EUROPEAN PARLIAMENT

Directorate-General for Research

WORKING PAPER

GLOSSARY
OF THE COMMON AGRICULTURAL POLICY
AND THE AGENDA 2000 REFORM

Agriculture, Forestry and Rural Development Series

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PART A – THE BASIS FOR THE COMMON AGRICULTURAL POLICY AFTER AGENDA 2000

INTRODUCTION

The Treaty of Rome included provisions on agriculture but the negotiators decided not to define the mechanisms of the common agricultural policy (CAP). The Treaty set out the objectives of this policy (ex Article 39) and stated that agriculture was included in the common market.
In 1960 proposals by the Commission of the European Communities (hereafter 'Commission') on the drawing up and implementation of the CAP provided the basis for the prices and markets policy. In 1962 the Community adopted an initial package of agricultural measures including the creation of the six common organisations of the market (COM) (cereals, pigs, eggs, poultry, fruit and vegetables, wine), the creation of the European Agricultural Guidance and Guarantee Fund (EAGGF) and the establishment of the financing rules.

There have been three significant reforms:
- 1992: Treaty on European Union (MacSharry reform)
- 1995: the GATT Marrakesh Agreement, relating to the Uruguay Round negotiations and the agriculture agreement
- 1999: Agenda 2000

OBJECTIVES, PRINCIPLES AND INSTRUMENTS OF THE CAP

1. OBJECTIVES

Article 33(1) of the Treaty of Amsterdam (ex 39) lays down the objectives to be achieved by the **common agricultural policy** at intra-Community level:

1. **to increase agricultural productivity** by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

2. to ensure a **fair standard of living** for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

3. **to stabilise markets**;

4. to assure the **availability of supplies**;

5. to ensure that supplies reach **consumers at reasonable prices**.

2. PRINCIPLES

The CAP is based on three principles:

1. The **single market**, which has a two-fold meaning: the application to agricultural products of the rules on free movement of goods between the Member States and the setting of common prices and aids, in euros, regardless of the Member State where the economic operators are based.
If this principle is to be applied correctly there has to be common management of prices, aid payments and competition rules, harmonised health and administrative provisions and a common policy on external trade.

2. **Community preference**: it seeks to achieve the objectives of the TEU (Article

33(1)) at two levels:
- through protection at the frontier of the Community market against massive low-priced imports of agricultural products from third countries, so as to guarantee the incomes of European farmers;
- through protection against world market fluctuations, in order to maintain stability.

The essential objective of this principle is to prevent Community production being supplanted by imported products that seek to penetrate the Community market at any price.

The basic mechanisms of the principle of Community preference used to achieve this essential objective were variable import levies and export refunds. Originally they did not apply in all COMs, but only in the most protectionist ones, as some of them used the classic, and less protectionist, system of customs duties.

However, this principle was never absolute and unconditional, as shown by the rulings of the Court of Justice of the European Communities. This fact was confirmed by several exceptions (for example in the Lomé Convention, the Generalised System of Preferences, the concessions to Mediterranean countries or, lastly, the agriculture agreement of the GATT Uruguay Round where tariffication led to the disappearance of the variable import levy. Furthermore, the current access and minimum access clauses and the reduction in subsidised exports in terms of volume and value are reducing Community preference).

3. **Financial solidarity**: expenditure deriving from the implementation of the CAP must be borne by all the Member States on a common basis and regardless of national interest. Thus in 1962 a common agri-cultural fund was set up, the EAGGF (see below, point 2 of Part A).

3. INSTRUMENTS

There are three instruments:

1. The **markets policy** established in 1962 and implemented through the **common organisations of the market** (COM).

2. The **rural, social and structural policy**, established in 1972, which is intended to adapt and modernise agricultural structures and to maintain the European model of agriculture based on the development of multifunctional agriculture based on the land. Rural policy became the second pillar of the CAP following the Berlin agreement in March 1999 (see below, points 6 and 9.V. of Part A).

3. **Harmonisation of national legislation** for questions not covered by the COMs. However, this aspect has been transferred to public health policy under the Treaty of Amsterdam.

EAGGF

? The **European Agricultural Guidance and Guarantee Fund (EAGGF)** ensures the funding of the CAP on a common basis. It has two sections:

- the **EAGGF - Guarantee section** which finances (totally and exclusively) the expenditure of the common organisations of the market: i.e. the measures intended to regularise the agricultural markets and the refunds for exports to third countries. Depending on the products the operations may take the form of intervention prices, production aid or premiums, compensatory aid for withdrawal of products from the market or storage aid.

With Agenda 2000 the EAGGF Guarantee section has become almost the only source of funding for all agricultural expenditure.

The EAGGF Guarantee section also funds:
- non-objective 1 rural development activities, with the exception of the Community rural development initiative (LEADER PLUS);
- the Community financial contribution to specific veterinary measures, control activities in the veterinary sector, eradication and monitoring programmes for animal diseases (veterinary measures) and plant health measures;
- information campaigns relating to the common agricultural policy and certain assessments of measures financed by the EAGGF Guarantee section.

- the **EAGGF Guidance section** allows more effective continuation, using an integrated approach, of the Community and national measures for financing rural development measures covered by activities under Objective 1 and the Community rural development initiative (LEADER PLUS).

? In the conclusions on Agenda 2000 the Council set three priority **structural objectives**:

Objective 1 seeks to promote the development and structural adjustment in the regions which are lagging behind. Objective 1 status for 2000-2006 will be given to:

- regions where the per capita GDP is less than 75% of the Community average;

- regions on the periphery of the Union (French overseas departments, the Azores, Madeira and the Canaries) which are all below the 75% threshold;

- regions eligible to receive current Objective 6 funding for 1995-1999 pursuant to the Act of Accession for Finland and Sweden.

Objective 2 is intended to support economic and social conversion in areas in structural difficulties. They include areas undergoing social and economic change in the industrial and services sectors, rural areas in decline (outside Objective 1 regions), urban areas in difficulties and areas in crisis which are dependent on fisheries, defined on the basis of objective criteria set in the legislative texts. A maximum 18% of the Union's population will be covered by the new Objective 2, of whom 5% in rural areas.

Objective 3 seeks to support the adjustment and modernisation of education, training and employment policies and systems. It applies outside Objective 1 regions.

? Given the added value that the **Community initiatives** can bring to the main objectives, the number of initiatives will be reduced to the following four initiatives:

- INTERREG (transfrontier, transnational and interregional cooperation)
- EQUAL (transnational cooperation to combat any form of discrimination and inequality on the labour market)
- LEADER (rural development)

5% of the structural funds commitment appropriations should be earmarked for Community initiatives and 1% of these appropriations will be reserved for innovative activities and technical assistance.

- URBAN (economic and social renewal of towns and urban areas in crisis to encourage sustainable development).

69.7% of the structural funds' funding will be allocated to Objective 1, 11.5% to Objective 2, 12.3% to Objective 3 and 5% to Community initiatives.

AGRICULTURAL GUIDELINE

In February 1992 the European Council decided that the guideline would include all agricultural expenditure under the EAGGF Guarantee section except for expenditure under the European fisheries guarantee fund and reimbursement to the Member States of depreciation costs for stocks of agricultural products and, specifically disposal of butter in public intervention stores.

The ultimate aim was to reduce the EAGGF Guarantee section as a percentage of the Community's total budget and, following Council decisions, the EAGGF Guarantee section's share of the Community's budget fell by 11 points between 1988 and 1992, equivalent to a real saving (margin of expenditure in relation to the guideline) of more than ECU 16 billion which were intended for financing other policies.

In the **Agenda 2000** reform the agricultural guideline will remain unchanged and will be reconsidered, on the basis of a report to be submitted to the Council by the Commission, before the first enlargement of the Union.

The European Council considered that the reform can be implemented within a financial framework which takes greater account of real expenditure levels and seeks to stabilise agricultural expenditure (rubric 1) during 2000-2006 in real terms, i.e. including inflation (estimated at 2% per year by the ECB) even if, for individual commodities, compromise figures are given on the basis of prices in euros at 1999 values.

There will be average annual expenditure of EUR 40.5 billion plus 14 billion for rural development.

The agricultural guideline, expressed in EUR millions was set, under the **financial perspective** for 2000-2006, as follows:

- Heading 1 (agriculture):

2000: EUR 40 920 million
2001: EUR 42 800 million
2002: EUR 43 900 million
2003: EUR 43 770 million
2004: EUR 42 760 million
2005: EUR 41 930 million
2006: EUR 41 660 million

- Agricultural expenditure (excluding rural development and accompanying measures):

2000: EUR 36 620 million
2001: EUR 38 480 million
2002: EUR 39 570 million
2003: EUR 39 430 million
2004: EUR 38 410 million
2005: EUR 37 570 million
2006: EUR 37 290 million

- Rural development and accompanying measures:

2000: EUR 4 300 million
2001: EUR 4 320 million
2002: EUR 4 330 million
2003: EUR 4 340 million
2004: EUR 4 350 million
2005: EUR 4 360 million
2006: EUR 4 370 million

See **Annex I Financial Perspective**.

The financial perspective provides the framework for Community expenditure over several years. It is the result of an interinstitutional agreement between the European Parliament, the Council and the Commission and indicates the maximum amount and the structure of foreseeable Community expenditure. It is adjusted annually by the Commission to take account of prices and trends in Community GNP. It should be noted, however, that the financial perspective is not the equivalent of a multiannual budget as the annual budgetary procedure remains essential to determine the actual amount of expenditure and the distribution between the various budget lines.

In the Agenda 2000 communication the Commission proposed a financial reference framework that would be concluded for a seven year period (2000-2006). Although the financial perspective cannot incorporate expenditure linked to new member states until actual accession, the Commission proposal still has three interesting features with regard to enlargement:

? Agricultural funding would be increased to include a new rural development policy, veterinary measures, an agricultural pre-accession instrument, with a margin remaining available with a view to enlargement;

? The funding of the structural funds intended for the 15 Member States would be progressively reduced from 2002 onwards by concentrating priorities on a smaller number of regions. Furthermore structural measures would include a new pre-accession instrument;

? The amount allocated to external action would be increased by 2% a year to cover increases in pre-accession aid under the PHARE programme.

The financial framework proposed by the Commission is based on the continuation until 2006 of the current ceiling on expenditure of 1.27% of Community GNP.

PRODUCTION MANAGEMENT MEASURES

These measures may be known as quotas, guarantee thresholds, maximum guaranteed quantities (MGQs) and maximum guaranteed areas (MGAs).

These are drastic production management measures restricting the benefits of prices/aid payments/institutional mechanisms to a certain quantity, above which the financial coresponsibility of the producer is triggered (super-levy, abatement of aid, etc.). Quotas apply in the sugar and milk sectors, guarantee thresholds in the tobacco and processed fruit and vegetables sectors and maximum guaranteed quantities apply in the olive oil, cotton, fodder and banana sectors.

They were introduced as budgetary stabilisers under the 1983/84 reform and then became more widespread in 1988, with the aim of reducing expenditure under the EAGGF Guarantee section.

ASSESSMENT OF THE 1992 CAP REFORM

The 1992 or MacSharry reform marked a real turning point for the CAP, in particular because it involved transferring a significant part of support from the consumer to the tax-payer. Thus the CAP started to move away from a prices and market guidance policy towards an incomes policy. One striking effect of the 1992 reform was to alter the arrangements for public support of agriculture, moving from support through prices to support by means of direct aid payments.

This reform also marked the start of greater account being taken of the demands of environmental protection, land occupancy and the establishment of young farmers.

It also facilitated the conclusion of the international trade negotiations known as the Uruguay Round which started in 1986 and finally produced the Marrakesh Treaty of 15 April 1994 which contains an agreement on agriculture (see item 83 of Part B below).

The 1992 reform comprised two complementary parts:

- The first concerned the price and support system. It provided for a drop in guaranteed prices to bring them closer to world prices, full compensation for loss of income by granting supplementary direct aid payments to farms, efforts to manage production by introducing set-aside measures and putting a ceiling on entitlement to premiums for animals. The reform sought to reduce the imbalances, stimulating demand through lower prices and establishing instruments for supply quotas, and to anticipate the results of the Uruguay Round with regard to tariff protection, the level of support and the reduction of subsidised exports.

- The second part was based on a group of accompanying measures (see below point 7 of Part A).

The 1992 reform of the common agricultural policy was a great success and produced considerable improvement in market balances and a decrease of public stocks in most of the reformed sectors.

In the case of **cereals**, set-aside has helped to keep production under control, while price competitiveness has allowed significant additional quantities to be sold on the internal market, mainly for animal feed. Market prices increased much more than had originally been forecast. As a result producers were over-compensated in the last few years.

In the case of oilseeds, too, the observed market prices have mostly been considerably higher than the reference price so that producers have benefited from the franchise in four years out of five.

In the **beef and veal** sector the market situation developed favourably and intervention stocks fell rapidly until the BSE crisis intervened in March 1996.

The general trend in per capita **agricultural income** has been positive, increasing by 4.5% a year on average between 1992 and 1996, the situation varying depending on the Member State and the type of farming practised.

The 1992 CAP reform stressed the **environmental dimension** of agriculture. The measures accompanying the reform included agri-environmental measures, which were of considerable importance and were generally well received by the general public and by farmers.

AGENDA 2000 REFORM

The agreement reached at the **Berlin European Council on 24 and 25 March 1999** marked a deepening and extension of the 1992 reform, substituting more direct aid payments for price support measures and backing up this process with a coherent rural policy. The direct aid payments will be set at an appropriate level while avoiding overcompensation.

The priority objectives in drawing up the CAP reform proposals were the following:

- The reform must improve the **competitiveness of European agriculture** on both domestic and external markets. A market-driven approach will facilitate the gradual integration of the new Member States and help prepare the Union for the next round of WTO negotiations. Lower prices will benefit consumers.

- Food **safety** and **quality** are two important aspects of competitiveness. There is a fundamental obligation to guarantee the food safety to consumers and to maintain a quality product policy.

- Questions of the **compatibility of production methods with environmental requirements** and animal welfare aspects are also increasingly important.

- The key objectives of the CAP are still to ensure a **fair standard of living for the agricultural community** and to contribute to the **stability of farm incomes**. In this context the questions of modulation, redistribution of income support among farmers and the preservation of sustainable agriculture are increasingly important.

- Another important area is the integration of **environmental objectives** and development of the role that farmers can and should play in managing natural resources and landscape conservation.

- The need to **create complementary or alternative sources of income and employment** for farmers and their families, either on-farm or off-farm, given that employment opportunities in agriculture itself are declining.

The new rural development policy, which becomes the second pillar of the CAP, will help to establish a coherent and sustainable framework assuring the future of rural Europe.

MEASURES ACCOMPANYING THE REFORMS

The 1992 reform was accompanied by a series of measures which, although not intended as a substitute for the structural policy, have provided complementary measures for the rural communities. They were common measures seeking to offer a range of possibilities for rural development and covered three areas:

- Environmental protection (Council Regulation (EEC) No 2772/95; OJ L 288, 1.12.1995, p.35).

- Early retirement (Council Regulation (EEC) No 2773/95; OJ L 288, 1.12.1995, p.37).

- Reafforestation of agricultural land (Council Regulation (EEC) No 231/96; OJ L 30, 8.2.1996, p. 33).

- Agenda 2000 consolidated this aspect and introduced **compensatory payments for mountainous and other less-favoured areas**.

Mountainous regions and other less-favoured agricultural areas receive compensatory payments aimed at to help maintain agricultural activity and prevent depopulation in these areas through:

- Measures to improve quality and switch production,
- On-farm diversification, in particular through tourism, crafts or the production and sale on the farm of farm products,
- Improvement of health conditions in stockfarming,
- Protection and improvement of the environment.

The payments are intended to provide compensation for production costs which are generally higher and they benefit over 1.2 million farms, representing 55% of the Community's agricultural land. The aid payments form the largest proportion of the EAGGF Guidance commitments under Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures (OJ L 218, 6.8.1991, p.1).

DURATION OF THE AGENDA 2000 REFORM

The reform covers a seven year period (2000-2006).

For **milk** the reform of the sector will be applicable with effect from the 2005-2006 marketing year and the quota scheme will be extended until 2007-2008.

SECTORS REFORMED UNDER AGENDA 2000

I. **Arable crops** (cereals, oilseeds and protein plants).
II. **Beef and veal**
III. **Milk and dairy products**
IV. **Wine**
V. **Rural development**

1. ARABLE CROPS

The arable crops sector covers cereals, oilseeds and protein crops (COP) and non-fibre flax.

? **Cereals**: intervention prices for cereals are to be reduced by 15%, applicable in two equal steps of 7.5% during the marketing years 2000/2001 and 2001/2002.

2000/2001 marketing year: EUR 110.25/t
2001/2002 marketing year: EUR 101.31/t.

Market developments will be scrutinised from the 2002/2003 marketing year onwards to decide whether additional reductions must be applied.

? There is an increase in the direct aid payment (area payment) to EUR 63, such that there is confirmed compensation for about 50% of the fall in intervention prices (See item 16 of Part B).

? The monthly increases scheme is maintained (see item 45 of Part B below).

- The basic rate of compulsory set aside is set at 10% for the whole period 2000/2001 to 2006/2007, with compensation of EUR 63/tonne. Small producers (producing less than 92 tonnes) are exempt from this basic rate of compulsory set aside.

The payment period is from 16 November to 31 January (instead of 16 October to 31 December).

The Member States may grant a national aid payment of up to 50% of the costs associated with the establishment of multiannual crops intended for biomass production on land set aside.

In the case of voluntary set-aside for up to five years there is the possibility of fixing at national level the maximum area which can be set aside per holding, the minimum being 10% of arable land (see item 81 of Part B below).

- Export tax. Application of this tax by the Commission only as a safeguard measure in extreme emergencies.

- General scheme for the reform. Producers who apply for a compensatory payment under this scheme are required to withdraw from production some of the land they farm and they receive compensation in exchange. This scheme is applicable to all producers of arable crops.

- Base areas: there is a final increase for the new German Länder of 150 000 hectares with effect from 2000/2001 and an increase of 60 000 hectares of the irrigated base area in Portugal for irrigation investments started after 1 August 1992.

? **Maize**: Member States may define specific historic reference yields or specific base areas to which the cereals reference yield applies, making a distinction between irrigated and non-irrigated land.

? **Grass silage**: possibility for Member States where maize is not a traditional crop to make grass silage eligible for the direct arable aid payment and to define specific base areas for production, applying the cereals reference yield.

? **Linseed**: alignment in three annual steps to the aid for cereals: EUR 82.26/t for the 2000 harvest, EUR 75.63 for 2001, EUR 63 for 2002 (to be multiplied by the cereals reference yield).

? **Oilseeds and protein crops**: alignment in three annual steps of the specific payment for **oilseeds** to the aid for cereals: EUR 82.26/t for the 2000 harvest, EUR 75.63 for 2001, EUR 63 for 2002; these amounts must be multiplied by the yield of the historic regional reference yield for cereals and may not be less than EUR 63/t.

The reference price scheme and the advance payment scheme are to be abolished in 2000. The maximum guaranteed area will also be maintained in 2000/2001 and 2001/2001 at 5 482 million hectares, less set aside of at least 10%. Overshoot of the MGA will cause a reduction in direct aid payments, which may not however be less than EUR 58.67 and EUR 63 respectively. At the end of these two transitional marketing years the Commission will submit to the Council a report on market developments accompanied, if necessary, by appropriate proposals should the production potential deteriorate seriously.

For **protein crops** the aid (including the supplement) should be set at EUR 72.50/tonne with effect from 2000/2001.

? **Potatoes for the production of starch**: a minimum price has been set at EUR 194.05/tonne in 2000/2001 and EUR 178.31/tonne with effect from 2001/2002, less compensation of EUR 98.74 and EUR 110.54 per tonne of starch respectively.

2. BEEF AND VEAL

? The basic price will be set at EUR 2 224/t, i.e. a reduction of 20% in three equal steps from 2000/2001 to 2002/2003. The changes will be introduced gradually so as to reduce the current intervention price (EUR 2 780/t) in three steps.

? The basic price (for private storage) will be set at the end of the third and last reduction in the level of aid, i.e. on 1 July 2002.

? Aid for private storage will be granted when the average price on the Community market falls below 103% of the basic price, from 1 July 2002 onwards.

? Premiums

- young male bovine animals (see item 52 of Part B below)
- slaughter (see item 73 of Part B below)
- suckler cows (see item 76 of Part B below)
- extensification (see item 25 of Part B below)
- deseasonalisation (see item 15 of Part B below)

? National global amounts: the Member States may introduce a global amount of Community appropriations to supplement the payments for male and female bovine animals including dairy cows. In this way the Member States can deal with the regional differences in the production practices and conditions which are likely to complicate restructuring.

Global amounts in EUR millions:

Belgium	**39.4**	**Luxembourg**	**3.4**
Denmark	**11.8**	**Netherlands**	**25.3**
Germany	**88.4**	**Austria**	**12.0**
Greece	**3.8**	**Portugal**	**6.2**
Spain	**33.1**	**Finland**	**6.2**
France	**93.4**	**Sweden**	**9.2**
Ireland	**31.4**	**United Kingdom**	**63.8**
		Italy	**65.6**

Restrictions:

- Ceiling per holding. Member States may set a maximum number of special premiums for male bovine animals other than 90 animals per holding which will allow them, should the regional ceiling be exceeded, to exempt small farmers from the reduction (see item 8 in Part B below).

- Stocking density. A stocking density of two livestock units per hectare to be maintained for eligibility for the male bovine animal and suckler cow premiums (see item 74 in Part B below).

? Intervention: from 1 July 2002 onwards a safety net system will be established which will be triggered when the market price is less than EUR 1560 per tonne (See item 71 in Part B below).

? The European Council asks the Commission to 'follow closely' the European beef market and to take the relevant measures, including ad hoc intervention buying-in through the management committee, in the event of serious disturbance of the market.

3. MILK AND DAIRY PRODUCTS

? Intervention price: this reform provides for a 15% drop in intervention prices in three steps.

? Quotas: a 1.5% linear increase in quotas is planned. The reform will be implemented in three steps with effect from the 2005/2006 marketing year and there will thus be an extension of the current quota scheme until 2007/2008. This is without prejudice to decisions on the specific additional dairy quotas for Italy, Spain, Ireland, Northern Ireland and Greece for the marketing years 2000/2001 and 2001/2002. The total increase for the whole Community is 2.4% or 2 831 500 tonnes.

? Compensation for loss of income: Producers may receive a premium, granted per calendar year, per holding and per tonne of individual reference quantity eligible for the premium and available on the holding:

EUR 5.75 for the 2005 calendar year,
EUR 11.49 for the 2006 calendar year
EUR 17.24 for 2007 and subsequent calendar years.

The individual reference quantity eligible for the premium is equal to the individual reference quantity of milk available on the holding on 31 March of the calendar year in question, subject to reductions if the relevant total quantities for that Member State have been exceeded.

? National global amounts: These will be introduced with effect from 2002. The Member States will, on an annual basis, make additional payments to producers in their country on the basis of objective criteria so as to ensure equal treatment between producers and to avoid all distortion of the market or of competition. These additional payments may take the form of supplements to premiums and/or area payments.

? Undertaking by the Fifteen to carry out a mid-term revision in 2003 on the basis of a Commission report so that the current quota system can expire after 2008.

? The planned intervention price for **butter** is as follows:
EUR 328.20/100 kg from July 2000 to June 2005,
EUR 311.79/100 kg from 1 July 2005 to 30 June 2006,
EUR 295.38/100 kg from 1 July 2006 to 30 June 2007,
EUR 278.97/100 kg from 1 July 2007 onwards.

? The intervention price for **skimmed milk powder** is as follows:
EUR 205.52/100 kg from July 2000 to June 2005
EUR 195.24/100 kg from 1 July 2005 to 30 June 2006
EUR 184.97/100 kg from 1 July 2006 to 30 June 2007,
EUR 174.69/100 kg from 1 July 2007 onwards.

4.WINE

? Vine planting scheme. The prohibition on planting vines is extended until 31 July 2010, but with the creation of new reserves of planting rights up to 68 000 hectares (or 2% of the Community's area under vines) until 31 December 2003 for the production of quality wines psr or table wines for which there are outlets.

Note: Community regulations place wines in two main categories: quality wines psr and table wines. For table wines the letter R distinguishes red wine and the letter A the white wine.

RI: wine with an actual alcoholic strength by volume between 10% and 12%.

RII: wine with an actual alcoholic strength by volume between 12.5% and 15%.
RIII: wine from Portugieser type vine varieties.
AI: wine with an actual alcoholic strength by volume between 10% and 13%.
AII: wine from Sylvaner or Müller-Thurgau type vine varieties.

AIII: wine from Riesling type vine varieties.

? A Community reserve of 17 000 hectares will be allocated by the Commission through the management committee to regions which can prove that they need additional area.

? Member States are able to create a national reserve, but must prove that they have an efficient system for the transfer of rights. The rights will be valid for a five year term but Member States will have the possibility of extending them for up to eight years.

? The purpose of the additional rights is to regularise the new vines planted before 1 August 2000, in infringement of national and Community provisions.

Regularisation for each hectare can be achieved in two ways:

- Either by purchasing replanting rights for 1.5 hectares, 1 hectare being for the purpose of regularisation and 0.5 hectare being allocated to the reserve.

- Or by purchasing from the reserve the rights to 1 hectare at a price which is 150% of the normal price.

? When a producer can prove that he grubbed up vines without receiving any payments from public funds, he could be granted new planting rights retroactively. He will have to pay an administrative fine, the amount of which will be determined by the Member State. None of this will affect the new planting rights granted to the Member State.

? When a Member State is able to prove to the Commission that it has unclaimed rights which would still be valid if they had been applied for, these rights may be used to respond to requests for retroactive regularisation up to a limit of 1.2% of the area under vines.

? To receive these rights the Member States must establish a national inventory containing information on the areas, varieties and planting rights (see item 46 in Part B below).

? An additional reserve of 1000 hectares will also be allocated to take into account certain traditional technical exemptions (reparcelling, experimental wine-growing, root stock nurseries, etc.).

? A restructuring and varietal conversion system will be established to adapt production to market demand. It will have total funding of EUR 400 million up to a limit of 54 000 hectares per wine year for the whole of the Community.

50% of the costs of this measure will be provided by the Union (75% in the Objective 1 areas), the balance being the responsibility of the producers receiving the support.

Once a Member State has received its allocation (expressed in hectares and euros), it can distribute it across a greater

number of hectares. The Member State can supplement from national funding the reduced amount per hectare to reach the initial limit per hectare.

? **Abandonment premiums: the programme for permanent abandonment of wine-growing, targeted more specifically on regions affected by surpluses, has been maintained. The Commission assumes a total area grubbed up annually of 5000 hectares and an average premium of EUR 9000 per hectare (see item 30 of Part B below).**

? Market management mechanisms: the Member States may impose a maximum yield (in hectolitres per hectare) on the production of table wine as a condition for benefiting from the advantages of the COM. The current quality wines psr scheme will remain the responsibility of the Member States. On the various types of distillation that exist, see item 17 of Part B).

? Oenological practices: maintenance of rules on the enrichment of wines using sucrose. (see item 19 in Part B below).

The Council is responsible for authorising the various oenological practices and the Commission for determining the tolerance limits which, initially, will remain set at their current level. The limits for sulphur dioxide, sorbic acid and potassium sorbate will continue to remain the responsibility of the Council.

The coupage of red and white wines will continue to be authorised until 31 July 2005 in regions where it has been the traditional practice.

? Trade with third countries: the coupage of Community wines with imported wines and of Community musts with imported musts remains prohibited. Winemaking using musts originating in the country is also not authorised in the European Union. However certain exemptions will be approved by the Council so that the EU satisfies its international obligations. In this case the imported wines and those produced from imported musts are required to be labelled clearly and comprehensively so that there can be no confusion at all with Community wines.

5. RURAL DEVELOPMENT

Rural development has become the second pillar of the CAP.

The new rural development policy is based on the two principles of decentralisation of responsibilities and flexibility. The Member States are responsible for submitting proposals for rural development programmes, acting at the appropriate geographical level and drawing on the large range of measures provided for under the regulation, in relation to their needs and priorities. The single regulation, which combines nine previous regulations, illustrates clearly the desire to simplify Community legislation.

One of the main innovations was to regroup a series of rural development measures into a single and coherent package, making available three different forms of support to all rural areas :

- Strengthening the agriculture and forestry sector. The main measures relate to the modernisation of farms and the processing and marketing of quality agricultural products. The viability of farms will also be strengthened by measures to assist young farmers to set up in farming and by improved conditions for early retirement. For the first time the forestry sector was recognised as an essential aspect in rural development and a new measure was provided to support the environmental functions of this sector.

- Improving competitiveness of rural areas. The main objectives are to maintain the quality of life of rural communities and encourage diversification and the creation of new activities. The measures are designed to create new sources of income and jobs.

- Preserving the environment and Europe's unique rural heritage. The agri-environmental measures will represent decisive progress towards recognition of the multifunctional role of agriculture and the promotion of environmentally appropriate farming methods. The integration of environmental aspects into the CAP is to be strengthened by extending the compensatory payments, traditionally for the less-favoured areas, to areas where farming is restricted because of specific environmental constraints.

Outside the least developed regions of the European Union, the objective 1 regions, the rural development measures will be financed from a single source, the EAGGF Guarantee Section.
The measures financed under the single regulation on rural development are:

- Investment in holdings: the maximum amount of aid is set by the Member States. The total value of Community aid, expressed as a percentage of the amount of eligible investment, is limited to a maximum of 40% and 50% for less-favoured regions. These percentages increase to 45% and 55% respectively when the investments are made by young farmers.

<u>The investments must relate to one or more of the following objectives:</u>

- Reduction of production costs, improvement and refocusing of production, best possible quality, conservation and improvement of the natural environment, health conditions and animal welfare standards, encouragement for diversification of on-farm activities.

- Establishment of young farmers. Single premium of EUR 2 500 for young people aged under 40 who are setting up for the first time as head of a farm holding. This amount may be increased, by up to double the amount, taking into account the economic structure of the holdings in the region concerned. The premium may be granted in the form of interest rate subsidies for loans contracted to cover costs relating to establishment.

- Early retirement aid. Annual premiums of EUR 15 000 per farmer and EUR 3 500 per farm worker of at least 55 years of age. This aid may not be paid for a total period of more than 15 years per farmer and 10 years per farm worker.

The aid ceases to be paid when the farmer reaches 75 years of age and does not continue beyond the normal retirement age of the farm worker. If the farmer receives a pension, this early retirement aid is granted as a supplementary payment.

- Compensatory payments. EUR 25 to 200 per hectare of agricultural land granted in less favoured regions, mountainous areas and areas subject to environmental constraints. The amount of the payments alters depending on the situation and the region's specific development objectives, the seriousness of the permanent natural handicaps affecting farming and the type of production.

- Agri-environmental measures. Annual support per hectare (EUR 600 for annual crops, EUR 900 for specialist perennial crops and EUR 450 for other land uses) is granted to farmers giving agri-environmental commitments for a minimum five year period. A longer period may nevertheless be set for certain types of undertaking.

- Improvement of processing and marketing of products. Aid limited to 50% of the total investment eligible in objective 1 regions and 40% elsewhere.

- Afforestation of agricultural land. Annual premium of EUR 725 per hectare for farmers and producer groups and EUR 185 for any other individual. The premium is paid for a maximum of 20 years.

- Aid for the conservation and improvement of ecological stability of woodlands. Premium varying from EUR 40 to 120 per hectare depending on the costs involved.

PART B - ALPHABETICAL GLOSSARY

1. ADDITIONAL MILK LEVY (prélèvement supplémentaire laitier)

In the milk and dairy products sector the additional levy system, initially set up on 2 April 1984, has been extended over eight new consecutive twelve month periods starting on 1 April 2000. This additional levy is imposed on producers of cows' milk on amounts of milk or milk-equivalent delivered to a purchaser or sold directly for consumption during the twelve months in question and which exceed a set reference quantity.

The aim of this scheme is to reduce the imbalance between supply and demand on the market for milk and dairy products and the resulting structural surpluses.

2. AGRI-MONETARY SYSTEM (régime agri-monétaire)

The introduction of the euro **on 1 January 1999 is a positive development for the CAP because of the stability of prices, growth in competitiveness in relation to various national productions, simplification and increased transparency of procedures.**

The launch of the euro means there is no longer any justification for maintaining the specific monetary system for the agricultural sector. As a result there has been a reform of the agrimonetary system involving in particular the abolition, from 1 January 1999, of the agricultural exchange rate system, the 'green rate', distinct from the official exchange rate, and also the abolition of the system of asymmetric exemptions.

The purpose of the old system was to ensure the smooth functioning of the market organisation arrangements under the CAP, in particular by guaranteeing a certain stability for prices and other amounts set in ecu. This system alleviated the effects of exchange rate fluctuations in the agricultural sector.

The principles of the new agrimonetary system are as follows:

- from 1 January 1999 prices are paid in euros and aid is granted and collected in euros;

- abolition of the agricultural exchange rate, the green ecu, as part of the CAP;

- there will no longer be any need to convert into the national currencies of the Member States involved as their parity with the Euro was fixed irrevocably on 1 January 1999;

- for the other Member States (United Kingdom, Sweden, Denmark and Greece) conversion will be made using the real value of their currency against the Euro.

The abolition of the green rate does not involve the abolition of the operative event. This event which determines the value of an agricultural amount, whether price or aid, on a given date has been maintained for the Member States outside the euro zone. This means that the value of a subsidy will be defined by the rate on the day of the operative event (in general the day when the economic aim of the operation in question is achieved) and not on the actual payment date.

As well as the abolition of the green rates, the new agrimonetary system includes two categories of measures: transitional provisions to ensure the introduction of the Euro in the CAP and a simplified scheme for the four Member States that are not participating in the single currency.

- Firstly, the transitional measures apply to all Member States and allow compensation to be given for losses of agricultural income which result from a fall in the green rate (revaluation) following the introduction of the Euro. A 2.6% exemption is applied for prices and support measures other than direct aid. As the reduction of support prices varies from -1.1% to -1.9% for the countries participating in the euro no compensation for loss of income will be applied to them. The EAGGF Guarantee section will finance compensation in the event of falls in direct aid and other sums (sums relating to structural or environmental factors) at 100% for the first year and 50% for the following two years. The Member State can finance the difference from its national budget if it so chooses.

- The agrimonetary system for the states which are not members of the euro zone, the second part of the provision, provides that the conversion into national currency of payments under the CAP should use parities fixed in relation to the euro on 1 January 1999. The losses of agricultural income resulting from revaluations occurring before 1 January 2002 may be compensated under similar conditions to those provided under the transitional measures, apart from certain adjustments. It is also planned that the states remaining outside the single currency may provide CAP payments in Euro and not in the national currency, provided that the sums paid are not greater than the amounts in national currency.

The agrimonetary system is based on the basic Council regulation (EC)

		2799/98; OJ L 349, 24.12.1998.
3.	**AID FOR SWITCHING VARIETIES (aide à la reconversion variétale)**	In the **hops** sector, the problems of marketing bitter hops prompted the Community to establish a special aid for switching to aromatic varieties for which there are more outlets on the Community market. Council Regulation (EC) No 1554/97 of 22 July 1997 (OJ L 208, 2.8.1997, p.1)provides for the possibility of switching varieties permanently, i.e. with no restrictions on area or time.
4.	**AID FOR THE USE OF CONCENTRATED MUSTS (aide à l'utilisation de moûts concentrés)**	In the **wine** sector, this aid for concentrated grape musts and rectified concentrated grape musts has been applied since 1982 and has been intended to improve the competitive position of Community musts, in particular as regards using them for increasing the alcoholic strength of wine products or for chaptalisation (see item 19 in part B). The amount of aid is set in euros in relation to the strength by volume and by hectolitre of concentrated grape musts or rectified concentrated grape musts, taking account of the difference between the costs of enrichment using the products referred to above and sucrose.
5.	**BASIC PRICE (prix de base)**	The basic price allows the amount of a premium to be determined or helps to stabilise market prices and provides a reference point for the triggering of intervention measures. It is set in the same way as the target price in the **sheep, goat, pig** and **sugar** (**sugar beet**) sectors. It is adjusted on a seasonal basis in the sheep and **goat** sector.
6.	**BUDGETARY NEUTRALITY (neutralité budgétaire)**	The budgetary neutrality of the Union's production is an original aspect of the regulations on **sugar**, **isoglucose** and **inulin syrup**. Since the 1986/1987 marketing year the costs of disposing of surplus Community production must be covered by the producers' contributions, such that only those expenses relating to preferential imports are a net cost for the Community budget.
7	**BUFFER STOCK (stock régulateur)**	The buffer stock alleviates the effects of fluctuations in harvests in the **olive oil** sector.
8.	**CEILING PER HOLDING (plafond par exploitation)**	In the **beef** and **veal** sector, the Member States have the possibility of setting a maximum number of special premiums for male bovine animals other than that of 90 animals per holding. In this case small farmers who request premiums for only a certain number of animals, to be decided at national level, may be exempted from the reduction in the number of premiums resulting from requests for premium in excess of the regional ceiling, (see point 9 II in Part A).
9.	**COMMUNITY TOBACCO RESEARCH AND INFORMATION FUND (fond communautaire de recherche et de formation)**	**In the tobacco sector** this fund, which is financed by a deduction not exceeding 2% of the premium, allows action programmes to combat tobacco smoking (and in particular information on the dangers associated with tobacco consumption), research on the cultivation of raw tobacco (to develop or create varieties and cultivation methods that are less harmful to human health, better geared to market conditions and more environmentally friendly) and the creation or development of alternative uses for raw tobacco. Regulation No 1636/98, 20 July 1998; OJ L 210, 28.7.1998, p.23.
10.	**COMPENSATORY TAXES (taxes compensatoires)**	Compensatory taxes were applied to products from third countries, equivalent to the difference between the reference price and the last entry price available lower than the reference price. They were applied for certain **fruit and vegetables**. For the current arrangements, see item

79 of Part B.

11. CONTROL AGENCY (agence de contrôle)

The aim of this agency is to monitor the Community **tobacco** scheme. The supervisory agency is responsible for checking fully all deliveries of tobacco to first processing undertakings, drawing up a control certificate, carrying out frequent unannounced inspections of the first processing undertakings, proposing, where appropriate, the application of administrative or legal penalties as a result of these controls.

Each Member States must set up its own administratively autonomous control agency, but the agency is voluntary where the Member State's guarantee threshold is less than 45 000 tonnes. Funding is the responsibility of the Member State and the Community at up to 50%. Commission Regulation (EEC) No 85/93 of 19 January 1993, OJ L 12, 20.1.1993, p.9

For **olive oil**, Regulation (EEC) No 2599/97, OJ L 351, 23.12.1997, p. 17, requires each Member State with production over 3 000 tonnes to create a specific agency responsible for the controls and activities relating to the olive oil production aid scheme. The Community must not be responsible for more than 50% of funding.

12. CONVERSION (reconversion)

Aid scheme intended to encourage conversion of production to non-surplus products (Cf Title III of Regulation (EEC) No 2328/91; OJ L 218, 6.8.1991, p.1). The Council, acting by a qualified majority on a proposal from the Commission, adopts the list of products towards which conversion can be approved and the conditions and arrangements for the granting of aid.
Conversion aids are also provided under some of the COMs (hops, fruit and vegetables, bananas, wine).

13. CREDIT INSURANCE (garantie de crédit)

System of insurance for medium-term loans created for certain eastern European countries to enable them to import agricultural and food products originating in the Community.

14. CULTIVATION REGISTERS (casiers des plantations)

There are **vineyard, olive** and **citrus** registers. These registers enable follow up of and checks on plantings, production and the related public funding by providing data on production potential and ensure better operation of the Community aid scheme for these products.

Some of the aid to producers will be earmarked for financing the establishment of the register which must, moreover, be updated regularly.

The register should make it possible, for each holding, to determine the total area, with the land registry reference to the plots it contains, the total number of trees, olive trees or vines, the names of the owners of each plot, the split between specialised and mixed olive areas, the break down by variety, the cultivation system used, the age, the state of the crop and production.

Registers have been established in the **olive oil** sector (Regulation (EC) No 1638/98; OJ L 210, 28.7.1998, p. 32, on the olive register), the wine sector (Regulation (EC) No 1627/98; OJ L 210, 28.7.1998, p.8, Article 80, providing for the establishment of a Community vineyard register) and the **citrus fruit** sector, since the 1990/1991 marketing year (Regulation (EC) No 1198/90; OJ L 119, 11.5.1990, p. 59, establishing a Community register of citrus cultivation).

A development during the 1998/99 to 2000/2001 marketing years, for the olive register, has been a geographical information system (GIS) based on computerised aerial photography which is based on the register's data base with additional information from the crop declarations linked to applications for aid. The Member State checks that the information in the crop declarations and the information in the GIS corresponds.

15. DESEASONALISATION PREMIUM (prime à la desaisonalisation)

When in a Member State the number of steers slaughtered during the year is more than 60% of the total number of male bovine animals slaughtered annually and the number of steers slaughtered during the period from 1 September to 30 November is over 35% of the total annual slaughter of steers, producers may benefit, on request, from this premium in addition to the special premium.

The amount of the premium is set at:

- EUR 72.45 per animal slaughtered during the first 15 weeks of the year;
- EUR 54.34 per animal slaughtered during the 16th and 17th weeks of the year;
- EUR 36.23 per animal slaughtered during the 18th to the 21st week of the year;
- EUR 18.11 per animal slaughtered during the 22nd and 23rd weeks of the year.

16. DIRECT AID PAYMENTS (PREVIOUSLY COMPENSATORY PAYMENTS) FOR REFORMED SECTORS (aides directes (avant paiements compensatoires) au titre des secteurs réformés)

The change of description is intended to de-couple direct aid from production.

The aid is intended to compensate farmers for loss of income following the sharp drop in institutional prices which are being aligned with world market prices.

The aid received (EUR/ha) is equivalent to the sum obtained by multiplying the direct Community payment (EUR/t) by the regional reference yield per hectare

(t/ha).

The reference yield was raised to 2.9 t/ha for Spain and 3.9 t/ha for Italy. There has been no increase in reference yields for Finland and Sweden but there is a measure with equivalent effect which involves taking into account the specific costs of drying cereals by means of a supplement to the direct payment of EUR 19/t.
Direct aid:

- for cereals, set-aside and grass silage:
  is increased to EUR 58.67/t in 2000/2001, it is increased to EUR 63/t from 2001/2002 onwards.
  This is compared with EUR 54.34/t in 1999/2000 for cereals and 68.83 for set-aside.
  The EUR 63/t may be increased from 2002/2003 to take account of a new reduction in the intervention price for cereals.
- For protein crops:
  EUR 72.50/t from 2000/2001 onwards (as opposed to 78.49);
- For non-fibre flax:
  EUR 88.26/t in 2000/2001 (as opposed to 105.10)
  EUR 75.63/t in 2001/2002 ,
  EUR 63/t from 2002/2003 onwards.
- For oilseeds:
  EUR 81.74/t in 2000/2001 (as opposed to 94.24),
  EUR 72.37/tin 2001/2002,
  EUR 63/t from 2002/2003 onwards.
  (Until 2001/2002 aid may be calculated on the basis of oilseed yields expressed in terms of cereals, by applying a coefficient of 1.95; thereafter it should be on the basis of the cereals yield).

Dates for payment of aid: during the period 16 November to 31 January following the harvest.

To obtain this direct aid, sowing must have taken place before 31 May preceding the harvest and before 15 May preceding the harvest the request must have been submitted together with the reference documents identifying the land in question (1 document for the area sown, 1 document for set-aside).

17. DISTILLATION (distillation)

Distillation is the preferred instrument for intervention on the market under the COM for **wine**. It is intended to withdraw surplus production from the market at a minimum guaranteed price. The wine is then processed into alcohol for oral consumption and, for the part not absorbed by this market, for the fuel market.

A minimum purchase price is guaranteed, which differs according to the type of distillation. The distiller who respects these minimum prices receives an aid for selling the alcohol produced or for delivering this alcohol to intervention bodies in the case of compulsory distillations. There are two different types of distillation:

? **voluntary distillation:** with three categories:

- preventive distillation: the producer

may make voluntary use of this possibility if he considers that he will have problems marketing all of his crop. This distillation, payable at 65% of the guide price, may be deducted from the amount for compulsory distillation.

- support distillation: in a wine year during which compulsory distillation was decided on or authorised in certain cases by the Commission, for a limited quantity the producers receive a guaranteed minimum price fixed at 82% of the guide price for each type of wine.

- distillation under special support measures for long-term storage contract holders: is designed to guarantee to winegrowers that their wine will not be disposed of at a price below the activating price, provided that they have concluded long-term storage contracts.

The last time this type of distillation was used was in the 1990/1991 wine year.

? **compulsory distillation:** there are also three categories which cover:

- the by-products of wine-making: in order to avoid overpressing of marc and lees and the placing on the market of poor-quality wines with low natural alcoholic strength.

- wine other than table wine: concerns surplus wine from the Cognac area, wine from table grapes, grapes for drying, etc.

- table wines: this distillation is decided on by the Commission when the availabilities recorded at the beginning of the wine year exceed the level of normal demand by more than four months' supply or when production exceeds the level of normal demand by more than 9% or when the weighted average of the representative prices is less than 82% of the guide price.

Agenda 2000 reform: preventive distillation, distillation under special support measures and compulsory distillation of table wines will be abandoned over a seven year period (2000-2006).

Specific distillation measures are planned for the market for alcohol for oral consumption. The average minimum price paid by the distillers to

wine producers will be EUR 2.488 per degree of alcohol.

A crisis distillation measure, which can be used on a voluntary basis, will be introduced to manage exceptional situations where the market is disturbed and where there are quality problems. The Commission can allow access of quality wines psr to this distillation only if a Member State requests it.

The distillation of by-products of wine-making and dual-purpose grapes remains in place and the alcohol produced may be used for human consumption.

18. ENLARGEMENT (élargissement)

Enlargement will considerably increase the Union's agricultural potential and will extend the European market for basic and processed agricultural products to over 100 million additional consumers. Trade in these products between the existing and new Member States will be completely liberalised.

The extension of the CAP in its present form to the new Member States would cause problems. Given the existing price differences between the applicant states and the Union, the price levels applicable under the CAP being in general markedly higher, and despite the prospect that to a certain extent these differences will have been removed between now and the dates of accession, even the gradual introduction of CAP prices would tend to encourage surplus production, in particular of livestock, and would thus create even larger surpluses. The restrictions imposed by the World Trade Organisation (WTO) on subsidised exports would prevent the enlarged Europe from selling its surpluses on other markets. The extension of the CAP would also involve significant budgetary costs, estimated at about EUR 11 billion a year, of which almost two-thirds would be required for direct payments to farmers.

Substantial increases in agricultural prices and the direct transfer of significant sums to farmers would have an adverse economic and social effect in the new member states. Furthermore, direct payments, designed as a payment to compensate for certain price reductions would not be justified in the case of farmers in the new member states who would, rather, be facing price increases.
Given the growing imbalances that are anticipated on the Union's markets after 2000 (even without enlargement), adjustments of current support policies would probably be necessary. The 1995 Agricultural Strategy Paper had already suggested a reorientation of the CAP towards direct income support as opposed to price support and towards encouraging rural development and environmental protection policies. Such a reorientation would help to reduce the price discrepancy and would facilitate the structural adjustment process of the new Member States.

Under these circumstances, instead of making direct payments to farmers a substantial proportion of the resources, at least during a transitional period, could be used for structural reforms and rural development in these countries.

It is vital that the implementation of the Community acquis and monitoring of this process is carried out satisfactorily in the applicant countries to safeguard animal and plant health and guarantee public health protection throughout the Community. This condition should be met before establishing free movement of agricultural products without frontier checks. The implementation of these measures will require substantial investments and a great deal of time.

Agenda 2000 contains a more detailed analysis of the effects of enlargement on EU policies, in particular with regard to agriculture and the structural funds. The findings confirm that EU enlargement may bring considerable political and economic advantages and enable progress to be made in Community policies.
(See **Annex II on the Financial Perspective for 21 Member States**)

19. ENRICHMENT (enrichissement)

Enrichment is an oenological practice designed to increase the natural alcohol levels in wine. It involves using either sucrose or musts. In the first case, the name ‘chaptalisation’ is also used. Enrichment using sucrose is a technique applied traditionally in a large number of wine-growing regions in the centre and north of the Community. The alcoholic strength derived from sucrose costs about a third of the cost required to obtain alcoholic strength from grapes. To ensure that producers from the south are not penalised by this practice, an aid for the use of concentrated musts and rectified concentrated musts to increase the alcoholic strength of wine was introduced in 1982.

20. ENTRY PRICE (prix d’entrée)

The principle of Community preference **is responsible for this price. It is the price set at the frontier such that the products imported by the Community do not flood the domestic market and do not jeopardise sectoral regulations. This price seeks to avoid imported products being sold on the Community market at prices below a certain threshold.**
It applies in the following sectors: **cereals, rice, white sugar, olive oil, protein crops, milk** and **dairy products, wine, fruits** and **vegetables, pigmeat, poultry** and **eggs** and **seeds**.

For **cereals** and **fruit and vegetables** the entry price can prompt the application of variable duties at the frontiers.

21. EURO

The euro is the official currency of eleven Member States of the European Union, with a fixed conversion rate against their national currency with effect from 1 January 1999. From now

on the value of the Euro against the dollar and all the other currencies, including those of the four Member States that have remained outside the Euro zone, will fluctuate in line with market conditions.

Although the Euro notes and coins will not appear until 1 January 2002, it has been possible for consumers, retailers, all types of undertaking and public administrations to use the new currency since 1 January 1999 as a representative money, i.e. on cheques, travellers cheques, bank transfers, credit cards, bank cards and electronic charge cards.

The rates of exchange are as follows: 1 euro
= BEF 40.3399
= DEM 1.95583
= ESP 166.386
= FRF 6.55957
= IEP .787564
= ITL 1936.27
= LUF 40.3399
= NLG 2.20371
= ATS 13.7603
= PTE 200.482
= FIM 5.94573
These rates were published in the Official Journal (OJ L 359, 31.12.1998)
(see item 2 of Part B)

22. EUROPEAN MODEL FOR AGRICULTURE (modèle agricole européen)

The Agenda 2000 reform proposals are designed to give substance to what should be the European model for agriculture. The essential characteristics are:

- a competitive agricultural sector which can cope with the world market without excessive use of subsidies, which are less and less acceptable at international level;
- an agricultural sector where production methods are sound, environmentally friendly and able to supply quality products;
- a richly diverse agricultural sector which is responsible not only for production but also for maintaining the diversity of the landscape and an active and vibrant rural community generating and maintaining jobs;
- a simpler more understandable agricultural policy with a clear dividing line between what should be decided at Community level and what should be the province of the Member States;
- an agricultural policy which makes clear that the expenditure involved is justified by the services which society expects farmers to provide.

23. EXPORT REFUNDS (restitutions à l'exportation)

Export refunds allow Community

producers to sell their products on the world market. The aim is to cover the difference between the Community price and the world market price. It allows dealers to participate in international trade at competitive prices.

The refunds are set by the Commission either for a certain period, or as a supplement and for limited amounts by means of tendering for those products for which this procedure appears appropriate. Except in this last case, the list of products and the amount of the refund are set at least once every three months.

The refunds are set taking into account the current situation and the probable price trends for the products on the world and Community markets, the aims of the COM for the sector concerned, the restrictions deriving from the relevant agreements concluded; marketing and transport costs; the concern to avoid disturbances of the Community market and the economic aspect of the planned exports.

The refund is granted only on request and on presentation of the relevant export certificate. The amount of the refund applicable on export is that which applies on the day when the request is made for the certificate. It is paid when proof is provided that the products are of Community origin, have been exported outside the Community and, in the case of a differentiated refund, have reached the destination for which a refund was set.

Provision is made for refunds (though they are not necessarily applied) in the following sectors: **cereals, rice, sugar, isoglucose, olive oil**, certain **fresh and processed fruits and vegetables, wine, milk, beef** and **veal, sheepmeat** and **goatmeat, pigmeat, eggs** and **poultrymeat**.

Note: the agriculture agreement of the GATT Uruguay Round provides for a fall both in the refunds budget and in the volume of subsidised exports. (see item 83 in Part B)

24. EXTENSIFICATION (extensification)

Reduction of production by using less intensive methods of crop or livestock production. This objective is encouraged through premiums granted under the COMs (beef and veal, for example) and through the aid system established in relation to structural policy (see Title II of

Regulation (EEC) No 2328/91; OJ L 218, 6.8.1991, p.1). (see item 25 of Part B)

25. EXTENSIFICATION PAYMENT (prime à l'élevage extensif (ou prime à l'extensification))

This premium is applicable in the **beef** and **veal** sector. To encourage production that is more extensive and takes greater account of environmental considerations, the special premium or premium for young male bovine animals and the suckler cow premium may be supplemented by an extensification payment.

The amount of the extensification payment is set as follows: (LU=livestock unit)

? in 2000 and 2001:
EUR 33 between 2 and 1.6 LU/ha
EUR 66 if less than 1.6 LU/ha
? from 2002 onwards:
EUR 40 between 1.8 and 1.4 LU/ha
EUR 80 if less than 1.4 LU/ha.

For the granting of this premium all temporary and permanent pasture is taken into account and all other areas used for fodder crops, except for arable crops as defined under Community regulations. The pasture must represent at least 50% of the total declared forage area. Member States are responsible for defining their pasture area, on the understanding that these should be areas of grassland which, according to local agricultural practice are recognised as being intended for pasture for cattle or sheep, which does not exclude mixed use of this land (pasture, hay, silage) during the same year.

This premium also applies to dairy cows belonging to holdings in mountain areas when such holdings provide over 50% of national milk production.

26. FADN (RICA)

Farm Accountancy Data Network – based on the agricultural accountancy offices in each Member State. Offices participate on a voluntary basis as there is confidence in the project (Cf. Regulation (EEC) No 1256/97; OJ L 174, 2.7.1997, p.7). Its purpose is the creation and systematic follow-up of a farm accountancy data network on the income and economy of agricultural holdings in the European Union.

27. FOOD AID AND SPECIFIC ACTIONS TO SUPPORT FOOD SECURITY (aide alimentaire et actions spécifiques d'appui à la sécurité alimentaire)

As part of its policy of cooperation with developing countries and to ensure an adequate response to situations where food supplies are not secure because of serious shortages or crises, the Community implements food aid measures and actions to support food security for the developing countries (Cf. Regulation (EEC) No 1292/96, OJ L 166,

5.7.1996, p.1).

Community aid should be integrated as fully as possible into development policies, in particular in the agriculture and agri-food sector and into the food strategies of the countries concerned. Community aid will underpin the policies developed by the beneficiary country to deal with poverty, nutrition, health care, environmental protection and rehabilitation, with special attention being paid to the continuity of programmes, in particular when the country is emerging from a crisis situation.

In the last revision of the Lomé Convention's financial protocol in 1995 the provisions relating to food aid set a minimum annual contribution for the Community and its Member States of 1 755 000 tonnes in wheat equivalent. The Council is responsible for allocating this amount between the Community and the Member States and for drawing up the list of countries and organisations eligible for Community aid. A Commission decision sets the total quantities of food aid and draws up the list of products which can be supplied as food aid.

28. FREE DISTRIBUTION OF FOODSTUFFS (distribution gratuite de denrées alimentaires)

Community food aid measures for the poorest people in the Member States. They are provided with foodstuffs from intervention stocks (Cf. Regulation (EEC) No 2535/95; OJ L 260, 31/10/95, p.3).

29. GRADING SCALE FOR CARCASES (grilles de classement des carcasses)

Community market prices relate to the grading scale for carcases, which is based on the degree of fat cover of the animals. Carcase refers to the whole body of the slaughtered animal after bleeding, evisceration and skinning and presented in accordance with the characteristics of the species. This scale allows the market prices for **beef** and **veal, sheepmeat, goatmeat** and **pigmeat** to be established.

30. GRUBBING UP PREMIUMS (primes d'arrachage)

These premiums are intended to cover costs resulting from grubbing up in order to bring production potential (areas under vines) into balance with the market in the **wine sector**.

During the reform of the COM for **fruit and vegetables** the Council adopted a programme in 1996 for grubbing up apple, pear, peach and nectarine trees. This programme covered a maximum area of 20 000 hectares divided equally (10 000 hectares) between apple and pear trees and between peach and nectarine trees. The initial distribution between the Member States can be adjusted at a later stage to take account of actual demand.

31. GUIDE PRICE (prix d'objectif)

The guide price is set in the **protein crops** and **dried fodder** sectors in the same way as for the target price.

32. GUIDE PRICE (prix d'orientation)

This price corresponds to the target price as its aim is to guide production in a given direction, while also providing protection against massive imports.

It is set for the **table wine** sector. This price is set by the Council before the first of August each year for each of the types of table wine (RI, RII, RIII, AI, AII, AIII) at a level which ensures correct remuneration for the producer. It was set on the basis of the average rates noted during the previous two marketing years and the price trend during the current marketing year. At present the guide prices for wine are following the same trend that has been adopted by the Council for all agricultural products.

33. HORIZONTAL REGULATIONS (réglementation horizontale)

The Agenda 2000 reform, as far as the horizontal regulations are concerned, makes provision for:

- environmental requirements. Member States must define the appropriate environmental measures to be applied by farmers and the associated penalties, in particular the reduction of direct aid payments, where there are environmental infringements.

- a system authorising Member States to modulate the direct payments per holding in relation to the number of jobs on the holding or the overall wealth of the holding.

- funds made available from the reduction in aid payments, following controls or modulation, which are available to the Member States as additional Community support for agri-environmental measures, less-favoured areas, early retirement and reforestation.

34. IMPORT AND EXPORT CERTIFICATES (certificats d'importation et d'exportation)

This certificate, for which there is a standard Community form, is issued by the Member States to any Community undertaking which requests it. All import or export operations are subject to the presentation of a certificate and the issue of this certificate is subject to the payment of a deposit which guarantees that the undertaking to import or export during the term of the certificate is fulfilled.

The deposit is thus released only when the operator provides evidence that he has completed the operation within the period of validity of the certificate, except in the case of force majeure.

Where there are risks of serious disturbance of the Community market, the Commission may adopt safeguard measures and temporarily suspend the issue of such certificates.

This statistical document allows the Commission to check the Community's undertakings with regard to imports or exports.

35. INDIVIDUAL BASE AREA (surface de base individuelle)

The individual base area applies to arable crops for calculating the amount of direct aid. The individual base area is established for each holding as an average of the hectares used for arable crops or set aside under the programmes financed from public funding in 1989, 1990 and 1991.

36. INSTITUTIONAL PRICES (prix institutionnels)

Agricultural support prices and other amounts set by the Council (on a proposal from the Commission and after consultation of the European Parliament) and forming part of the COM operation. These prices are often set for a **standard quality**, the **scales** being used to set prices for the other qualities.

37. INTERVENTION PRICE (prix d'intervention)

The price intended to provide price support and guarantee farmers' incomes. The Community guarantees this price to producers when domestic supply is higher than demand and the market price falls below a certain level which is less than the target price. It is known as the intervention price as, under certain conditions, it triggers intervention by the public authorities who purchase the surplus supply to stabilise the market by using bodies set up for this purpose. This buying-in price is appreciably lower than the target price and lower than the intervention price in certain cases. It applies to the following sectors: **cereals** (all cereals), **rice** (paddy), **white sugar, butter, skimmed milk powder** and **beef** and **veal**.

38. INWARD PROCESSING TRAFFIC (IPT) (trafic de perfectionnement actif (TPA))

IPT is a customs scheme which allows third country products entering EU territory to be exempt from import duties when they are to be reexported after processing.

The Council, acting by a qualified majority on a proposal from the Commission, may in specific cases totally or partially exclude use of this scheme, in so far as this is necessary for the smooth operation of the COM in a given sector.
If the situation is exceptionally urgent and if the Community market is disturbed by the inward processing scheme the Commission, at the request of a Member State or on its own initiative, may decide to adopt measures which are immediately applicable with a maximum validity of 6 months.

39. MARKET PROMOTION PREMIUMS (CITRUS FRUIT) (primes de pénétration (agrumes))

These premiums are paid by the Member State and can be reimbursed under the EAGGF to increase Community outlets by promoting the marketing of **citrus fruit** produced in the Community on Community markets other than those of the producer country.

40. MARKETING AIDS (aide à la commercialisation)

In the **sugar and isoglucose** sector, they facilitate the sale of raw sugar. They provide aid for transporting and refining sugar from the French overseas departments refined in the Union in 'pure' refineries. Such aid can also be granted for refining raw beet sugar to safeguard supplies to these refineries. This marketing aid is granted per tonne and is calculated taking several factors into account such as the flat rate FOB amount, sea freight costs and storage.
In the **milk and dairy products** sector aid is granted for skimmed milk,

skimmed milk powder, butter and skimmed milk powder used for animal feed.

41. MARKETING YEARS (campagnes de commercialisation)

Marketing years set the dates during which the various prices and aids are applied on the Community market. For **cereals, oilseeds** and **protein crops, sugar, milk, beef** and **veal** and **pigmeat**, the year runs from 1 July to 30 June of the following year. For **non fibre flax** the year runs from 1 August to 31 July. For **olive oil** it runs from 1 November to 31 October and for wine from 1 September to 31 August. For **sheepmeat** and **goatmeat** it runs from the first Monday in January to the day before this day the following year.

42. MINIMUM GUARANTEED PRICE (prix minimal garanti)

In the **sugar** sector this price is defined as a percentage of the basic price, depending on whether it relates to A sugar beet (98% of the basic price) or B sugar beet (65% of the basic price). It corresponds to the price at which the processing company, which holds the A and B quotas, is required to purchase the standard quality (at 16 ° sugar content) raw material (sugar beet). This minimum price is increased in areas for which an intervention price based on white sugar is fixed.

A minimum price is also fixed for **potatoes intended for the production of potato starch** of EUR 194.05 per tonne for the marketing year 2000-2001 and 178.31 for the marketing year 2001-2002. This price applies to the amount of potato delivered to the factory and required to produce one tonne of starch.

43. MODULATION OF AID (modulation des aides)

With effect from 1 January 2000, Member States may decide to reduce direct aid (by a maximum of 20%) in cases where:

1. **the labour employed on the holding, expressed in annual work units, falls below a threshold set by the national authorities; (annual work unit means the national or regional average annual working time of adult farm workers employed throughout the calendar year).**
2. The overall prosperity of the holding, expressed as a standard gross margin, is above a certain limit.
3. **The total payments granted under the support schemes exceed a limit which is also set at national level.**

The savings which result and those from **cross-compliance** (observance of environmental criteria) may be used by the Member State to supplement Community funding for early retirement measures, payments for less-favoured areas and areas subject to environmental restrictions, agri-environmental provisions, afforestation measures and rural development.

To prevent premiums being 'chased', provision has been made that no payment will be made to beneficiaries who have artificially created the necessary conditions to be eligible for such payments so as to gain an advantage which runs counter to the aims of the support scheme.

44. MONETARY RESERVE (réserve monétaire)

Budgetary mechanism introduced by the European Council of February 1988 providing a cushion against the fluctuations in euro/dollar parity. The monetary reserve receives transfers from the EAGGF Guarantee Section when expenditure falls as a result of rises in the dollar and it finances EAGGF expenditure which can occur following depreciation in the North-American currency. It was set at EUR 500 million in 2000 and 2001, EUR 250 million in 2002 and 0 from 2003 to 2006.

45. MONTHLY INCREASES (majorations mensuelles)

The aim of these increases is to reduce the storage costs and to regulate the disposal of cereals throughout the marketing year. They are applied to the intervention and threshold prices throughout all or part of the **cereals** marketing year. The **Agenda 2000** reform will maintain the current scheme of monthly increases, i.e. seven increases of one Euro/tonne applied cumulatively during the months of November to May.

46. NATIONAL INVENTORY (inventaire national)

In the **wine** sector the Member States are required to prepare this monitoring tool containing information on the areas, varieties and planting rights. It must be completed by 31 December 2001 at the latest. It may be drawn up on a regional basis.

47. NATIONAL RESERVE (réserve nationale)

In the **beef** and **veal** sector each Member State holds a national reserve of rights to the suckler cow premium for the chosen base year. The Member States use their reserves for allocating rights to the premium, in particular to new entrants, young farmers and other priority producers. Where rights to the premium are transferred without transfer of the holding a percentage of these rights, not exceeding 15%, is ceded without compensation to the national reserve of the Member State.

In the **sheepmeat** and **goatmeat** sectors the Member States will set an **initial national reserve** of at least 1% and at most 3% of the sum of the individual limits of their producers. The amounts which fall within this reserve will be deducted from the rights to the premium of individual producers.

48. OFFER PRICE FREE-AT-FRONTIER (CIF PRICE) (prix d'offre franco-frontière (prix caf)

This price is established in relation to the most representative possibilities for purchase – outside the Community – in terms of quality and quantity observed over a fixed period. It affects several products (cereals, olive oil, meat, etc.) for which a protection price is set vis-à-vis low priced imports.

CIF import prices are also used to determine an import duty in addition to the import price. To this end CIF prices are checked on the basis of representative prices for the products in question on the world market or on the Community import market for the product.

49. ORGANIC FARMING (agriculture biologique)

Organic farming refers to an agricultural system based on drastic restrictions on fertilisers and pesticides. Production rules are very strictly laid down to protect the environment and to encourage sustainable agricultural development. It also refers to the scheme providing Community rules on labelling and on the monitoring of agricultural products and foodstuffs produced using organic methods (Cf. Regulation (EEC) No 468/94; OJ L 59, 3.3.1994, p.1). Organic products may be marketed as such only after checks and certification.

50. PRE-ACCESSION AID INSTRUMENTS (instruments de l'aide de préadhésion)

On 18 March 1998 the Commission submitted its proposals on the pre-accession aid instruments. These include:

- **a regulation on coordinating aid to the applicant countries.**

- The PHARE regulation which will continue to provide pre-accession aid.

- A pre-accession structural instrument (ISPA) which will support the transport networks and environmental protection.

- An agricultural pre-accession instrument. (SAPARD: Special Action for Pre-accession measures for Agriculture and Rural Development).

The aim of the first regulation referred to above is to ensure coordination and consistency between the support granted under the pre-accession assistance of the PHARE programme, the structural instrument (ISPA) and the agricultural instrument. The fields of action covered by each instrument are defined therein. Any action or measure to be financed under the pre-accession assistance can benefit only from a single instrument.

Agricultural pre-accession instrument:

A special financial aid available under the agricultural pre-accession instrument is granted to the applicant countries to support agriculture and rural development. This assistance seeks to implement activities to support the process of economic and social reform which is underway in these countries and to prepare and facilitate the integration of their economies into the Community economy (enhanced pre-accession strategy).

Aims:

The proposal for a regulation establishes the framework for Community aid for agriculture intended to be granted from 1 January 2000 to the 10 CEEC applicant countries. This aid meets the conditions referred to under the accession partnerships and seeks to:

- Resolve the most pressing and specific problems of long-term adjustment of the agricultural sector and rural areas in the applicant countries;

- Contribute to the implementation of the Community acquis relating to the CAP and associated policies.

The activities likely to be covered by this assistance are:

- Investments in agricultural holdings;
- Improvement of processing and marketing of agricultural and fisheries products;
- Improvement of structure for quality checks and veterinary and plant health checks;
- Agricultural production methods geared to environmental protection and conservation;
- Development and diversification of economic activities;
- Creation of replacement and management services for agricultural holdings;
- Creation of producer groups;
- Renovation and development of villages and protection of the rural heritage;
- Improvement of land and reparcelling;
- Creation and up-dating of land registers;
- Improvement of vocation training;
- Development and improvement of rural infrastructures;
- Management of water resources;
- Forestry
- Technical assistance for measures covered by the regulation, including studies as part of the preparation and follow up of the programme.

51. PREFERENTIAL IMPORT QUOTAS (contingents préférentiels à l'importation)

These quotas limit the amounts of agricultural products which can be imported from certain third countries enjoying preferential conditions as a result of the Community's unilateral, bilateral or multilateral relations.

After the GATT agreement there has been a change in the system and import quotas fall into one of the three following categories: **current access, minimum access** and **non-GATT quotas**:

- Minimum access: the GATT agreement provides that each signatory country will open quotas to third countries. The import possibilities which are offered are, for each group of products, 5% of consumption of the base period 1986-1988. This does not mean that there is an obligation to import but that a reduced customs duty is to be granted for this quantity. Aggregation is the concept of minimum access per group of products and not by product. This concept has been recognised by the United Nations.

- **Current access**: Import tariff concessions already granted prior to the entry into force of the agreement must be maintained at least at their 1986-1988 level.
- **The non-GATT quotas** are the preferential agreements relating to the countries of central and eastern Europe concluded after 1988.

52. PREMIUM FOR YOUNG MALE BOVINE ANIMALS (SPECIAL PREMIUM) (prime aux jeunes bovins mâles (ou prime spéciale))

The special premium for young male bovine animals, which has existed since 1987, is allocated to any producer of cattle up to a regional ceiling of 90 animals per year and per holding.

From 2002 onwards the basic special premium for male animals will be raised in three stages to EUR 210 for bulls (uncastrated male bovine animals) and EUR 300 for steers (castrated male bovine animals). The premium will be paid once for bulls and twice (2 x 150) for steers.

This premium is granted not more than once in the life of each bull after the age of 9 months (or a minimum carcase weight of 185 kgs) or twice in the life of each steer at 9 months and 21 months.

For male animals the scheme includes a series of regional reference ceilings which indicate how many are entitled to premiums.

The regional ceilings for the special premium for male animals are set on the basis of figures supplied for 1996 after updating. The ceiling is calculated in accordance with the Council declaration of November 1996. (Provision is made for a 5% threshold). For the three new Member States the ceilings are set at the level provided for in the accession treaty.

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

* +100 000 : provisional figure until the export of animals under 6 months of age is permitted.

The premium for bulls takes account of the possibility of keeping the aid for arable crops for silage maize.

Furthermore, producers may be entitled, under certain slaughter conditions, to a premium in addition to the special premium, namely the **deseasonalisation premium** (see item 15).

53. PREMIUMS FOR SHEEP AND GOATS (primes des ovins et caprins)

For **sheep** the amount of the premium is set for each region, taking account of market prices during the marketing year. A distinction is made between the producers of **heavy lambs** and **light lambs**. All producers of sheep's milk or any other product based on sheep's milk is deemed to be a producer of light lambs.
To be eligible a sheep must be at least one year old or have lambed at least once.

The premium is calculated by taking the loss of revenue (difference between the basic price and the arithmetic average of the market prices noted during the marketing year) and applying either a 'heavy lamb' or a 'light lamb' technical coefficient (80% of the first).

For goats **the premium is equivalent to 80% of that paid per sheep to producers of heavy lambs.**

Until the end of the 1994 marketing year the premium was paid at the full rate for up to 1000 animals per producer in the less favoured areas, and 500 animals per producer in the other areas. For any animals over this figure the premium was reduced by 50%. Since the 1995 marketing year these ceilings have been abolished and the Member States have had to recalculate the individual limits so that the numbers above the 1000/500 animals referred to above are reduced by 50%.

The premiums are payable in three stages. Two advances of 30% are paid during the marketing year, the first under the budget year in which the marketing year commenced. The second and the remaining 40% are paid at the end of the marketing year under the subsequent budget year.

Since the 1992/1993 marketing year, for holdings in mountain areas and less favoured areas a flat-rate aid has been set at ecu 6.641 per head for sheep (heavy carcases) and ecu 4.589 per head for sheep (light carcases) and goats.

54. PRIVATE STORAGE (stockage privé)

Private storage enables the market to be stabilised without having too great an effect on the traditional marketing channels. This aid requires the establishment of a storage contract, concluded with the intervention board of the Member State concerned.

The amount of aid is set taking into account the storage costs and the foreseeable trend in prices of the product in question. If, when the product is removed from storage, the market has changed adversely and this could not have been predicted on storage, the amount of the aid can be

increased.

In the **milk and dairy products** sector this aid is granted for cream and unsalted and salted butter produced from cream or milk in a dairy in the Community. It also applies to top grade skimmed milk powder and grana padano cheese at least 9 months old, parmigiano reggiano at least 15 months old and provolone at least 3 months old. The granting of private storage aid may be allowed for long-keeping cheeses and for cheeses made from sheep and/or goats' milk requiring at least six months maturing.

In the **beef and veal** sector after 1 July 2002 the decision to grant such aid may be made when the average price on the Community market is likely to remain less than 103% of the basic price. The aid may be granted for fresh or chilled meat from adult bovine animals, presented as carcases, half carcases, compensated quarters, hind or fore quarters, graded in accordance with the Community grading system (Cf. Regulation (EEC) No 1208/81).

It applies also in other sectors such as **cereals, sugar, isoglucose, wine** (table wine, grape must, concentrated grape must and rectified concentrated grape must), **sheepmeat, goatmeat, pigmeat, textile plants** and **silkworms**.

55. PROCESSING AID (aides à la transformation)

Processing aid is granted in the processed fruit and vegetables **sector (and covering tomato-based products, peaches and pears in syrup and/or natural fruit juice, prunes, dried figs and dried grapes). It became necessary to grant this aid because of the discrepancy between the prices of Union products and imported products and it seeks to ensure an adequate income for producers by ensuring that the processing industry observes a minimum price which it undertakes to pay to producers in order to benefit from this aid. The purpose of this aid is to make the processed products which use Community vegetables or fruits competitive by comparison with imported products.**

Each year, before the start of the marketing year, the Commission sets a minimum price per product using the management committee procedure, taking into account the minimum price for the previous year, the trends in the basic price of the fresh products and the need to ensure the normal sale of fresh products to the various destinations.

56. PRODUCER GROUPS (groupements de producteurs)

Set up on the initiative of producers, these groups are formed to help the producers who are members to adjust production and supply to the requirements of the market by means of common production rules, in particular on product quality or use of organic practices, rules on marketing and production (in particular through the exchange of information on harvesting and availabilities).

They are supported by Community measures under the COMs (fresh fruit and vegetables, olive oil, tobacco, etc.) or under the structural policy (Cf. Council Regulation (EC) No 952/97, 20 May 1997; OJ L 142, 2.6.1997, p.30).

57. PRODUCTION AID (aide à la production)

This aid seeks to ensure a fair income for producers.

In the **olive oil** sector, there are two schemes:

- The normal scheme for olive growers whose average production is at least 500 kg/year of olive oil and the amount paid relates to the quantity of oil actually produced.

There is a maximum guaranteed quantity of 1.35 million tonnes for which the full amount of aid is granted. When production exceeds the MGQ, possibly increased by the carry-over from the previous year, production aid is reduced on a proportional basis. This mechanism for stabilising expenditure has been applied to the intervention price for olive oil since 1993, however the reduction in the event of overshoot cannot exceed 3%.

- The scheme for small producers whose production is on average less than 500 kg, provided that the olives have actually been pressed. This quantity is assessed on the basis of the number of olive trees cultivated, their production potential and their yield which is fixed on a flat rate basis.

In the **milk and dairy products sector**, production aid is granted for milk used in animal feedingstuffs and milk used in the production of casein.

For **rice** the aid is granted for the broken rice used in the Community in the starch and brewing industries.

For **cotton**, the Community aid scheme provides for a target price and an aid equal to the difference between this price and the world price granted to ginning plants that pay a minimum price to the producer. If unginned cotton production exceed a maximum guaranteed quantity (MGQ) the target price and the amount of aid are reduced proportionally.
For **tinned pineapple** the aim is to maintain competitive prices for the industry in relation to the prices in the main non-member producer countries and to ensure appropriate payment to the producers of fresh pineapples. The aid is granted to processors who undertake to pay producers at least the minimum price fixed each year. It provides compensation for the difference between the Community price and the price of products imported from third countries.

For seeds **the common organisation of the market in this sector provides for the granting of aid for the production of basic seed and certified seed of some forty species of agricultural plants, including different forage species, rice and flax. The level of the aid is set for two years, but can be altered if there is a risk of disturbance of the Community market.**

For **hops**, Council Regulation (EC) No 1554/97 of 22 July 1997 (OJ L 208, 2.8.1997, p.1) provides for a single amount for all the varietal groups set at ecu 480 per hectare with effect from the 1996 harvest for a five year period.

For **fibre flax and hemp** the Council sets two flat rate aid amounts per hectare harvested. The aid for flax differs depending on the area of production and the type of harvest, based on past cereal yields per hectare.

For **silk worms** aid is granted per box of eggs produced successfully.

58. PRODUCTION LEVY (cotisation à la production)

A and B quota **sugar** and A and B quota **isoglucose** are what the undertaking can sell directly on the Community market or the world market. The expenditure on market support for these two quotas is covered by a basic maximum levy of 2% of the intervention price for white sugar applied to all production within quotas A and B. Where

there is a shortfall a B levy, limited to a maximum of 37.5% of the intervention price for white sugar applies to B quota sugar and isoglucose. These levies are payable in May and December. If they are not sufficient to cover the disposal costs for the year's surpluses, the producers are subject to a supplementary levy payable in December, set by the Commission and applied in the form of a uniform coefficient on the levies. The manufacturers of sugar and the sugar beet growers share the cost of levies in proportion to their sugar revenues, i.e. 40% and 60% respectively.
Note: The A quota determines the amounts of sugar which benefit from price support, less 2% producer levy, the B quota represents the quantities purchased at a price corresponding to 68% of the intervention price for sugar, which can be reduced by up to 60.5% of the intervention price if there are insufficient levies to cover the expenditure for disposal of the Union's production.

59. PRODUCTION REFUNDS (restitutions à la production)

These refunds are granted to processors who obtain their supplies from Community producers in certain sectors. These refunds allow the processors to be competitive in relation to imported processed products made from raw materials purchased more cheaply on the world market. The refunds are applied for certain **processed fruits and vegetables** (products based on tomatoes, peaches and pears in syrup and/or natural fruit juice, prunes, figs, tinned pineapples and dried grapes) and for the production of **starch** from maize or wheat or potato starch and **starch products** used for the manufacture of certain chemical products.

In the **olive oil** sector there is an aid granted to facilitate sale of olive oil to the canning industry.

60. PRODUCTS NOT COVERED BY ANNEX II (produits hors annexe II)

Trade arrangements applied to certain goods resulting from the processing of agricultural products and not covered by Annex II of the Treaty (Cf. Regulation (EEC) No 2491/98; OJ L 309, 19.11.1998, p.28).

61. PROMOTION MEASURES (mesures de promotion)

Promotion measures are to be found in the quality beef and veal sector and for apples and citrus fruit, milk and dairy products, grape juice, live plants and floricultural products and olive oil.
(Cf Commission Regulation (EC) No 481/1999 of 4 March 1999 laying down general rules for the management of promotional programmes for certain agricultural products. OJ L 57, 5.3.1999, p.8)

For flax and hemp **a certain percentage of the flat-rate per hectare aid is earmarked for financing promotional measures and for researching new markets. The same principle is also applied to other products such as** olive oil**.**

For **citrus fruit** the financial compensation premiums to promote processing of certain varieties of oranges and lemons are paid to processors provided they observe a minimum price set before the beginning of each marketing year.

62. PROTECTIVE CLAUSE (clause de sauvegarde)

Exceptional measures which may be taken in respect of imports that disturb, or threaten to disturb, the Community market and thus to jeopardise the aims of Article 33 of the Treaty of Amsterdam (ex Article 39).

Reference should also be made to the safeguard clause, which is completely different and relates to the WTO (see item 70 below).

63. QUALITY POLICY (politique de qualité)

Scheme setting out:

a) a framework of Community rules on the **protection of geographical indications and designations of origin** for agricultural products and foodstuffs (Cf. Regulation (EEC) No 1068/97; OJ L 156, 13.6.1997, p.10);

b) a framework of Community rules under which **certificates of specific character** can be obtained and monitored at Community level (Cf Regulation (EEC) No 2082/92, OJ L 208, 24.7.1992, p.9, amended by 194 N).

64. QUALITY STANDARDS (normes de qualité)

These aim to give added value to high-quality products and to encourage producers to supply quality products. They are applied to several agricultural products in particular, in the fresh **fruit and vegetables** sector and to **floricultural products**.

65. QUANTITATIVE IMPORT RESTRICTIONS (restrictions quantitatives à l'importation)

These restrictions allow the quantity of imports to be limited and they apply to certain **fresh fruit and vegetables** (import calendars). In the list of undertakings made to the WTO, the European Union included adjustments to the calendars for application of the entry prices, with the calendars for tomatoes, courgettes and cucumber being extended to cover the whole year.

66. REGIONAL BASE AREA (surface de base régionale)

The regional base area applies to arable crops for calculating the amount of direct aid payments. The regional base area is the average of the areas on which cereals, oilseeds and protein crops (COP area) were cultivated in 1989, 1990 and 1991 increased, if necessary, by areas set aside under the schemes financed from public funding. Region refers to a Member State or a **region** within a Member State. Member States have the possibility of opting for a system of individual reference areas per producer or a system of regional reference areas. In the latter case they must draw up regionalisation plans and specify the criteria used to define the various production zones and their yields.

67. REGULATORY IMPORT LEVY (prélèvement régulateur à l'importation)

The regulatory import levy was the difference between the entry price and the offer price at the Community

frontier. It was intended to provide funds for the Community budget as an own resource. It applied in the cereals, rice, white sugar, olive oil, protein crops, milk and dairy products, beef and veal, sheepmeat and goatmeat, pigmeat, eggs and poultrymeat sectors.

Following the agreement under the GATT Uruguay Round these variable amounts have been replaced by fixed customs duties which will be reduced gradually over the next six years (see items 78 and 79 of Part B).

68. REMNANT REGULATION (règlement 'solde')

This regulation establishes embryonic provisions for certain, apparently unrelated, products listed **in Annex II of the Treaty** (Cf Regulation (EEC) No 195/96; OJ L 26, 2.2.1996, p.13). This regulation provides only minimum protection on the external market (without any price guarantees or aid granted).

69. REPRESENTATIVE MARKET PRICE (prix représentatif de marché)

In the olive oil **sector this price is set annually by the Council for the marketing year at a level which allows olive oil to be disposed of in a normal manner, bearing in mind the probable trends in the market for vegetable oils and fats.**

In the **table wine** sector each week the Commission sets the average production price for each representative market for the type of wine in question, where the representative market price is the price corresponding to the weighted average of all the average prices set for the RIII, AII and AIII types and the weighted average of half the average prices set for the RI, RII and AI types.

Note: R refers to red wine and A to white wine.
RI: wine with an actual alcoholic strength by volume between 10% and 12%.
RII: wine with an actual alcoholic strength by volume between 12.5% and 15%.
RIII: wine from Portugieser type vine varieties.
AI: wine with an actual alcoholic strength by volume between 10% and 13%.
AII: wine from Sylvaner or Müller-Thurgau type vine varieties.
AIII: wine from Riesling type vine varieties.

70. SAFEGUARD CLAUSE
(clause de sauvegarde spéciale)

This safeguard clause is applied in the context of the WTO and tariffication. The European Union can activate this special clause and apply the supplementary customs duties (equal to 30% of the existing tariff equivalents) in two cases: when the volume of imports exceeds a certain threshold or when the price of imports falls below a certain threshold.

- When the **volume of imports exceeds** a certain level, the threshold for activating the safeguard clause will be:

- 125% of the average imports (1986-1988) when the possibilities for market access for a product (defined as imports as a percentage of the corresponding domestic consumption during the three previous years) will be less than or equal to 10%;

- 110% of the average imports (1986-1988) when the possibilities for access to the market will be greater than 10% but less than or equal to 30%;

- 105% of the average imports (1986-1988) when the possibilities for access to the market will be greater than 30%.

Any additional duty will be maintained only until the end of the year concerned and may not exceed one third of the customs duty normally applicable.

- In the case of a **fall in the price of imports**, the clause may be applied if the import price falls below an activating price equivalent to the average reference price for 1986-1988. An additional customs duty may be levied as follows:

- if the difference between the import price and the activating price is = 10% of the activating price, no additional duty will be imposed;

- if this difference is > 10% but = 40% the duty will be equal to 30% of the amount over 10%;

- if this difference is > 40% but = 60%, the duty will be equal to 50% of the amount over 40%, plus the duty authorised under the previous paragraph;

- if this difference is > 60% but = 75%, the duty will be equal to 70% of the amount over 60%, plus the duties authorised under the two previous paragraphs;

- if this difference is > 75% the duty will be equal to 90% of the amount over 75%, plus the duties authorised under the three previous paragraphs;

As far as **cereals** are concerned, the difference between the import price and the intervention price may not exceed 55% of the latter.

71. SAFETY NET (filet de sécurité)

Intervention purchases made in the **beef and veal sector**. This automatic intervention system will be established from 1 July 2002 onwards. It would be activated when, in a Member State or a region of a Member State, the average market price for male bovine animals is less than EUR 1560 per tonne over two consecutive weeks. Ad hoc intervention purchases will be organised by the Commission in the Member State concerned using the management committee procedure.

72. SIMPLIFIED ARABLE CROPS REFORM SCHEME (régime simplifié de la réforme pour les cultures arables)

Producers who apply for a compensatory payment under this scheme are not subject to the set-aside requirement and receive a single per hectare aid for all crops (equivalent to the cereals aid applicable in the region). Only **small-scale producers** can benefit from this scheme, i.e. those whose annual production does not exceed 92 tonnes of cereals.

73. SLAUGHTER PREMIUM (prime à l'abattage)

A slaughter premium is paid directly to the farmer, subject to a retention period. From 2002 onwards the premium will be EUR 80 for bulls, steers, dairy cows, suckler cows and heifers (in all cases from the age of 8 months) and EUR 50 for calves (from 1 to 7 months of age with a carcase weight of less than 160 kg).

During 2000 the premium will be EUR 27 per adult animal and EUR 17 for calves. During 2001 the premium will increase to EUR 53 and 33 respectively.

In each Member State two ceilings are set for this premium, one for adult animals (bulls, steers, cows and heifers) and the other for calves.

They are calculated in relation to the number of animals slaughtered in 1995 together with the number of exports to non-member countries for that year, on the basis of Eurostat data or any other official statistical publication approved by the Commission.

74. STOCKING DENSITY LIMITS (limites de densité)

In the **beef** and **veal** sector access to various premiums (premium for male bovine animals and suckler cow premium) has been made subject to a limit on stocking density for animals carried on a holding, such that only holdings with a maximum density of two livestock units (LU) per hectare of forage area can obtain these premiums. This density is calculated by including all livestock on the holding, including sheep and goats (see item 9 II in Part A).

75. STORAGE LEVY (cotisation de stockage)

Each month holders of **sugar** (producers, processors, wholesalers) receive payments intended to cover the various costs of storage, i.e. technical and financial costs, insurance. These payments are financed through storage levies collected when the manufacturer markets the sugar. The Commission sets the levy, taking into account the amount of sugar subject to the scheme and the average number of months during which this sugar is stored before reaching the retail sector.

In the agricultural price round for 1999/2000 the Commission proposed that the monthly reimbursement of storage costs should move from EUR 0.38 to 0.33 per 100 kg, i.e. a reduction of 13.2%.

76. SUCKLER COW PREMIUM (prime à la vache allaitante)

Suckler cow refers to a cow of a meat breed or a cow born of a cross with one of these breeds and belonging to a herd intended for rearing calves for meat production.

The premium was established in 1980 and has been modified several times. It is intended for producers who do not supply milk or dairy products from their holding for twelve months from the day on which the application for the premium is made, or where milk production is less than or equal to 120 000 kgs. However Member States may alter this quantity or deviate from it.

The premium is granted provided that, for at least six consecutive months from the day on which the demand was lodged, the producer keeps a number of suckler cows at least equivalent to 80% and heifers to 20% of the numbers for which the premium has been requested.

This premium is granted on request within the restrictions of the individual ceilings per year and per producer.

The sum will increase as follows until the agreed compromise amount (EUR 200) has been reached.
- EUR 163 for 2000
- EUR 182 for 2001
- EUR 200 from 2002 onwards.

The supplementary national premium, which is additional to the suckler cow premium, will increase from EUR 30.9 to 50 per head, provided that this does not cause discrimination between stockfarmers in the Member State concerned.

Member States in which over 60% of the suckler cows and heifers are reared in mountain regions may pay the suckler cow premium for heifers, not under the individual quota but by allocating, to a separate national ceiling, a part equivalent to a maximum of 20% of the national ceiling.
National ceilings are set for all the rights to suckler cow premiums at the following levels:

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

77. TARGET PRICE (prix indicatif)

Price set by the Council of Ministers for standard quality products and the price which the COM aims to ensure for producers during a marketing year. It is set for **olive oil** and **milk**. For milk, for example, the target price, expressed in EUR per 100 kg of milk containing 3.7% fat delivered to the dairy, is set at:

- 30.98 for the period from 1 July 2000 to 30 June 2005;
- 29.23 for the period from 1 July 2005 to 30 June 2006;
- **27.47 for the period from 1 July 2006 to 30 June 2007;**
- 25.72 from 1 July 2007 onwards.

78. TARIFF EQUIVALENTS (équivalents tarifaires)

All the protection measures applied at borders (variable levies, compensatory taxes) were transformed into fixed customs duties, known as tariff equivalents. (see items 79 and 83 in part B)

79. TARIFFICATION (tarification)

All the protective measures at frontiers have been converted into fixed customs duties known as tariff equivalents. These equivalents are being reduced by 36% between 1995 and 2000. This rate of reduction is the mathematical average of all the tariff equivalents, but the reduction is modulated for each product.

The reference period is 1996-1998.

For **cereals** a special capping mechanism on tariffs was established to avoid the level of protection exceeding the 1995 level. The entry price level can thus not exceed 155% of the Community intervention price at a given moment (in relation to the protection which existed in 1995: an intervention price of ecu 100/tonne and a threshold price of ecu 155/tonne). A fixed reference price is thus being recreated based on a certain cif price of the product imported, which is similar to the old threshold prices. This is where the safeguard clause applies (see item 70 in Part B).

There is a special mechanism for **fruit and vegetables**. The tariff equivalent is applied in steps, with a large step as soon as the cif price deviates more than 8% in relation to the entry price. It is intended to discourage third country exporters from offering products at prices that are too low. This system does not apply to imports of products where the price is not fixed on their entry into the European Union but only when they are sold to the final purchaser. For three products the European Union has not considered it useful to set an entry price: aubergines, round head lettuce and broad-leaf endive. Imports of these three products are subject to standard customs duties.

80. TOBACCO PREMIUMS (primes de tabac)

The reform of the COM (Cf Council Regulation (EC) No 1636/98, 20 July 1998; OJ L 210, 28.7.1998, p.23) in the **raw tobacco** sector was far-reaching, with measures to encourage the production of better quality tobacco, to take greater account of environmental protection, to contribute to research into the least harmful qualities of tobacco, to enable producers to switch production and to strengthen controls in the sector.

With effect from the 1999 harvest a system of premiums has been applied, with the amount fixed for the 8 varieties cultivated in the Community (flue-cured, light air-cured, dark air-cured, fire-cured, sun-cured, basmas, katerini and kaba koulak). For the amounts of these premiums see Council Regulation (EC) No 660/1999 of 22 March 1999; OJ L 83, 27.3.1999, p.10.

A supplementary amount is granted for flue-cured, light air-cured and dark air-cured tobaccos cultivated in Germany, Belgium, France and Austria. This amount is equivalent to 65% of the difference between the premium granted for tobacco and the premium applicable for the 1992 harvest.

The premium includes a fixed part, a variable part and a specific aid. The variable part accounts for 30 to 45% of the total premium and may be adjusted within this range in relation to the varietal group and the Member State. This part will become effective gradually up to the 2001 harvest.

The fixed part is paid either to the producer group, which redistributes it to each member of the group, or to each individual producer who is not a member of a group.

The specific aid is granted to the producer group and may not exceed 2% of the total premium.

81. WITHDRAWAL OF ARABLE LAND (SET-ASIDE) (retrait des terres arables ('gel des terres')

Defined as setting aside a given percentage of an area on which cereals, oilseeds and protein crops (COP area) were grown for harvest the previous year. This scheme is compulsory for producers who request direct aid under the general scheme**. It thus does not apply to the small producers (of less than 92 tonnes). The scheme provides for the withdrawal of 10% of land for the period 2000/2001 to 2006/2007. The land left fallow is subject to rotation.**

For voluntary set-aside of up to five years the maximum limit of the area which can be set aside per holding may be fixed at national level, with a minimum of 10% of arable land. Small producers may make use of this withdrawal of arable land.

Set aside applies to the whole of the reference area (and not for each crop taken separately) and is eligible for a compensatory payment of EUR 63/ha with effect from the 2000/2001 marketing year.

The set aside requirement does not apply to areas which, until 31 December 1991, were woodland, pasture, permanent crops or crops intended for non-food production. The hectares set aside may be used to produce a **non-food** crop (human or animal).

If there is an overshoot on the national COP area each farmer will have the COP area he has declared for the purpose of receiving aid reduced by the same percentage as the overshoot. The percentage will be added to the set-aside rate the next year without any compensation.

Member States have the possibility of granting a national aid representing up to 50% of the costs associated with the establishment of multiannual crops for the production of biomass on land set aside.

Note: in the **oilseeds** sector, because of the agriculture agreement in the Marrakesh Treaty which takes over from the GATT agreements, a ceiling on the area sown was set at 4.9 million hectares (penalties applied to production aid should there be an overshoot). Production for non-food use of oilseeds grown on set-aside land is limited to 1 million tonnes soya cake equivalent.

82. WORLD MARKET PRICE (prix de marché mondial)

Calculated by the Commission on the basis of objective data. It is used to calculate certain production aids (cotton, dry fodder, etc.) or export refunds.

83. WORLD TRADE ORGANISATION (WTO) (organisation mondiale de commerce (OMC))

The World Trade Organisation (WTO) stemmed from the multilateral negotiations known as the Uruguay Round. The agreement setting up the WTO was signed in Marrakesh on 15 April 1994 and entered into force on 1 January 1995. It is being implemented for agriculture between 1995 and 2000 and includes:

I. The agriculture agreement, which has several sections:

? **Access to the market:**

- Tariffication: variable levies are transformed into fixed customs duties known as tariff equivalents. These are being reduced by 36% on average and by a minimum of 15% between 1995 and 2000, on the basis of data for 1986-1988. For cereals a provision was included that the gap between the import price at the frontier and the intervention price should not exceed 55% of the intervention price. This section of the treaty is very important as the external protection at frontiers determines the European Union's margin for manoeuvre in its price policy.

- Minimum access: the signatory countries must open a tariff quota at a reduced rate of duty for amounts representing at least 3% of domestic consumption in 1995 and 5% in 2000 for each product sector. (see item 51 in Part B)

- Current access: the tariff concessions for imports already granted prior to the entry into force of the agreement are maintained. (see item 51 in Part B)

- The safeguard clause, with additional duty, is introduced where the amounts imported exceed a certain level or where there is a drop in import prices. (see item 70 of Part B)

- The consultation clause: this clause, which is used where Community imports of cereals substitute products increase, has been improved. A mutually satisfactory solution must be found when there is an increase in imports of cereal substitute products by comparison with average imports for 1990-1992.

? Subsidised exports:

They must be reduced by 36% in value and 21% in volume by comparison with the 1986-1990 reference period (a more recent reference period, 1991-1992, is authorised for certain products). The reductions are spread over a six year period from 1995 to 2000. They are carried out year by year and category by category (grouped in 20 categories of agricultural products). Commitments made with regard to volume are more binding than those with regard to value in view of the reductions in support in the Community following the CAP reform.

? Internal support:

- Global support (expressed solely in terms of price): internal aid for agriculture calculated in the form of global support measures must be reduced by 20% by comparison with the reference period 1986-1988.

- Product support (expressed in terms of price and CAP aid): is kept at its 1992 level. The aid is classified in three boxes. The green box covers aid payments excluded from reduction commitments, insofar as they are considered to have no effect on the volumes produced or traded, i.e. they are totally decoupled from production. This box covers aid for training, services to farmers, research, environmental protection and food aid. The blue box groups aid payments linked to the reduction of production and which, under certain conditions, are exempt from reduction. This box includes aid granted under the reformed CAP, in particular that for up to a maximum of 85% of basic production, that granted for a fixed headage of cattle. The yellow box includes all other aid payments which are reputed to have an effect on levels of production and trade. Such aid is covered by the reduction commitments.

For **oilseeds** there is a special agreement, the Blair House compromise, concluded between the United States and the European Union in November 1992 and which was then included in the Marrakesh Treaty. The European Union undertook to set a ceiling of 4.9 million hectares on the production area for food use, with penalties applied on production aid should that ceiling be exceeded, and to restrict its production for non-food use on set-aside to 1 million tonnes equivalent of soya cake.

II. Sanitary and phyto-sanitary agreement (SPS)

The agreement sets out the rights and obligations of states, as they affect trade, on measures relating to the safety of food products, the protection of animal health and the conservation of plants. It recognises the right of governments to adopt measures to protect human health provided that these measures are based on scientific reasoning and do not constitute a covert method of trade protectionism.

The agreement encourages governments to harmonise their national legislations on the standards of international organisations such as the Codex Alimentarius and the International Epizootics Office.

III. Agreement on intellectual property

This agreement (Trade-Related Aspects of Intellectual Property Rights: TRIPS) constitutes a multilateral framework for protection of intellectual property which affects in particular designations of geographical origin in the wines and spirits sector.

An outline of the basic characteristics of this truly international organisation, which had 134 members on 10 February 1999, including the European Union and its Member States individually appears below.

The WTO requires its members to comply with all obligations deriving from the agreements concluded. (Unlike GATT, to which each member country could belong on an à la carte basis).

To solve trade disputes, the system for dispute settlement has become a quasi judicial mechanism which is automatic and binding and which authorises trade retaliation spread across the economic sectors.

At present WTO members cannot object to a ruling by a special arbitration group or the appellate body as there must be consensus among the members to object to the decisions of these bodies. In this situation they must either amend their legislation or accept that they will suffer retaliatory trade measures.

An agriculture committee was set up and constitutes a permanent framework for the exchange of information and recommendations between members on the trends in agriculture and agricultural policies throughout the world.

For agriculture the move from GATT to the WTO was of fundamental importance because of the monitoring of national agricultural policies by an international body and the operation of the system of world agricultural trade.

The WTO will remain in this form until November 1999 when the third ministerial conference for the new WTO round of world trade negotiations will start in Seattle, also known as the Millennium Round.

Equivalents

English	French
Additional milk levy	Prélèvement supplémentaire laitier
Agri-monetary system	Régime agri-monétaire
Aid for switching varieties	Aide à la reconversion variétale
Aid for the use of concentrated musts	Aide à l’utilisation de moûts concentrés
Basic price	Prix de base
Budgetary neutrality	Neutralité budgétair
Buffer stock	Stock régulateur
Ceiling per holding	Plafond par exploitation
Community tobacco research and information fund	Fond communautaire de recherche et de formation
Compensatory taxes	Taxes compensatoires
Control agency	Agence de contrôle
Conversion	Reconversion
Credit insurance	Garantie de crédit
Cultivation registers	Casiers des plantations
Deseasonalisation premium	Prime à la desaisonalisation
Direct aid payments (previously compensatory payments) for reformed sectors	Aides directes (avant paiements compensatoires) au titre des secteurs réformés
Distillation	Distillation
Enlargement	Elargissement
Enrichment	Enrichissement
Entry price	Prix d’entrée
Euro	Euro
European model for agriculture	Modèle agricole européen
Export refunds	Restitutions à l’exportation
Extensification	Extensification
Extensification payment	Prime à l’élevage extensif (ou prime à l’extensification)
FADN	RICA
Food aid and specific actions to support food security	Aide alimentaire et actions spécifique d’appui à la sécurité alimentaire
Free distribution of foodstuffs	Distribution gratuite de denrées alimentaires
Grading scale for carcases	Grilles de classement des carcasses
Grubbing up premiums	Primes d’arrachage
Guide price	Prix d’objectif
Guide price	Prix d’orientation
Horizontal regulations	Règlementation horizontale
Import and export certificates	Certificats d’importation et d’exportation
Individual base area	Surface de base individuelle

Institutional prices	Prix institutionnels
Intervention price	Prix d’intervention
Inward processing traffic (IPT)	Trafic de perfectionnement actif (TPA)
Market promotion premiums (citrus fruit)	Primes de pénétration (agrumes)
Marketing aids	Aide à la commercialisation
Marketing years	Campagnes de commercialisation
Minimum guaranteed price	Prix minimal garanti
Modulation of aid	Modulation des aides
Monetary reserve	Réserve monétaire
Monthly increases	Majorations mensuelles
National inventory	Inventaire national
National reserve	Réserve nationale
Offer price free-at-frontier (cif-price)	Prix d’offre franco-frontière (prix caf)
Organic farming	Agriculture biologique
Pre-accession aid instruments	Instrument de l’aide de préadhésion
Preferential import quotas	Contingents préférentiels à l’importation
Premium for young male bovine animals (special premium)	Prime aux jeunes bovins mâles (ou prime spéciale)
Premiums for sheep and goats	Primes des ovins et caprins
Private storage	Stockage privé
Processing aid	Aides à la transformation
Producer groups	Groupements de producteurs
Production aid	Aide à la production
Production levy	Cotisation à la production
Production refunds	Restitutions à la production
Products not covered by annex II	Produits hors annexe II
Promotion measures	Mesures de promotion
Protective clause	Clause de sauvegarde
Quality policy	Politique de qualité
Quality standards	Normes de qualité
Quantitative import restrictions	Restrictions quantitatives à l’importation
Regional base area	Surface de base régionale
Regulatory import levy	Prélèvement régulateur à l’importation
Remnant regulation	Règlement ‘solde’
Representative market price	Prix représentatif de marché
Safeguard clause	Clause de sauvegarde spéciale
Safety net	Filet de sécurité
Simplified arable crops reform scheme	Régime simplifié de la réforme pour les cultures arables
Slaughter premium	Prime à l’abattage
Stocking density limits	Limites de densité
Storage levy	Cotisation de stockage
Suckler cow premium	Prime à la vache allaitante
Target price	Prix indicatif
Tariff equivalents	Equivalents tarifaires
Tariffication	Tarification
Tobacco premiums	Primes de tabac
Withdrawal of arable land (set-aside)	Retrait des terres arables (‘gel des terres’)
World market price	Prix de marché mondial
World Trade Organisation (WTO)	Organisation Mondiale de Commerce (OMC)

French	English
Agence de contrôle	Control agency
Agriculture biologique	Organic farming
Aide alimentaire et actions spécifiques d'appui à la sécurité alimentaire	Food aid and specific actions to support food security
Aide à la commercialisation	Marketing aids
Aide à la production	Production aid
Aide à la reconversion variétale	Aid for switching varieties
Aide à la transformation	Processing aid
Aide à l'utilisation de moûts concentrés	Aid for the use of concentrated musts
Aides directes (avant paiements compensatoires) au titre des secteurs réformés	Direct aid payments (previously compensatory payments) for reformed sectors
Campagnes de commercialisation	Marketing years
Casiers des plantations	Cultivation registers
Certificats d'importation et d'exportation	Import and export certificates
Clause de sauvegarde	Protective clause
Clause de sauvegarde spéciale	Safeguard clause
Contingents préférentiels à l'importation	Preferential import quotas
Cotisation à la production	Production levy
Cotisation de stockage	Storage levy
Distillation	Distillation
Distribution gratuite de denrées alimentaires	Free distribution of foodstuffs
Elargissement	Enlargement
Enrichissement	Enrichment
Equivalents tarifaires	Tariff equivalents
Euro	Euro
Extensification	Extensification
Filet de sécurité	Safety net
Fond communautaire de recherche et de formation	Community tobacco research and information fund
Garantie de crédit	Credit insurance
Grilles de classement des carcasses	Grading scale for carcases
Groupements de producteurs	Producer groups
Instruments de l'aide de préadhésion	Pre-accession aid instruments
Inventaire national	National inventory
Limites de densité	Stocking density limits
Majorations mensuelles	Monthly increases
Mesure de promotion	Promotion measures
Modèle agricole européen	European model for agriculture
Modulation des aides	Modulation of aid
Neutralité budgétaire	Budgetary neutrality
Normes de qualité	Quality standards
Organisation Mondiale de Commerce (OMC)	World Trade Organisation (WTO
Plafond par exploitation	Ceiling per holding
Politique de qualité	Qualitiy policy
Prélèvement régulateur à l'importation	Regulatory import levy
Prélèvement supplémentaire laitier	Additional milk levy
Prime à l'abattage	Slaughter premium
Prime à la desaisonalisation	Deseasonalisation premium
Prime à l'élevage extensif (ou prime à l'extensification)	Extensification payment
Prime à la vache allaitante	Suckler cow premium
Prime aux jeunes bovins mâles	Premium for young male bovine

(ou prime spéciale)	animals (special premium)
Prime d'arrachage	Grubbing up premiums
Primes de pénétration (agrumes)	Market promotion premiums (citrus fruit)
Prime des ovins et caprins	Premium for sheep and goats
Prime de tabac	Tobacco premiums
Prix de base	Basic price
Prix d'entrée	Entry price
Prix d'intervention	Intervention price
Prix de marché mondial	World market price
Prix d'objectif	Guide price
Prix d'offre franco-frontière (prix caf)	Offer price free-at-frontier (cif-price)
Prix d'orientation	Guide price
Prix indicatif	Target price
Prix institutionnels	Institutional prices
Prix minimal garanti	Minimum guaranteed price
Prix représentatif de marché	Representative market price
Produits hors annexe II	Products not covered by annex II
Reconversion	Conversion
Régime agri-monétaire	Agri-monetary system
Régime simplifié de la réforme pour les cultures arables	Simplified arable crops reform scheme
Règlement 'solde'	Remnant regulation
Règlementation horizontale	Horizontal regulations
Réserve monétaire	Monetary reserve
Réserve nationale	National reserve
Restitutions à l'exportation	Export refunds
Restitutions à la production	Production refunds
Restrictions quantitatives à l'importation	Quantitative import restrictions
Retrait des terres arables ('gel des terres')	Withdrawal of arable land (set-aside)
RICA	FADN
Stock régulateur	Buffer stock
Stockage privé	Private storage
Surface de base individuelle	Individual base area
Surface de base régionale	Regional base area
Tarification	Tariffication
Taxes compensatoires	Compensatory taxes
Trafic de perfectionnement actif (TPA)	Inward processing traffic (IPT)

ANNEXES

ANNEX I: FINANCIAL PERSPECTIVE FOR THE EU - 15

In millions EUR - 1999 prices - Commitment appropriations

	2000	2001	2002	2003	2004	2005	2006	Total 2000/2006	%2000/2006	%1999
RE	40920	42800	43900	43770	42760	41930	41660	297740	46.20%	45.10%
ure	36620	38480	39570	39430	38410	37570	37290	267370		
ment/accompanying erinary measures	4300	4320	4330	4340	4350	4360	4370	30370		
L OPERATIONS	32045	31455	30865	30285	29595	25959	29170	209374	33.00%	35.70%
ls	29430	28840	28250	27670	27080	27080	26660	195010	30.00%	32.70%
l	2615	2615	2615	2615	2515	2515	2510	18000	3.00%	3.00%
OLICIES	5900	5950	6000	6050	6100	6150	6200	42350	6.50%	6.40%
CTION	4550	4560	4570	4580	4590	4600	4610	32060	5.00%	5.60%
TION	4560	4600	4700	4800	4900	5000	5100	33660	5.20%	4.70%
	900	900	650	400	400	400	400	4050	0.60%	1.20%
SION AID	3120	3120	3120	3120	3120	3120	3120	21840	3.40%	1.30%
	520	520	520	520	520	520	520	3640	0.60%	
structural instruments	1040	1040	1040	1040	1040	1040	1040	7280	1.10%	
cant countries)	1560	1560	1560	1560	1560	1560	1560	10920	1.70%	1.30%
MITMENT APPROP.	91995	93385	93805	93005	91465	90795	90260	644710	100	100
IENT APPROPRIATIONS	89590	91070	94130	94740	91720	89910	89310	640470		
opriations as % of GNP	1.13%	1.12%	1.13%	1.11%	1.05%	1.00%	0.97%			
FOR ACCESSION (Payment			4140	6710	8890	11440	14220	45400		
			1600	2030	2450	2930	3400	12410		
ture			2540	4680	6640	8510	10820	33190		
PAYMENT APPROP.	89590	91070	98270	101450	100610	101350	103530	685870		
ment approp. as % GNP	1.13%	1.12%	1.18%	1.19%	1.15%	1.13%	1.13%			
margin	0.14%	0.15%	0.09%	0.08%	0.12%	0.14%	0.14%			
s ceiling.	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%			

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ANNEX II: FINANCIAL PERSPECTIVE FOR THE EU - 21

In millions EUR - 1999 prices - commitment appropriations

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	Total 2000/2006
RE	40920	42800	43900	43770	42760	41930	41660	297740
ure	36620	38480	39570	39430	38410	37570	37290	267370
ment/accompanying	4300	4320	4330	4340	4350	4360	4370	30370
erinary measures								
L OPERATIONS	32045	31455	30865	30285	29595	25959	29170	209374
ls	29430	28840	28250	27670	27080	27080	26660	195010
ls	2615	2615	2615	2615	2515	2515	2510	18000
OLICIES	5900	5950	6000	6050	6100	6150	6200	42350
CTION	4550	4560	4570	4580	4590	4600	4610	32060
TION	4560	4600	4700	4800	4900	5000	5100	33660
	900	900	650	400	400	400	400	4050
SION AID	3120	3120	3120	3120	3120	3120	3120	21840
	520	520	520	520	520	520	520	3640
structural instruments	1040	1040	1040	1040	1040	1040	1040	7280
cant countries)	1560	1560	1560	1560	1560	1560	1560	10920
NT			6450	9030	11610	14200	16780	58070
			1600	2030	2450	2930	3400	12410
vities			3750	5830	7920	10000	12080	39580
es			730	760	790	820	850	3950
			370	410	450	450	450	2130
MITMENT APPROP.	91995	93385	100255	102035	103075	104995	107040	702780
IENT APPROPRIATIONS	89590	91070	98270	101450	100610	101350	103530	685870
rgement			4140	6710	8890	1440	14210	35390
opriations as % of GNP	1.13%	1.12%	1.14%	1.15%	1.11%	1.09%	1.09%	
margin	0.14%	0.15%	0.13%	0.12%	0.16%	0.18%	0.18%	
s ceiling	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	

ommission and own work

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