

Official Journal

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Legislation

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I

(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 1447/2001

of 28 June 2001

amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds

THE COUNCIL OF THE EUROPEAN UNION,

where this does not involve investments in infrastructure projects generating substantial net revenue or investments in firms.

Having regard to the Treaty establishing the European Community, and in particular Articles 161 and 299(2) thereof,

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

(4) Article 29(4)(b) of Regulation (EC) No 1260/1999 lays down that, in the case of investments in firms, the contribution of the Funds may not exceed 35 % of the total eligible cost in the regions covered by Objective 1.

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

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

(5) All the outermost regions are eligible for Objective 1 of the Structural Funds for the period 1 January 2000 to 31 December 2006 in accordance with Commission Decision 1999/502/EC of 1 July 1999 drawing up the list of regions covered by Objective 1 of the Structural Funds for the period 2000 to 2006.

Having regard to the opinion of the Committee of the Regions,

Whereas:

(1) Article 29(3)(a) of Regulation (EC) No 1260/1999 ⁽⁴⁾ provides for the possibility of awarding a contribution from the Funds of a maximum of 85 % of the total eligible cost only for the outermost regions of a Member State covered by the Cohesion Fund and for the outlying Greek islands which are under a handicap due to their distant location.

(6) An increase in the maximum rate of assistance from the Structural Funds in the case of investment in small and medium-sized firms situated in the outermost regions would appear necessary in view of the difficulties encountered by these firms, in order to make a significant contribution to the development of those regions.

(2) Article 299(2) of the Treaty states that all the outermost regions face the same handicaps, particularly remoteness and insularity, which may severely restrain their development.

(7) Article 29(4)(b) of Regulation (EC) No 1260/1999 should therefore be amended so that, in the case of investments in small and medium-sized firms situated in the outermost regions, assistance from the Funds may amount to up to 50 % of the total eligible cost.

(3) Accordingly, Article 29(3)(a) of Regulation (EC) No 1260/1999 should be amended so as to fix the maximum contribution of the Funds at 85 % of the total eligible cost for all the outermost regions, whether of a Member State covered by the Cohesion Fund or not,

(8) Pursuant to Article 14 of Regulation (EC) No 1260/1999, each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period.

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 272.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 161, 26.6.1999, p. 1.

(9) Article 13 of Council Regulation (EEC) No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning agricultural products ⁽¹⁾ provides for structural derogations for these islands. This Article is repealed by 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⁾. The exceptional situation and geographical nature of the smaller Aegean islands constitutes an impediment to the adaptation and development of their rural areas, which can be offset by an increase in the Structural Funds' contribution,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1260/1999 is hereby amended as follows:

1. Article 29(3)(a) shall be amended as follows:

'(a) a maximum of 75 % of the total eligible cost and, as a general rule, at least 50 % of eligible public expenditure in the case of measures carried out in the regions covered by Objective 1. Where the regions are located in a Member State covered by the Cohesion Fund, the

Community contribution may rise, in exceptional and duly justified cases, to a maximum of 80 % of the total eligible cost and to a maximum of 85 % of the total eligible cost for the outlying Greek islands which are under a handicap due to their distant location. The Community contribution for all the outermost regions may rise, in exceptional and duly justified cases, to a maximum of 85 % of the total eligible cost;

2. The following point shall be added to the second subparagraph of Article 29(4)(b):

'(ii) 50 % of the total eligible cost in the outermost regions and, exceptionally, also in the smaller Aegean islands in the case of investments in accordance with Regulation (EC) No 1257/1999, in the case of investments in small and medium-sized firms;'

Points (ii) and (iii) shall become (iii) and (iv) respectively.

Article 2

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

This Regulation shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

⁽¹⁾ OJ L 184, 27.7.1993, p. 1. Regulation as last amended by Regulation (EC) No 2417/95 (OJ L 248, 14.10.1995, p. 39).

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

COUNCIL REGULATION (EC) No 1448/2001

of 28 June 2001

amending, as regards structural measures, Regulation (EEC) No 3763/91 introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 37 and 299(2) 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 Committee of the Regions,

Whereas:

- (1) 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 ⁽⁴⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support. That Regulation acknowledges that, in the case of the outermost regions, adjustments and derogations may be envisaged to meet the specific needs of those regions.
- (2) Article 299(2) of the Treaty recognises, moreover, the constraints affecting the outermost regions, which include the French overseas departments.
- (3) Regulation (EEC) No 3763/91 ⁽⁵⁾ seeks to remedy the handicaps due to the remote and insular nature of these departments and to improve the conditions under which their agricultural products are produced and marketed.
- (4) The structures of certain agricultural holdings or processing and marketing enterprises located in the French overseas departments show serious shortcomings

and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of some structural aid provided for in Regulation (EC) No 1257/1999.

- (5) Article 29(3) of Regulation (EC) No 1257/1999 restricts the grant of forestry support to forests and wooded areas belonging to private owners and municipalities and associations thereof. The great majority of forests and wooded areas located in these departments belong to public authorities other than municipalities. Under these circumstances, the conditions laid down in the said Article should be made more flexible.

- (6) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of that Regulation, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, shall be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.

- (7) Pursuant to Article 14 of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽⁶⁾ each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period,

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 284.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 160, 26.6.1999, p. 80.

⁽⁵⁾ OJ L 356, 24.12.1991, p. 1. Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽⁶⁾ OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (see p. 1 of this Official Journal).

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 3763/91 is hereby amended as follows:

The following Article 21 shall be inserted in Title VI:

'Article 21

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999 (*), the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small economic size to be defined in the programme complement referred to in Article 19(4) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (**).

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programme complement referred to in Article 19(4) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. The restriction laid down in Article 29(3) of Regulation (EC) No 1257/1999 shall not apply to tropical forests or wooded areas located in the French overseas departments.

4. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22 to 24 of that Regulation shall be 85 %.

5. A summary description of the measures planned under this Article shall be included in the single programming documents for these departments referred to in Article 19 of Regulation (EC) No 1260/1999.

(*) OJ L 160, 26.6.1999, p. 80.

(**) OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (OJ L 198, 21.7.2001, p. 1).'

Article 2

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

This Regulation shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

COUNCIL REGULATION (EC) No 1449/2001

of 28 June 2001

amending Regulation (EEC) No 1600/92 concerning specific measures for the Azores and Madeira relating to certain agricultural products as regards the structural measures

THE COUNCIL OF THE EUROPEAN UNION,

some structural aid provided for in Regulation (EC) No 1257/1999.

Having regard to the Treaty establishing the European Community, and in particular Articles 37 and 299(2) thereof,

(5) Article 29(3) of Regulation (EC) No 1257/1999 restricts the grant of forestry support to forests and wooded areas belonging to private owners and municipalities and associations thereof. Part of the forests and wooded areas located in these regions belong to public authorities other than municipalities. Under these circumstances, the conditions laid down in the said Article should be made more flexible.

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⁾,

(6) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, shall be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.

Having regard to the opinion of Committee of the Regions,

Whereas:

(1) 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 ⁽⁴⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support. That Regulation acknowledges that, in the case of the outermost regions, adjustments and derogations may be envisaged to meet the specific needs of those regions.

(2) Article 299(2) of the Treaty recognises, moreover, the constraints affecting the outermost regions, which include the Azores and Madeira.

(3) Regulation (EEC) No 1600/92 ⁽⁵⁾ seeks to remedy the handicaps due to the remote and insular nature of these regions.

(4) The structures of certain agricultural holdings or processing and marketing enterprises located in these regions show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of

(7) Article 24(2) of Regulation (EC) No 1257/1999 and the Annex thereto determine the maximum amounts per year eligible for Community agri-environmental aid. To take into account the specific environmental situation of certain very sensitive pasture areas in the Azores and the preservation of the landscape and traditional features of agricultural land, in particular the areas of terrace cultivation in Madeira, provision should be made for the possibility, in the case of certain specific measures, of increasing those amounts up to twofold.

(8) Pursuant to Article 14 of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽⁶⁾, each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 275.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 160, 26.6.1999, p. 80.

⁽⁵⁾ OJ L 173, 27.6.1992, p. 1. Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽⁶⁾ OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (see p. 1 of this Official Journal).

same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1600/92 is hereby amended as follows:

The following Article 32 shall be inserted in Section 1 of Title IV:

'Article 32

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999 (*), the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small economic size to be defined in the programme complement referred to in Article 18(3) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (**).

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. The restriction laid down in Article 29(3) of Regulation (EC) No 1257/1999 shall not apply to subtropical forests or wooded areas located in the Azores and Madeira.

4. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22 to 24 of that Regulation shall be 85 %.

5. Notwithstanding Article 24(2) of Regulation (EC) No 1257/1999, the maximum amounts per year eligible for the Community aid provided for in the Annex to this Regulation may be increased up to twofold in the case of the measure to protect lakes in the Azores and the measure to preserve the landscape and traditional features of agricultural land, in particular the conservation of the stone walls supporting terraces in Madeira.

6. A summary description of the measures planned under this Article shall be included in the operational programmes for these regions referred to in Article 18 of Regulation (EC) No 1260/1999.

(*) OJ L 160, 26.6.1999, p. 80.

(**) OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (OJ L 198, 21.7.2001, p. 1).'

Article 2

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

This Regulation shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

COUNCIL REGULATION (EC) No 1450/2001

of 28 June 2001

amending Regulation (EEC) No 1601/92 concerning specific measures for the Canary Islands with regard to certain agricultural products as regards the structural measures

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 37 and 299(2) 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 Committee of the Regions

Whereas:

(1) 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 ⁽⁴⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support. That Regulation acknowledges that, in the case of the outermost regions, adjustments and derogations may be envisaged to meet the specific needs of those regions.

(2) Article 299(2) of the Treaty recognises, moreover, the constraints affecting the outermost regions, which include the Canary Islands.

(3) Regulation (EEC) No 1601/92 ⁽⁵⁾ seeks to remedy the handicaps due to the remote and insular nature of these regions.

(4) The structures of certain agricultural holdings or processing and marketing enterprises located in these islands show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of

some structural aid provided for in Regulation (EC) No 1257/1999.

(5) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, shall be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.

(6) Pursuant to Article 14 of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽⁶⁾, each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1601/92 is hereby amended as follows:

The following Article 27 shall be inserted in Section 1 of Title V:

'Article 27

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999 (*), the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 276.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 160, 26.6.1999, p. 80.

⁽⁵⁾ OJ L 173, 27.6.1992, p. 13. Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽⁶⁾ OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (see p. 1 of this Official Journal).

economic size to be defined in the programme complement referred to in Article 18(3) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (**).

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22 to 24 of that Regulation shall be 85 %.

4. A summary description of the measures planned under this Article shall be included in the operational programmes for these regions referred to in Article 18 of Regulation (EC) No 1260/1999.

(*) OJ L 160, 26.6.1999, p. 1.

(**) OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (OJ L 198, 21.7.2001, p. 1).'

Article 2

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

This Regulation shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

COUNCIL REGULATION (EC) No 1451/2001**of 28 June 2001****amending Regulation (EC) No 2792/1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 37 and 299(2) 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,

Whereas:

- (1) Regulation (EC) No 2792/1999 ⁽⁴⁾ fixes maximum rates of assistance from the Financial Instrument for Fisheries Guidance (FIFG) in accordance with the ceilings laid down in Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽⁵⁾.
- (2) However, the limits which apply to the FIFG remain below the special provisions laid down in Regulation

(EC) No 1260/1999 for certain categories of Objective 1 regions. The limits applicable to the FIFG should therefore be adjusted according to the specific difficulties of each of these categories of region. With regard to the outermost regions in particular, it is necessary to take into account the factors indicated in Article 299(2) of the Treaty as these could be very damaging to their development.

- (3) Regulation (EC) No 2792/1999 should therefore be amended.
- (4) Pursuant to Article 14 of Regulation (EC) No 1260/1999, each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period,

HAS ADOPTED THIS REGULATION:

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 277.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 337, 30.12.1999, p. 10.

⁽⁵⁾ OJ L 161, 26.6.1999, p. 1. Regulation as amended by Regulation (EC) No 1447/2001 (see p. 1 of this Official Journal).

Article 1

Table 3 of Annex IV to Regulation (EC) No 2792/1999 shall be replaced by the following table:

TABLE 3

	Group 1	Group 2	Group 3	Group 4
Objective 1 regions (*)	50 % ≤ A ≤ 75 % B ≥ 25 %	A ≤ 35 % B ≥ 5 % C ≥ 60 %	A ≤ 35 % B ≥ 5 % C ≥ 40 %	A ≤ 75 % B ≥ 5 % C ≥ 20 %
Objective 1 regions located in a Member State covered by the Cohesion Fund	50 % ≤ A ≤ 80 % B ≥ 20 % (**)	A ≤ 35 % B ≥ 5 % C ≥ 60 %	A ≤ 35 % B ≥ 5 % C ≥ 40 %	A ≤ 75 % B ≥ 5 % C ≥ 20 %
Outermost regions	50 % ≤ A ≤ 85 % B ≥ 15 % (**)	A ≤ 40 % B ≥ 10 % C ≥ 50 % (***)	A ≤ 50 % B ≥ 5 % C ≥ 25 % (****)	A ≤ 75 % B ≥ 5 % C ≥ 20 %
Outlying Greek islands which are under a handicap due to their distant location	50 % ≤ A ≤ 85 % B ≥ 15 % (**)	A ≤ 35 % B ≥ 5 % C ≥ 60 %	A ≤ 35 % B ≥ 5 % C ≥ 40 %	A ≤ 75 % B ≥ 5 % C ≥ 20 %
Other areas	25 % ≤ A ≤ 50 % B ≥ 50 %	A ≤ 15 % B ≥ 5 % C ≥ 60 %	A ≤ 15 % B ≥ 5 % C ≥ 60 %	A ≤ 50 % B ≥ 5 % C ≥ 30 %

(*) Including those referred to in Article 6(1) of Regulation (EC) No 1260/1999.

(**) Notwithstanding the general arrangements for Objective 1 regions, and only in duly justified exceptional cases.

(***) Notwithstanding the general arrangements for Objective 1 regions, and only for vessels of less than 12 metres overall length other than trawlers, provided the vessels are registered in a port located in one of the outermost regions and actually carry out their fishing activity from that port or another port in one of these regions for a period of at least five years.

(****) Notwithstanding the general arrangements for Objective 1 regions, and only in enterprises of small economic size to be defined in the programme complement referred to in Article 19(4) of Regulation (EC) No 1260/1999.

In the case of investment in small and medium-sized businesses within the meaning of Commission Recommendation 96/280/EC⁽¹⁾ the (A) rates for groups 2 and 3 may be increased by an amount for forms of finance other than direct assistance, provided that this increase does not exceed 10 % of the total eligible cost. The contribution of the private beneficiary shall be reduced accordingly.

A summary description of the derogations provided for under the first subparagraph shall be included in the operational programmes or single programming documents for the areas concerned referred to in Articles 18 and 19 of Regulation (EC) No 1260/1999.

⁽¹⁾ OJ L 107, 30.4.1996, p. 4.

Article 2

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

This Regulation shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council
The President
B. ROSENGREN

COUNCIL REGULATION (EC) No 1452/2001

of 28 June 2001

introducing specific measures for certain agricultural products for the French overseas departments, amending Directive 72/462/EEC and repealing Regulations (EEC) No 525/77 and (EEC) No 3763/91 (Poseidom)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36, 37 and Article 299(2) thereof,

Having regard to the proposal from the Commission,

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

Whereas:

(1) By Decision 89/687/EEC ⁽²⁾, the Council adopted a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom) in accordance with the Community's policy of assistance for the outermost regions. The purpose of the programme is to facilitate the economic and social development of those regions and enable them to benefit from the advantages of the single market of which they are an integral part despite the objective factors leaving them geographically and economically isolated. The programme calls for the CAP to be applied in those regions and provides for special measures to be adopted. In particular, it provides for measures to improve the conditions in which agricultural products are produced and marketed in those departments and to mitigate the effects of their exceptional geographical situation and constraints as since recognised in Article 299(2) of the Treaty.

(2) The particular geographical situation of the French overseas departments (FOD) imposes additional transport costs in supplying essential products, for processing and as agricultural inputs. In addition, objective factors arising as a result of insularity and extreme remoteness impose further constraints on operators and producers in the FOD that severely handicap their activities. This is true particularly in the case of the supply of cereals, which are by and large not produced and cannot be produced on a large scale in the FOD, rendering them dependent on external sources

of supply. These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements with a view to ensuring supply to the FOD from local production and to mitigating the additional costs of the remoteness, insularity and outermost location of the FOD.

(3) To that end, notwithstanding Article 23 of the Treaty, imports of the products concerned from third countries should be exempt from the applicable import duties.

(4) In order to achieve the goal of lowering prices in the FOD and mitigating the additional costs of their remoteness, insularity and outermost location while maintaining the competitiveness of Community products, aid should be granted for the supply of products of Community origin to the FOD. Such aid should take account of the additional cost of transport to the FOD and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

(5) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of the FOD, those arrangements do not impair the proper functioning of the internal market. In addition, the economic advantages of the specific supply arrangements should not provoke deflections of trade in the products concerned. Re-dispatching or re-exportation of those products from the FOD should therefore be prohibited. However, trade flows between the FOD are not covered by this prohibition. Nor does it apply, where processing is concerned, subject to certain conditions, to exports to third countries to promote regional trade or to traditional consignments to the rest of the Community.

(6) The economic advantages of the specific supply arrangements should reduce production costs and be passed on to the end user. They should therefore be granted only on condition that they are actually passed on, and monitoring must be carried out to that end.

⁽¹⁾ Opinion delivered on 14 June 2001 (not yet published in this Official Journal).

⁽²⁾ OJ L 399, 30.12.1989, p. 39.

- (7) In the light of recent agricultural developments in French Guiana, Regulation (EEC) No 3763/91⁽¹⁾ introduced a measure to develop rice cultivation. That measure expired at the end of the 1996 marketing year, and since the Member State concerned has not asked for it to be extended, that measure should be abolished. A measure has been introduced to dispose of and market part of the local production of rice in Guadeloupe, Martinique and the rest of the Community. Since not all of the local production can be consumed in the region, and since lack of facilities and local conditions make storage in the region scarcely feasible, this measure, which is vital to maintain balance in the local production sector, should continue on the terms laid down in the current rules.
- (8) Traditional livestock farming activities should be supported in order to meet local consumption needs of the FOD. To that end, derogations are needed from some of the provisions of the common market organisations which restrict production, to take account of the development and particular conditions of local production, which are quite different from those in the rest of the Community. This objective may also be pursued indirectly by financing genetic improvement programmes involving the purchase of pure-bred breeding animals, by purchasing commercial breeds more suited to local conditions, by supplementing the suckler cow premium and the slaughter premium and, where appropriate, by making it possible to import from third countries male bovine animals intended for fattening under certain conditions, as well as by derogating from the import conditions for animals and foodstuffs of animal origin.
- (9) Improvements need to be made to the poor conditions for supplying fresh milk products to local markets in the FOD, which at present come mainly from imports; this aim can be achieved on the one hand by continuing aid to develop cow's milk production within the limits of local consumption requirements as periodically evaluated under a supply balance, and on the other hand by ceasing to apply the arrangements for an additional levy on cow's milk producers laid down in Regulation (EEC) No 3950/92⁽²⁾; the poor supply conditions typical of the outermost regions, which are completely different from those prevailing in the rest of the Community, and the need for a local production development incentive justify this derogation.
- (10) The Community is contributing funds to regional programmes to support the production and marketing of local products in the livestock and milk products sectors in Martinique and Réunion as a temporary measure from 1996—2000. The level of local self-sufficiency in those sectors is still low. Community support can be mobilised effectively only if the local production structures are able to implement strategies tailored to the local context for economic development, spatial organisation of production and increasing the professionalism of producers. This assistance should be continued as a temporary measure to help the production of a modern, high quality sector to pick up speed. The principle of extending this support to French Guiana and Guadeloupe has been accepted, on condition that local inter-branch organisations are set up.
- (11) In the fruit, vegetables, plants and floricultural sector, measures have been introduced to improve farm productivity and product quality, structure the production and distribution chains, develop local processed products and maintain certain traditional production (vanilla, essential oils, etc.), with a view to supporting the local marketing, processing and export sales of those products. These measures have helped to start improving the ability of local products to compete with products from elsewhere on high-growth markets, to satisfy the requirements of consumers and new distribution channels and to establish these upgraded products on the Community market, and should therefore be continued.
- (12) Regulation (EEC) No 525/77⁽³⁾ established a system of production aid for tinned pineapple which has been applied only in Martinique. Given the specific features of the scheme and the production region, in the interests of legislative and administrative harmonisation, the scheme should be included in this Regulation and Regulation (EEC) No 525/77 should be repealed. If pineapple production is to have a future, all those engaged in the sector must be mobilised. Pineapple production is particularly important in Martinique, for both economic and social reasons. Pineapples are expensive to produce and products processed from them face competition from third countries. Support should continue to be granted for processing and to ensure the survival of small farms, ensure a regular supply to the processing industry and reinforce the role

⁽¹⁾ 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 (OJ L 356, 24.12.1991, p. 1). Regulation last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽²⁾ Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector (OJ L 405, 31.12.1992 p. 1. Regulation as last amended by Commission Regulation (EEC) No 1256/1999 (OJ L 160, 26.6.1999, p. 73).

⁽³⁾ Council Regulation (EEC) No 525/77 of 14 March 1977 establishing a system of production aid for tinned pineapple (OJ L 73, 21.3.1977, p. 46). Regulation as last amended by Regulation (EEC) No 1699/85 (OJ L 163, 22.6.1985, p. 12).

- of producer organisations while opening the way in the medium term to improved profitability and, if appropriate, the marketing of fresh produce.
- (13) The sugar-cane sector is vital to the economy of the FOD. The FOD continue to face serious handicaps (remoteness, insularity, outermost location, difficult mountainous terrain, small and widely dispersed farms, few factories, high local transport costs, difficult access because of poor roads) which push up costs. Sugar-cane production also faces specific handicaps in comparison with the production of sugarbeet in mainland Europe, particularly regarding the harvesting of cane. To ensure that the sector develops properly and to alleviate these difficulties, measures are needed to offset partially the additional costs of transporting cane from fields to reception centres.
- (14) Rum is a product of great economic importance for the FOD, and market outlets are vital. The gradual abolition of certain benefits currently accorded to rum production would have a serious impact on the earnings of the producers. The measures to support the cultivation of sugar cane and its direct processing into agricultural rum and sugar syrup should be continued because these measures are helping to ensure continued deliveries of cane to distilleries, which can thus plan and rationalise investments in their production facilities, and because they help improve the incomes of cane growers and encourage them to improve their production methods to ensure higher yields and deliver better quality cane.
- (15) Agricultural producers in the FOD should be encouraged to supply quality products and the marketing of these should be assisted, in this respect, using the Community's graphic symbol might help achieve this purpose.
- (16) The plant health of agricultural crops in the FOD is subject to particular problems associated with the climate and the inadequacy of the control measures hitherto applied there. Programmes should be implemented to combat harmful organisms, including by organic methods. The Community's financial contribution towards such programmes should be specified.
- (17) Regulation (EC) No 1257/1999⁽¹⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support.
- (18) This Regulation seeks to remedy the handicaps due to the remote and insular nature of the FOD and to improve the conditions under which their agricultural products are produced and marketed.
- (19) The structures of certain agricultural holdings or processing and marketing enterprises located in the FOD show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of some structural aid provided for in Regulation (EC) No 1257/1999.
- (20) Article 29(3) of Regulation (EC) No 1257/1999 restricts the grant of forestry support to forests and wooded areas belonging to private owners and municipalities and associations thereof. The great majority of forests and wooded areas located in the FOD belong to public authorities other than municipalities. Under these circumstances, the conditions laid down in the said Article should be made more flexible.
- (21) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, is to be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.
- (22) Pursuant to Article 14 of Regulation (EC) No 1260/1999⁽²⁾, each plan, Community support framework, operational programme and single programming document is to cover a period of seven years, and the programming period is to begin on 1

⁽¹⁾ 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 (OJ L 160, 26.6.1999, p. 80).

⁽²⁾ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (OJ L 161, 26.6.1999, p. 1).

January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation should, exceptionally, be applicable to the whole programming period.

- (23) A derogation may be granted from the Commission's consistent policy of not authorising State operating aid for the production, processing and marketing of agricultural products covered by Annex I to the Treaty in order to mitigate the specific constraints on farming in the FOD as a result of their remoteness, insularity and outermost location, small area, mountainous terrain and climate and their economic dependency on a small number of products.
- (24) Provision should be made for the possibility of adopting transitional rules in order to facilitate the move from the system laid down in amended Regulation (EEC) No 3763/91, and from the system laid down in Council Regulation (EEC) No 525/77, to the new system laid down in this Regulation and, in the event of extensions to the existing measures, to ensure the necessary continuity.
- (25) 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 ⁽¹⁾,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation lays down specific measures to remedy the difficulties caused by the remoteness, outermost location and insular nature of the French overseas departments (FOD) in respect of certain agricultural products.

TITLE I

SPECIFIC SUPPLY ARRANGEMENTS

Article 2

1. Specific supply arrangements are hereby introduced for the agricultural products listed in Annex I to this Regulation, which are essential for human consumption, for processing and as agricultural inputs in the FOD.

2. A forecast supply balance shall be drawn up stating the quantity of the agricultural products listed in Annex I needed

⁽¹⁾ OJ L 184, 17.7.1999, p. 23.

to meet supply requirements each year. A separate forecast balance shall be drawn up for the requirements of industries processing and packaging products intended for the local market, for export under certain conditions to third countries or for traditional consignment to the rest of the Community.

Article 3

1. No duties shall apply to direct imports into the FOD of products covered by the specific supply arrangements from third countries, within the limit of the quantities determined in the supply balance.

2. To ensure coverage of the requirements established in accordance with Article 2 in terms of quantity, price and quality, while taking care to maintain the Community's share in supplies, aid shall be granted to supply the FOD with Community products held in public intervention storage or available on the Community market.

Such aid shall be fixed to take account of the additional cost of transport to the FOD and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

3. In implementing the specific supply arrangements, account shall be taken, in particular, of the following:

- the specific requirements of the FOD and, in the case of products intended for processing and agricultural inputs, the specific quality requirements,
- trade flows with the rest of the Community,
- the economic aspect of the proposed aid.

4. Entitlement under the specific supply arrangements shall be subject to the condition that the economic advantage derived either from exemption from import duties or from aid in the case of supply from the rest of the Community is actually passed on to the end user.

5. Products covered by the specific supply arrangements may not be re-exported to third countries or re-dispatched to the rest of the Community. This prohibition shall not apply to trade flows between the FOD.

Where the products concerned are processed in the FOD, the aforesaid prohibition shall not apply to exports to third countries nor to traditional shipments of the processed products to the rest of the Community, in compliance with the conditions laid down by the Commission under the procedure referred to in Article 19(2).

No export refund shall be granted.

6. Detailed rules for applying this Title shall be adopted in accordance with the procedure referred to in Article 23(2). These shall include, in particular:

- the fixing of aid for supply from the rest of the Community,
- provisions to ensure that the advantages granted are actually passed on to the end user,
- introduction if necessary of a system of import or delivery licences.

The Commission shall draw up supply balances in accordance with Article 23(2). It may revise those balances, and the list of products in Annex I, in accordance with the same procedure, in the light of changes in FOD requirements.

Article 4

Within the limit of an annual quantity of 8 000 tonnes, the levy set in implementation of Articles 10 and 11 of Regulation (EC) No 1766/92 ⁽¹⁾ shall not be applied to the import into Réunion of wheat bran covered by CN code 2302 30 originating in the ACP States.

TITLE II

MEASURES TO ASSIST LOCAL PRODUCTS

CHAPTER I

RICE

Article 5

1. Community aid shall be granted for the conclusion of annual contracts concerning the disposal and marketing in Guadeloupe, Martinique and the rest of the Community of rice harvested in French Guiana, within the limit of an annual volume of 12 000 tonnes of wholly milled rice equivalent. As regards disposal and marketing in the rest of the Community, aid shall be granted for a maximum of 4 000 tonnes.

The contracts shall be concluded between producers in French Guiana and natural or legal persons established in Guadeloupe, Martinique or the rest of the Community.

The amount of the aid shall be 10 % of the value of the marketed produce sold in Guadeloupe, Martinique or the rest of the Community, for merchandise delivered at the first port of unloading. This percentage shall be raised to 13 % where the contractor for the producers is a group or association of producers.

The aid shall be paid to the purchaser who markets the products under the annual contracts.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2). In accordance with the same procedure the Commission may review the annual volume limit of 12 000 tonnes referred to in the first subparagraph of paragraph 1.

CHAPTER II

LIVESTOCK AND MILK PRODUCTS

Article 6

1. In the livestock sector, aid shall be granted for the supply to the FOD of pure-bred animals, animals of commercial breeds and livestock products, originating in the Community.

2. The terms for granting aid shall be laid down taking account, in particular, of the supply requirements of the FOD for starting up production and genetic improvement of livestock and the need for the breeds best suited to local conditions. The aid shall be paid for the delivery of goods which fulfil the requirements specified in Community rules.

3. The following shall be taken into account when aid is being fixed:

- the conditions and in particular the costs of supply to the FOD resulting from their geographical situation,
- the price of products on the Community market and on the world market,
- whether or not duties are charged on imports from third countries,
- the economic aspect of the proposed aid.

4. Article 3(4) and (5) shall apply to goods qualifying for aid under paragraph 1 of this Article.

5. The list of products, the level of the aid referred to in paragraph 1 and the detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2).

Article 7

1. Until the local numbers of young male bovines reach a level sufficient to ensure the development of local beef

⁽¹⁾ Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (OJ L 181, 1.7.1992, p. 21). Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

production, and within the limit referred to in Article 9, the possibility shall be introduced of importing, without applying the customs duties referred to in Article 30 of Regulation (EC) No 1254/1999 ⁽¹⁾, bovine animals from third countries for on-site fattening and consumption in the FOD.

Article 3(4) and (5) shall apply to animals qualifying for the exemption referred to in the first subparagraph of this paragraph.

2. The numbers of animals qualifying for the exemption referred to in paragraph 1 shall be determined when the need to import is justified, taking account of the development of local production. These numbers, and detailed rules for applying this Article, including in particular the minimum duration of the fattening period, shall be fixed in accordance with the procedure referred to in Article 23(2). Priority for such animals shall be given to producers holding animals for fattening at least 50 % of which are of local origin.

Article 8

In Directive 72/462/EEC ⁽²⁾, the following Article shall be inserted:

'Article 31a

Notwithstanding Article 13 of Directive 91/496/EEC ^(*) and Article 18 of Directive 97/78/EC ^(**), the Commission may, according to the procedure laid down in Article 29 of this Directive, derogate from its provisions with regard to imports into French overseas departments.

When the decisions referred to in the first paragraph are adopted, the rules applicable following importation shall be determined according to the same procedure.

^(*) Council Directive 91/496/EEC of 15 July 1991 laying down the principles governing the organisation of veterinary checks on animals entering the Community from third countries and amending Directives 89/662/EEC, 90/425/EEC and 90/675/EEC (OJ L 268, 24.9.1991, p. 56). Directive as last amended by Directive 96/43/EC (OJ L 162, 1.7.1996, p. 1).

^(**) Council Directive 97/78/EC of 18 December 1997 laying down the principles governing the organisation of veterinary checks on products entering the Community from third countries (OJ L 24, 30.1.1998, p. 9).'

⁽¹⁾ Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21).

⁽²⁾ Council Directive 72/462/EEC of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries (OJ L 302, 31.12.1972, p. 28). Directive as last amended by Directive 97/79/EC (OJ L 24, 30.1.1998, p. 31).

Article 9

1. The aid provided for in (a) and (b) of the second subparagraph shall be granted to assist traditional activities connected with beef and veal production and measures to improve product quality, within the limits of the consumption needs of the FOD as assessed in the context of a periodic supply balance.

The balance shall also take account of animals supplied under Articles 6 and 7.

- (a) A supplement to the suckler cow premium provided for in Article 6 of Regulation (EC) No 1254/1999 shall be paid to beef and veal producers. The amount of this supplement shall be EUR 50 per suckler cow held by the producer on the day on which the application is submitted.
- (b) A supplement to the slaughter premium provided for in Article 11 of Regulation (EC) No 1254/1999 shall be paid to beef and veal producers. The amount of the supplement shall be EUR 25 per head.

2. The provisions relating to:

- (a) the regional ceiling laid down by Article 4 of Regulation (EC) No 1254/1999 as regards the special premium;
- (b) the individual ceiling for animals kept on the holding as laid down in Article 6 of Regulation (EEC) No 1254/1999, as regards the basic suckler cow premium;
- (c) the national ceiling laid down under Article 11 of Regulation (EC) No 1254/1999 as regards the basic slaughter premium;
- (d) the stocking density of animals kept on the farm, laid down in Article 12 of Regulation (EC) No 1254/1999;

shall not apply in the FOD in the case of the special premium, the basic suckler cow premium, the basic slaughter premium or the supplementary premiums referred to in paragraph 1(a) and (b) of this Article.

3. The basic and supplementary premiums referred to in paragraphs 1 and 2 shall be granted each year for a maximum of 10 000 male bovine animals, 35 000 suckler cows and 20 000 slaughtered animals, respectively.

4. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2). They shall cover drawing up the balances referred to in paragraph 1 of this Article and any reviews to take account of changing requirements and,

- (a) as regards the special premium for male bovine animals, they shall provide for:

- the 'freezing', within the regional ceiling set in Article 4 of Regulation (EC) No 1254/1999, of the number of animals for which the special premium was granted in the FOD for 1994,

- the grant of premiums within the limit of 90 animals per age group, per calendar year and per holding;

(b) as regards the suckler cow premium, these detailed rules:

- shall include provisions to guarantee, to the extent necessary, the rights of producers to whom a premium has been granted under Article 6 of Regulation (EC) No 1254/1999,
- may provide for the establishment of a specific reserve for the FOD and special conditions for allocating or reallocating rights, taking into account the objectives pursued in the livestock farming sector; the size of the reserve shall be determined on the basis of the ceiling set in paragraph 3 and the number of premiums granted for the year 1994;

(c) as regards the slaughter premium, they shall provide for:

- the 'freezing', within the national ceiling set in Article 38(1) of Regulation (EC) No 2342/1999 ⁽¹⁾, of the number of animals for which the slaughter premium was granted for 2000.

The detailed implementing rules may include additional conditions for granting supplementary premiums.

The Commission may review the ceilings fixed in paragraph 3 in accordance with the same procedure.

Article 10

1. Aid shall be granted to increase the production of cow's milk, within the limit of the local requirements in the FOD of milk products for human consumption, such requirements being determined each marketing year in a supply balance. The quantities of milk used for the manufacture of skimmed milk intended for animal feed shall not be eligible for aid.

The aid shall be granted to producers and producer groups for the quantities delivered to dairies. It shall be paid through the dairies.

The aid shall amount to EUR 8,45 per 100 kg of whole milk.

Aid shall be paid each year within the limits of a maximum quantity of 40 000 tonnes of milk.

⁽¹⁾ Commission Regulation (EC) No 2342/1999 of 28 October 1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes (OJ L 281, 4.11.1999, p. 30). Regulation as last amended by Commission Regulation (EC) No 192/2001 (OJ L 29, 31.1.2001, p. 7).

2. The additional levy scheme applicable to producers of cow's milk provided for in Regulation (EEC) No 3950/92 shall not apply in the FOD.

3. The Commission shall adopt detailed rules for applying this Article and the balance referred to in paragraph 1 thereof in accordance with the procedure referred to in Article 23(2).

The Commission may review the maximum quantity referred to in the fourth subparagraph of paragraph 1 in accordance with the same procedure.

Article 11

1. In the period 2001—2006, aid shall be granted to implement in both Martinique and Réunion comprehensive programmes to support the production and marketing of local produce in the livestock and milk products sectors. For 2001, aid shall be granted for annual transition programmes. The duration of the comprehensive programmes shall be five years during the period 2002—2006.

These programme may include measures to encourage improved quality and hygiene, marketing, sector structuring, the rationalisation of production and marketing structures, local communication relating to quality products and the provision of technical assistance. The programmes may not include the grant of aid in addition to the premiums paid under Articles 9 and 10.

The programmes shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the existing inter-branch organisations recognised as most representative in the sectors concerned.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure set out in Article 23(2). Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities. The Commission shall approve them in accordance with the procedure referred to in Article 23(2). In accordance with the same procedure, the Commission may extend the scope of this Article to cover the departments of Guadeloupe and French Guiana, provided inter-branch organisations are established in those departments.

3. Each year the French authorities shall present a report on implementation of the programmes. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

CHAPTER III

FRUIT, VEGETABLES, PLANTS AND FLOWERS

Article 12

1. Aid shall be granted in respect of the fruits, vegetables, flowers and live plants listed in Chapters 6, 7 and 8 of the Combined Nomenclature, the peppers and fruits of the genus

Capsicum and of the genus Pimenta falling within CN code 0904 and the spices falling within CN code 0910 harvested in the FOD and intended to supply their domestic market. In Martinique and Guadeloupe the aid shall not be granted for bananas other than plantains falling within CN code 0803 00 11.

The aid shall be granted for products which conform to common standards fixed by Community legislation or, where no such standards exist, to specifications written into the supply contracts.

Grant of the aid shall be subject to the conclusion of supply contracts lasting one or more years between individual producers or producer groups, or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 ⁽¹⁾ and distributors, restaurants and the like or local authorities.

The aid shall be paid out to the abovementioned individual producers, producer groups or producer organisations within the limits of annual quantities established for each product category.

The amount of the aid shall be fixed on a flat-rate basis for each of the product categories to be determined, based on the average value of the products covered. The amount of aid shall be differentiated according to whether or not the beneficiary is one of the producer organisations referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96.

2. Aid amounting to EUR 6,04 per kilogram shall be paid out for the production of green vanilla falling within CN code ex 0905 00 00 and used to produce dried (black) vanilla or vanilla extracts.

The aid shall be paid out up to an annual maximum quantity of 75 tonnes.

3. Aid amounting to EUR 44,68 per kilogram shall be paid out for the production of essential geranium and vetiver oils, falling within CN codes 3301 21 and 3301 26 respectively.

The aid shall be paid up to an annual maximum of 30 tonnes in the case of geranium oil and 5 tonnes in the case of vetiver oil.

4. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2). The same procedure shall be used to fix the product categories and the amounts of aid referred to in paragraph 1 of this Article, and to review, where necessary, the maximum quantities referred to in paragraphs 2 and 3 thereof.

⁽¹⁾ Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables (OJ L 297, 21.11.1996, p. 1). Regulation last amended by Commission Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

Article 13

1. Aid shall be granted for the production of processed fruits and vegetables obtained from products harvested in the FOD.

The production aid shall be paid to processors who have paid producers for their raw materials a price not less than the minimum price under contracts between producers or recognised producer organisations within the meaning of Regulation (EC) No 2200/96 and processors or their legally constituted organisations or associations. The Member State shall fix the minimum price for the raw materials on the basis of the production costs involved.

2. The amount of aid shall be fixed on a flat-rate basis for each of the product categories to be determined, by reference to the prices of the local raw materials used and the import prices for the same raw materials.

3. The aid shall be paid out within the limits of annual quantities established for each product category.

4. The list of processed products for which aid is granted and detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2). The same procedure shall be used to fix the product categories and the amounts of aid referred to in paragraph 2 of this Article and the maximum quantities referred to in paragraph 3 thereof.

Article 14

1. The French authorities shall present a programme to the Commission to support the pineapple sector in Martinique.

This programme shall include incentives to improve the conditions in which pineapple is produced, marketed and processed, to restructure and improve the competitiveness of the sector, and to ensure the survival of small farms. Pineapple produced in Martinique shall not qualify for aid granted under Article 13.

2. The French authorities shall present draft programmes to the Commission, to run for no more than five years, accompanied by a report on the implementation of the previous programme. The Commission shall approve them in accordance with the procedure laid down in Article 23(2).

Article 15

1. Aid shall be granted for the conclusion of annual contracts concerning the disposal and marketing of the products specified in Article 12(1). This aid shall be paid up to a limit of a volume of trade of 3 000 tonnes per product per year and per department.

The contracts shall be concluded between individual producers or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 and natural or legal persons established in the rest of the Community.

2. The amount of the aid shall be 10 % of the value of the production marketed, free at destination.

3. The aid shall be granted to purchasers who undertake to market the overseas department products under the contracts referred to in paragraph 1.

4. Where the measures provided for in paragraph 1 are undertaken by joint ventures constituted, with the aim of marketing products harvested in the FOD, by producers or producer groups or associations in those departments and natural or legal persons established in the rest of the Community, and where the partners undertake to pool the knowledge and know-how required to achieve the objective of the joint venture over a minimum period of three years, the amount of the aid specified in paragraph 2 shall be increased to 13 % of the value of the annual production marketed jointly.

5. The aid provided for in this Article shall also be paid, on the terms laid down in paragraphs 1 to 4, in respect of:

- products processed from fruit or vegetables harvested in the FOD,
- essential geranium and vetiver oils falling within CN codes 3301 21 and 3301 26 respectively,
- dried (black) vanilla falling within CN code ex 0905 00 00 and vanilla extracts falling within CN code 3301 90 90,

for which annual disposal and marketing contracts have been concluded.

6. However, in respect of melons falling within CN code ex 0807 19 00 and pineapples falling within CN code ex 0804 30 00, aid may be granted in a department for a quantity exceeding 3 000 tonnes provided that the total volume eligible for aid for all the FOD is not exceeded.

7. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 23(2).

CHAPTER IV

SUGAR AND THE CANE-SUGAR-RUM SECTOR

Article 16

1. Aid for the transport of cane from the fields where it is harvested to the reception centres shall be granted to

producers for whom the competent bodies to be determined by the Member State have drawn up a delivery note to the processing industry.

2. The amount of the aid shall be determined on the basis of distance and other objective criteria relating to transport. It may not exceed half of the transport costs per tonne fixed on a flat-rate basis by the French authorities in each department.

Article 17

1. Aid shall be granted for the direct processing of sugar cane produced in the FOD into sugar syrup or agricultural rum as defined in Article 1(4)(a)(2) of Regulation (EEC) No 1576/89 ⁽¹⁾.

The aid shall be paid to the manufacturer of sugar syrup or to the distiller on condition that they pay the sugar cane producer a minimum price, to be determined.

2. The aid shall be paid:

- in the case of sugar syrup, up to a limit of an annual quantity of 250 tonnes,
- in the case of agricultural rum, up to a limit of an overall quantity of 75 600 hectolitres of pure alcohol.

Article 18

Detailed rules for applying this Chapter shall be adopted and the amount of aid and the minimum price referred to in Article 17(1) shall be fixed in accordance with the procedure referred to in Article 23(2).

CHAPTER V

GRAPHIC SYMBOL

Article 19

1. The conditions for using the graphic symbol introduced with a view to ensuring greater awareness and consumption of quality agricultural products, whether natural or processed, specific to the FOD as outermost regions, shall be proposed by the professional organisations. The French authorities shall forward such proposals, with their opinion, to the Commission for approval.

⁽¹⁾ Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks (OJ L 160, 12.6.1989, p. 1). Regulation as last amended by Regulation (EC) No 3378/94 of the European Parliament and of the Council (OJ L 366, 31.12.1994, p. 1).

Use of the symbol shall be monitored by an official authority or a body approved by the competent French authorities.

2. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 23(2).

TITLE III

PLANT-HEALTH MEASURES

Article 20

1. The French authorities shall submit programmes to the Commission for the control of organisms harmful to plants or plant products. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost. The programmes submitted pursuant to this Article shall not concern protective measures for bananas.

2. The Community shall contribute to the financing of such programmes on the basis of a technical analysis of the regional situation.

3. The financial participation of the Community and the amount of the aid shall be decided in accordance with the procedure laid down Article 23(2). The measures eligible for Community financing shall be defined in accordance with the same procedure.

4. Such participation may cover up to 60 % of the eligible expenditure. Payment shall be made on the basis of documentation supplied by the French authorities. If necessary, investigations may be organised by the Commission and conducted on its behalf by experts as referred to in Article 21 of Directive 2000/29/EC ⁽¹⁾.

TITLE IV

STRUCTURAL DEROGATIONS

Article 21

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999 of 17 May 1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of

⁽¹⁾ Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000, p. 1). Directive as last amended by Commission Directive 2001/33/EC (OJ L 127, 9.5.2001, p. 42).

small economic size to be defined in the programming complement referred to in Article 19(4) of Regulation (EC) No 1260/1999.

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programming complement referred to in Article 19(4) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. The restriction provided for in Article 29(3) of Regulation (EC) No 1257/1999 shall not apply to tropical forests and wooded areas located in the territory of the FOD.

4. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22, 23 and 24 of that Regulation shall amount to 85 %.

5. A summary description of the measures planned under this Article shall be included in single programming documents for the FOD, as referred to in Article 19 of Regulation (EC) No 1260/1999.

TITLE V

GENERAL AND FINAL PROVISIONS

Article 22

The measures necessary for the implementation of this Regulation shall be adopted in accordance with the management procedure referred to in Article 23(2).

Article 23

1. The Commission shall be assisted by the Management Committee for Cereals established by Article 22 of Regulation (EEC) No 1766/92, or by the management committees established by the other regulations on the common organisation of the market for the products concerned.

In the case of agricultural products covered by Regulation (EEC) No 827/68 ⁽²⁾ and products not covered by a common organisation of the markets, the Commission shall be assisted

⁽²⁾ Regulation (EEC) No 827/68 of the Council of 28 June 1968 on the common organisation of the market in certain products listed in Annex II to the Treaty (OJ L 151, 30.6.1968, p. 16). Regulation as last amended by Commission Regulation (EC) No 3290/94 (OJ L 349, 31.12.1994, p. 105).

by the Management Committee for Hops established by Article 20 of Regulation (EEC) No 1696/71 ⁽¹⁾.

In the case of the graphic symbol and other cases provided for in this Regulation, the Commission shall be assisted by the Management Committee for Fresh Fruit and Vegetables established by Regulation (EC) No 2200/96.

For the purposes of implementing Title III, the Commission shall be assisted by the Standing Committee on Plant Health established by Decision 76/894/EEC ⁽²⁾.

For the purposes of implementing Title IV, the Commission shall be assisted by the Committee for the Development and Conversion of Regions and by the Committee on Agricultural Structures and Rural Development, established by Article 48 and by Article 50 respectively of Regulation (EC) No 1260/1999.

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

However, in the case of Title III, the procedure laid down in Article 18 of Directive 2000/29/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

3. The Committees shall adopt their rules of procedure.

Article 24

For the agricultural products covered by Annex I to the Treaty establishing the European Community, to which Articles 87, 88 and 89 thereof apply, the Commission may authorise operating aid in the sectors producing, processing and marketing those products, with a view to mitigating the specific constraints on farming in the FOD as a result of their remoteness, insularity and outermost location.

Article 25

The measures provided for in this Regulation, except for Article 21, shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 2(2) of Regulation (EC) No 1258/1999 ⁽³⁾.

⁽¹⁾ Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops (OJ L 175, 4.8.1971, p. 1). Regulation as last amended by Regulation (EC) No 191/2000 (OJ L 23, 28.1.2000, p. 4).

⁽²⁾ Council Decision 76/894/EEC of 23 November 1976 establishing a Standing Committee on Plant Health (OJ L 340, 9.12.1976, p. 25).

⁽³⁾ Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy (OJ L 160, 26.6.1999, p. 103).

Article 26

The Member States shall take the measures necessary to ensure compliance with this Regulation, in particular as regards controls and administrative penalties, and shall inform the Commission thereof.

The detailed rules for applying this Article shall be adopted by the procedure provided for in Article 23(2).

Article 27

1. France shall present an annual report to the Commission on the implementation of the measures provided for in this Regulation.

2. No later than at the end of the fifth year of application of the system, the Commission shall submit a general report to Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

Article 28

Regulation (EEC) No 3763/91 is hereby repealed. References to Regulation (EEC) No 3763/91 shall be construed as references to this Regulation and should be read in accordance with the correlation table in Annex II.

Regulation (EEC) No 525/77 is hereby repealed as from the 2002/2003 marketing year.

The Commission may, in accordance with the procedure laid down in Article 23(2), adopt the necessary transitional measures to ensure a smooth passage from the system in force during the year 2000 or the 2000/2001 marketing year to the system resulting from the measures introduced by this Regulation. In the case of an extension to the existing measures, it shall ensure the necessary continuity.

Article 29

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

It shall apply from the date of its entry into force. However,

— Article 10 shall apply as from 1 January 2001;

— Article 11 shall apply as from 1 January 2001;

— Article 16 shall apply to cane harvested as from the 2001/2002 marketing year inclusive;

— Article 21 shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001

For the Council

The President

B. ROSENGREN

ANNEX I

Products eligible for the specific supply arrangements referred to in Articles 2 and 3:

- Cereals and cereal products intended for human consumption and animal feed
- Hops
- Seed potatoes
- Vegetable oils for use in the processing industry
- Fruit pulps, purées and concentrated juices for processing, other than those qualifying for the aid provided for in Article 13
- Preparations for animal feed falling within CN codes 2309 90 31, 2309 90 33, 2309 90 41, 2309 90 43, 2309 90 51 and 2309 90 53 ⁽¹⁾.

⁽¹⁾ For French Guiana only, until the manufacturing facilities become operational; for imported products, eligibility for exemption from import duties shall be restricted to levies fixed under Article 11 of Regulation (EEC) No 1766/92.

ANNEX II

Correlation table

Regulation (EEC) No 3763/91	This Regulation
Article 1	Article 1
	Article 2(1)
Article 2(1)	Article 2(2)
Article 2(2)	Article 3(1)
Article 2(3)	Article 3(1)
First subparagraph of Article 2(4)	First subparagraph of Article 3(2)
Second subparagraph of Article 2(4)	Second subparagraph of Article 3(2)
Article 2(5)	Article 3(4)
Article 2(6)	Article 3(3) and 3(6)
Article 3(1)	Annex I
Article 3(2)	Deleted
Article 3(3)	Article 5
Article 3(4)	Article 4
Article 3(5)	Article 3(6) and Article 5(2)
Article 3(6)	Deleted
Article 4	Article 6
Article 5(1)	Article 9(1)
Article 5(1)(a)	Deleted
Article 5(1)(b)	Article 7(1)(a)
	Article 7(1)(b)
Article 5(2)(a)	Article 7(2)(a)
Article 5(2)(b)	Article 7(2)(b)
	Article 7(2)(c)
Article 5(2)(c)	Article 7(2)(d)
First subparagraph of Article 5(3)	Article 7(3)
Second subparagraph of Article 5(3)	Article 7(4)
Third subparagraph of Article 5(3)	Second subparagraph of Article 7(4)
Article 5(4)	Article 7(4)
Article 5(5)	Deleted
Article 6	Article 10
Article 7	Article 7
First paragraph of Article 8	First subparagraph of Article 3(5)
Second paragraph of Article 8	Second subparagraph of Article 3(5)
Third paragraph of Article 8	Third subparagraph of Article 3(5)
Fourth paragraph of Article 8	Article 3(6)

Regulation (EEC) No 3763/91	This Regulation
Article 9	Deleted
Article 9a	Article 11
Article 10	Article 8
Article 11	Article 20
Article 12	Deleted
Article 13	Article 12
Article 14	Article 13
	Article 14
Article 15	Article 15
Article 16	Deleted
Article 17	Article 16
Article 18	Article 17
Article 19	Article 18
Article 20	Article 19
Article 21	Article 21
	Article 24
Article 22	Article 25
Article 22a	Article 22 and 23
	Article 26
Article 23	Article 27
	Article 28
Article 24	Article 29
Annex	Annex I
	Annex II

COUNCIL REGULATION (EC) No 1453/2001**of 28 June 2001****introducing specific measures for certain agricultural products for the Azores and Madeira and repealing Regulation (EEC) No 1600/92 (Poseima)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36, 37 and 299(2) thereof,

Having regard to the proposal from the Commission,

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

Whereas:

(1) By Decision 91/315/EEC ⁽²⁾ the Council adopted a programme of options specific to the remote and insular nature of Madeira and the Azores (Poseima) in accordance with the Community's policy of assistance for the outermost regions. The purpose of the programme is to facilitate the economic and social development of those regions and enable them to benefit from the advantages of the single market of which they are an integral part despite the objective factors leaving them geographically and economically isolated. The programme calls for the CAP to be applied in those regions and provides for special measures to be adopted, in particular to improve the conditions in which agricultural products are produced and marketed there and to mitigate the effects of their exceptional geographical situation and constraints as since recognised in Article 299(2) of the Treaty.

(2) The particular geographical situation of Madeira and the Azores imposes additional transport costs in supplying essential products for human consumption, for processing and as agricultural inputs. In addition, objective factors arising as a result of insularity impose further constraints on economic operators and producers in these islands that severely handicap their activities. These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to these islands and compensate for the additional costs arising from their remoteness, insularity and outermost location.

(3) To that end, notwithstanding Article 23 of the Treaty, imports of the products concerned from third countries should be exempt from the applicable import duties. To take account of their origin and the customs treatment accorded to them under the Community provisions, products which have entered the Community's customs territory under inward processing or customs warehousing arrangements should be considered as direct imports, for the purpose of granting the benefits of the specific supply arrangements.

(4) In order to achieve the goal of lowering prices in these regions and mitigating the additional costs of their remoteness, insularity and outermost location while maintaining the competitiveness of Community products, aid should be granted for the supply to the islands of products of Community origin. Such aid should take account of the additional cost of transport to Madeira and the Azores and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

(5) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of these regions, those arrangements do not impair the proper functioning of the internal market. In addition, the economic advantages of the specific supply arrangements should not provoke deflections of trade in the products concerned. Re-dispatching or re-exportation of those products from the Azores and Madeira should therefore be prohibited. However, this prohibition does not apply to trade flows between the regions of Madeira and the Azores. Nor does it apply, where processing is concerned, subject to certain conditions, to exports to third countries to promote regional trade or to traditional consignments to the rest of the Community.

(6) The economic advantages of the specific supply arrangements should be passed on so as to reduce production costs and bring down prices throughout the production and distribution chain to the end user, culminating in lower consumer prices. They should therefore be granted only on condition that they are actually passed on, and monitoring must be carried out to that end.

(7) The area aid scheme for fruit and edible vegetables, roots and tubers, flowers and live plants has proved unsuitable, especially because of the slowness and

⁽¹⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽²⁾ OJ L 171, 29.6.1991, p. 10.

complexity of procedures and the way the proposed aid was structured. Lessons should be learned from the encouraging results of the Poseidom reform in that sector, and marketing and processing aid should be envisaged with a view to supplying the market in Madeira and the Azores. Such aid should help local produce compete with products from elsewhere on high-growth markets, better satisfy the requirements of consumers and new distribution channels, improve the productivity of farms and upgrade the quality of products. The marketing of these products, both fresh and processed, should be continued and they should be promoted on the Community market. An economic study of each region will help to refine the structure of the sector in these two regions.

- (8) It is essential, for both economic and environmental reasons, to keep vines, the most widespread crop, on Madeira. In order to help support domestic production, a flat-rate area aid is granted for the cultivation of vines for producing quality wines produced in specified regions. That aid also applies in the Azores.
- (9) Likewise, market regulation mechanisms and abandonment premiums do not apply in these two regions.
- (10) Agricultural producers in the Azores and Madeira should be encouraged to supply quality products and the marketing of these should be assisted. Using the Community's graphic symbol might help achieve this.
- (11) Traditional livestock farming activities should be supported in Madeira in order to help meet local consumption needs. To that end, derogations are needed from some of the provisions of the common market organisations which restrict production, to take account of the development and particular conditions of local production, which are quite different from those in the rest of the Community. This objective may also be pursued indirectly by financing genetic improvement programmes involving the purchase of pure-bred breeding animals, by purchasing commercial breeds more suited to local conditions and by supplementing the suckler cow premium and the slaughter premium, and, pending the development of local livestock farming, temporary provision should be made for the supply of male animals for fattening, the number of such animals to be supplied each year being limited so as not to compromise the abovementioned objective. The estimate of local consumption requirements is drawn up in a periodic balance. To ensure that Community support can be mobilised effectively, a comprehensive programme to support local activities in the livestock and milk products sectors should enable

the sectors concerned to define and implement strategies tailored to the local context for economic development, spatial organisation of production and increasing the professionalism of producers.

- (12) In Madeira, aid for human consumption of fresh cow's milk products is paid to the dairies. This aid has not succeeded in maintaining the balance between domestic and external supply, chiefly because of the serious structural difficulties affecting the sector and its poor capacity to adapt to new economic environments. Consequently, it is planned to direct this aid, in the context of a supply balance, towards the collection of local production linked with an authorisation to produce reconstituted UHT milk from milk powder of Community origin, with a view to covering local consumption more fully.
- (13) The need to maintain local production by way of incentives justifies not applying Regulation (EEC) No 3950/92⁽¹⁾. This exemption should be established within the limit of 4 000 tonnes, corresponding to the current production of 2 000 tonnes and to a reasonable possibility of increased production estimated at present at a maximum of 2 000 tonnes.
- (14) Potato production is essential in Madeira, for both economic and social and environmental reasons. The small size of farms and the cost of inputs make for very high production costs. Specific aid is granted for growing potatoes for human consumption in order to support domestic production to satisfy the islands' consumption patterns.
- (15) The aid for the cane-sugar-rum sector in Madeira is granted to support local production of the sugar cane needed to manufacture the products processed from it, within the limits of the requirements arising from the methods traditionally used in the region.
- (16) Liqueur wines should continue to be prepared using traditional methods in the islands by facilitating the purchase of concentrated musts and wine alcohol produced in the rest of the Community and by granting aid for the ageing of such wines. To assist the efforts made to maintain the quality and authenticity of these products, aid should be granted for marketing them.
- (17) Aid should be granted in Madeira for the production of wicker, which is important as a supplement to farming

⁽¹⁾ Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector (OJ L 405, 31.12.1992, p. 1). Regulation as last amended by Commission Regulation (EC) No 1256/1999 (OJ L 160, 26.6.1999, p. 73).

and provides a livelihood for family craft businesses in the most disadvantaged areas of the islands.

- (18) Technical and socio-economic difficulties have prevented the full conversion, on time, of areas planted with hybrid vine varieties prohibited by the common organisation of the market in wine. The wine produced by such vineyards is intended solely for traditional local consumption; additional time will allow such vineyards to be converted while preserving a regional economic fabric very heavily reliant upon wine-growing. Portugal should notify the Commission, each year, of the progress made in converting the areas concerned.
- (19) Milk production and cattle farming are the mainstay of the agricultural economy of the Azores, and support for the sector should take account of the crucial importance of these activities in both social and economic terms, especially for small farmers. To ensure the survival of traditional activity in this sector, the suckler cow premium and the aid for dairy cows should continue to be supplemented, within the limit of the available local quota. A supplement to the slaughter premium should be introduced and aid granted for the disposal of surplus male bovines for which no normal outlets can be found in the islands and which must be shipped to the rest of the Community at considerable additional cost, given the particular geographical situation of the region. To ensure that Community support can be mobilised effectively, a comprehensive programme to support local activities in the livestock and milk products sectors should enable the sectors concerned to define and implement strategies tailored to the local context for economic development, spatial organisation of production and increasing the professionalism of producers.
- (20) Agricultural activity in the Azores is highly dependent on milk production. This dependence, combined with other handicaps linked to their outermost location and the absence of viable alternative production, is detrimental to their economic development. The needs of local consumption in those islands covered by local production should be taken into account and some of the provisions of the common market organisation for milk and milk products on limiting output should be derogated from for a period of four marketing years beginning in 1999/2000 in order to take account of the level of development of and the conditions for local production. Although this measure derogates from the second subparagraph of Article 34(2) of the Treaty, it is restricted to milk producers in the Azores and is of marginal economic impact when compared with the total quota for Portugal. It should enable the sector in

the Azores to continue being restructured over the period of application of this measure without interfering with the milk market and without appreciably affecting the sound working of the levy scheme at Portuguese or Community level.

- (21) With regard to crop cultivation in the Azores, the small cultivatable area, the small size and fragmentation of farms and the extensive nature of production all make for high production costs. It is vital that these crops (beet, chicory, potatoes, tobacco, pineapples, wine, tea, etc.) continue to be cultivated as an alternative to counterbalance the predominance of livestock farming, and to ensure this the aid granted to the local processing industry should be continued.
- (22) Furthermore, the making of liqueur wines in the Azores by traditional methods should be continued, by granting aid for the ageing of 'verdelho' wine.
- (23) The plant health of agricultural crops in Madeira is subject to particular problems associated with the climate and the inadequacy of the control measures hitherto applied there. Programmes should be implemented to combat harmful organisms including by organic methods. The Community's financial contribution towards such programmes should be specified.
- (24) Regulation (EC) No 1257/1999 ⁽¹⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support.
- (25) This Regulation seeks to remedy the handicaps due to the remote and insular nature of these regions.
- (26) The structures of certain agricultural holdings or processing and marketing enterprises located in these regions show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of some structural aid provided for in Regulation (EC) No 1257/1999.
- (27) Article 29(3) of Regulation (EC) No 1257/1999 restricts the grant of forestry support to forests and wooded areas belonging to private owners and municipalities

⁽¹⁾ 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 (OJ L 160, 26.6.1999, p. 80).

and associations thereof. Part of the forests and wooded areas located in these regions belong to public authorities other than municipalities. Under these circumstances, the conditions laid down in the said Article should be made more flexible.

(28) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community financial contribution for agri-environmental measures, which constitutes the fourth accompanying measure, should be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.

(29) Article 24(2) of Regulation (EC) No 1257/1999 and the Annex thereto determine the maximum amounts per year eligible for Community agri-environmental aid. To take into account the specific environmental situation of certain very sensitive pasture areas in the Azores and the preservation of the landscape and traditional features of agricultural land, in particular the areas of terrace cultivation in Madeira, provision should be made for the possibility, in the case of certain specific measures, of increasing those amounts up to twofold.

(30) Pursuant to Article 14 of Regulation (EC) No 1260/1999 ⁽¹⁾, each plan, Community support framework, operational programme and single programming document should cover a period of seven years, and the programming period should begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation should, exceptionally, be applicable to the whole programming period.

(31) A derogation may be granted from the Commission's consistent policy of not authorising State operating aid for the production, processing and marketing of agricultural products covered by Annex I to the Treaty in order to mitigate the specific constraints on farming in the Azores and Madeira as a result of their remoteness, insularity and outermost location, small area, mountainous terrain, climate and their economic dependency on a small number of products.

⁽¹⁾ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (OJ L 161, 26.6.1999, p. 1).

(32) 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⁾,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation lays down specific measures to remedy the difficulties caused by the remoteness, insularity and outermost location of the Azores and Madeira in respect of certain agricultural products.

TITLE I

SPECIFIC SUPPLY ARRANGEMENTS

Article 2

Specific supply arrangements are hereby introduced for the agricultural products listed in Annexes I and II to this Regulation, which are essential for human consumption, for processing and as agricultural inputs in the Azores and Madeira.

A forecast supply balance shall be drawn up stating the quantity of the agricultural products listed in Annexes I and II needed to meet supply requirements each year. A separate forecast balance may be drawn up for the requirements of the industries processing and packaging products intended for the local market, for export under certain conditions to third countries or for traditional consignment to the rest of the Community.

Article 3

1. No duties shall apply to direct imports into the Azores and Madeira of products covered by the specific supply arrangements if they originate in third countries, within the limit of the quantities determined in the supply balance.

Products which have entered the Community's customs territory under inward processing or customs warehousing arrangements shall be considered as direct imports for the purposes of this Title.

2. To ensure coverage of the requirements established in accordance with Article 2 in terms of quantity, price and quality, while taking care to maintain the Community's share in supplies, aid shall be granted to supply the Azores and Madeira with Community products held in public intervention storage or available on the Community market.

⁽²⁾ OJ L 184, 17.7.1999, p. 23.

Such aid shall be fixed to take account of the additional cost of transport to the Azores and Madeira and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

3. In implementing the specific supply arrangements, account shall be taken, in particular, of the following:

- the specific requirements of the Azores and Madeira and, in the case of products intended for processing and agricultural inputs, the specific quality requirements,
- trade flows with the rest of the Community,
- the economic aspect of the proposed aid.

4. Entitlement under the specific supply arrangements shall be subject to the condition that the economic advantage derived either from exemption from import duties or from aid in the case of supply from the rest of the Community is actually passed on to the end user.

5. Products covered by the specific supply arrangements may not be re-exported to third countries or re-dispatched to the rest of the Community. This prohibition shall not apply to trade flows between the Azores and Madeira.

Where the products concerned are processed in the Azores or Madeira, the aforesaid prohibition shall not apply to exports of the processed products from the Azores or Madeira to third countries, in accordance with the conditions laid down by the Commission under the procedure referred to in Article 35(2).

Where the products concerned are processed in the Azores or Madeira, the aforesaid prohibition shall not apply to traditional shipments of the processed products to the rest of the Community.

No export refund shall be granted.

6. Detailed rules for applying this Title shall be adopted in accordance with the procedure referred to in Article 35(2). These shall include:

- the fixing of aid for supply from the rest of the Community,
- provisions to ensure that the advantages granted are actually passed on to the end user,
- introduction if necessary of a system of import or delivery licences.

The Commission shall draw up supply balances in accordance with the procedure referred to in Article 35(2). It may revise those balances, and the list of products in Annexes I and II, in

accordance with the same procedure, in the light of changes in the Azores' and Madeira's requirements.

When determining the Azores' raw sugar requirements, account shall be taken of the development of local production of sugar beet. The quantities covered by the supply arrangements shall be determined so as to ensure that the total volume of sugar refined in the Azores each year does not exceed 10 000 tonnes.

Article 9 of Regulation (EEC) No 2038/1999 ⁽¹⁾ shall not apply to the Azores.

TITLE II

MEASURES TO ASSIST LOCAL PRODUCTS

CHAPTER I

MEASURES COMMON TO BOTH REGIONS

SECTION 1

Livestock

Article 4

1. In the livestock sector, aid shall be granted for the supply to the Azores and Madeira of pure-bred animals, animals of commercial breeds and livestock products, originating in the Community, excluding pure-bred bovine animals to the Azores.

2. The terms for granting aid shall be laid down taking account, in particular, of the supply requirements of the Azores and Madeira for starting up production and genetic improvement of livestock and the need for the breeds best suited to local conditions. The aid shall be paid for the delivery of goods which fulfil the requirements specified in Community rules.

3. The following shall be taken into account when aid is being fixed:

- the conditions and in particular the costs of supply to the Azores and Madeira resulting from their geographical situation;
- the price of products on the Community market and on the world market;
- whether or not duties are charged on imports from third countries;
- the economic aspect of the proposed aid.

⁽¹⁾ Council Regulation (EEC) No 2038/1999 of 13 September 1999 on the common organisation of the markets in sugar (OJ L 252, 25.9.1999, p. 1). Regulation as last amended by Commission Regulation (EC) No 907/2001 (OJ L 127, 9.5.2001, p. 28).

4. Article 3(4) and (5) shall apply to goods qualifying for aid under paragraph 1 of this Article.

5. The list of products covered, the level of the aid referred to in paragraph 1 of this Article and the detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 2

Fruit, vegetables, plants and flowers

Article 5

1. Aid shall be granted in respect of the fruits, vegetables, flowers and live plants listed in Chapters 6, 7 and 8 of the Combined Nomenclature, tea falling within CN code 0902, honey falling within CN code 0409 00 and fruits of the genus *Capsicum* and the genus *Pimenta* falling within CN code 0904, harvested or produced locally and intended to supply the markets of the respective production regions. This aid shall not be granted for bananas grown in Madeira.

The aid shall be granted for products which conform to common standards fixed by Community legislation or, where no such standards exist, to specifications written into the supply contracts.

Grant of the aid shall be subject to the conclusion of supply contracts lasting one or more years between individual producers or producer groups, or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 ⁽¹⁾ and the food industry or distributors, restaurants and the like or local authorities.

The aid shall be paid out to the abovementioned individual producers, producer groups or producer organisations within the limits of annual quantities established for each product category.

The amount of the aid shall be fixed on a flat-rate basis for each of the product categories to be determined, based on the average value of the products covered. The amount of aid shall be differentiated according to whether or not the beneficiary is one of the producer organisations referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96.

2. This Article shall not apply to pineapples produced in the Azores.

⁽¹⁾ Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables (OJ L 297, 21.11.1996, p. 1). Regulation last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2). The product categories and amounts of aid referred to in paragraph 1 shall be fixed in accordance with the same procedure.

Article 6

1. Aid shall be granted for the conclusion of annual contracts concerning the marketing of fresh and processed products included in the products referred to in Article 5(1). In the case of plants and flowers, aid shall not be subject to the conclusion of an annual contract.

This aid shall be paid up to a limit of a volume of 3 000 tonnes per product per year for each of the two regions.

The contracts shall be concluded between individual producers or producer groups or producer organisations referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 which are established in the islands and natural or legal persons established in the rest of the Community.

2. The amount of the aid shall be 10 % of the value of the production marketed, free at destination.

3. The aid shall be granted to sellers who have concluded a contract as referred to in paragraph 1 with an operator established in the rest of the Community.

4. Where the measures provided for in paragraph 1 are undertaken by joint ventures constituted, with the aim of marketing produce from the regions concerned, by producers or producer organisations or associations in those regions and natural or legal persons established in the rest of the Community, and where the partners undertake to pool the knowledge and know-how required to achieve the objective of the joint venture over a minimum period of three years, the amount of the aid specified in paragraph 2 shall be increased to 13 % of the value of the annual production marketed jointly.

5. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

Article 7

1. The Community shall contribute up to a maximum of EUR 100 000 towards the financing of two economic analyses and forward studies of the fresh and processed fruit and vegetable sector in each of the two regions, paying particular attention to tropical produce.

The study shall produce an economic and technical assessment of the sector in each region. It shall pay particular attention to supply data and processing costs and examine the conditions and scope for development and sales at regional and

international level, having regard to competition on the world market.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 3

Wine

Article 8

Chapter II of Title II and Chapters I and II of Title III of Regulation (EC) No 1493/1999 ⁽¹⁾ and Chapter III of Regulation (EC) No 1227/2000 ⁽²⁾, shall not apply to the Azores and Madeira.

Article 9

1. A flat-rate aid per hectare shall be granted for the continued cultivation of vines for the production of quality wines psr in the traditional production zones.

The following areas shall be eligible for aid:

- (a) areas planted to vine varieties included among the varieties classified by the Member States as being suitable for the production of each of the quality wines psr produced in their territory, as referred to in Article 19 of Regulation (EC) No 1493/1999, and
- (b) areas where the yield per hectare is lower than a maximum to be fixed by the Member State, expressed as quantities of grapes, grape musts or wine, under the terms of Annex VI(l) to Regulation (EC) No 1493/1999.

2. The amount of the aid shall be EUR 650 per hectare per year. The aid shall be paid to producer groups or their associations. However, the aid shall also be granted to individual producers during a transitional period. During that period, all the aid shall be paid through the Wine Institute of Madeira and the Wine-growing Commission of the Azores, in accordance with rules to be laid down in accordance with the procedure referred to in Article 35(2).

3. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 35(2).

⁽¹⁾ Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (OJ L 179, 14.7.1999, p. 1). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽²⁾ Commission Regulation (EC) No 1227/2000 of 31 May 2000 laying down detailed rules for the application of Council Regulation (EC) No 1493/1999 on the common organisation of the market in wine, as regards production potential (OJ L 143, 16.6.2000, p. 1).

Article 10

1. Notwithstanding Article 19(1) of Regulation (EC) No 1493/1999, grapes from prohibited direct-producer hybrid vine varieties (Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont) harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions.

2. By 31 December 2006 Portugal shall have gradually eliminated vineyards planted with prohibited direct-producer hybrid vine varieties, with, where appropriate, the support provided for in Chapter III, Title II, of Regulation (EC) No 1493/1999.

3. Portugal shall notify the Commission, each year, of the progress made in converting and restructuring areas planted with prohibited direct-producer hybrid vine varieties.

SECTION 4

Graphic symbol

Article 11

1. The conditions for using the graphic symbol introduced with a view to ensuring greater awareness and consumption of quality agricultural products, whether natural or processed, specific to the Azores and Madeira as outermost regions, shall be proposed by the professional organisations. The Portuguese authorities shall forward such proposals, with their opinion, to the Commission for approval.

Use of the symbol shall be monitored by an official authority or a body approved by the competent Portuguese authorities.

2. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 35(2).

CHAPTER II

MEASURES TO ASSIST LOCAL PRODUCTS IN MADEIRA

SECTION 1

Livestock and milk products

Article 12

1. Until the local numbers of young male bovines reach a level sufficient to maintain traditional beef production, and within the limit of the balance referred to in Article 12:

- (a) the customs duties referred to in Article 30 of Regulation (EC) No 1254/1999 ⁽¹⁾ shall not be applied to imports of bovine animals from third countries for on-site fattening and consumption in the islands;
- (b) aid shall be granted for the supply of animals as referred to in (a) originating in the Community, up to a limit of 1 000 head. Priority shall be given to producers holding animals for fattening at least 50 % of which are of local origin.

Article 3(4) and (5) shall apply to goods qualifying for the measures referred to in the first subparagraph of this Article.

2. The numbers of animals qualifying for the measures referred to in paragraph 1 of this Article shall be determined in a periodic forecast supply balance, taking account of the development of local production. These numbers, the amount of the aid referred to in paragraph 1(b) of this Article and detailed rules for applying this Article, including in particular the minimum duration of the fattening period, shall be fixed in accordance with the procedure referred to in Article 35(2).

Article 13

1. The aid provided for in paragraphs 2 and 3 of this Article shall be granted to assist traditional activities connected with beef and veal production and measures to improve product quality, within the limits of the consumption needs of Madeira as assessed in the context of a periodic supply balance. The balance shall also take account of breeding animals supplied under Article 4 and animals covered by the specific supply arrangements provided for in Article 12.

2. A supplement to the slaughter premium provided for under Article 11 of Regulation (EC) No 1254/1999 shall be paid to producers for each locally fattened animal slaughtered. The amount of the supplement shall be EUR 25 per head. The supplement to the premium shall be granted annually within the limit of 2 500 slaughtered animals.

3. A supplement to the premium for maintaining suckler cows provided for in Article 6 of Regulation (EC) No 1254/1999 shall be paid to beef and veal producers. The amount of this supplement shall be EUR 50 per suckler cow held by the producer on the day on which the application is submitted.

4. The provisions relating to:

- (a) the regional ceiling laid down by Article 4 of Regulation (EC) No 1254/1999 as regards the special premium;
- (b) the individual ceiling for animals kept on the holding as laid down in Article 6 of Regulation (EC) No 1254/1999, as regards the basic suckler cow premium;

⁽¹⁾ Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21).

- (c) the national ceiling referred to in Article 11 of Regulation (EC) No 1254/1999 as regards the basic slaughter premium

shall not apply in Madeira in the case of the special premium, the suckler cow premium, the slaughter premium or the supplementary premiums referred to in paragraphs 2 and 3 of this Article.

5. The basic premiums and the supplementary premiums referred to in paragraph 3 shall be granted each year for a maximum of 2 000 male bovine animals, 1 000 suckler cows and 6 000 slaughtered animals, respectively.

6. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2). They shall cover drawing up the balances referred to in paragraph 1 of this Article and any reviews to take account of changing requirements and,

- (a) as regards the special premium for male bovine animals, they shall provide for:

— the 'freezing', within the regional ceiling set in Article 4 of Regulation (EC) No 1254/1999, of the number of animals for which the special premium was granted in Madeira for the year 2000,

— the grant of premiums within the limit of 90 animals per age group, per calendar year and per holding;

- (b) as regards the suckler cow premium, these detailed rules:

— shall include provisions to guarantee, to the extent necessary, the rights of producers to whom a premium has been granted under Article 6 of Regulation (EC) No 1254/1999,

— may provide for the establishment of a specific reserve for Madeira and special conditions for allocating or reallocating rights, taking into account the objectives pursued in the livestock farming sector; the size of the reserve shall be determined on the basis of the ceiling set in paragraph 5 and the number of premiums granted for the year 2000.

- (c) as regards the slaughter premium, they shall provide for:

— the 'freezing', within the ceiling set in Article 38(1) of Regulation (EC) No 2342/1999 ⁽²⁾, of the number of animals for which the slaughter premium was granted for 2000.

The detailed implementing rules may include additional conditions for granting supplementary premiums.

⁽²⁾ Commission Regulation (EC) No 2342/1999 of 28 October 1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes (OJ L 281, 4.11.1999, p. 30). Regulation as last amended by Commission Regulation (EC) No 192/2001 (OJ L 29, 31.1.2001, p. 7).

The Commission may review the ceilings fixed in paragraph 5 in accordance with the same procedure.

Article 14

1. During the period 2002—2006, aid shall be granted to implement a comprehensive programme to support the production and marketing of local produce in the livestock and milk products sectors in Madeira.

The programme may include measures to encourage improved quality and hygiene, marketing, sector structuring, the rationalisation of production and marketing structures, local communication relating to quality products and the provision of technical assistance. The programme may not include the grant of aid in addition to the premiums paid under Articles 13 and 15.

The programme shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the most representative producer organisations or their associations in the sectors concerned.

2. Detailed rules for applying this Article shall be laid down in accordance with the procedure referred to in Article 35(2). Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities; the Commission shall approve them in accordance with the procedure referred to in Article 35(2).

3. Each year the Portuguese authorities shall present a report on implementation of the programme. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

Article 15

1. The aid provided for in paragraph 2 below shall be granted to assist traditional activities connected with cow's milk production and measures to improve product quality, within the limits of the consumption needs of Madeira as assessed in the context of a periodic supply balance. The balance shall take account of the milk products covered by the supply arrangements referred to in Article 2.

2. Aid shall be granted for the human consumption of locally produced fresh cow's milk products, within the limits of the consumption needs of Madeira as assessed periodically.

The amount of the aid shall be EUR 12/100 kg of whole milk delivered to a dairy in order to ensure the regular disposal of the aforementioned products on the local market. The aid shall be paid to the dairies.

3. The additional levy scheme applicable to producers of cow's milk provided for in Regulation (EEC) No 3950/92⁽¹⁾ shall not apply in Madeira, within the limit of local production of 4 000 tonnes of milk.

4. Notwithstanding Articles 2 and 3 of Regulation (EC) No 2597/97⁽²⁾, the production in Madeira of UHT milk reconstituted from milk powder originating in the Community shall be authorised within the limits of local consumption requirements, insofar as this measure ensures that locally produced milk is collected and finds outlets. This product shall be intended for local consumption only.

5. The Commission shall review the aid referred to in paragraph 2 of this Article and adopt detailed rules for applying this Article in accordance with the procedure referred to in Article 35(2). The detailed rules shall determine, in particular, the quantity of locally produced fresh milk to be incorporated into the reconstituted UHT milk referred to in paragraph 4 of this Article.

SECTION 2

Potatoes

Article 16

1. Aid per hectare shall be granted for the cultivation of potatoes for human consumption falling within CN codes 0701 90 50 and 0701 90 90.

The annual amount of the aid shall be EUR 596,9 per hectare per year.

The aid shall be paid up to a limit of 2 000 hectares cultivated and harvested per year.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 3

Cane-sugar-rum

Article 17

1. Flat-rate area aid shall be granted each year to sugar-cane growers.

⁽¹⁾ Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector (OJ L 405, 31.12.1992, p. 1). Regulation as last amended by Regulation (EC) No 1256/1999 (OJ L 160, 26.6.1999, p. 73).

⁽²⁾ Council Regulation (EC) No 2597/97 of 18 December 1997 laying down additional rules on the common organisation of the market in milk and milk products for drinking milk (OJ L 351, 23.12.1997, p. 13).

2. The amount of the aid shall be EUR 500 per hectare planted and harvested per year. The aid shall be paid for up to 100 hectares.

Article 18

1. Aid shall be granted for the direct processing of sugar cane produced in Madeira into sugar syrup (mel de cana) or agricultural rum as defined in Article 1(4)(a) of Regulation (EEC) No 1576/89 ⁽¹⁾.

The aid shall be paid to manufacturers of sugar syrup or to distillers on condition that they have paid the sugar cane producer a minimum price, to be determined.

2. The aid shall be granted for the production of an annual quantity of 250 tonnes of sugar syrup and 2 500 hectolitres of alcohol at 71,8° in the case of agricultural rum.

Article 19

The amount of the aid provided for in Articles 17 and 18, the minimum price to be paid to producers and the detailed rules for applying the above Articles shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 4

Wine

Article 20

1. The aid provided for in this Article shall be granted to assist the preparation of Madeira liqueur wines within the limits of the requirements arising from the methods traditionally used in the region.

2. Aid shall be granted to purchase rectified concentrated musts in the rest of the Community for use in wine-making to sweeten the liqueur wines concerned.

3. Aid shall be granted for the purchase of wine alcohol.

Terms for this specific outlet shall be laid down to ensure that the markets for alcohol and spirit drinks in the Community are not disturbed.

4. The following shall be taken into account when the amount of aid is being fixed:

(a) the conditions and in particular the costs of supply to Madeira resulting from its geographical situation;

⁽¹⁾ Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks (OJ L 160, 12.6.1989, p. 1). Regulation as last amended by Regulation (EC) No 3378/94 of the European Parliament and of the Council (OJ L 366, 31.12.1994, p. 1).

(b) the price of products on the Community market and on the world market;

(c) the economic aspect of the proposed aid.

No refund shall be granted on exports from Madeira of musts and wine alcohol.

5. Aid shall be granted for the ageing of Madeira liqueur wines up to a maximum of 20 000 hectolitres each year. The aid shall be paid for liqueur wines which require five years' ageing or more. It shall be paid for each lot during three marketing years.

The amount of the aid shall be EUR 0,040 per hectolitre per day.

6. Temporary aid shall be granted each year for the shipment of Madeira wine and its marketing on Community markets.

The aid shall amount to EUR 0,2 per bottle, up to a limit of 2,5 million litres per year.

7. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 5

Wicker

Article 21

1. Flat-rate area aid shall be granted each year to wicker growers.

2. The amount of the aid shall be EUR 575 per hectare of area planted and harvested, up to a limit of 200 hectares.

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

CHAPTER III

MEASURES TO ASSIST LOCAL PRODUCTS

SECTION 1

Livestock and milk products in the Azores

Article 22

1. The aid provided for in this Article shall be granted to support essential traditional economic activities in the beef and veal and milk sectors in the Azores.

2. A supplement to the slaughter premium provided for in Article 11 of Regulation (EC) No 1254/1999 shall be paid to producers for each animal slaughtered. The amount of the supplement shall be EUR 25 per head.

3. A supplement to the premium for maintaining suckler cows provided for in Article 6 of Regulation (EC) No 1254/1999 shall be paid to beef and veal producers. The amount of this supplement shall be EUR 50 per suckler cow held by the producer on the day on which the application is submitted.

4. The provisions relating to:

- (a) the regional ceiling laid down by Article 4 of Regulation (EC) No 1254/1999 as regards the special premium;
- (b) the national ceiling referred to in Article 11 of Regulation (EC) No 1254/1989 as regards the basic slaughter premium;

shall not apply in the Azores in the case of the special premium, the slaughter premium or the supplementary premium referred to in paragraph 2 of this Article.

5. The basic and supplementary premiums referred to in paragraph 2 shall be granted each year for a maximum of 40 000 male bovine animals and 33 000 slaughtered animals, respectively.

6. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2). They shall cover any reviews to take account of changing requirements and shall provide for:

- (a) as regards the special premium for male bovine animals:
 - the 'freezing', within the regional ceiling set in Article 4 of Regulation (EC) No 1254/2000, of the number of animals for which the special premium was granted in the Azores for the year 2000,
- (b) as regards the slaughter premium:
 - the 'freezing', within the ceiling set in Article 38(5) of Regulation (EC) No 2342/2000, of the number of animals for which the slaughter premium was granted for the year 2000.

The detailed implementing rules may include additional conditions for granting supplementary premiums.

The Commission may review the ceilings fixed in paragraph 5 in accordance with the same procedure.

7. A specific premium shall be granted to maintain the dairy herd, up to a maximum of 78 000 head.

The premium shall be paid to producers. The amount of this premium shall be EUR 96,6 per cow held by the producer on the day on which the application is submitted.

8. Aid shall be granted for the private storage of traditionally manufactured cheeses:

- S. Jorge, at least three months old,

- Ilha, at least 45 days old.

The amount of the aid shall be fixed in accordance with the procedure referred to in paragraph 10.

9. Aid shall be introduced to dispose of young male bovine animals born in the Azores in other regions of the Community.

The aid shall amount to EUR 40 per head shipped, and shall be granted for up to 20 000 animals to producers who have kept those animals for at least three months before shipment.

10. Detailed rules for applying this Article shall be adopted, as appropriate, in accordance with the procedure referred to in Article 35(2).

Article 23

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

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

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

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

Article 24

1. Prior to their entry into force, the Portuguese Republic shall notify the Commission of measures taken pursuant to Article 23.

Article 25

1. In accordance with the procedure provided for in Article 35(2), the Commission shall, where necessary, adopt the measures necessary for the application of Article 23.

Article 26

1. During the period 2002—2006, aid shall be granted to implement a comprehensive programme to support the production and marketing of local produce in the livestock and milk products sector in the Azores.

The programme may include measures to encourage improved quality and hygiene, marketing, local communication relating to quality products and the provision of technical assistance. The programme may not include the granting of aid in addition to the premiums paid under Article 22.

The programme shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the most representative producer organisations or their associations in the sectors concerned.

2. Detailed rules for applying this Article shall be laid down in accordance with the procedure referred to in Article 35(2). Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities. The Commission shall approve them in accordance with the procedure referred to in Article 35(2).

3. Each year the Portuguese authorities shall present a report on implementation of the programme. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

SECTION 2

Pineapples*Article 27*

Aid shall be granted to produce pineapples falling within CN code 0804 30 00 up to a limit of 2 000 tonnes per year.

The amount of the aid shall be EUR 1,20 per kilogram.

Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 3

Sugar*Article 28*

1. Flat-rate area aid shall be granted in order to develop the production of sugar beet, up to the limit of an area corresponding to production of 10 000 tonnes of white sugar per year.

The amount of the aid shall be EUR 800 per hectare sown and harvested.

2. Specific aid shall be granted to process sugar beet harvested in the Azores into white sugar, up to an overall production limit of 10 000 tonnes of refined sugar per year.

The aid shall amount to EUR 27 per 100 kg of refined sugar. It may be adapted in accordance with the procedure referred to in Article 35(2).

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 4

Tobacco*Article 29*

1. A supplementary premium shall be granted, in addition to the premium introduced by Title I of Regulation (EEC) No 2075/92 ⁽¹⁾, for the collection of leaf tobacco of the variety Burley P., up to a limit of 250 tonnes. The amount of the supplementary premium shall be EUR 0,24 per kg of leaf tobacco.

The detailed rules for applying the premium scheme laid down in Regulation (EC) No 2848/98 ⁽²⁾ shall apply to the supplementary premium, except for specific derogations adopted in accordance with the procedure referred to in Article 35(2).

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

SECTION 5

Seed potatoes, chicory and tea*Article 30*

1. Aid shall be granted to produce seed potatoes falling within CN code ex 0701 10 00 up to a limit of 200 hectares.

⁽¹⁾ Council Regulation (EEC) No 2075/92 of 30 June 1992 on the common organisation of the market in raw tobacco (OJ L 215, 30.7.1992, p. 70). Regulation as last amended by Regulation (EC) No 1336/2000 (OJ L 154, 27.6.2000, p. 2).

⁽²⁾ Commission Regulation (EC) No 2848/98 of 22 December 1998 laying down detailed rules for the application of Council Regulation (EEC) No 2075/92 as regards the premium scheme, production quotas and the specific aid to be granted to producer groups in the raw tobacco sector (OJ L 358, 31.12.1998, p. 17). Regulation as last amended by Commission Regulation (EC) No 385/2001 (OJ L 57, 27.2.2001, p. 18).

The amount of the aid shall be EUR 596,9 per hectare.

2. Aid shall be granted to produce chicory falling within CN code 1212 99 10 for up to a maximum area of 200 hectares per year.

The amount of the aid shall be EUR 596,9 per hectare.

3. Aid shall be granted to conclude annual contracts for the marketing of the potatoes referred to in paragraph 1 of this Article on the same terms as those laid down in Article 6.

4. Aid per hectare shall be granted for the cultivation of tea.

The amount of the aid shall be EUR 800 per hectare of harvested area per year.

The aid shall be paid for up to 100 hectares.

5. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 35(2).

Article 31

Aid shall be granted for the ageing of Azores 'verdelho' wine up to a maximum of 4 000 hectolitres each year. The aid shall be paid for 'verdelho' wine which requires three years' ageing or more. It shall be paid for each lot during three marketing years.

The amount of the aid shall be EUR 0,08 per hectolitre per day.

TITLE III

PLANT-HEALTH MEASURES

Article 32

1. The competent authorities shall submit to the Commission programmes for the control of organisms harmful to plants or plant products. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost. The programmes submitted pursuant to this Article shall not concern protective measures for bananas.

2. The Community shall contribute to the financing of such programmes on the basis of a technical analysis of the regional situation.

3. The financial participation of the Community and the amount of the aid shall be decided in accordance with the procedure referred to in Article 35(2). The measures eligible for Community financing shall be defined in accordance with the same procedure.

4. Such participation may cover up to 75 % of the eligible expenditure. Payment shall be made on the basis of

documentation supplied by the competent authorities. If necessary, investigations may be organised by the Commission and conducted on its behalf by experts as referred to in Article 21 of Directive 2000/29/EC⁽¹⁾.

TITLE IV

STRUCTURAL DEROGATIONS

Article 33

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small economic size to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999.

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. The restriction laid down in Article 29(3) of Regulation (EC) No 1257/1999 shall not apply to subtropical forests or wooded areas located in the Azores and Madeira.

4. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22, 23 and 24 of that Regulation shall be 85 %.

5. Notwithstanding Article 24(2) of Regulation (EC) No 1257/1999, the maximum amounts per year eligible for the Community aid provided for in the Annex to this Regulation may be increased up to twofold in the case of the measure to protect lakes in the Azores and the measure to preserve the landscape and traditional features of agricultural land, in particular the conservation of the stone walls supporting terraces in Madeira.

⁽¹⁾ Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000, p. 1). Directive as last amended by Commission Directive 2001/33/EC (OJ L 127, 9.5.2001, p. 42).

6. A summary description of the measures planned under this Article shall be included in the operational programmes for these regions referred to in Article 18 of Regulation (EC) No 1260/1999.

TITLE V

GENERAL AND FINAL PROVISIONS

Article 34

The measures necessary for the implementation of this Regulation shall be adopted in accordance with the management procedure referred to in Article 35(2).

Article 35

1. The Commission shall be assisted by the Management Committee for Cereals established by Article 22 of Regulation (EEC) No 1766/92 ⁽¹⁾, or by the management committees established by the other regulations on the common organisation of the markets for the products concerned.

In the case of agricultural products covered by Regulation (EEC) No 827/68 ⁽²⁾ and products not covered by a common organisation of the market, the Commission shall be assisted by the Management Committee for Hops established by Article 20 of Regulation (EEC) No 1696/71 ⁽³⁾.

In the case of the graphic symbol and other cases provided for in this Regulation, the Commission shall be assisted by the Management Committee for Fresh Fruit and Vegetables established by Regulation (EC) No 2200/96.

For the purposes of implementing Title III, the Commission shall be assisted by the Standing Committee on Plant Health established by Decision 76/894/EEC ⁽⁴⁾.

For the purposes of implementing Title IV, the Commission shall be assisted by the Committee for the Development and Conversion of Regions and by the Committee on Agricultural

Structures and Rural Development, established respectively by Article 48 and by Article 50 of Regulation (EC) No 1260/1999.

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

However, in the case of Title III, the procedure laid down in Article 18 of Directive 2000/29/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

3. The Committees shall adopt their rules of procedure.

Article 36

For the agricultural products covered by Annex I to the Treaty, to which Articles 87, 88 and 89 thereof apply, the Commission may authorise operating aid in the sectors producing, processing and marketing those products, with a view to mitigating the specific constraints on farming in the Azores and Madeira as a result of their remoteness, insularity and outermost location.

Article 37

The measures provided for in this Regulation, except for Article 33, shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 2(2) of Regulation (EC) No 1258/1999 ⁽⁵⁾.

Article 38

The Member States shall take the measures necessary to ensure compliance with this Regulation, in particular as regards controls and administrative penalties, and shall inform the Commission thereof.

The detailed rules for applying this Article shall be adopted by the procedure provided for in Article 35(2).

Article 39

1. Portugal shall present an annual report to the Commission on the implementation of the measures provided for in this Regulation.

2. No later than at the end of the fifth year of application of the system the Commission shall submit a general report to Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

⁽⁵⁾ Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy (OJ L 160, 26.6.1999, p. 103).

⁽¹⁾ Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (OJ L 181, 1.7.1992, p. 21). Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

⁽²⁾ Regulation (EEC) No 827/68 of the Council of 28 June 1968 on the common organisation of the market in certain products listed in Annex II to the Treaty (OJ L 151, 30.6.1968, p. 16). Regulation as last amended by Regulation (EC) No 3290/94 (OJ L 349, 31.12.1994, p. 105).

⁽³⁾ Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops (OJ L 175, 4.8.1971, p. 1). Regulation as last amended by Regulation (EC) No 191/2000 (OJ L 23, 28.1.2000, p. 4).

⁽⁴⁾ Council Decision 76/894/EEC of 23 November 1976 establishing a Standing Committee on Plant Health (OJ L 340, 9.12.1976, p. 25).

Article 40

Regulation (EEC) No 1600/92 ⁽¹⁾ is hereby repealed. References to Regulation (EEC) No 1600/92 shall be construed as references to this Regulation and should be read in accordance with the correlation table in Annex III.

Article 41

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

Article 33 shall apply as from 1 January 2000.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

⁽¹⁾ Council Regulation (EEC) No 1600/92 of 15 June 1992 concerning specific measures for the Azores and Madeira relating to certain agricultural products (OJ L 173, 27.6.1992, p. 1). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

ANNEX I

List of products covered by the specific supply arrangements provided for in Article 3 for the Azores

Description	CN code
Cereals and cereal products intended for human consumption and animal feed:	
Maize seed	1005 10
Rice	1006
Soya seed	1201 00 90
Sunflower seed	1206 00 99
Hops	1210
Raw sugar	1701 12 10
Fruit juice (raw materials) other than those covered by Article 5 of this Regulation	2009
Olive oil	1509 10 90, 1509 90 00, 1509 00 90

ANNEX II

List of products covered by the specific supply arrangements provided for in Article 3 for Madeira

Description	CN code
Cereals and cereal products intended for human consumption and animal feed	
Hops	1210
Dried alfalfa	1214
Soya cake	2304
Rice	1006
Vegetable oil	ex 1507 to 1516
Sugar	1701 and 1702 (except isoglucose)
Fruit preserves and concentrated fruit juices (raw materials) other than those covered by Article 5 of this Regulation	2007 99, 2008 and 2009
Beef and veal:	
Fresh or chilled	0201
Frozen	0202
Pigmeat	0203
Milk and milk products:	
Milk powder	ex 0402
Liquid milk	0401
Butter	0405
Cheese	0406
Seed potatoes	0701 10 00

ANNEX III

Correlation table

Regulation (EEC) No 1600/92	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3(1)	First subparagraph of Article 3(1)
	Second subparagraph of Article 3(1)
Article 3(2)	Article 3(2)
Article 3(3)	Article 3(3)
Article 3(4)	Article 3(6)
Article 4	Article 4
Article 5	Article 12
Article 6	Deleted
Article 7	Article 3(4)
Article 8(1)	First subparagraph of Article 3(5)
	Second subparagraph of Article 3(5)
Article 8(2)	Third subparagraph of Article 3(5)
Article 9	Fourth subparagraph of Article 3(5)
Article 10	Article 3(6)
Article 11	Deleted
	Article 5
Article 12	Article 6
Article 13	Article 7
	Article 10
Article 14(1)	Article 13(1)
Article 14(2)	Deleted
Article 14(3)	Article 13(3)
	Article 13(2)
	Article 13(4)
	Article 13(5)
Article 14(4)	Article 13(6)
	Article 14
First subparagraph of Article 15(1)	First subparagraph of Article 15(1)
Second and third subparagraph of Article 15(1)	Article 15(2)
	Article 15(3)
	Article 15(4)
Article 15(2)	Article 15(5)
Article 16	Article 16
Article 17	Article 17
Article 18	Article 18
Article 19	Article 19

Regulation (EEC) No 1600/92	This Regulation
Article 20	Article 8
Article 21	Article 20
	Article 20(6)
	Article 21
Article 22	Article 9
Article 23	Deleted
Article 24(1)	Article 22(1)
Article 24(2)	Deleted
	Article 22(2)
Article 24(3)	Article 22(3)
	Article 22(4)
	Article 22(5)
	Article 22(6)
Article 24(4)	Article 22(7)
Article 24(5)	Article 22(8)
	Article 22(9)
Article 24(6)	Article 22(10)
	Article 23
	Article 24
	Article 25
	Article 26
Article 25	Article 28
Article 26	Article 29
Article 27	Article 30
	Article 30(4)
	Article 31
Article 28	Article 8
Article 29	Article 9
Article 30	Article 27
Article 31	Article 11
Article 32	Article 33
Article 33	Article 32
	Article 34
	Article 35
	Article 36
Article 34	Article 37
	Article 38
	Article 39(1)
Article 35(1)	Deleted
Article 35(2)	Article 39(2)
	Article 40
Article 36	Article 41
Annex I	Annex I
Annex II	Annex II
	Annex III

COUNCIL REGULATION (EC) No 1454/2001**of 28 June 2001****introducing specific measures for certain agricultural products for the Canary Islands and repealing Regulation (EEC) No 1601/92 (Poseican)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36, 37 and 299(2) thereof,

Having regard to the proposal from the Commission,

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

Whereas:

- (1) Under Regulation (EEC) No 1911/91 ⁽²⁾, the Canary Islands are part of the Community's customs territory and all the common policies apply there without prejudice to any special measures adopted to take account of their specific constraints and traditional economic and taxation system. Articles 2 and 10 of that Regulation rule that full application of the common agricultural policy is subject to the entry into force of specific supply arrangements. In addition, application of the common agricultural policy is to be accompanied by specific measures relating to agricultural production in the islands.
- (2) By Decision 91/314/EEC ⁽³⁾ the Council adopted a programme of options specific to the remote and insular nature of the Canary Islands (Poseican) in accordance with the Community's policy of assistance for the outermost regions. The purpose of the programme is to facilitate the economic and social development of the region and enable it to benefit from the advantages of the single market of which it is an integral part despite the objective factors leaving it geographically and economically isolated. The programme calls for the CAP to be applied in that region and provides for special measures to be adopted, in particular to improve the conditions in which agricultural products are produced and marketed there and to mitigate the effects of its exceptional geographical situation and constraints as since recognised in Article 299(2) of the Treaty.
- (3) The particular geographical situation of the Canary Islands imposes additional transport costs in supplying

essential products for human consumption, for processing and as agricultural inputs. In addition, objective factors arising as a result of insularity and outermost location impose further constraints on economic operators and producers in the Canary Islands that severely handicap their activities. These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to these islands and compensate for the additional costs arising from their remoteness, insularity and outermost location.

- (4) To that end, notwithstanding Article 23 of the Treaty, imports of the products concerned from third countries should be exempt from the applicable import duties. To take account of their origin and the customs treatment accorded to them under the Community provisions, products which have entered the Community's customs territory under inward processing or customs warehousing arrangements should be considered as direct imports, for the purpose of granting the benefits of the specific supply arrangements.
- (5) In order to achieve the goal of lowering prices in the Canary Islands and mitigating the additional costs of their remoteness, insularity and outermost location while maintaining the competitiveness of Community products, aid should be granted for the supply to these islands of products of Community origin. Such aid should take account of the additional cost of transport to the Canary Islands and the prices applied to exports to third countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.
- (6) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of the Canary Islands, those arrangements do not impair the proper functioning of the internal market. In addition, the economic advantages of the specific supply arrangements should not provoke deflections of trade in the products concerned. Re-dispatching or re-exportation of those products from the Canary Islands should therefore be prohibited. However, it is possible to re-export products in their unprocessed state or products resulting from local packaging of such products under certain conditions, so as to permit regional trade. In the case of processing, this prohibition

⁽¹⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽²⁾ Council Regulation (EEC) No 1911/91 of 26 June 1991 on the application of the provisions of Community law to the Canary Islands (OJ L 171, 29.6.1991, p. 1). Regulation as last amended by Regulation (EC) No 1105/2001 (OJ L 151, 7.6.2001, p. 1).

⁽³⁾ OJ L 171, 29.6.1991, p. 5.

should not apply to traditional exports and consignments.

- (7) The economic advantages of the specific supply arrangements should be passed on so as to reduce production costs and bring down prices throughout the production and distribution chain to the end user, culminating in lower consumer prices. They should therefore be granted only on condition that they are actually passed on, and monitoring must be carried out to that end.
- (8) Traditional livestock farming activities should be supported in order to help meet local consumption needs. To that end, derogations are needed from some of the provisions of the common market organisations which restrict production, to take account of the development and particular conditions of local production, which are quite different from those in the rest of the Community. This objective may also be pursued indirectly by financing genetic improvement programmes involving the purchase of pure-bred breeding animals, by purchasing commercial breeds more suited to local conditions and by supplementing the suckler cow premium and the slaughter premium. The estimate of local consumption requirements is drawn up in a periodic balance. To ensure that Community support can be mobilised effectively, a comprehensive programme to support local activities in the livestock and milk products sectors should enable the sectors concerned to define and implement strategies tailored to the local context for economic development, spatial organisation of production and increasing the professionalism of producers. Pending the development of local livestock farming, this programme may include temporary provision for the supply of male animals for fattening, the number of such animals to be supplied each year being limited so as not to compromise the abovementioned objective. It may also provide for measures to support milk production in the sheep and goat sector, to structure that sector, alleviate difficulties in the processing and marketing of local farm cheeses made from ewe's and goat's milk, rectify the fragmentation of supply, improve the quality of milk and assist diversification.
- (9) The sheep and goat sector receives support through a supplementary premium granted to producers in the Canary Islands for heavy lambs. This measure has made it possible to develop local production, which is of social, economic and environmental importance because this activity is concentrated in the most disadvantaged areas of the islands where no other alternatives exist. This measure should be continued.
- (10) Aid for human consumption of fresh cow's milk products is paid to dairies so that the milk produced can be disposed of in the normal fashion on the local market. Extending the aid to cover other products has enabled the sector to adapt to changing consumption habits. The level of self-sufficiency is still very low, so the measure should be continued.
- (11) The area aid scheme for fruit and edible vegetables, roots and tubers, flowers and live plants has proved unsuitable, especially because of the slowness and complexity of procedures and the way the proposed aid was structured. Lessons should be learned from the encouraging results of the Poseidom reform in that sector, and marketing and processing aid should be envisaged with a view to supplying the market in the Canary Islands. Such aid must help local produce compete with products from elsewhere on high-growth markets, better satisfy the requirements of consumers and new distribution channels, improve the productivity of farms and upgrade the quality of products. The marketing of these products, both fresh and processed, should be continued and they should be promoted on the Community market. An economic study will help to refine the structure of the sector.
- (12) Potato production is essential in the Canary Islands, for both economic and social and environmental reasons. The cultivated areas are situated in areas of average altitude where the difficult terrain and small size of holdings (terrace cultivation), together with the high prices of inputs, make for very high production costs. Specific aid is granted for growing potatoes for human consumption in order to support domestic production to satisfy the islands' consumption patterns. Abolition of the temporary measure restricting the deliveries of potatoes for human consumption during sensitive periods for the marketing of local production has left the sector very vulnerable. It is therefore planned to grant aid for local marketing of this potato production.
- (13) It is economically and environmentally imperative that vines, the most widespread crop, continue to be cultivated, because winegrowing is practised in dry areas and on land that is particularly vulnerable to erosion. In order to help support domestic production, a flat-rate area aid is granted for the cultivation of vines for producing quality wines produced in specified regions. Likewise, neither abandonment premiums nor market mechanisms apply, with the exception of crisis distillation which may apply if the market is exceptionally disrupted as a result of quality problems.
- (14) Tobacco growing is of historical importance on the islands. Economically speaking, tobacco preparation continues to be one of the chief industrial activities in the region. In social terms, tobacco cultivation is very labour intensive and carried out by small farms. Since the crop is not sufficiently profitable it is in danger of

dying out. Tobacco is currently cultivated only on a small area on the island of La Palma, where it is used for the artisanal manufacture of cigars. Spain should therefore be authorised to continue to grant aid in addition to the Community aid so that this traditional crop can be maintained with a view to supporting the artisanal activity associated with it. In addition, to maintain the manufacture of tobacco products, imports into the Canary Islands of raw and semi-manufactured tobacco should continue to be exempt from customs duty, up to an annual limit of 20 000 tonnes of stripped raw tobacco equivalent.

- (15) Traditional honey in the Canary Islands is produced by a local breed of bees well suited to local conditions but not very productive. This breed is in danger of dying out, to be replaced by breeds which will be more profitable to beekeepers. The aid being paid to associations of beekeepers producing traditional honey of specific quality should therefore be continued, and the number of hives of local bees eligible for the aid should be adapted.
- (16) Agricultural producers in the Canary Islands should be encouraged to supply quality products and the marketing of these should be assisted; in this respect, using the Community's graphic symbol might help achieve this purpose.
- (17) Regulation (EC) No 1257/1999 ⁽¹⁾ lays down rural development measures that may be granted Community support and sets out the conditions for obtaining such support.
- (18) This Regulation seeks to remedy the handicaps due to the remote and insular nature of that region.
- (19) The structures of certain agricultural holdings or processing and marketing enterprises located in these islands show serious shortcomings and are beset with specific difficulties. Provision should accordingly be made for derogations for certain types of investments from the provisions limiting or preventing the grant of some structural aid provided for in Regulation (EC) No 1257/1999.
- (20) The Community financial contribution for three of the accompanying measures referred to in Article 35(1) of Regulation (EC) No 1257/1999 may amount in the outermost regions to up to 85 % of the total eligible cost. On the other hand, in accordance with the third indent of the second subparagraph of Article 47(2) of that Regulation, the Community financial contribution for agri-environmental measures, which constitutes the

fourth accompanying measure, shall be limited to 75 % for all areas covered by Objective 1. In view of the importance attributed to agri-environment within the context of rural development, the rate of the Community financial contribution should be harmonised for all accompanying measures in the outermost regions.

- (21) Pursuant to Article 14 of Regulation (EC) No 1260/1999 ⁽²⁾, each plan, Community support framework, operational programme and single programming document is to cover a period of seven years, and the programming period is to begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation should, exceptionally, be applicable to the whole programming period.
- (22) A derogation may be granted from the Commission's consistent policy of not authorising State operating aid for the production, processing and marketing of agricultural products covered by Annex I to the Treaty in order to mitigate the specific constraints on farming in the Canary Islands as a result of their remoteness, insularity, outermost location, small area, mountainous terrain and climate and their economic dependency on a small number of products.
- (23) 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 ⁽³⁾,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation lays down specific measures to remedy the difficulties caused by the remote and insular nature and the outermost location of the Canary Islands in respect of certain agricultural products.

TITLE I

SPECIFIC SUPPLY ARRANGEMENTS

Article 2

1. Specific supply arrangements are hereby introduced for the agricultural products listed in Annex I to this Regulation,

⁽¹⁾ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) (OJ L 160, 26.6.1999, p. 80).

⁽²⁾ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (OJ L 161, 26.6.1999, p. 1).

⁽³⁾ OJ L 184, 17.7.1999, p. 23.

which are essential for human consumption, for processing and as agricultural inputs in the Canary Islands.

2. A forecast supply balance shall be drawn up stating the quantity of the agricultural products listed in Annex I needed to meet supply requirements each year. A separate forecast balance may be drawn up for the requirements of the industries processing and packaging products intended for the local market and for traditional export or consignment to the rest of the Community.

Article 3

1. No duties shall apply to direct imports into the Canary Islands of products covered by the specific supply arrangements if they originate in non-member countries, within the limit of the quantities determined in the supply balance.

Products which have entered the Community's customs territory under inward processing or customs warehousing arrangements shall be considered as direct imports for the purposes of this Title.

2. To ensure coverage of the requirements established in accordance with Article 2 in terms of quantity, price and quality, while taking care to maintain the Community's share in supplies, aid shall be granted to supply the Canary Islands with Community products held in public intervention storage or available on the Community market.

Such aid shall be fixed to take account of the additional cost of transport to the Canary Islands and the prices applied to exports to non-member countries and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and outermost location.

3. In implementing the specific supply arrangements, account shall be taken, in particular, of the following:

- the specific requirements of the Canary Islands and, in the case of products intended for processing and agricultural inputs, the specific quality requirements,
- trade flows with the rest of the Community,
- the economic aspect of the proposed aid.

4. Entitlement under the specific supply arrangements shall be subject to the condition that the economic advantage derived either from exemption from import duties or from aid in the case of supply from the rest of the Community is actually passed on to the end user.

5. Products covered by the specific supply arrangements may not be re-exported to non-member countries or re-dispatched to the rest of the Community.

However, products in the unprocessed state or packaged products resulting from local packaging of such products may be re-exported to a non-member country in accordance with the conditions laid down by the Commission under the procedure referred to in Article 21(2).

Where the products concerned are processed in the Canary Islands, the aforesaid prohibition shall not apply to traditional exports or shipments of the processed products to the rest of the Community. No export refund shall be granted.

6. Detailed rules for applying this Title shall be adopted in accordance with the procedure referred to in Article 21(2). These shall include:

- the fixing of aid for supply from the rest of the Community,
- provisions to ensure that the advantages granted are actually passed on to the end user,
- introduction if necessary of a system of import or delivery licences.

The Commission shall draw up supply balances in accordance with the procedure referred to in Article 21(2). It may revise those balances, and the list of products in Annex I, in accordance with the same procedure, in the light of changes in the Canary Islands' requirements.

TITLE II

MEASURES TO ASSIST LOCAL PRODUCTS

CHAPTER I

LIVESTOCK AND MILK PRODUCTS

Article 4

1. In the livestock sector, aid shall be granted for the supply to the Canary Islands of pure-bred animals, animals of commercial breeds and livestock products, originating in the Community.

2. The terms for granting aid shall be laid down taking account, in particular, of the supply requirements of the Canary Islands for starting up production and genetic improvement of livestock and the need for the breeds best suited to local conditions. The aid shall be paid for the delivery of goods which fulfil the requirements specified in Community rules.

3. The following shall be taken into account when aid is being fixed:

- the conditions and in particular the costs of supply to the Canary Islands resulting from their geographical situation,

- the price of products on the Community market and on the world market,
- whether or not duties are charged on imports from non-member countries,
- the economic aspect of the proposed aid.

4. Article 3(4) and (5) shall apply to goods qualifying for aid under paragraph 1 of this Article.

5. The list of products, the level of the aid referred to in paragraph 1 of this Article and the detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2).

Article 5

1. The aid provided for in paragraph 2 and 3 below shall be granted to assist traditional activities connected with beef and veal production and measures to improve product quality, within the limits of the consumption needs of the islands as assessed in the context of a periodic supply balance.

The balance shall also take account of breeding animals supplied under Article 4 and animals covered by the measures provided for in the third subparagraph of Article 7(1).

2. A supplement to the slaughter premium provided for under Article 11 of Regulation (EC) No 1254/1999 ⁽¹⁾, of EUR 25 per head, shall be paid to producers for each animal slaughtered.

3. A supplement to the premium for maintaining suckler cows provided for in Article 6 of Regulation (EC) No 1254/1999 shall be paid to beef and veal producers. The amount of this supplement shall be EUR 50 per suckler cow held by the producer on the day on which the application is submitted.

4. The provisions relating to:

- (a) the regional ceiling laid down by Article 4 of Regulation (EC) No 1254/1999 as regards the special premium;
- (b) the individual ceiling for animals kept on the holding as laid down in Article 6 of Regulation (EC) No 1254/1999 as regards the basic suckler cow premium;
- (c) the national ceiling laid down under Article 11 of Regulation (EC) No 1254/1999 as regards the basic slaughter premium;
- (d) the stocking density for animals kept on the farm, laid down in Article 12 of Regulation (EC) No 1254/1999, as regards the special premium and the basic suckler cow premium,

⁽¹⁾ Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21).

shall not apply in the Canary Islands in the case of the special premium, the basic suckler cow premium, the slaughter premium or the supplementary premiums referred to in paragraphs 2 and 3 of this Article.

5. The basic and supplementary premiums referred to in paragraphs 2 and 3 shall be granted each year for a maximum of 10 000 male bovine animals, 5 000 suckler cows and 15 000 slaughtered animals, respectively.

6. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2). They shall cover drawing up the balances referred to in paragraph 1 of this Article and any reviews to take account of changing requirements and:

(a) as regards the special premium for male bovine animals, they shall provide for:

- the 'freezing', within the regional ceiling set in Article 4 of Regulation (EC) No 1254/1999, of the number of animals for which the special premium was granted in the Canary Islands for the year 2000,
- the grant of premiums within the limit of 90 animals per age group, per calendar year and per holding;

(b) as regards the suckler cow premium, these detailed rules:

- shall include provisions to guarantee, to the extent necessary, the rights of producers to whom a premium has been granted under Article 6 of Regulation (EC) No 1254/1999,
- may provide for the establishment of a specific reserve for the Canary Islands and special conditions for allocating or reallocating rights, taking into account the objectives pursued in the livestock farming sector; the size of the reserve shall be determined on the basis of the ceiling set in paragraph 5 and the number of premiums granted for the year 2000;

(c) as regards the slaughter premium, they shall provide for:

- the 'freezing', within the ceiling set in Article 38(1) of Regulation (EC) No 2342/1999 ⁽²⁾, of the number of animals for which the slaughter premium was granted for 2000.

The detailed implementing rules may include additional conditions for granting supplementary premiums.

⁽²⁾ Commission Regulation (EC) No 2342/1999 of 28 October 1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes (OJ L 281, 4.11.1999, p. 30). Regulation as last amended by Commission Regulation (EC) No 192/2001 (OJ L 29, 31.1.2001, p. 27).

The Commission may review the ceilings fixed in paragraph 5 in accordance with the same procedure.

Article 6

1. A supplementary premium shall be granted, in addition to the ewe premium payable under Article 5(3) of Regulation (EC) No 2467/98 ⁽¹⁾, to producers of light lambs as defined in Article 4(3) of that Regulation.

The amount of the supplementary premium shall be equal to the difference between the amounts of the premiums determined under Article 5(2) and (3) of Regulation (EC) No 2467/98 payable to producers of heavy lambs and producers of light lambs, respectively, plus the difference between the amounts of the specific aids for rural measures referred to in the first and second indents of Article 1(1) of Regulation (EEC) No 1323/90 ⁽²⁾.

2. The supplementary premium determined in accordance with paragraph 1 shall also be paid to producers of goat meat, without prejudice to payment of the premium provided for in Article 5(5) of Regulation (EC) No 2467/98.

3. The premiums referred to in paragraphs 1 and 2 of this Article shall be granted on the same terms as those laid down for the grant of the premium to producers of sheepmeat and goat meat under Article 5 of Regulation (EC) No 2467/98.

4. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 21(2).

Article 7

1. During the period from 2002 to 2006, aid shall be granted to implement in the Canary Islands a comprehensive programme to support the production and marketing of local produce in the livestock and milk products sectors.

This programme may include measures such as incentives to improve quality and hygiene, the marketing of quality products, sector structuring, the rationalisation of production and marketing structures providing for grouped purchases, local communication relating to quality products and the provision of technical assistance.

In the beef and veal sector the programme may include the possibility of a supply of male animals for fattening until the local numbers of young male bovines reach a level sufficient to

⁽¹⁾ Council Regulation (EC) No 2467/98 of 3 November 1998 on the common organisation of the market in sheepmeat and goatmeat (OJ L 312, 20.11.1998, p. 1). Regulation last amended by Regulation (EC) No 1669/2000 (OJ L 193, 29.7.2000, p. 8).

⁽²⁾ Council Regulation (EEC) No 1323/90 of 14 May 1990 instituting specific aid for sheep and goat farming in certain less-favoured areas of the Community (OJ L 132, 23.5.1990, p. 17). Regulation last amended by Regulation (EC) No 193/98 (OJ L 20, 27.1.1998, p. 18).

maintain traditional beef production, and within the limit of the balance provided for under Article 5. Priority for such animals shall be given to producers holding animals for fattening at least 50 % of which are of local origin.

The programme shall be prepared and implemented by the competent authorities designated by the Member State, working in close collaboration with the most representative producer organisations or their associations in the sectors concerned. It may not include the granting of aid in addition to the individual premiums paid directly to producers under this Regulation in the livestock sector, pursuant to Articles 5, 6 and 8.

2. The detailed rules for applying this Article shall be fixed in accordance with the procedure referred to in Article 21(2).

Draft programmes, to run for no more than five years, shall be presented to the Commission by the competent authorities. The Commission shall approve them in accordance with the procedure referred to in Article 21(2).

3. Each year the Spanish authorities shall present a report on implementation of the programme. Before the end of 2005, the Commission shall submit to the European Parliament and to the Council an evaluation report on the application of the measure referred to in this Article, accompanied if applicable by appropriate proposals.

Article 8

1. Aid shall be granted for the human consumption of locally produced cow's milk products, within the limits of the consumption needs of the islands as assessed periodically. The aid shall be paid to the dairies. The aid shall amount to EUR 8,45 per 100 kg of whole milk.

2. The Commission shall review the aid referred to in paragraph 1 of this Article and adopt detailed rules for applying this Article in accordance with the procedure referred to in Article 21(2). Payment shall be subject to the benefit derived therefrom being actually passed on to the consumer.

CHAPTER II

FRUIT, VEGETABLES, PLANTS AND FLOWERS

Article 9

1. Aid shall be granted for the fruits, edible vegetables, roots and tubers, flowers and live plants listed in Chapters 6, 7 and 8 of the Combined Nomenclature harvested in the Canary Islands and intended to supply the market in the Canary Islands.

The aid shall be granted for products which conform to common standards fixed by Community legislation or, where no such standards exist, to specifications written into the supply contracts.

Grant of the aid shall be subject to the conclusion of supply contracts lasting one or more years between individual producers, producer groups or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 ⁽¹⁾ and the food industry or distributors, restaurants and the like or local authorities.

The aid shall be paid out to the abovementioned individual producers, producer groups or producer organisations within the limits of annual quantities established for each product category.

The amount of the aid shall be fixed on a flat-rate basis for each of the product categories to be determined, based on the average value of the products covered. The amount of aid shall be differentiated according to whether or not the beneficiary is one of the producer organisations referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96.

The aid shall not be granted for bananas falling within CN code 0803 00, tomatoes falling within CN code 0702 00 or new potatoes falling within CN code 0701 90 50 harvested from 1 January to 31 March.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2). The product categories and amounts of aid referred to in paragraph 1 shall be fixed in accordance with the same procedure.

Article 10

1. Aid shall be granted for the conclusion of annual contracts concerning the marketing of fresh and processed products as specified in Article 9 and medicinal plants falling within CN code 1211, which are harvested in the Canary Islands. This aid shall also be granted for tomatoes falling within CN code 0702 00 on the terms laid down in the third subparagraph of paragraph 2 of this Article.

The contracts shall be concluded between individual producers or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 established in the Canary Islands and natural or legal persons established in the rest of the Community.

2. The amount of the aid shall be 10 % of the value of the production marketed, free at destination.

This aid shall be paid up to a limit of a volume of 10 000 tonnes per product per year.

However, for tomatoes falling within CN code 0702 00 the amount of the aid shall be EUR 0,76/100 kg up to a limit of 300 000 tonnes per year.

⁽¹⁾ Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables (OJ L 297, 20.11.1996, p. 1). Regulation last amended by Commission Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

3. The aid shall be granted to purchasers who undertake to market the Canary Islands products under the contracts referred to in paragraph 1.

4. Where marketing of the products referred to in paragraph 1 of this Article is undertaken by joint ventures constituted, with the aim of marketing produce from the Canary Islands, by producers in those islands or producer organisations as referred to in Articles 11, 13 and 14 of Regulation (EC) No 2200/96 and natural or legal persons established in the rest of the Community, and where the partners undertake to pool the knowledge and know-how required to achieve the objective of the joint venture over a minimum period of three years, the amount of the aid shall be increased to 13 % of the value of the annual production marketed jointly.

5. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2).

Article 11

1. The Community shall contribute up to a maximum of EUR 100 000 towards the financing of an economic analysis and forward study of the fresh and processed fruit and vegetable sector in the Canary Islands, paying particular attention to tropical produce.

The study shall produce an economic and technical assessment of the sector. It shall pay particular attention to supply data and processing costs and examine the conditions and scope for development and sales at regional and international level, having regard to competition on the world market.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2).

CHAPTER III

WINE

Article 12

Chapter II of Title II and Title III of Regulation (EC) No 1493/1999 ⁽²⁾ and Chapter III of Regulation (EC) No 1227/2000 ⁽³⁾, as regards production potential shall not apply to the Canary Islands, except for the crisis distillation referred to in Article 30 of Regulation (EC) No 1493/1999, if there is exceptional market disturbance caused by problems of quality.

⁽²⁾ Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (OJ L 179, 14.7.1999, p. 1). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

⁽³⁾ Commission Regulation (EC) No 1227/2000 of 31 May 2000 laying down detailed rules for the application of Council Regulation (EC) No 1493/1999 on the common organisation of the market in wine (OJ L 143, 16.6.2000, p. 1).

Article 13

1. Aid per hectare shall be granted for the continued cultivation of vines for the production of quality wines psr in the traditional production zones.

The following areas shall be eligible for aid:

- (a) areas planted to vine varieties included among the varieties classified by the Member States as being suitable for the production of each of the quality wines psr produced in their territory, as referred to in Article 19 of Regulation (EC) No 1493/1999, and
- (b) areas where the yield per hectare is lower than a maximum to be fixed by the Member State, expressed as quantities of grapes, grape musts or wine, under the terms of Annex VI(l) to Regulation (EC) No 1493/1999.

2. The amount of the aid shall be EUR 476,76 per hectare per year. The aid shall be paid to producer groups or their associations.

However, the aid shall also be granted to individual producers during a transitional period. During that period, all the aid shall be managed in accordance with rules to be laid down in accordance with the procedure referred to in Article 21(2).

3. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 21(2).

CHAPTER IV

POTATOES*Article 14*

1. Aid per hectare shall be granted for the cultivation of potatoes for human consumption falling within CN codes 0701 90 50 and 0701 90 90.

2. The amount of the aid shall be EUR 596 per hectare.

The aid shall be paid up to a limit of 9 000 hectares cultivated and harvested per year.

3. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2).

CHAPTER V

TOBACCO*Article 15*

Spain is hereby authorised to grant tobacco production aid to the Canary Islands in addition to the premium provided for in Title I of Regulation (EEC) No 2075/92 ⁽¹⁾. The grant of this

⁽¹⁾ Council Regulation (EEC) No 2075/92 of 30 June 1992 on the common organisation of the market in raw tobacco (OJ L 215, 30.7.1992, p. 70). Regulation as last amended by Regulation (EC) No 1336/2000 (OJ L 154, 27.6.2000, p. 2).

aid may not result in discrimination between producers in the islands.

The amount of the aid shall not be more than the Community premium referred to in the first paragraph. The additional aid shall be paid for up to 10 tonnes each year.

Article 16

1. No customs duties shall be applied to direct imports into the Canary Islands of raw and semi-manufactured tobacco falling, respectively, within:

— CN code 2401,

and the following subheadings:

— 2401 10 Tobacco, not stemmed/stripped,

— 2401 20 Tobacco, partly or wholly stemmed/stripped,

— ex 2401 20 Outer coverings for cigars presented on supports, in reels for the manufacture of tobacco,

— 2401 30 Tobacco waste,

— ex 2402 10 00 Unfinished cigars without wrapping,

— ex 2403 10 00 Cigarette rag (finished mixtures of tobacco for the manufacture of cigarettes, cigars, cheroots and cigarillos),

— ex 2403 91 00 Homogenised or reconstituted tobacco, whether or not put up in sheets or strips,

— ex 2403 99 90 Expanded tobacco.

The exemption referred to in the first subparagraph shall apply to products intended for the local manufacture of tobacco products, up to an annual import limit of 20 000 tonnes of raw stripped tobacco equivalent.

2. Detailed rules for applying this Article shall be adopted in accordance with the procedure referred to in Article 21(2).

CHAPTER VI

HONEY*Article 17*

1. Aid shall be granted for the production of quality honey specific to the Canary Islands, produced by the local breed of 'black bees'.

The aid shall be paid to beekeepers' associations recognised by the competent authorities on the basis of the number of hives of black bees in production, up to a limit of 15 000 hives.

The amount of the aid shall be EUR 20 per hive in production per marketing year. For the purposes of this Article, the marketing year shall begin on 1 July and end on 30 June the following year.

2. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 21(2).

CHAPTER VII

GRAPHIC SYMBOL

Article 18

1. The conditions for using the graphic symbol introduced with a view to ensuring greater awareness and consumption of quality agricultural products, whether natural or processed, specific to the Canary Islands as outermost regions, shall be proposed by the professional organisations. The Spanish authorities shall forward such proposals, with their opinion, to the Commission for approval.

Use of the symbol shall be monitored by an official authority or a body approved by the competent Spanish authorities.

2. Detailed rules for applying this Article shall be adopted as necessary in accordance with the procedure referred to in Article 21(2).

TITLE III

STRUCTURAL DEROGATIONS

Article 19

1. Notwithstanding Article 7 of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 75 % for investments intended in particular to encourage diversification, restructuring or a shift towards sustainable agriculture on agricultural holdings of small economic size to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999.

2. Notwithstanding Article 28(2) of Regulation (EC) No 1257/1999, the total value of the aid, expressed as a percentage of the volume of eligible investments, shall not exceed 65 % for investments in enterprises engaged in processing and marketing agricultural products consisting mainly of local produce in sectors to be defined in the programme complement referred to in Article 18(3) of Regulation (EC) No 1260/1999. The total value of the aid for small and medium-sized enterprises, under the same conditions, shall not exceed 75 %.

3. Notwithstanding the third indent of the second subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the Community contribution to the agri-environmental measures provided for in Articles 22, 23 and 24 of that Regulation shall be 85 %.

4. A summary description of the measures planned under this Article shall be included in the operational programmes for that region referred to in Article 18 of Regulation (EC) No 1260/1999.

TITLE IV

GENERAL AND FINAL PROVISIONS

Article 20

The measures necessary for the implementation of this Regulation shall be adopted in accordance with the management procedure referred to in Article 21(2).

Article 21

1. The Commission shall be assisted by the Management Committee for Cereals established by Article 22 of Regulation (EEC) No 1766/92 ⁽¹⁾, or by the management committees established by the other regulations on the common organisation of the markets for the products concerned.

In the case of agricultural products covered by Regulation (EEC) No 827/68 ⁽²⁾ and products not covered by a common organisation of the market, the Commission shall be assisted by the Management Committee for Hops established by Article 20 of Regulation (EEC) No 1696/71 ⁽³⁾.

In the case of the graphic symbol and other cases provided for in this Regulation, the Commission shall be assisted by the Management Committee for Fresh Fruit and Vegetables established by Regulation (EC) No 2200/96.

For the purposes of implementing Title III, the Commission shall be assisted by the Committee on the Development and Conversion of Regions and the Committee on Agricultural

⁽¹⁾ Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (OJ L 181, 1.7.1992, p. 21). Regulation last amended by Regulation (EC) No 1666/2000 (OJ L 193, 29.7.2000, p. 1).

⁽²⁾ Regulation (EEC) No 827/68 of the Council of 28 June 1968 on the common organisation of the market in certain products listed in Annex II to the Treaty (OJ L 151, 30.6.1968, p. 16). Regulation as last amended by Commission Regulation (EC) No 3290/94 (OJ L 349, 31.12.1994, p. 105).

⁽³⁾ Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops (OJ L 175, 4.8.1971, p. 1). Regulation last amended by Regulation (EC) No 191/2000 (OJ L 23, 28.1.2000, p. 4).

Structures and Rural Development, established by Article 48 and by Article 50 respectively of Regulation (EC) No 1260/1999.

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

The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

3. The Committees shall adopt their rules of procedure.

Article 22

For the agricultural products covered by Annex I to the Treaty, to which Articles 87, 88 and 89 thereof apply, the Commission may authorise operating aid in the sectors producing, processing and marketing those products, with a view to mitigating the specific constraints on farming in the Canary Islands as a result of their remoteness, insularity and outermost location.

Article 23

The measures provided for in this Regulation, except for Article 19, shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 2(2) of Regulation (EC) No 1258/1999 ⁽¹⁾.

Article 24

The Member States shall take the measures necessary to ensure compliance with this Regulation, in particular as regards controls and administrative penalties, and shall inform the Commission thereof.

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

Done at Luxembourg, 28 June 2001.

For the Council

The President

B. ROSENGREN

The detailed rules for applying this Article shall be adopted by the procedure provided for in Article 21(2).

Article 25

1. Spain shall present to the Commission an annual report on the implementation of the measures provided for in this Regulation.

2. No later than at the end of the fifth year of application of the system the Commission shall submit a general report to Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

Article 26

Regulation (EEC) No 1601/92 ⁽²⁾ is hereby repealed. References to Regulation (EEC) No 1601/92 shall be construed as references to this Regulation and should be read in accordance with the correlation table in Annex II.

Article 27

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

Article 19 shall apply as from 1 January 2000.

⁽¹⁾ Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy (OJ L 160, 26.6.1999, p. 103).

⁽²⁾ Council Regulation (EEC) No 1601/92 of 15 June 1992 concerning specific measures for the Canary Islands with regard to certain agricultural products (OJ L 173, 27.6.1992, p. 13). Regulation as last amended by Regulation (EC) No 2826/2000 (OJ L 328, 23.12.2000, p. 2).

ANNEX I

List of products covered by the specific supply arrangements provided for in Article 3

Description	CN code
Cereals and cereal products intended for human consumption and animal feed	
Malt	1107
Hops	1210
Rice	1006
Vegetable oil	ex 1507 to 1516
Sugar	1701 and 1702 (except isoglucose)
Concentrated fruit juices (raw materials) other than those eligible under Article 9 of this Regulation	2007 99 and 2008
Fresh or chilled beef and veal	0201
Frozen beef and veal	0202
Frozen pigmeat	0203 21, 22, 29
Frozen poultrymeat	0207 21, 22, 41, 42, 43, 50
Dried eggs (for the food industry)	0408
Seed potatoes	0701 10 00
Milk and milk products	
Liquid milk	0401
Concentrated or powdered milk	0402
Butter	0405
Cheese	0406 30, 0406 90 23, 25, 27, 77, 79, 81, 89
Milk-based preparations for children	2106 90 91
Not containing animal fat	1901 90 90
Lucerne (alfalfa) meal and pellets	1214 10 00
Oil-cake and other solid residues resulting from the extraction of soya-bean oil	2304 00

ANNEX II

Correlation table

Regulation (EEC) No 1601/92	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3(1)	First subparagraph of Article 3(1) Second subparagraph of Article 3(1)
Article 3(2)	Article 3(2)
Article 3(3)	Article 3(3)
Article 4	Article 4
Article 5	Article 7(1), third subparagraph
Article 6	Article 16
Article 7	Article 3(4)
Article 8(1)	First subparagraph of Article 3(5) Second subparagraph of Article 3(5)
Article 8(2)	Third subparagraph of Article 3(5)
Article 8(3)	Article 3(6)
Article 9	Third subparagraph of Article 3(5)
Article 10(1)	Article 5(1)
Article 10(2)	Deleted
	Article 5(2)
Article 10(3)	Article 5(3) Article 5(4) Article 5(5) Article 5(6)
Article 11	Article 8
Article 12	Deleted
Article 13	Article 6 Article 7
Article 14	Deleted
Article 15	Article 9
Article 16	Article 10
Article 17	Article 11
Article 18	Article 12
Article 19	Article 13
Article 20	Article 14
Article 21	Deleted
Article 22	Deleted
Article 23	Article 15
Article 24	Article 17

Regulation (EEC) No 1601/92	This Regulation
Article 25	Deleted
Article 26	Article 18
Article 27	Article 19
Article 28	Deleted
	Article 20
	Article 21
	Article 22
Article 29	Article 23
	Article 24
Article 30	Article 25
	Article 26
Article 31	Article 27
Annex	Annex I
	Annex II

COUNCIL REGULATION (EC) No 1455/2001**of 28 June 2001****amending Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal**

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,

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

Whereas:

- (1) In order to enable traditional cattle-rearing activities to be maintained, Council Regulations (EC) No 1452/2001 ⁽²⁾, (EC) No 1453/2001 ⁽³⁾ and (EC) No 1454/2001 ⁽⁴⁾, introducing specific measures for certain agricultural products for the French overseas departments, the Azores and Madeira and the Canary Islands respectively provide for the introduction of specific limits on the number of animals eligible for special premiums, suckler-cow premiums and slaughter premiums.
- (2) Annex I to Regulation (EC) No 1254/1999 ⁽⁵⁾ lays down regional ceilings per Member State as regards the special premiums. Annex II to that Regulation lays down national ceilings as regards the suckler-cow premiums. Those ceilings must not affect the introduction of the specific limits mentioned above. As a consequence it should be stipulated as of now that in the case of France, Portugal and Spain those ceilings are

to include sub-ceilings that are based on the number of premiums paid in respect of a reference year to producers in the French overseas departments, the Azores and Madeira and the Canary Islands and are intended exclusively for producers in those regions. The remaining eligible animals making up the specific limits for the special premiums and the suckler-cow premiums introduced by Regulations (EC) No 1452/2001, (EC) No 1453/2001 and (EC) No 1454/2001 are to be added to those in Annexes I and II to Regulation (EC) No 1254/1999,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1254/1999 is hereby amended as follows:

1. Annex I shall be replaced by the text in Annex I hereto;
2. Annex II shall be replaced by the text in Annex II hereto.

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 Luxembourg, 28 June 2001.

For the Council
The President
B. ROSENGREN

⁽¹⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽²⁾ See page 11 of this Official Journal.

⁽³⁾ See page 26 of this Official Journal.

⁽⁴⁾ See page 45 of this Official Journal.

⁽⁵⁾ OJ L 160, 26.6.1999, p. 21.

ANNEX I

SPECIAL PREMIUM

Regional ceilings of the Member States referred to in Article 4(4) of Regulation (EC) No 1254/1999

Belgium	235 149
Denmark	277 110
Germany	1 782 700
Greece	143 134
Spain	713 999 ⁽¹⁾
France	1 754 732 ⁽²⁾
Ireland	1 077 458
Italy	598 746
Luxembourg	18 962
Netherlands	157 932
Austria	423 400
Portugal	175 075 ⁽³⁾
Finland	250 000
Sweden	250 000
United Kingdom	1 419 811 ⁽⁴⁾

⁽¹⁾ Without prejudice to the specific rules laid down in Council Regulation (EC) No 1454/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Canary Islands and repealing Regulation (EC) No 1601/92 (Poseican) (see p. 45 of this Official Journal).

⁽²⁾ Without prejudice to the specific rules laid down in Council Regulation (EC) No 1452/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the French overseas departments, amending Directive 72/462/EEC and repealing Regulations (EEC) No 525/77 and (EEC) No 3763/91 (Poseidom) (see p. 11. of this Official Journal).

⁽³⁾ Without prejudice to the specific rules laid down in Council Regulation (EC) No 1453/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Azores and Madeira and repealing Regulation (EEC) No 1600/92 (Poseima) (see p. 26 of this Official Journal).

Excluding the extensification programme provided for in Council Regulation (EC) No 1017/94 of 26 April 1994 concerning the conversion of land currently under arable crops to extensive livestock farming in Portugal (OJ L 112, 3.5.1994, p. 2). Regulation as last amended by Regulation (EC) No 1461/95 (OJ L 144, 28.6.1995, p. 4).

⁽⁴⁾ This ceiling is increased temporarily by 100 000 head to 1 519 811 head until such time as live animals under six months of age can be exported.

ANNEX II

SUCKLER COW PREMIUM

National ceilings referred to in Article 7(2) of Regulation (EC) No 1254/1999 applicable from 1 January 2000

Belgium	394 253
Denmark	112 932
Germany	639 535
Greece	138 005
Spain ⁽¹⁾	1 441 539
France ⁽²⁾	3 779 866
Ireland	1 102 620
Italy	621 611
Luxembourg	18 537
Netherlands	63 236
Austria	325 000
Portugal ⁽³⁾	277 539
Finland	55 000
Sweden	155 000
United Kingdom	1 699 511

⁽¹⁾ Excluding the specific ceiling provided for in Article 5(3) of Regulation (EC) No 1454/2001 and the specific reserve provided for in Article 2 of Regulation (EC) No 1017/94.

⁽²⁾ Excluding the specific ceiling provided for in Article 9(4)(b) of Regulation (EC) No 1452/2001.

⁽³⁾ Excluding the specific ceiling provided for in Article 13(3) and Article 22(3) respectively of Regulation (EC) No 1453/2001.