater than the quantities

available and must therefore be reduced by a fixed percentage to ensure a fair distribution,

HAS ADOPTED THIS REGULATION:

Article 1

Applications for import licences for the period 1 July to 30 September 2000 submitted under Regulation (EC) No 1431/94 shall be met as referred to in the Annex.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 156, 23.6.1994, p. 9.

⁽²⁾ OJ L 327, 21.12.1999, p. 48.

ANNEX

Group No	Percentage of acceptance of import certificates submitted for the period 1 July to 30 September 2000
1	1,79
2	1,75
3	1,87
4	7,58
5	2,34

COMMISSION REGULATION (EC) No 1692/2000**of 28 July 2000****determining the extent to which applications lodged in July 2000 for import licences for certain poultrymeat sector products pursuant to Regulation (EC) No 509/97 can be accepted**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 509/97 of 20 March 1997 laying down procedures for applying in the poultrymeat sector the Interim Agreement on trade and accompanying measures between the European Community, the European Coal and Steel Community and the European Atomic Energy Community, of the one part, and the Republic of Slovenia, of the other part ⁽¹⁾, as amended by Regulation (EC) No 1514/97 ⁽²⁾, and in particular Article 4(5) thereof,

Whereas:

- (1) The applications for import licences lodged for the third quarter of 2000 are for quantities less than the quantities available and can therefore be met in full.

- (2) The surplus to be added to the quantity available for the following period should be determined,

HAS ADOPTED THIS REGULATION:

Article 1

1. Applications for import licences for the period 1 July to 30 September 2000 submitted pursuant to Regulation (EC) No 509/97 shall be met as referred to in Annex I.
2. During the first 10 days of the period 1 October to 31 December 2000 applications may be lodged pursuant to Regulation (EC) No 509/97 for import licences for the total quantities as referred to in Annex II.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 80, 21.3.1997, p. 3.

⁽²⁾ OJ L 204, 31.7.1997, p. 16.

ANNEX I

Group No	Percentage of acceptance of import licences submitted for the period 1 July to 30 September 2000
80	100,00
90	90,91
100	100,00

ANNEX II

(t)

Group No	Available quantities for the period 1 October to 31 December 2000
80	1 299,00
90	325,00
100	1 093,90

COMMISSION REGULATION (EC) No 1693/2000
of 28 July 2000
amending representative prices and additional duties for the import of certain products in the
sugar sector

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 2038/1999 of 13 September 1999 on the common organisation of the markets in the sugar sector ⁽¹⁾, as amended by Commission Regulation (EC) No 1527/2000 ⁽²⁾,

Having regard to Commission Regulation (EC) No 1423/95 of 23 June 1995 laying down detailed implementing rules for the import of products in the sugar sector other than molasses ⁽³⁾, as last amended by Regulation (EC) No 624/98 ⁽⁴⁾, and in particular the second subparagraph of Article 1(2), and Article 3(1) thereof,

Whereas:

- (1) The amounts of the representative prices and additional duties applicable to the import of white sugar, raw sugar

and certain syrups are fixed by Commission Regulation (EC) No 1411/2000 ⁽⁵⁾.

- (2) It follows from applying the general and detailed fixing rules contained in Regulation (EC) No 1423/95 to the information known to the Commission that the representative prices and additional duties at present in force should be altered to the amounts set out in the Annex hereto,

HAS ADOPTED THIS REGULATION:

Article 1

The representative prices and additional duties on imports of the products referred to in Article 1 of Regulation (EC) No 1423/95 shall be as set out in the Annex hereto.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

⁽¹⁾ OJ L 252, 25.9.1999, p. 1.

⁽²⁾ OJ L 175, 14.7.2000, p. 59.

⁽³⁾ OJ L 141, 24.6.1995, p. 16.

⁽⁴⁾ OJ L 85, 20.3.1998, p. 5.

⁽⁵⁾ OJ L 161, 1.7.2000, p. 22.

ANNEX

to the Commission Regulation of 28 July 2000 amending representative prices and the amounts of additional duties applicable to imports of white sugar, raw sugar and products covered by CN code 1702 90 99

(EUR)

CN code	Amount of representative prices per 100 kg net of product concerned	Amount of additional duty per 100 kg net of product concerned
1701 11 10 ⁽¹⁾	27,45	3,05
1701 11 90 ⁽¹⁾	27,45	7,81
1701 12 10 ⁽¹⁾	27,45	2,92
1701 12 90 ⁽¹⁾	27,45	7,38
1701 91 00 ⁽²⁾	29,01	10,73
1701 99 10 ⁽²⁾	29,01	6,21
1701 99 90 ⁽²⁾	29,01	6,21
1702 90 99 ⁽³⁾	0,29	0,36

⁽¹⁾ For the standard quality as defined in Article 1 of amended Council Regulation (EEC) No 431/68 (OJ L 89, 10.4.1968, p. 3).

⁽²⁾ For the standard quality as defined in Article 1 of Council Regulation (EEC) No 793/72 (OJ L 94, 21.4.1972, p. 1).

⁽³⁾ By 1 % sucrose content.

COMMISSION REGULATION (EC) No 1694/2000**of 28 July 2000****determining the extent to which applications lodged in July 2000 for import licences for certain egg sector products and poultrymeat pursuant to Regulations (EC) No 1474/95 and (EC) No 1251/96 can be accepted**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 1474/95 ⁽¹⁾ opening and providing for the administration of the tariff quotas in the egg sector and for egg albumin, as last amended by Regulation (EC) No 1356/2000 ⁽²⁾, and in particular Article 5(5) thereof,

Having regard to Commission Regulation (EC) No 1251/96 of 28 June 1996 opening and providing for the administration of tariff quotas in the poultrymeat sector and albumin ⁽³⁾, as last amended by Regulation (EC) No 1357/2000 ⁽⁴⁾ and in particular Article 5(5) thereof,

Whereas:

The applications for import licences lodged for the third quarter of 2000 are, in the case of certain products, for quantities less than or equal to the quantities available and can therefore be met in full, but in the case of other products the

said applications are for quantities greater than the quantities available and must therefore be reduced by a fixed percentage to ensure a fair distribution,

HAS ADOPTED THIS REGULATION:

Article 1

1. Applications for import licences for the period 1 July to 30 September 2000 submitted pursuant to Regulations (EC) No 1474/95 and (EC) No 1251/96 shall be met as referred to in Annex I.

2. During the first 10 days of the period 1 October to 31 December 2000 applications may be lodged pursuant to Regulations (EC) No 1474/95 and (EC) No 1251/96 for import licences for the total quantity as referred to in Annex II.

Article 2

This Regulation shall enter into force on 29 July 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 145, 29.6.1995, p. 19.

⁽²⁾ OJ L 155, 28.6.2000, p. 36.

⁽³⁾ OJ L 161, 29.6.1996, p. 136.

⁽⁴⁾ OJ L 155, 28.6.2000, p. 38.

ANNEX I

Group	Percentage of acceptance of import licences submitted for the period 1 July to 30 September 2000
E1	100,00
E2	82,57
E3	100,00
P1	100,00
P2	100,00
P3	2,89
P4	3,68

ANNEX II

(t)

Group	Total quantity available for the period 1 October to 31 December 2000
E1	65 715,00
E2	1 750,00
E3	6 723,07
P1	2 814,50
P2	1 363,00
P3	175,00
P4	250,00

COMMISSION REGULATION (EC) No 1695/2000
of 28 July 2000
fixing the export refunds on beef and veal

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal ⁽¹⁾, and in particular Article 33(12) thereof,

Whereas:

- (1) Article 33 of Regulation (EC) No 1254/1999 provides that the difference between prices on the world market for the products listed in Article 1 of that Regulation and prices for those products within the Community may be covered by an export refund.
- (2) Regulation (EEC) No 32/82 ⁽²⁾, as last amended by Regulation (EC) No 744/2000 ⁽³⁾, Regulation (EEC) No 1964/82 ⁽⁴⁾, as last amended by Regulation (EC) No 1470/2000 ⁽⁵⁾, and Regulation (EEC) No 2388/84 ⁽⁶⁾, as last amended by Regulation (EEC) No 3661/92 ⁽⁷⁾, lay down the conditions for granting special export refunds on certain cuts of beef and veal and certain preserved beef and veal products.
- (3) It follows from applying those rules and criteria to the foreseeable situation on the market in beef and veal that the refund should be as set out below.
- (4) Given the current market situation in the Community and the possibilities of disposal in certain third countries in particular, export refunds should be granted, on the one hand, on bovine animals intended for slaughter of a live weight greater than 220 kilograms and less than 300 kilograms, and, on the other on adult bovine animals of a live weight of at least 300 kilograms.
- (5) Export refunds should be granted for certain destinations on some fresh or chilled meat listed in the Annex I under CN code 0201, on some frozen meat listed in the Annex I under CN code 0202, on some meat or offal listed in the Annex I under CN code 0206 and on some other prepared or preserved meat or offal listed in the Annex I under CN code 1602 50 10.
- (6) In view of the wide differences in products covered by CN codes 0201 20 90 9700 and 0202 20 90 9100 used for refund purposes, refunds should only be granted on cuts in which the weight of bone does not exceed one third.
- (7) In the case of meat of bovine animals, boned or boneless, salted and dried, there are traditional trade flows to Switzerland. To allow this trade to continue, the refund should be set to cover the difference between prices on the Swiss market and export prices in the Member States.
- (8) In the case of certain other cuts and preserves of meat or offal shown in Annex I under CN codes 1602 50 31 to 1602 50 80, the Community share of international trade may be maintained by granting a refund corresponding to that at present available.
- (9) In the case of other beef and veal products, a refund need not be fixed since the Community's share of world trade is not significant.
- (10) Commission Regulation (EEC) No 3846/87 ⁽⁸⁾, as last amended by Regulation (EC) No 1000/2000 ⁽⁹⁾, establishes the agricultural product nomenclature for the purposes of export refunds.
- (11) In order to simplify customs export formalities for operators, the refunds on all frozen cuts should be brought into line with those on fresh or chilled cuts other than those from adult male bovine animals.

⁽¹⁾ OJ L 160, 26.6.1999, p. 21.

⁽²⁾ OJ L 4, 8.1.1982, p. 11.

⁽³⁾ OJ L 89, 11.4.2000, p. 3.

⁽⁴⁾ OJ L 212, 21.7.1982, p. 48.

⁽⁵⁾ OJ L 165, 6.7.2000, p. 16.

⁽⁶⁾ OJ L 221, 18.8.1984, p. 28.

⁽⁷⁾ OJ L 370, 19.12.1992, p. 16.

⁽⁸⁾ OJ L 366, 24.12.1987, p. 1.

⁽⁹⁾ OJ L 114, 13.5.2000, p. 10.

- (12) Checks on products covered by CN code 1602 50 should be stepped up by making the granting of refunds on these products conditional on manufacture under the arrangements provided for in Article 4 of Council Regulation (EEC) No 565/80 of 4 March 1980 on the advance payment of export refunds in respect of agricultural products ⁽¹⁾, as amended by Regulation (EEC) No 2026/83 ⁽²⁾.
- (13) Refunds on female animals should vary depending on their age in order to prevent abuses in the export of certain pure-bred breeding animals.
- (14) Opportunities exist for the export to certain third countries of heifers other than those intended for slaughter, but to prevent any abuse control criteria should be laid down to ensure that these animals are not more than 36 months old.
- (15) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Beef and Veal,

HAS ADOPTED THIS REGULATION:

Article 1

1. The list of products on which export refunds as referred to in Article 33 of Regulation (EC) No 1254/1999 are granted

and the amount thereof shall be as set out in Annex I of this Regulation.

2. The destinations are identified in Annex II to this Regulation.

3. The products must meet the relevant health marking requirements of:

- Chapter XI of Annex I to Council Directive 64/433/EEC ⁽³⁾,
- Chapter VI of Annex I to Council Directive 94/65/EC ⁽⁴⁾,
- Chapter VI of Annex B to Council Directive 77/99/EEC ⁽⁵⁾.

Article 2

The grant of the refund for product code 0102 90 59 9000 of the nomenclature for export refunds and for exports to the third countries in zone 10 listed in Annex II to this Regulation shall be subject to presentation, when the customs formalities for export are completed, of the original and one copy of the veterinary certificate signed by an official veterinarian certifying that these are heifers of an age of not more than 36 months. The original of the certificate shall be returned to the exporter and the copy, certified as being in accordance with the regulations by the customs authorities, shall be attached to the application for payment of the refund.

Article 3

This Regulation shall enter into force on 1 August 2000.

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

Done at Brussels, 28 July 2000.

For the Commission

Pedro SOLBES MIRA

Member of the Commission

⁽¹⁾ OJ L 62, 7.3.1980, p. 5.

⁽²⁾ OJ L 199, 22.7.1983, p. 12.

⁽³⁾ OJ L 121, 29.7.1964, p. 2012/64.

⁽⁴⁾ OJ L 368, 31.12.1994, p. 10.

⁽⁵⁾ OJ L 26, 31.1.1977, p. 85.

ANNEX I

to the Commission Regulation of 28 July 2000 fixing export refunds on beef

(EUR/100 kg)			(EUR/100 kg)		
Product code	Destination	Refund (°)	Product code	Destination	Refund (°)
		– Live weight –			– Net weight –
0102 10 10 9120	01	46,00	0201 20 20 9120	02	33,50
0102 10 10 9130	02	16,00		03	23,00
	03	11,00		04	11,50
	04	5,00	0201 20 30 9110 ⁽¹⁾	02	69,00
0102 10 30 9120	01	46,00		03	47,50
0102 10 30 9130	02	16,00		04	23,00
	03	11,00	0201 20 30 9120	02	24,00
	04	5,00		03	17,00
0102 10 90 9120	01	46,00		04	8,50
0102 90 41 9100	02	41,50	0201 20 50 9110 ⁽¹⁾	02	119,00
0102 90 51 9000	02	16,00		03	79,50
	03	11,00		04	39,50
	04	5,00	0201 20 50 9120	02	42,50
0102 90 59 9000	02	16,00		03	29,00
	03	11,00		04	14,50
	04	5,00	0201 20 50 9130 ⁽¹⁾	02	69,00
	10	41,50 ⁽²⁾		03	47,50
0102 90 61 9000	02	16,00		04	23,00
	03	11,00	0201 20 50 9140	02	24,00
	04	5,00		03	17,00
0102 90 69 9000	02	16,00		04	8,50
	03	11,00	0201 20 90 9700	02	24,00
	04	5,00		03	17,00
0102 90 71 9000	02	41,50		04	8,50
	03	27,00	0201 30 00 9050	05 ⁽³⁾	34,00
	04	14,00		07 ⁽⁴⁾	34,00
0102 90 79 9000	02	41,50	0201 30 00 9060 ⁽⁶⁾	02	33,50
	03	27,00		03	22,00
	04	14,00		04	10,50
				06	26,50
		– Net weight –	0201 30 00 9100 ^{(2) (6)}	02	166,00
0201 10 00 9110 ⁽¹⁾	02	69,00		03	113,50
	03	47,50		04	57,50
	04	23,00		06	147,00
0201 10 00 9120	02	24,00	0201 30 00 9120 ^{(2) (6)}	08	91,00
	03	17,00		09	85,00
	04	8,50		03	62,50
0201 10 00 9130 ⁽¹⁾	02	94,00		04	31,50
	03	63,00	0202 10 00 9100	06	80,50
	04	32,00		02	24,00
0201 10 00 9140	02	33,50		03	17,00
	03	23,00	0202 10 00 9900	04	8,50
	04	11,50		02	33,50
0201 20 20 9110 ⁽¹⁾	02	94,00		03	23,00
	03	63,00	0202 20 10 9000	04	11,50
	04	32,00		02	33,50
				03	23,00
				04	11,50

(EUR/100 kg)			(EUR/100 kg)		
Product code	Destination	Refund (°)	Product code	Destination	Refund (°)
		– Net weight –			– Net weight –
0202 20 30 9000	02	24,00	0206 10 95 9000	02	33,50
	03	17,00		03	22,00
	04	8,50		04	10,50
0202 20 50 9100	02	42,50		06	26,50
	03	29,00	0206 29 91 9000	02	33,50
	04	14,50		03	22,00
0202 20 50 9900	02	24,00		04	10,50
	03	17,00		06	26,50
	04	8,50	0210 20 90 9100	04	16,50
0202 20 90 9100	02	24,00		02	19,50 ⁽⁸⁾
	03	17,00	1602 50 10 9170	03	15,00 ⁽⁸⁾
	04	8,50		04	15,00 ⁽⁸⁾
			1602 50 31 9125	01	77,00 ⁽⁵⁾
0202 30 90 9100	05 ⁽³⁾	34,00		01	68,50 ⁽⁵⁾
	07 ⁽⁴⁾	34,00	1602 50 39 9125	01	77,00 ⁽⁵⁾
				01	68,50 ⁽⁵⁾
0202 30 90 9200 ⁽⁶⁾	02	33,50	1602 50 39 9325	01	26,00 ⁽⁵⁾
	03	22,00		01	26,00 ⁽⁵⁾
	04	10,50	1602 50 80 9535	01	15,00 ⁽⁸⁾
	06	26,50			

⁽¹⁾ Entry under this subheading is subject to the submission of the certificate appearing in the Annex to amended Commission Regulation (EEC) No 32/82.

⁽²⁾ The refund is granted subject to compliance with the conditions laid down in amended Regulation (EEC) No 1964/82.

⁽³⁾ Carried out in accordance with amended Commission Regulation (EEC) No 2973/79 (OJ L 336, 29.12.1979, p. 44).

⁽⁴⁾ Carried out in accordance with amended Commission Regulation (EEC) No 2051/96 (OJ L 274, 26.10.1996, p. 18).

⁽⁵⁾ OJ L 221, 19.8.1984, p. 28.

⁽⁶⁾ The lean bovine meat content excluding fat is determined in accordance with the procedure described in the Annex to Commission Regulation (EEC) No 2429/86 (OJ L 210, 1.8.1986, p. 39).

The term 'average content' refers to the sample quantity as defined in Article 2(1) of Regulation (EC) No 2457/97 (OJ L 340, 11.12.1997, p. 29). The sample is to be taken from that part of the consignment presenting the highest risk.

⁽⁷⁾ Article 13(10) of amended Regulation (EEC) No 805/68 provides that no export refunds shall be granted on products imported from third countries and re-exported to third countries.

⁽⁸⁾ The refund is granted only on products manufactured under the arrangement provided for in Article 4 of amended Council Regulation (EEC) No 565/80.

⁽⁹⁾ The grant of the refund is subject to compliance with the conditions referred to in Article 2 of this Regulation.

NB: The descriptions corresponding to the product codes and the footnotes are set out in Commission Regulation (EEC) No 3846/87 as amended.

ANNEX II

Zone 01: all third countries

Zone 02: zones 08 and 09

Zone 03	Zone 07	Zone 09
022 Ceuta and Melilla	404 Canada	224 Sudan
024 Iceland		228 Mauritania
028 Norway		232 Mali
041 Faeroes		236 Burkina Faso
043 Andorra		240 Niger
044 Gibraltar		244 Chad
045 Vatican City		247 Cape Verde
053 Estonia		248 Senegal
054 Latvia	Zone 08	252 Gambia
055 Lithuania		257 Guinea-Bissau
060 Poland	046 Malta	260 Guinea
061 Czech Republic	052 Turkey	264 Sierra Leone
063 Slovakia	072 Ukraine	268 Liberia
064 Hungary	073 Belarus	272 Côte d'Ivoire
066 Romania	074 Moldova	276 Ghana
068 Bulgaria	075 Russia	280 Togo
070 Albania	076 Georgia	284 Benin
091 Slovenia	077 Armenia	288 Nigeria
092 Croatia	078 Azerbaijan	302 Cameroon
093 Bosnia-Herzegovina	079 Kazakhstan	306 Central African Republic
094 Federal Republic of Yugoslavia	080 Turkmenistan	310 Equatorial Guinea
096 Former Yugoslav Republic of Macedonia	081 Uzbekistan	311 Sao Tomé and Príncipe
109 The communes of Livigno and Campione d'Italia; the island of Helgoland	082 Tajikistan	314 Gabon
406 Greenland	083 Kirghistan	318 Congo (Republic)
600 Cyprus	204 Morocco	322 Congo (Democratic Republic)
950 Stores and provisions (Destinations referred to in Article 34 of Commission Regulation (EEC) No 3665/87, as amended)	208 Algeria	324 Rwanda
	212 Tunisia	328 Burundi
	216 Libya	329 St Helena and dependencies
	220 Egypt	330 Angola
	604 Lebanon	334 Ethiopia
	608 Syria	336 Eritrea
	612 Iraq	338 Djibouti
	616 Iran	342 Somalia
	624 Israel	350 Uganda
	625 West Bank and the Gaza Strip	352 Tanzania
	628 Jordan	355 Seychelles and dependencies
	632 Saudi Arabia	357 British Indian Ocean Territory
Zone 04	636 Kuwait	366 Mozambique
039 Switzerland	640 Bahrain	373 Mauritius
	644 Qatar	375 Comoros
	647 United Arab Emirates	377 Mayotte
	649 Oman	378 Zambia
Zone 05	653 Yemen	386 Malawi
400 United States of America	662 Pakistan	388 South Africa
	669 Sri Lanka	395 Lesotho
	676 Myanmar (Burma)	
	680 Thailand	
	690 Vietnam	
	700 Indonesia	
Zone 06	708 Philippines	
	720 China	Zone 10
809 New Caledonia	724 North Korea	
822 French Polynesia	740 Hong Kong	075 Russia

NB: The countries are those defined by Commission Regulation (EC) No 2543/1999 (OJ L 307, 2.12.1999, p. 46).

COUNCIL DIRECTIVE 2000/47/EC

of 20 July 2000

amending Directives 69/169/EEC and 92/12/EEC as regards temporary quantitative restrictions on beer imports into Finland

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 93 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

- (1) Article 26 of Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products ⁽⁴⁾, grants Finland the right to maintain a quantitative limit of 15 litres for beer acquisitions from other Member States, as laid down in the Act of Accession of Austria, Finland and Sweden, which is exempted from Finnish taxes.
- (2) Finland should take measures to ensure that imports of beer from third countries are not allowed under more favourable conditions than such import from other Member States.
- (3) Article 26 of Directive 92/12/EEC authorises Finland to continue to apply, until 31 December 2003, the same restrictions on the quantity of goods which may be brought into its territory without further excise duty payment as applied on 31 December 1996, those restrictions being progressively removed.
- (4) Articles 4 and 5 of Council Directive 69/169/EEC of 28 May 1969 on the harmonisation of provisions laid down by law, regulation or administrative action relating to exemption from turnover taxes and excise duty on imports in international travel ⁽⁵⁾ provide for allowances in respect of excisable goods contained in the luggage of travellers coming from countries other than Member States on condition that such imports have no commercial character.
- (5) The provisions of Article 26 of Directive 92/12/EEC represent a derogation from a fundamental principal of the internal market, namely the right of its citizens to

transport goods purchased for their own use throughout the Community without incurring liability to new duty charges, so that it is necessary to limit its effects as far as possible.

- (6) It is appropriate, at this juncture, to raise the current quantitative limit for beer acquisitions from other Member States in several steps in order to align Finland gradually on the Community rules laid down in Articles 8 and 9 of Directive 92/12/EEC and to ensure a complete removal of intra-Community allowances for beer by 31 December 2003, as provided for in Article 26(1) of that Directive.
- (7) Finland has experienced problems in respect of alcohol policy and social and health policy, as well as public order, as a result of increased private imports, *inter alia*, of beer.
- (8) Finland has requested a derogation to apply a limitation for beer imports from countries other than Member States, of not less than 6 litres.
- (9) Account is taken of the geographical situation of Finland, the economic difficulties of Finnish retail traders located in the border regions and the considerable loss of revenue caused by the increased imports of beer from countries other than Member States.
- (10) It is therefore necessary to authorise Finland to apply a restriction of not less than 6 litres on beer imports from countries other than Member States.
- (11) It is appropriate to maintain this derogation two years longer than the restrictions on beer brought to Finland from other Member States, in order to allow the Finnish retail trade to adapt to the new situation,

HAS ADOPTED THIS DIRECTIVE:

Article 1

The following paragraph shall be added to Article 5 of Directive 69/169/EEC:

'9. By way of derogation from Article 4(1), Finland shall be authorised, until 31 December 2005, to apply a quantitative limit of not less than 6 litres for the importation of beer from countries other than Member States.'

⁽¹⁾ OJ L 177 E, 27.6.2000, p. 93

⁽²⁾ Opinion delivered on 14 June 2000 (not yet published in the Official Journal)

⁽³⁾ Opinion delivered on 24 May 2000 (not yet published in the Official Journal)

⁽⁴⁾ OJ L 76, 23.3.1992, p. 1. Directive as last amended by Directive 96/99/EC (OJ L 8, 11.1.1997, p. 12).

⁽⁵⁾ OJ L 133, 4.6.1969, p. 6. Directive as last amended by Directive 94/4/EC (OJ L 60, 3.3.1994, p. 14).

Article 2

The following sentence shall be added to the second subparagraph of Article 26(1) of Directive 92/12/EEC:

'Finland shall increase the quantitative restrictions for beer to at least 24 litres from the entry into force of the Finnish legislation transposing Article 5(9) of Directive 69/169/EEC, to at least 32 litres from 1 January 2001 and to at least 64 litres from 1 January 2003.'

Article 3

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 1 November 2000 at the latest. They shall forthwith inform the Commission thereof.

When Member States adopt these measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Article 4

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

Article 5

This Directive is addressed to the Member States.

Done at Brussels, 20 July 2000.

For the Council

The President

F. PARLY

COMMISSION DIRECTIVE 2000/52/EC

of 26 July 2000

amending Directive 80/723/EEC on the transparency of financial relations between Member States and public undertakings

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular Article 86(3) thereof,

Whereas:

- (1) Commission Directive 80/723/EEC ⁽¹⁾, as last amended by Directive 93/84/EEC ⁽²⁾, requires Member States to ensure that financial relations between public authorities and public undertakings are transparent. Directive 80/723/EEC requires certain financial information to be retained by Member States and supplied to the Commission when requested, while other information has to be supplied in the form of annual reports.
- (2) Various sectors of the economy which were characterised in the past by the existence of national, regional or local monopolies have been or are being opened partly or fully to competition in application of the Treaty or by rules adopted by the Member States and the Community. This process has highlighted the importance of ensuring that the rules on competition contained in the Treaty are fairly and effectively applied in these sectors, in particular that there is no abuse of a dominant position within the meaning of Article 82 of the Treaty, and no State aid within the meaning of Article 87 of the Treaty unless it is compatible with the common market, without prejudice to the possible application of Article 86(2) of the Treaty.
- (3) In such sectors Member States often grant special or exclusive rights to particular undertakings, or make payments or give some other kind of compensation to particular undertakings entrusted with the operation of services of general economic interest. These undertakings are often also in competition with other undertakings.
- (4) According to Article 86(2) and (3) of the Treaty it is, in principle, for the Member States to entrust certain undertakings with the operation of services of general economic interest that they define, the Commission being responsible for ensuring the proper application of the provisions of that Article.
- (5) Article 86(1) of the Treaty requires that, in the case of public undertakings and undertakings to which Member States grant special or exclusive rights, Member States must neither enact nor maintain in force any measure contrary to the rules contained in the Treaty. Article 86(2) of the Treaty applies to undertakings entrusted with the operation of services of general economic interest. Article 86(3) of the Treaty requires the Commis-

sion to ensure the application of the provisions of Article 86 and to address appropriate directives or decisions to Member States. The interpretative provisions annexed to the Treaty by the Protocol on the system of public broadcasting in the Member States state that the provisions of the Treaty establishing the European Community shall be without prejudice to the competence of the Member States to provide for the funding of public service broadcasting in so far as such funding is granted to broadcasting organisations for the fulfilment of the public service remit conferred, defined and organised by each Member State, and in so far as such funding does not affect trading conditions and competition in the Community to an extent which would be contrary to the common interest, while the realisation of the remit of that public service shall be taken into account. In order to ensure the application of the provisions of Article 86 of the Treaty the Commission must have the necessary information. This entails defining the conditions for achieving transparency.

- (6) Complex situations linked to the diverse forms of public and private undertakings granted special or exclusive rights or entrusted with the operation of services of general economic interest as well as the range of activities that might be carried on by a single undertaking and the different degrees of market liberalisation in the various Member States could complicate application of the competition rules, and particularly Article 86 of the Treaty. It is therefore necessary for Member States and the Commission to have detailed data about the internal financial and organisational structure of such undertakings, in particular separate and reliable accounts relating to different activities carried on by the same undertaking. Such information is not always available or is not always sufficiently detailed or reliable.
- (7) Such accounts should show the distinction between different activities, the costs and revenues associated with each activity and the methods of cost and revenue assignment and allocation. Such separate accounts should be available in relation to, on the one hand, products or services in respect of which the Member State has granted a special or exclusive right or entrusted the undertaking with the operation of a service of general economic interest, as well as, on the other hand, for each other product or service in respect of which the undertaking is active. The obligation of separation of accounts should not apply to undertakings whose activities are limited to the provision of services of general economic interest and which do not operate activities outside the scope of these services of general economic

⁽¹⁾ OJ L 195, 29.7.1980, p. 35.

⁽²⁾ OJ L 254, 12.10.1993, p. 16.

interest. It does not seem necessary to require separation of accounts within the area of services of general economic interest or within the area of the special or exclusive rights, as far as this is not necessary for the cost and revenue allocation between these services and products and those outside of the services of general economic interest or the special or exclusive rights.

(8) Requiring Member States to ensure that the relevant undertakings maintain such separate accounts is the most efficient means by which fair and effective application of the rules on competition to such undertakings can be assured. The Commission has adopted a Communication on services of general interest in Europe ⁽¹⁾ in which it emphasises their importance. It is necessary to take account of the importance of the sectors concerned, which may involve services of general interest, the strong market position that the relevant undertakings may have and the vulnerability of emerging competition in the sectors being liberalised. In accordance with the principle of proportionality it is necessary and appropriate for the achievement of the basic objective of transparency to lay down rules on such separate accounts. This Directive confines itself to what is necessary in order to achieve the objectives pursued in accordance with the third paragraph of Article 5 of the Treaty.

(9) In certain sectors provisions adopted by the Community require Member States and certain undertakings to maintain separate accounts. It is necessary to ensure an equal treatment for all economic activities throughout the Community and to extend the requirement to maintain separate accounts to all comparable situations. This Directive should not amend specific rules established for the same purpose in other Community provisions and should not apply to activities of undertakings covered by those provisions.

(10) In view of the limited potential impact on competition and in order to avoid imposing an excessive administrative burden it is not necessary, at this time, to require enterprises with a total annual net turnover of less than EUR 40 million to maintain separate accounts. In view of the limited potential for an effect on trade between Member States, it is not necessary, at this time, to require separate accounts in relation to the supply of certain categories of services. This Directive should apply without prejudice to any other rules concerning the provision of information by Member States to the Commission.

(11) In cases where the compensation for the fulfilment of services of general economic interest has been fixed for an appropriate period following an open, transparent and non-discriminatory procedure it does not seem

necessary at this time to require such undertakings to maintain separate accounts.

(12) Article 295 of the Treaty provides that the Treaty is in no way to prejudice the rules in Member States governing the system of property ownership. There should be no unjustified discrimination between public and private undertakings in the application of the rules on competition. This Directive should apply to both public and private undertakings.

(13) The Member States have differing administrative territorial structures. This Directive should cover public authorities at all levels in each Member State.

(14) Directive 80/723/EEC should therefore be amended accordingly.

HAS ADOPTED THIS DIRECTIVE:

Article 1

Directive 80/723/EEC is amended as follows:

1. The title is replaced by the following:

'Commission Directive 80/723/EEC of 25 June 1980 on the transparency of financial relations between Member States and public undertakings as well as on financial transparency within certain undertakings.'

2. Articles 1 and 2 are replaced by the following:

'Article 1

1. The Member States shall ensure that financial relations between public authorities and public undertakings are transparent as provided in this Directive, so that the following emerge clearly:

- (a) public funds made available directly by public authorities to the public undertakings concerned;
- (b) public funds made available by public authorities through the intermediary of public undertakings or financial institutions;
- (c) the use to which these public funds are actually put.

2. Without prejudice to specific provisions laid down by the Community the Member States shall ensure that the financial and organisational structure of any undertaking required to maintain separate accounts is correctly reflected in the separate accounts, so that the following emerge clearly:

- (a) the costs and revenues associated with different activities;
- (b) full details of the methods by which costs and revenues are assigned or allocated to different activities.

⁽¹⁾ OJ C 281, 26.9.1996, p. 3.

Article 2

1. For the purpose of this Directive:

- (a) "public authorities" means all public authorities, including the State and regional, local and all other territorial authorities;
- (b) "public undertakings" means any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it;
- (c) "public undertakings operating in the manufacturing sector" means all undertakings whose principal area of activity, defined as being at least 50 % of total annual turnover, is in manufacturing. These undertakings are those whose operations fall to be included in Section D — Manufacturing (being subsection DA up to and including subsection DN) of the NACE (Rev.1) classification (*);
- (d) "undertaking required to maintain separate accounts" means any undertaking that enjoys a special or exclusive right granted by a Member State pursuant to Article 86(1) of the Treaty, or that is entrusted with the operation of a service of general economic interest pursuant to Article 86(2) of the Treaty and receives State aid in any form whatsoever, including any grant, support or compensation, in relation to such service and which carries on other activities;
- (e) "different activities" means, on the one hand, all products or services in respect of which a special or exclusive right is granted to an undertaking or all services of general economic interest with which an undertaking is entrusted and, on the other hand, each other separate product or service in respect of which the undertaking is active;
- (f) "exclusive rights" means rights that are granted by a Member State to one undertaking through any legislative, regulatory or administrative instrument, reserving it the right to provide a service or undertake an activity within a given geographical area;
- (g) "special rights" means rights that are granted by a Member State to a limited number of undertakings, through any legislative, regulatory or administrative instrument, which, within a given geographical area:
 - limits to two or more the number of such undertakings, authorised to provide a service or undertake an activity, otherwise than according to objective, proportional and non-discriminatory criteria, or
 - designates, otherwise than according to such criteria, several competing undertakings, as being authorised to provide a service or undertake an activity, or
 - confers on any undertaking or undertakings, otherwise than according to such criteria, any legal or regulatory advantages which substantially affect the ability of any other undertaking to provide the same

service or to operate the same activity in the same geographical area under substantially equivalent conditions.

2. A dominant influence on the part of the public authorities shall be presumed when these authorities, directly or indirectly in relation to an undertaking:

- (a) hold the major part of the undertaking's subscribed capital; or
- (b) control the majority of the votes attaching to shares issued by the undertakings; or
- (c) can appoint more than half of the members of the undertaking's administrative, managerial or supervisory body.

(*) OJ L 83, 3.4.1993, p. 1.

3. In Article 3, 'Article 1' is replaced by 'Article 1(1)'

4. The following Article 3a is inserted:

'Article 3a

1. To ensure the transparency referred to in Article 1(2), the Member States shall take the measures necessary to ensure that for any undertaking required to maintain separate accounts:

- (a) the internal accounts corresponding to different activities are separate;
- (b) all costs and revenues are correctly assigned or allocated on the basis of consistently applied and objectively justifiable cost accounting principles;
- (c) the cost accounting principles according to which separate accounts are maintained are clearly established.

2. Paragraph 1 shall only apply to activities which are not covered by specific provisions laid down by the Community and shall not affect any obligations of Member States or undertakings arising from the Treaty or from such specific provisions.'

5. Articles 4 and 5 are replaced by the following:

'Article 4

1. As far as the transparency referred to in Article 1(1) is concerned, this Directive shall not apply to financial relations between the public authorities and

- (a) public undertakings, as regards services the supply of which is not liable to affect trade between Member States to an appreciable extent;
- (b) central banks;
- (c) public credit institutions, as regards deposits of public funds placed with them by public authorities on normal commercial terms;

(d) public undertakings whose total annual net turnover over the period of the two financial years preceding that in which the funds referred to in Article 1(1) are made available or used has been less than EUR 40 million. However, for public credit institutions the corresponding threshold shall be a balance sheet total of EUR 800 million.

2. As far as the transparency referred to in Article 1(2) is concerned, this Directive shall not apply

(a) to undertakings, as regards services the supply of which is not liable to affect trade between Member States to an appreciable extent;

(b) to undertakings whose total annual net turnover over the period of the two financial years preceding any given year in which it enjoys a special or exclusive right granted by a Member State pursuant to Article 86(1) of the Treaty, or in which it is entrusted with the operation of a service of general economic interest pursuant to Article 86(2) of the Treaty is less than EUR 40 million; however, for public credit institutions the corresponding threshold shall be a balance sheet total of EUR 800 million;

(c) to undertakings which have been entrusted with the operation of services of general economic interest pursuant to Article 86(2) of the Treaty if the State aid in any form whatsoever, including any grant, support or compensation they receive was fixed for an appropriate period following an open, transparent and non-discriminating procedure.

Article 5

1. Member States shall ensure that information concerning the financial relations referred to in Article 1(1) be kept at the disposal of the Commission for five years from the end of the financial year in which the public funds were made available to the public undertakings concerned. However, where the same funds are used during a later financial year, the five-year time limit shall run from the end of that financial year.

2. Member States shall ensure that information concerning the financial and organisational structure of undertakings referred to in Article 1(2) be kept at the

disposal of the Commission for five years from the end of the financial year to which the information refers.

3. Member States shall, where the Commission considers it necessary so to request, supply to it the information referred to in paragraphs 1 and 2, together with any necessary background information, notably the objectives pursued.'

6. In Article 5a(3), 'ECU' is replaced by 'EUR'.

7. In Article 6(1), 'Article 5(2)' is replaced by 'Article 5(3)'.

Article 2

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 31 July 2001 at the latest. They shall forthwith inform the Commission thereof.

Article 1(2) of Directive 80/723/EEC, as amended by this Directive, shall apply with effect from 1 January 2002.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

Article 3

This Directive shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Communities*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 26 July 2000.

For the Commission

Mario MONTI

Member of the Commission

II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 8 July 1999

on aid granted by France to the Crédit Agricole group in connection with the collecting and keeping of notaries' deposits in rural municipalities

(notified under document number C(1999) 2147)

(Only the French text is authentic)

(Text with EEA relevance)

(2000/480/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Populaires (CSBP) concerning the rights granted by the State to Crédit Agricole.

Having regard to the Treaty establishing the European Community, and in particular the first subparagraph of Article 88(2) thereof,

Having regard to the Agreement on the European Economic Area, and in particular Article 62(1)(a) thereof,

Having called on interested parties to submit their comments pursuant to those provisions,

Whereas:

- (2) The French authorities replied by letter dated 9 April 1998, providing a fully detailed reply to the questions asked in the letter initiating the procedure and announcing that they planned to end the right of Crédit Agricole to collect notaries' deposits by mid-1998. Following publication of the notice on the initiation of proceedings in the *Official Journal of the European Communities* ⁽¹⁾, Crédit Agricole, in a letter to the Commission dated 5 June 1998, explained why the measures in question did not constitute State aid. By letter dated 22 September 1998, the Commission asked the French authorities for further details on the basis of their reply of 9 April. The French authorities replied on 7 January 1999. The Commission sent a further letter on 25 January asking the French authorities to confirm that the rights granted to Crédit Agricole were to be abolished. The authorities informed it by letter dated 28 April 1999 of the measures it planned to take to put an end to the rights in question by 1 April 2000.

I

PROCEDURE

II

CRÉDIT AGRICOLE — DESCRIPTION OF THE NOTARIES' DEPOSIT SYSTEM

- (1) By letter dated 22 January 1998, the Commission informed the French authorities that it had initiated a procedure under Article 88(2) in respect of the advantages granted by the French State to Crédit Agricole through the exclusive right to collect deposits from notaries in rural areas. The procedure was initiated following a complaint lodged by Association Française des Banques (AFB) and Chambre Syndicale des Banques

- (3) Before the merger of Société Générale and Paribas announced in February 1999, the Crédit Agricole group was the leading French banking group and the fifth

⁽¹⁾ OJ C 144, 9.5.1998, p. 6.

largest banking group in Europe ⁽²⁾. It consists of a group of mutual societies, the first of which was set up at the end of the 19th century to meet the financial needs of farmers. The 'Caisse nationale du Crédit Agricole' (CNCA), responsible for the allocation of advances among the branches, was set up by the State in 1926. CNCA was privatised in 1988 and the group has since then been completely private, being owned by the group's 'Caisses régionales' (91 %) and by its employees (9 %). The Caisses régionales are themselves owned by the 'Caisses locales' consisting of some 5 million shareholders. The group's activities evolved towards large-scale deposit and universal banking. By the end of 1997 it had a network of some 8 200 branches and 9 200 'green points', services delegated to traders for simple operations. In rural areas, Crédit Agricole accounts for about 33 % of branches, far more than the three main AFB banks together.

(4) The Crédit Agricole group continues to play an essential part in the financing of agriculture, but its customers have considerably diversified towards other socioprofessional categories of the population and other sectors of the economy. It held the monopoly for the distribution of subsidised loans to agriculture until 1990, when the subsidies were opened up to banking competition.

(5) Although notaries are members of a profession, they are public officers subject to specific rules laid down by the public authorities. In particular, they may not hold deposits of their customers relating to transactions subject to notarial acts: the State requires notaries to place such deposits in establishments listed by it. The funds temporarily held by the notaries stem chiefly from inheritances, real estate transactions, the setting-up of companies and transfers of goodwill. When it initiated the Article 88(2) procedure, the Commission, on the basis of the information submitted by the complainants and the French authorities, stated that, in 1972, the State (by Decree of 25 August) had adopted a list of establishments authorised to collect and keep deposits of less than three months, which includes Caisse des dépôts and consignations (CDC), the Service des chèques postaux and Caisses de Crédit Agricole (for municipalities with under 5 000 inhabitants). In 1973 the State authorised

Caisses de Crédit Agricole to receive funds held by notaries in municipalities with under 30 000 inhabitants ⁽³⁾.

(6) The funds deposited earn a 1 % commission ⁽⁴⁾ paid to the notaries. As the Commission also pointed out when it initiated the procedure, until 1990 Crédit Agricole had given nothing in exchange for its access to virtually free financial resources. In 1990 a fund for easing the financial burden on farmers (FAC) was set up (by agreement between the State and Crédit Agricole on 26 September 1990), to which Crédit Agricole agreed to contribute FRF 500 million in 1991 and 1992, FRF 600 million in 1993 and FRF 500 million in 1994 and 1995. An agreement between the public authorities and Crédit Agricole was reached in 1996 on the renewal of the contribution to FAC, amounting to FRF 1 billion for the period 1996 to 1999. FAC is financed by the Caisses régionales of Crédit Agricole, in proportion to the resources obtained for managing the notaries' deposits. The fund grants interest subsidies (especially to young farmers) and funding loans and also finances debt write-offs, in particular to facilitate cessation of farming. Crédit Agricole has full freedom to manage FAC funds according to those criteria.

(7) When it initiated this procedure, the Commission took the view that the reserved rights granted to Crédit Agricole to collect and keep notaries' deposits:

- distorted competition to an extent liable to affect trade between Member States,
- gave Crédit Agricole an advantage it would not have obtained on the market,
- mobilised State resources.

(8) On that basis, the Commission considered that the measures in question were liable to contain a large proportion of State aid within the meaning of Article 87 of the Treaty. On the basis of the information in its possession, it took the view that, should such aid be identified, it would be fresh aid within the meaning of the Treaty and that therefore the procedure laid down in Article 88(2) of the Treaty should be initiated in order to examine the measures.

(9) The arguments of the complainants (AFB and CSBP) were set out in the notice initiating the proceedings ⁽⁵⁾.

III

COMMENTS FROM INTERESTED PARTIES

(10) Apart from the comments from Crédit Agricole, no other comments from interested parties were received by the Commission.

⁽³⁾ With the exception of municipalities with between 5 001 and 30 000 inhabitants forming part of areas with over 50 000 inhabitants, and municipalities in areas of rural renewal and hill-farming areas forming part of areas with over 50 000 inhabitants.

⁽⁴⁾ The commission consists of an annual interest rate of 1 %, applied pro rata temporis to the amounts deposited. Thus an average amount of FRF 20 billion over one year would give rise to commission payments to notaries of some FRF 200 million.

⁽⁵⁾ See footnote 1.

⁽²⁾ Moody's 1997 ratings.

- (11) Like the French authorities, *Crédit Agricole*:
- stressed that its branches had been authorised to collect notaries' deposits since 1930 and that the rights granted were not exclusive as CDC and the Service des chèques postaux were entitled to such deposits throughout the country, including rural areas,
 - pointed out that the notaries' deposits could not be regarded as State resources and could not therefore constitute State aid under Article 87,
 - referred to the public service tasks of notaries and the statutory constraints attached to the scheme in question,
 - pointed out that the costs of managing the notaries' deposits amounted to some 1,77 % of the total deposits,
 - referred to the ceiling on short-term loans to farmers to which it had been subject until February 1997 and which it considers was imposed on it in exchange for the notaries' deposits,
 - referred to the setting-up of the FAC and the FRF 3,9 billion it had allocated since it was set up in 1990, financed in proportion to the resources provided by the notaries' deposits and hence constituting a counter-concession to the deposits,
 - denied that trade between Member States had been adversely affected on the grounds of the rural and local nature of its clientele and the small amounts involved, which account for an infinitesimal proportion of total deposits in France.
- (12) *Crédit Agricole* pointed out that only the *Caisses régionales* were entitled to receive notaries' deposits. It considered that, by opening the procedure in respect of the whole network formed by those *Caisses* and CNCA as the possible recipient of aid stemming from the notaries' deposits, the Commission had committed a legal and factual error. *Crédit Agricole* referred to the modest extent of its international development and considered that the notaries' deposits could not have financed its international development, i.e. that of the CNCA, the recipients of the notaries' deposits being the group's regional branches. It stated that the monetary resources, which include the notaries' deposits, were entered solely in balance sheets of the *Caisses régionales*. Any surpluses from the *Caisses régionales*, which include notaries' deposits, would certainly be reinvested in CNCA, but at market rates and without yielding any profits for the latter.
- (13) *Crédit Agricole* denied that the State waiver of any return on the notaries' deposits and the resulting loss of earnings from the scheme constituted aid; it stated that many aid measures were implemented by the State and that an obligation to produce a return would jeopardise the discretionary nature of financial assistance from the State as well as the principle that administrative acts must not be profitable. *Crédit Agricole* also denied that there was any obligation under Community law for the State to derive benefit from the rights granted to *Crédit Agricole*.
- (14) *Crédit Agricole* claimed that, because of the obligations attached to the scheme, it would in any event have been chosen by the public authorities, irrespective of the list of financial establishments eligible for the notaries' deposits.
- (15) It pointed out that the judgment of the French Council of State of 27 March 1997 had held that the arrangements for the notaries' deposits were compatible both with Article 82 and with Article 86 of the Treaty and were therefore not incompatible with Article 87 of the Treaty. *Crédit Agricole* considered in particular that the member banks of AFB offered a comparable guarantee to that of *Crédit Agricole* only since the adoption of a regulation by AFB on 8 February 1994 providing that notaries' deposits would if necessary be reimbursed in full if an AFB bank were to fail.
- (16) *Crédit Agricole* also considered that the Commission had confused the hypothetical aid with the benefit of the aid. It pointed out in particular that, in its assessment of the benefit derived by *Crédit Agricole* from collecting and keeping notaries' deposits, the Commission failed to take account of the 'natural' market share held by *Crédit Agricole* in France in rural areas (if the scheme became generally available) or the share of which it is currently deprived in urban areas. *Crédit Agricole* calculated that, on the basis of its 'natural' market share of notaries' deposits in the event of generalisation of the scheme, it would acquire deposits totalling FRF 12,1 billion which, on the basis of total deposits of FRF 21 billion in 1996, would therefore mean that the extra amount collected through its reserved rights would total only about FRF 9 billion.
- (17) *Crédit Agricole* considered that, in view of the auditing obligations accompanying the right to hold notaries' deposits, it was incompatible with the objective of security for such deposits to be collected by establishments located abroad.
- (18) Lastly, *Crédit Agricole* considered that assistance for agriculture in the form of short-term loan subsidies was justified on the grounds of public interest.

IV

COMMENTS FROM FRANCE

- (19) By letter dated 9 April 1998 to the Commission, the French authorities commented on a number of points raised by the Commission when it initiated the procedure.

(a) *Origin of the rights granted to Crédit Agricole*

- (20) The French authorities stated in their letter of 9 April 1998 that the possibility granted to Crédit Agricole to collect and keep notaries' deposits of under three months was established by a law of 9 March 1953, without any limit being placed on such deposits. According to the French authorities, the later decisions adopted by decree of the Garde des Sceaux on 25 August 1972, supplemented on 7 June 1973, had the effect of imposing restrictions in relation to the earlier situation by limiting the rights to deposits of under three months in rural areas.

- (21) In response to the Commission's request of 22 September 1998 for documentary evidence that the rights granted to Crédit Agricole preceded the entry into force of the Treaty, on 7 January 1999 the French authorities provided the Commission with:

- a copy of the decree of the Garde des Sceaux of 9 March 1953 stating that the so-called 'untied' funds of notaries (apart from the deposits of more than three months which must be transferred to CDC) could, on the basis of an earlier Circular of 1930, be deposited in several establishments, including the Caisses de Crédit Agricole,
- a copy of a Chancellery circular of 24 December 1930 showing that Crédit Agricole was already one of the establishments entitled to collect notaries' deposits as early as 1924.

(b) *Reasons and aims underlying the decision by the French State to introduce and maintain the rights to collect and keep notaries' deposits*

- (22) The French authorities considered that the rights in question were justified on three grounds: the specificity of the profession of notary and the need for efficient supervision; the accessibility of banking services for notaries in country areas; the absolute safety of the funds collected. They pointed out that notaries are engaged in a public service activity while being members of a profession. In particular, they pointed out that notaries are subject to specific supervision and that, in a judgment of 19 November 1914, the French Court of Cassation had held that notaries' accounts were public

documents. Secondly, the French authorities stressed the geographical location of Crédit Agricole in a rural area where it is by far the largest banking network in France, currently still accounting for some 34 % of branches. Of its permanent branches, 64 % are located in rural areas. Thirdly, the authorities referred to the security offered by Crédit Agricole to the notaries' deposits, based on a system of unlimited preventive guarantees based on the solidarity of all the regional branches and CNCA, so that the group's internal guarantees made it unlikely that the regional branches would default and the notaries' funds were thus fully guaranteed.

- (23) As noted by the Commission when it opened the procedure, the French authorities also referred to the setting-up of a fund for easing the financial burden on farmers which, they claimed, constituted a 'counterpart' in exchange for the notaries' deposits. From 1990 to 1999, Crédit Agricole contributed FRF 3,6 billion to the fund from earnings on notaries' deposits, in addition to FRF 300 million also earned from investing notaries' deposits in the national fund for agricultural disasters.

(c) *Deposit levels*

- (24) The French authorities provided a summary of the notaries' deposits received by Crédit Agricole since 1973 which shows that, from 1973 to 1997, the amount fluctuated between FRF 15,6 billion and FRF 25,4 billion (calculated at 1997 rates) and that, discounting medium-term economic cycles, total deposits remained remarkably stable over the period. In 1997, they totalled FRF 19,6 billion (average value).

(d) *Cost of managing the notaries' deposits*

- (25) In response to a question by the Commission concerning the costs of managing the deposits, the French authorities stated that the costs amounted in 1997 to 1,77 % of the total amount and that they could be broken down as follows:

- (i) 0,29 % relating to the cost of managing deposit transactions and transactions involving means of payment like any business account;
- (ii) 1,49 % for the extra costs relating to the particular characteristics of managing notaries' accounts, of which:
 - 0,11 % for additional costs relating to certain specific transactions,
 - 0,96 % relating to exclusion of the usual rules on transactions,
 - 0,42 % relating to specific staff costs.

The French authorities considered that this cost had tended to decrease over a long period owing to the gains in productivity achieved by Crédit Agricole in all its activities and in this one in particular. This was why it had been higher in the past.

enjoyed by the French economy had subsequently reduced the value of a specific protective device for agriculture.

(f) *Average cost of the Crédit Agricole resources*

(e) *Limitation by Crédit Agricole of the cost of short-term financing for agriculture*

- (26) In addition to the recent allocation of funds to FAC, the authorities stated in their letter of 9 April 1998 that the net financial return on the deposits managed by Crédit Agricole had from the start been used to limit the costs of providing short-term financing for agriculture. The financing had, until 1981, been granted at rates fixed by decree of the Ministers for Agriculture and Economic Affairs. Thereafter the rates were fixed by CNCA within a margin of fluctuation of approximately 30 % of the monthly average money market rate. According to the authorities, the rule establishing a maximum for short-term rates was abrogated only recently by Decree of 3 February 1997. They stressed that the low-rate context

- (27) In reply to a request by the Commission when it initiated the procedure, the French authorities submitted data showing that, over the last decade, the average cost of the Crédit Agricole resources had fallen from [...] % (*) in 1987 to [...] % (*) in 1996 and that it had consistently remained within that bracket.

(g) *Utilisation of FAC allocations*

- (28) In their letter to the Commission of 9 April 1998, the French authorities provided a number of details concerning the annual allocations to FAC and their use.
- (29) According to the authorities, the amounts allocated to FAC and their utilisation from the beginning were as follows:

TABLE 1

Amounts allocated to and by FAC

							(million FRF)
	1991	1992	1993	1994	1995	1996	Total
Rescheduling of farmers' debts	600	394	564	494	467	197	2 716
— defrayal of interest	295	213	410	340	324	160	1 742
— consolidation loans	86	45	46	51	45	17	290
— waivers of claims	219	136	108	103	93	15	674
— carried forward					5	5	10
Other (agricultural disasters)			40	8	33	203	284
Total	600	394	604	502	500	400	3 000

Source: French authorities.

- (30) The French authorities stated that the transactions referred to above concerned the restructuring of the debts of Crédit Agricole farming customers and that another part of FAC was earmarked for specific actions, especially allocations to the National Agricultural Disaster Guarantee Fund. They pointed out that FAC's priorities were agreed every year by Crédit Agricole and the State. They felt that public interest tasks in agriculture were attached to the scheme and that the beneficiaries of FAC were Crédit Agricole's farming customers and not Crédit Agricole. They justified the allocations on the ground that Crédit Agricole held some 80 % of the farmers' bank debts. They also pointed out that budgetary resources having the same purpose had been made available at other banks benefiting from an annual allocation of FRF 20 million.
- (31) The French authorities considered that FAC's activities did not constitute a substitute for Crédit Agricole's provisioning policy inasmuch as the bad loans granted by the Caisses régionales of Crédit Agricole had benefited, depending on the year, from only 15 to 19 % of FAC allocations, 10 % of the

(*) Business secret.

transactions having been in the form of waivers of claims, the larger part being allocated according to the situation in various production sectors and to the setting-up of young farmers. The average amount of aid per farmer (some FRF 6 000) is modest and, according to the French authorities, has a social purpose.

(h) General comments on the notaries' deposit scheme

- (32) The French authorities denied that notaries' deposits were State resources and that competition had been distorted as stated by the Commission when it initiated the proceedings. In particular, they challenged the notion that State resources should produce a return, on the ground that administrative acts should not be profitable. They therefore disputed that there were any aid elements attached to the notaries' deposit scheme. They also considered that the scheme was not liable to affect trade between Member States.
- (33) The French authorities also considered that the notaries' deposit scheme had been set up in order to safeguard, in rural areas, essential public interest requirements relating in particular to the profession of notary.
- (34) Lastly, the French authorities referred to a decree of the French Council of State of 27 March 1997 pursuant to which the rules governing notaries' deposits were not contrary to Article 82 of the Treaty.

(i) Future of the notaries' deposit scheme

- (35) In their letter of 9 April 1998, the French authorities informed the Commission that the notaries' deposit scheme would be revised before the summer of 1998 so that only the Caisse des dépôts et consignations would in future manage all notaries' deposits, irrespective of duration; in this way, Crédit Agricole would lose the financial benefit derived from the returns on notaries' deposits (see the reference below in recital 61 to the undertakings given by the French authorities in their letter of 28 April 1999).

V

ASSESSMENT OF THE AID

V.1. State aid content of the measures in question

(a) The aid recipient

- (36) In its reply to the initiation of the procedure, Crédit Agricole considered that the Commission had made a factual and legal error by treating all the parts of the Crédit Agricole group as one and the same recipient, i.e. Crédit Agricole.
- (37) The Commission notes that:
 - although Crédit Agricole has specific characteristics, especially at local level, owing to its mutual status, and although each Crédit Agricole branch appears to enjoy administrative autonomy, it is nevertheless an economic entity forming a coherent whole. According to Crédit Agricole's 1997 report, it forms a united and decentralised group, based on a structure with three levels (Caisses locales, Caisses régionales and Caisse nationale) which therefore has a financial capacity that must be assessed as a whole. The 1997 report notes that owing to the common interest which binds together the Caisses régionales and the Caisse nationale, Crédit Agricole produces financial statements which reflect its economic position and are comparable to the consolidated accounts of the other major banking groups. Thus neither the Commission nor the interlocutors and partners of Crédit Agricole have any doubt at all that Crédit Agricole has all the legal and economic structures to allow it to be defined as an enterprise. The consolidated accounts, showing a consolidated balance of FRF 2,514 billion at 31 December 1997, are the basis for the AA rating given to Crédit Agricole by Standard & Poor's and the Aa1 rating by Moody's. A group's rating, especially that of a financial institution, determines its terms of access to the financial markets and is therefore a basic element in the formation of the costs that are likely to give it an advantage or a disadvantage in relation to its competitors,

- Crédit Agricole, as part of this procedure, submitted a single set of observations, co-signed by the Director-General of the Fédération nationale du Crédit Agricole and the Deputy Director-General of CNCA. The reply was submitted on behalf of Crédit Agricole; if CNCA considers it is not covered by this procedure, the Commission does not understand why it considered it necessary to present observations jointly and severally with those presented by the Fédération nationale du Crédit Agricole,
- the French authorities pointed out that one of the reasons why Crédit Agricole had been regarded as eligible for the notaries' deposits was because of the security offered by the joint guarantee provided by all the Caisses régionales and CNCA.

- (38) On the basis of the foregoing, which clearly classifies the Crédit Agricole group as an enterprise, the Commission has no reason to alter its assessment as to the beneficiary of the rights to the notaries' deposits, i.e. Crédit Agricole as a group (see judgment of the European Court of Justice in Intermills Case 383/82) ⁽⁶⁾. The question of the allocation within the group of the advantages gained from the notaries' deposits is a matter of secondary importance not covered by this procedure.

(b) State aid content of the funds collected by notaries

- (39) As the French authorities pointed out, notaries are public and ministerial officials whose profession is strictly regulated by the State. The French authorities referred in particular to a Court of Cassation judgment which held that notaries' accounts, which are strictly regulated, were public documents. They therefore concluded, in their letter of 9 April 1998, that the body of regulations in force showed that the funds deposited by notaries are not ordinary funds. The rules governing notaries' deposits cannot therefore be assessed solely pursuant to the rules governing banking, but must also be assessed in the light of public interest considerations. It is quite clear from the information presented by the authorities in the course of this procedure that Crédit Agricole was at different times considered eligible to receive notaries' deposits on the basis of formal acts of the public authority, subject to certain well-defined conditions.
- (40) The Commission can thus clearly confirm, as it stated when it initiated the procedure, that:
- discretionary action by the State, involving the granting of the reserved rights in question, provides Crédit Agricole with resources as a direct result,
 - the State exercises directive control over the allocation of the resources constituted by the mandatory deposits by notaries, who are public officers subject to public authority.
- (41) Accordingly, it must be concluded in view of the foregoing that the notaries' deposits mobilise resources which constitute State resources. This conclusion is upheld by the French authorities' statement that, according to case-law of the French Court of Cassation, notaries' accounts are public documents.
- (42) In the course of the procedure, the French authorities described factors which it considered constituted concessions granted by Crédit Agricole in exchange for the return on notaries' deposits, cancelling the advantage gained from the virtually free notaries' deposits. These factors do not detract from the finding that the scheme in question mobilises State resources.

(c) Advantage to Crédit Agricole and aid content of the measures in question

- (43) As the Commission stated when initiating the procedure, 'the concept of aid covers both positive measures such as grants and public measures which, in various forms, reduce the charges usually made on a firm's budget and have identical effects to grants' ⁽⁷⁾.

⁽⁶⁾ [1984] ECR 3809, paragraph 11.

⁽⁷⁾ Case C-387/92 *Banco exterior de Espana* [1994] ECR I-902, paragraph 13.

- (44) The Commission also pointed out at the same time that, by waiving any return on the notaries' deposits (apart from the 1 % commission to the notary), the State was waiving the profits it could earn through the mechanism in question. If the transaction had been defined in accordance with normal commercial conditions, the State could, from the start, have obtained a return on the deposits in question. It could also have imposed a price (the interest on the deposits) which would have been regularly revised to take account of changes in interest rates and gains in productivity in the banking industry and the institutions eligible under the mechanism in question. The revision would have benefited from competition between the different banking establishments in order to select the most competitive ones, on condition that they satisfied a minimum number of prudential requirements in order to guarantee the security of the deposits, so that the revenue in the form of commission on interest levied by the State could have been increased.
- (45) Remuneration of the additional banking resources obtained by Crédit Agricole through the reserved rights granted to it by the State would certainly normally be chargeable to a bank's budget if the resources had been allocated to Crédit Agricole on a competitive basis, for example through an invitation to banks to tender. However, Crédit Agricole does not remunerate its notaries' deposits and simply pays notaries a 1 % commission on the amounts collected. Prior to the initiation of this procedure, the authorities had justified the failure to remunerate on the ground of the ban in French law on interest-bearing loans of under one month. In the course of this procedure, however, the French authorities have not explained why, in view of the fact that a large proportion, estimated by the authorities in a letter of 3 April 1997 at some 50 %, of the notaries' deposits held by Crédit Agricole are for between one and three months (deposits for more than three months are not kept by Crédit Agricole and are transferred to Caisse des dépôts et consignations), they cannot be remunerated. Thus the granting of the rights to collect and keep notaries' deposits on virtually free terms derogates from the normal market conditions which would apply to the collecting of such resources.
- (46) In reply to a question put by the Commission concerning the average cost of the Crédit Agricole resources, the French authorities stated that the cost was inter alia [...] % in 1987 and [...] % in 1996. However, the average costs of Crédit Agricole resources appear to include remunerated resources such as long-term loans and free resources such as customer deposits. In order to determine the aid relating to loans, i.e. the reduction in the charges borne by Crédit Agricole in relation to normal market conditions, the reasoning should be based not on the average cost but on the marginal cost. To that end, it should be noted that the short-term interest rates in France were 8,3 % in 1987 and 3,9 % in 1996 ⁽⁸⁾. Thus there is no doubt that the granting to Crédit Agricole of virtually free resources (apart from the 1 % commission to notaries) reduces the costs usually charged to a bank's operating account and has an equivalent effect to a subsidy.
- (47) Accordingly, it must be concluded that the measures in question constitute State aid and more specifically operating aid since they reduce the normal operating charges incurred by the bank.

(d) Distorting effect of the aid

- (48) Operating aid has a particularly distorting effect because it has a direct impact on the results of assisted firms and enables them either to maintain higher operating costs than their competitors without being penalised despite their lack of competitiveness, or to achieve higher profits and thus increase their financial capacity. The distortion is all the greater as the aid is permanent, competition is strong and the margins of competitors are narrow.
- (49) The data available shows that, in the 1990s, competition between banks increased and their profit margins were steadily eroded ⁽⁹⁾. Furthermore, French banks appear to be in a vulnerable position: in recent years their profitability was among the lowest in the Community (see Table 2), and this has

⁽⁸⁾ Three-month nominal rates. Source: EC economic data pocket book, No 12/1998, European Commission, Office for Official Publications of the European Communities.

⁽⁹⁾ European Central Bank, 'Possible effects of EMU on the EU banking systems in the medium to long term', February 1999, based on OECD data.

improved only recently in 1998 to 1999. Where vigorous competition squeezes interest margins and profitability, operating aid granted to a credit institution obviously has a particularly distorting effect. This recent trend is very likely to continue over the next few years: according to the European Central Bank, completion of economic and monetary union will create a more competitive environment and put greater pressure on banks' profitability⁽¹⁰⁾. It will speed up integration of the sector at European level, in particular in the form of cross-frontier transactions⁽¹¹⁾.

TABLE 2

Return of equity

(net income as a percentage of equity)

	1990	1991	1992	1993	1994	1995	1996	1997
Austria	8,6 %	8,6 %	6,9 %	8,7 %	7,9 %	8,1 %	9,6 %	
Belgium	8,3 %	6,5 %	5,7 %	14,1 %	13,2 %	12,9 %	15,3 %	15,3 %
Denmark ⁽¹⁾	- 3,3 %	- 0,1 %	- 21 %	10,6 %	0,1 %	18,5 %	16,1 %	15,1 %
Finland	5,6 %	- 11 %	- 49 %	- 29 %	- 25 %	- 7,9 %	8 %	15,2 %
France	10,1 %	10,4 %	6,9 %	2,9 %	0,5 %	3,6 %	4,8 %	7,7 %
Germany	11,9 %	14,4 %	13,2 %	13,6 %	11,8 %	12,6 %	12,3 %	
Greece ⁽²⁾	20,8 %	31,5 %	23,1 %	21,6 %	25,9 %	24,4 %	16,7 %	
Ireland						20,2 %	20,1 %	18,4 %
Italy	12,2 %	9,9 %	7,5 %	8,8 %	3,0 %	3,7 %	5,1 %	3,4 %
Luxembourg ⁽²⁾	6,7 %	7,6 %	8,8 %	19,9 %	20,9 %	19,9 %	22,3 %	23,0 %
Netherlands	12,3 %	12,7 %	13,9 %	15,9 %	16,2 %	17,0 %	17,6 %	
Portugal ⁽²⁾	12,5 %	12,4 %	8,8 %	9,2 %	7,3 %	7,7 %	10,7 %	13,1 %
Spain	13,6 %	12,5 %	10,7 %	3,8 %	8,2 %	9,2 %	9,7 %	10,6 %
Sweden ⁽³⁾	3,0 %	56,3 %	17,0 %	5,7 %	19,1 %	21,1 %	24,0 %	13,0 %
United Kingdom	14,4 %	8,6 %	7,3 %	19,3 %	27,4 %	28,6 %	25,6 %	26,4 %
Average EU-14	10,9 %	11,5 %	8,1 %	9,0 %	8,2 %	10,0 %	11,0 %	
Average EU-15						10,1 %	11,1 %	
Average EU-11							12,2 %	12,2 %

Source: European Central Bank, 'Possible effects of EMU on the EU banking systems on the medium to long term', February 1999, based on OECD data.

⁽¹⁾ Commercial banks and savings institutions.

⁽²⁾ Commercial banks.

⁽³⁾ Total commercial banks, foreign commercial banks, savings institutions and, until 1991, cooperative banks.

- (50) Furthermore, Crédit Agricole is a viable undertaking which achieved major profits in recent years. The aid in question (unless it was offset by equivalent additional costs), which was not essential to its profitability, thus allowed it to increase its profits and accumulate additional equity with the non-distributed profits. In banking, the solvency requirement introduced by Council

⁽¹⁰⁾ Ibid., page 4.

⁽¹¹⁾ European Central Bank, Monthly Bulletin, April 1999; 'Banking in the euro area: structural features and trends'.

Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions ⁽¹²⁾ (the 'hard' core of own funds is fixed at a minimum of 4 % of weighted assets, while own funds in the broad sense should represent a minimum of 8 % of such assets) introduces an obligation which limits the growth capacities of credit institutions. In practice, such constraints on capitalisation exist in the medium and long term for all forms of enterprise, but in the banking sector it is permanent and immediate, directly quantifiable and cannot, for prudential reasons, be temporarily waived as part of a credit establishment's growth strategy. A credit institution which only narrowly satisfies the solvency requirement does not have any margin for growth until it is able to attract new capital or increase its own equity by achieving significant profit levels. Thus an ineffective institution's growth is subject to very direct constraints, whereas the growth margin of a bank with significant profits is in relation to its profitability.

- (51) It is possible on the basis of the solvency constraint to produce a very indicative conventional estimate of the distortion of competition caused by aid to credit institutions. If the aid has the direct or indirect effect of increasing equity, the distortion of competition can be assessed in terms of weighted assets. Operating aid of FRF 1 billion, producing an increase in profits after tax of FRF 0,6 billion ⁽¹³⁾, would, assuming the profits are not distributed but used to increase the bank's equity, help to increase the weighted assets on its balance sheet (taking account of the statutory solvency requirement of 4 to 8 %) and hence its level of activity. This transaction results in a potential distortion of competition, measured in terms of weighted assets, of between FRF 7,5 billion and FRF 15 billion (without the aid the bank would have been unable to increase its weighted assets). The ratio shows the considerable leverage effect of aid in the financial sector. The equity can also help the assisted institution to acquire minority or majority holdings in other businesses. The Chairman of Crédit Agricole, interviewed by a financial newspaper ⁽¹⁴⁾, stated in February 1999 that of the FRF 140 billion available to Crédit Agricole, one third was earmarked for new operations.
- (52) It must therefore be concluded that, as the aid granted to Crédit Agricole by France constitutes operating aid and taking account of the economic situation in the banking sector in Europe, the low level of profitability achieved by French banks and the particular solvency requirements in banking, the aid clearly distorts competition in the financial sector.

V.2. Effect on trade between Member States

- (53) The Commission noted the arguments of the French authorities and Crédit Agricole rejecting its conclusion that the scheme affected Community trade. The following points should be taken into account.
- (54) First, because the Commission is investigating the possible effects of such aid with regard to the Crédit Agricole group as a whole, the latter's international and especially its European activities should be examined. According to its 1997 annual report, the bank positioned itself in 1997 as a leading bank for major and international customers. Customer transactions in Member States (excluding France) accounted for FRF 37,9 billion in 1997, i.e. a small proportion (about 3 %) of its total customer transactions but involving a significant sum in view of the size of the group which, at the end of 1997, was the largest French banking group and one of the leading groups in Europe ⁽¹⁵⁾. The bank pointed out that with the creation in 1997 of a new subsidiary, Indocam, it had provided itself with an instrument whose target was to become a leading asset management company in Europe. Crédit Agricole is pursuing an active development policy in Europe, and played an active part in setting up the second largest Italian bank, Banca Intesa, formed from the merger of Banco Ambrosiano Veneto and Cariplo, of which Crédit Agricole is the largest shareholder with 30 %. It also holds 20 % of the Banco Espírito Santo group in Portugal. It has branches in Lisbon, Madrid, Bilbao, Gibraltar, Barcelona, Luxembourg, London, Hamburg, Frankfurt, Stockholm, Oslo, Helsinki and Piraeus. The group noted in its 1997 report that it will keep a close watch on any opportunities

⁽¹²⁾ OJ L 336, 3.12.1989, p. 14.

⁽¹³⁾ Assuming, for the sake of simplicity, a level of tax of 40 %.

⁽¹⁴⁾ Interview published in 'Les Echos', 10 February 1999.

⁽¹⁵⁾ According to a list drawn up by the rating agency Moody's (quoted by the 'Le Monde' newspaper, 17 and 18 January 1999), Crédit Agricole was the fifth largest European banking group in terms of assets at the end of 1997.

which may arise in order to strengthen its position on the European market for retail banking. Its solid basis provides it with the resources to achieve such development. International expansion of this sort calls for capital movements to allow it, for example, to acquire a stake in such institutions as Banca Intesa or Banco Espirito Santo and thus affects trade between Member States. Furthermore, the group's merchant bank, Indosuez, is one of the largest French merchant banks, a significant proportion of its business being conducted abroad.

- (55) Second, even if the assessment of the effect of these measures were to be limited to the group's regional entities, as Crédit Agricole suggests in its comments, international transactions are carried out solely by CNCA within the Crédit Agricole group. Contrary to the claim made by the latter in its comments, its 1997 report states that the international activities of the frontier Caisses regionales also developed in 1997. The report refers in particular to the development of the Caisse régionale de Pyrénées Gascogne in the Spanish Basque Country, as a result of which Bankoa, now majority-owned by Crédit Agricole, became part of the consolidated group in 1997. It also notes that this initiative forms part of the cross-border development of the Caisses regionales, which are expanding their retail banking activities, in agreement with CNCA, in adjacent countries. The development thus concerns not only the market and corporate banking activities of Crédit Agricole but also its retail banking activities, which include the notaries' deposits.
- (56) It is thus clear that the additional resources, and the profits they generate, obtained through the notaries' deposits helped directly to finance the development of Crédit Agricole in other Member States.
- (57) In addition, the potential impact of the rights granted to Crédit Agricole are not limited just to the effects on the bank's expansion outside France, in other Member States. As the Commission stated when it initiated the procedure, although in theory there are no frontiers to the principal activities of credit institutions, i.e. collecting deposits, obtaining loans on the market and granting loans, they do encounter obstacles to expansion abroad. These are frequently due to the protective barriers against competition erected by national banks, which make it less attractive for foreign competitors to access the market. This is the case with regard to the aid to Crédit Agricole which is liable to make the French domestic market less open to foreign competition, whether at the national level of CNCA or at the regional level of the Caisses. They have the effect of strongly compartmentalising certain bank deposit activities, which runs counter to the opening-up of the market intended by the Treaty at a time when cross-border transactions are about to expand in the banking sector, as noted by the European Central Bank. According to the latter, the resulting closer integration of national banking systems is dependent on the abolition of differences in tax and regulatory systems between the Member States ⁽¹⁶⁾.
- (58) It must therefore be concluded that the measures in question are caught by Article 87(1) of the Treaty as they constitute State aid which distorts competition to an extent liable to affect intra-Community trade.

VI

CONCLUSIONS

- (59) The virtually free right to collect ⁽¹⁷⁾ and the free right to keep notaries' deposits granted to Crédit Agricole by the French State are measures containing State aid under Article 87(1) of the Treaty.
- (60) In view of the fact that, on the basis of the fresh information received by the Commission in the course of this procedure, it would seem that the aid in question existed prior to the entry into force of the Treaty, it can be concluded that:

— the aid in question is lawful and need not be recovered,

⁽¹⁶⁾ See footnotes 9 to 11.

⁽¹⁷⁾ Apart from the 1 % commission paid to notaries on the amounts collected.

— the Commission should, as for all existing State aid, consider whether it is compatible with the Treaty and, if it concludes that the aid is not compatible with the general interest, it should propose to the Member State the appropriate measures provided for in Article 88(1) of the Treaty for aid considered incompatible with the common market.

- (61) However, in a letter dated 28 April 1999, the French authorities formally informed the Commission of their intention to put an end to the rights granted to Crédit Agricole in respect of notaries' deposits and to centralise the deposits at the Caisse des dépôts et consignations, which would in future be responsible for keeping all notaries' deposits. The Treasury would be responsible for collecting the deposits in rural and urban areas. The authorities stated that the measure would take effect on 1 January 2000. It would gradually be introduced throughout the country and would be completed on 1 April 2000. The authorities undertook to take the necessary regulatory steps to amend the notaries' deposit scheme soon after the adoption of this Decision.
- (62) The Commission has noted the undertaking given by the French authorities. It considers that the period proposed is reasonable and, as the rights granted to Crédit Agricole to collect and keep notaries' deposits are to be abolished completely and permanently, it concludes that the new measure will end the aid to Crédit Agricole in respect of which this procedure was initiated under Article 88(2) of the Treaty. On the basis of the undertaking given, it does not appear necessary to assess the compatibility of the aid with the Treaty or to initiate proceedings under Article 88(1) of the EC Treaty. The Commission is therefore able to terminate this procedure,

HAS ADOPTED THIS DECISION:

Article 1

1. The measures by which France granted Crédit Agricole the right to collect and keep notaries' deposits in rural municipalities constitute State aid within the meaning of Article 87(1) of the Treaty.
2. The measures referred to in paragraph 1 constitute aid which existed prior to the entry into force of the Treaty. As France has undertaken to abolish the aid measures by 1 April 2000 at the latest, this procedure is hereby terminated.

Article 2

France shall inform the Commission within two months of the date of notification of this Decision of the measures it has taken to abolish, by 1 April 2000, the rights granted to Crédit Agricole to collect and keep notaries' deposits.

Article 3

This Decision is addressed to the French Republic.

Done at Brussels, 8 July 1999.

For the Commission

Karel VAN MIERT

Member of the Commission

COMMISSION DECISION
of 14 July 2000
on the recognition of 'RINAVE — Registro Internacional Naval, SA' in accordance with Council
Directive 94/57/EC

(notified under document number C(2000) 1876)

(Only the Portuguese text is authentic)

(Text with EEA relevance)

(2000/481/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Directive 94/57/EC of 22 November 1994 on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administration ⁽¹⁾, and in particular Article 4(3) thereof,

Whereas:

- (1) Article 4(3) of Council Directive 94/57/EC states that Member States may submit to the Commission a request for a recognition of three years for organisations which meet all the criteria of the Annex other than those set out under paragraph 2 and 3 of the section 'General' of the Annex,
- (2) Portugal has submitted a request for a recognition of three years for 'RINAVE — Registro Internacional Naval, SA' as per Article 4(3) of the abovementioned Directive.
- (3) The Commission has verified that 'RINAVE — Registro Internacional Naval, SA' meets all the criteria of the Annex to the abovementioned Directive other than those set out under paragraph 2 and 3 of section 'General' of the Annex.

- (4) The provisions of this Decision are in line with the opinion of the Committee set out in Article 7 of Directive 94/57/EC,

HAS ADOPTED THIS DECISION:

Article 1

'RINAVE — Registro Internacional Naval, SA' is recognised pursuant to Article 4(3) of Council Directive 94/57/EC for a period of three years as from the date of adoption of this Decision.

Article 2

The effects of this recognition are limited to Portugal.

Article 3

This Decision is addressed to the Portuguese Republic.

Done at Brussels, 14 July 2000.

For the Commission

Loyola DE PALACIO

Vice-President

⁽¹⁾ OJ L 319, 12.12.1994, p. 20.

COMMISSION DECISION

of 19 July 2000

on import licences in respect of beef and veal products originating in Botswana, Kenya, Madagascar, Swaziland, Zimbabwe and Namibia

(notified under document number C(2000) 2313)

(2000/482/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

HAS ADOPTED THIS DECISION:

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1706/98 of 20 July 1998 on the arrangements applicable to agricultural products and goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States (ACP States) and repealing Regulation (EEC) No 715/90 ⁽¹⁾, and in particular Article 30 thereof,

Having regard to Commission Regulation (EC) No 1918/98 of 9 September 1998 laying down detailed rules for the application in the beef and veal sector of Council Regulation (EC) No 1706/98 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States and repealing Regulation (EC) No 589/96 ⁽²⁾, and in particular Article 4 thereof,

Whereas:

- (1) Article 1 of Regulation (EC) No 1918/98 provides for the possibility of issuing import licences for beef and veal products. However, imports must take place within the limits of the quantities specified for each of these exporting non-member countries.
- (2) The applications for import licences submitted between 1 and 10 July 2000, expressed in terms of boned meat, in accordance with Regulation (EC) No 1918/98, do not exceed, in respect of products originating from Botswana, Kenya, Madagascar, Swaziland, Zimbabwe and Namibia, the quantities available from those States. It is therefore possible to issue import licences in respect of the quantities applied for.
- (3) The quantities in respect of which licences may be applied for from 1 August 2000 should be fixed within the scope of the total quantity of 52 100 tonnes.
- (4) This Decision is without prejudice to Council Directive 72/462/EEC of 12 December 1972 on health and veterinary inspection problems on importation of bovine, ovine and caprine animals and swine, fresh meat or meat products from third countries ⁽³⁾, as last amended by Directive 97/79/EC ⁽⁴⁾,

Article 1

The following Member States shall issue on 21 July 2000 import licences for beef and veal products, expressed as boned meat, originating in certain African, Caribbean and Pacific States, in respect of the following quantities and countries of origin:

Germany:

- 650 tonnes originating in Botswana,
- 200 tonnes originating in Namibia;

United Kingdom:

- 850 tonnes originating in Botswana,
- 500 tonnes originating in Namibia,
- 100 tonnes originating in Swaziland,
- 950 tonnes originating in Zimbabwe.

Article 2

Licence applications may be submitted, pursuant to Article 3(2) of Regulation (EC) No 1918/98, during the first 10 days of August 2000 for the following quantities of boned beef and veal:

- | | |
|---------------|----------------|
| — Botswana: | 13 076 tonnes, |
| — Kenya: | 142 tonnes, |
| — Madagascar: | 7 579 tonnes, |
| — Swaziland: | 2 983 tonnes, |
| — Zimbabwe: | 4 840 tonnes, |
| — Namibia: | 8 723 tonnes. |

Article 3

This Decision is addressed to the Member States.

Done at Brussels, 19 July 2000.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 215, 1.8.1998, p. 12.

⁽²⁾ OJ L 250, 10.9.1998, p. 16.

⁽³⁾ OJ L 302, 31.12.1972, p. 28.

⁽⁴⁾ OJ L 24, 30.1.1998, p. 31.