

## COUNCIL REGULATION (EC) No 1255/1999

of 17 May 1999

## on the common organisation of the market in milk and milk products

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission<sup>(1)</sup>,

Having regard to the opinion of the European Parliament<sup>(2)</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>(3)</sup>,

Having regard to the opinion of the Committee of the Regions<sup>(4)</sup>,

Having regard to the opinion of the Court of Auditors<sup>(5)</sup>,

- (1) Whereas the operation and development of the common market in agricultural products should be accompanied by the establishment of a common agricultural policy to include in particular a common organisation of agricultural markets which may take various forms depending on the product;
- (2) Whereas the aim of the common agricultural policy is to attain the objectives set out in Article 33 of the Treaty; whereas, in the milk sector, in order to stabilise markets and to ensure a fair standard of living for the agriculture community, it is necessary that the intervention agencies, based on a single price system, may take intervention measures on the market including the buying-in of butter and skimmed milk powder and the grant of private storage

aids for these products; whereas, however, such measures should be standardised so as not to impede the free movement of goods in question within the Community;

- (3) Whereas by Council Regulation (EEC) No 3950/92 of 28 December 1992 establishing an additional levy in the milk and milk products sector<sup>(6)</sup>, an additional levy scheme for the market of milk and milk products was introduced for the purpose of reducing the imbalance between supply and demand on the milk and milk-product market and resulting structural surpluses; whereas this scheme will apply for eight new consecutive periods of 12 months commencing on 1 April 2000;
- (4) Whereas in order to stimulate the consumption of milk and milk products within the Community and to improve the competitiveness of these products on the international markets, the level of market support should be reduced, in particular, through a gradual reduction of the target prices and intervention prices for butter and skimmed milk powder starting from 1 July 2005;
- (5) Whereas the implementation of an intervention system for butter should maintain the competitive position of butter on the market and provide for the most efficient possible storage; whereas the quality requirements to be observed in respect of butter constitute a determining factor for attaining these objectives; whereas buying into intervention should take place in so far as it is necessary to maintain the stability of the market by reference to the market price of butter in the Member States, and should be carried out under a tendering procedure;
- (6) Whereas, in the case of private storage aid for butter, it is appropriate to subject its grant to butter produced from cream and milk of Community origin and to maintain a reference to national quality grades as a condition of eligibility;

<sup>(1)</sup> OJ C 170, 4.6.1998, p. 38.

<sup>(2)</sup> Opinion delivered on 6 May 1999 (not yet published in the Official Journal).

<sup>(3)</sup> OJ C 407, 28.12.1998, p. 203.

<sup>(4)</sup> OJ C 93, 6.4.1999, p. 1.

<sup>(5)</sup> OJ C 401, 22.12.1998, p. 3.

<sup>(6)</sup> OJ L 405, 31.12.1992, p. 1. Regulation as last amended by Regulation (EC) No 1256/1999 (see page 73 of this Official Journal).

- (7) Whereas in addition to intervention in respect of butter and fresh cream, other Community intervention measures are required to enable the best return to be obtained from milk proteins and to support the prices of products which have special importance in determining producer prices for milk; whereas these measures should take the form of buying-in of skimmed milk powder and of granting private storage aid for this product; whereas, however, the normal buying into intervention of skimmed milk powder may be suspended when a certain quantity is reached and may be replaced by buying-in under a tender procedure;
- (8) Whereas to avoid distortion between operators selling into public intervention and in the interest of the proper administration of Community funds, a minimum requirement should be set for the protein content of skimmed-milk-powder bought into intervention; whereas the content should be fixed taking account of current commercial standards and in such way that it cannot act as a criterion for exclusion from intervention;
- (9) Whereas, to contribute to balancing the milk market and to stabilise the market prices for milk and milk products, provision should be made for complementary measures increasing the possibility of disposing of milk products; whereas these measures should include the grant of private storage aid for certain types of cheeses, on the one hand, and the grant of aids for the marketing of certain milk products with a view to specific uses and destinations;
- (10) Whereas, in order to stimulate the consumption of milk by young people, provision should be made for the Community to defray a part of the expenditure occasioned by granting aid for the supply of milk to pupils in schools;
- (11) Whereas, as a consequence of reduced market support in the milk sector, income support measures for milk producers should be introduced; whereas these measures should take the form of a dairy premium the level of which should develop in parallel with the gradual reduction of market support; whereas the level of individual income support should be calculated on the basis of the individual reference quantities of the producers concerned; whereas, to ensure the proper application of the scheme, to take account of the multilateral commitments of the Community and for reasons of budget control, provision should be made for keeping the overall income support at the level of the Member States' total reference quantities as applicable at the entry into force of this Regulation;
- (12) Whereas the conditions for milk production and the income situation of producers significantly vary in different production areas of the Community; whereas a Community-wide scheme with uniform dairy payments to all producers would be too rigid to respond adequately to structural and natural disparities and the diverse needs resulting therefrom; whereas, therefore, it is appropriate to provide for a flexible framework of additional Community payments to be determined and made by Member States within fixed global amounts and in accordance with certain common criteria; whereas the global amounts should be allocated to the Member States on the basis of their total reference quantity for milk; whereas the common criteria are intended, *inter alia*, to prevent additional payments from producing discriminatory effects and to take full account of the relevant multilateral commitments of the Community; whereas, in particular, it is essential that Member States be obliged to use their discretionary powers exclusively on the basis of objective criteria, to pay full regard to the concept of equal treatment and to avoid market and competition distortions; whereas it is appropriate to provide for the forms that additional payments may take; whereas these forms should be premium supplements and area payments;
- (13) Whereas premium supplements should be granted in addition to the amounts of dairy premium granted per tonne of available premium reference quantities; whereas it is also necessary to limit the total amount of support which may be granted per premium amount per year;
- (14) Whereas additional area payments should only be granted for permanent pasture which does not benefit from other Community market support measures; whereas area payments should be applied within the limits of regional base areas of permanent pasture which should be established by Member States according to historical reference data; whereas the maximum amount of area payment which may be granted per hectare, including additional area payments under the common market organisation for beef and veal, should be comparable with the average support per hectare under the support system for producers of certain arable crops;

- (15) Whereas, in order to achieve the desired economic impact, direct payments must be granted within certain time limits;
- (16) Whereas, should the administration of bovine somatotrophin to dairy cows be prohibited under Community law, the Commission should establish penalties analogous to those foreseen in the common market organisation for beef and veal in the case of use of certain prohibited substances in beef production;
- (17) Whereas the creation of a single Community market for milk and milk products involves the introduction of a single trading system at the external frontiers of the Community; whereas a trading system including import duties and export refunds, in addition to the intervention measures, should, in principle, stabilise the Community market; whereas the trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations;
- (18) Whereas, in order to monitor the volume of trade in milk and milk products with third countries, provision should be made for a system of import and export licences for certain products, which includes the lodging of a security to guarantee that the transactions for which such licences are granted are effected;
- (19) Whereas in order to prevent or counteract adverse effects on the Community market which could result from imports of certain agricultural products, imports of one or more such products should be subject to payment of an additional import duty, if certain conditions are fulfilled;
- (20) Whereas it is appropriate, under certain conditions, to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other acts of the Council; whereas, moreover, the Commission should have analogous powers concerning certain tariff quotas opened by third countries;
- (21) Whereas provisions for granting a refund on exports to third countries, based on the difference between prices within the Community and on the world market, and falling within the WTO Agreement on Agriculture<sup>(1)</sup>, should serve to safeguard Community participation in international trade in milk and milk products; whereas these refunds should be subject to limits in terms of quantity and value;
- (22) Whereas compliance with the limits in terms of value should be ensured at the time when refunds are fixed through the monitoring of payments under the rules relating to the European Agricultural Guidance and Guarantee Fund; whereas monitoring can be facilitated by the compulsory advance fixing of refunds, while allowing the possibility, in the case of differentiated refunds, of changing the specified destination within a geographical area to which a single refund rate applies; whereas, in the case of a change of destination, the refund applicable to the actual destination should be paid, with a ceiling of the amount applicable to the destination fixed in advance;
- (23) Whereas ensuring compliance with the quantity limits calls for the introduction of a reliable and effective system of monitoring; whereas, to that end, the granting of refunds should be made subject to an export licence; whereas refunds should be granted up to the limits available, depending on the particular situation of each product concerned; whereas exceptions to that rule should only be permitted in the case of processed products not listed in Annex II to the Treaty, to which volume limits do not apply, and in the case of food-aid operations, which are exempt from any limit; whereas monitoring of the quantities exported with refunds during the marketing years as referred to in the WTO Agreement on Agriculture should be carried out on the basis of export licences issued for each marketing year;
- (24) Whereas, in addition to the system described above, and to the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of inward processing arrangements;
- (25) Whereas it is appropriate to provide for measures to be taken when a substantial rise or fall in prices disturbs or threatens to disturb the Community market;

<sup>(1)</sup> OJ L 336, 23.12.1994, p. 22.

- (26) Whereas the customs duty system makes it possible to dispense with all other protective measures at the external frontiers of the Community; whereas, however, the internal market and duty mechanism could, in exceptional circumstances, prove defective; whereas, in such cases, so as not to leave the Community market without defence against disturbances which may arise therefrom, the Community should be able to take all necessary measures without delay; whereas those measures should be in accordance with the obligations derived from the relevant WTO agreements;
- (27) Whereas restrictions on free movement resulting from the application of measures intended to prevent the spread of animal diseases could cause difficulties on the market of one or more Member States; whereas provision should be made for the introduction of exceptional market support measures in order to remedy such situations;
- (28) Whereas the establishment of a single market would be jeopardised by the granting of certain aids; whereas, therefore, the provisions of the Treaty which allow the assessment of aids granted by Member States and the prohibition of those which are incompatible with the common market should apply in the common market organisation for milk and milk products;
- (29) Whereas it is necessary that, as the common market in milk and milk products develops, the Member States and the Commission should keep each other supplied with the information necessary for applying this Regulation;
- (30) Whereas, in order to facilitate implementation of the proposed measures, a procedure should be provided for establishing close cooperation between Member States and the Commission within a Management Committee;
- (31) Whereas expenditure incurred by the Member States as a result of the obligations arising out of the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy<sup>(1)</sup>;
- (32) Whereas the common organisation of the market in milk and milk products should take appropriate account, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty;
- (33) Whereas the common organisation of the market in milk and milk products laid down in Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organisation of the market in milk and milk products<sup>(2)</sup> has been amended several times; whereas, by reason of their number, their complexity and their dispersal among several Official Journals, these texts are difficult to use and thus lack the clarity which should be an essential feature of all legislation; whereas, under these circumstances, they should be consolidated in a new Regulation and the aforementioned Regulation (EEC) No 804/68 should be repealed; whereas the essential rules of Council Regulations (EEC) No 986/68<sup>(3)</sup>, (EEC) No 987/68<sup>(4)</sup>, (EEC) No 508/71<sup>(5)</sup>, (EEC) No 1422/78<sup>(6)</sup>, (EEC) No 1723/81<sup>(7)</sup>, (EEC) No 2990/82<sup>(8)</sup>, (EEC) No 1842/83<sup>(9)</sup>, (EEC) No 865/84<sup>(10)</sup> and (EEC) No 777/87<sup>(11)</sup> have been incorporated into this Regulation, and should therefore be repealed;
- (34) Whereas the change from the arrangements in Regulation (EEC) No 804/68 to those in this Regulation could give rise to difficulties which are not dealt with in this Regulation; whereas, in order to deal with that eventuality, provision should be made for the Commission to adopt the necessary transitional measures; whereas the Commission should also be authorised to solve specific practical problems,

## HAS ADOPTED THIS REGULATION:

- (<sup>2</sup>) OJ L 148, 27.6.1968, p. 13. Regulation as last amended by Regulation (EC) No 1587/96 (OJ L 206, 16.8.1996, p. 21).
- (<sup>3</sup>) OJ L 169, 18.7.1968, p. 4. Regulation as last amended by Regulation (EC) No 1802/95 (OJ L 174, 26.7.1995, p. 31).
- (<sup>4</sup>) OJ L 169, 18.7.1968, p. 6. Regulation as last amended by Regulation (EEC) No 1435/90 (OJ L 138, 31.5.1990, p. 8).
- (<sup>5</sup>) OJ L 58, 11.3.1971, p. 1.
- (<sup>6</sup>) OJ L 171, 28.6.1978, p. 14.
- (<sup>7</sup>) OJ L 172, 30.6.1981, p. 14. Regulation as last amended by Regulation (EEC) No 863/84 (OJ L 90, 1.4.1984, p. 23).
- (<sup>8</sup>) OJ L 314, 10.11.1982, p. 26. Regulation as last amended by Regulation (EC) No 2442/96 (OJ L 333, 21.12.1996, p. 1).
- (<sup>9</sup>) OJ L 183, 7.7.1983, p. 1. Regulation as last amended by Regulation (EC) No 1958/97 (OJ L 277, 10.10.1997, p. 1).
- (<sup>10</sup>) OJ L 90, 1.4.1984, p. 25.
- (<sup>11</sup>) OJ L 78, 20.3.1987, p. 10. Regulation as last amended by Regulation (EEC) No 1634/91 (OJ L 150, 15.6.1991, p. 26).

(<sup>1</sup>) See page 103 of this Official Journal.

*Article 1*

The common organisation of the market in milk and milk products shall cover the following products;

CN code	Description of goods
(a) 0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter
(b) 0402	Milk and cream, concentrated or containing added sugar or other sweetening matter
(c) 0403 10 11 to 39	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter not flavoured nor containing added fruit, nuts or cocoa
0403 90 11 to 69	
(d) 0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included
(e) ex 0405	Butter and other fats and oils derived from milk; dairy spreads of a fat content of more than 75 % but less than 80 %
(f) 0406	Cheese and curd
(g) 1702 19 00	Lactose and lactose syrup not containing added flavouring or colouring matter, containing by weight 99 % or more lactose, expressed as anhydrous lactose, calculated on the dry matter
(h) 2106 90 51	Flavoured or coloured lactose syrup
(i) ex 2309	Preparations of a kind used in animal feeding: — Preparations and feedingstuffs containing products to which this Regulation applies, directly or by virtue of Council Regulation (EEC) No 2730/75 <sup>(1)</sup> , except preparations and feedingstuffs to which Council Regulation (EEC) No 1766/92 <sup>(2)</sup> applies.

<sup>(1)</sup> OJ L 281, 1.11.1975, p. 20. Regulation as last amended by Regulation (EC) No 2931/95 (OJ L 307, 20.12.1995, p. 10).

<sup>(2)</sup> OJ L 181, 1.7.1992, p. 21. Regulation as last amended by Regulation (EC) No 923/96 (OJ L 126, 24.5.1996, p. 37).

## TITLE I

## INTERNAL MARKET

## CHAPTER I

## Prices

*Article 2*

The milk year for all products listed in Article 1 shall begin on 1 July and end on 30 June of the following year.

*Article 3*

1. The target price in the Community for milk containing 3,7% fat, delivered to dairies and expressed in euro per 100 kg, shall be set at:

- 30,98 for the period from 1 July 2000 until 30 June 2005,
- 29,23 for the period from 1 July 2005 until 30 June 2006,
- 27,47 for the period from 1 July 2006 until 30 June 2007,
- 25,72 as from July 2007.

The target price shall be deemed to be that price which it is aimed to obtain for the aggregate of producers' milk sales on the Community market and on external markets.

2. The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may change the target price.

*Article 4*

1. The intervention prices in the Community, expressed in euro per 100 kg, shall be set:

(a) for butter at:

- 328,20 for the period from 1 July 2000 until 30 June 2005,

— 311,79 for the period from 1 July 2005 until 30 June 2006,

— 295,38 for the period from 1 July 2006 until 30 June 2007,

— 278,97 as from 1 July 2007;

(b) for skimmed milk powder at:

— 205,52 for the period from 1 July 2000 until 30 June 2005,

— 195,24 for the period from 1 July 2005 until 30 June 2006,

— 184,97 for the period from 1 July 2006 until 30 June 2007,

— 174,69 as from 1 July 2007.

2. The Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty, may change the intervention prices.

*Article 5*

The price system is established without prejudice to the implementation of the additional levy scheme.

## CHAPTER II

## Intervention system

*Article 6*

1. Where the market prices of butter are, in one or more Member States, at a level lower than 92% of the intervention price for a representative period, buying-in by the intervention agencies shall be carried out in the Member State(s) concerned under an open invitation to tender on the basis of specifications to be determined.

The buying-in price fixed by the Commission shall not be less than 90% of the intervention price.

Where market prices in the Member State(s) concerned are at a level equal to, or higher than, 92 % of the intervention price for a representative period, buying-in under a tendering procedure shall be suspended.

2. Under paragraph 1, the intervention agencies may only buy in butter produced directly and exclusively from pasteurised cream in an approved undertaking in the Community, and

(a) meet the following requirements:

- a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %,
- an age at the time of buying-in not exceeding a maximum to be fixed,
- conditions to be determined as regards the minimum quantity and packaging;

(b) meet certain requirements to be determined regarding in particular:

- preservation; additional requirements may be laid down by the intervention agencies,
- free fatty acid content,
- peroxide content,
- microbiological standard,
- sensory characteristics (appearance, texture, taste and smell).

National quality grades to be determined may be shown on the packaging of butter which meets national quality requirements.

Flat rate transport costs shall be borne, under conditions to be fixed, by the intervention agency if the butter is delivered to a cold store situated at a distance greater than a distance to be determined from the place where the butter was in store.

3. Aid for private storage shall be granted for:

- cream,
- unsalted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 82 % and a maximum water content, by weight, of 16 %,

- salted butter produced from cream or milk in an approved undertaking of the Community of a minimum butterfat content, by weight, of 80 %, a maximum water content, by weight, of 16 % and a maximum salt content, by weight, of 2 %.

The butter shall be classified according to national quality grades to be determined and shall be marked accordingly.

The aid shall be fixed in the light of storage costs and the likely trend in prices for fresh butter and butter from stocks. Where, at the time of removal from storage, an adverse change unforeseeable at the time of entry into storage has occurred on the market, the aid may be increased.

Private storage aid shall be subject to the drawing-up of a storage contract concluded, in accordance with provisions to be laid down, by the intervention agency of the Member State on whose territory the cream or butter qualifying for the aid is stored.

Where the market situation so requires, the Commission may decide to remarket some or all of the cream or butter covered by private storage contracts.

4. Butter bought in by the intervention agencies shall be disposed of at a minimum price and under conditions to be determined so as to avoid disturbing the balance on the market and to ensure purchasers equal treatment and access to the butter to be sold. Where the butter put up for sale is intended for export, special conditions may be laid down to ensure that the product is not diverted from its destination and to take account of requirements specific to such sales.

For butter kept in public storage which cannot be disposed of during a milk year under normal conditions, special measures may be taken. Where warranted by such measures, special measures shall also be taken with a view to maintaining possibilities of disposing of products which were subject to aid as referred to in paragraph 3.

5. The intervention arrangements shall be applied so as to:

- maintain the competitive position of butter on the market,
- safeguard the original quality of the butter as far as possible,

— ensure storage as rationally as possible.

6. For the purposes of this Article:

— 'milk' shall mean cow's milk produced in the Community,

— 'cream' shall mean cream obtained directly and exclusively from milk.

#### Article 7

1. The intervention agency designated by each of the Member States shall, under conditions to be determined, buy in at the intervention price top quality skimmed milk powder made by the spray process and obtained in an approved undertaking in the Community, directly and exclusively from skimmed milk, which is offered to it during the period from 1 March to 31 August and which:

- meets a minimum protein content of 35,6 % by weight of the non-fatty dry extract,
- meets preservation requirements to be laid down,
- meets conditions to be determined as regards the minimum quantity and packaging.

However, intervention agencies shall also buy in skimmed milk powder whose protein content is at least 31,4 % and less than 35,6 %, of the non-fatty dry extract, provided that the other provisions laid down in the first subparagraph above are met. In that case, the buying-in price shall be equal to the intervention price less 1,75 % for each percentage point by which the protein content is lower than 35,6 %.

The intervention price shall be that in force on the day of manufacture of the skimmed milk powder and shall apply to skimmed milk powder delivered to the store designated by the intervention agency. Flat-rate transport costs shall be borne, under conditions to be fixed, by the intervention agency if the skimmed milk powder is delivered to a store situated at a distance greater than a distance to be determined from the place where the skimmed milk powder was in store.

The skimmed milk powder may only be stored in stores meeting conditions to be fixed.

2. The Commission may suspend the buying in of skimmed-milk powder provided for in paragraph 1 as

soon as the quantities offered for intervention in the period from 1 March to 31 August each year exceed 109 000 tonnes.

In that case buying-in by the intervention agencies may be carried out under an open standing invitation to tender on the basis of specifications to be determined.

3. Aid for the private storage of skimmed milk powder of top quality, obtained in an approved undertaking in the Community directly and exclusively from skimmed milk may be granted, in particular, if trends in prices and stocks of the products indicate a serious imbalance in the market which could be avoided or reduced by means of seasonal storage. In order to be eligible for aid, the skimmed milk powder must meet conditions to be fixed.

The aid shall be fixed in the light of storage costs and the likely trend in prices for skimmed milk powder.

Private storage aid shall be subject to the drawing-up of a storage contract concluded, in accordance with provisions to be laid down, by the intervention agency of the Member State on whose territory the skimmed milk powder qualifying for the aid is stored. Where the market situation so requires, the Commission may decide to remarket some or all of the skimmed milk powder covered by private storage contracts.

4. Skimmed milk powder bought in by the intervention agency shall be disposed of, at a minimum price and under conditions to be determined so as to avoid disturbing the balance on the market and to ensure purchasers equal treatment and access to the skimmed milk powder to be sold.

Where the skimmed milk powder put up for sale is intended for export, special conditions may be laid down to ensure that the product is not diverted from its destination and to take account of requirements specific to such sales.

For skimmed milk powder kept in public storage which cannot be disposed of during a milk year under normal conditions, special measures may be taken.

5. Within the meaning of this Article, 'skimmed milk' shall mean skimmed milk obtained directly and exclusively from cow's milk produced in the Community.



*Article 8*

1. Under conditions to be determined, aid shall be granted for the private storage of:

(a) Grana Padano cheese at least nine months old;

(b) Parmigiano Reggiano cheese at least 15 months old;

(c) Provolone cheese at least three months old;

if these cheeses reach certain standards.

2. The amount of private storage aid shall be fixed taking account of storage costs and the likely trend of market prices.

3. The intervention agency designated by the Member State in which the said cheeses are produced and qualify to bear the designation of origin shall implement the measures taken pursuant to paragraph 1.

The granting of private storage aid shall be subject to the conclusion of a storage contract with the intervention agency. The contract shall be drawn up under conditions to be determined.

Where the market situation so requires, the Commission may decide that the intervention agency will remarket some or all of the cheese stored.

*Article 9*

1. Private storage aid may be granted for longkeeping cheeses and for cheeses which are manufactured from sheep and/or goat's milk and require at least six months for maturing, if for those cheeses price developments and the stock situation indicate a serious imbalance of the market which may be eliminated or reduced by seasonal storage.

2. The amount of aid shall be fixed with reference to storage costs and the balance to be maintained between cheeses for which aid is granted and other cheeses coming on the market.

3. Should the situation of the Community market so require, the Commission may decide to remarket some or all of the cheeses covered by private storage contracts.

4. If, at the time the storage contract expires, the level of market prices for cheeses in store is higher than that prevailing when the contract was signed, a decision may be taken to adjust the amount of aid accordingly.

*Article 10*

There shall be adopted in accordance with the procedure laid down in Article 42:

(a) the detailed rules for the application of this chapter and, in particular, those for establishing the market prices for butter;

(b) the amounts of aid for private storage referred to in this chapter;

(c) the other decisions and measures which may be taken by the Commission under this chapter.

## CHAPTER III

**Marketing measures***Article 11*

1. Aid shall be granted for skimmed milk and skimmed-milk powder intended for use as feedingstuffs, if these products reach certain standards.

For the purposes of this Article, buttermilk and buttermilk powder shall be regarded as skimmed milk and skimmed-milk powder.

2. Aid amounts shall be fixed taking into account the following factors:

— the intervention price for skimmed-milk powder,

— development of the supply situation as regards skimmed-milk and skimmed-milk powder, and developments in the use thereof as feed,

— trends in calf prices,

— trends in the market prices for competing proteins as compared with those for skimmed-milk powder.

*Article 12*

1. Under the conditions determined in accordance with paragraph 2, aid shall be granted for Community-produced skimmed milk processed into casein and caseinates, if such milk and the casein or caseinates produced from it reach certain standards.

2. The aid may vary, according to whether the skimmed milk is processed into casein or caseinates and according to the quality of those products.

Aid shall be fixed taking into account the following factors:

- the intervention price for skimmed-milk powder, or the market price for first-quality spray-process skimmed-milk powder, if that price exceeds the intervention price,
- the market prices for casein and caseinates on the Community and world markets.

*Article 13*

1. When surpluses of milk products build up, or are likely to occur, the Commission may decide that aid shall be granted to enable cream, butter and concentrated butter to be purchased at reduced prices:

- (a) by non-profit making institutions and organisations;
- (b) by military forces and units of comparable status in the Member States;
- (c) by manufacturers of pastry products and ice-cream;
- (d) by manufacturers of other foodstuffs to be determined;
- (e) for the direct consumption of concentrated butter.

*Article 14*

1. Community aid shall be granted for supplying to pupils in educational establishments certain processed milk products falling within CN codes 0401, 0403, 0404 90 and 0406 or CN code 2202 90.

2. In addition to the Community aid, Member States may grant national aid for supplying the products specified in paragraph 1 to pupils in educational establishments.

3. In the case of whole milk, the Community aid shall be equal to 95 % of the target price for milk. In the case of other milk products, the amounts of aid shall be determined taking into account the milk components of the products concerned.

4. The aid referred to in paragraphs 1 shall be granted on a maximum quantity of 0,25 litre of milk equivalent per pupil and per day.

*Article 15*

The following shall be adopted in accordance with the procedure laid down in Article 42:

- (a) the detailed rules for the application of this chapter and, in particular, the conditions under which the aids set out therein may be granted,
- (b) the amounts of the aids referred to in this chapter,
- (c) the lists of products referred to in Article 13(d) and Article 14(1),
- (d) the other decisions and measures that may be adopted by the Commission under this chapter.

## CHAPTER IV

**Direct payments***Article 16*

1. Producers shall qualify for a dairy premium. It shall be granted per calendar year, per holding and per tonne of individual reference quantity eligible for premium and available on the holding.

2. The premium amount per tonne of individual reference quantity eligible for premium shall be set at:

- EUR 5,75 for the calendar year 2005,
- EUR 11,49 for the calendar year 2006,
- EUR 17,24 for the calendar year 2007 and the subsequent calendar years.

3. The individual reference quantity eligible for premium shall be equal to the individual reference quantity for milk available on the holding on 31 March of the calendar year concerned, without prejudice to reductions resulting from the application of subparagraph 2. Individual reference quantities which have been the subject of temporary transfers in accordance with Article 6 of Regulation (EEC) No 3950/92 on 31 March of the calendar year concerned shall be deemed to be available on the holding of the transferee for that calendar year.

Where, on 31 March of a calendar year, the sum of all individual reference quantities in a Member State exceeds the sum of the corresponding total quantities of that Member State set out in Article 3(2) of Regulation (EEC) No 3950/92 for the 12 month period 1999/2000, the Member State concerned shall, on the basis of objective criteria, take the necessary steps to reduce accordingly the total amount of individual reference quantities eligible for premium on its territory for the calendar year concerned.

4. For the purposes of this chapter, the definitions of 'producer' and 'holding' laid down in Article 9 of Regulation (EEC) No 3950/92 shall apply.

#### *Article 17*

1. Member States shall, on a yearly basis, make additional payments to producers in their territory totalling the global amounts set out in Annex I. Such payments shall be made according to objective criteria including, in particular, the relevant production structures and conditions, and in such a way as to ensure equal treatment between producers and to avoid market and competition distortions. Moreover, such payments shall not be linked to fluctuations of market prices.

2. Additional payments may be made in the form of premium supplements (Article 18) and/or area payments (Article 19).

#### *Article 18*

1. Premium supplements may only be granted as a supplementary amount per premium amount as set out in Article 16(2).

2. The total amount of dairy premium and premium supplement, which may be granted per premium amount per tonne of individual reference quantity eligible for premium, shall not exceed:

— EUR 13,9 per tonne for the calendar year 2005,

— EUR 27,8 per tonne for the calendar year 2006,

— EUR 41,7 per tonne for the calendar year 2007 and subsequent calendar years.

#### *Article 19*

1. Area payments shall be granted per hectare of permanent pasture:

(a) which is available to a producer during the calendar year concerned;

(b) which is not used to comply with the specific stocking density requirements referred to in Article 15(3) of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal<sup>(1)</sup>; and

(c) in respect of which no payments under the support system laid down for producers of certain arable crops, under the aid system for dried fodder and under Community aid schemes for other permanent or horticultural crops are claimed for the same year.

The area of permanent pasture in a region for which area payments may be granted shall not exceed the relevant regional base area.

2. The regional base areas shall be established by Member States in accordance with Article 17 of Regulation (EC) No 1254/1999.

3. The maximum area payment per hectare which may be granted, including area payments pursuant to Article 17 of Regulation (EC) No 1254/1999, shall not exceed EUR 350 for the calendar year 2005 and the subsequent calendar years.

#### *Article 20*

1. Before 1 January 2005, Member States shall provide the Commission with detailed information on their national arrangements concerning the granting of additional payments. Any changes of these arrangements shall be communicated to the Commission not later than one month following adoption.

2. Before 1 April 2007, Member States shall submit to the Commission detailed reports on the implementation of Articles 17 to 19.

<sup>(1)</sup> See page 21 of this Official Journal.

Before 1 January 2008, the Commission shall evaluate the implementation of Articles 17 to 19 and examine the distribution of Community funds between Member States as provided for in Annex I. If necessary, the Commission shall make appropriate proposals to the Council.

#### Article 21

Direct payments under this chapter shall be made, after verification of entitlement to payment, from 16 October of the calendar year concerned and, save in duly justified exceptional cases, no later than 30 June of the following year.

#### Article 22

The amounts of the direct payments set out in this chapter may be changed in the light of developments in production, productivity and the markets, according to the procedure laid down in Article 37(2) of the Treaty.

#### Article 23

Where, by or on the basis of Community law, the administration of bovine somatotrophin to dairy cows is not authorised or where the availability of that substance on farms is regulated otherwise, the Commission shall, in accordance with the procedure laid down in Article 42, adopt measures which shall be analogous to those provided for in Article 23 of Regulation (EC) No 1254/1999.

#### Article 24

Detailed rules for the application of this chapter shall be adopted by the Commission in accordance with the procedure laid down in Article 42.

#### Article 25

The expenditure incurred in granting the direct payments provided for in this chapter shall be considered as relating to intervention measures within the meaning of Article 2(2) of Regulation (EC) No 1254/1999.

## TITLE II

### TRADE WITH THIRD COUNTRIES

#### Article 26

1. Imports into the Community of any of the products listed in Article 1 shall be subject to the presentation of an import licence. Exports from the Community of any such products may be made subject to presentation of an export licence.

2. Licences shall be issued by Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to the measures taken for the application of Articles 29, 30 and 31.

Import and export licences shall be valid throughout the Community. Such licences shall be issued subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence; except in cases of *force majeure*, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

3. The following shall be adopted by the Commission in accordance with the procedure laid down in Article 42:

- (a) the list of products in respect of which export licences are required;
- (b) the term of validity of the licences; and
- (c) the other detailed rules for the application of this Article.

#### Article 27

Unless this Regulation provides otherwise, the rates of duty in the Common Customs Tariff shall apply to the products listed in Article 1.

#### Article 28

1. In order to prevent or counteract adverse effects on the market in the Community which may result

from imports of certain products listed in Article 1, imports of one or more of such products at the rate of duty referred to in Article 27 shall be subject to payment of an additional import duty if the conditions set out in Article 5 of the Agreement on Agriculture concluded in accordance with Article 300 of the Treaty in the framework of the Uruguay Round of multilateral trade negotiations have been fulfilled unless the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.

2. The trigger prices below which an additional duty may be imposed shall be those which are forwarded by the Community to the World Trade Organisation.

The trigger volumes to be exceeded in order to have the additional import duty imposed shall be determined particularly on the basis of imports into the Community in the three years preceding the year in which the adverse effects referred to in paragraph 1 arise or are likely to arise.

3. The import prices to be taken into consideration for imposing an additional import duty shall be determined on the basis of the cif import prices of the consignment under consideration.

Cif import prices shall be checked to that end against the representative prices for the product on the world market or on the Community import market for that product.

4. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Article 42. Such detailed rules shall specify in particular:

- (a) the products to which additional import duties shall be applied under the terms of Article 5 of the Agreement on Agriculture;
- (b) the other criteria necessary to ensure application of paragraph 1 in accordance with Article 5 of the Agreement on Agriculture.

#### Article 29

1. Tariff quotas for the products listed in Article 1 resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council shall be opened and administered in accordance with detailed rules adopted under the procedure laid down in Article 42.

2. Quotas may be administered by applying one of the following methods or a combination of them:

- method based on the chronological order of the lodging of applications (using the 'first come, first served' principle),
- method of distribution in proportion to the quantities requested when the applications were lodged (using the 'simultaneous examination' method),
- method based on taking traditional trade patterns into account (using the 'traditional importers/new arrivals' method).

Other appropriate methods may be adopted.

They shall avoid any discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, give due weight to the supply requirements on the Community market and the need to safeguard the equilibrium of that market, whilst at the same time possibly drawing on methods which may have been applied in the past to quotas corresponding to those referred to in paragraph 1, without prejudice to the rights resulting from agreements concluded in the framework of the Uruguay Round trade negotiations.

4. The detailed rules referred to in paragraph 1 shall provide for annual quotas, suitably phased over the year, if necessary, to be opened, determine the administrative method to be applied and, where appropriate, include provisions regarding:

- (a) guarantees covering the nature, provenance and origin of the product;
- (b) recognition of the document used for verifying the guarantees referred to in (a); and
- (c) the conditions under which import licences are issued and their term of validity.

#### Article 30

1. Where an agreement concluded in accordance with Article 300 of the Treaty provides for the total or partial management of a tariff quota opened by a third country for the products referred to in Article 1, the management method to be applied and detailed rules relating to that method shall be adopted in accordance with the procedure provided for in Article 42.

2. Quotas may be managed using one of the following methods or a combination thereof:

- order in which applications are submitted ('first come, first served' basis),
- allocation in proportion to quantities requested when applications are submitted ('simultaneous examination' method),
- traditional trade flows ('traditional importers/new arrivals' method).

Other appropriate methods may be adopted, in particular ones which guarantee the full use of the possibilities available under the quota concerned.

They shall avoid any discrimination between the operators concerned.

#### Article 31

1. To the extent necessary to enable the products listed in Article 1 to be exported without further processing or in the form of goods listed in Annex II if they are products listed in Article 1(a), (b), (c), (d), (e) and (g), on the basis of prices for those products in world trade and within the limits resulting from agreements concluded in accordance with Article 300 of the Treaty, the difference between those prices and prices in the Community may be covered by export refunds.

Export refunds on the products listed in Article 1 in the form of goods listed in the Annex II may not be higher than those applicable to such products exported without further processing.

2. The method to be adopted for the allocation of the quantities which may be exported with a refund shall be the method which:

- (a) is most suited to the nature of the product and the situation on the market in question, allowing the most efficient possible use of the resources available, account being taken of the efficiency and structure of Community exports without, however, creating discrimination between large and small operators;

(b) is least cumbersome administratively for operators, account being taken of administration requirements;

(c) prevents any discrimination between the operators concerned.

3. Refunds shall be the same for the whole Community.

They may vary according to destination, where the world market situation or the specific requirements of certain markets make this necessary.

Refunds shall be fixed by the Commission in accordance with the procedure laid down in Article 42. Refunds may be fixed:

(a) at regular intervals;

(b) by invitation to tender for products for which that procedure was provided for in the past.

Except where fixed by tender, the list of products on which an export refund is granted and the amount of such refund shall be fixed at least once every four weeks. The amount of the refund may, however, remain at the same level for more than four weeks and may, where necessary, be adjusted in the intervening period by the Commission at the request of a Member State or on its own initiative. However, for products listed in Article 1 and exported in the form of goods listed in Annex II to this Regulation, the refund may be fixed according to another timetable determined in accordance with the procedure referred to in Article 16 of Council Regulation (EC) No 3448/93<sup>(1)</sup>.

4. The following shall be taken into account when refunds are being fixed for the products listed in Article 1 and exported without further processing:

(a) the existing situation and future trends with regard to:

— prices and availabilities of milk and milk products on the Community market,

— prices of milk and milk products on the world market;

<sup>(1)</sup> OJ L 318, 20.12.1993, p. 31.

- (b) the most favourable marketing costs and transport costs from Community markets to Community ports or other places of export together with forwarding costs to the countries of destination; demand on the Community market;
- (c) the objectives of the common organisation of the markets in milk and milk products, which are to ensure a balanced situation and natural development regarding prices and trade on these markets;
- (d) limits resulting from agreements concluded in accordance with Article 300 of the Treaty;
- (e) the importance of avoiding disturbances on the Community market;
- (f) the economic aspect of the proposed exports.

Account shall also be taken in particular of the need to establish a balance between the use of Community basic agricultural products for export as processed goods to third countries, and the use of products from those countries admitted for inward processing.

5. For the products referred to in Article 1 and exported as such:

- (a) the prices in the Community referred to in paragraph 1 shall be determined taking account of the prices prevailing which prove to be the most favourable as regards export;
- (b) the prices on the world market referred to in paragraph 1 shall be determined taking account in particular of:
  - the prices on third-country markets,
  - the most favourable prices in third countries of destination for third-country imports,
  - producer prices recorded in exporting third countries, account being taken, where appropriate, of subsidies granted by those countries,
  - free-at-frontier offer prices.

6. Refunds shall be granted for the products referred to in paragraph 1 and exported as such only on application and on presentation of the relevant export licence.

7. The refund applicable to exports of products listed in Article 1 and exported as such shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day for:

- (a) the destination indicated on the licence, or where appropriate;
- (b) the actual destination if it differs from the destination indicated on the licence. In that case, the amount applicable may not exceed the amount applicable for the destination indicated on the licence.

Appropriate measures may be taken to prevent abuse of the flexibility provided for in this paragraph.

8. Paragraphs 6 and 7 may be made to apply to products listed in Article 1 and exported in the form of goods listed in Annex II in accordance with the procedure laid down in Article 16 of Regulation (EC) No 3448/93.

9. Paragraphs 6 and 7 may be waived in the case of products listed in Article 1 on which refunds are paid under food-aid operations, in accordance with the procedure laid down in Article 42.

10. The refund shall be paid upon proof that:

- the products are of Community origin,
- the products have been exported from the Community, and
- in the case of a differentiated refund, the products have reached the destination indicated on the licence or another destination for which a refund was fixed, without prejudice to paragraph 7(b). Exceptions may be made to this rule in accordance with the procedure laid down in Article 42, provided conditions are laid down which offer equivalent guarantees.

11. Without prejudice to paragraph 10, first indent, in the absence of a derogation granted in accordance with the procedure laid down in Article 42, no export refund shall be granted on products which are imported from third countries and re-exported to third countries.

12. As regards the products referred to in Article 1 and exported in the form of the goods listed in Annex II to this Regulation, paragraphs 10 and 11 shall apply only to goods falling within the following CN codes:

- 0405 20 30 (dairy spreads with a fat content between 60 and 75 %),
- 1806 90 60 to 1806 90 90 (certain products containing cocoa),
- 1901 (certain food preparations of flour, etc.),
- 2106 90 98 (certain food preparations not elsewhere specified),

having a high milk-product content.

13. Compliance with the limits on volumes arising from agreements concluded in accordance with Article 300 of the Treaty shall be ensured on the basis of the export certificates issued for the reference periods provided for therein and applicable to the products concerned. With regard to compliance with the obligations arising under the Agreement on Agriculture, the ending of a reference period shall not affect the validity of export licences.

14. Detailed rules for the application of this Article, including the arrangements for redistributing unallocated or unused exportable quantities, shall be adopted by the Commission in accordance with the procedure laid down in Article 42. However, the detailed rules on the application of paragraphs 8, 10, 11 and 12 for products referred to in Article 1 and exported in the form of goods listed in Annex II to this Regulation shall be adopted in accordance with the procedure laid down in Article 16 of Regulation (EC) No 3448/93.

#### Article 32

1. To the extent necessary for the proper working of the common organisation of the market in milk and milk products, the Council, acting by a qualified

majority, on a proposal from the Commission, may, in special cases, prohibit in whole or in part the use of inward processing arrangements in respect of products listed in Article 1 which are intended for the manufacture of products listed in that Article or of goods listed in Annex II to this Regulation.

2. By way of derogation from paragraph 1, if the situation referred to in paragraph 1 arises with exceptional urgency and the Community market is disturbed or is liable to be disturbed by the inward processing arrangements, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the Council and the Member State shall be notified of such measures, which shall be valid for no more than six months and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within a week following receipt of the request.

3. Measures decided on by the Commission may be referred to the Council by any Member State within a week of the day on which they were notified. The Council, acting by a qualified majority, may confirm, amend or repeal the Commission Decision.

If the Council has not acted within three months, the Commission Decision shall be deemed to have been repealed.

#### Article 33

1. The general rules for the interpretation of the Combined Nomenclature and the special rules for its application shall apply to the tariff classification of products covered by this Regulation; the tariff nomenclature resulting from the application of this Regulation shall be incorporated in the Common Customs Tariff.

2. Save as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:

- the levying of any charge having equivalent effect to a customs duty,
- the application of any quantitative restriction or measure having equivalent effect.

#### Article 34

1. Where, for one or more of the products listed in Article 1, the free-at-frontier price significantly exceeds the level of Community prices and where that



situation is likely to continue, thereby disturbing or threatening to disturb the Community market, the measures provided for in paragraph 5 may be taken.

2. A significant excess within the meaning of paragraph 1 shall exist when the free-at-frontier price exceeds the intervention price fixed for the product in question, increased by 15 %, or, as regards products for which there is no intervention price, a price derived from the intervention price, to be determined in accordance with the procedure laid down in Article 42, taking account of the nature and composition of the product in question.

3. The situation in which the free-at-frontier price significantly exceeds the level of prices is likely to continue when an imbalance exists between supply and demand and that imbalance is likely to continue, in view of foreseeable trends in production and market prices.

4. The Community market is disturbed or under threat of disturbance by the situation referred to in this Article when the high level of prices in international trade:

— hinders imports of milk products into the Community, or

— causes milk products to leave the Community,

so that security of supply is no longer ensured or threatens to be no longer ensured in the Community.

5. Where the conditions listed in paragraphs 1 to 4 are met, total or partial suspension of the import duties and/or collection of export charges may be decided on in accordance with the procedure laid down in Article 42. Detailed rules for the application of this Article shall, if necessary, be adopted by the Commission in accordance with the same procedure.

### Article 35

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 is affected by, or is threatened with, serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased.

The Council, acting by a qualified majority, on a proposal from the Commission, shall adopt general rules for the application of this paragraph and shall define the cases in which and the limits within which Member States may take protective measures.

2. If the situation referred to in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the Member States shall be notified of such measures, which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.

3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measure in question within one month following the day on which it was referred to the Council.

4. This Article shall be applied having regard to the obligations arising from agreements concluded in accordance with Article 300(2) of the Treaty.

## TITLE III

### GENERAL PROVISIONS

#### Article 36

In order to take account of the restrictions on free circulation which may result from the application of measures for combating the spread of diseases in animals, exceptional measures of support for the market affected by those restrictions may be taken in accordance with the procedure laid down in Article 42. Those measures may only be taken in so far as, and

for as long as, is strictly necessary for the support of that market.

#### Article 37

Save as otherwise provided in this Regulation, Articles 87, 88 and 89 of the Treaty shall apply to the production of and trade in the products listed in Article 1.

*Article 38*

1. Subject to the provisions of Article 87(2) of the Treaty, aids the amount of which is fixed on the basis of the price or quantity of products listed in Article 1 shall be prohibited.
2. National measures permitting equalisation between the prices of products listed in Article 1 shall also be prohibited.

*Article 39*

Without prejudice to the application of Articles 87, 88 and 89 of the Treaty, a Member State may impose a promotional levy on its milk producers in respect of marketed quantities of milk or milk equivalent in order to finance the measures on promoting consumption in the Community, expanding the markets for milk and milk products and improving quality.

*Article 40*

Member States and the Commission shall communicate to each other the information necessary for implementing this Regulation. Rules for the communication and distribution of such information shall be adopted by the Commission in accordance with the procedure laid down in Article 42.

*Article 41*

A Management Committee for Milk and Milk Products (hereinafter called the 'committee') shall be established, composed of representatives of Member States and chaired by a representative of the Commission.

*Article 42*

1. Where the procedure laid down in this Article is to be followed, the chairman shall refer the matter to the committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 205(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event the Commission may defer application of the measures which it has decided for not more than one month from the date of such communication.

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

*Article 43*

The committee may consider any other question referred to it by its chairman either on his own initiative or at the request of the representative of a Member State.

*Article 44*

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 33 and 131 of the Treaty.

*Article 45*

Regulation (EC) No 1254/1999 and the provisions adopted in implementation thereof shall apply to the products listed in Article 1.

## TITLE IV

## TRANSITIONAL AND FINAL PROVISIONS

*Article 46*

1. Regulations (EEC) No 804/68, (EEC) No 986/68, (EEC) No 987/68, (EEC) No 508/71, (EEC) No 1422/78, (EEC) No 1723/81, (EEC) No 2990/82,

(EEC) No 1842/83, (EEC) No 865/84 and (EEC) No 777/87 are hereby repealed.

2. References to Regulation (EEC) No 804/68 shall be construed as references to this Regulation and

should be read in accordance with the correlation table in Annex III.

*Article 47*

The Commission shall adopt, in accordance with the procedure laid down in Article 42:

- the measures required to facilitate the transition from the arrangements provided in Regulation (EEC) No 804/68 to those established by this Regulation,

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

Done at Brussels, 17 May 1999.

- the measures required to resolve specific practical problems. Such measures — if duly justified — may derogate from certain parts of this Regulation.

*Article 48*

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

It shall apply as from 1 January 2000.

*For the Council*  
*The President*  
K.-H. FUNKE

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## ANNEX I

## ADDITIONAL PAYMENTS: GLOBAL AMOUNTS REFERRED TO IN ARTICLE 17

(expressed in EUR million)

	2005	2006	2007 and subsequent calendar years
Belgium	8,6	17,1	25,7
Denmark	11,5	23,0	34,5
Germany	72,0	144,0	216,0
Greece	1,6	3,3	4,9
Spain	14,4	28,7	43,1
France	62,6	125,3	187,9
Ireland	13,6	27,1	40,7
Italy	25,7	51,3	77,0
Luxembourg	0,7	1,4	2,1
Netherlands	28,6	57,2	85,8
Austria	7,1	14,2	21,3
Portugal	4,8	9,7	14,5
Finland	6,2	12,4	18,6
Sweden	8,5	17,1	25,6
United Kingdom	37,7	75,4	113,1

## ANNEX II

CN code	Description of goods
0403 10 51 to 99 and 0403 90 71 to 99	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter, flavoured or containing added fruit or cocoa
ex 0405	Butter and other fats and oils derived from milk; dairy spreads:
0405 20	— Dairy spreads
0405 20 10	— — of a fat content, by weight, of 39 % or more but less than 60 %
0405 20 30	— — — of a fat content, by weight, of 60 % or more but not exceeding 75 %
ex 1517	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or fractions of different fats or oils of this chapter, other than edible fats or oils or their fractions of CN code 1516:
1517 10	— Margarine, excluding liquid margarine:
1517 10 10	— — containing more than 10 % but not more than 15 % by weight of milk fats
1517 90	— Other:
1517 90 10	— — containing more than 10 % but not more than 15 % by weight of milk fats
ex 1702	Lactose and lactose syrup:
1702 11 00	— — containing by weight 99 % or more lactose, expressed as anhydrous lactose, calculated on the dry matter
ex 1704	Sugar confectionery (including white chocolate), not containing cocoa:
ex 1704 90	— Other, excluding liquorice extract containing more than 10 % by weight of sucrose but not containing other added substances
ex 1806	Chocolate and other food preparations containing cocoa, excluding cocoa powder sweetened solely by the addition of sucrose of CN code 1806 10
ex 1901	Malt extract; food preparations of flour, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of CN codes 0401 to 0404, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included:
1901 10 00	— Preparations for infant use, put up for retail sale
1901 20 00	— Mixes and doughs for the preparation of bakers' wares of CN code 1905
1901 90	— other:
	— — other:
1901 90 91	— — — containing no milk fats, sucrose, isoglucose, glucose or starch or containing less than 1,5 % milk fat, 5 % sucrose (including invert sugar) or isoglucose, 5 % glucose or starch, excluding food preparations in powder form of goods of CN codes 0401 to 0404
1901 90 99	— — — other

CN code	Description of goods
ex 1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared:
	— Uncooked pasta not stuffed or otherwise prepared:
1902 19	— — other
1902 20	— Stuffed pasta, whether or not cooked or otherwise prepared:
	— — other:
1902 20 91	— — — Cooked
1902 20 99	— — — other
1902 30	— other pasta
1902 40	— Couscous:
1902 40 90	— — Other
1904	Prepared food obtained by the swelling or roasting of cereals or cereal products (for example, cornflakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked or otherwise prepared, not elsewhere specified or included
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products:
1905 10 00	— Crispbread
1905 20	— Gingerbread and the like
1905 30	— Sweet biscuits; waffles and wafers
1905 40	— Rusks, toasted bread and similar toasted products
1905 90	— other:
	— — other:
1905 90 40	— — — Waffles and wafers with a water content exceeding 10 % by weight
1905 90 45	— — — Biscuits
1905 90 55	— — — Extruded or expanded products, savoury or salted
1905 90 60	— — — — with added sweetening matter
1905 90 90	— — — — other
ex 2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading No 2006:
2004 10	— Potatoes:
	— — other:
2004 10 91	— — — in the form of flour, meal or flakes
ex 2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading No 2006:
2005 20	— Potatoes:
2005 20 10	— — in the form of flour, meal or flakes
ex 2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit not elsewhere specified or included: — Nuts, ground-nuts and other seeds, whether or not mixed together:

CN code	Description of goods
2008 11	— — Ground-nuts:
2008 11 10	— — — Peanut butter
2105 00	Ice-cream and other edible ice, whether or not containing cocoa
ex 2106	Food preparations not elsewhere specified or included, excluding compound alcoholic preparations falling within CN code 2106 90 20 and flavoured or coloured sugar syrups falling within CN codes 2106 90 30, 2106 90 51, 2106 90 55 and 2106 90 59
ex 2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit and vegetable juices of CN code 2009:
2202 90	— other: — — other, containing by weight of fat obtained from the products of CN codes 0401 to 0404:
2202 90 91	— — — less than 0,2 %
2202 90 95	— — — 0,2 % or more but less than 2 %
2202 90 99	— — — 2 % or more
ex 2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages:
2208 70	— Liqueurs and cordials
2208 90	— other: — — other spirits and spirituous beverages, in containers holding: — — — two litres or less: — — — — other:
2208 90 69	— — — — other spirituous beverages — — — more than two litres:
2208 90 78	— — — — other spirituous beverages
ex 3302	Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages:
3302 10	— of a kind used in the food or drink industries: — — of a kind used in the drink industries:
3302 10 29	— — — — other
3501	Casein, caseinates and other casein derivatives; casein glues
ex 3502	Albumins, albuminates and other albumin derivatives:
3502 20	— Milk albumin, including concentrates of two or more whey proteins: — — other:
3502 20 91	— — — dried (for example in sheets, scales, flakes, powder)
3502 20 99	— — — other

## ANNEX III

## CORRELATION TABLE

Regulation (EEC) No 804/68	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3(1) and (2)	Article 3(1)
Article 3(3)	—
Article 3(4)	Article 3(2)
Article 4	—
Article 5	Article 4(1)
Article 5a	—
Article 5c	Article 5
Article 6(2)	Article 6(3)
Article 6(3)	Article 6(4)
Article 6(4)	Article 6(5)
Article 6(6)	Article 10
Article 7(1)	Article 7(1)
Article 7(2)	Article 7(3)
Article 7(3), first subparagraph	Article 7(4), first subparagraph
Article 7(3), fourth subparagraph	Article 7(4), second subparagraph
Article 7(4)	Article 7(5)
Article 7(5)	Article 10
Article 7a	—
Article 8(1) to (3)	Article 8(1) to (3)
Article 8(4)	Article 10
Article 9(3)	Article 10
Article 10(1)	Article 11(1)
Article 10(2)	—
Article 10(3)	Article 15
Article 11(1)	Article 12(1)
Article 11(2)	—
Article 11(3)	Article 15
Article 12(3)	Article 15
Article 13	Article 26
Article 14	Article 27
Article 15	Article 28
Article 16	Article 29
Article 16a	Article 30
Article 17	Article 31



Regulation (EEC) No 804/68	This Regulation
Article 18	Article 32
Article 19	Article 33
Article 20	Article 34
Article 21	Article 35
Article 22	—
Article 22a	Article 36
Article 23	Article 37
Article 24	Article 38
Article 24a	Article 39
Article 25	—
Article 26(1) and (2)	Article 14(1) and (2)
Article 26(4)	Article 15
Article 26(5)	—
Article 28	Article 40
Article 29(1)	Article 41
Article 29(2)	—
Article 30	Article 42
Article 31	Article 43
Article 32	—
Article 33	Article 44
Article 34	Article 45
Article 35	—
Article 36	—
Article 37(1)	Article 48
Annex	Annex II