

I

(Acts whose publication is obligatory)

**COUNCIL REGULATION (EEC) No 3763/91
of 16 December 1991**

**introducing specific measures in respect of certain agricultural products for the
benefit of the French overseas departments**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾.

Whereas, by Decision 89/687/EEC ⁽⁴⁾, the Council adopted a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom) in accordance with the Community's policy of assistance for the remoter regions; whereas the programme provides for measures to improve the conditions under which the agricultural products of the departments are produced and marketed;

Whereas the exceptional geographical situation of the French overseas departments, hereafter referred to as the FOD, in relation to the sources of supply of products used as inputs for the manufacture of certain essential food-stuffs imposes costs which constitute a severe handicap to the sectors concerned; whereas this is true particularly in the case of the supply of cereals, which are not and cannot be produced in the said departments, rendering them dependent on external sources of supply; whereas this natural handicap can be remedied by arranging for supplies on more favourable terms; whereas this may be achieved by exemption from the levy on cereals imported into the said departments;

Whereas, in the interests of regional cooperation, preference should be given to imports into the FOD of cereals from the overseas countries and territories, the African, Caribbean and Pacific States, hereafter referred to as 'ACP States' and other developing countries; whereas, however, in the event of difficulty, the levy exemption arrangements may also, exceptionally, be applied to imports of cereals from other third countries;

Whereas, to maintain the competitiveness of cereals of Community origin on the supply of the FOD, both in order to achieve the Poseidom objective of reducing prices by promoting competition between sources of supply and to prevent disruption of traditional trade flows, provision should be made for the sale to those departments, on terms equivalent to exemption from the levy, based on the prices applied to exports to third countries, of products bought into intervention and, where appropriate, cereals available on the Community market;

Whereas, taking into account their objective, the import arrangements introduced for the FOD should reduce production costs and consumer prices; whereas their actual impact should therefore be monitored;

Whereas traditional livestock farming activities should be supported in order to meet local consumption needs; whereas this objective may be pursued indirectly through the financing of genetic improvement programmes involving the purchase of pure-bred breeding animals, through the grant of a supplementary premium for the fattening of adult male bovine animals for meat production, through aid to promote consumption of fresh milk products and through measures concerning the supply of male bovine animals for fattening;

Whereas undertaking made in the course of negotiations with the ACP States concerning the importation into Réunion of wheat bran from the ACP States should be implemented;

⁽¹⁾ OJ No C 149, 8. 6. 1991, p. 6.

⁽²⁾ OJ No C 326, 13. 12. 1991.

⁽³⁾ Opinion delivered on 30 October 1991 (not yet published in the Official Journal).

⁽⁴⁾ OJ No L 399, 30. 12. 1989, p. 39.

Whereas in French Guiana, in the light of recent agricultural developments, specific measures should be taken to promote livestock production and rice cultivation;

Whereas provision should be made for a Community financial contribution towards the eradication of diseases specific to the FOD; whereas, in the light of the exceptional animal health situation in those departments, provision should also be made for derogations from Council Directive 72/462/EEC of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries⁽¹⁾;

Whereas the plant health of agricultural crops in the FOD is subject to particular problems associated with the climate and the inadequacy of the control measures hitherto applied there; whereas programmes should be implemented to combat harmful organisms; whereas the Community's financial contribution towards such programmes should be specified;

Whereas, in the fruit, vegetables, plants and floricultural sector, measures should be taken to improve farm productivity and product quality; whereas measures should also be taken to improve product marketing;

Whereas rum is a product of great economic importance for the FOD; whereas the gradual abolition of certain benefits currently accorded in respect of rum production would have a serious impact on the earnings of the producers; whereas support measures should therefore be taken in respect of the cultivation of sugar cane and its processing into rum;

Whereas agricultural producers in the FOD should be encouraged to supply quality products and the marketing of these should be assisted; whereas the creation of a graphic symbol and the promotion of such products, in their natural or processed form, could facilitate their marketing;

Whereas farms in those departments present major structural weaknesses from which specific difficulties derive; whereas a derogation is therefore necessary from the rules which restrict or prohibit the grant of certain forms of structural aid;

Whereas certain structural measures essential for the development of agriculture in the FOD are financed under the Community support frameworks to promote the development and structural adjustment of regions

whose development is lagging behind (Objective 1) pursuant to Articles 130a and 130c of the Treaty; whereas the Commission has approved an initiative (Regis) to encourage the economic development of the most remote regions, providing for the diversification of agricultural production, the upgrading of traditional products and measures to reduce the risks associated with natural disasters; whereas additional provision should be made, above and beyond the Community support frameworks and the Regis and Leader Community initiatives, for structural measures related to agricultural development in the FOD;

Whereas banana cultivation is of fundamental importance to the economics of certain FOD; whereas all the problems relating to banana production are the subject of a Community study currently under way; whereas appropriate measures will be taken on conclusion of the study,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation lays down specific measures to remedy, in respect of certain agricultural products, the difficulties caused by the remote and insular nature of the French overseas departments (FOD).

TITLE I

Measures to promote the supply of cereals and the development of livestock farming in the FOD and to develop rice cultivation in French Guiana

Article 2

1. For each calendar year an assessment shall be drawn up of the supply requirements of the FOD in cereals for animal feed and for human consumption.

2. The levies fixed pursuant to Article 13 (1) of Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals⁽²⁾ shall not apply, in respect of the quantities referred to in paragraph 1, to direct imports into the FOD:

(a) of cereals for animal feed originating in developing countries;

⁽¹⁾ OJ No L 302, 31. 12. 1972, p. 28. Directive as last amended by Directive 91/497/EEC (OJ No L 268, 24. 9. 1991, p. 69).

⁽²⁾ OJ No L 281, 1. 11. 1975, p. 1. Regulation as last amended by Regulation (EEC) No 3577/90 (OJ No L 353, 17. 12. 1990, p. 23).

(b) of cereals for human consumption originating in the overseas countries and territories or in the ACP States.

In the event of exceptional cereals supply difficulties in the FOD, the levy exemption may be extended:

- (a) to cereals for animal feed originating in other third countries;
- (b) to cereals for human consumption originating in developing countries.

3. To ensure coverage of the requirements referred to in paragraph 1 in terms of quantity, price and quality, supplies to the FOD shall be effected through the mobilization, on equivalent terms, for the end user, of Community cereals held in intervention storage and, where appropriate, of cereals available on the Community market. The terms of supply shall be fixed with particular reference to the costs of the various sources of supply and in particular shall be based on the prices applied to exports to third countries.

4. Application of the measures provided for in paragraphs 2 and 3 shall be subject to the advantage derived therefrom being actually passed on to the end user.

5. No refund shall be paid on exports of cereals and cereal-based products from the FOD.

6. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 26 of Regulation (EEC) No 2727/75. They shall cover in particular the determination of the quantities referred to in paragraph 1, the application, if appropriate, of the provisions of paragraph 2, second subparagraph, and measures to ensure that the advantages are actually passed on to the end user.

Article 3

1. For each of the 1991/92, 1992/93 and 1993/94 marketing years an assessment shall be drawn up of French Guiana's supply requirements in products falling within CN codes 2309 90 31, 2309 90 33, 2309 90 41, 2309 90 43, 2309 90 51 and 2309 90 53 used for animal feed.

The levies set pursuant to Article 14 (1) of Regulation (EEC) No 2727/75 shall not apply to direct imports into that department from developing countries and, in the case of exceptional difficulties, other third countries, within the limit of an overall quantity determined on the basis of the assessment.

To ensure coverage of French Guiana's requirements in terms of quantity, price and quality, animal feed manufactured from cereals processed in the rest of the Community shall be supplied on equivalent terms for the end user.

2. During the marketing years from 1991/92 to 1995/96 flat-rate aid per hectare shall be granted for rice production in French Guiana. The amount of the aid shall be fixed with particular reference to soil preparation costs.

3. Community aid shall be granted for the conclusion of annual contracts concerning the disposal and marketing, in Guadeloupe and Martinique, of rice harvested in French Guiana, within the limit of an annual volume of 8 000 tonnes of wholly milled rice equivalent.

These contracts shall be concluded between producers in French Guiana and natural or legal persons established in Guadeloupe and/or Martinique.

The amount of the aid shall be 10 % of the value of the marketed produce sold in the two abovementioned departments. This percentage shall be raised to 13 % where the contractor for the producers is a group or association.

The aid shall be paid to the purchaser who markets the products under the annual contracts.

The Commission shall periodically make an assessment of the application of this measure and shall revise the quantity fixed in the first subparagraph in accordance with the growth in the consumption needs of the two departments mentioned, by the procedure laid down in paragraph 5.

4. Within the limit of an annual quantity of 8 000 tonnes, the levy fixed pursuant to Article 14 (1) of Regulation (EEC) No 2727/75 shall not be applied to imports into Réunion of wheat bran falling within CN code 2302 30 from the ACP States.

5. In accordance with the procedure laid down, as appropriate, in Article 26 of Regulation (EEC) No 2727/75 or Article 27 of Regulation (EEC) No 1418/76⁽¹⁾, the following shall be determined:

- the quantities covered by the arrangements provided for in paragraph 1 and the measures to ensure that the advantages granted are actually passed on to the end user,
- the amount of the aid per hectare for rice production,
- the other detailed rules for the application of this Article.

6. At least six months before the end of the periods referred to in paragraphs 1 and 2 the Commission shall submit to the Council an assessment of the implementation of the measures, together with any appropriate proposals.

⁽¹⁾ OJ No L 166, 25. 6. 1975, p. 1. Regulation as last amended by Regulation (EEC) No 1806/89 (OJ No L 177, 24. 6. 1989, p. 1).

Article 4

1. Aid shall be granted for the supply to the FOD of the following products of Community origin :

- (a) pure-bred breeding animals of the bovine species falling within CN code 0102 10 00 ;
- (b) pure-bred breeding swine falling within CN code 0103 10 00 ;
- (c) pure-bred breeding sheep and goats falling within CN codes 0104 10 10 and 0104 20 10 ;
- (d) pure-bred breeding horses falling within CN code 0101 11 00 ;
- (e) pure-bred breeding rabbits falling within CN code ex 0106 00 10 ;
- (f) multiplier or breeding chicks falling within CN code ex 0105 11 00 ;
- (g) hatching eggs, other, for the production of multiplier or breeding chicks falling within CN code 0407 00 19.

2. The aid terms shall take account in particular of the supply requirements of the FOD with regard to the start-up of production. The aid shall be paid for the delivery of animals and products which fulfil the requirements specified under Community rules.

3. The aid shall be determined having regard to the following factors :

- (a) the conditions and in particular the costs of supply to the FOD resulting from their geographical situation ;
- (b) the price of products on the Community market and on the world market ;
- (c) whether or not customs duties and/or levies are charged on imports from third countries ;
- (d) the economic aspect of the aid envisaged.

4. No refund shall be made in respect of exports from the FOD of the products referred to in paragraph 1.

5. The amounts of the aid referred to in paragraph 1 and the detailed rules for the application of this Article shall be determined in accordance with the procedure laid down, as appropriate, in Article 27 of Regulation (EEC) No 805/68⁽¹⁾, or the corresponding articles of the other Regulations on the common organizations of the markets in the sectors concerned.

In the case of products covered by Council Regulation (EEC) No 827/68 of 28 June 1968 on the common organization of the market in certain products listed in Annex II to the Treaty⁽²⁾, these measures shall be adopted by the procedure laid down in Article 27 of Regulation (EEC) No 805/68.

⁽¹⁾ OJ No L 148, 28. 6. 1968, p. 24. Regulation as last amended by Regulation (EEC) No 1628/91 (OJ No L 150, 15. 6. 1991, p. 16).

⁽²⁾ OJ No L 151, 30. 6. 1968, p. 16. Regulation as last amended by Regulation (EEC) No 789/89 (OJ No L 85, 30. 3. 1991, p. 3).

Article 5

Aid shall be granted in support of traditional activities connected with beef and veal production and measures to improve product quality, within the limits of the consumption needs of the FOD as assessed in the context of a periodic review.

1. Fattening aid shall represent a supplement of ECU 40 per head to the special premium provided for in Article 4a of Regulation (EEC) No 805/68 ; the supplement may be granted in respect of an animal of a minimum weight to be determined in accordance with the procedure laid down in Article 9 of this Regulation.
2. A supplement to the premium for maintaining suckler cows provided for in Regulation (EEC) No 1357/80⁽³⁾ shall be paid to beef and veal producers in the FOD. The amount of this supplement shall be ECU 40 per suckler cow held by the producer on the day on which the application is submitted.

Article 6

Aid shall be granted for the human consumption of locally produced fresh cow's milk products, within the limits of the consumption needs of the FOD as assessed periodically. The aid shall amount to ECU 5 per 100 kg of whole milk. The amount of the aid shall be adjusted in accordance with the procedure laid down in Article 30 of Regulation (EEC) No 804/68⁽⁴⁾ in order to ensure the regular disposal of the aforementioned products on the local market. The aid shall be paid to the dairies. Payment shall be subject to the benefit derived therefrom being actually passed on to the consumer.

Article 7

During the period 1991/92 to 1994/95 :

1. the customs duties and levies referred to in Article 9 of Regulation (EEC) No 805/68 shall not be applied to imports, for fattening purposes, of bovine animals from third countries for consumption in the FOD ;
2. aid shall be granted for the supply, on equivalent terms, of the animals referred to in point 1 and originating in the rest of the Community.

The number of animals concerned by the measures referred to in the first paragraph shall be based on the assessment of needs referred to in Article 5, determined degressively to take account of the development of local production. The number of animals in question and the amount of the aid referred to in point 2 shall be determined in accordance with the procedure laid down in Article 9.

⁽³⁾ OJ No L 140, 5. 6. 1980, p. 1. Regulation as last amended by Regulation (EEC) No 3577/90 (OJ No L 353, 17. 12. 1990, p. 23).

⁽⁴⁾ OJ No L 148, 28. 6. 1968, p. 13. Regulation as last amended by Regulation (EEC) No 1630/91 (OJ No L 150, 15. 6. 1991, p. 19).

Not later than six months before the end of the 1994/95 marketing year for beef and veal, the Commission shall submit to the Council an assessment of the measures provided for in this Article, together with any appropriate proposals.

Article 8

The products referred to in Articles 2, 3 (1), 4 and 7 may not be re-exported to third countries or redispached to the rest of the Community without prejudice to the patterns of trade existing between the FOD.

Under the same conditions, where the products in question are processed in the FOD, the aforesaid prohibition shall not apply to traditional exports or shipments to the rest of the Community.

Article 9

The Commission, in accordance with the procedure laid down, as the case may be, in Article 30 of Regulation (EEC) No 804/68 or Article 27 of Regulation (EEC) No 805/68, shall adopt detailed rules for the application of Articles 5, 6 and 7 of this Regulation.

TITLE II

Veterinary and plant health measures

Article 10

1. In Article 24 (1) of Council Decision 90/424/EEC of 26 June 1990 on expenditure in the veterinary field⁽¹⁾, the following text is hereby added;

'or by the Commission in accordance with the procedure laid down in Article 41 with regard to the eradication of certain diseases specific to the French overseas departments'.

2. The following Article is hereby inserted in Directive 72/462/EEC:

'Article 31a

Without prejudice to Article 17 of Directive 90/675/EEC⁽²⁾ or to Article 13 of Directive 91/496/EEC⁽³⁾, the Commission may, in accordance with the procedure laid down in Article 29, derogate from this Directive with regard to imports into the French overseas departments.

When the decisions provided for in the preceding paragraph are taken, the rules applicable after importation shall be laid down in accordance with the same procedure.

⁽¹⁾ OJ No L 373, 31. 12. 1990, p. 1.

⁽²⁾ OJ No L 268, 24. 9. 1991, p. 56.'

⁽³⁾ OJ No L 224, 18. 8. 1990, p. 19. Decision as last amended by Decision 91/133/EEC (OJ No L 66, 13. 3. 1991, p. 18).

Article 11

1. The French authorities shall submit to the Commission programmes for the control of organisms harmful to plants or plant products. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost. The programmes submitted pursuant to this Article shall not concern protective measures for bananas.

2. The Community shall contribute to the financing of such programmes on the basis of a technical analysis of the regional situation.

3. The financial participation of the Community and the amount of the aid shall be decided in accordance with the procedure laid down in Article 16a of Directive 77/93/EEC⁽²⁾. The measures eligible for Community financing shall be defined in accordance with the same procedure.

Such participation may cover up to 60 % of the eligible expenditure. Payment shall be made on the basis of documentation supplied by the French authorities. If necessary, investigations may be organized by the Commission and conducted on its behalf by experts as referred to in Article 19a of Directive 77/93/EEC.

TITLE III

Measures to develop the fruit, vegetables, plants and flowers sectors

Article 12

The fourth indent of Article 3 (2) of Council Regulation (EEC) No 1360/78 of 19 June 1978 on producer groups and associations thereof⁽³⁾ is hereby replaced by the following:

'— live bovine animals falling within CN code 0102; beef and veal carcasses or quarters falling within CN codes ex 0201 and ex 0202; live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage falling within Chapter 6 of the combined nomenclature; fresh fruit and vegetables falling within Chapters 7 and 8 of the combined nomenclature and not covered by Regulation (EEC) No 1035/72; vanilla falling within CN code 0905 00 00; plants falling within CN code 1211, in the French overseas departments.'

⁽²⁾ OJ No L 26, 31. 1. 1977, p. 20. Directive as last amended by Directive 91/27/EEC (OJ No L 16, 22. 1. 1991, p. 29).

⁽³⁾ OJ No L 166, 23. 6. 1978, p. 1. Regulation as last amended by Regulation (EEC) No 3808/89 (OJ No L 371, 20. 12. 1989, p. 1).

Article 13

1. Aid per hectare shall be granted to producers and producer groups and organizations which undertake a programme of initiatives, approved by the competent authorities of the Member State, with a view to the expansion of production and/or the improvement in the quality of the products listed in Chapters 6, 7 and 8 of the combined nomenclature and of vanilla falling within CN code 0905 00 00, and of plants falling within CN code 1211. The aid shall not concern bananas.

The eligible initiatives shall seek in particular to introduce production methods that are suitable and effective against plant diseases and pests and to develop product quality through varietal conversion and cultural improvements.

These initiatives shall form an integral part of programmes conducted over at least three years.

The aid shall be granted for programmes covering a minimum area of 0,5 ha.

2. The amount of Community aid shall be at most ECU 500/ha. This amount shall be paid where the Member State provides official financing of at least ECU 300/ha and the contribution of the individual producer or group amounts to at least ECU 200/ha. If the contributions of the Member State and the producers are less than the amounts specified, the Community aid shall be reduced proportionately. The aid shall be paid each year of execution of the programme, for three years.

3. The aid shall be increased where the programme of initiatives is submitted and carried out by a producer group or organization and where, for its implementation, recourse to technical assistance is envisaged. The additional aid shall be granted in respect of programmes involving a minimum area of 2 ha. It shall amount to ECU 100/ha.

Article 14

1. The Community shall contribute up to a maximum of ECU 200 000 towards the financing of an economic analysis and forward study of the fruit and vegetable processing industry in the FOD, to be carried out on the responsibility of the Member State concerned.

The study shall produce an economic and technical assessment of the sector; it shall pay particular attention to supply data and processing costs and examine the conditions and scope for development and sales at regional and international level, having regard to competi-

tion on the world market and the diversity of the FOD. It shall make a specific assessment of the pineapple processing sector.

2. The Commission shall adopt, on the basis of the study referred to in paragraph 1, appropriate proposals which it shall transmit to the Council before 1 January 1993.

Article 15

1. Community aid shall be granted for the conclusion of annual contracts concerning the disposal and marketing of the products specified in Article 13 (1) and harvested in the FOD. This aid shall be paid up to a limit of a volume of trade of 3 000 tonnes per product per year and per department.

The contracts shall be concluded between individual producers or producer groups or associations and natural or legal persons established in the rest of the Community.

2. The amount of the aid shall be 10 % of the value of the production marketed, free at destination.

3. The aid shall be granted to purchasers who undertake to market the FOD products under the contracts referred to in paragraph 1.

4. Where the measures provided for in paragraph 1 are undertaken by joint ventures constituted, with the aim of marketing products harvested in the FOD, by producers or producer groups or associations in those departments and natural or legal persons established in the rest of the Community, and where the partners undertake to pool the knowledge and know-how required to achieve the objective of the joint venture over a minimum period of three years, the amount of the aid specified in paragraph 2 shall be increased to 13 % of the value of the annual production marketed jointly.

Article 16

Detailed rules for the application of this Title shall be adopted in accordance with the procedure laid down, as appropriate, in Article 33 of Regulation (EEC) No 1035/72⁽¹⁾ or Article 13 of Regulation (EEC) No 234/68⁽²⁾.

⁽¹⁾ OJ No L 118, 20. 5. 1972, p. 1. Regulation as last amended by Regulation (EEC) No 1623/91 (OJ No L 150, 15. 6. 1991, p. 8).

⁽²⁾ OJ No L 55, 2. 3. 1968, p. 1. Regulation as last amended by Regulation (EEC) No 3991/87 (OJ No L 377, 31. 12. 1987, p. 19).

The rules for products not covered by the market organizations set up by the Regulations referred to in the first paragraph shall be adopted in accordance with the procedure laid down in Article 33 of Regulation (EEC) No 1035/72.

TITLE IV

Measures to promote sugar cane — sugar — rum production

Article 17

In so far as the French authorities submit a restructuring plan for the improvement of plantations and/or development of mechanization to strengthen the sugar cane — sugar — rum sector, aid at a flat rate per hectare shall be granted for sugar cane cultivation.

The aid shall be paid to individual planters, planter groups or associations.

The Community shall finance the aid at the rate of 60 % of eligible expenditure where the official contribution of the Member State is at least 15 % ; if the latter is less, the Community aid shall be reduced accordingly.

Article 18

1. Aid shall be granted for the direct processing of sugar cane into agricultural rum as defined in Article 1 (4) (a) (2) of Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks⁽¹⁾.

The aid shall be paid to the distiller on condition that he has paid to the sugar cane producer a minimum price to be determined.

2. The aid referred to in paragraph 1 shall be granted up to the limit of an overall quantity corresponding to the average quantity of agricultural rum sold during the three marketing years 1987/88, 1988/89 and 1989/90.

Article 19

Detailed rules for the application of this Title shall be adopted, and the level of the aid and of the minimum price referred to in Article 18 (1) fixed, in accordance with the procedure laid down in Article 41 of Regulation (EEC) No 1785/81⁽²⁾.

When the decisions provided for in the first paragraph are taken, account shall be taken in particular of the produc-

tion objectives in the context of the arrangements applicable to sugar and of the supply requirements of the FOD markets.

TITLE V

Measures concerning the creation of a graphic symbol

Article 20

1. A graphic symbol shall be introduced with a view to ensuring greater awareness and consumption of quality agricultural products, whether natural or processed, specific to the FOD as remote regions.

2. The graphic symbol shall be chosen on the basis of an invitation to tender published by the Commission in the *Official Journal of the European Communities*.

3. The conditions of utilization of the symbol shall be proposed by the trade organizations. The French authorities shall forward such proposals, with their opinion, to the Commission for approval.

The utilization of the symbol shall be monitored by an official authority or a body approved by the competent French authorities.

4. The Community shall finance the production of the graphic symbol and its promotion.

5. Detailed rules for the application of this Article shall be adopted, as necessary, in accordance with the procedure laid down in Article 33 of Regulation (EEC) No 1035/72, or the corresponding Articles of other Regulations on the common organization of the markets.

TITLE VI

Derogations applicable to structural measures

Article 21

1. Notwithstanding Articles 6, 7 and 12 of Council Regulation (EEC) No 2328/91 of 15 July 1991 on improving the efficiency of agricultural structures⁽³⁾, investment aid for agricultural holdings in the FOD shall be granted on the following conditions :

(a) pig production shall not be subject to the conditions specified in Article 6 (4) of Regulation (EEC) No 2328/91 ;

⁽¹⁾ OJ No L 160, 12. 6. 1989, p. 1.

⁽²⁾ OJ No L 177, 1. 7. 1981, p. 4. Regulation as last amended by Regulation (EEC) No 464/91 (OJ No L 54, 28. 2. 1991, p. 22).

⁽³⁾ OJ No 218, 6. 8. 1991, p. 1.

- (b) with regard to eggs and poultry production, the prohibition referred to in Article 6 (6) of that Regulation shall not apply to family farms in so far as their size is in proportion to the need to ensure balanced development in those departments;
- (c) with regard to property investment, the value of the aid referred to in Article 7 (2) of that Regulation may be applied to other types of investment;
- (d) notwithstanding Article 7 (1) of Regulation (EEC) No 2328/91, expenditure relating to initial stock purchases of pigs and poultry may be eligible under the system of investment aid specified in Article 6 (1) of that Regulation.

The measures mentioned in the first subparagraph under (a), (b) and (d) shall apply only in so far as livestock production is undertaken in a manner compatible with animal welfare and environment protection requirements and provided that the production is for the domestic market of the departments concerned.

2. Notwithstanding Article 17 of Regulation (EEC) No 2328/91, the compensatory allowance referred to in Article 19 of that Regulation may be granted in the FOD for all crops, provided they are cultivated in a way compatible with environmental protection requirements and subject to a maximum income per holding to be determined.

In addition, cows whose milk is intended for the domestic market of the departments concerned may be taken into consideration for the calculation of the compensatory allowance in all the areas in the FOD specified in Article 3 (4) and (5) of Council Directive 75/268/EEC of 28 April 1975 on mountain and hill farming in certain less-favoured areas⁽¹⁾, up to a maximum number of 20 livestock units.

3. The Commission, in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88⁽²⁾:

- (i) shall adopt the conditions of application of this Article;
- (ii) may decide, on a reasoned request by the French authorities:
 - (a) to derogate from the investment ceiling referred to in Article 8 of Regulation (EEC) No 2328/91;
 - (b) to derogate from Article 12 (1) and the second indent of Article 13 of Council Regulation (EEC)

⁽¹⁾ OJ No L 128, 19. 5. 1975, p. 1. Directive as last amended by Regulation (EEC) No 797/85 (OJ No L 93, 30. 3. 1985, p. 1).
⁽²⁾ OJ No L 374, 31. 12. 1988, p. 1.

No 866/90 of 29 March 1990 on improving the processing and marketing conditions for agricultural products⁽³⁾ and from the corresponding provisions of Council Regulation (EEC) No 867/90 of 29 March 1990 on improving the processing and marketing conditions for forestry products⁽⁴⁾ in order to extend the coverage of these measures to essential imports from third countries, provided that the products processed or marketed are intended exclusively for the domestic market in the FOD.

TITLE VII

Final provisions

Article 22

The measures provided for in this Regulation, excluding Articles 10, 11, 12 and 21, shall constitute aid designed to stabilize the agricultural markets within the meaning of Article 3 (1) of Regulation (EEC) No 729/91⁽⁵⁾.

Article 23

1. The Commission shall submit to the Council and the Parliament an annual report on the implementation of the measures provided for in this Regulation accompanied where appropriate by proposals concerning any adjustment measures which may prove necessary in order to achieve the objectives of the Poseidom programme.

2. At the end of the third year of application of the system the Commission shall submit to the Europa Parliament and the Council a general report on the economic situation of the FOD showing the impact of the action taken pursuant to this Regulation.

In the light of the report's conclusions, the Commission shall submit, wherever this proves necessary, appropriate adjustments.

Article 24

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

⁽³⁾ OJ No L 91, 6. 4. 1990, p. 1. Regulation as last amended by Regulation (EEC) No 3577/90 (OJ No L 353, 17. 12. 1990, p. 23).

⁽⁴⁾ OJ No L 91, 6. 4. 1990, p. 7.

⁽⁵⁾ OJ No L 94, 28. 4. 1970, p. 13.

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

Done at Brussels, 16 December 1991.

For the Council
The President
H. VAN DEN BROEK
