The following communication, dated 9 May 1962, has been received by the Executive Secretary from the Commission of the European Economic Community:

"I have the honour to enclose herein for your information and that of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade the texts of the Regulations published in the Journal Officiel des Communautés Européennes concerning the implementation of the common agricultural policy. These texts are the following:

1. Regulation 19 providing for the institution of the system of levies and for the progressive establishment of a common organization of markets in the cereals sector;

2. Regulation 20 providing for the institution of a system of levies and for the progressive establishment of a common organization of markets in the pig meat sector;

3. Regulation 21 providing for the institution of a system of levies and for the progressive establishment of a common organization of markets in the egg sector;

4. Regulation 22 providing for the institution of a system of levies and for the progressive establishment of a common organization of markets in the poultry meat sector;

5. Regulation 23 providing for the progressive establishment of a common organization of markets in the fruit and vegetable sector;

6. Regulation 24 providing for the progressive establishment of a common organization of markets in the grapes and wine sector.

In order to avoid any possible confusion with previous texts, I am including five copies of the Journal Officiel des Communautés Européennes which contain the final text of Regulations 19-24 inclusive, which are referred to in this letter."

This document contains the revised English translation prepared by the Languages Service of the GATT secretariat. This document does not contain the Common Quality Standards appended to Regulation 23.

* English only/anglais seulement.
REGULATION NO. 19
Providing for the Progressive Establishment of a Common Marketing Organization in the Cereals Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the institution of a common agricultural policy and whereas such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas the cereals sector is of particular importance in the economy of the Community, both as a source of direct income for producers and as a source of supply for the processing industries;

Whereas trade in agricultural products between member States is hindered by various obstacles, such as customs duties, charges with equivalent effect, quotas and other quantitative restrictions which, if co-ordinating action is not taken by the Community institutions, would have to be gradually abolished during the transitional period by adopting different procedures and different timings; whereas, on the other hand, if uniform treatment is applied at frontiers in regard to intra-Community trade, it would facilitate progressive and parallel derestricion in all member States, at a pace adjusted to the gradual establishment of the common agricultural policy;

Whereas such uniform treatment at frontiers, taking the place of all the various national forms of treatment, should, on the one hand, ensure adequate support for the agricultural markets of the member States during the transitional period and, on the other hand, facilitate the gradual achievement of a single market, by enabling a free movement of goods to develop within the Community;

Whereas these objects can be achieved by a system of intra-Community levies corresponding to the difference between the prices prevailing in the exporting member State and in the importing member State respectively, so as to avoid causing disturbances in the market of a country where prices are higher as a result of imports from a country where prices are lower;
Whereas the substitution of intra-Community levies for other measures which under the Treaty, are sure to disappear during the transitional period would contravene the principle of the progressive establishment of the Common Market, unless provision were made at the same time for their progressive reduction;

Whereas, in the case of cereals, this progressive reduction of levies depends on the approximation of prices for the said products; that, on the other hand, as regards products processed from cereals, the levy should be divided into an element equal to the incidence of the difference between the prices of processed cereals, and an element of protection for the processing industry, and that provision should be made for the progressive and automatic reduction of the latter element;

Whereas the introduction of fresh protective measures at the internal frontiers of the Community, so giving guarantees to producers in member States is justified, in the context of the principles laid down in the Treaty only if they replace the other protective measures already available to member States;

Whereas the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; whereas this requirement can be met by levying on imports from third countries charges which allow for the difference between the world market prices and those current in the importing member State respectively and replacing any other protective measure applied at the frontier, and by a flat-rate reduction of the intra-Community levy, fixed so as to permit the gradual development of trade within the Community;

Whereas the levy system, in accordance with the aims of Article 45 of the Treaty, enables intra-Community trade to be developed, and at the same time gives guarantees to producers in member States, thus rendering the said Article inapplicable;

Whereas the operation of the levy system requires that the provisions of the Treaty under which aids are evaluated and action taken against those incompatible with the Common Market, should be extended to aids which end up by distorting the working of the said system; whereas in the case of exports from a member State with a higher price level to another member State with a lower price level, the practice of lowering the export price to the level of the world market price may be continued, subject to certain special provisions;

Whereas the practice in the processing traffic whereby trade between member States in processed products incorporating imported basic commodities is based on world prices for the latter commodities is incompatible with the application of the levy system;

\(^1\)See Articles 42 and 93.
Whereas, in order to give Community producers an assurance that the necessary guarantees regarding employment and standard of living will be maintained, reference prices should be fixed annually in each member State, for the economically most important cereals and published before the winter sowings so that producers can plan their crops accordingly;

Whereas, in order to establish a single market, it is essential that these national reference prices be progressively approximated to a common reference price, and hence that the gap between the highest national reference price and the lowest national reference price should not be increased;

Whereas, in order to give producers the guarantee that the market price will at all times remain at a level as near as possible to the reference price, there should be fixed for the above-mentioned cereals an intervention price proportional to the reference price which will determine the action to be taken by the responsible bodies of the member States;

Whereas the link between the levy system and this price system can be appropriately ensured by fixing the importing member States' "threshold" price and whereas the intra-Community levies and those applying to third countries will in fact be based on this price in such a way that the imported cereals and flour can be sold at the reference price fixed for the said cereals;

Whereas in order to facilitate the implementation of the proposed provisions, arrangements should be made to initiate close co-operation between the member States and the Commission through a Management Committee;

Whereas it is necessary to have the common marketing organization in the cereals sector fully established by the end of the transitional period;

HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

With a view to ensuring the progressive development of the Common Market and the common agricultural policy, a common marketing organization shall be gradually established in the cereals sector, comprising a system of levies applicable to trade between member States and also between the member States and third countries, in respect of the following products:
<table>
<thead>
<tr>
<th>Common tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) ex 10.01</td>
<td>Soft wheat and meslin</td>
</tr>
<tr>
<td>10.02</td>
<td>Rye</td>
</tr>
<tr>
<td>10.03</td>
<td>Barley</td>
</tr>
<tr>
<td>10.04</td>
<td>Oats</td>
</tr>
<tr>
<td>10.05</td>
<td>Maize</td>
</tr>
<tr>
<td>10.07</td>
<td>Buck-wheat, millet, canary seed and grain sorghum; other cereals</td>
</tr>
<tr>
<td>(b) ex 10.01</td>
<td>Hard wheat</td>
</tr>
<tr>
<td>(c) 11.01 A</td>
<td>Flour of wheat, of spelt</td>
</tr>
<tr>
<td>11.01 B</td>
<td>Flour of meslin</td>
</tr>
<tr>
<td>ex 11.01 C</td>
<td>Flour of rye</td>
</tr>
<tr>
<td>ex 11.02 A I</td>
<td>Cereal groats and meal</td>
</tr>
<tr>
<td>(d) Processed products listed in the Annex to the present regulation</td>
<td></td>
</tr>
</tbody>
</table>

**Article 2**

1. In the case of the products listed in Article 1(a) and (c), the amount of the intra-Community levy shall be equal to the difference between the price of the product from the exporting member State delivered franco the frontier of the importing member State, as fixed under the provisions of Article 3, and the "thresh*• price of the importing member State, as fixed under the provisions of Article 4 or Article 8, such difference being reduced by a lump-sum amount fixed in accordance with the provisions of Article 9.

2. The intra-Community levies calculated in accordance with the provisions of paragraph 1 shall be gradually reduced pari passu with the approximation of the cereal prices as laid down by the Council under the provisions of Article 6.
Article 3

The price of the product from the exporting member State, delivered franco the frontier of the importing member State, shall be fixed on the basis of the prices prevailing on the most representative markets of the exporting member State for exports to the importing member State concerned, adjusted to allow for any differences in quality as compared with the quality standard for which the "threshold" price is fixed. The Commission shall fix the franco the frontier price on the basis of the criteria defined under the procedure laid down in Article 26.

Article 4

In the case of soft wheat and barley, and also corn and rye in member States producing a substantial amount of these cereals, the "threshold" price shall be fixed annually by the member States for an identical quality standard so that, in the marketing centre of the area with the greatest shortfall, the selling price of the imported product shall correspond, after allowing for the lump-sum amount referred to in Article 2, paragraph 1 and for the coefficients of equivalence referred to in Article 12, to the basic reference price level referred to in Article 5.

Each member State shall notify the "threshold" price to the other member States and to the Commission before 1 March of each year for the next marketing season. In case the "threshold" price has not been fixed as described above, it shall be revised in the manner as laid down in Article 26.

Article 5

1. Each year the member States shall fix for each of the products referred to in Article 4 a basic reference price at the wholesale purchasing stage applicable to a specific quality standard in the marketing centre of the area with the greatest shortfall, bearing in mind the price to be secured at the production stage in the context of the Council's decisions on price fixing. This price shall be fixed before the winter sowings and come into force at the beginning of the marketing season. It shall be notified to the other member States and to the Commission.

2. Should the difference, due to the natural conditions of market price formation, between the market price in the marketing centre of the area with the greatest shortfall and that in the marketing centre of the area with the greatest surplus exceed 5 per cent, the member States shall, starting from the basic reference price referred to in paragraph 1, fix derived reference prices in the marketing centres of regional importance, based on the price differences due to the natural conditions of price formation.
3. The member States shall establish for a period of not less than five, and not more than ten months of the marketing season, a monthly graduated scale of reference prices, due allowance being made for storage and interest costs. The Council shall by a unanimous vote during the second stage and, subsequently, by a qualified majority vote on a proposal by the Commission, lay down the necessary directives for the progressive co-ordination of the measures taken for this purpose by the member States.

Article 6

1. In the case of the quality standards for wheat, barley and rye currently in force in each member State the Council, by a unanimous vote taken on a proposal by the Commission, shall fix, before 1 April 1962 and for the marketing season commencing on 1 July 1962, upper and lower reference price-limits to be applied in the marketing centres of the areas of the member States with the greatest shortfall and the greatest surplus respectively. In the case of maize, only a lower limit shall be fixed.

The said limits shall apply in all the member States.

2. For the marketing season beginning 1 July 1962, the upper limits referred to in paragraph 1 shall be fixed at a level which shall not exceed by more than 7.5 per cent the wholesale trade price level corresponding to the minimum price guaranteed to the producer, at the beginning of the 1961/1962 marketing season, in the area with the greatest shortfall of the member State which is currently importing the biggest total tonnage of cereals.

3. (a) For the marketing season beginning 1 July 1962, the lower limits referred to in paragraph 1 shall be fixed in the case of wheat, barley and rye at a level at least 5 per cent higher than the wholesale trade price level corresponding to the minimum price guaranteed to the producer, to be applied at the beginning of the 1961/1962 marketing season in the area with the greatest surplus of the member State which is currently exporting the biggest total tonnage of cereals.

(b) For the marketing season beginning 1 July 1962, the lower limit for maize referred to in paragraph 1 shall be fixed at a level at least equal to the level of the wholesale trade price corresponding to the average price received by producers during the 1960/1961 and 1961/1962 marketing seasons in the area with the greatest surplus of the member State which at the moment has the highest production.

4. During the transitional period, the gaps between the reference prices fixed by the member States in pursuance of this Regulation shall be reduced gradually so that a common reference price exists on the expiry of the transitional period.
The Council, on a proposal of the Commission, adopted during the second stage by a unanimous vote and subsequently, by a qualified majority vote, shall decide:

- not later than 1 April 1963, on the measures which are to be applied in regard to prices by member States for the cereals marketing season beginning 1 July 1963;

- each year not later than 1 July, but in the first instance, not later than 1 September 1963, on the measures which are to be applied in regard to prices by member States for the marketing of cereals produced during the season beginning on the following 1 October.

In taking these decisions, the Council shall, in particular, be guided by the experience gained and by certain criteria.

The Council shall, on a proposal of the Commission adopted unanimously, define these criteria not later than 1 September 1962. Without prejudice to the objectives of the common agricultural policy as laid down in Article 39 of the Treaty which seek to ensure a fair standard of living for the agricultural population, the said criteria shall take account of the desirability of encouraging specialization that befits the economic structures and the natural internal conditions of the Community, and so ensure that the future Community reference price will be based on agricultural undertakings which are rationally operated and economically viable in the Community and on fair price relationships between the various products.

5. In member States where the price guarantee applies only to a certain quantity of marketed production, as provided for in Article 23, paragraph 5, the prices actually received by producers may be lower than the market prices or the intervention prices resulting from the reference price as defined in each member State in pursuance of paragraphs 1 to 4.

Article 7

1. In order to provide producers with a guarantee that they can sell their produce at a price as near as possible to the reference prices, after allowing for market fluctuations, member States shall, before the marketing season, begins fix intervention prices for the products for which reference prices are fixed. These intervention prices shall be equal to the reference prices less a fixed percentage to be determined by each member State ranging between not less than 5 per cent and not more than 10 per cent.

2. However, member States may fix, in centres other than in an area with the greatest shortfall, intervention prices higher than those which would have had to be fixed taking account of the resultant reference prices. This increase in
intervention prices must not, in the centre with the lowest resultant reference price, exceed 50 per cent of the difference between the reference price and the intervention price, fixed under paragraph 1. In the intermediary centres the difference between reference and intervention prices shall rise in proportion as the level of resultant reference prices approaches that applicable in the centre of the area with the greatest shortfall.

From the beginning of the third stage onwards the Council shall make an annual review of the measures taken under the provisions of the first subparagraph, so as to ensure that, at the end of the transitional period, member States fix derived intervention prices corresponding to the specified ratio between reference prices and intervention prices in the marketing centre of the greatest shortfall area.

3. Throughout the marketing season, the intervention agencies of the member States shall be obliged to purchase, at the prices fixed in accordance with paragraphs 1 and 2, the domestic cereals offered to them; in addition they may intervene throughout the marketing season, in particular by buying whenever the market situation so requires.

4. The intervention agencies of each member State may not sell inside that State a product purchased under the provisions of paragraph 3 on terms which would prevent prices rising to the level of the reference price applicable in the marketing centre of the place of sale.

They may, however, sell wheat or rye at a lower price provided such cereals have been made unfit for human consumption or, in the case of wheat or rye, pay, subject to the same provision, a denaturation premium, the amount and conditions for payment of which shall be decided in accordance with the procedure referred to in Article 26.

Article 8

1. In the case of the products referred to in Article 1(a) but not mentioned in Article 4, including maize and rye in member States having no substantial production of these cereals, the "threshold" price shall be fixed for each product in such a manner that, allowing for the lump sum amount referred to in Article 2, paragraph 1, the level of reference prices fixed for the domestic cereals covered by Article 4 may be reached, namely:

- for cereals considered as bread grains, the level of reference prices for bread grains;

- for the other cereals, the level of the other reference prices.

The "threshold" price shall be fixed annually by member States for an identical quality standard and notified to the other member States and to the Commission not later than 1 April for the next marketing season.
2. In the case of the products referred to in Article 1(c), the Council, on a proposal of the Commission, adopted by a qualified majority vote, shall define the criteria which will guide the member States in fixing the "threshold" price. These criteria shall be fixed having regard to:

- the need to protect the processing industry,

- the objectives referred to in paragraph 1 or, in the case of products manufactured from hard wheat, the need to maintain the level of hard wheat prices.

The "threshold" price shall be notified to the other member States and to the Commission not later than 1 March. It shall be revised according to the procedure laid down in Article 26, whenever the criteria decided on by the Council have not been adhered to.

Article 9

1. The lump sum amounts referred to in Article 2 shall be fixed in such a way that trade between the member States develops gradually and steadily until the single market is established, having regard to the amounts available on the markets of member States of cereals produced domestically or originating in other member States. In the case of the products referred to in Article 1(c) account shall also be taken of the need to reduce each year by two-fifteenths, after the first year in which the levy system, is introduced, the level of protection granted to the processing industry. These amounts shall be determined annually on the lines laid down in Article 26 and in accordance with the criteria defined by the Council, acting on a proposal of the Commission voted upon under the procedure of Article 43 of the Treaty. They shall be published before the marketing season begins.

2. If, during the marketing season, intra-Community trade does not develop in the manner referred to in paragraph 1, the lump sum amounts mentioned in the said paragraph shall be revised according to the procedure laid down in Article 26. In such case the "threshold" price shall be fixed afresh according to the procedure laid down in Articles 4 or 8.

Article 10

1. The provisions of this Article shall apply to the products referred to in Article 1(a) and (c).

2. The amount of the levy vis-à-vis third countries shall, for each product, be equal to the difference between the c.i.f., price of the product determined on the basis of the most favourable purchasing conditions on the world market, and the "threshold" price of the importing member State, fixed in accordance with the provisions of Articles 4 or 8.
3. The c.i.f., price referred to in paragraph 2, calculated for a frontier-crossing point selected by each member State, shall be determined for each product on the basis of international prices, adjusted to take account of any differences in quality as compared with the quality standard for which the threshold price is fixed. The Commission shall determine the c.i.f., price on the basis of the criteria laid down in the procedure set forth in Article 26.

4. Should the free quotations on the world market not be decisive for fixing the offering price and where the latter price is lower than international prices, the c.i.f., price shall be replaced, solely for the imports in question, by a price, which the Commission shall fix in relation to the offering price and based on the criteria laid down in the procedure set forth in Article 26.

Article 11

1. In the case of hard wheat, the amount of the intra-Community levy on imports from a member State producing hard wheat shall be equal to the difference between the "threshold" price of the importing member State and the price of the product from the exporting member State delivered franco the frontier of the importing member State, as determined under the provisions of Article 3, such difference being reduced by a lump sum amount fixed annually under the procedure set forth in Article 26. In the case of imports from a member State not producing hard wheat, the amount of the intra-Community levy shall be the same as that charged to third countries.

2. The amount of the levy vis-à-vis third countries shall be equal to the difference between the "threshold" price of the importing member State and the c.i.f., price of the product, based on the most favourable purchasing conditions on the world market; the provisions of Article 10, paragraphs 3 and 4, concerning the products referred to in Article 1(a) and (c), shall apply to hard wheat.

3. In order to enable member States not producing hard wheat and other member States which are producers but whose export price is higher than the "threshold" price of the importing member State to export to the other member States, a refund of an amount equal to that granted for exports to third countries under the provisions of Article 20, paragraph 2, may be granted on such exports. In the case of imports from a member State producing hard wheat, the amount of the intra-Community levy shall be equal to that charged to third countries, less the lump sum amount referred to in paragraph 1.

4. The "threshold" price for hard wheat shall be fixed by member States, for an identical quality standard, at a level at least 5 per cent higher than that for soft wheat.
5. Each year the producing member States shall fix for hard wheat of a specific quality standard reference prices applicable in the marketing centres of regional importance in the producing areas and based on the difference in prices due to the natural conditions of price formation. They shall likewise fix intervention prices in accordance with the provisions of Article 7.

6. In the event of a substantial drop in hard wheat prices in certain producing areas specially remote from the consumption areas, due to the application of the provisions set forth in paragraph 5, member States may, during the first three years of application of the levy system grant aids on a declining scale so as to mitigate the effects thereof.

7. By a decision taken under the procedure laid down in Article 43 of the Treaty, the Council shall, within three years from the date of entry into force of this Regulation decide on the provisions necessary for achieving, by the end of the transitional period, a single hard wheat market for the Community. It may authorize the granting of aids to producers under conditions which it shall define.

8. The varieties and characteristics of wheat which may be described as "hard wheat" shall be defined before the date of introduction of the levy system, according to the procedure laid down in Article 26.

9. Member States shall exercise the necessary supervision to ensure that the provisions of this Article are applied only to hard wheat. The criteria and procedures for such supervision shall be determined according to the procedure laid down in Article 26.

Article 12

The procedure laid down in Article 26 shall be followed in determining:

(a) the standard qualities, identical for all member States, as provided for in Article 4, Article 8, paragraph 1, and Article 11, paragraph 4, for which "threshold" prices are fixed;

(b) the coefficients of equivalence between the various qualities, that will enable the necessary adjustments to be made as mentioned in Article 3, Article 4, paragraph 1, Article 8, paragraph 1 and Article 10, paragraph 3.

Article 13

The Council by a decision taken in accordance with the procedure laid down in Article 43 of the Treaty, shall decide on the arrangements needed to achieve in the context of an approximation of cereal prices, a single price system for the Community at the single market level, embodying, for each of the products and so far as this Regulation provides for such action:
(a) a basic reference price applicable to the whole community;

(b) a single "threshold" price;

(c) a single method of determining intervention prices;

(d) a single frontier crossing-point for the Community, to be used as a basis for determining the c.i.f. price of products coming from third countries.

Article 14

1. As regards the products referred to in Article 1(d), the amount of the intra-Community levies and those applying to third countries shall be composed of two factors:

(A) a variable factor which may be determined and revised on a lump sum basis,

(a) corresponding, in the case of processed products manufactured from primary products referred to in Article 1(a), to the incidence on the cost price of such products of the levies established for the primary products entering into their manufacture; the resulting amount shall be revised according to variations in the levies applicable to the primary products;

(b) fixed, in the case of processed products not containing primary products referred to in Article 1(a), having regard to market conditions for the processed products referred to in the preceding sub-paragraph which resemble them most closely;

(B) a fixed factor, taking account of the need to protect the processing industry. In the case of trade between the member States, this fixed factor shall be reduced each year by two fifteenths following the first year of application of the levy system.

2. In the event that actual offers from third countries of the products referred to in Article 1(d) do not correspond to the price resulting from the addition of processing costs to the prices of the primary products entering into their composition, an additional amount fixed according to the procedure set forth in Article 26 may be added to the levy fixed under the provisions of paragraph 1.

3. The Council, by a qualified majority vote taken on a proposal of the Commission, shall lay down the necessary provisions with a view to determining, in the context of this Article, the methods of application for each of the products concerned.
Article 15

1. The amounts of the intra-Community levies and of those applying to third countries shall be calculated by the member States in accordance with the provisions of Articles 2, 10, 11 and 14 and shall be notified to the other member States and to the Commission.

2. These amounts shall be modified by the member States in accordance with variations in the factors used for determining them. The criteria for modifying the levies and the relevant methods of application shall be laid down in accordance with the procedure set forth in Article 26.

   Modifications in the levies shall be notified forthwith to the other member States and to the Commission.

3. The intra-Community levies and those applying to third countries shall be collected by and credited to the importing member State.

4. The provisions necessary in order to avoid the diversions of trade in products coming from member States or third countries which might be caused by the difference in the levels of the levies as between member States or between member States and third countries shall be laid down not later than 1 July 1962 in accordance with the procedure set forth in Article 26.

Article 16

1. All imports from the member States or from third countries and all exports to member States or third countries of the products referred to in Article 1 shall be subject to presentation of an import or export certificate issued by the member State at the request of the interested party. The member States shall inform the Commission regularly of the quantities corresponding to the certificates issued.

2. The import certificate for the products referred to in Article 1(a) and (b) shall be valid from the date of its issue until the end of the third month following that in which it was issued. Issue of the certificate shall be contingent upon the putting up of a guarantee as security for the importation commitment during the period of validity of the certificate which guarantee shall be forfeited if importation does not take place within that period.
Each year, on the basis of a report by the Commission, the Council shall consider whether or not it is necessary to modify the period of validity of the import certificate. The Council, by a unanimous vote taken during the second stage and subsequently by a qualified majority vote taken on a proposal of the Commission, shall decide on any modifications.

3. The methods of application of this Article, and, in particular, the period of validity of the import certificate for the products referred to in Article 1(c) and (d), shall be laid down according to the procedure set forth in Article 26.

Article 17

1. The amount of the intra-Community levy, or of the levy applying to third countries, to be collected shall be that in force on the day of importation.

2. However, as regards imports of products referred to in Article 1(a) and (b) from third countries, the levy applicable on the day on which the application for a certificate is submitted, adjusted in proportion to the "threshold" price which will be in force at the time when importation is expected shall be applied, if the party concerned so requests when applying for the certificate, to any importation to be made during the period of validity of the certificate. In this event, a premium, fixed at the same time as the levy, shall be added to the said levy.

The scale of premiums shall be laid down by the Commission, according to the criteria determined not later than 1 May 1962 by the Council, voting unanimously on a proposal of the Commission.
Article 18

1. In trade between member States, whether import or export trade, it shall be deemed incompatible with application of the intra-Community levy system: 

   - to impose any customs duty or charge with equivalent effect,
   
   - to apply any quantitative restriction or measure with equivalent effect, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg,
   
   - to invoke Article 44 of the Treaty.

Limiting the grant of import or export licences to a specific category of applicants shall be considered as a measure that has, inter alia, an effect equivalent to a quantitative restriction.

2. Subject to the provisions of Article 19, paragraph 2, exports from one member State to another member State of products referred to in Article 1 shall be deemed to be incompatible with the application of the system of intra-Community levies, namely:

   (a) products which have not been subjected to the levies applicable to them in the exporting member State or which have enjoyed total or partial refund of the said levies; or

   (b) products for the manufacture of which have been used during their manufacture or at an earlier stage of treatment, products referred to in Article 1, which have not been subjected to the levies applicable to them in the exporting member State or which have enjoyed total or partial refund of such levies.

3. Application of the system of intra-Community levies shall render inapplicable Article 45 of the Treaty and likewise any long-term agreements or contracts concluded under that Article and which are in force on the date of the introduction of this system.

Article 19

1. On the introduction of the levy system, and subject to the provisions of paragraph 2 and of Articles 11 and 23, paragraph 4, Articles 92, 93 and 94 of the Treaty shall be applicable to any aid granted by States or granted through State resources:
(a) where such aid would have the effect of bringing, whether directly or indirectly, the price of the products referred to in Article 1(a), (b) and (c) to a level lower than that of the prices which formed a direct or indirect basis for computing the levy, or

(b) where such aid would have a direct influence on the ratio between the prices of the processed products referred to in Article 1(d) and the prevailing market prices for the primary products entering into their manufacture.

2. (a) The member State which, in accordance with the provisions of this Regulation, is entitled to apply levies to another member State may, when exporting to the latter, refund an amount equal to the rebate granted on exports to third countries made under the conditions set forth in Article 20, paragraph 2. Should a rebate be granted on export, the amount of the levy charged by the importing member State shall be equal to that charged to third countries, in accordance with the provisions of this Regulation, reduced by the lump-sum amount referred to in Article 2, paragraph 1.

(b) However, the exporting member State shall be authorized to refund an amount equal to the difference between the price of the product delivered franco the frontier of the importing member State, as determined under the provisions of Article 3, and the "threshold" price of the importing member State, this difference being increased by the lump sum amount referred to in Article 2, paragraph 1:

- when, in the aforesaid exporting member State, the level of the reference price in the (marketing) centre of the area with the greatest surplus is at the lower limit, as determined under the provisions of Article 6;

- in other cases, for quantities corresponding to traditional trade currents.

The exporting member State shall notify periodically to the other member States and to the Commission the quantities exported and the amounts of refunds granted.

The procedures for applying this sub-paragraph shall be decided on in accordance with Article 26.

(c) In the case of exports of production surpluses from the Grand-Duchy of Luxembourg to a member State with lower prices, the refund shall be equal to that computed under the provisions of the first sentence of sub-paragraph (b).

(d) In the case of the products referred to in Article 1(d) the conditions for fixing the amount to be refunded and the levy to be charged in case a refund is granted shall be laid down in accordance with the procedure set forth in Article 20, paragraph 2, second sentence.
(e) On a proposal of the Commission, the Council shall, by a qualified majority vote, decide on the amendments to be made to the provisions of this paragraph when taking decisions on approximation of prices.

Article 20

1. The application of the levy system to third countries shall entail the abolition of the levy of any customs duty or charge with equivalent effect on imports from third countries.

2. In order to enable exports to be made to third countries on the basis of prevailing world prices, the difference between these prices and the prices in the exporting member State may be covered by a refund in the conditions as laid down under the procedure set forth in Article 26. However, in the case of the products referred to in Article 1(d), the Council shall, by a qualified majority vote taken on a proposal of the Commission, define the criteria for fixing the amount of the refunds to be granted at the same time as it determines in accordance with the provisions of Article 14, paragraph 3, the methods of applying the levy system to these products.

Article 21

Subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg, the application of the levy system to third countries shall entail the abolition of any quantitative restriction or measure with equivalent effect on imports from third countries, except where, on a proposal of the Commission, the Council shall, by a unanimous vote during the second stage and by a qualified majority vote thereafter, otherwise decide.

Limiting the grant of import or export licences to a specific category of applicants shall be considered as a measure that has, inter alia, an effect equivalent to a quantitative restriction.

Article 22

1. If, as a result of applying the measures concerning the gradual establishment of a common organization of the cereals market, the said market should, in one or more member States, suffer, or be likely to suffer, by reason of imports, disruption likely to jeopardize the objectives defined in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, adopt the necessary safeguards concerning importation of the products in question.
2. The member State or States concerned shall be bound to notify the said measures to the other member States and to the Commission at latest by the date of their entry into force.

The member State or States applying such measures shall make the necessary arrangements to ensure that goods in transit are not affected; should the frontier be closed, the time limit allowed for transport shall be not less than three days. They should be prepared to start negotiations immediately in order to make provisional arrangements to prevent excessive or avoidable damage being sustained by exporters. These arrangements shall be notified forthwith to the other member States and to the Commission.

On the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection between member States, the Commission shall, after consultation with the member States in the Management Committee set up under Article 25, decide, by an emergency procedure within a maximum period of four working days from the notification referred to in the first subparagraph, whether the said measures are to be maintained, amended or abolished. The Commission may likewise decide the measures to be applied by the other member States.

The decision of the Commission shall be notified to all the member States. It shall be immediately enforceable.

3. Any member State may, within a maximum period of three working days from its notification, refer the Commission's decision to the Council. The Council shall meet forthwith. It may, on the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection between member States, amend or annul, by a qualified majority vote, the decision taken by the Commission.

Should the member State which took the measures referred to in paragraph 1 bring the matter to the Council's notice, the decision of the Commission shall be suspended. This suspension shall end ten days after the matter has been referred to the Council, if the Council has not yet amended or nullified the decision of the Commission.

4. Any safeguarding measure affecting trade between member States shall be applied simultaneously at the latest to relations with third countries, the principle of the Community preference being respected.

5. After the transitional period has expired and where, within the Community, serious disruption would be caused or threatened in the markets of the products referred to in Article 1 by reason of imports from third countries, more particularly, when the intervention agencies would have to make substantial purchases on the market of the products referred to in Article 4, the issue of import certificates for third countries may be suspended, apart from possible waivers for certain particular destinations, until the disruption or threat of disruption has disappeared.
The Council shall, by the voting procedure set forth in Article 43 of the Treaty, on a proposal of the Commission, determine the conditions governing application of this paragraph.

Article 23

1. The member States shall take all appropriate measures to adapt their legislative and administrative provisions and regulations so that the provisions of this Regulation may be effectively implemented as from 1 July 1962.

2. If, in a member State, serious difficulties arise in connexion with the adaptation referred to in the preceding paragraph, that State may ask for an extension of the time-limit laid down in the preceding paragraph for such adaptation.

   The Council may, by a unanimous vote taken on a proposal of the Commission, authorize such extension for a period of one year, provided this does not hinder the development of trade or harm the other member States. Such authorization may be renewed for a year subject to the same conditions and procedure.

   The Commission shall see that the conditions governing the authorization are complied with and to this end, after consulting the member States in the Management Committee, shall issue the relevant directions to the member States concerned.

3. If, in a member State producing barley, maize or rye there exists, at the date of entry into force of this Regulation, no intervention measure on the market for these products, that State may postpone application of the provisions of Articles 5, paragraphs 3 and 7, until 30 June 1965.

4. If, in a member State, when this Regulation comes into force, the final consumers do not pay for the imported cereals the price applicable to domestic cereals, that State may grant, solely for domestic consumption, a flat-rate subsidy, regardless of the origin of these cereals. For the first year the incidence of this subsidy on consumption prices may not exceed the incidence of the application of the levy system on the prices prevailing before this Regulation comes into force.

   In such event, the variable factor referred to in Article 14, paragraph 1(a) shall be reduced accordingly. The Council, when deciding on the measures to be taken under Article 14, paragraph 3, and Article 8, paragraph 2, shall decide on the necessary adjustments.

   The member State shall gradually reduce the subsidy referred to in the first sub-paragraph, so that the price discrepancy will be eliminated at latest by the end of the transitional period.
5. If, on the date of entry into force of this Regulation, a member State guarantees a price for a certain quantity only, it shall adapt its regulations, without prejudice to the provisions of paragraph 1, in such a way that the stipulations of this Regulation shall be complied with in that respect also by the end of the transitional period at latest.

Article 24

On a proposal of the Commission, the Council may, by unanimous vote during the second stage and subsequently by a qualified majority vote, modify the list of products referred to in Article 1(d) and, in regard to each of the products referred to in Article 1, may take measures in derogation of the provisions of this Regulation.

Article 25

1. A Management Committee for Cereals, hereinafter called the "Committee", shall be set up consisting of representatives of the member States and with a representative of the Commission as chairman.

2. Within the Committee the votes of the member States shall be weighted as provided in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 26

1. Where the provisions of this Regulation expressly stipulate application of the procedure defined in this Article, the matter shall be brought before the Committee by the chairman, either on his own initiative or at the request of the representative of a member State.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall give its finding on these measures within a time-limit which the chairman may fix, according to the urgency of the questions submitted for consideration. It shall take its decisions by a majority of twelve votes.

3. The Commission shall decide on measures which are applicable immediately. Should they not, however, conform to the finding of the Committee, these measures shall be notified forthwith by the Commission to the Council; in such event the Commission may defer application of the measures decided on by it for, at the most, one month following the said notification.

The Council may, by a qualified majority vote, take a different decision within one month.
Article 27

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

Article 28

At the end of the transitional period the Council shall, by a qualified majority vote on a proposal of the Commission, decide, in the light of the experience gained, to maintain or amend the provisions of Article 26.

Article 29

The present Regulation shall come into force on the day following its publication in the Journal officiel des Communautés européennes.

The date of application of the levy system instituted by this Regulation is, however, fixed for 1 July 1962.

Should transitional provisions be necessary, they shall be drawn up in accordance with the procedure laid down in Article 26, if possible before 1 April 1962.

The Council shall decide, before 1 June 1962, on the provisions referred to in Article 8, paragraph 2; Article 14, paragraph 3; and Article 20, paragraph 2.

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

Brussels, 4 April 1962

By the Council

The President

Mr. Couve de Murville
<table>
<thead>
<tr>
<th>Common tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 11.01</td>
<td>Cereal flours</td>
</tr>
<tr>
<td></td>
<td>ex C. of barley or oats</td>
</tr>
<tr>
<td></td>
<td>D. of rice</td>
</tr>
<tr>
<td></td>
<td>E. other</td>
</tr>
<tr>
<td>ex 11.02</td>
<td>Cereal groats and cereal meal; other worked cereal grains (for example rolled, flaked, polished, peeled or kibbled but not further prepared), except husked, glazed, polished or braken rice; germ of cereals, whole, rolled, flaked or ground:</td>
</tr>
<tr>
<td></td>
<td>ex A. Cereal groats and cereal meal; other worked cereal grains (for example rolled, flaked, polished, pearled or kibbled but not further prepared)</td>
</tr>
<tr>
<td></td>
<td>ex I. of wheat (excepting cereal groats and cereal meal)</td>
</tr>
<tr>
<td></td>
<td>II. of rye</td>
</tr>
<tr>
<td></td>
<td>III. of other cereals</td>
</tr>
<tr>
<td></td>
<td>(a) flaked barley and oats</td>
</tr>
<tr>
<td></td>
<td>(b) other</td>
</tr>
<tr>
<td></td>
<td>B. Germ of cereals, whole, rolled, flaked or ground</td>
</tr>
<tr>
<td>11.06</td>
<td>Flour and meal of sago and of manioc, arrowroot, salep and other roots and tubers falling within heading No. 07.06</td>
</tr>
<tr>
<td></td>
<td>A. of manioc</td>
</tr>
<tr>
<td></td>
<td>B. other</td>
</tr>
<tr>
<td>11.07</td>
<td>Malt, roasted or not</td>
</tr>
<tr>
<td>ex 11.08 A</td>
<td>Starches</td>
</tr>
<tr>
<td></td>
<td>I. corn starch</td>
</tr>
<tr>
<td></td>
<td>II. potato starch:</td>
</tr>
<tr>
<td></td>
<td>(a) intended for the manufacture of dextrins, glues, glazings or dressings</td>
</tr>
<tr>
<td></td>
<td>(b) other</td>
</tr>
<tr>
<td></td>
<td>III. of rice</td>
</tr>
<tr>
<td></td>
<td>IV. other</td>
</tr>
<tr>
<td>Common tariff item No.</td>
<td>Description of products</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>11.09</td>
<td>Gluten and gluten flour</td>
</tr>
</tbody>
</table>
| ex 23.02               | Bran, sharps and other residues derived from the sifting, milling or working of cereals:  
  A. containing more than 7 per cent by weight of starch  
  B. other |
| ex 23.07               | Sweetened forage; other preparations of a kind used in animal feeding;  
  ex B. containing cereals or products to which this regulation applies. |
REGULATION No. 20

Providing for the Progressive Establishment of a Common Marketing Organization in the Pig Meat Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the institution of a common agricultural policy and whereas such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas pig meat production constitutes an important element in agricultural income and hence it is essential to ensure that this production is sufficiently remunerative; whereas it is in the interest of producers as well as of processors and consumers to mitigate price fluctuations to the fullest possible extent; whereas efforts must be made to achieve a balance between supply of, and demand for, pig meat within the Community, taking into account imports and exports;

Whereas trade in agricultural products between member States is hindered by various obstacles, such as customs duties, taxes and charges with equivalent effect, minimum price regulations, quotas and other quantitative restrictions which, if co-ordinating action is not taken by the Community institutions, would have to be gradually abolished during the transitional period by adopting different procedures and different timings; whereas on the other hand, if uniform treatment is applied at frontiers to intra-Community trade, it would facilitate gradual and parallel derestriction in all member States, at a pace adjusted to the gradual establishment of the common agricultural policy;

Whereas such uniform treatment at frontiers, taking the place of all the various national forms of treatment, should on the one hand, ensure adequate support for the agricultural markets of the member States during the transitional period, and, on the other hand, facilitate the gradual achievement of a single market, by enabling a free movement of goods to develop within the Community;
Whereas these objects can be achieved by a system of intra-Community levies consisting of two parts: the first corresponding to the incidence on feeding costs per product unit of the difference between the prices of feedgrains in the exporting member State and in the importing member State, so as to avoid causing disturbances in the market of a country where the prices of feedgrains are higher as a result of imports from a country where such prices are lower; the second aimed at protecting the processing industry, so that it can be adapted progressively;

Whereas there should, however, be added to this levy an additional amount when the offering price on imports from a member State becomes abnormally low;

Whereas the substitution of intra-Community levies for other measures which, under the Treaty, are to disappear during the transitional period would contravene the principle of the progressive establishment of the Common Market, if provision were not at the same time made for their progressive reduction;

Whereas in order to bring about this reduction, there is justification for reducing in proportion to the degree of harmonization of cereal prices, that part of the levy which represents the incidence on feeding costs of the difference in the prices of feedgrains and for progressively and automatically reducing the remaining part;

Whereas the introduction of fresh protective measures at the internal frontiers of the Community, so giving guarantees to producers in member States is justified in the context of the principles laid down in the Treaty only if they replace all other protective measures already available to member States;

Whereas the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; whereas this requirement can be met by levying imports from third countries charges which take account of the incidence on feeding costs of the difference between the prices of feedgrains in the member States and on the world market, and by adding a supplementary factor which will rise progressively up to an amount equal to 7 per cent of the average world market price; and whereas an additional amount must be added to this levy vis-à-vis third countries when supplies on the world market are offered at abnormal prices;

Whereas the introduction of a levy system and safeguarding measures vis-à-vis third countries affording guarantees to producers in member States enables the latter to dispense with all other protective measures;
Whereas the levy system in conformity with the aims of Article 45 of the Treaty, enables intra-Community trade to be developed while at the same time affording guarantees to producers in member States, thus rendering that Article inapplicable;

Whereas the operation of the levy system requires that the provisions of the Treaty under which aids are evaluated and action taken against those incompatible with the Common Market should be extended to aids which tend to distort the said system; whereas, however, in the case of exports to a member State from another member State applying intra-Community levies a refund determined in the light of the factors affecting price formation on the markets of the importing member State and of the exporting member State may justifiably be allowed;

Whereas in order to safeguard the share of member States in the world trade in pig meat, these States should be allowed to refund, when exporting to third countries, a sum corresponding to the incidence on feeding costs of the difference in prices of feedgrains, plus a further sum fixed according to Community procedure;

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

Whereas, in order to facilitate implementation of the provisions envisaged, arrangements should be made to inaugurate close co-operation between member States and the Commission within a Management Committee;

Whereas it is necessary to have the common marketing organization in the pig meat sector fully established by the end of the transitional period,

HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

1. With a view to ensuring the progressive development of the Common Market and the common agricultural policy, there shall be established gradually in the pig meat sector a common marketing organization comprising a system of levies applicable to trade between member States and also between member States and third countries, in respect of the following products:
Common tariff item No. | Description of products
--- | ---
(a) 01.03 A II | Live swine of the domestic species, other than pure bred for breeding purposes
(b) 02.01 A III a | Meat of swine, of domestic species
ex 02.01 B II | Offals of swine
ex 02.05 | Unrendered pig fat, free of lean meat, fresh chilled, frozen, salted in brine, dried or smoked
02.06 B | Meat and edible offals of swine, salted in brine, dried or smoked
15.01 A II | Lard and other rendered pig fat, not intended for industrial use other than the manufacture of foodstuffs
(c) ex 16.01 | Sausages and the like of meat, meat offal or animal blood, containing pig meat or offal
ex 16.02 A II | Other prepared or preserved products of meat or offal containing pig liver
ex 16.02 B II | Other prepared or preserved meat or meat offal, not specified, containing pig meat or offal

2. However, in the case of items ex 02.01 B II, ex 16.01 and ex 16.02 A II, account will have to be taken of the maximum customs duty which would result from acceptance of the offer to consolidate the duties on these products under GATT.

Article 2

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Articles 3 and 4. This amount shall be reduced in accordance with the provisions of Article 12.

2. The amount of the levies vis-à-vis third countries shall be fixed in accordance with the provisions of Article 5. It shall be modified under the provisions of Article 5, paragraph 1(b), last sentence, and (c), last sentence, and the provisions of Article 12.
Article 3

1. In the case of slaughtered pigs, the amount of the intra-Community levy shall, for each member State, be made up of:

   (a) a factor corresponding to the incidence on feeding costs of the difference between the prices of feedgrains in the importing member State and the exporting member State, calculated in accordance with the provisions of paragraph 3;

   (b) a fixed factor; the addition of this factor to the factor referred to in (a) above may not result in the sum of these two factors exceeding the difference between the average market prices in the exporting member State and in the importing member State, calculated in accordance with the provisions of paragraph 4.

   The amount resulting from application of the first part of paragraph (b) above shall be modified to take account of transport costs and internal taxes and charges on the products in question, as well as refunds of these taxes and charges granted for these products on exportation.

2. The ultimate determination of a levy lower than that resulting from the application of paragraph 1 above, shall be governed by Article 6, paragraphs 1 and 2.

3. The factor referred to in paragraph 1(a) above shall be calculated on the basis of:

   (a) the quantity of feedgrains needed for producing one kilogramme of pig meat, such quantity to be the same for all member States;

   (b) the composition of the quantity referred to in (a), which shall be representative for each member State; at the latest, before the end of the transitional period, a uniform composition for this quantity shall be fixed for the Community;

   (c) the wholesale selling price of feedgrains in each member State.

4. (a) The average prices referred to in paragraph 1(b) shall be determined on the basis of the arithmetic mean of the prices at which wholesale purchases are made in each of the member States:

   - for slaughtered pigs of comparable qualities
   - during the three years preceding the entry into force of this regulation
   - on the representative market or markets.
(b) In calculating the arithmetic mean referred to in (a), such adjustments shall be made as are required by the incidence on prices, during the reference period, of factors not connected with the production and marketing of pig meat which may have seriously distorted the comparison of prices recorded in the three datum years.

(c) If, in a member State, the three-year period does not coincide with the duration of a complete price cycle, the said period shall be adjusted as necessary.

5. The amount of the levies referred to in this Article shall be fixed by the Council by a unanimous vote taken on a proposal of the Commission.

Article 4

1. In the case of the products referred to in Article 1, paragraph 1(a) and (b), other than slaughtered pigs, the amount of the intra-Community levies shall be determined for each member State on the basis of the levies fixed for slaughtered pigs, having regard to the ratio existing in each member State between the price of the said products and that of slaughtered pigs, calculated in accordance with the provisions of Article 3, paragraph 4.

2. In the case of the products referred to in Article 1, paragraph 1(c), the amount of the intra-Community levies shall be determined for each member State having regard, in particular, to the following:

   (a) for products manufactured solely from the products referred to in Article 1, paragraph 1(b): the weighted average of the levies fixed for these products under paragraph 1;

   (b) for products manufactured also from products other than those referred to in Article 1, paragraph 1(b): the weighted average of all the levies, taxes, charges and duties of any kind levied on importation from member States on the products entering into their manufacture.

Furthermore, not later than 30 June 1962, the Council shall, by a unanimous vote taken on a proposal of the Commission, lay down any additional provisions to be applied in computing the levies referred to in this paragraph.

3. The amount of the levies referred to in this Article shall be determined by the Council by a unanimous vote taken on a proposal of the Commission.
Article 5

1. In the case of slaughtered pigs, the amount of the levy vis-à-vis third countries shall, for each member State, be made up of:

   (a) a factor equal to the levy fixed for the member State with the lowest average price for slaughtered pigs, calculated in accordance with Article 3, paragraph 4;

   (b) a factor corresponding to the difference in feeding costs arising from the difference between the price of feed grains in the member State with the lowest average price for slaughtered pigs, calculated in accordance with Article 3, paragraph 4 and their price on the world market.

   In computing this factor, account shall be taken of the provisions of Article 3, paragraph 3(a) and (b). This factor shall be fixed in advance for a period of three months, account being taken of the trend in prices of feed grains in the member State having the lowest average price for slaughtered pigs and on the world market during the six months preceding the three-months period during which the said factor is fixed;

   (c) a factor equal, for the first year of application of the levy system, to 2 per cent of the average offering price for imports into the Community from third countries during the preceding year. Should the average offering price be lower than the cut-off price fixed under Article 7 for the first quarter of the operation of the levy system, the said cut-off price shall be taken as a basis. For subsequent years the percentage shall be raised each year to 3, 4, 5, 5\(\frac{1}{2}\), 6, 6\(\frac{1}{2}\) and 7 and computed on the basis of the average cut-off price for the preceding year.

2. In the case of the products referred to in Article 1, paragraph 1(a) and (b), other than slaughtered pigs, the amount of the levies vis-à-vis third countries shall be calculated for each member State on the basis of the figure obtained by applying paragraph 1.

   However, in computing the factors mentioned in paragraph 1(a) and (b), account shall be taken of the ratio existing in each member State between the price of these products and the price of slaughtered pigs, computed under the provisions of Article 3, paragraph 4.

3. In the case of the products referred to in Article 1(c), the amount of the levies vis-à-vis third countries, shall be determined for each member State having regard, in particular, to the following:

   (a) for products manufactured solely from the products referred to in Article 1, paragraph 1(b): the weighted average of the levies fixed for those products under paragraph 2;
(b) for products manufactured also from products other than those referred to in Article 1, paragraph 1(b): the weighted average of all the levies, taxes, charges and duties of any kind levied upon importation from third countries on the products entering into their manufacture.

Furthermore, not later than 30 June 1962, the Council shall, by a unanimous vote taken on a proposal of the Commission, lay down any additional provisions to be applied in computing the levies referred to in this paragraph.

4. The amount of the levies referred to in this Article shall be fixed by the Council, by a unanimous vote taken on a proposal of the Commission.

Article 6

1. The Commission may authorize a member State which so requests to reduce the amount of the levies resulting from the application of Articles 3, 4 and 5. In such case the amount levied by that State vis-à-vis third countries shall be at least equal to the amount of the levies applied to third countries by the member State having the lowest average price for slaughtered pigs, computed in accordance with Article 3, paragraph 4.

2. When a member State invokes the provisions of paragraph 1, the amount of the reduction in the levies must be the same for all the member States.

At the same time the Commission shall authorize the other member States to fix, vis-à-vis the aforementioned member State, levies to offset this reduction.

In no case may the reduction in the levy vis-à-vis third countries exceed that applied to member States.

Article 7

1. In order to avoid disruption due to offers from third countries at abnormal prices, the Council shall, by a unanimous vote during the second stage and thereafter by a qualified majority vote taken on a proposal of the Commission, fix a uniform cut-off price for the Community for slaughtered pigs, having regard to the prices of feedgrains on the world market and to a representative processing coefficient for exporting third countries.

Taking account of the cut-off price referred to in the first sub-paragraph, cut-off prices shall be fixed for the products listed in Article 1, paragraph 1, other than slaughtered pigs.
2. Cut-off prices shall be fixed in advance for a period of three months, taking into account the trend of feedgrain prices on the world market during the six months preceding the quarter in which the cut-off price is fixed.

3. Should the offering prices for imports franco-frontier fall below the cut-off price, the amount of the levies as determined under the provisions of Article 5 and reduced, where appropriate, in accordance with the provisions of Article 6, shall be increased in each member State by an amount equal to the difference between the offering price franco-frontier and the cut-off price.

The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that the price applied to imports from their territory will not be lower than the cut-off price and that any diversion of trade will be avoided.

4. The procedure laid down in Article 20 shall be used to determine:

- the cut-off prices for the products referred to in Article 1 other than slaughtered pigs;

- the necessary adjustments to cut-off prices made in accordance with paragraph 2;

- the methods of fixing the additional amounts referred to in paragraph 3. However, such additional amounts shall be fixed and levied by the importing member State. The member State adopting this measure must immediately notify the other member States and the Commission thereof. The measures to be taken jointly by the member States shall be determined in accordance with the procedure laid down in Article 20.

Article 8

1. In the case of trade between the member States, an intra-Community cut-off price for slaughtered pigs shall be fixed for each of those States, calculated by adding to the cut-off price applied to third countries the amount of the levies applied to those countries, reduced by the amount referred to in Article 5, paragraph 1(c).

Taking account of the cut-off prices referred to in the first sub-paragraph, cut-off prices shall be fixed for the products listed in Article 1, paragraph 1, other than slaughtered pigs.
2. The intra-Community cut-off price shall cease to apply as soon as the intra-Community levies have been eliminated in pursuance of Article 12.

3. Should the franco-frontier prices on imports from a member State, increased by the amount of the levy fixed under Article 3 or 4, fall below the cut-off price, the importing member State shall increase that levy by an amount equal to the difference between the increased offering price and the intra-Community cut-off price and shall forthwith inform the other member States and the Commission thereof.

4. The procedure laid down in Article 20 shall be used to determine:
   - the intra-Community cut-off prices;
   - the methods of fixing the additional amounts referred to in Article 3;
   - the measures to be taken jointly by the member States in the event of paragraph 3 being applied.

Article 9

1. If a member State finds it has to intervene on its own market by adopting measures designed to mitigate a substantial drop in prices, these measures must be such as will not hamper the operation of this Regulation.

   A member State intending to adopt such measures shall be obliged to inform the Commission beforehand of their nature. The Commission may address any relevant comments to that State on the subject, after consulting the member States, in accordance with the provisions of Article 21, within the framework of the Management Committee established under Article 19.

   The Commission shall also see to it that these measures are applied having regard to the need to encourage their progressive co-ordination at Community level.

2. On a proposal of the Commission, the Council shall decide, in accordance with the procedure set forth in Article 43 of the Treaty and not later than four years after this Regulation comes into force, on the advisability of market intervention measures at Community level and the manner in which such measures shall be applied at the single market stage. These measures must be aimed at promoting, as far as it is possible and necessary, price stabilization for both producers and consumers.
Article 10

1. The member State which, in accordance with the provisions of the present Regulation, applies levies to another member State may, when exporting to the said member State, refund:

   (a) either an amount corresponding to the incidence, on the feeding costs of the products referred to in Article 1, paragraph 1, of the difference between the prices of feedgrains in the importing member State and those in the exporting member State;

   (b) or an amount equal to the sum of the first two factors of the levy vis-à-vis third countries, as determined under Article 5, paragraph 1(a) and (b) for slaughtered pigs and for the products referred to in Article 1, paragraph 1, other than slaughtered pigs, taking into account the rules set forth in Article 5, paragraphs 2 and 3. In such case the importing member State shall be entitled to charge a levy equal to that applied by that State to imports from third countries, reduced by the third factor referred to in Article 5, paragraph 1(c).

However, the Grand-Duchy of Luxemburg shall be entitled, in the case of exports to a member State at lower prices, to refund an amount equal to the difference between the price of the product delivered franco the frontier of the importing member State and the price on the market of that State.

2. These refunds shall not exceed the amount of the levy which would result from eventually applying Article 6.

   The supplementary levies which may be established under Article 8, paragraph 3, shall not be taken into account in computing the refunds and levies established under paragraph 1.

3. The amount of such refunds shall be notified to the other member States and to the Commission.

Article 11

1. A member State may, when exporting one of the products referred to in Article 1, paragraph 1, to a third country, refund:

   (a) an amount corresponding to the incidence on feeding costs of the difference between the prices of feedgrains in the exporting member State and those on the world market;
(b) an additional amount fixed:

- during the first three years of operation of the levy system by taking into account the price trends in the exporting member State and on the world market; this amount shall be determined by the procedure set forth in Article 20;

- from the fourth year onwards, by taking into account the price trends in the Community and on the world market; this amount may not exceed a maximum determined according to the procedure set forth in Article 20.

2. The amount of such refunds shall be notified to the other member States and to the Commission.

Article 12

From 1 July 1963 onwards the levies determined in accordance with Articles 3 and 4 shall be reduced annually as follows:

(a) the part of the levy resulting from the incidence on feeding costs of the difference in feedgrain prices shall be reduced in proportion as cereal prices are harmonized;

(b) the other part of the levy shall be reduced in seven and a half years at the rate of two fifteenths per year.

Article 13

On a proposal of the Commission, the Council may, by a unanimous vote taken during the second stage and by a qualified majority vote thereafter, exclude certain products from the list of products referred to in Article 1, paragraph 1, or, in the case of such products, adopt measures by way of exception to this Regulation in order to make allowance for the special circumstances which might affect those products.

Article 14

1. In trade between member States, whether imports or exports, it shall be deemed incompatible with the operation of the intra-Community levy system:

- to levy any customs duty or charge with equivalent effect;
to apply any quantitative restriction or measure with equivalent effect, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg;

- to resort to Article 44 of the Treaty.

2. The operation of the intra-Community levy system shall render Article 45 of the Treaty inoperative and likewise any long-term agreements or contracts concluded in pursuance of the said Article which are in force when this system is introduced.

3. It shall be deemed incompatible with the operation of the intra-Community levy system for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from products referred to in the said Article which have not paid the levies applicable in the exporting member State, or on which a total or partial refund of such levies has been granted.

Article 15

1. If, as a result of applying the measures regarding the gradual establishment of a common organization of the pig meat market, such market should, in one or more member States, suffer or be in danger of suffering, by reason of imports, serious disruption likely to jeopardize the objectives defined in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, adopt the necessary safeguarding measures concerning importation of the products in question.

2. The member State or States concerned shall be bound to notify such measures to the other member States and to the Commission not later than the date of their entry into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. The member State or States concerned must be ready to start negotiations immediately in order to try to make temporary arrangements to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and to the Commission.
On the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection between member States, the Commission shall, after consulting the member States in the Management Committee set up under Article 19, decide, by an emergency procedure and within at most four working days from the notification referred to in the first sub-paragraph, whether the measures are to be maintained, modified or abolished. The Commission may likewise decide on the measures to be applied by other member States.

The decision of the Commission shall be notified to all member States. It shall be immediately enforceable.

3. Any member State may refer the Commission's decision to the Council within at most three working days from its notification. The Council shall meet forthwith. It may, on the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection between member States, amend or annul, by a qualified majority vote, the decision adopted by the Commission.

4. Any safeguarding measure affecting trade between member States shall be applied, at the latest simultaneously, to relations with third countries, due regard being had to the principle of Community preference.

Article 16

As soon as the levy system is introduced and subject to the provisions of Article 10, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products referred to in Article 1, paragraph 1.

Article 17

Member States shall take all measures with a view to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation, except as otherwise provided herein, may be effectively implemented as from 1 July 1962.

Article 18

1. The application of the levy system vis-à-vis third countries shall entail the abolition of all customs duties or charges having equivalent effect on imports from third countries.

2. The application of the levy system vis-à-vis third countries shall, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg, entail the abolition of any quantitative restrictions or measures having equivalent effect on imports from third countries, except where the Council, by a qualified majority vote taken on a proposal of the Commission, decides otherwise.
Article 19

1. A Management Committee for pig meat, hereinafter referred to as the "Committee", shall be set up composed of representatives of the member States and with a representative of the Commission as chairman.

2. Within the Committee the votes of the member States shall be weighted as laid down in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 20

1. Where the provisions of this Regulation expressly provide for application of the procedure defined in this Article, the matter shall be brought before the Committee by the chairman, either on his initiative or at the request of the representative of a member State.

2. The Commission's representative shall submit a draft of the measures to be taken. The Committee shall give its opinion on these measures within a time-limit which the chairman may fix depending on the urgency of the questions submitted for consideration. It shall give its ruling by a majority of twelve votes.

3. The Commission shall decide on measures which can be applied immediately. If, however, they are not in conformity with the Committee's ruling, these measures shall at once be notified by the Commission to the Council. In such case the Commission may defer application of the measures it has decided on for a period not exceeding one month from the date of such notification.

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

Article 21

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

Article 22

At the end of the transitional period the Council shall, by a qualified majority vote taken on a proposal of the Commission, decide, in the light of the experience gained, to maintain or amend the provisions of Article 20.
Article 23

The present Regulation shall come into force on the day following its publication in the Journal officiel des Communautés européennes. The levy system instituted by this Regulation shall, however, become operative on 1 July 1962.

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

By the Council

Brussels, 4 April 1962.

The President
Mr. Couve de Murville
REGULATION NO. 21

providing for the Progressive Establishment
of a Common Organization of Markets in the Egg Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community and, in particular, Articles 42 and 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the institution of a common agricultural policy and whereas such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas egg production constitutes an important element in agricultural income and it is therefore essential to ensure an adequate return on such production; whereas it is in the interest both of producers and processors and consumers to mitigate price fluctuations to the fullest possible extent; whereas the objective should be to achieve a balance between supply and demand for eggs within the Community, taking into account imports and exports;

Whereas trade in agricultural products between the member States is hampered by various obstacles, such as customs duties, taxes and charges with equivalent effect, minimum prices, quotas and other quantitative restrictions which, if co-ordinating action is not taken by the Community institutions would have to be gradually abolished during the transitional period by adopting different procedures and different timings; whereas, on the other hand, if uniform treatment is applied at frontiers to intra-Community trade, it would facilitate progressive and parallel derestriction in all member States, at a pace adjusted to the gradual establishment of the common agricultural policy;

Whereas such uniform treatment at the frontiers taking the place of all the various national forms of treatment should, on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period, and, on the other hand, facilitate the gradual creation of a single market, by enabling the free movement of goods to develop within the Community;
Whereas these results can be achieved by a system of intra-Community levies consisting of two parts: the first corresponding to the incidence on feeding costs per product unit of the difference between the prices of feedgrains in the exporting member State and those in the importing member State, so as to avoid causing disturbances in the market of a country where the prices of feedgrains are higher as a result of imports from a country where such prices are lower; the second aimed at protecting the processing industry, so that it can be adapted progressively;

Whereas the substitution of intra-Community levies for other measures which, under the Treaty, are to disappear during the transitional period would contravene the principle of the progressive establishment of the Common Market if provision were not at the same time made for their progressive reduction;

Whereas, in order to effect this reduction, there is justification for reducing in proportion to the degree of harmonization of cereal prices that part of the levy which represents the incidence on feeding costs of the difference in the prices of feedgrains and for reducing progressively and automatically the remaining part;

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

Whereas the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; whereas this requirement can be met by levying on imports from third countries charges which take account of the incidence on feeding costs of the difference between the prices of feedgrains in the member States and on the world market and also by adding a supplementary factor which will rise progressively up to an amount equal to 7 per cent of the average world market price; and whereas an additional amount must be added to this levy vis-à-vis third countries when supplies on the world market are offered at abnormal prices;

Whereas the introduction of a levy system and safeguarding measures vis-à-vis third countries affording guarantees to producers in member States enables the latter to dispense with all other protective measures;

Whereas the levy system in conformity with the aims of Article 45 of the Treaty, enables intra-Community trade to be developed while at the same time affording guarantees to producers in member States, thus rendering that Article inapplicable;
Whereas the operation of the levy-system requires that the provisions of the Treaty under which aids are evaluated and action taken against those incompatible with the Common Market should be extended to cover those which tend to distort the said system; whereas, however, in the case of exports to a member State from another member State applying intra-Community levies, a refund determined in the light of the factors involved in price formation on the markets of the exporting and importing member States may justifiably be allowed;

Whereas in order to safeguard the share of member States in the world trade in eggs, member States should be permitted, when exporting to third countries, to refund an amount corresponding to the incidence on feeding costs of the differences in prices of feedgrains plus a further sum fixed according to Community procedure;

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

Whereas, in order to facilitate the implementation of the provisions envisaged, arrangements should be made establishing close co-operation between member States and the Commission within a Management Committee;

Whereas it is necessary to have the common marketing organization in the egg sector fully established by the end of the transitional period;

HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

With a view to ensuring the progressive development of the Common Market and the common agricultural policy, there shall be established gradually in the sector of eggs a common organization of markets comprising a system of levies applicable to trade between member States and also between member States and third countries, in respect of the following products:
<table>
<thead>
<tr>
<th>Common tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 04.05 A</td>
<td>Eggs of poultry, in the shell (fresh or preserved)</td>
</tr>
<tr>
<td>ex 04.05 B I</td>
<td>Eggs not in the shell and without egg yolks, of poultry, for use as food, fresh, dried or otherwise preserved, whether or not sweetened</td>
</tr>
</tbody>
</table>

**Article 2**

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Article 3. This amount shall be reduced in accordance with the provisions of Article 9.

2. The amount of the levies vis-à-vis third countries shall be fixed in accordance with the provisions of Article 4. It shall be modified under the provisions of Article 4, paragraph 1(a), last sentence, and (c), last sentence, and the provisions of Article 9(b).

**Article 3**

1. In the case of shell eggs, the amount of the intra-Community levy shall, for each member State, be made up of:

   (a) a factor corresponding to the incidence on feeding costs of the difference between the prices of feedgrains in the importing member State and in the exporting member State, to be calculated in accordance with the provisions of paragraph 3;

   (b) a fixed factor equal to the incidence of the customs duty in force vis-à-vis the other member States during the year 1962 on the average of the franco-frontier prices for shell eggs, as recorded during the year 1961; should, however, the above-mentioned customs duty, after allowing for any seasonal customs duties, be less than 5 per cent, the said factor may be increased up to 5 per cent of the average of the above-mentioned prices.

2. The ultimate determination of the levy at a figure lower than that resulting from the implementation of paragraph 1, shall be governed by Article 5, paragraphs 1 and 2.
3. The factor referred to in paragraph 1(a) shall be calculated on the basis of:

(a) the quantity of feedgrains needed to produce one kilogramme of shell eggs, such quantity to be the same for all member States from the beginning of the third year of application of the levy system;

(b) the composition of the quantity referred to in (a), which shall be representative for each member State; at the latest, before the end of the transitional period, a uniform composition for this quantity shall be fixed for the Community,

(c) the wholesale selling price of feedgrains in each member State.

4. In the case of the products referred to in Article 1, other than shell eggs, the amount of the intra-Community levy shall be determined as follows for each member State:

(a) for products prepared from whole eggs, this amount shall be equal to the amount of the levy applied to the quantity of eggs used in the manufacture of one kilogramme of such products;

(b) for products obtained by separating the components of the egg, this amount shall be fixed on the basis of the above-mentioned levy, account being taken of the average ratio between the commercial values of these components as recorded during the year 1961.

5. (a) The amount of the levies referred to in this Article shall be fixed according to the procedure laid down in Article 17. However, the quantity referred to in paragraph 3(a) shall be determined by the Council, by a unanimous vote taken on a proposal of the Commission.

(b) The Commission may authorize a member State to apply to the factor referred to in Article 1(b) above indices designed to take account of seasonal price fluctuations, provided such indices respect normal price ratios and fluctuations in the average volume of production recorded during different seasons, so that the weighted average of the various factors thus established over one year does not exceed the factor established in accordance with the provisions of paragraph 1(b).

Article 4

1. In the case of shell eggs, the amount of the levy vis-à-vis third countries shall, for each member State, consist of:
(a) a factor corresponding to the incidence on feeding costs of the difference between the price in the importing member State of each feedgrain entering into the composition of the product, as referred to in Article 3, paragraph 3(b), and the price recorded on the world market for the same feedgrain. In computing this factor, account shall be taken of the provisions of Article 3, paragraph 3(a) and (b). This factor shall be fixed in advance for a period of three months, account being taken of the trend in prices of feedgrains in the member States and on the world market during the six months preceding the three-months' period for which this factor is fixed;

(b) a factor equal to that fixed vis-à-vis member States in accordance with Article 3, paragraph 1(b) and paragraph 5(b).

(c) a factor equal, for the first year of application of the levy system, to 2 per cent of the average offering price for imports into the Community from third countries during the preceding year. Should the average offering price be lower than the cut-off price fixed under Article 6 for the first quarter of the operation of the levy system, the said cut-off price shall be taken as a basis. For subsequent years the percentage shall be raised annually to 3, 4, 5, 5\(\frac{1}{2}\), 6, 6\(\frac{1}{2}\) and 7 and computed on the basis of the average cut-off price for the preceding year.

2. In the case of the products referred to in Article 1, other than shell eggs, the amount of the levies vis-à-vis third countries shall be fixed for each member State on the basis of the amount obtained by applying paragraph 1, in accordance with the provisions of Article 3, paragraph 4.

3. The amount of the levies referred to in the present Article shall be fixed according to the procedure laid down in Article 17.

**Article 5**

1. The Commission may authorize a member State which so requests to reduce the amount of the levies resulting from the application of Articles 3 and 4. In such cases the levy charged by such member State vis-à-vis third countries shall be at least equal to the amount of the levies applied to third countries by the member State having the lowest levy.

2. When a member State invokes the provisions of paragraph 1, the amount of the reduction made in the levies should be identical for all member States.

At the same time, the Commission shall authorize the other member States to fix, vis-à-vis the aforementioned member State, levies to offset this reduction.
In no case may the reduction in the levy vis-à-vis third countries exceed that applied to member States.

Article 6

1. In order to avoid disruption due to offers from third countries made at abnormal prices, the Council shall by unanimous vote on a proposal of the Commission during the second stage and thereafter by a qualified majority vote fix a uniform cut-off price for the Community for shell eggs, having regard to the prices of feedgrains on the world market and to a representative processing coefficient for exporting third countries.

In the case of the products referred to in Article 1 other than shell eggs, cut-off prices shall be determined taking account of the cut-off price for shell eggs and using the method set forth in Article 3, paragraph 4, for fixing the levies on such products.

2. Cut-off prices shall be fixed in advance for a period of three months, taking into account the trend of feedgrain prices on the world market during the six months preceding the quarter in which the cut-off price is fixed.

3. Should the offering prices for imports franco-frontier fall below the cut-off price, the amount of the levies as determined under the provisions of Article 4 and reduced, where appropriate, in accordance with the provisions of Article 5, shall be increased in each member State by an amount equal to the difference between the offering price franco-frontier and the cut-off price.

The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that the price applied to imports from their territory will not be lower than the cut-off price and that there will be no diversion of trade.

4. The procedure laid down in Article 17 shall be used to determine:

- the cut-off prices for the products referred to in Article 1 other than shell eggs;

- the necessary adjustments to cut-off prices made in accordance with paragraph 2;

- the methods of fixing the additional amounts referred to in paragraph 3. However, such additional amounts shall be fixed and levied by the importing member State. The member State adopting this measure must immediately notify the other member States and the Commission thereof. The measures to be taken jointly by the member States shall be determined in accordance with the procedure laid down in Article 17.
Article 7

1. The member State which, in accordance with the provisions of the present Regulation, applies levies to another member State, may, when exporting to such member State, refund:

   (a) either an amount corresponding to the incidence on the feeding costs of the products referred to in Article 1 of the difference between the prices of feedgrains in the importing member State and those in the exporting member State;

   (b) or an amount equal to the sum of the first two factors of the levy vis-à-vis third countries, as determined under Article 4, paragraph 1(a) and (b) for shell eggs and, in the case of the products referred to in Article 1 other than shell eggs, taking into account the rules set forth in Article 4, paragraph 2. In such case the importing member State shall be entitled to charge a levy equal to that applied by such member State to imports from third countries, reduced by the third factor provided for in Article 4, paragraph 1(c).

2. These refunds shall not exceed the amount of the levy which would result from eventually applying Article 5.

   The supplementary levies which may be established under Article 6, paragraph 3, shall not be taken into account in computing the refunds and levies established under the preceding paragraph.

3. The amount of such refunds shall be notified to the other member States and to the Commission.

Article 8

1. When exporting one of the products referred to in Article 1 to a third country, a member State may refund:

   (a) an amount corresponding to the incidence on feeding costs of the difference in feedgrain prices as between the exporting member State and the world market;

   (b) an additional amount fixed:

   - during the first three years of the operation of the levy system, by taking into account price trends in the exporting member State and on the world market; this amount shall be determined by the procedure laid down in Article 17.
- from the fourth year onwards, by taking into account price trends in the Community and on the world markets; this amount may not exceed a maximum determined according to the procedure set forth in Article 17.

2. The amount of such refunds shall be notified to the other member States and to the Commission.

Article 9

From 1 July 1963 onwards the levies determined in accordance with Article 3 shall be reduced annually as follows:

(a) the part of the levy resulting from the incidence on feeding costs of the difference between the prices of feedgrains shall be reduced in proportion as cereal prices are harmonized;

(b) the other part of the levy shall be reduced in seven and a half years at the rate of two fifteenths per year.

Article 10

On a proposal of the Commission, the Council may, by a unanimous vote taken during the second stage and by a qualified majority vote thereafter, exclude certain products from the list of products referred to in Article 1 or take, in the case of such products, measures by way of exception to this Regulation so as to allow for the special circumstances which might affect those products.

Article 11

1. In trade between member States, both imports and exports, it shall be deemed incompatible with the operation of the intra-Community levy system:

- to levy any customs duty or charge with equivalent effect,

- to apply any quantitative restriction or measure with equivalent effect, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxembourg,

- to invoke Article 44 of the Treaty.

2. The application of the intra-Community levy system shall render Article 45 of the Treaty inapplicable and likewise any long-term agreements or contracts concluded in pursuance of the said Article which are in force when this system is introduced.
3. It shall be deemed incompatible with the operation of the intra-Community levy system for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from products referred to in the said Article which have not paid the levies applicable in the exporting member State, or on which a total or partial refund of such levies has been granted.

Article 12

1. If, as a result of applying the measures relating to the gradual establishment of a common organization of the egg market, such market should, in one or more member States, suffer or be in danger of suffering, because of imports, serious disruption likely to jeopardize the objectives set forth in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, take the necessary safeguarding measures concerning importation of the products in question.

2. The member State or States concerned, shall be bound to notify such measures to the other member States and to the Commission not later than the date of their entry into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. The member State or States concerned must be prepared to start negotiations immediately to try to make provisional arrangements to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and to the Commission.

On the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection as between member States, the Commission shall after consulting the member States in the Management Committee set up under Article 16, decide, by an emergency procedure and within at most four working days from the notification referred to in the first sub-paragraph, whether the measures are to be maintained, modified or abolished. The Commission may likewise decide on the measures to be applied by other member States.

The decision of the Commission shall be notified to all member States. It shall be immediately enforceable.

3. Any member State may refer the Commission's decision to the Council, within at most three working days from its notification. The Council shall meet forthwith and may, on the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection as between member States, amend or annul by a qualified majority vote, the decision adopted by the Commission.

4. Any safeguarding measure affecting trade between member States shall be applied simultaneously, at the latest to relations with third countries, due regard being had to the principle of Community preference.
Article 13

1. As soon as the levy system is introduced and subject to the provisions of Article 7, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products referred to in Article 1, paragraph 1.

2. The application of paragraph 1 shall not be an obstacle to the granting of compensation premiums to eliminate the effects of differences in prices of feedgrains, if, and to the extent that, a member State had hitherto been according such compensation premiums and is still doing so on 1 July 1962. In such case, rules that derogate from Articles 3, 4, 5, 7 and 8 as well as from the Regulation on the financing of the common agricultural policy shall be drawn up in accordance with the provisions of the last sub-paragraph.

These compensation premiums shall be gradually abolished during the transitional period.

On a proposal of the Commission, the Council shall by unanimous vote during the second stage and by a qualified majority vote thereafter, determine how the present paragraph shall be implemented.

Article 14

Member States shall take all measures to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation, except as otherwise provided herein, may be effectively implemented as from 1 July 1962.

Article 15

1. The application of the levy system vis-à-vis third countries shall entail the abolition of all customs duties or charges having equivalent effect on imports from third countries.

2. Subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg, the application of the levy system vis-à-vis third countries shall entail the abolition of any quantitative restrictions or measures having equivalent effect on imports from third countries, except where the Council, by a qualified majority vote taken on a proposal of the Commission, decides otherwise.

Article 16

1. A Management Committee for poultry meat and eggs, hereinafter referred to as the "Committee", shall be set up composed of representatives of the member States and with a representative of the Commission as chairman.

2. Within the Committee the votes of the member States shall be weighted as laid down in Article 148, paragraph 2 of the Treaty. The chairman shall not vote.
Article 17

1. Where the provisions of the present Regulation expressly provide for application of the procedure defined in this Article, the matter shall be brought before the Committee by the chairman, either on his initiative or at the request of the representative of a member State.

2. The Commission's representative shall submit a draft of the measures to be taken. The Committee shall give its opinion on these measures within a time-limit which the chairman may fix depending on the urgency of the questions submitted for consideration. It shall give its ruling by a majority of twelve votes.

3. The Commission shall decide on measures which can be applied immediately. If, however, they are not in conformity with the ruling of the Committee, these measures shall at once be notified by the Commission to the Council. In such case the Commission may defer application of the measures it has decided on for a period not exceeding one month from the date of such notification.

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

Article 18

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

Article 19

At the end of the transitional period the Council shall, by a qualified majority vote taken on a proposal of the Commission, decide, in the light of the experience gained, to maintain or amend the provisions of Article 17.

Article 20

The present Regulation shall come into force on the day following its publication in the Journal officiel des Communautés européennes.

The levy system instituted by this Regulation shall, however, become operative on 1 July 1962.

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

By the Council

Brussels, 4 April 1962

The President
Mr. Couve de Murville
REGULATION NO. 22

Providing for the Progressive Establishment of a Common Organization of Markets in the Poultry Meat Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the institution of a common agricultural policy and whereas such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas poultry production constitutes an important element in agricultural income and it is, therefore, essential to ensure an adequate return on such production; whereas it is in the interest both of producers and of processors and consumers to mitigate price fluctuations to the fullest possible extent; whereas the objective should be to achieve a balance between supply and demand for poultry meat within the Community, taking into account imports and exports;

Whereas trade in agricultural products between the member States is hampered by various obstacles, such as customs duties, taxes and charges with equivalent effect, minimum prices, quotas and other quantitative restrictions which, if co-ordinating action is not taken by the Community institutions, would have to be gradually abolished during the transitional period by adopting different procedures and different timings; whereas, on the other hand, if uniform treatment is applied at frontiers to intra-Community trade, it would facilitate progressive and parallel derestriction in all member States, at a pace adjusted to the gradual establishment of the common agricultural policy;

Whereas such uniform treatment at the frontiers taking the place of all the various national forms of treatment should on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period, and, on the other hand, facilitate the gradual creation of a single market, by enabling the free movement of goods to develop within the Community;
Whereas these results can be achieved by a system of intra-Community levies consisting of two parts: the first corresponding to the incidence on feeding costs per product unit of the difference between the prices of feedgrains in the exporting member State and those in the importing State, so as to avoid causing disturbances on the market of a country where the prices of feedgrains are higher as a result of imports from a country where such prices are lower; the second aimed at protecting the processing industry, so that it can be adapted progressively;

Whereas the substitution of intra-Community levies for other measures which, under the Treaty are to disappear during the transitional period, would contravene the principle of the progressive establishment of the Common Market if provision were not at the same time made for their progressive reduction;

Whereas, in order to bring about this reduction, there is justification for reducing in proportion to the degree of harmonization of cereal prices that part of the levy which represents the incidence on feeding costs of the difference in the prices of feedgrains, and for reducing progressively and automatically the remaining part;

Whereas the introduction of fresh protective measures at the internal frontiers of the Community, so giving guarantees to producers in member States, is justified in the context of the principles laid down in the Treaty only if it replaces all other protective measures already available to member States;

Whereas the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; whereas this requirement can be met by levying on imports from third countries charges which take account of the incidence on feeding costs of the difference between the prices of feedgrains in the member States and on the world market, and also by adding a supplementary factor which will rise progressively up to an amount equal to 7 per cent of the average world market price; and whereas an additional amount must be added to this levy vis-à-vis third countries when supplies on the world market are offered at abnormal prices;

Whereas the introduction of a levy system and safeguarding measures vis-à-vis third countries affording guarantees to producers in member States enables the latter to dispense with all other protective measures;

Whereas the levy system, in conformity with the aims of Article 45 of the Treaty, enables intra-Community trade to be developed while at the same time affording guarantees to producers in member States, thus rendering that article inapplicable;
Whereas the operation of the levy system requires that the provisions of the Treaty under which aids are evaluated and action taken against those incompatible with the Common Market should be extended to aids which tend to distort the said system; whereas, however, in the case of exports to a member State from another member State applying intra-Community levies, a refund determined in the light of the factors involved in price formation on the markets of the exporting and importing member States may justifiably be allowed;

Whereas, in order to safeguard the participation of member States in the world trade in poultry meat, these States should be allowed, when exporting to third countries, to refund a sum corresponding to the incidence on feeding costs of the difference in prices of feedgrains, plus a further sum fixed according to Community procedure;

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

Whereas the Grand-Duchy of Luxemburg waives the right granted to it under the Protocol signed in Rome on 25 March 1957 to maintain quantitative restrictions on imports of poultry meat;

Whereas, in order to facilitate the implementation of the provisions envisaged, arrangements should be made for establishing close co-operation between member States and the Commission within a Management Committee;

Whereas it is necessary to have the common marketing organization in the poultry sector fully established by the end of the transitional period, HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

1. With a view to ensuring the progressive development of the Common Market and the common agricultural policy, there shall be established gradually in the poultry meat sector a common marketing organization comprising a system of levies applicable to trade between member States and also between member States and third countries, in respect of the following products:
<table>
<thead>
<tr>
<th>Common tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.05</td>
<td>Live poultry</td>
</tr>
<tr>
<td>02.02</td>
<td>Dead poultry and edible offals thereof (except liver), fresh, chilled or frozen</td>
</tr>
<tr>
<td>02.03</td>
<td>Poultry liver, fresh, chilled, frozen, salted or in brine</td>
</tr>
<tr>
<td>15.01 B</td>
<td>Rendered poultry fat</td>
</tr>
<tr>
<td>ex 02.05</td>
<td>Unrendered poultry fat, fresh, chilled, frozen, salted or in brine, dried or smoked</td>
</tr>
<tr>
<td>ex 16.02 B I</td>
<td>Other prepared or preserved poultry meat or poultry offals</td>
</tr>
</tbody>
</table>

2. However, in the case of items 02.03 and ex 16.02 B I, it will be advisable not to exceed the incidence of the customs duty resulting from acceptance of the offer to consolidate the duties on these products under GATT.

Article 2

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Article 3. This amount shall be reduced in accordance with the provisions of Article 9.

2. The amount of the levies with respect to third countries shall be fixed in accordance with the provisions of Article 4. It shall be modified under the provisions of Article 4, paragraph 1(a), last sentence, and (c), last sentence, and the provisions of Article 9(b).

Article 3

1. In the case of dead poultry, the amount of the intra-Community levy shall, for each member State, be made up of:

   (a) a factor corresponding for a comparable quality to the incidence on feeding costs of the difference between the prices of feedgrains in the importing member State and in the exporting member State; this amount shall be calculated in accordance with the provisions of paragraph 3;
(b) a fixed factor equal to the incidence of the customs duty in force vis-à-vis the other member States during the year 1962 on the average of the franco-frontier prices for dead poultry as recorded during the year 1961; should, however, the above-mentioned customs duty be less than 6 per cent, the said factor may be increased up to 6 per cent of the average of the above-mentioned prices.

2. Where, at the time of the entry into force of the present Regulation, quantitative restrictions or measures with equivalent effect are applied in one member State to national production a level of protection higher than that which could be achieved by means of customs duties or charges with equivalent effect, the provisions of paragraph 1(b) may be waived. In such case, the amount of the intra-Community levy on dead poultry shall, for that member State, be equal to the sum:

(a) of the amount referred to in paragraph 1(a);

(b) of a fixed amount so computed that the sum resulting from the addition of the said amount to that indicated under (a) does not exceed the difference between the average market prices in the importing member State and in the exporting member State for the years 1960 and 1961.

In computing the said average market prices, such adjustments shall be made as may be necessary on account of the incidence on prices, during the reference period, of factors independent of the production and marketing of poultry meat which may have seriously distorted the comparisons of prices recorded in the two base years.
The amount resulting from the application of the two sub-paragraphs above shall be modified so as to take account of the transport costs and internal taxes borne by the products in question and refunds of such charges granted on these products on exportation.

3. The ultimate determination of the levy at an amount lower than that resulting from application of paragraph 1 or 2 shall be governed by Article 5, paragraphs 1 and 2.

4. The factor referred to in paragraph 1(a) shall be calculated on the basis of:

(a) the quantity of feedgrains needed to produce 1 kilogramme of dead poultry, according to species, such quantity to be the same for all member States;

(b) the composition of the quantity referred to in (a) which shall be representative for each member State; at the latest, before the end of the transitional period, a uniform composition for this quantity shall be fixed for the Community;

(c) the wholesale selling prices of feedgrains in each member State.

5. In the case of the products referred to in Article 1, paragraph 1, other than dead poultry, the amount of the intra-Community levy for each member State shall be equal to the amount of the levy on dead poultry, adjusted so as to take account of the weight ratio existing between these various products and dead poultry and, where appropriate, of the average ratio existing between their market value.

6. In the cases covered by paragraph 1 the amounts of the levies referred to in the present Article shall be determined by the procedure set forth in Article 17. However, the quantity referred to in paragraph 4(a) shall be determined by the Council by a unanimous vote taken on a proposal of the Commission.

In the case covered by paragraph 2, the amounts of the levies referred to in the present Article shall be fixed by the Council by a unanimous vote taken on a proposal of the Commission.
Article 4

1. In the case of dead poultry, the amount of the levy vis-à-vis third countries shall, for each member State, be made up of:

(a) a factor corresponding to the incidence on feeding costs of the difference between the price in the importing member State of each feedgrain entering into the composition of the product, as referred to in Article 3, paragraph 4(b) and the price recorded on the world market for the same feedgrain. In computing this factor account shall be taken of the provisions of Article 3, paragraph 4(a) and (b). This factor shall be fixed in advance for a period of three months, account being taken of the trend in prices of feedgrains in the member States and on the world market during the six months preceding the three-months' period for which the said factor is fixed;

(b) a factor equal to that fixed vis-à-vis member States in accordance with Article 3, paragraph 1(b); however, where Article 3, paragraph 2, applies, this amount shall be equal to the fixed amount determined in pursuance of that paragraph for the member State with the lowest price for dead poultry;

(c) a factor equal, for the first year of application of the levy system, to 2 per cent of the average offering price for imports into the Community from third countries during the preceding year. Should the average offering price be lower than the cut-off price fixed under Article 6 for the first quarter of the operation of the levy system, the said cut-off price shall be taken as a basis. For subsequent years the percentage shall be raised annually to 3, 4, 5, 5\frac{1}{2}, 6, 6\frac{1}{2} and 7 and computed on the basis of the average cut-off price for the preceding year.

2. In the case of the products referred to in Article 1, paragraph 1, other than dead poultry, the amount of the levies vis-à-vis third countries shall be fixed for each member State on the basis of the amount obtained by applying paragraph 1, in accordance with the provisions of Article 3, paragraph 5.

3. The amount of the levies referred to in the present Article shall be fixed according to the procedure laid down in Article 17.

Article 5

1. The Commission may authorize a member State which so requests to reduce the amount of the levies resulting from the application of Articles 3 and 4. In such case the amount levied by that State vis-à-vis third countries shall be at least equal to the amount of the levies applied to third countries by the member State having the lowest levy.
2. When a member State invokes the provisions of paragraph 1, the amount of the reduction made in the levies should be identical for all the member States.

At the same time the Commission shall authorize the other member States to fix, vis-à-vis the aforementioned member State, levies to offset this reduction.

In no case may the reduction in the levy vis-à-vis the third country exceed that applied to member States.

Article 6

1. In order to avoid disruption due to offers from third countries made at abnormal prices, the Council shall, by a unanimous vote during the second stage and thereafter by a qualified majority vote taken on a proposal of the Commission, fix a uniform cut-off price for the Community for dead poultry, according to species, having regard to the prices of feedgrains on the world market and to a representative processing coefficient for exporting third countries.

   In the case of the products referred to in Article 1, paragraph 1, other than dead poultry, cut-off prices shall be determined taking account of the cut-off price for dead poultry and using the method set forth in Article 3, paragraph 5, for fixing the levies on such products.

2. Cut-off prices shall be fixed in advance for a period of three months, taking into account the trend of feedgrain prices on the world market during the six months preceding the quarter in which the cut-off price is fixed.

3. Should the offering prices for imports franco-frontier fall below the cut-off price, the amount of the levies as determined under the provisions of Article 4 and reduced, where appropriate, in accordance with the provisions of Article 5, shall be increased in each member State by an amount equal to the difference between the offering price franco-frontier and the cut-off price.

   The levy shall not, however, be increased by this additional amount vis-à-vis third countries which are willing and able to guarantee that the price applied to imports from their territory will not be lower than the cut-off price and that there will be no diversion of trade.
4. The procedure laid down in Article 17 shall be used to determine:

- the cut-off prices for the products referred to in Article 1, paragraph 1, other than dead poultry;

- the necessary adjustments to cut-off prices made in accordance with paragraph 2;

- the methods of fixing the additional amounts referred to in paragraph 3. However, such additional amounts shall be fixed and levied by the importing member State. The member State adopting this measure must immediately notify the other member States and the Commission thereof. The measures to be taken jointly by the member States shall be determined in accordance with the procedure laid down in Article 17.

Article 7

1. The member State which, in accordance with the provisions of the present Regulation, applies levies to another member State may, when exporting to such member State, refund:

   (a) either an amount corresponding to the incidence on the feeding costs of the products referred to in Article 1, paragraph 1, of the difference between the prices of feedgrains in the importing member State and those in the exporting member State;

   (b) or an amount equal to the sum of the first two factors of the levy vis-à-vis third countries, as determined under Article 4, paragraph 1(a) and (b) for dead poultry and for the products referred to in Article 1, paragraph 1, other than dead poultry, taking into account the rules set forth in Article 4, paragraph 2. In such case the importing member State shall be entitled to charge a levy equal to that applied by such member State to imports from third countries, reduced by the third factor provided for in Article 4, paragraph 1(c).

2. These refunds shall not exceed the amount of the levy which would result from eventually applying Article 5.

   The supplementary levies which may be established under Article 6, paragraph 3, shall not be taken into account in computing the refunds and levies established under paragraph 1.

3. The amount of such refunds shall be notified to the other member States and to the Commission.
Article 8

1. When exporting one of the products referred to in Article 1 to a third country, a member State may refund:

   (a) an amount corresponding to the incidence on feeding costs of the difference in feedgrain prices as between the exporting member State and the world market;

   (b) an additional amount fixed:

      - during the first three years of the operation of the levy system, by taking into account price trends in the exporting member State and on the world market; this amount shall be determined by the procedure laid down in Article 17;

      - from the fourth year onwards, taking account of price trends in the Community and on the world market; this amount may not exceed a maximum determined according to the procedure set forth in Article 17.

2. The amount of such refunds shall be notified to the other member States and to the Commission.

Article 9

From 1 July 1963 onwards the levies determined in accordance with Article 3 shall be reduced annually as follows:

   (a) the part of the levy resulting from the incidence on feeding costs of the difference between the prices of feedgrains shall be reduced in proportion as cereal prices are harmonized;

   (b) the other part of the levy shall be reduced in seven and a half years at the rate of two fifteenths per year.

Article 10

On a proposal of the Commission, the Council may by a unanimous vote taken during the second stage and by a qualified majority vote, thereafter exclude certain products from the list referred to in Article 1, paragraph 1, or in the case of such products, adopt measures by way of exception to this Regulation so as to make allowance for the special circumstances which might affect those products.
Article 11

1. In trade between member States, both imports and exports, it shall be deemed incompatible with the operation of the intra-Community levy system:

   - to levy any customs duty or charge with equivalent effect;
   - to apply any quantitative restriction or measure with equivalent effect;
   - to invoke Article 44 of the Treaty.

2. The operation of the intra-Community levy system shall render Article 45 of the Treaty inoperative and likewise any long-term agreements or contracts concluded in pursuance of the said Article which are in force when this system is introduced.

3. It shall be deemed incompatible with the operation of the intra-Community levy system for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from products referred to in the said Article which have not paid the levies applicable in the exporting member State, or on which a total or partial refund of such levies has been granted.

Article 12

1. If, as a result of applying the measures regarding the gradual establishment of a common organization of the poultry meat market, such market should in one or more member States suffer, or be in danger of suffering, because of imports, serious disruption likely to jeopardize the objectives defined in Article 39 of the Treaty, the member State or States concerned may during the transitional period, take the necessary safeguarding measures concerning importation of the products in question.

2. The member State or States concerned shall be bound to notify such measures to the other member States and to the Commission not later than the date of their entry into force.

   The member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. The member State or States concerned must be prepared to start negotiations immediately to try to make provisional arrangements to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and to the Commission.
On the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection as between member States, the Commission shall after consulting the member States in the Management Committee set up under Article 16, decide, by an emergency procedure and within at most four working days from the notification referred to in the first sub-paragraph, whether the measures are to be maintained, modified or eliminated. The Commission may likewise decide on the measures to be applied by other member States.

The decision of the Commission shall be notified to all member States. It shall be immediately enforceable.

3. Any member State may refer the Commission's decision to the Council, within at most three working days from its notification. The Council shall meet forthwith and may, on the basis of the provisions of paragraph 1, and bearing in mind the need not to increase protection as between member States, amend or annul by a qualified majority vote, the decision adopted by the Commission.

4. Any safeguarding measure affecting trade between member States shall be applied, at the latest, simultaneously to relations with third countries, due regard being had to the principle of Community preference.

Article 13

As soon as the levy system is introduced and subject to the provisions of Article 7, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products referred to in Article 1, paragraph 1.

Article 14

Member States shall take all measures to adapt their legislation, regulations and administrative rules so that the provisions of this Regulation, except as otherwise provided herein, may be effectively implemented as from 1 July 1962.

Article 15

1. The application of the levy system vis-à-vis third countries shall entail the abolition of all customs duties or charges having equivalent effect on imports from third countries.

2. The application of the levy system vis-à-vis third countries shall entail the abolition of any quantitative restrictions or measures having equivalent effect on imports from third countries, except where the Council, by a qualified majority vote taken on a proposal of the Commission, decides otherwise.
Article 16

1. A Management Committee for poultry meat and eggs, hereinafter referred to as the "Committee", shall be set up, composed of representatives of the member States and with a representative of the Commission as chairman.

2. Within the Committee the votes of the member States shall be weighted as laid down in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 17

1. Where the provisions of this Regulation expressly provide for applying the procedure defined in this Article, the matter shall be brought before the Committee by its chairman, either on his initiative or at the request of the representative of a member State.

2. The Commission's representative shall submit a draft of the measures to be taken. The Committee shall give its opinion on these measures within a time-limit which the chairman may fix depending on the urgency of the questions submitted for consideration. It shall give its ruling by a majority of twelve votes.

3. The Commission shall decide on measures which can be applied immediately. If, however, they are not in conformity with the Committee's opinion, these measures shall at once be notified by the Commission to the Council. In such case the Commission may defer application of the measures it has decided on for a period not exceeding one month from the date of such notification.

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

Article 18

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

Article 19

At the end of the transitional period the Council shall, by a qualified majority vote taken on a proposal of the Commission decide, in the light of the experience gained, to maintain or amend the provisions of Article 17.
Article 20

The present Regulation shall come into force on the day following its publication in the Journal officiel des Communautés européennes.

The levy system instituted by this Regulation shall, however, become operative on 1 July 1962.

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

By the Council

Brussels, 4 April 1962.

The President
Mr. Couve de Murville
REGULATION NO. 23
Providing for the Progressive Establishment of a Common Organization of Markets in the Fruit and Vegetables Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community and, in particular, Articles 42 and 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the institution of a common agricultural policy and whereas such policy should include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas the production of fruit and vegetables constitutes an important element in agricultural income and whereas the objective should therefore be to achieve a balance between supply and demand, at a price level equitable for producers, taking into account trade with third countries, while also encouraging specialization within the Community;

Whereas, in the context of the objectives to be achieved, one of the measures to be taken for the gradual introduction of a common organization of markets is the fixing of common quality standards to be progressively applied to fruit and vegetables entering into intra-Community trade and to the same products marketed inside the producing member State;

Whereas the application of these standards should result in eliminating from the market products of unsatisfactory quality, in guiding production so as to meet consumer requirements, and in promoting trade relations on the basis of fair competition, thus helping to make production more remunerative;

Whereas the system to be introduced should enable the preference resulting from implementation of the Treaty to be maintained in favour of member States; and whereas, in order to ensure price stability on the markets of the Community, the quality standards should apply to products from third countries, and whereas, further, there should be power to take safeguarding measures in respect of goods imported at abnormal prices from those same countries;

Whereas it is desirable to draw up Community rules for the operation of the market and for commercial transactions;
Whereas the establishment of a common marketing organization calls for a review to be made of the systems of aids existing in member States in order to eliminate any aids which might distort the terms of competition and affect trade between member States, and whereas to this end Articles 92, 93 and 94 of the Treaty should be made applicable to the fruit and vegetables sector;

Whereas the implementation of the above-mentioned measures for market organization should be accompanied by the elimination of obstacles to trade; whereas it is desirable that quantitative restrictions or measures with equivalent effect should be eliminated and renunciation of the application of Article 44 of the Treaty should proceed according to a time-table to be laid down for products graded in accordance with the common quality standards;

Whereas, in order to facilitate implementation of the provisions envisaged, arrangements should be made to inaugurate close co-operation between member States and the Commission within a Management Committee;

Whereas it is necessary to have the common marketing organization in the fruit and vegetables sector fully established by the end of the transitional period,

HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

With a view to ensuring the progressive development of the Common Market and of the common agricultural policy, there shall be established gradually a common marketing organization in the fruit and vegetables sector.

Article 2

1. Common quality, sizing and packaging standards, hereinafter referred to as "quality standards", shall be laid down for each product or group of products.

2. Products to which the quality standards apply shall be admitted to trade between member States only if they comply with the said standards. They shall be accepted for importation from third countries only if they comply with the said quality standards or at least equivalent standards. The Commission shall take the necessary steps to give effect to this paragraph.

3. The quality standards shall apply as from 1 July 1962 to the products listed in Annexes I A and I B. The standards for the products listed in Annex I A are set forth in Annex II. The standards for the products listed in Annex I B shall be fixed by 30 June 1962 at the latest, in accordance with the procedure laid down in Article 13.
Article 3

1. The quality standards shall be applied progressively to fruit and vegetables sold on the domestic market of the producing member State.

The Council shall, on a proposal of the Commission, voted on according to the procedure laid down in Article 43 of the Treaty, determine not later than 31 December 1962 the conditions, procedures and timing of the said application. Quality standards for these products shall be applied in full not later than 1 January 1968.

However, the quality standards for the products listed in Annex I A shall be applied not later than 1 July 1965.

2. The Council shall, on a proposal of the Commission voted on according to the procedure laid down in Article 43 of the Treaty adopt not later than 30 June 1964 Community rules on the operation of markets and commercial transactions.

Article 4

1. The Council, shall, by a qualified majority vote taken on a proposal of the Commission, decide on the products to be added to the list in Annex I, fix quality standards for such products and the dates for their entry into force and adjust as necessary the time-table laid down in Article 9, paragraph 2.

2. The Council shall, in accordance with the procedure specified in paragraph 1, fix quality standards for products intended for industrial processing, and set dates for their entry into force.

3. Adjustments to be made to quality standards shall be decided on depending on advances made in marketing technique and according to the procedure laid down in Article 13.

Article 5

1. The exporting member State shall inspect the quality of products intended for export to another member State before they cross its national frontier.

The body responsible to the exporting member State for carrying out the inspection shall issue for each consignment a certificate indicating the quality class and certifying that the quality and grading of the products meet the quality standards at the time of inspection. The certificate shall accompany the goods to the place of destination.

2. The importing member State may verify through the competent inspecting authority, whether the grading of the product coming from another member State is in conformity with the entries concerning the quality class made in the certificate issued by the inspecting authority of the exporting member State.
Article 6

The methods to be followed in implementing Article 5 shall be decided on not later than 30 June 1962 in accordance with the procedure laid down in Article 13. Such methods must take account of the need to ensure co-ordination between the inspecting authorities, and for the uniform interpretation and application of the quality standards.

Article 7

The provisions of Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products covered by item 07.01 excluding sub-item 07.01A and items 08.02 to 08.09 inclusive of the Common Customs Tariff.

Article 8

1. Customs duties on imports in force as between member States on products coming under item 07.01, excluding sub-item 07.01A, and items 08.02 to 08.09 inclusive of the Common Customs Tariff shall be gradually reduced until they are completely abolished on 1 January 1970.

2. The Common Customs Tariff duties for these same products shall be applied in full as from 1 January 1970, without prejudice to the provisions of Article 23, paragraph 1(a) of the Treaty.

Article 9

1. Quantitative restrictions on imports and measures with equivalent effect shall, in the case of trade between member States in products graded in accordance with the provisions of this Regulation, be abolished in accordance with the time-table set forth in paragraph 2.

2. The measures referred to in paragraph 1 shall be abolished:

   (a) for products in the "Extra" quality class not later than 30 June 1962;

   (b) for products in quality class "I" not later than 31 December 1963;

   (c) for products in quality class "II" not later than 31 December 1965.

Member States shall cease to claim the benefit of the provisions of Article 44 of the Treaty for the same quality classes and on the same dates.
Article 10

1. If, as a result of applying the measures regarding the gradual establishment of the common organization of the fruit and vegetables market, such market should, in one or more member States suffer, or be in danger of suffering, because of imports of products liberalized within the meaning of Article 9, serious disruption likely to jeopardize the objectives defined in Article 39 of the Treaty, the member State or States concerned may, during the transitional period, take the necessary safeguarding measures concerning importation of the products referred to in Article 9, paragraph 2(b) and (c) as from the date when, in pursuance of the last sentence of the said paragraph, Article 44 no longer applies to such products.

These measures may not be taken in regard to a quality class unless measures at least equivalent have been introduced for the lower classes of the same graded product.

The level of protection which would result from application of these measures must be lower than or at most equal to the level of protection existing on the entry into force of this Regulation.

2. The member State or States concerned shall be bound to notify such measures to the other member States and to the Commission not later than the date of their entry into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods in transit are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. The member State or States concerned must be prepared to start negotiations immediately to try to make provisional arrangements to obviate excessive or avoidable losses to exporters. Such arrangements shall be notified without delay to the other member States and the Commission.

On the basis of the provisions of paragraph 1, the Commission shall, after consulting the member States in the Management Committee set up under Article 12 decide, by an emergency procedure and within at most four working days from the notification referred to in the first sub-paragraph, whether the measures are to be maintained, modified or eliminated. The Commission may likewise decide on the measures to be applied by the other member States.

The decision of the Commission shall be notified to all member States. It shall be immediately enforceable.

3. Any member State may refer the Commission's decision to the Council within at most three working days from the date of its notification. The Council shall meet forthwith. It may, on the basis of the provisions of paragraph 1, by a qualified majority vote, modify or annul the decision taken by the Commission.

4. Safeguarding measures taken in accordance with the provisions of paragraphs 1 to 3 shall not apply to imports of products referred to in Article 9, paragraph 2(a). Member States may, however, request the Commission to authorize the application of such safeguards to these products.
On the request of the State concerned, the Commission shall, by an emergency procedure and having regard to the measures already applied, decide what safeguards it considers necessary, and shall define the conditions and methods governing their application.

5. Any safeguarding measure affecting exchanges between member States must be applied beforehand to relations with third countries, due regard being paid to the principle of Community preference.

Article 11

1. The Council shall, by a qualified majority vote taken on a proposal of the Commission, decide as to the co-ordination and standardization of the import systems applied by each member State vis-à-vis third countries, having regard to the development of the common organization of the market.

2. Should, however, serious disruption be caused or threatened to the markets of the Community, as a result of imports made from third countries at prices below a reference price, member States may suspend such imports or subject them to a countervailing charge levied upon entry equal in amount for all the member States.

The reference price shall be computed on the basis of the average of the prices recorded during a certain period on the production markets where the prices are the lowest in the Community for products of Community origin and for a specified quality standard.

The amount of this countervailing charge, which may be fixed on a flat-rate basis, shall be equal to the difference between the reference price and the price at entry of an imported product, exclusive of customs duties.

Decisions regarding the suspension of imports and the fixing of the amount of the countervailing charge shall be taken in accordance with the procedure laid down in Article 13, the matter being discussed by the Management Committee as its urgency requires.

The methods to be followed in implementing this paragraph shall be decided on not later than 30 June 1962 in accordance with the procedure laid down in Article 13.

Article 12

1. A Management Committee for fruit and vegetables, hereinafter referred to as the "Committee", shall be set up, composed of representatives of the member States and with a representative of the Commission as chairman.
2. Within the Committee the votes of the member States shall be weighted as laid down in Article 148, paragraph 2, of the Treaty. The Chairman shall not vote.

Article 13

1. Where the provisions of this Regulation expressly provide for applying the procedure defined in this Article, the matter shall be brought before the Committee by its chairman, either on his initiative or at the request of the representative of a member State.

2. The Commission's representative shall submit a draft of the measures to be taken. The Committee shall give its opinion on these measures within a time-limit which the chairman may fix depending on the urgency of the questions submitted for consideration. The Committee shall adopt its decisions by a majority of twelve votes.

3. The Commission shall decide on measures which can be applied immediately. If, however, they are not in conformity with the Committee's opinion, these measures shall at once be notified by the Commission to the Council. In such case the Commission may defer application of the measures it has decided on, for a period not exceeding one month from the date of such notification.

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

Article 14

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

Article 15

At the end of the transitional period the Council shall, by a qualified majority vote taken on a proposal of the Commission, decide, in the light of the experience gained, to maintain or modify the provisions of Article 13.

Article 16

The member States shall take any action needed to adapt their legislation, regulations and administrative rules so that the provisions of the present Regulation may be effectively implemented as from 1 July 1962.

Article 17

The present regulation shall come into force on the date following its publication in the Journal officiel des communautés européennes.

The present Regulation shall be binding in all its parts and shall be directly enforceable in all member States.
PRODUCTS INTENDED TO BE EATEN FRESH

ANNEX I A

<table>
<thead>
<tr>
<th>Common customs tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>07.01 B I</td>
<td>Cauliflowers</td>
</tr>
<tr>
<td>ex 07.01 D</td>
<td>Endives, lettuce and various salad vegetables</td>
</tr>
<tr>
<td>ex 07.01 H</td>
<td>Onions</td>
</tr>
<tr>
<td>07.01 M</td>
<td>Tomatoes</td>
</tr>
<tr>
<td>08.06 A II</td>
<td>Apples, other than cider apples</td>
</tr>
<tr>
<td>ex 08.06 B</td>
<td>Pears</td>
</tr>
<tr>
<td>08.07 A</td>
<td>Apricots</td>
</tr>
<tr>
<td>ex 08.07 B</td>
<td>Peaches</td>
</tr>
<tr>
<td>08.07 D</td>
<td>Plums</td>
</tr>
</tbody>
</table>

ANNEX I B

<table>
<thead>
<tr>
<th>Common customs tariff item No.</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>07.01 C</td>
<td>Spinach</td>
</tr>
<tr>
<td>ex 07.01 D II</td>
<td>Chicory (witloof)</td>
</tr>
<tr>
<td>07.01 F I</td>
<td>Peas</td>
</tr>
<tr>
<td>07.01 F II</td>
<td>Beans</td>
</tr>
<tr>
<td>ex 07.01 G II</td>
<td>Carrots</td>
</tr>
<tr>
<td>07.01 L</td>
<td>Artichokes</td>
</tr>
<tr>
<td>ex 08.02 A</td>
<td>Sweet oranges</td>
</tr>
<tr>
<td>08.02 B</td>
<td>Tangerines, mandarins</td>
</tr>
<tr>
<td>08.02 C</td>
<td>Lemons</td>
</tr>
<tr>
<td>08.04 A</td>
<td>Dessert grapes</td>
</tr>
<tr>
<td>08.07 C</td>
<td>Cherries</td>
</tr>
<tr>
<td>08.08 A</td>
<td>Strawberries</td>
</tr>
</tbody>
</table>

Brussels, 4 April 1962. By the Council
The President
Mr. Couve de Murville.
RESOLUTION NO. 24

Providing for the Progressive Establishment of a Common Organization of Markets in the Viticultural Sector

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

Having regard to the provisions of the Treaty establishing the European Economic Community and, in particular, Article 43 thereof,

Having regard to the proposal of the Commission,

Having regard to the opinion of the European Parliamentary Assembly,

Whereas the operation and development of the Common Market for agricultural products should be accompanied by the establishment of a common agricultural policy and whereas such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

Whereas the viticultural policies practised at national level by the various member States differ appreciably from one another and whereas, whatever policy is followed, permanent surpluses give rise to serious difficulties in the viticultural economy of certain producing countries;

Whereas viticultural production constitutes an important element in agricultural income and whereas the common organization should aim at stabilizing markets and prices by adjusting supply to demand, such adjustment being based, more particularly, on a policy of encouraging quality;

Whereas, it is essential, in order to take the measures required for this adjustment, to know the production capacity and to estimate annually the quantity of musts and wines available;

Whereas the completion of a viticultural land register, the introduction of a system of harvest and stock reports, and the compilation of an annual forecast should make it possible to obtain the statistical data essential for a knowledge of the market;

Whereas the procedures for implementing these measures should be determined in such a way as to yield information comparable at Community level, while allowing for the special situation of each member State;

Whereas it accords with the policy of encouraging quality that the factors which should characterize a quality wine produced in specific districts be precisely defined;
Whereas, in order to facilitate the implementation of the provisions envisaged, arrangements should be made for establishing close co-operation between member States and the Commission within a Management Committee:

HAS DRAWN UP THE FOLLOWING REGULATION:

Article 1

Member States shall, not later than 30 June 1963, establish a viticultural land register which shall thereafter be kept up to date.

This register, based on the general census of vineyards, shall include the following minimum information:

(a) total area under vines;
(b) area under vines according to type of production;
(c) method of exploitation;
(d) classification of vineyards according to size;
(e) classification of areas under vines according to age of the vine stocks;
(f) classification of vine stocks according to year of planting.

Article 2

1. Each year, starting in 1962:

(a) producers of must and wine shall declare the amount of their yield during the year;

(b) producers of must and wine and merchants other than retailers shall declare their stocks of must and wine, whether from the current year's or previous years' harvests. Must and wine imported from third countries shall be shown separately.

2. So far as the development of the common viticultural policy does not require declarations of stocks to be made before the harvest on a date to be fixed under the procedure laid down in Article 7, the harvest and stock declarations shall be made simultaneously not later than 31 December in each member State.
3. This provision shall not preclude the maintenance in certain member States of two different dates, one for stock declarations and the other for harvest declarations, provided that the information collected is brought up to date and can still be utilized at Community level.

Article 3

At the beginning of each year the Commission shall draw up an advance estimate in order to determine the resources and estimate the needs of the Community, including prospective imports from and exports to third countries.

Article 4

1. The Council shall, not later than 31 December 1962, as laid down in Article 43, paragraph 2 of the Treaty, adopt a Community Regulation for quality wines produced in specific regions.

2. This Community Regulation, which must take into account traditional production conditions so far as these are not likely to prejudice the policy of encouraging quality and realization of the single market, shall be based on the following factors:

   a) demarcation of the area of production;
   b) selection of vine stocks;
   c) methods of cultivation;
   d) methods of making wine;
   e) minimum natural alcohol content;
   f) yield per hectare;
   g) analysis and appraisal of sensory properties.

3. In addition to the above-mentioned factors, and taking into account fair and traditional customs, member States may define such other production conditions and additional characteristics as shall be obligatory for quality wines produced in specific areas.

Article 5

The methods of giving effect to Articles 1, 2 and 3 shall be laid down in accordance with the procedure specified in Article 7 within six months from the entry into force of this Regulation.
Article 6

1. A Management Committee for wine, hereinafter referred to as the "Committee" shall be set up composed of representatives of the member States and with a representative of the Commission as chairman.

2. Within the Committee the votes of member States shall be weighted as provided for in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 7

1. Where the present Regulation expressly provides for applying the procedure defined in this Article, the matter shall be brought before the Committee by the chairman, either on his initiative or at the request of the representative of a member State.

2. The Commission's representative shall submit a draft of the measures to be taken. The Committee shall give its opinion on these measures within a time-limit which the chairman may fix depending on the urgency of the questions submitted for consideration. The Committee shall adopt its decisions by a majority of twelve votes.

3. The Commission shall decide on measures which can be applied immediately. If, however, they are not in conformity with the Committee's opinion, these measures shall be notified forthwith by the Commission to the Council. In such case the Commission may defer application of the measures it has decided on for a period not exceeding one month from the date of such notification.

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

Article 8

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

Article 9

At the end of the transitional period the Council shall by a qualified majority vote taken on a proposal of the Commission, decide, in the light of the experience gained, to maintain or modify the provisions of Article 7.

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

By the Council

Brussels, 4 April 1962.

The President,
Mr. Couve de Murville