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 progressive establishment of a common organization of markets in the cereals sector;

"2. Regulation 20 providing for the progressive establishment of a common organization of markets in the pig meat sector;

"3. Regulation 21 providing for the progressive establishment of a common organization of markets in the egg sector;

"4. Regulation 22 providing 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 a revised version of the English translation distributed as document L/1771/Rev.1. 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 Organization of Markets 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,

considering that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

considering that 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;

considering that trade in agricultural products between member States is hindered by various obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period, failing harmonizing action on the part of the Community institutions, would be governed by different procedures and different timing; whilst a uniform frontier measure makes it possible, in the field of intra-Community trade, for progressive derestriction to take place in a parallel manner in all member States, at a pace suited to the gradual establishment of the common agricultural policy;

considering that such a uniform frontier measure being substituted for all the various national measures must, on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period and, on the other hand, make it possible progressively to achieve a single market by enabling free movement of goods to develop within the Community;

considering that such results 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 any disruption of the market of a country where prices are higher as a result of imports from a country where prices are lower;
considering that the substitution of intra-Community levies for other measures, which under the Treaty are to be removed during the transitional period, would conflict with the principle of the progressive establishment of the common market unless provision were made at the same time for their progressive reduction;

considering that, as regards cereals, the progressive reduction of levies is dependent on the approximation of prices of these products; that on the other hand, as regards products processed from cereals, the levy should be divided into two factors, one equal to the incidence of the difference between the prices of the processed cereals, and the other representing protection for the processing industry, and that provision should be made for the progressive and automatic reduction of the latter factor;

considering that the introduction of new protective measures at the internal frontiers of the Community which provide guarantees to producers in member States is justified in the context of the principles set forth in the Treaty only if they replace all other protective measures currently available to member States;

considering that the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; that this requirement can be met by the establishment of levies on imports from third countries corresponding to the difference between the prices prevailing on the world market and in the importing member States respectively, in replacement of any other protective measure applied at the frontier, and by the reduction of the intra-Community levy by a fixed amount so determined as to permit the gradual development of trade within the Community;

considering that, in conformity with the aims of Article 45 of the Treaty the levy system enables intra-Community trade to be developed, while at the same time affording guarantees to producers in member States, thus rendering that Article inapplicable;

considering that the operation of the levy system requires that the provisions of the Treaty which permit aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of such system; that in the case of exports from a member State where the price is higher to another member State where the price is lower, the practice of bringing the export price into line with the world market price may be maintained, subject to certain special provisions;

considering that the practice in processing traffic whereby trade between member States in processed products incorporating imported primary products is conducted on the basis of world prices so far as such primary products are concerned is incompatible with the application of the levy system;
considering that in order to give Community producers an assurance that the necessary guarantees regarding employment and standard of living will be maintained, indicative 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;

considering that in order to establish a single market, it is necessary that these national indicative prices be progressively approximated to a common indicative price, and hence that the gap between the highest national indicative price and the lowest national indicative price should not be widened;

considering that in order to afford producers the guarantee that the market price will at all times remain at a level as close as possible to the indicative price, there should be fixed for the above-mentioned cereals an intervention price related to the indicative price which will determine the action to be taken by the competent agencies of the member States;

considering that the link between the levy system and this price system can be appropriately ensured by fixing the threshold price of the Importing member State, and that the intra-Community levies and those applying to third countries will in fact be based on this price in such a way that the sales price of imported cereals and flour will make it possible to attain the indicative price fixed for the above-mentioned cereals;

considering that 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;

considering that it is necessary to have the common organization of markets 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, there shall be established gradually in the cereals sector 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>(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. As regards 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-frontier to the importing member State, determined in accordance with the provisions of Article 3, and the threshold price of the importing member State, fixed in accordance with the provisions of Article 4 or of Article 8, such difference being reduced by a fixed amount established in accordance with the provisions of Article 9.

2. The intra-Community levies calculated in accordance with the provisions of paragraph 1 shall be reduced progressively, commensurate with the approximation of cereal prices as laid down by the Council in accordance with the provisions of Article 6.

Article 3

The price of the product from the exporting member State, delivered franco-frontier to 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 standard quality for which the threshold price is fixed. The Commission shall fix the franco-frontier price according to the criteria laid down in accordance with the procedure set forth in Article 26.

Article 4

With respect to soft wheat and barley, as well as maize and rye in member States producing a substantial amount of these cereals, the threshold price shall be fixed annually by member States for an identical standard quality so that in the marketing centre of the area with the largest shortfall the selling price of the imported product shall correspond, account being taken of the fixed amount referred to in Article 2, paragraph 1 and of the coefficients of equivalence referred to in Article 12, to the basic indicative price level referred to in Article 5.

Each member State shall notify the other member States and the Commission of the threshold price before 1 March of each year for the next marketing season. In the event that the threshold price has not been fixed in accordance with the conditions set forth above, it shall be revised in accordance with the procedure set forth in Article 26.

Article 5

1. Each year member States shall fix for each of the products referred to in Article 4 a basic indicative price at the wholesale purchasing stage applicable to a specific standard quality in the marketing centre of the area with the largest shortfall, account being taken of the price to be secured at the production stage, in the context of the Council's decisions in regard to determination of prices. This price shall be fixed before the winter sowings and shall take effect at the beginning of the marketing season. It shall be notified to the other member States and 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 largest shortfall and that in the marketing centre of the area with the largest surplus exceed 5 per cent, member States shall, starting from the basic indicative price referred to in paragraph 1, fix derived indicative prices in the marketing centres of regional importance, commensurate with the price differences due to the natural conditions of price formation.

3. Member States shall establish for a period of not less than five months and not more than ten months of the marketing season a monthly scale of indicative prices, taking account of storage and interest costs. The Council acting unanimously during the second stage and thereafter by qualified majority vote on a proposal of the Commission shall lay down the necessary directives for the progressive harmonization of the measures taken for this purpose by member States.
Article 6

1. In the case of the standard qualities of wheat, barley and rye currently in force in each member State, the Council acting unanimously on a proposal of the Commission shall fix before 1 April 1962, for the marketing season beginning on 1 July 1962, upper and lower indicative price-limits to be applied in the marketing centres of the areas of member States with the largest shortfall and surplus respectively. In the case of maize only a lower limit shall be fixed. These limits shall apply in all 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 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 largest shortfall of the member State which currently imports the largest 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 for wheat, barley and rye at a level at least 5 per cent higher than the wholesale price level corresponding to the minimum price guaranteed to the producer applied at the beginning of the 1961/1962 marketing season in the area with the largest surplus of the member State currently exporting the largest 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 price corresponding to the average price received by producers during the 1960/1961 and 1961/1962 marketing seasons in the area with the largest surplus of the member State having the highest production at the time.

4. During the transitional period, the gaps between the indicative prices fixed by member States under this regulation shall be reduced gradually so that a common indicative price exists on the expiry of the transitional period.

The Council, acting unanimously during the second stage and thereafter by qualified majority vote, on a proposal of the Commission, shall decide:

- before 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 before 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 be guided, in particular, by the experience gained and by certain criteria.

The Council acting unanimously on a proposal of the Commission shall define these criteria before 1 September 1962. Without prejudice to the objectives of the common agricultural policy as laid down in Article 39 of the Treaty designed to ensure a fair standard of living for the agricultural community, these criteria shall take account of the desirability of encouraging specialization in keeping with the economic structures and natural internal conditions of the Community, and so ensure that the future Community indicative price will be based on agricultural undertakings which are rationally operated and economically viable in the Community and on equitable 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 indicative 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 indicative prices, after allowing for market fluctuations, member States shall, before the marketing season begins, fix intervention prices for the products for which indicative prices are fixed. These intervention prices shall be equal to the indicative 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 the area with the largest shortfall, intervention prices higher than those which would have had to be fixed taking account of the derived indicative prices. This increase in intervention prices must not, in the centre with the lowest derived indicative price, exceed 50 per cent of the difference between the indicative price and the intervention price, fixed in accordance with paragraph 1. In the intermediary centres the difference between indicative and intervention prices shall rise proportionately as the level of derived indicative prices approaches that applicable in the centre of the area with the largest shortfall.

From the beginning of the third stage onwards the Council shall make an annual review of the measures taken in pursuance of the provisions of the first sub-paragraph, so as to ensure that at the end of the transitional period member States fix derived intervention prices corresponding to the specified ratio between indicative prices and intervention prices in the centre of the area with the largest shortfall.
3. Throughout the marketing season, the intervention agencies of member States shall be obliged to purchase the domestic cereals offered to them at the prices fixed in accordance with paragraphs 1 and 2; in addition they may intervene throughout the marketing season, in particular by purchasing whenever the market situation so requires.

4. The intervention agencies of each member State may not sell inside that State a product purchased in accordance with the provisions of paragraph 3 under conditions which would prevent prices rising to the level of the indicative 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, as regards 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 set forth in Article 26.

Article 8

1. As regards 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 fixed amount referred to in Article 2, paragraph 1, the level of indicative prices fixed for the domestic cereals covered by Article 4 may be reached, namely:

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

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

The threshold price shall be fixed annually by member States for an identical standard quality and notified to the other member States and the Commission before 1 April for the next marketing season.

2. As regards the products referred to in Article 1(c), the Council acting by qualified majority vote on a proposal of the Commission shall define the criteria which will guide 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, as regards 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 the Commission before 1 March. It shall be revised in accordance with the procedure set forth in Article 26 whenever the criteria decided on by the Council have not been adhered to.
Article 9

1. The fixed amounts provided for in Article 2 shall be fixed in such a way that trade between member States develops gradually and steadily until the single market is established, having regard to availabilities on the markets of member States of cereals produced domestically or originating in other member States. For 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 of application of the levy system, the level of protection granted to the processing industry. These amounts shall be determined annually in accordance with the procedure set forth in Article 26 according to the criteria defined by the Council acting on a proposal of the Commission in accordance with the voting procedure set forth in Article 43 of the Treaty. They shall be published before the beginning of the marketing season.

2. If during the marketing season intra-Community trade does not develop in the manner referred to in paragraph 1, the fixed amounts provided for in that paragraph shall be revised in accordance with the procedure set forth in Article 26. In such case the threshold price shall be fixed afresh according to the procedure set forth 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 in respect of third countries shall, for each product, be equal to the difference between the c.i.f. price of the product based on 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 in relation to any differences in quality as compared with the standard quality for which the threshold price is fixed. The Commission shall determine the c.i.f. price according to the criteria established under the procedure set forth in Article 26.

4. Should the free quotations on the world market not be determining factors in fixing the offering price and where this offering 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 according to the criteria established under the procedure set forth in Article 26.
Article 11

1. As regards 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-frontier to the importing member State, as determined pursuant to the provisions of Article 3, such difference being reduced by a fixed amount determined annually in accordance with 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 applied to third countries.

2. The amount of the levy in respect of 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 which do not produce 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 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 applied to third countries, less the fixed amount provided for in paragraph 1.

4. The threshold price for hard wheat shall be fixed by member States, for an identical standard quality, at a level at least 5 per cent higher than that for soft wheat.

5. Each year producing member States shall fix for hard wheat of a specific standard quality indicative prices applicable in the marketing centres of regional importance in the producing areas and in relation to the differences 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 particularly 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. Acting in accordance with the procedure set forth 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 included under the heading "hard wheat" shall be determined before the date of application of the levy system, in accordance with the procedure set forth 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 in accordance with the procedure set forth in Article 26.

Article 12

The procedure set forth 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 the threshold price shall be fixed;

(b) the coefficients of equivalence between the various qualities, with a view to permitting 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, acting in accordance with the procedure set forth in Article 43 of the Treaty, shall lay down the necessary provisions with a view to achieving, in proportion to the approximation of cereal prices, a single price system for the Community at the single-market level. For each of the products and so far as this regulation provides for such measures, these provisions shall include:

(a) a basic indicative price applicable in 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 presumptive 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 depending on 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), taking into account 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 in accordance with the procedure set forth in Article 26 may be added to the levy fixed under the provisions of paragraph 1.

3. The Council, acting by qualified majority vote 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 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 member States in relation to 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 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 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 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. 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 issue until the end of the third month following that in which it was issued. Issue of the certificate shall be contingent upon deposit of security for the importation commitment during the period of validity of the certificate. This deposit 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 it is necessary to modify the period of validity of the import certificate. The Council acting unanimously during the second stage and thereafter by qualified majority vote 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 in accordance with 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 relation to the threshold price which will be in force at the expected date of importation, 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 decided upon before 1 May 1962 by the Council acting unanimously on a proposal of the Commission.
Article 18

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

- impose any customs duty or charge having equivalent effect;

- apply any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg;

- resort to Article 44 of the Treaty.

Limiting the grant of import or export licences to a specific category of eligible applicants shall be considered as a measure, _inter alia_, having 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 shall be deemed to be incompatible with the application of the system of intra-Community levies for products referred to Article 1:

(a) which have not been subjected to the levies applicable to them in the exporting member State or on which a total or partial refund of such levies has been granted; or

(b) into whose manufacture have entered, 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 on which a total or partial refund of these levies has been granted.

3. The application of the system of intra-Community levies shall render Article 45 of the Treaty inapplicable and likewise any long-term agreements or contracts concluded pursuant to that Article which may be in force on the date of application of this system.

Article 19

1. Subject to the provisions of paragraph 2 and of Articles 11 and 23, paragraph 4, as soon as the levy system is applied, 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 relationship 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 refund granted on exports to third countries, under the conditions set forth in Article 20, paragraph 2. Should a refund 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 fixed 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-frontier to the importing member State, determined in accordance with the provisions of Article 3, and the threshold price of the importing member State, this difference being increased by the fixed amount provided for in Article 2, paragraph 1:

- when, in this exporting member State, the level of the indicative price in the marketing centre of the area with the largest surplus is at the lower limit, as determined under the provisions of Article 6;

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

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

The procedures for applying this sub-paragraph shall be decided on in accordance with the procedure set forth in 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 in accordance with 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) The Council acting by qualified majority vote on a proposal of the Commission, shall decide on the changes to be made in 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 lead to the abolition of all customs duties or charges having 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 under the conditions laid down in accordance with the procedure set forth in Article 26. However, in the case of the products referred to in Article 1(d), the Council acting by qualified majority vote on a proposal of the Commission shall determine 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 in respect of third countries shall lead to the abolition of any quantitative restriction or measure having equivalent effect on imports from third countries, except where, on a proposal of the Commission, the Council acting unanimously during the second stage and by qualified majority vote thereafter, shall decide otherwise.

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

Article 22

1. If, as a result of the application of the measures relating to the gradual establishment of a common organization of the cereals market, serious disruption is caused or threatened to that market in one or more member States, due to imports, that disruption being such as might 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 safeguards concerning importation of the products in question.

2. The member State or States concerned shall be required to notify the other member States and the Commission of such measures at the latest on the date of their entry into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected; should the frontier be closed, the time allowed for transport shall be not less than three days. They must be prepared to start negotiations immediately to try to make provisional arrangements to obviate excessive or avoidable losses to exporters. These arrangements shall be notified without delay to the other member States and the Commission.
On the basis of the provisions of paragraph 1, and heedful not to increase the level of protection between member States, the Commission shall, after consultation with 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 sub-paragraph whether the measures shall be retained, modified or abolished. 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, 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 heedful not to increase the level of protection between member States, modify or annul, by 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 modified or annulled the decision of the Commission.

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

5. After the transitional period has expired and where, within the Community, the markets of the products referred to in Article 1 would suffer or would be in danger of suffering serious disruption because 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 danger of disruption has disappeared.

The conditions for the application of this paragraph shall be determined by the Council, acting on a proposal of the Commission, in accordance with the voting procedure set forth in Article 43 of the Treaty.

Article 23

1. Member States shall take all appropriate measures with a view to adapting their legislation, regulations and administrative rules so that the provisions of this regulation may be effectively applied 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 request an extension of the time-limit laid down in the preceding paragraph for such adaptation.
The Council acting unanimously on a proposal of the Commission may 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 no intervention measure on the market for these products at the date of entry into force of this regulation, that State may postpone application of the provisions of Article 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 provided for 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 by the end of the transitional period at the latest.

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 the latest.

Article 24

On a proposal of the Commission, the Council acting unanimously during the second stage and thereafter by qualified majority vote may modify the list of products referred to in Article 1(d) and, as regards each of the products referred to in Article 1, may take measures in derogation from the provisions of this regulation.
Article 25

1. A Management Committee for Cereals, hereinafter referred to as the "Committee", shall be set up, composed of representatives of 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 in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 26

1. Wherever this regulation provides expressly for application of the procedure set forth 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 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 give its ruling by a majority of twelve votes.

3. The Commission shall lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 27

The Committee may examine 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, acting by qualified majority vote on a proposal of the Commission, shall decide, in the light of experience, whether the provisions of Article 26 shall be retained or modified.

Article 29

This 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 laid down in accordance with the procedure set forth 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.

This regulation shall be binding in all its parts and directly applicable in all member States.

By the Council

Brussels, 4 April 1962.

The President

M. Couve de Murville
### ANNEX

<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 broken 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 Organization of Markets 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,

considering that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

considering that pig meat production constitutes an important element in agricultural income and that it is therefore essential to ensure an adequate return on such production, that it is in the interest of producers as well as of processors and consumers to mitigate price fluctuations to the fullest possible extent, that 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;

considering that trade in agricultural products between member States is hindered by various obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period, failing harmonizing action on the part of the Community institutions, would be governed by different procedures and different timing; whilst a uniform frontier measure makes it possible, in the field of intra-Community trade, for progressive de-restriction to take place in a parallel manner in all member States, at a pace suited to the gradual establishment of the common agricultural policy;

considering that such a uniform frontier measure being substituted for all the various national measures must, on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period, and, on the other hand, make it possible progressively to achieve a single market, by enabling free movement of goods to develop within the Community;

considering that such results can be achieved by a system of intra-Community levies made up of two factors: the first corresponding to the incidence on feeding costs per product unit of the difference between prices of feedgrains in the exporting member State and those in the importing member State, so as to avoid any disruption of the market of a country, where prices of feedgrains are higher as a result of imports from a country where prices are lower; the second being designed to afford protection to the processing industry, so as to enable it to be adapted progressively;
considering, however, that there should be added to this levy an additional amount when the offering price on imports from a member State becomes abnormally low;

considering that the substitution of intra-Community levies for other measures which in pursuance of the Treaty are to be removed during the transitional period would conflict with the principle of the progressive establishment of the common market unless provision were made at the same time for their progressive reduction;

considering that, in order to bring about this reduction, it is justified to reduce proportionately to the approximation of cereal prices that part of the levy which corresponds to the incidence on feeding costs of the difference in prices of feedgrains, and to reduce progressively and automatically the remaining part;

considering that the introduction of new protective measures at the internal frontiers of the Community which provide guarantees to producers in member States is justified in the context of the principles set forth in the Treaty only if they replace all other protective measures currently available to member States;

considering that the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; that this requirement can be met by the establishment on imports from third countries of levies which take account of the incidence on feeding costs of the difference between the prices of feedgrains in member States and on the world market, and by the addition of a supplementary factor which would rise progressively up to an amount equal to 7 per cent of the average world market price; and that an additional amount must be added to this levy with respect to third countries when supplies on the world market are offered at abnormal prices;

considering that the introduction of a system of levies and safeguarding measures with respect to third countries affording guarantees to producers in member States enables the latter to dispense with all other protective measures;

considering that, in conformity with the aims of Article 45 of the Treaty, the levy system enables intra-Community trade to be developed while at the same time affording guarantees to producers in member States, thus rendering that Article inapplicable;

considering that the operation of the levy system requires that the provisions of the Treaty which permit aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of the said system; that, 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 importing member State and of the exporting member State may justifiably be allowed;
considering that in order to safeguard the participation of member States in world trade in pig meat, these States should be allowed when exporting to third countries, to refund an amount corresponding to the incidence on feeding costs of the difference in prices of feedgrains, together with an additional amount determined according to a Community procedure;

considering that the practice in processing traffic, whereby trade between member States in processed products incorporating imported primary products is conducted on the basis of world prices so far as such primary products are concerned, is incompatible with the application of the levy system;

considering that 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;

considering that it is necessary to have the common organization of markets 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 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>(a) 01.03 A II</td>
<td>Live swine of the domestic species, other than pure bred for breeding purposes whatever their age</td>
</tr>
<tr>
<td>(b) 02.01 A III a</td>
<td>Meat of swine, of domestic species</td>
</tr>
<tr>
<td>ex 02.01 B II</td>
<td>Offals of swine of domestic species</td>
</tr>
<tr>
<td>ex 02.05</td>
<td>Unrendered pig fat free of lean meat, fresh, chilled, frozen, salted, in brine, dried or smoked</td>
</tr>
<tr>
<td>02.06 B</td>
<td>Meat and edible offals of swine, salted, in brine, dried or smoked</td>
</tr>
<tr>
<td>15.01 A II</td>
<td>Lard and other rendered pig fat, not intended for industrial use other than the manufacture of food-stuffs</td>
</tr>
</tbody>
</table>
(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, it will be advisable to take account of the maximum rate of customs duty which would result from acceptance of the offer to bind 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. It shall be reduced in accordance with the provisions of Article 12.

2. The amount of the levies with respect to 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. With respect to 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 prices of feedgrains in the importing member State and in 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) 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) shall be modified so as to take account of transport costs and internal charges on the products in question, as well as of refunds of such charges granted for these products upon exportation.

2. Any determination of the levy at an amount lower than that resulting from the application of paragraph 1 shall be governed by Article 6, 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 required for production of one kilogramme of pig meat, such quantity being 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 of this quantity shall be fixed for the Community;

   (c) the wholesale selling prices 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 average 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 average referred to in (a), the necessary adjustments shall be made to take account of the incidence on prices, during the reference period, of factors extraneous to the production and marketing of pig meat which may have seriously distorted the comparison of prices recorded in the three base 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 acting unanimously on a proposal of the Commission.

Article 4

1. As regards the products listed 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 levy 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. With respect to 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 in accordance with 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, 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, acting unanimously on a proposal of the Commission, shall 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, acting unanimously on a proposal of the Commission.

Article 5

1. For slaughtered pigs, the amount of the levy with respect to 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 feedgrains in the member State having 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, having regard to the trend in prices of feedgrains in the member State having the lowest average price for slaughtered pigs and on the world market during the six months preceding the quarter in 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 sluice price determined under Article 7 for the first quarter of application of the levy system, the said sluice price shall be taken as a basis. For subsequent years the percentage shall be raised each year to 3, 4, 5, 6, 6½ and 7 and computed on the basis of the average sluice 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 with respect to third countries shall be fixed for each member State on the basis of the amount 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, calculated under the provisions of Article 3, paragraph 4.

3. With respect to the products referred to in Article 1, paragraph 1(c), the amount of the levies with respect to 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 these products in accordance with 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 said products entering into their manufacture.

Furthermore, not later than 30 June 1962, the Council, acting unanimously on a proposal of the Commission, shall 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, acting unanimously 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 application of Articles 3, 4 and 5. In such case the amount levied by that State with respect to 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, calculated 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 with respect to all the member States.

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

In no case may the reduction in the levy with respect to third countries exceed that applied to member States.

Article 7

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

Taking account of the sluice price referred to in the first sub-paragraph, sluice prices shall be determined for the other products listed in Article 1, paragraph 1, other than slaughtered pigs.

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

3. Should the offering prices franco-frontier for imports fall below the sluice 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 sluice price.

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

4. The procedure set forth in Article 20 shall be followed in determining:

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

- necessary adjustments to sluice prices made in accordance with paragraph 2;

- the procedures for 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 resorting to this measure must immediately notify the other member States and the Commission thereof. The measures to be taken jointly by member States shall be determined in accordance with the procedure set forth in Article 20.

Article 8

1. With respect to trade between the member States, an intra-Community sluice price for slaughtered pigs shall be fixed for each of those States, calculated by adding to the sluice 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 sluice prices referred to in the first sub-paragraph, sluice prices shall be determined for the other products listed in Article 1, paragraph 1, other than slaughtered pigs.
2. The intra-Community sluice price shall cease to apply as soon as the intra-Community levies have been eliminated in pursuance of Article 12.

3. Should the offering prices franco-frontier for imports from a member State, increased by the amount of the levy fixed under Article 3 or 4, fall below the sluice 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 sluice price and shall forthwith inform the other member States and the Commission thereof.

4. The procedure set forth in Article 20 shall be followed in determining:
   - intra-Community sluice prices;
   - procedures for determining the additional amounts referred to in Article 3;
   - measures to be taken jointly by the member States, in the event of application of paragraph 3.

Article 9

1. If a member State finds it has to intervene on its own market by measures designed to mitigate a substantial drop in prices, such measures must be such as not to hinder the application of this regulation.

   A member State intending to take 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 consultation with 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 the Community level.

2. Acting 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 the Community level and the manner in which such measures shall be applied at the single market stage. These measures must be aimed at contributing, as far as is possible and necessary, to stabilization of both production and consumer prices.
Article 10

1. The member State which, in accordance with the provisions of this regulation, applies levies with respect to another member State may, when exporting to the latter, refund:

   (a) either an amount corresponding to the incidence, on the feeding costs for 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 with respect to 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 for which provision is made in Article 5, paragraph 1(c).

   However, the Grand-Duchy of Luxembourg 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-frontier to the importing member State and the price on the market of that member State.

2. These refunds shall not exceed the amount of the levy which would result from application of 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 prices of feedgrains in the exporting member State and those on the world market;
(b) an additional amount determined as follows:

- during the first three years of application 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 in accordance with the procedure set forth in Article 20;

- from the fourth year onwards, by taking into account price trends in the Community and on the world market; this amount may not exceed a maximum determined in accordance with 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 prices of feedgrains shall be reduced in proportion to the approximation of cereal prices;

(b) the remaining portion of the levy shall be reduced in seven and a half years at the rate of two fifteenths each year.

Article 13

On a proposal of the Commission, the Council, acting unanimously during the second stage and by qualified majority vote thereafter, may exclude certain products from the list referred to in Article 1, paragraph 1, or may take, in regard to such products, measures in derogation from this regulation so as to allow for the special circumstances which might affect those products.

Article 14

1. In import or export trade between member States, it shall be deemed incompatible with the intra-Community levy system to:
- impose any customs duty or charge having equivalent effect;

- apply any quantitative restriction or measure having equivalent effect, subject to the provisions of the Protocol concerning the Grand Duchy of Luxemburg;

- resort to Article 44 of the Treaty.

2. The application of the system of intra-Community levies shall render Article 45 of the Treaty inapplicable and likewise any long-term agreements or contracts concluded pursuant to that Article which may be in force on the date of application of this system.

3. It shall be deemed incompatible with the application of the system of intra-Community levies for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from any products referred to in the said Article which have not been subjected to 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 the application of the measures relating to the gradual establishment of a common organization of the pig meat market, serious disruption is caused or threatened to that market in one or more member States due to imports, that disruption being such as might 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 safeguards concerning importation of the products in question.

2. The member State or States concerned shall be required to notify the other member States and the Commission of such measures at the latest on the date of their entry into force.

The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. They must be prepared to start negotiations immediately to try to make provisional arrangements to obviate excessive or avoidable losses to exporters. These 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 heedful not to increase the level of protection between member States, the Commission shall after consultation with the member States in the Management Committee set up under Article 19, decide by an emergency procedure within a maximum period of four
working days from the notification referred to in the first sub-paragraph, whether the said measures are to be maintained, modified or abolished. 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 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 heedful not to increase the level of protection between member States, modify or annul by qualified majority vote the decision taken by the Commission.

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

Article 16

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

Article 17

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

Article 18

1. The application of the levy system with respect to third countries shall entail the suppression of all customs duties or charges with equivalent effect imposed on imports from third countries.

2. The application of the levy system with respect to third countries shall, subject to the provisions of the Protocol concerning the Grand-Duchy of Luxemburg, entail the abolition of any quantitative restriction or measure with equivalent effect imposed on imports from third countries, except where the Council shall decide otherwise, acting by qualified majority vote on a proposal of the Commission.
Article 19

1. A Management Committee for pig meat, hereinafter referred to as the "Committee", shall be set up, composed of representatives of 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 in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 20

1. Wherever this regulation provides expressly for application of the procedure set forth 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 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 considerations. The Committee shall give its ruling by a majority of twelve votes.

3. The Commission shall lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 21

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

Article 22

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide, in the light of experience whether the provisions of Article 20 shall be retained or modified.
Article 23

This 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.

This regulation shall be binding in all its parts and directly applicable in all member States.

By the Council

Brussels, 4 April 1962.

The President
M. 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,

considering that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

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

considering that trade in agricultural products between member States is hindered by various obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period, failing harmonizing action on the part of the Community institutions, would be governed by different procedures and different timing; whilst a uniform frontier measure makes it possible, in the field of intra-Community trade, for progressive derestriction to take place in a parallel manner in all member States, at a pace suited to the gradual establishment of the common agricultural policy;

considering that such a uniform frontier measure being substituted for all the various national measures must, on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period, and, on the other hand, make it possible progressively to achieve a single market by enabling free movement of goods to develop within the Community;
considering that such results can be achieved by a system of intra-
Community levies made up of two factors: the first corresponding to the 
incidence on feeding costs per product unit of the difference between prices 
of feedgrains in the exporting member State and those in the importing member 
State, so as to avoid any disruption of the market of a country where prices 
of feedgrains are higher as a result of imports from a country where prices 
are lower; the second being designed to afford protection to the processing 
industry, so as to enable it to be adapted progressively;

considering that the substitution of intra-Community levies for other 
measures which in pursuance of the Treaty are to be removed during the 
transitional period would conflict with the principle of the progressive 
establishment of the common market unless provision were made at the same 
time for their progressive reduction;

considering that, in order to bring about this reduction, it is justified 
to reduce proportionately to the approximation of cereal prices that part of 
the levy which corresponds to the incidence on feeding costs, of the difference 
in prices of feedgrains and to reduce progressively and automatically the 
remaining part;

considering that the introduction of a new protective measure at the 
internal frontiers of the Community which provide guarantees to producers 
in member States is justified in the context of the principles set forth in 
the Treaty only if they replace all other protective measures currently 
available to member States;

considering that the system to be introduced must make it possible to 
maintain in favour of member States the preference resulting from implementation 
of the Treaty; that this requirement can be met by the establishment on 
imports from third countries of levies 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 the addition of a supplementary factor 
which would rise progressively up to an amount equal to 7 per cent of the 
average world market price; and that an additional amount must be added to 
this levy with respect to third countries when supplies on the world market 
are offered at abnormal prices;

considering that the introduction of a system of levies and safeguarding 
measures with respect to third countries affording guarantees to producers in 
member States enables the latter to dispense with all other protective measures;

considering that, in conformity with the aims of Article 45 of the Treaty, 
the levy system enables intra-Community trade to be developed while at the 
same time affording guarantees to producers in member States, thus rendering 
that Article inapplicable;
considering that the operation of the levy system requires that the provisions of the Treaty which permit aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of the said system; that, 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 member State and of the importing member State may justifiably be allowed;

considering that in order to safeguard the participation of member States in world trade in eggs, these States should be allowed when exporting to third countries to refund an amount corresponding to the incidence on feeding costs of the differences in prices of feedgrains, together with an additional amount determined according to a Community procedure;

considering that the practice in processing traffic, whereby trade between member States in processed products incorporating imported primary products is conducted on the basis of world prices so far as such primary products are concerned, is incompatible with the application of the levy system;

considering that 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;

considering that it is necessary to have the common organization of markets 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 egg yolks, of poultry, for use as food, fresh, dried or otherwise preserved, sweetened or not</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. It 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. With respect to 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 prices of feedgrains in the importing member State and in the exporting member State, calculated in accordance with the provisions of paragraph 3;

   (b) a fixed factor equal to the incidence of the customs duty in force with respect to the other member States during the year 1962 on the average of France-frontier prices for shell eggs, as recorded during the year 1961; should, however, the above-mentioned customs duty, after allowing for any seasonal 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. Any determination of the levy at an amount lower than that resulting from the application 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 required for producing 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 prices of feedgrains in each member State.
4. With respect to 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 determined 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 determined according to the procedure set forth in Article 17. However, the quantity referred to in paragraph 3(a) shall be determined by the Council, acting unanimously 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) 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 the various seasons, so that the weighted average of the various factors thus established over one year does not exceed the amount established in accordance with the provisions of paragraph 1(b).

Article 4

1. For shell eggs the amount of the levy with respect to 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 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, taking into account the trend in prices of feedgrains in member States and on the world market during the six months preceding the quarter in which the said factor is fixed;
(b) a factor equal to that fixed with respect to 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 sluice price fixed under Article 6 for the first quarter of application of the levy system, the said sluice price shall be taken as a basis. For subsequent years the percentage shall be raised annually to 3, 4, 5, 5 1/2, 6, 6 1/2 and 7 and computed on the basis of the average sluice 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 with respect to third countries shall be calculated 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 in accordance with the procedure set forth 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 application of Articles 3 and 4. In such case the amount levied by that member State with respect to 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 in the levies must be the same with respect to 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 with respect to 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, acting unanimously during the second stage and subsequently by qualified majority vote on a proposal of the Commission, shall fix a uniform sluice price for the Community for shell eggs, having regard to 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, sluice prices shall be determined taking account of the sluice price for shell eggs and using the method set forth in Article 3, paragraph 4, for fixing the levies on such products.

2. The sluice prices shall be fixed in advance for a period of three months, taking into account the trend in prices of feedgrains on the world market during the six months preceding the quarter in which the sluice price is fixed.

3. Should the offering prices franco-frontier for imports fall below the sluice price, the amount of the levy as determined in accordance with 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 sluice price.

However, the levy shall not be increased by this additional amount with respect to third countries which are willing and able to guarantee that the price applied to imports from their territory will not be lower than the sluice price and that any diversion of trade will be avoided.

4. The procedure set forth in Article 17 shall be followed in determining:

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

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

- the procedures for 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 resorting to this measure must forthwith 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 set forth in Article 17.
Article 7

1. The member State which, in accordance with the provisions of this regulation, applies levies with respect to another member State, may, when exporting to the latter, refund:

   (a) either an amount corresponding to the incidence, on feeding costs for 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 with respect to third countries, as determined under Article 4, paragraph 1(a) and (b) for shell eggs and, for the products referred to in Article 1 other than shell eggs, taking account of 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 that State to imports from third countries, reduced by the third factor for which provision is made in Article 4, paragraph 1(c).

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

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

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

- Article 8

1. A member State may, when exporting one of the products referred to in Article 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 determined as follows:

   - during the first three years of application 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 in accordance with the procedure set forth in Article 17;
- 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 in accordance with 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 in prices of feedgrains shall be reduced in proportion to the approximation of cereal prices;

(b) the remaining portion of the levy shall be reduced in seven and a half years at the rate of two fifteenths each year.

Article 10

On a proposal of the Commission, the Council, acting unanimously during the second stage and subsequently by qualified majority vote, may exclude certain products from the list referred to in Article 1 or take, in regard to such products, measures in derogation from this regulation so as to allow for the special circumstances which might affect those products.

Article 11

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

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

2. The application of the system of intra-Community levies shall render Article 45 of the Treaty inapplicable and likewise any long-term agreements or contracts concluded pursuant to that Article which may be in force at the date of application of this system.

3. It shall be deemed incompatible with the application of the system of intra-Community levies for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from any products referred to in the said Article which have not been subjected to 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 the application of the measures relating to the gradual establishment of a common organization of the egg market, serious disruption is caused or threatened to that market due to imports, that disruption being such as might 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 safeguards concerning importation of the products in question.

2. The member State or States concerned shall be required to notify the other member States and the Commission of such measures at the latest on the date of their entry into force.

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

On the basis of the provisions of paragraph 1, and heedful not to increase the level of protection between member States, the Commission shall after consultation with member States in the Management Committee set up under Article 16, decide by an emergency procedure within a maximum period of four working days from the notification referred to in the first sub-paragraph, whether the said measures are to be maintained, modified or abolished. 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 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 heedful not to increase the level of protection between member States, modify or annul by qualified majority vote the decision taken by the Commission.

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

Article 13

1. As soon as the levy system is applied and subject to the provisions of Article 7, Articles 92, 93 and 94 of the Treaty shall be applicable to production of and trade in the products listed in Article 1, paragraph 1.
2. The application of paragraph 1 shall not prevent the granting of compensation premiums in order to offset the difference in prices of feedgrains, if, and to the extent that, a member State hitherto accorded such compensation premiums and still does so on 1 July 1962. In that event, rules in derogation from Articles 3, 4, 5, 7 and 8 as well as from the regulation on financing of the common agricultural policy shall be drawn up in accordance with the provisions of the last sub-paragraph.

These compensation premiums must be eliminated gradually during the transitional period.

On a proposal of the Commission, the Council, acting unanimously during the second stage and subsequently by qualified majority vote, shall determine the methods of application of the present paragraph.

Article 14

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

Article 15

1. The application of the levy system to third countries shall entail the abolition of all customs duties or charges with equivalent effect imposed 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 to third countries shall entail the abolition of any quantitative restrictions or measures with equivalent effect imposed on imports from third countries, except where the Council shall decide otherwise, acting by qualified majority vote on a proposal of the Commission.

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 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 in Article 148, paragraph 2 of the Treaty. The chairman shall not vote.
Article 17

1. Wherever this regulation provides expressly for application of the procedure set forth 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 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 give its ruling by a majority of twelve votes.

3. The Commission shall lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 18

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

Article 19

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide, in the light of experience whether the provisions of Article 17 shall be retained or modified.

Article 20

This 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.

This regulation shall be binding in all its parts and directly enforceable in all member States.

By the Council

Brussels, 4 April 1962.

The President
M. 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,

considering that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

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

considering that trade in agricultural products between member States is hindered by various obstacles, namely customs duties, charges having equivalent effect, quotas and other quantitative restrictions, the progressive abolition of which during the transitional period, failing harmonizing action on the part of the Community institutions, would be governed by different procedures and different timing; whilst a uniform frontier measure makes it possible, in the field of intra-Community trade, for progressive derestriction to take place in a parallel manner in all member States, at a pace suited to the gradual establishment of the common agricultural policy;

considering that such a uniform frontier measure being substituted for all the various national measures must, on the one hand, ensure adequate support for the agricultural markets of member States during the transitional period, and, on the other hand, make it possible progressively to achieve a single market, by enabling free movement of goods to develop within the Community;
considering that such results can be achieved by a system of intra-Community levies made up of two sectors: the first corresponding to the incidence on feeding costs per product unit of the difference between prices of feedgrains in the exporting member State and those in the importing member State, so as to avoid any disruption of the market of a country where prices of feedgrains are higher as a result of imports from a country where prices are lower; the second being designed to afford protection to the processing industry, so as to enable it to be adapted progressively;

considering that the substitution of intra-Community levies for other measures which in pursuance of the Treaty are to be removed during the transitional period would conflict with the principle of the progressive establishment of the common market unless provision were made at the same time for their progressive reduction;

considering that, in order to bring about this reduction, it is justified to reduce proportionately to the approximation of cereal prices that part of the levy which corresponds to the incidence on feeding costs of the difference in prices of feedgrains, and to reduce progressively and automatically the remaining part;

considering that the introduction of new protective measures at the internal frontiers of the Community which provide guarantees to producers in member States is justified in the context of the principles set forth in the Treaty only if they replace all other protective measures currently available to member States;

considering that the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty; that this requirement can be met by the establishment on imports from third countries of levies which take account of the incidence on feeding costs of the difference between the prices of feedgrains in member States and on the world market, and by the addition of a supplementary factor which would rise progressively up to an amount equal to 7 per cent of the average world market price; and that an additional amount must be added to this levy with respect to third countries when supplies on the world market are offered at abnormal prices;

considering that the introduction of a system of levies and safeguarding measures with respect to third countries affording guarantees to producers in member States enables the latter to dispense with all other protective measures;

considering that, in conformity with the aims of Article 45 of the Treaty, the levy system enables intra-Community trade to be developed while at the same time affording guarantees to producers in member States, thus rendering that Article inapplicable;
considering that the operation of the levy system requires that the provisions of the Treaty which permit aids to be assessed and action to be taken against those which are incompatible with the common market should be extended to aids which distort the working of the said system; that, 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 member State and of the importing member State may justifiably be allowed;

considering that in order to safeguard the participation of member States in world trade in poultry meat, these States should be allowed, when exporting to third countries, to refund an amount corresponding to the incidence on feeding costs of the difference in prices of feedgrains together with an additional amount determined according to a Community procedure;

considering that the practice in processing traffic, whereby trade between member States in processed products incorporating imported primary products is conducted on the basis of world prices so far as such primary products are concerned, is incompatible with the application of the levy system;

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

considering that 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;

considering that it is necessary to have the common organization of markets 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 organization of markets comprising a system of levies applicable to trade between the 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, the incidence of the customs duty resulting from acceptance of the offer to bind the duties on these products under GATT, should not be exceeded.

Article 2

1. The amount of the intra-Community levies shall be fixed in accordance with the provisions of Article 3. It 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 pursuant to the provisions of Article 4, paragraph 1(a), last sentence, and (c), last sentence, and the provisions of Article 9(b).

Article 3

1. With respect to dead poultry, the amount of the intra-Community levy for each member State shall be equal to the sum 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 those in the exporting member State; this factor 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 with respect to the other member States during the year 1962 on the average of 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 entry into force of the present regulation, quantitative restrictions or measures having equivalent effect are applied in one of the member States so as to afford to domestic producers a level of protection higher than that which could be achieved by means of customs duties or charges having 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 calculating these average market prices, the necessary adjustments shall be made to allow for the incidence on prices, during the reference period, of factors extraneous to 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 application of the two sub-paragraphs above shall be modified to take account of transport costs and internal charges levied on the products in question as well as of refunds of such charges granted on these products upon export.

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

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

(a) the quantity of feedgrains required for production of one kilogramme of dead poultry, according to species, such quantity being 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 of this quantity shall be fixed for the Community;

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

5. With respect to 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 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 amount of the levies referred to in the present Article shall be fixed in accordance with the procedure set forth in Article 17. However, the quantity referred to in paragraph 4(a) shall be determined by the Council, acting unanimously on a proposal of the Commission.

In the case covered by paragraph 2, the amount of the levies referred to in the present Article shall be fixed by the Council, acting unanimously on a proposal of the Commission.

Article 4

1. For dead poultry, the amount of the levy with respect to 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 member States and on the world market during the six months preceding the quarter in which the said factor is fixed;

(b) a factor equal to that fixed with respect to member States in pursuance of 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 sluice price determined under Article 6 for the first quarter of application of the levy system, the said sluice price shall be taken as a basis. For subsequent years the percentage shall be raised each year to 3, 4, 5, 5 1/2, 6, 6 1/2, and 7 and computed on the basis of the average sluice 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 with respect to 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 this Article shall be fixed in accordance with the procedure set forth 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 application of Articles 3 and 4. In such case the amount levied by that State with respect to third countries shall not be less than 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 in the levies must be the same with respect to all member States.

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

In no case may the reduction in the levy with respect to the third country exceed that applied to the member States.

Article 6

1. In order to avoid disruption due to offers from third countries made at abnormal prices, the Council, acting unanimously during the second stage and subsequently by qualified majority vote on a proposal of the Commission, shall fix a uniform sluice price for the Community for dead poultry, according to species, having regard to 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, sluice prices shall be determined taking account of the sluice price fixed for dead poultry and using the method set forth in Article 3, paragraph 5, for determining the amount of the levies on such products.

2. The sluice prices shall be fixed in advance for a period of three months, taking into account the trends in prices of feedgrains on the world market, during the six months preceding the quarter in which the sluice price is fixed.

3. Should the offering prices franco-frontier for imports fall below the sluice price, the amount of the levy as determined in accordance with 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 sluice price.

However, the levy shall not be increased by this additional amount with respect to third countries which are willing and able to guarantee that the price applied to imports from their territory will not be lower than the sluice price and that any diversion of trade will be avoided.

4. The procedure set forth in Article 17 shall be followed in determining:

- the sluice prices for the products referred to in Article 1, paragraph 1, other than dead poultry;
- the necessary adjustments to sluice prices made in accordance with paragraph 2;
- the procedures for 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 resorting to this measure must forthwith notify the other member States and the Commission thereof. The measures to be taken jointly by member States shall be determined in accordance with the procedure set forth in Article 17.

Article 7

1. The member State which, in accordance with the provisions of this regulation, applies levies with respect to another member State may, when exporting to the latter, refund:

(a) either an amount corresponding to the incidence, on the feeding costs for 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 with respect to 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 account of 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 that State to imports from third countries, reduced by the third factor for which provision is made in Article 4, paragraph 1(c).

2. Such refunds shall not exceed the amount of any levy which would result from application of Article 5.

The additional levies which may be established under Article 6, paragraph 3, shall not be taken into account in computing 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. A member State may, when exporting one of the products referred to in Article 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 determined as follows:

   - during the first three years of application 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 in accordance with the procedure set forth in Article 17;

   - 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 in accordance with 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 in prices of feedgrains shall be reduced on the basis of progress achieved in the approximation of cereal prices;

(b) the remaining portion of the levy shall be reduced in seven and a half years at the rate of two fifteenths each year.

Article 10

On a proposal of the Commission, the Council, acting unanimously during the second stage and subsequently by qualified majority vote, may exclude certain products from the list referred to in Article 1, paragraph 1, or take, in regard to such products, measures in derogation from this regulation so as to allow for the special circumstances which might affect those products.

Article 11

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

- impose any customs duty or charge having equivalent effect;
- apply any quantitative restriction or measure having equivalent effect;
- resort to Article 44 of the Treaty.

2. The application of the system of intra-Community levies shall render Article 45 of the Treaty inapplicable and likewise any long-term agreements or contracts concluded pursuant to that Article and which may be in force at the date of application of this system.

3. It shall be deemed incompatible with the application of the system of intra-Community levies for one member State to export to another member State products referred to in Article 1, paragraph 1, manufactured from any products referred to in the said Article which have not been subjected to 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 the application of the measures relating to the gradual establishment of a common organization of the poultry meat market, serious disruption is caused or threatened to that market in one or more member States due to imports, that disruption being such as might 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 safeguards concerning the importation of the products in question.

2. The member State or States concerned shall be required to notify the other member States and the Commission of such measures, at the latest on the date of their entry into force.

   The member State or States applying such measures shall take the necessary steps to ensure that goods en route are not affected; should the frontier be closed the time allowed for transport shall be not less than three days. They must be prepared to start negotiations immediately to try to make provisional arrangements to obviate any excessive or avoidable losses to exporters. These 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 heedful not to increase the level of protection between member States, the Commission shall, after consultation with the member States in the Management Committee established under Article 16, decide, by an emergency procedure within a maximum period of four working days from the notification referred to in the first sub-paragraph, whether the said measures are to be maintained, modified or abolished. 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 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 heedful not to increase the level of protection between member States, modify or annul by qualified majority vote the decision taken by the Commission.

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

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

Article 14

Member States shall take all appropriate measures with a view to adapting their legislation, regulations and administrative rules so that the provisions of this regulation, except as otherwise provided herein, may be put into effect as from 1 July 1962.

Article 15

1. The application of the levy system to third countries shall entail the suppression of all customs duties or charges with equivalent effect imposed on imports from third countries.

2. The application of the levy system to third countries shall entail the abolition of any quantitative restrictions or measures with equivalent effect imposed on imports from third countries, except where the Council shall decide otherwise, acting by qualified majority vote on a proposal of the Commission.

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 provided in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.

Article 17

1. Wherever this regulation provides expressly for application of the procedure set forth 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 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 lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 18

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

Article 19

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide in the light of experience, whether the provisions of Article 17 shall be retained or modified.

Article 20

This 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.

This regulation shall be binding in all its parts and directly enforceable in all member States.

By the Council

Brussels, 4 April 1962.

The President,
M. 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,

considering that the operation and development of the common market of agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets on a product-by-product basis;

considering that the production of fruit and vegetables constitutes an important element in agricultural income and that efforts must therefore be made to achieve a balance between supply and demand, at fair prices to the producer, taking into account trade with third countries, while encouraging specialization within the Community;

considering that, 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 in the producing member State;

considering that 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 assisting trade relations on the basis of fair competition, thus contributing to improved returns on production;

considering that the system to be introduced must make it possible to maintain in favour of member States the preference resulting from implementation of the Treaty and that in order to ensure price stability on the markets of the Community the quality standards must apply to products from third countries, and that, further, provisions should be made to enable safeguard measures to be taken in respect of goods imported at abnormal prices from those same countries;

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

considering that the implementation of the above-mentioned measures for an organization of markets must be accompanied by the elimination of obstacles to trade; that it is appropriate that abolition of quantitative restrictions or measures with equivalent effect 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;

considering that 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;

considering that it is necessary to have the common organization of markets 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 the common agricultural policy, there shall be established gradually a common organization of markets 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 are applicable shall be admitted into trade between member States only if they comply with the said standards. They shall be admitted for importation from the 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 standard 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 drawn up not later than 30 June 1962, in accordance with the procedure set forth in Article 13.
Article 3

1. The quality standards shall be applied progressively to fruit and vegetables marketed in the producing member State.

The Council shall on a proposal of the Commission and voting in accordance with 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, acting on a proposal of the Commission and voting in accordance with 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 on commercial transactions.

Article 4

1. The Council shall, acting by qualified majority vote on a proposal of the Commission, decide on any addition of products 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 quality standards shall be decided on depending on advances made in marketing techniques and in accordance with 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 leave its national territory.

The inspecting authority in the exporting member State shall issue for each consignment a certificate indicating the quality class and certifying that the quality and grading of the products comply with the quality standards at the time of the 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 laid down not later than 30 June 1962 in accordance with the procedure set forth in Article 13. Such methods must take account of the need to ensure co-ordination between the inspecting authorities and likewise the uniform interpretation and application of the quality standards.

Article 7

The provisions of Articles 92, 93 and 94 of the Treaty shall be applicable to production of and trade in the products coming under item 07.01, with the exception of 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, with the exception of sub-item 07.01A, and items 08.02 to 08.09 inclusive of the common customs tariff shall be reduced progressively 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 import restrictions and measures having equivalent effect shall, with respect to 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 the application of the measures relating to the gradual establishment of a common organization of the fruit and vegetables market, serious disruption is caused or threatened to that market in one or more
member States due to imports of products liberalized within the meaning of Article 9, that disruption being such as might 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 safeguard 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 is no longer applicable 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 required to notify the other member States and the Commission of such measures at the latest on the date of their entry into force.

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

On the basis of the provisions of paragraph 1, the Commission, after consultation with member States in the Management Committee established under Article 12, shall decide, by an emergency procedure, within a maximum period of four working days from the notification referred to in the first sub-paragraph, whether the said measures are to be maintained, modified or abolished. 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, 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, modify or annul by qualified majority vote, the decision taken by the Commission.

4. Safeguard measures taken in accordance with the provisions of paragraphs 1 to 3 shall not be applicable to imports of the products referred to in Article 9, paragraph 2(a). However, member States may request the Commission to authorize the application of such safeguard measures to these products.
At the request of the State concerned, the Commission shall, by an emergency procedure and having regard to the measures already applied, decide what safeguard measures it considers necessary, and shall specify the conditions and methods governing their application.

5. Any safeguard measure affecting trade between member States must be applied beforehand to relations with third countries, the principle of Community preference being respected.

Article 11

1. The Council, acting by qualified majority vote on a proposal of the Commission, shall decide as to the co-ordination and standardization of the import systems applied by each member State with respect to third countries, on the basis of progress achieved in 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 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 member States.

The reference price shall be computed on the basis of the average of the prices recorded during a certain period on the producer markets where 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 set forth in Article 13, the matter being considered by the Management Committee according to its urgency.

The methods of application of this paragraph shall be laid down not later than 30 June 1962 in accordance with the procedure set forth 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 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 in Article 148, paragraph 2, of the Treaty. The chairman shall not vote.
Article 13

1. Wherever this regulation provides expressly for application of the procedure set forth in this Article, the matter shall be brought before the Committee by its 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 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 give its ruling by a majority of twelve votes.

3. The Commission shall lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 14

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

Article 15

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide, in the light of experience whether the provisions of Article 13 shall be retained or modified.

Article 16

The member States shall take all appropriate measures with a view to adapting their legislation, regulations and administrative rules so that the provisions of this regulation may be put into effect as from 1 July 1962.

Article 17

This regulation shall come into force on the day following its publication in the Journal Officiel des Communautés européennes.

This regulation shall be binding in all its parts and directly enforceable in all member States.
PRODUCTS INTENDED FOR CONSUMPTION IN A FRESH STATE

ANNEX I A

<table>
<thead>
<tr>
<th>Common 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>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>
<tr>
<td>ex 08.07 C</td>
<td>Spinach</td>
</tr>
<tr>
<td>08.02 B</td>
<td>Chicory (witloof)</td>
</tr>
<tr>
<td>08.02 C</td>
<td>Peas</td>
</tr>
<tr>
<td>08.04 A</td>
<td>Beans</td>
</tr>
<tr>
<td>08.07 A</td>
<td>Carrots</td>
</tr>
<tr>
<td>ex 08.07 C</td>
<td>Artichokes</td>
</tr>
<tr>
<td>08.08 A</td>
<td>Sweet oranges</td>
</tr>
<tr>
<td>08.08 B</td>
<td>Tangerines, mandarins</td>
</tr>
<tr>
<td>08.08 C</td>
<td>Lemons</td>
</tr>
<tr>
<td>08.07 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

M. Couve de Murville.
REGULATION NO. 24

Providing for the Progressive Establishment of a
Common Organization of the Viticultural Market

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,

considering that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy and that such policy must include, in particular, a common organization of agricultural markets, established on a product-by-product basis;

considering that the viticultural policies pursued at national level by the various member States differ appreciably from one another and that, whatever policy is followed, surpluses of a permanent nature give rise to serious difficulties in the viticultural economy of certain producer countries;

considering that viticultural production constitutes an important element in agricultural income and that the common organization must aim at stabilizing markets and prices by adjusting supply to requirements, such adjustment being based in particular on a policy of encouraging quality;

considering that in order to take the measures required for this adjustment, it is necessary to know the production capacity and to determine each year, the quantity of must and wine available;

considering that the establishment 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;

considering that the procedures for effecting these measures should be determined in such a way as to yield information comparable at Community level, while allowing for the situation peculiar to each member State;

considering that it accords with the policy of encouraging quality that the factors which should characterize a quality wine produced in specified regions be precisely defined;
considering that 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 reported separately.

2. So far as the development of the common viticultural policy does not require declarations of stocks to be made before the harvest, at a date to be fixed in accordance with the procedure set forth 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 thus be utilized at the Community level.
Article 3

At the beginning of each year the Commission shall draw up a forecast 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 specified 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 the attainment of the single market, shall be based on the following factors:

(a) demarcation of the region of production,
(b) selection of vine stocks,
(c) methods of cultivation,
(d) methods of producing 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 characteristics as shall be obligatory for quality wines produced in specified regions.

Article 5

The methods of application of Articles 1, 2 and 3 shall be laid down in accordance with the procedure set forth 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 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 in Article 148, paragraph 2 of the Treaty. The chairman shall not vote.

Article 7

1. Wherever this regulation provides expressly for application of the procedure set forth 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 opinion on these measures within a time-limit which the chairman may fix having regard to the urgency of the questions submitted for consideration. The Committee shall give its ruling by a majority of twelve votes.

3. The Commission shall lay down measures which shall be applicable immediately. However, if 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 postpone application of the measures it has decided for a period not exceeding one month from the date of such notification.

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

Article 8

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

Article 9

At the end of the transitional period the Council, acting by qualified majority vote on a proposal of the Commission, shall decide, in the light of experience whether the provisions of Article 7 shall be retained or modified.

This regulation shall be binding in all its parts and directly enforceable in all member States.

By the Council

Brussels, 4 April 1962.

The President,

M. Couve de Murville.