

COUNCIL REGULATION (EEC) No 1336/86

of 6 May 1986

fixing compensation for the definitive discontinuation of milk production

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organization of the market in milk and milk products ⁽¹⁾, as last amended by Regulation (EEC) No 1335/86 ⁽²⁾, and in particular Article 5c (6) thereof,

Having regard to the proposal from the Commission,

Whereas the European Parliament stated its opinion on this proposal in a resolution on 21 February 1986;

Whereas developments on the milk market have made necessary a 3 % reduction in the global quantities referred to in Article 5c of Regulation (EEC) No 804/68 and the Annex to Council Regulation (EEC) No 857/84 of 31 March 1984 adopting general rules for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68 in the milk and milk products sector ⁽³⁾, as last amended by the Act of Accession of Spain and Portugal; whereas the said reduction is being implemented in two stages i.e. 2 % with effect from 1 April 1987 and 1 % with effect from 1 April 1988;

Whereas, in order to facilitate the reduction of deliveries and direct sales involved in reducing guaranteed global quantities, a Community system should be established to finance the discontinuation of milk production by granting any producer, at the latter's request and provided that he fulfils certain eligibility requirements, compensation in return for his undertaking to discontinue definitively all milk production;

Whereas, in the light of experience, the compensation may be fixed at 4 ECU per 100 kilograms of milk or milk equivalent, payable for seven years; whereas, however, it may be necessary to increase the level of compensation in order to achieve the reduction target; whereas, therefore, Member States should be authorized to put up additional financing, the amount of which may be adjusted to take account of specific regional features; whereas the quantities thus repurchased by Community and, possibly, national financing may neither be earmarked for the national reserve nor re-allocated to producers or purchasers;

Whereas the compensation is, in principle, granted for the whole of the reference quantity; whereas, however, this right should in certain cases be limited since producers having benefited prior to the entry into force of this Regulation from Article 4 (1) (a) of Regulation (EEC) No 857/84 are excluded from it;

Whereas, should part of the sums provided for Community financing and fixed in the Annex to this Regulation not be used by the Member States, the latter should, in the interests of restructuring, be authorized to earmark the amounts still available for the financing of national programmes for repurchasing the reference quantities referred to in Article 4 (1) (a) of Regulation (EEC) No 857/84, for the benefit of producers permitted to participate in them after the entry into force of this Regulation;

Whereas, account should be taken of cases where the holding is the subject of leases;

Whereas the aim of the Community compensation is to restore market balance for the products concerned and may, therefore, be considered as an intervention within the meaning of Article 3 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy ⁽⁴⁾, as last modified by Regulation (EEC) No 870/85 ⁽⁵⁾,

HAS ADOPTED THIS REGULATION:

Article 1

1. At the request of the party concerned and subject to the conditions defined in this Regulation, and within the limits of the quantities laid down in Annex I, compensation shall be granted to any producer, as defined in the first subparagraph of Article 12 (c) of Regulation (EEC) No 857/84, who undertakes to discontinue milk production definitively.

Where the second subparagraph of Article 12 (c) of the aforesaid Regulation is applicable, compensation is granted to each associated producer, subject to the same conditions.

Milk production must be actually discontinued not later than:

- 31 March 1987 for the first year of application;
- 31 March 1988 for the second year of application.

⁽¹⁾ OJ No L 148, 28. 6. 1968, p. 13.

⁽²⁾ See page 19 of this Official Journal.

⁽³⁾ OJ No L 90, 1. 4. 1984, p. 13.

⁽⁴⁾ OJ No L 94, 28. 4. 1970, p. 13.

⁽⁵⁾ OJ No L 95, 2. 4. 1985, p. 1.

2. Eligible producers are those who have obtained a reference quantity according to Article 5 (c) of Regulation (EEC) No 804/68, in the context of either formulas A or B or direct sales.

However, Member States may decide not to grant compensation to producers possessing less than six dairy cows or whose reference quantity is less than 25 000 kilograms a year.

3. Compensation is granted for the reference quantities for which the producers are entitled when this Regulation enters into force, excluding those quantities allocated in accordance with Article 3 (1) and (2) and Article 4 (1) (b) and (c) of Regulation (EEC) No 857/84.

Article 2

1. The Community financing of the measure provided for in this Regulation is limited to the quantities referred to in Annex II.

2. Within the limits of these amounts, Member States are authorized to pay maximum compensation of 4 ECU per year and per 100 kilograms of milk or milk equivalent as defined in Regulations (EEC) No 857/84 and (EEC) No 1371/84 ⁽¹⁾.

The compensation is paid for seven years.

3. Member States may contribute to the financing of the measure by increasing the level of compensation.

The level of the increase may be adjusted within the Member State to take account of the differing local conditions in respect of:

- milk production developments,
- the average level of deliveries per producer,
- the need to avoid hampering the restructuring of milk production,
- the existence of opportunities for converting to other productive activities,
- the siting of milk production in one of the zones as defined in Article 3 (3) (4) and (5) of Directive 75/268/EEC ⁽²⁾, as last amended by Directive 82/786/EEC ⁽³⁾.

4. Compensation is granted for the whole of the reference quantity of the applicant subject to Article 1 (3).

In the case of producers who have two reference quantities, one for deliveries to purchasers and one for direct sales, compensation is granted for the two reference quantities.

5. The amounts referred to in Annex II may not be entirely used up where a compensation of less than 4 ECU is paid in respect of the quantities referred

to in Annex I or where payment of a compensation of not less than 4 ECU to all those eligible does not enable the said quantities to be attained;

In such case, the portion of the amounts referred to in Annex II which remains available may be used forthwith by the Member States concerned for the purposes of the provisions referred to in Articles 3 (2) and 4 (1) of Regulation (EEC) No 857/84.

6. The reference quantities released pursuant to paragraphs 1 to 4 may not be re-earmarked or re-allocated.

Article 3

1. In the case of leases, the request for compensation shall be submitted by the lessee.

2. Member States may, however, determine the conditions under which the lessee may submit the request for compensation and the conditions under which compensation may be granted.

Article 4

Member States shall, communicate to the Commission once a year, by no later than 31 May 1987 and 31 May 1988 for the periods expiring on 31 March 1987 and 31 March 1988 respectively all the information needed for an assessment to be made of the effectiveness of the measure provided for in this Regulation.

Article 5

The Commission, according to the procedure laid down in Article 30 of Regulation (EEC) No 804/68, shall adopt measures for the application of this Regulation, in particular:

- (a) the period for requests and their contents;
- (b) the conditions and time limits for the approval of requests;
- (c) the procedures for the payment of compensation;
- (d) inspection procedures to ensure that the undertakings arising from the grant of compensation are honoured;
- (e) procedures for the recovery of amounts paid where these undertakings have not been honoured;
- (f) the procedures for the application of Articles 2 (5) and 4.

Article 6

The financing of the measure provided for in Article 2 (1) is considered as intervention within the meaning of Article 3 of Regulation (EEC) No 729/70.

Article 7

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

It shall apply from 1 May 1986.

⁽¹⁾ OJ No L 132, 18. 5. 1984, p. 11.

⁽²⁾ OJ No L 128, 19. 5. 1975, p. 1.

⁽³⁾ OJ No L 327, 24. 11. 1982, p. 19.

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

Done at Brussels, 6 May 1986.

For the Council

The President

P. H. van ZEIL

ANNEX I

Quantities ('000 tonnes) referred to in the first subparagraph of Article 1 (1)

	First year of application	Second year of application
Belgium	72,220	36,110
Denmark	97,660	48,830
Germany	471,060	235,530
Greece	11,660	5,830
Spain	108,000	54,000
France	530,160	265,080
Ireland	105,920	52,960
Italy	198,280	99,140
Luxembourg	5,320	2,660
Netherlands	241,480	120,740
United Kingdom	314,500	157,250
Total	2 156,260	1 078,130

ANNEX II

Amounts (millions ECU/year) referred to in Article 2 (1)

	First year of application	From second to seventh year of application	Eighth year of application
Belgium	2,888 800	4,333 200	1,444 400
Denmark	3,906 400	5,859 600	1,953 200
Germany	18,842 400	28,263 600	9,421 200
Greece	0,466 400	0,699 600	0,233 200
Spain	4,320 000	6,480 000	2,160 000
France	21,206 400	31,809 600	10,603 200
Ireland	4,236 800	6,355 200	2,118 400
Italy	7,931 200	11,896 800	3,965 600
Luxembourg	0,212 800	0,319 200	0,106 400
Netherlands	9,659 200	14,488 800	4,829 600
United Kingdom	12,580 000	18,870 000	6,290 000
Total	86,250 400	129,375 600	43,125 200