

**COMMISSION REGULATION (EC) No 2237/2003
of 23 December 2003**

**laying down detailed rules for the application of certain support schemes provided for in Title IV
of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes
under the common agricultural policy and establishing certain support schemes for farmers**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001⁽¹⁾, and in particular Article 145(c), (e), (f), (q) and Article 155 thereof,

Whereas:

- (1) Title IV of Regulation (EC) No 1782/2003 establishes certain support schemes for farmers. For the sake of simplification it is appropriate to provide for one single regulation laying down the implementing rules of those schemes which enter into force in 2004.
- (2) Starting from 2005 the integrated administration and control system provided for in Title II, Chapter 4 of Regulation (EC) No 1782/2003 (hereinafter referred as 'the IACS') shall apply to those support schemes. Some of those support schemes as well as some of the products receiving direct payments under some of those support schemes are already covered by the IACS. In order to facilitate the transition from the arrangements provided for by Council Regulation (EEC) No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes⁽²⁾ to the arrangements provided for by the IACS, it is appropriate to make applicable the existing rules under Regulation (EEC) No 3508/92 and its implementing rules provided for in Commission Regulation (EC) No 2419/2001⁽³⁾ to those support schemes.
- (3) For the efficiency and good administration of the schemes, the area payments must be restricted to certain areas and conditions to be specified.
- (4) The sowing of land for the sole purpose of qualifying for area payments should be prevented. Certain conditions relating to the sowing and cultivation of crops must be specified, in particular as regards durum wheat, protein

plants and rice. Local standards must be respected in order to reflect the diversity of agricultural practice within the Community.

- (5) Only one application for an area payment should be permitted in respect of any parcel cultivated in a given year except in the cases where the area payment is given as a supplement to the same crop or the aid concerns the production of seeds. Area payments can be granted on crops subsidised under a scheme falling within the Community's structural or environmental policies.
- (6) Support schemes based on area aid provide that where the area for which aid is claimed exceeds the maximum guaranteed area or base areas or subbase areas, the area per farmer for which aid is claimed shall be reduced proportionately in that year. It is therefore appropriate to establish the modalities and deadlines for the exchange of information between the Commission and the Member States in order to establish the coefficient of reduction and to inform the Commission of the areas for which the aid has been paid. The same provisions shall apply for the reduction of the total amount of individual reference quantities in case of application of Article 95(4) of Regulation (EC) No 1782/2003.
- (7) According to Article 73 of Regulation (EC) No 1782/2003, granting of the specific quality premium for durum wheat is subject to the use of certain quantities of certified seeds of varieties recognised, in the production zone, as being of high quality for the production of semolina or pasta. In order to ensure that those requirements are respected, the criteria for the variety screening method in each Member States should be fixed and the procedure for the establishment of the eligible varieties list as well as the minimum quantity of certified seeds to be used should be fixed.
- (8) The short time between the adoption of Regulation (EC) No 1782/2003 and the entry into force of the specific quality premium for durum wheat makes it impossible to establish a list of eligible varieties for the granting of the aid in the years 2004 and 2005 according to the envisaged screening method. It is therefore necessary for Member States to establish a transitional list based on a selection of current varieties.

⁽¹⁾ OJ L 270, 21.10.2003, p. 1.

⁽²⁾ OJ L 355, 5.12.1992, p. 1. Regulation as last amended by Commission Regulation (EC) No 495/2001 (OJ L 72, 14.3.2001, p. 6).

⁽³⁾ OJ L 327, 12.12.2001, p. 11. Regulation as amended by Regulation (EC) No 2550/2001 (OJ L 341, 22.12.2001, p. 105).

- (9) In view of the obligation, for the purpose of the eligibility to the specific quality premium for durum wheat, to use a certain quantity of certified seeds, an appropriate control procedure should be set up in order to verify that the eligible seeds and the required quantities are effectively used.
- (10) In some regions, the protein crops are traditionally sown in a mixture with cereals for agronomical reasons. The resulting crop principally consists of protein crops. For the purpose of granting the protein crop premium, the areas thus sown should therefore be considered as areas of protein crops.
- (11) In the interest of efficiency and good management of the aid scheme for nuts, the area aid granted should not be used to finance marginal plantations or isolated trees. A minimum plot size and a minimum tree density of a specialised orchard should therefore be defined. In order to facilitate the transition between the existing improvement plans which expire later than the introduction of the new aid scheme, it is appropriate to provide for transitional measures.
- (12) The terms of payment as well as the crop-specific payment for rice calculation depend not only on the base area or areas fixed for each producing Member State fixed by Regulation (EC) No 1782/2003, but also on the possible subdivision of those base areas into subbase areas and on the objective criteria chosen by each Member State to perform this subdivision, on conditions in which the cultivated parcels are put into cultivation and on the minimum size of the latter. As a consequence, detailed rules should be set for the establishment, the management and the cultivation modalities applicable to base areas and subbase areas.
- (13) The observation of a possible overrun of the base area referred to in Article 82 of Regulation (EC) No 1782/2003 implies a reduction of the crop-specific payment for rice. In order to set the calculation modalities for this reduction, criteria to be taken into consideration as well as applicable coefficients should be defined.
- (14) The follow-up of the payments of the crop-specific payment for rice presumes that the Commission has been forwarded certain information related to the cultivation of base areas and subbase areas. For this purpose, the detailed information that the Member States should communicate to the Commission as well as the deadlines for those communications should be determined.
- (15) The crop-specific payment for rice replaces the compensatory payments whose detailed rules were provided for in Commission Regulation (EC) No 613/97 of 8 April 1997 laying down rules for the application of Council Regulation (EC) No 3072/95 as regards the conditions for granting compensatory payments under the aid scheme for rice producers⁽¹⁾. That Regulation becomes without object and should therefore be repealed.
- (16) Articles 93 and 94 of Regulation (EC) No 1782/2003 provide for an aid to farmers producing potatoes intended for the manufacture of potato starch subject to a cultivation contract and within the quota limit established by Council Regulation (EC) No 1868/94 of 27 July 1994 establishing a quota system in relation to the production of potato starch⁽²⁾. The conditions for the granting of the aid should therefore be established and, where the case may be, cross references should be made to the existing provisions concerning the quota system provided for in Regulation (EC) No 1868/94. Taking into account that the potatoes are delivered progressively to starch undertaking and, until now, the aid has been paid on the quantities delivered, it is appropriate to maintain for the year 2004 the current payment system. In the interest of efficiency and good management of the aid scheme, provisions on checks should be provided for.
- (17) Articles 95 and 96 Regulation (EC) No 1782/2003 provide that the dairy premium and additional payment are paid to producers. Council Regulation (EC) No 1788/2003 of 29 September 2003 establishing a levy in the milk and milk products sector⁽³⁾ provides for specific provisions in case of inactivity. It is therefore appropriate to provide, when a natural or legal person holding an individual reference quantity no longer meets the conditions referred to in Article 5(c) of Council Regulation (EC) No 1788/2003 during the 12-month period preceding 31 March of the year concerned, for an exclusion from the benefiting of the premium and payment. In the interest of efficiency and good management of the aid scheme, provisions on checks should be provided for.
- (18) Articles 88 to 92 of Regulation (EC) No 1782/2003 provide for a new aid scheme for energy crops to be granted to farmers. As this is a new aid scheme requiring complex management and control measures, the implementing rules should be limited to 2004 to permit a review, in the light of experience, in subsequent years.
- (19) In line with Commission Regulation (EC) No 2461/1999 of 19 November 1999 laying down detailed rules for the application of Council Regulation (EC) No 1251/1999 as regards the use of land set aside for the production of raw materials for the manufacture within the Community of products not primarily intended for human or animal consumption⁽⁴⁾, which excludes sugar beet from the aid, the cultivation of sugar beet should be excluded from the aid scheme for energy crops.

⁽¹⁾ OJ L 94, 9.4.1997, p. 1. Regulation as last amended by Regulation (EC) No 1127/98 (OJ L 157, 30.5.1998, p. 86).

⁽²⁾ OJ L 197, 30.7.1994, p. 4. Regulation as last amended by Regulation (EC) No 1782/2003 (OJ L 270, 21.10.2003, p. 1).

⁽³⁾ OJ L 270, 21.10.2003, p. 123.

⁽⁴⁾ OJ L 299, 20.11.1999, p. 16. Regulation as last amended by Regulation (EC) No 345/2002 (OJ L 55, 26.2.2002, p. 10).

- (20) The terms of eligibility for this aid must be laid down. To this end it should be laid down that a contract must be concluded between the producer and the first processor with respect to the agricultural raw materials concerned. The conditions where processing is carried out by the farmer on the holding should also be defined.
- (21) To ensure that the raw material is processed into the specified energy product, first processors must lodge a security, despite the fact that the aid is granted not to first processors but to farmers. The security must be high enough to prevent any risk that the raw materials are ultimately diverted from their destination. In addition, in order to make the control system for the scheme effective, sales of raw materials and of semi-processed products should be limited to a maximum of two before final processing.
- (22) An explicit distinction must be made between the applicant's obligations, which end once the total quantity of raw material harvested is delivered, and the obligations incumbent on first processors, which commence on delivery and end with the final processing of the raw materials into energy products.
- (23) Certain transport operations within Community territory involving raw materials and products derived therefrom should be subject to controls entailing the use of T5 control copies to be issued in accordance with Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code⁽¹⁾. Provision should be made for alternative evidence should the T5 control copy be lost as a result of circumstances for which the first processor is not responsible. In the interest of efficiency and good management of the aid scheme, provisions on checks should be provided for.
- (24) The Management Committee for Direct Payments has not delivered an opinion within the time limit set by its chairman,
- (c) crop-specific payment for rice provided for in Title IV Chapter 3 of that Regulation;
- (d) area payment for nuts provided for in Title IV Chapter 4 of that Regulation;
- (e) for 2004, aid for energy crops provided for in Title IV Chapter 5 of that Regulation;
- (f) aid for starch potato provided for in Title IV Chapter 6 of that Regulation;
- (g) dairy premium and additional payments provided for in Title IV Chapter 7 of that Regulation.

Article 2

Application of the integrated administration and control system

Regulation (EEC) No 3508/92 and Regulation (EC) No 2419/2001 shall apply to the applications, for the calendar year 2004, for direct payments referred to in Article 1(a) to (e), save as otherwise provided.

For the calendar year 2004, Articles 11 to 15, 17, 20, 44 and 46 to 51 of Regulation (EC) No 2419/2001 shall apply to the applications for direct payments referred to in Article 1 (f) and (g).

For the calendar year 2004, Articles 2(r), 4, 22 and 23 of Regulation (EC) No 2419/2001 shall apply to the applications for direct payments referred to in Article 1(f).

Article 3

Date for applications

Farmers shall apply to the support schemes referred to in Article 1 by a date to be fixed by Member States, but not later than 15 May. In Finland and in Sweden, the date of 15 May may be postponed, but not later than 15 June.

However, the Commission, in accordance with the procedure referred to in Article 144(2) of Regulation (EC) No 1782/2003, may allow the dates referred to in the first subparagraph to be postponed in certain zones where exceptional climatic conditions render the normal dates inapplicable.

Article 8 of Regulation (EC) No 2419/2001 shall only apply with regard to area-related aid applications. For starch potato, in Finland and Sweden amendments to the aid application may be done up to 30 June.

Article 4

Conditions for the payment

1. The direct payment referred to in Article 1(a), (b), (c) and (e) shall be granted only for the areas, per each type of crop, which have been the subject of application in respect of at least 0,3 hectare, where each cultivated parcel exceeds the minimum size set by the Member State within the limit set up in Article 4 of Regulation (EC) No 2419/2001.

HAS ADOPTED THIS REGULATION:

CHAPTER 1

SCOPE AND GENERAL PROVISIONS

Article 1

Subject matter and scope

This Regulation lays down detailed rules for the implementation of the following support schemes provided for in Title IV of Regulation (EC) No 1782/2003:

- (a) specific quality premium for durum wheat provided for in Title IV Chapter 1 of that Regulation;
- (b) protein crop premium provided for in Title IV Chapter 2 of that Regulation;

⁽¹⁾ OJ L 253, 11.10.1993, p. 1. Regulation as last amended by Regulation (EC) No 1335/2003 (L 187, 26.7.2003, p. 16).

2. The direct payment referred to in Article 1(a), (b) and (c) shall be granted only for the areas entirely sown and on which all normal cultivation conditions have been performed in accordance with local standards.

However, in the case of the specific quality premium for durum wheat provided for in Title IV Chapter 1 of Regulation (EC) No 1782/2003, crops grown on areas which are fully sown and which are cultivated in accordance with local standards, but which do not attain the stage of flowering as a result of exceptional weather conditions recognised by the Member State concerned, shall remain eligible for aid provided that the areas in question are not used for any other purpose up to this growing stage.

3. Without prejudice to the time period provided for in Article 28(2) of Regulation (EC) No 1782/2003, direct payments under this Regulation shall be paid after the checks made pursuant to Regulation (EC) No 2419/2001 and this Regulation are carried out.

4. In a given year, no more than one application for an area payment under a scheme financed under Article 1(2)(b) of Council Regulation (EC) No 1257/1999⁽¹⁾ may be made in respect of any cultivated parcel.

However, any cultivated parcel which is covered in respect of the same year by an application for:

- (a) specific quality premium for durum wheat provided for in Title IV Chapter 1 of Regulation (EC) No 1782/2003 or protein crop premium provided for in Title IV Chapter 2 of Regulation (EC) No 1782/2003 may be the subject of an application for arable crops payments referred to in Articles 2, 4 and 5 of Council Regulation (EC) No 1251/1999⁽²⁾ or in Title IV Chapter 10 of Regulation (EC) No 1782/2003;
- (b) crop-specific payment for rice provided for in Title IV Chapter 3 of Regulation (EC) No 1782/2003 or protein crop premium provided for in Title IV Chapter 2 of Regulation (EC) No 1782/2003 may be the subject of an application for seed aid referred to in Article 3 of Council Regulation (EEC) No 2358/71⁽³⁾ or in Title IV Chapter 9 of Regulation (EC) No 1782/2003;
- (c) aid for energy crops provided for in Title IV Chapter 5 of Regulation (EC) No 1782/2003 may be the subject of an application for arable crops payments referred to in Articles 2, 4 and 5 of Regulation (EC) No 1251/1999 or in Title IV Chapter 10 of Regulation (EC) No 1782/2003, without prejudice to the second subparagraph of Article 90 of Regulation (EC) No 1782/2003 or crop-specific payment for rice provided for in Title IV Chapter 3 of Regulation (EC) No 1782/2003;
- (d) arable crops payments referred to in Articles 2, 4 and 5 of Regulation (EC) No 1251/1999 or in Title IV Chapter 10 of Regulation (EC) No 1782/2003 may be the subject of an

application for seed aid referred to in Article 3 of Regulation (EEC) No 2358/71 or in Title IV Chapter 9 of Regulation (EC) No 1782/2003.

Land used to produce raw materials cultivated under the energy crop aid provided for in Title IV Chapter 5 of Regulation (EC) No 1782/2003 shall not be eligible for Community aid as provided for in Chapter VIII of Council Regulation (EC) No 1257/1999⁽⁴⁾, with the exception of support granted in respect of the costs of planting fast-growing species as provided for in the second subparagraph of Article 31(3) thereof.

Article 5

Communications

The Member States shall communicate, by electronic transmission, to the Commission, in accordance with the following timetable:

- (a) by 15 September of the year concerned, at the latest: the areas, or the quantities in the case referred to in Articles 95 and 96 of Regulation (EC) No 1782/2003, for which the aid has been claimed for that calendar year, where the case may be subdivided for each subbase area;
- (b) by 31 October, at the latest: definitive data, on the areas or quantities, obtained taking into account checks already carried out;
- (c) by 31 July of the following year, at the latest: the final data corresponding to the areas or quantities for which the aid has actually been paid for that calendar year, after, where applicable, deduction of the reductions in area provided for in Article 32 of Regulation (EC) No 2419/2001.

The areas shall be expressed in hectares to two decimal places. The quantities shall be expressed in tonnes to three decimal places.

Article 6

Coefficient of reduction

1. The coefficient of reduction of area in the case referred to in Articles 75, 78(2), 82, 85 and 89(2) of Regulation (EC) No 1782/2003 or of the quantities and the objective criteria in the case referred to in Article 95(4) of that Regulation shall be fixed at the latest by 15 November of the year concerned on the basis of the data communicated in accordance with Article 5(b) of this Regulation.

2. In the cases referred to in Articles 75, 82, 85 and 95(4) of Regulation (EC) No 1782/2003, the Member States shall communicate to the Commission, by 1 December of the year concerned at the latest, the coefficient of reduction applied and, in the case referred to in Article 95(4) of that Regulation, the objective criteria applied.

⁽¹⁾ OJ L 160, 26.6.1999, p. 103.

⁽²⁾ OJ L 160, 26.6.1999, p. 1.

⁽³⁾ OJ L 246, 5.11.1971, p. 1.

⁽⁴⁾ OJ L 160, 26.6.1999, p. 80.

CHAPTER 2

SPECIFIC QUALITY PREMIUM FOR DURUM WHEAT*Article 7***Variety screening**

1. Member States listed in Article 74(1) of Regulation (EC) No 1782/2003 shall establish the list of durum wheat varieties eligible for the special quality premium referred to in Article 72 of Regulation (EC) No 1782/2003 in accordance with the variety screening method laid down in paragraphs 2 to 5 of this Article.

2. Member States shall, at least every two years, identify at least two representative varieties. The representative varieties shall be the most certified durum wheat varieties.

3. Member States shall analyse durum wheat varieties according to the following quality parameters and assign to each parameter the relevant weighting:

- (a) protein content (40 %),
- (b) gluten quality (30 %),
- (c) yellow index (20 %),
- (d) specific weight or weight of one thousand kernels (10 %).

The sum of the averages of the quality parameters referred to in (a) to (d), multiplied by the indicated value in percentage, shall constitute the quality index of the varieties.

Each Member State shall compare, over a period of at least two years, the quality indexes of the durum wheat varieties with those of the representative varieties at regional level. The varieties to be examined shall be those which are registered in the national catalogue of each Member State, with the exclusion of those varieties for which no analytical data are available for the last three years because they are not used or certified any more.

To that end, based on the average quality index of 100 attributed to the representative varieties, each Member State shall calculate, for each of quality parameters referred to in (a) to (d), the percentage to be assigned to the other durum wheat varieties in comparison with the index of 100. Only durum wheat varieties with an index equal to or higher than 98 shall be eligible for the quality premium for durum wheat.

4. A Member State may exclude from the list of eligible varieties the varieties which have an average rate of loss of vitreous aspect of durum wheat (mitadinage) exceeding 27 %.

5. Varieties, which are registered in the national catalogue of another Member State, may also be examined for their eligibility.

*Article 8***Analysis methods**

1. The analysis methods of the protein content, specific weight and the rate of loss of vitreous aspect of durum wheat (mitadinage) shall be those laid down in Commission Regulation (EC) 824/2000⁽¹⁾.

⁽¹⁾ OJ L 100, 20.4.2000, p. 31.

2. The yellow index shall be measured according to the ICC 152 method or an equivalent recognised method.

3. The gluten quality shall be measured according to the ICC 158 method or according to the ICC 151 method.

*Article 9***Quantity of certified seeds**

Member States shall fix, before 1 October of the year preceding the year in respect of which the premium is granted, the minimum quantity of seed, certified in accordance with Council Directive 66/402/EEC⁽²⁾, to be used in accordance with the current agricultural practices in the production zone concerned.

*Article 10***Publications and communications**

1. Member States shall publish the list of selected varieties which are eligible at national or regional level to the special quality premium for durum wheat, not later than 1 October, for winter varieties, and not later than 31 December, for spring varieties, of the year preceding the year in respect of which the premium is granted.

2. Member States shall communicate to the Commission, not later than one month after the dates provided for in paragraph 1, the list referred to in paragraph 1 as well as, if modified, the minimum quantity of certified seed to be used.

*Article 11***Validity**

1. The varieties admitted in the list referred to in Article 10(1) shall be eligible for the special quality premium for durum wheat for periods of five years starting from the date of their first admission in that list.

2. The eligibility of each variety may be extended for a period of five years, based on the results of the qualitative analyses carried out during the second and third year of the five-year eligibility period.

*Article 12***Transitional measures**

1. Member States shall publish before 15 May 2004 the list of the varieties, which are eligible for the premium only in 2004 and 2005 and shall communicate the list to the Commission before 30 June 2004.

2. Member States shall establish the list referred to in paragraph 1 by eliminating from the list of varieties which are registered in the national catalogue the varieties which have not been certified in 2002 and 2003 and those which do not satisfy at least two of the following parameters:

- (a) a minimum protein content of 11,5 %;
- (b) a minimum specific weight of 78 kg/hl;

⁽²⁾ OJ 125, 11.7.1966, p. 2309/1966.

- (c) a minimum weight of 1 000 kernels of 42 g;
- (d) a maximum rate of loss of vitreous aspect of durum wheat (mitadinage) of 27 %;
- (e) a minimum gluten content of 10 %.

3. The lists of varieties which are eligible for the premium in 2004, 2005 and 2006 may include varieties which are in the list of selected varieties of another Member State on the basis of the results of the qualitative analyses carried out by this other Member State.

Article 13

Control measures

1. The aid application for the specific quality premium for durum wheat shall be accompanied by proof, given according to the rules fixed by the Member State, that the minimum quantity of certified seed has been used.

2. In case a difference is established between the minimum quantity of certified seeds fixed by the Member State and the quantity effectively used, the determined area within the meaning of Article 2(r) of Regulation (EC) No 2419/2001 shall be calculated by dividing the total quantity of certified seeds, for which proof of use was given by the farmer, by the minimum quantity of certified seeds per hectare fixed by the Member State in the production zone concerned.

CHAPTER 3

PROTEIN CROP PREMIUM

Article 14

Mixture of cereals and protein crops

In regions where protein crops are traditionally sown in a mixture with cereals, the protein crop premium shall be paid at the request of the applicant provided that he proves, to the satisfaction of the competent authorities, that the protein crops are predominant in the mixture. The areas concerned shall not be eligible for the specific regional aid for arable crops referred to in Article 98 of Regulation (EC) No 1782/2003.

CHAPTER 4

CROP-SPECIFIC PAYMENT FOR RICE

Article 15

Application

In the aid application, the farmers shall specify the variety of rice sown for each cultivated parcel for which he claims the crop-specific payment for rice referred to in Article 79 of Regulation (EC) No 1782/2003.

Article 16

Dates for sowings

To be eligible for the crop-specific payment for rice, the declared area shall be sown at the latest:

- (a) on 30 June preceding the harvest in question, for Spain and Portugal,
- (b) on 31 May for the other producing Member States referred to in Article 80(2) of Regulation (EC) No 1782/2003.

However, in French Guiana, the areas shall be sown respectively for each of the two sowing cycles, at the latest on 31 December and 30 June preceding each of them and the crop-specific payment for rice shall be granted on the basis of the average of the areas sown for each of the two sowing cycles.

Article 17

Coefficient of reduction

The coefficient of reduction of the crop-specific payment for rice referred to in Article 82 of Regulation (EC) No 1782/2003 shall be calculated according to Annex I.

Article 18

Communications

1. Member States shall communicate, by electronic transmission, to the Commission, before 15 May 2004, the measures taken for the application of this Chapter and, as the case may be:

- (a) the subdivision of their base area or areas in subbase areas,
- (b) the objective criteria on which those subdivisions are based.

2. Member States shall communicate to the Commission, according to Article 5, the following information:

- (a) by 15 September at the latest:
 - (i) the list of the varieties registered in the national catalogue, classified according to the criteria defined in Annex I, item 2, of Council Regulation (EC) No 1785/2003⁽¹⁾,
 - (ii) the sown areas for which applications for crop-specific payment for rice have been submitted, by variety of rice and by base area and subbase area, in accordance with the table in Annex II(A) to this Regulation, including the overruns of the base areas and subbase areas, defined by each Member State in accordance with paragraph 1 of this Article;
- (b) by 31 October at the latest, the modifications with regard to the sown areas for which applications for the crop-specific payment for rice have been submitted, communicated according to subparagraph 1, in accordance with the table in Annex II(B) to this Regulation;

⁽¹⁾ OJ L 270, 21.10.2003, p. 96.

(c) by 31 July at the latest, the information concerning the sown areas for which the crop-specific payment for rice has actually been paid for the past marketing year, according to the calculation method defined in Annex I to this Regulation, in accordance with the table in Annex II(C) to this Regulation.

3. For French Guiana, the information concerning the sown areas is communicated on the basis of the average of the areas sown during the two sowing cycles.

4. Member States may revise annually the base sub-areas and the objective criteria referred to in paragraph 1. They shall communicate this information to the Commission at the latest on 15 May preceding the harvest in question.

CHAPTER 5

AREA PAYMENT FOR NUTS

Article 19

Eligibility conditions for the Community aid

1. For the purposes of this Chapter, an orchard shall mean a homogeneous and cohesive area planted with nut trees which is not intersected by other crops or plantations and which is geographically continuous. Isolated trees or a single row of nut trees planted alongside roads or other crops shall not be considered an orchard.

By way of derogation from the first subparagraph, Member States may allow the presence of trees other than nut trees within a limit corresponding to 10 % of the number of trees laid down in paragraph 3. Moreover, Member States may allow the presence of chestnut trees if the number of trees laid down in paragraph 3 is respected by the eligible nut trees.

2. Only orchards producing nuts and meeting the conditions referred to in paragraphs 3 and 4 at the date to be fixed in conformity with Article 3 of this Regulation are eligible for the area payment provided for in Article 83 of Regulation (EC) No 1782/2003.

In the case of an orchard where different types of nuts are grown and when the aid is differentiated in function of the products, the eligibility conditions and/or the level of the aid specific to the nut type which is predominant shall apply.

3. The minimum plot size of orchards may not be less than a surface area of 0,10 hectare.

The number of nut trees per hectare of orchards may not be less than:

- 125 for hazelnuts,
- 50 for almonds,
- 50 for walnuts,
- 50 for pistachios,
- 30 for locust beans.

4. Member States may fix the minimum plot size and tree density at a higher level than those laid down in paragraph 3 according to objective criteria and in order to take into account the specific characteristic of the areas and productions concerned.

Article 20

Eligibility conditions for national aid

Article 19 of this Regulation shall apply to the national aid referred to in Article 87 of Regulation (EC) No 1782/2003.

Without prejudice to Article 87 of Regulation (EC) No 1782/2003, a Member State may establish further eligibility criteria, provided that such criteria are consistent with the environmental, rural, social and economic objectives of the aid scheme and do not introduce discrimination between producers. Member States shall establish the necessary arrangements in order to control those criteria.

Article 21

Application

In the aid application, farmers shall specify the number of nut trees per type and per agricultural parcel.

Article 22

Communications

1. Member States shall communicate to the Commission before the date referred to in Article 3 and at the latest by 15 May 2004:

- (a) where a Member State applies for Community aid under Article 83(2) of Regulation (EC) No 1782/2003, the level of the area payment per products and/or the modified national guaranteed area (hereinafter referred to as 'NGA');
- (b) the higher levels and the criteria referred to in Article 19(4) of this Regulation;
- (c) the additional criteria referred to in Article 20 of this Regulation,

and, in the following years, by 31 March the data referred to in points (b) and (c) and by 15 May the date referred to in point (a).

2. Any modification of the communications referred to in paragraph 1 shall apply to the following year and shall be immediately communicated by the Member States to the Commission accompanied by the objective criteria justifying such changes.

Article 23

Transitional measures

1. Member States may determine whether and on what conditions the improvement plans referred to in Article 86(2) of Regulation (EC) No 1782/2003 may be ceased before their normal expiry and relative areas become eligible under this scheme.

2. When setting the conditions referred to in paragraph 1, the Member State shall ensure that:

- (a) the plan is not ceased before the complete implementation of an annual period,
- (b) the initial objectives of the plan have been reached to the satisfaction of the Member State.

CHAPTER 6

AID FOR STARCH POTATO

Article 24

Eligibility

The aid for starch potato provided for in Article 93 of Regulation (EC) No 1782/2003 shall be granted for potatoes which are covered by a cultivation contract provided for in Article 3 of Regulation (EC) No 2236/2003⁽¹⁾, of sound and fair marketable quality, on the basis of the net weight of the potatoes determined by one of the methods described in Annex I of Regulation (EC) No 2235/2003⁽²⁾ and the starch content of the potatoes delivered, in accordance with the rates fixed in Annex II of Regulation (EC) No 2235/2003.

No aid for starch potato shall be granted for potatoes which are not of sound and fair marketable quality nor for potatoes whose starch content is below 13 %, except where the second subparagraph of Article 5(3) of Regulation (EC) No 2236/2003 applies.

Article 25

Application

For 2004, the farmer shall submit an aid application containing all information necessary to establish eligibility for the aid, in particular:

- (a) the identity of the farmer;
- (b) a copy of the cultivation contract referred to in Article 24;
- (c) a statement from the farmer that he is aware of the requirements pertaining to aid in question.

Article 26

Minimum price

The aid for starch potato shall be subject to the requirement that proof is provided that a price not less than that referred to in Article 4(a) of Regulation (EC) No 1868/94 has been paid at the delivered-to-factory stage in accordance with the rates fixed in Annex II of Regulation (EC) No 2235/2003.

The proof referred to in Article 10(2) of Regulation (EC) No 2236/2003 shall apply.

Article 27

Payment

1. By way of derogation from Article 28(2) of Regulation (EC) No 1782/2003 and without prejudice to the time period fixed in the same Article, for 2004, the aid for starch potato

shall be paid to the farmers by the Member State on whose territory the potato starch was manufactured for the quantities delivered to the starch-producing undertaking within four months after the date on which the proof referred to in Article 26 of this Regulation has been provided and the conditions referred to in Article 24 of this Regulation have been respected.

2. The conversion rate to be used to express aid for starch potato in national currency shall be the one applied under Article 20 of Regulation (EC) No 2236/2003.

Article 28

Checks and reductions

1. Member States shall provide each other with mutual assistance as necessary for the purposes of checks provided for by this Article as well as in the event that potatoes intended for the manufacture of potato starch are the subject of intra-Community trade.

2. On-the-spot checks shall cover for 2004 at least 3 % of the producers having concluded cultivation contracts with starch-producing undertakings.

3. On-the-spot checks shall be selected on the basis of a risk analysis which takes account of:

- (a) quantities of potatoes intended for the manufacture of potato starch with regard to the surfaces as declared in the cultivation contract referred to in Article 24;
- (b) other parameters to be defined.

4. If it is found that the area actually cultivated is more than 10 % lower than the declared surface, the aid to be paid to the producer concerned for the current harvest shall be reduced by twice the difference found.

CHAPTER 7

DAIRY PREMIUM AND ADDITIONAL PAYMENTS

Article 29

Aid application

For 2004, the producer shall submit an aid application containing all information necessary to establish eligibility for the aid, in particular the identity of the producer and a statement of the producer that he is aware of the requirements pertaining to aid in question.

Article 30

Cases of inactivity

1. When a natural or legal person holding an individual reference quantity does not meet the conditions referred to in Article 5(c) of Regulation (EC) No 1788/2003 during the 12-month period ending on 31 March of the year concerned, no dairy premiums and additional payment shall be paid for the year concerned, unless he proves before the deadline for the application and to the satisfaction of the competent authority that production has been taken up.

⁽¹⁾ See page 45 of this Official Journal.

⁽²⁾ See page 36 of this Official Journal.

2. Paragraph 1 shall not apply in cases of *force majeure* and in duly justified cases temporarily affecting the production capacity of the producers concerned and recognised by the competent authority.

(b) 'first processor' means any user of agricultural raw materials who undertakes the first processing thereof with a view to obtaining one or more of the products referred to in Article 88 of Regulation (EC) No 1782/2003.

Article 31

Checks and sanctions

1. At least 2 % of all applicants shall be subject each year of on-the-spot checks. On-the-spot checks shall cover the conditions for the eligibility to the dairy premium and to the additional payment, notably on the basis of the farmers' accounting or other registers.

2. Articles 31, 32(1) and 33 of Regulation (EC) No 2419/2001 shall apply to the extent that 'area' is read as 'individual reference quantity'.

Where in the case referred to in Article 30(1) of this Regulation the person concerned does not take up production by the deadline for the application, the individual reference quantity determined within the meaning of the preceding sub-paragraph shall be deemed to be zero. In this case, the aid application of the person concerned for the year in question shall be refused. An amount equal to the amount covered by the refused application shall be set-off against aid payments under any of the aid schemes referred to in Article 1(1) of Regulation (EEC) No 3508/92 to which the person is entitled in the context of applications he lodges in the course of the calendar year following the calendar year of the finding.

3. The reference to Article 1(1) of Regulation (EEC) No 3508/92 contained in Article 32(2) and in the second subparagraph of Article 33 of Regulation (EC) No 2419/2001 as well as in paragraph 2 of this Article shall be read as referring to the aid schemes established under Titles III and IV of Regulation (EC) No 1782/2003.

CHAPTER 8

AID FOR ENERGY CROPS

SECTION 1

Definitions

Article 32

Definitions

For the purposes of this Chapter:

(a) 'applicant' means any farmer cultivating the areas referred to in Article 88 of Regulation (EC) No 1782/2003 with a view to obtaining the aid referred to in that Article;

SECTION 2

Contract

Article 33

Use of raw material

1. Any agricultural raw material with the exception of sugar beet may be grown on the areas covered by the aid provided for in Article 88 of Regulation (EC) No 1782/2003 provided that they are intended primarily for use in the production of the energy products referred to in the said Article.

The economic value of the energy products referred to in the first subparagraph obtained by processing raw materials shall be higher than that of all other products intended for other uses and obtained by such processing, as determined by the valuation method set out in Article 49(3).

2. The raw materials referred to in paragraph 1 must be covered by a contract in accordance with Article 90 of Regulation (EC) No 1782/2003 under the conditions laid down below.

3. Applicants shall deliver all raw materials harvested to a first processor who shall take delivery of them and ensure that an equivalent quantity of such raw materials is used within the Community for the manufacture of one or more energy products as referred to in Article 88 of Regulation (EC) No 1782/2003.

Where the first processor uses the raw material actually harvested to manufacture an intermediate product or a by-product, he may use an equivalent quantity of such intermediate products or by-products to manufacture one or more end products as referred to in the first subparagraph.

In the case referred to in the second subparagraph, the first processor shall so inform the competent authority with whom the security is lodged. Where such equivalent quantity is used in a Member State other than that in which the raw material is harvested, the competent authorities of the Member States concerned shall inform each other of the details of such transaction.

4. Within the context of national provisions governing contractual relations, the first processor may delegate to a third party the collection of the raw material from the farmer applying for the aid. The delegate must act in the name and on behalf of the processor who remains solely responsible with regard to the obligations laid down by this Chapter.

*Article 34***Derogations**

1. Notwithstanding Article 33(2) and (3), Member States may permit applicants to:

- (a) use all the cereals or oilseeds covered by CN codes 1201 00 90, ex 1205 00 90 and 1206 00 91 harvested:
 - (i) as fuel for heating their agricultural holding;
 - (ii) for the production on the holding of power or biofuels;
- (b) process into biogas (CN code 2711 29 00) on their holdings all raw materials harvested.

2. In the cases referred to in paragraph 1 applicants shall undertake, by way of a declaration in place of the contract referred to in Article 35, to use or process directly the raw material covered by the declaration. Articles 35 to 50 shall apply *mutatis mutandis*.

In addition, applicants must have all the raw material harvested weighed by a body or an undertaking designated by the Member State and must keep separate accounts for the raw material used and the products and by-products resulting from its processing.

However, in the case of cereals and oilseeds, and of straw, and where the entire plant is used, weighing may be replaced by volumetric measurement of the raw material.

3. Member States applying paragraph 1 shall introduce adequate control measures to ensure that the raw material is directly used on the holding or is processed into biogas falling within CN code 2711 29 00.

4. Cereals and oilseeds used in accordance with paragraph 1(a) must be denatured in accordance with the method laid down by the Member State. The Member States may authorise the oil produced by processing oilseeds in accordance with paragraph 1(a)(ii) to be denatured instead of the oilseeds themselves, provided that such denaturing takes place immediately after the seeds are processed into oil and that the use to which the seeds are put is checked.

*Article 35***Contract**

1. In support of their aid applications, applicants shall submit to their competent authorities the contracts they have concluded with a first processor.

2. Applicants shall ensure that such contracts specify the following:

- (a) the names and addresses of the parties to the contract;
- (b) the duration of the contract;
- (c) the species of all raw materials concerned and the area planted with each species;

(d) any conditions applicable to the delivery of the forecast quantities of raw materials;

(e) an undertaking to fulfil their obligations pursuant to Article 33(3);

(f) the intended primary end uses for the raw material, each end use complying with the conditions laid down in Articles 33(1) and 49(3).

3. Applicants shall ensure that the contracts are concluded in time to allow the first processor to deposit a copy with the competent authority of the applicant within the time limits laid down in Article 44(1).

4. For the purposes of control, Member States may require each applicant to conclude a single supply contract for each raw material.

SECTION 3

Amendment and termination of contract*Article 36***Amendment and termination of contract**

Where the parties to the contract amend or terminate the latter after applicants have lodged an aid application, applicants may maintain such aid applications only on condition that, with a view to allowing the requisite inspections to be carried out, they inform their competent authority of such amendment or termination, no later than the closing date set in the Member State concerned for amendment of the application.

*Article 37***Exceptional circumstances**

Without prejudice to Article 36, where applicants inform their competent authorities that, owing to exceptional circumstances, they will be unable to supply all or part of the raw materials specified in the contract, the competent authorities may, after obtaining sufficient evidence of such exceptional circumstances, authorise such amendments to contracts as appear justified, or may authorise their termination.

Where the land covered by contracts is reduced as a result of amendments thereto or where contracts are terminated, applicants shall forfeit their right to the aid referred to in this Chapter for the areas withdrawn from the contract.

*Article 38***Changes in end uses**

Without prejudice to Article 36, first processors may alter the intended primary end uses of raw materials, as referred to in Article 35(2)(f), once the raw materials under contract have been delivered to them and once the conditions laid down in Article 40(1) and in the first subparagraph of Article 44(3) have been fulfilled.

Changes in end uses shall be made in compliance with the conditions laid down in the second subparagraph of Article 33(1) and Article 49(3).

The first processors shall give prior notice to their competent authorities with a view to the requisite controls.

SECTION 4

Representative yields and quantities delivered

Article 39

Representative yields

Each year the Member States shall establish, using an appropriate procedure, representative yields which must be attained, and shall inform the applicants concerned thereof.

Article 40

Quantities to be delivered

1. Applicants shall declare the total quantity of raw materials harvested by species to their competent authorities and shall confirm the quantities of raw materials delivered and the parties to whom such deliveries are made.

2. The actual quantities to be delivered by the applicants to the first processors must at least correspond to the representative yield.

However, in duly justified cases, the Member States may, by way of an exception, accept a quantity up to 10 % below the representative yield.

Furthermore, where the competent authorities have authorised the amendment or termination of contracts in accordance with Article 37, they may, where it seems justified to do so, reduce the quantities that applicants are required to deliver under the first subparagraph.

Article 41

Reduction of the aid

Where applicants fail to deliver the requisite quantity of any given raw material pursuant to this Chapter, they shall be deemed, for the purposes of Article 32 of Regulation (EC) No 2419/2001, to have failed to fulfil their obligations as regards parcels intended for energy purposes in respect of an area calculated by multiplying the area of land cultivated and used by them for the production of the raw materials in accordance with the criteria laid down in this Chapter by the percentage shortfall in deliveries of that raw material.

SECTION 5

Conditions of payment of the aid

Article 42

Payment

1. The aid may be paid to applicants before the raw material is processed. However, such payments shall be made only where the requisite quantities of raw materials pursuant to this Chapter have been delivered to the first processor and where:

- (a) the declaration referred to in Article 40 has been made;
- (b) a copy of the contract has been deposited with the first processor's competent authority and the conditions referred to in Article 33(1) have been fulfilled;
- (c) the competent authority has received proof that the full security provided for in Article 45(2) has been lodged;
- (d) the competent authority responsible for the payment has checked that the conditions laid down in Article 35 have been met in respect of each application.

2. In the case of biennial crops, where the raw materials are harvested, and hence delivered, in the course of the second year of cultivation only, payment shall be made in each of the two years following the conclusion of the contract as provided for in Article 35, on condition that the competent authorities establish that:

- (a) the obligations laid down in paragraph 1(b), (c) and (d) of this Article are fulfilled as from the first year of cultivation; and
- (b) the obligations laid down in paragraph 1(a) of this Article are fulfilled, and the information referred to in the first subparagraph of Article 44(3) is communicated, in the second year of cultivation.

Payments shall be made only in respect of the first year of cultivation if the competent authorities have received proof that the security as provided for in Article 45(2) has been lodged. In respect of the second year of cultivation, the security does not have to be lodged for the payment to be made.

3. In the case of permanent or multiannual crops, the payment of the aid shall be made each year from the conclusion of the contract. The conditions laid down in paragraph 2 shall be applied *mutatis mutandis*.

SECTION 6

Contract and obligations on applicants and first processors

Article 43

Number of processors

Energy products must be obtained at most by a second processor.

*Article 44***Contract and obligations on applicants and first processors**

1. First processors shall deposit a copy of the contract with their competent authorities no later than the closing date for the submission of aid applications for the year in question in the Member State concerned.

Where applicants and first processors amend or terminate contracts prior to the date referred to in Article 36 in a given year, the first processors shall deposit with their competent authorities a copy of the amended or terminated contract, no later than that date.

2. First processors shall provide their competent authorities with the requisite information on the processing chain in question, in particular as regards prices and the technical processing coefficients to be used for determining the quantities of end products that may be obtained. The coefficients shall be those set out in Article 50(1).

3. First processors who have taken over the raw materials from applicants shall inform their competent authorities of the quantities of raw materials received, specifying the species, the name and address of the party to the contract who delivered the raw materials, the place of delivery and the contract reference, within a time limit to be set by the Member States that allows the payments to be made within the period specified in Article 28 of Regulation (EC) No 1782/2003.

Where the Member States of the first processors are not the same as the Member States in which the raw materials have been grown, then, within 40 working days of receipt of the information referred to in the first subparagraph, the competent authorities concerned shall inform the authorities of the applicants of the total quantities of raw materials delivered.

*SECTION 7***Securities***Article 45***First processors**

1. First processors shall lodge a full security as provided for in paragraph 2 with their competent authorities by the closing date for submission of payment applications for the year in question in the Member State concerned.

2. The securities to be lodged in respect of each raw material shall be calculated by multiplying the sum of all areas cultivated under this scheme, covered by a contract signed by the first processor concerned and used to produce that raw material, by the rate of EUR 60 per hectare.

3. Where contracts are amended or terminated in accordance with Articles 36 or 37, the securities lodged shall be adjusted accordingly.

4. A percentage of the security shall be released for each raw material on condition that the competent authority of the first processor concerned is in possession of proof that that the

quantity of raw material in question has been processed in compliance with the requirement laid down in Article 35(2)(f), account being taken, where necessary, of any changes pursuant to the Article 38.

*Article 46***Primary and subordinate requirements**

1. The following obligations shall constitute primary requirements within the meaning of Article 20 of Commission Regulation (EEC) No 2220/85 ⁽¹⁾:

- (a) the obligation to process the quantities of raw materials principally into the end products specified in the contract. The raw materials shall be processed by 31 July of the second year following that of harvest;
- (b) the obligation that products be accompanied by a T5 control copy in accordance with Articles 47 and 48.

2. The following obligations, incumbent on first processors, shall constitute subordinate requirements within the meaning of Article 20 of Regulation (EEC) No 2220/85:

- (a) the obligation to take delivery of all raw materials delivered by applicants pursuant to Article 33(3);
- (b) the obligation to deposit copies of contracts in accordance with Article 44(1);
- (c) the obligation to provide the information required in accordance with the first and second subparagraphs of Article 44(3);
- (d) the obligation to lodge a security in accordance with Article 45(1).

*SECTION 8***Documents for sale in, transfer to or delivery to another Member State or export***Article 47***T5 control copy**

Where first processors sell or transfer to second processors in other Member States intermediate products covered by contracts as provided for in Article 35, the products shall be accompanied by T5 control copies issued in accordance with Regulation (EEC) No 2454/93.

One of the following shall be entered under the heading 'Other' in box 104 of the T5 control copies:

- Producto destinado a su transformación o entrega de acuerdo con lo establecido en el artículo 34 del Reglamento (CE) nº 2237/2003 de la Comisión
- Skal anvendes til forarbejdning eller levering i overensstemmelse med artikel 34 i Kommissionens forordning (EF) nr. 2237/2003

⁽¹⁾ OJ L 205, 3.8.1985, p. 5.

- Zur Verarbeitung oder Lieferung gemäß Artikel 34 der Verordnung (EG) Nr. 2237/2003 der Kommission zu verwenden
 - Προς χρήση για μεταποίηση ή παράδοση σύμφωνα με το άρθρο 34 του κανονισμού (ΕΚ) αριθ. 2237/2003 της Επιτροπής
 - To be used for processing or delivery in accordance with Article 34 of Commission Regulation (EC) No 2237/2003
 - À utiliser pour transformation ou livraison conformément aux dispositions de l'article 34 du règlement (CE) n° 2237/2003 de la Commission
 - Da consegnare o trasformare conformemente all'articolo 34 del regolamento (CE) n. 2237/2003 della Commissione
 - Te gebruiken voor verwerking of aflevering overeenkomstig artikel 34 van Verordening (EG) nr. 2237/2003 van de Commissie
 - A utilizar para transformação ou entrega em conformidade com o artigo 34.º do Regulamento (CE) n.º 2237/2003 da Comissão
 - Käytetään jalostamiseen tai toimittamiseen komission asetuksen (EY) N:o 2237/2003 mukaisesti
 - Används till bearbetning eller leverans i enlighet med kommissionens förordning (EG) nr 2237/2003.
- (b) the quantities of raw materials processed and the quantities and types of end products, co-products and by-products obtained therefrom;
 - (c) wastage during processing;
 - (d) the quantities destroyed and the reasons for such destruction;
 - (e) the quantities and types of products sold or transferred by the processor and the prices obtained;
 - (f) where applicable, the names and addresses of the subsequent processors.
2. The competent authority of the first processor shall check that the contract submitted complies with the conditions laid down in Article 33(1). Where those conditions are not met, the applicants' competent authorities shall be notified.
 3. With a view to calculating the economic value of the products referred to in Article 33(1), the competent authorities concerned shall, on the basis of the information referred to in Article 44(2), compare the sum of the values of all energy products with the sum of the values of all other products intended for other uses and obtained from the same processing operation. Each value shall equal the relevant quantity multiplied by the average of the ex-factory prices recorded during the previous marketing year. Where such prices are not available, the competent authorities shall determine the relevant prices, in particular on the basis of the information referred to in Article 44(2).

Article 48

Alternatives to the T5 control copy

Notwithstanding Article 46(1)(b), if the T5 control copy is not returned to the office of departure of the body responsible for control in the Member State in which the first processor is established three months before expiry of the deadline provided for in Article 46(1)(a), as a result of circumstances for which the first processor is not responsible, the following documents may be accepted as alternatives to the T5 control copy:

- (a) purchase invoices for the intermediate products;
- (b) statements by the second processor verifying the final processing of the raw materials into energy products as referred to in Article 88 of Regulation (EC) No 1782/2003; and
- (c) certified photocopies from the second processor of accounting documents proving that processing has been carried out.

SECTION 9

Checks

Article 49

Record keeping

1. The competent authority of the Member State shall specify the records to be kept by processors and the frequency thereof, which shall be at least monthly. Such records shall comprise at least the following:

- (a) the quantities of different raw materials purchased for processing;

Article 50

Checks at the premises of processors

1. The competent authorities of the Member States in which processing takes place shall verify compliance with Article 33(1) at the premises of at least 25 % of the processors installed in their territory, selected on the basis of a risk analysis. Such controls shall involve at least:

- (a) a comparison of the sum of the values of all the energy products with the sum of the values of all other products intended for other uses and obtained from the same processing operation;
- (b) analysis of the processor's production system, comprising physical checks and inspections of commercial documents, with a view to verifying, in the case of processors, that deliveries of raw materials, end products, co-products and by-products tally.

For the purpose of the controls referred to in point (b) of the first subparagraph, the competent authorities shall base themselves in particular on the technical processing coefficients for the raw materials concerned. Where such coefficients exist for exports in Community legislation, they shall be applied. Where they do not but other coefficients do exist in Community legislation, they shall be applied. In all other cases, inspection shall rely mainly on the coefficients generally accepted by the processing industry.

2. Notwithstanding paragraph 1, for the processing operations referred to in Article 34, checks shall be carried out on 10 % of applicants selected on the basis of a risk analysis taking account of:

- (a) aid amounts;
- (b) the number of agricultural parcels and the area covered by an aid application;
- (c) developments since the previous year;
- (d) the findings of checks made in past years;
- (e) other parameters to be defined by the Member States, based on the representativeness of the contracts submitted.

3. Where the checks referred to in paragraph 2 reveal irregularities in at least 3 % of cases, the competent authority shall carry out additional checks during the year and shall consequently increase the percentage of farmers to be subject to an on-the-spot check the following year.

4. If it has been provided that certain elements of the checks referred to in paragraphs 1 and 2 may be carried out on the basis of a sample, that sample must guarantee a reliable and representative level of control.

5. Every on-the-spot check shall be the subject of an inspection report signed by the inspector giving the details of the checks carried out. The report shall indicate in particular:

- (a) the date of the check;
- (b) the persons present;
- (c) the period checked;
- (d) the checking techniques used including, where applicable, reference to sampling methods;
- (e) results of the check.

Article 51

Hemp production

The provisions relating to hemp referred to in Article 3(1a), the third paragraph of Article 5 and Article 21a of Regulation (EC) No 2461/1999 shall apply.

Article 52

Additional measures and mutual assistance

1. The Member States shall take all further measures required for the proper application of this Chapter and shall give the mutual assistance needed for the purposes of checks required pursuant to this Chapter. In this respect the Member States may, where this Chapter does not provide for appropriate reductions and exclusions, also apply appropriate national sanctions against market participants involved in the procedure for granting aid.

2. As far as necessary or as required by this Chapter, the Member States shall assist one another mutually to ensure effective controls, and enable the authenticity of documents submitted and the accuracy of the data exchanged to be verified.

SECTION 10

Exclusion from the scheme and evaluation

Article 53

Exclusion of raw materials from the scheme

The Member States may exclude any agricultural raw material from the scheme established by this Chapter where such materials raise difficulties from the viewpoint of controls, public health, the environment, criminal law, or a reduced rate of final energy products.

Article 54

Evaluation

Before 15 October following the end of the marketing year in question, the Member States shall forward to the Commission all the information needed to evaluate the scheme introduced by this Chapter.

Such information shall include, in particular:

- (a) the areas corresponding to each species of raw material;
- (b) the quantities of each type of raw material, end product, by-product and co-product obtained, with details of the type of raw material used;
- (c) the measures taken under Article 34;
- (d) the raw materials excluded from the scheme under Article 53.

CHAPTER 9

FINAL PROVISIONS

Article 55

Repeals

Regulation (EC) No 613/97 is repealed.

Article 56

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Union*.

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

Done at Brussels, 23 December 2003.

For the Commission
Franz FISCHLER
Member of the Commission

ANNEX I

CROP-SPECIFIC PAYMENT FOR RICE

Calculation of the coefficient of reduction referred to in Article 17

1. For the observation of a possible overrun of the base area referred to in Article 82 of the Regulation (EC) No 1782/2003, the competent authority of the Member State shall take into account, on the one hand, the base areas or subbase areas, fixed in Article 81 of the aforementioned Regulation, and on the other hand, the total of the areas for which aid applications have been submitted for these base areas and subbase areas.
2. In establishing the total area for which aid applications have been submitted, account shall not be taken of applications or parts of applications that a check has shown to be clearly unjustified.
3. If an overrun is observed for certain base areas or subbase areas, the Member State shall establish for these, the percentage of overrun, calculated with two decimal places according to the deadline fixed in Article 18(2) of this Regulation. When an overrun can be foreseen, the Member State shall inform the producers forthwith.
4. The coefficient of reduction of the crop-specific payment for rice shall be calculated, in accordance with Article 82 of Regulation (EC) No 1782/2003, according to the following formula:

Reduction coefficient = reference area of the subbase area divided by the total area for which aid applications have been submitted for this subbase area.

The reduced crop-specific payment for rice, shall be calculated according to the following formula:

reduced crop-specific aid for rice = crop-specific aid for rice multiplied by the reduction coefficient.

This reduction coefficient and this reduced crop-specific payment for rice shall be calculated for each subbase area, after application of the redistribution provided for in Article 82(2) of the aforementioned Regulation. Redistribution shall be done to the profit of the subbase areas for which limits have been exceeded. It shall be done proportionally to the overruns noted in the subbase areas for which limits have been exceeded.

ANNEX II

Crop-specific payment for rice

A. Area sown for which an aid has been applied (provisional data).

Information referred to in Article 18(2)(a).

To be sent by Member States to the following e-mail address: AGRI-C2-RICE@CEC.EU.INT

Marketing year: 2.../2... Member State:

(for France only) base area:

Subarea	Reference area (in hectares) (*)	Variety	Area sown for which an aid has been applied (in hectares) (**)	Percentage overrun
Name of subarea 1		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 2		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 3		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
.....		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Total				

(1) Article 81 of Regulation (EC) No 1782/2003.

(2) Article 80(1) of Regulation (EC) No 1782/2003.

B. Area sown for which an aid has been applied (definitive data).

Information referred to in Article 18(2)(b).

To be sent by Member States to the following e-mail address: AGRI-C2-RICE@CEC.EU.INT

Marketing year

2.../2...

Member State:

(for France only) base area:

Subarea	Reference area (in hectares) (*)	Variety	Area sown for which an aid has been applied (in hectares) (**)	Percentage overrun
Name of subarea 1		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 2		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 3		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
.....		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Total				

(*) Article 81 of Regulation (EC) No 1782/2003.

(**) Article 80(1) of Regulation (EC) No 1782/2003.

- C. Area sown for which an aid has been paid.
 Information referred to in Article 18(2)(c).
 To be sent by Member States to the following e-mail address: AGRI-C2-RICE@CEC.EU.INT

Marketing year: 2.../2... Member State:

(for France only) base area:

Subarea	Reference area (in hectares) (*)	Variety	Area sown for which an aid has been paid (in hectares)	Specific aid paid (EUR/ha) (**)
Name of subarea 1		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 2		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Name of subarea 3		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
.....		Variety 1		
		Variety 2		
		Variety 3		
		Variety 4		
		Variety 5		
			
		Total		
Total				

(1) Article 81 of Regulation (EC) No 1782/2003.

(2) Article 82 of Regulation (EC) No 1782/2003 and Annex I of this Regulation.