

**COUNCIL REGULATION (EEC) No 3773/85  
of 20 December 1985**

**concerning certain national aids in the agricultural sector which are incompatible with the common market but which the Kingdom of Spain is authorized to maintain on a traditional basis**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Act of Accession of Spain and Portugal, and in particular Articles 80 and 91 thereof,

Having regard to the proposal from the Commission,

Whereas, pursuant to Article 80 of the Act of Accession, the Kingdom of Spain is authorized to maintain, on a transitional and, in principle, degressive basis, national aids the abolition of which would not fail to have serious consequences both for producer and consumer prices; whereas a list and the exact wording of the national aids which fulfil these conditions appear in the Annex, together with their initial amounts, or, as the case may be, the criteria by which the initial amount may be determined;

Whereas, with respect to the rate of abolition and any scale of degressivity which should be fixed, it appears appropriate that, for the majority of the aids in question, the initial amounts should be considered as maximum rates for the first period and that, over the second period, these amounts shall be reduced in equal annual instalments, to be phased out completely at the end of the transitional period;

Whereas, until 31 December 1989, national aids granted by the Kingdom of Spain in the fruit and vegetables sector are subject to the special arrangements laid down in Article 135 (2) of the Act of Accession; whereas, pursuant to the first paragraph of Article 150, Article 80 applies to fruit and vegetables only as from 1 January 1990;

Whereas the Kingdom of Spain may abolish the aids which are the subject of these transitional measures at a more rapid rate than that set out in the Annex; whereas it is essential that, in this event, Spain should inform the Commission of action taken; whereas a procedure should be specified whereby other derogations may be made, should the need arise, from the degressivity scale, pursuant to Article 80 (3) of the Act of Accession;

Whereas, under Protocol No 2 annexed to the Treaty of Accession, the customs territory of the Community does not include, *inter alia*, the Canary Islands and whereas, therefore, Community refunds will apply to exports of agricultural products from the customs territory of the Community to the Canary Islands; whereas, accordingly, national aid for transporting wheat and wheat meal from the Spanish peninsular territory and the Balearic Islands to the

Canary Islands may be granted only if the refund is fixed at a level lower than the amount of aid;

Whereas, pursuant to Article 80 (2) of the Act of Accession, equal access to the Spanish market must be ensured; whereas, in view of the joint declaration annexed to the Treaty of Accession of Spain and Portugal, this Regulation should be without prejudice to the adoption at a later date, should the need arise, of specific procedures designed to ensure equality of access on the Spanish market for products imported from other Member States if the grant of one or more of the aids referred to in this Regulation entails an actual modification on the Spanish market of the conditions of competition between imported and domestic products;

Whereas, pursuant to Article 2 (3) of the Treaty of Accession, the Community institutions may adopt, before accession, the measures referred to in Article 91 of the Act of Accession these measures entering into force only subject to, and on the date of the entry into force of that Treaty,

HAS ADOPTED THIS REGULATION:

*Article 1*

The national aids which are incompatible with the common market and which the Kingdom of Spain is authorized to maintain on a transitional basis are listed in the Annex, with an indication of their rate of abolition.

*Article 2*

The Kingdom of Spain may abolish the aids referred to in Article 1 at a more rapid rate than that set out in the Annex. It shall inform the Commission without delay of any action it has taken.

*Article 3*

Aid for transporting wheat and wheat meal from mainland Spain and the Balearic Islands to the Canary Islands may be granted only:

- (a) where the amount of the refund applicable to the export in question is less than the maximum amount of transport aid given under heading I.1 of the Annex;

- (b) if the aid is limited to the difference between the two amounts referred to in (a);
- (c) if the exporter provides proof that the products in question have been released for consumption in the Canary Islands.

#### *Article 4*

Where the grant of one or more of the aids listed in the Annex entails an actual modification on the Spanish market of the conditions of competition between domestic products and products imported from the other Member States, the Council shall, in accordance with the procedure laid down in Article 89 (1) of the Act of Accession, adopt the specific procedures required to ensure equality of access on the Spanish market.

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

Done at Brussels, 20 December 1985

#### *Article 5*

Detailed rules for the application of this Regulation together with the possible derogations referred to in Article 80 (3) of the Act of Accession shall be drawn up in accordance with the procedure laid down in Article 38 of Regulation No 136/66/EEC of the Council of 22 September 1966 on the establishment of a common organization of the market in oils and fats <sup>(1)</sup> or, as the case may be, in the corresponding Articles of the other Regulations on the common organization of agricultural markets.

#### *Article 6*

This Regulation shall enter into force on 1 January 1986, subject to the entry into force of the Treaty of Accession of Spain and Portugal.

*For the Council*

*The President*

R. STEICHEN

<sup>(1)</sup> OJ No 172, 30. 9. 1966, p. 3025/66.

## ANNEX

Description of aid	Initial amount of aid = maximum amount during the period up to 31 December 1990	Rate of reduction of aid, applicable on 1 January for the following years, as a percentage of the initial amount/maximum amount					
		1991	1992	1993	1994	1995	1996
<b>I. Cereals</b>							
1. Aid for transporting wheat, wheat flour and wheat meal from mainland Spain and the Balearic Islands to the Canary Islands	(a) Common wheat and durum wheat: 24,73 ECU/tonne  (b) Meal of common wheat and durum wheat: 10,30 ECU/tonne						
2. Aid for cereal growers in the form of credit at low rates of interest for the purchase of fertilizers and herbicides	Total annual amount as subsidy equivalent: 2,93 million ECU						
<b>II. Olive oil</b>							
Aid for oil mills in the form of credit at low rates of interest, to encourage the storage of olive oil	Total annual amount as subsidy equivalent: 1,14 million ECU	17	33	50	67	83	100
<b>III. Seeds and propagating material</b>							
1. Aid in the form of credit at low rates of interest for growers using certified seeds	Total annual amount as subsidy equivalent: 1,72 million ECU						
2. Aid for nurserymen's associations for investment and operations	50 % of the expenditure actually effected by the recipients	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
3. Aid for producers of wheat seeds and barley seeds who comply with the sale price limits set by joint trade Agreement	Wheat seeds: — category R-1: 14,39 ECU/tonne — category R-2: 12,52 ECU/tonne  Barley seeds: — category R-1: 18,14 ECU/tonne — category R-2: 15,51 ECU/tonne						

(<sup>1</sup>) Rate of reduction, as a percentage, of that portion of the aid which exceeds 35 % of the expenditure actually effected by the recipient (maximum authorized rate).



Description of aid	Initial amount of aid = maximum amount during the period up to the date of the first reduction	Rate of reduction of aid, applicable on 1 January for the following years, as a percentage of the initial amount/maximum amount									
		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
8-24-8	5,78										
8-24-16	5,78										
9-18-27	4,85										
12-12-24	4,89										
12-24-8	6,21										
15-15-15	5,55										
20-20-5	5,55										
MAP (10.5-52-0)	—										

Description of aid	Initial amount of aid = maximum amount during the period up to 31 December 1990	Rate of reduction of aid, applicable on 1 January of the following years, as a percentage of that portion of the initial aid which exceeds 30 % of the annual premium <sup>(1)</sup>							
		1991	1992	1993	1994	1995	1996		
<b>VII. Combined agricultural insurance</b> Aid for insurance premiums covering damage caused to crops and livestock	Up to 80 % of the annual premium payable by the insured, according to the risk covered	17	33	50	67	83	100		
<b>VIII. Beef and veal</b> Aid for slaughterhouse costs for and veal sent to intervention	Maximum amounts in the following marketing years as a percentage of the intervention price applicable during the corresponding marketing year in the Community as constituted on 31 December 1985	1985/86 from 1. March 1986	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93 onwards
		8,19	7,04	5,85	4,68	3,51	2,34	1,17	0

<sup>(1)</sup> Maximum amount of aid authorized as from 1 January 1996, subject to later degressivity.