

Date: Wednesday 20 June 2001
Time: 2.00pm to 5.05pm
Venue: Committee Room, National Assembly Building

Sheepmeat Regime

Purpose

1. To invite views from the Committee on the European Commission's draft Council Regulation on the Common Organisation of the Market in Sheepmeat and Goatmeat.
2. A copy of the draft Regulation is at Annex 1.

The Commission's Proposal

3. The aim is to simplify the existing EU Regulations relating to the operation of the sheepmeat and goatmeat regime. Six existing regulations will be consolidated into a single simplified regulation. The accompanying explanatory memorandum sets out the background to the Commission's proposals for reform.
4. In summary the draft Regulation proposes the following main changes:
 - a. ewe premium: the main modification would seek the introduction of a flat rate payment to replace the existing deficiency payment. The level of premium proposed is €21 per head with a lower premium of €16.8 for milk producers. At current exchange rates €21 is equivalent to £13. (Article 4)
 - b. single "rural world premium": the Less Favoured Area supplement would be set at €7 per head (for both meat and milk producers) for qualifying sheep. This level would equate, at current exchange rates £4.32. (Article 5)
 - c. individual ceilings (quotas) for ewe premium would be retained. The draft regulation sets out the total quota rights for each Member States. (Article 8 and Annex 1)
 - d. the Commission will undertake an assessment of the environmental impact of sheep production particularly in the LFAs with a report being prepared by the end of 2005. (Article 29)
5. The Commission also proposes to rationalise the rules for producer groups. Although not covered in the draft Regulation, the accompanying explanatory memorandum makes clear that there will be a review of the current arrangements on sheep identification and traceability.

5. By way of background, in scheme year 2000 Sheep Annual Premium payments in Wales amounted to £72.0 million and for 2001 they are estimated to be £61 million. Had the Commission's proposed flat rate formula been in place the figures for the two years would be £91.1 million and £86.7 million respectively, based on the current exchange rate.

7. The Commission regard the proposals, particularly the level of premia, as those that are affordable within the budget available.

8. The draft Regulation is undergoing technical assessment by a Working Group at the Commission. The Group is to meet again on 25 June. The National Assembly will be represented. Following this process the next stage is for the proposals to go before the Standing Committee on Agriculture before being referred to the Council of Ministers, probably in the autumn. The intention is that the Regulation will be in place for the 2002 scheme year.

Financial and Compliance Issues

9. None are raised.

Recommendation

10. Views are sought from the Committee on the draft Regulation.

Contact Point

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Annex 1

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COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION

on the common organisation of the market in sheepmeat and goatmeat

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. INTRODUCTION

Following an evaluation undertaken by the Commission it is proposed to carry out a reform of the common organisation of the market in sheepmeat and goatmeat.

Although, in terms of production, the sheep and goat sector is the least important of the meat sectors (less than 10% of pigmeat production or around 12% of beef and veal production) the rearing of sheep and goats is very sensitive for certain regions of the Community. It is particularly important for less-favoured areas (LFA). It is by nature a predominantly extensive form of farming.

The Community average income of sheep and goat producers is generally amongst the lowest of all sectors. This is the case in Northern Europe in particular, although some South European countries are exceptions to this rule. In Southern Europe sheep are widely used for milk production, which can account for a significant part of the income of the farmer whereas in the North lambs are reared in systems purely devoted to meat production.

The Community is not self-sufficient in sheepmeat. About 20% of the overall consumption is imported, in the framework of duty free quotas.

Community support in the sector is mainly by way of the premium granted to sheep and goat producers. A supplement per ewe and she-goats is also payable to producers in LFA ('Rural World Premium'). About 80% of all ewes and she-goats claimed for the premium are in LFA. Claims are limited by individual quotas. In addition to direct payments to producers aid to private storage is also available as a tool for market management.

2. OPERATION OF THE PREMIUM REGIME

The premium takes the form of a deficiency payment, calculated on the difference between the basic price and the average Community market price.

The average Community market price is derived from calculating the average of market prices recorded each week on representative markets in the Member States. This means that price developments on the major markets, such as the UK or Spain, have a significant impact on the average price. Furthermore, there is no uniformity in the approach taken with regard to weighting coefficients for representative markets, which are derived from their relative importance within the Member State concerned. The data concerning prices on the sheepmeat market available in some Member States is not the most reliable.

To calculate the ewe premium, the difference between the basic price and the market price is multiplied by a technical coefficient, which expresses the quantity of lamb meat produced on average per ewe. Before making the calculation it is necessary each year to calculate the technical coefficient. The aim of this calculation is to arrive at the ratio between the number of heavy ewes and the production of heavy lambs expressed in kilos, which represents the lamb meat production per ewe. The main difficulty in making the calculation arises from the poor quality of statistical information. As a consequence it is necessary to base part of the calculation on estimates.

Producers of sheep's milk and goat producers receive 80% of the premium and 90% of the Rural World Premium. From 1988 to 1992 the number of claims for the ewe premium steadily rose each year, reaching a total of 69 730 000 premiums paid in 1992. A similar trend was seen for goats, reaching a peak of 7 974 000 in 1992. After the introduction of individual limits for producers (quotas) stability was achieved. In 1999 the total number of ewe premiums paid was 65 462 000. For goats the pattern has been different after 1992. Initially numbers declined but have steadily increased ever since, reaching 7 121 000 in 1999.

3. EVALUATION

The evaluation study examined the effect of the Common Market Organisation on the sector in terms of maintaining farmers' incomes, and its impact on production as well as on LFA's and the environment.

The main objective of the study was to examine the most important instrument of this common market organisation, namely the premium including its method of calculation (deficiency payment) and the limitations to individual payments to producers (the so-called "quota") under the following aspects:

- impact on producers' income
- impact on production of sheep and goat meat in terms of quality and quantity
- impact on rural areas and the environment

The study concluded that the premium has allowed sheep/goat producers to maintain their relative position (with the possible exception of France) but it has not been sufficient to reduce the gap between sheep farms and other farms. The point is clearly made that the method of calculation of the premium is flawed. This concerns price collection as well as the calculation of the technical coefficient. However, given the complex mechanism the report concludes that the constituent components used in the calculation are correct but in general the system for arriving at the deficiency payment is considered inefficient.

4. PROPOSALS FOR REFORM

The main modifications to the regime concern the ewe premium. In particular it is proposed that the deficiency payment be replaced by a flat-rate payment. This will be stable and predictable and being a known fixed amount will allow forward planning and simplify farm management. It will enable producers to respond more readily to market signals.

By carrying out this modification it will also be possible to simplify the administration of the premium regime and avoid the need for burdensome price reporting procedures and complex calculations.

As the proposal removes the link between the premium and prices and productivity it is more adapted to the objectives of WTO.

The change to a fixed premium will also result in a greater degree of budgetary certainty, as the fluctuations in the level of the premium seen in the past would disappear.

The proposal aims to retain certain aspects of the regime, which have proven to be effective in maintaining a balance on the market, such as the producers' individual limits of premium rights. However, in the interests of simplification and transparency the sum of individual limits per Member State will be published in the regulation. It is not proposed to replace individual limits by regional quotas. The certainty for producers, which would be achieved by a flat-rate premium, would be undermined by the need to establish a mechanism whereby the premium would be reduced in the case of overshooting of the quota. Regional quotas also encourage speculative activity that is harmful to the stability of the sector.

It is proposed that the differentiation in the level of the premium between producers of meat and those marketing milk or milk products be maintained. This recognises that milk producers enjoy an additional source of income. However, by way of simplification and in order to provide a uniform basis to all producers in less-favoured areas it is proposed to establish a single rate for the supplementary premium payable to such producers.

An additional simplification to the premium regime is the abolition of the scheme whereby producers marketing milk or milk products are entitled to the full level of premium provided

that they fatten the lambs as 'heavy carcasses'. Given that under the proposal the link between the level of the premium and production is removed it is not appropriate to maintain such a scheme.

It is proposed to make a number of simplifications to the regulations. Six Council regulations are to be replaced by a single regulation and definitions and other basic provisions made clearer. For example, it is proposed to align the definitions of 'producer' and 'holding' with those established in the Integrated Administration and Control System and remove superfluous provisions from the text.

The various simplifications will allow for the detailed rules to be codified and streamlined. The overall objective of the proposal is to provide a sound basis (by way of a fixed premium) upon which producers can develop their enterprises with the minimum of administrative interference. It will also lead to a significant reduction in the administrative burden for Member States.

Concerning the level of the premium, the average of the premiums from 1993 to 2000 is € 20,6. It would not be appropriate to set a premium lower than this amount, given that sheep and goat farmers generally have the lowest average incomes of all sectors. In fact there are arguments in favour of increasing the level of premium. The decrease in the price of beef and other meats in the framework of Agenda 2000 of up to more than 20% may be expected to have an impact on the price of sheepmeat. An increase in the level of premium would give compensation for the loss of the deficiency payment system, which provides a guarantee of increases in the premium without limitation when prices decrease.

The level of the premium that is proposed is € 21 with a reduced amount of € 16,8 for sheep farmers who produce sheep's milk and goat farmers. It is proposed to set the supplementary premium at € 7 for all producers.

Proposal for a

COUNCIL REGULATION

on the common organisation of the market in sheepmeat and goatmeat

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,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas:

1. The provisions concerning the common organisation of the market in sheepmeat and goatmeat have been established in a number of regulations. For reasons of clarity these regulations should be repealed and replaced by a new Regulation. Council Regulations (EEC) No 2644/80 of 14 October 1980 laying down general rules for intervention with regard to the sheepmeat and goatmeat sector, (EEC) No 3901/89 of 12 December 1989 defining lambs fattened as heavy carcasses, (EEC) No 1323/90 of 14 May 1990 instituting specific aid for sheep and goat farming in certain less-favoured areas of the Community, (EEC) No 3493/90 of 27 November 1990 laying down general rules for the granting of premiums to sheepmeat and goatmeat producers, (EEC) No 338/91 of 5 February 1991 determining the Community standard quality of fresh or chilled sheep carcasses and Council Regulation (EC) No 2467/98 of 3 November 1998 on the common organisation of the market in sheepmeat and goatmeat are replaced by new arrangements in this Regulation and should therefore be repealed.
2. A common organisation of the agricultural markets may take various forms depending on the product.
3. In order to attain the objectives set out in Article 33 of the Treaty, in particular market stability and a fair standard of living for the agricultural community concerned, it is necessary to provide for certain arrangements facilitating adjustment of supply to market requirements. Provision should be made for internal market measures comprising, in particular, a premium to sheepmeat and goatmeat producers and a private storage scheme.
4. The amount of the premium to be granted to producers must take account of the different specialisations of production systems in the Community. The premium for she-goats should be granted to producers in specific areas where goat rearing is mainly directed towards the production of goatmeat and goat and sheep rearing techniques are similar in nature.
5. Provision should also be made for the payment of a supplementary premium to producers in areas where there are practically no alternatives to sheep and goat production. The granting of the supplementary premium should be limited to producers whose holdings have at least 50% of their area used for agriculture situated in less-favoured areas, as defined pursuant to Council Regulation (EC) No 1257/1999 of 27 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and appealing certain regulations.
6. It is opportune for administrative purposes that the earliest date for the payment of the premiums should coincide with the beginning of the budgetary year. In order to achieve the desired economic impact, premiums must be granted within certain time limits.
7. It necessary to provide for the possibility to change the amounts of the premiums in the light of developments in production, productivity and the markets.
8. In order to avoid encouraging production and increased expenditure it is appropriate to maintain individual ceilings for producers. The total number of premium rights of each Member State should be fixed on the basis of levels already established.
9. New producers and existing producers whose individual ceilings do not correspond, for various reasons, to the changed circumstances of their flocks should not be excluded from entitlement to the

premium. Provision should therefore be made to operate national reserves to be stocked and administered in accordance with Community criteria. For the same reason, the transfer of rights to premium without the transfer of the associated holding should be subject to rules whereby part of the rights transferred is withdrawn without compensatory payment and is allocated to that national reserve.

10. In order to permit producers to reduce their production for a limited period, Member States should be enabled to provide the option of a temporary transfer of premium rights.
11. A link should be established between sensitive zones or localities and the production of sheep and goats so as to ensure the maintenance of such production, especially in areas where alternatives are lacking.
12. Intervention measures take the form of private storage aid, which least affects normal marketing of products. In order to ensure proper application of such aid, the Commission should be fully informed about the development of prices on the common market for sheep and goatmeat.
13. As a general rule, whenever certain market price criteria are met the decision to grant private storage aid should be taken in the context of a tendering procedure. However, private storage aid could be made more effective if the amount of the aid is fixed in advance, where urgent recourse to private storage proves necessary in the light of a particularly difficult market situation in one or more quotation areas. It is therefore necessary to authorise the Commission to carry out advance fixing of the aid where such a market situation has arisen, even if the market price criteria in question have not been met.
14. Trade arrangements, in combination with price arrangements, premiums and intervention arrangements and containing a system of import duties, should serve to stabilise the Community market.
15. The competent authorities should be placed in a position to follow trade developments constantly in order to appraise market developments and, when necessary, the possible application of measures provided for in this Regulation. To that end, provision should be made for issuing import licences and, where appropriate, the corresponding export licences providing a guarantee to ensure the fulfilment of dealings for which the licences are sought.
16. In order to prevent or counteract adverse effects on the market in the Community due to the importation of certain agricultural products, the importation of one or more of these products must be subject to additional import duties if certain conditions are fulfilled.
17. It is appropriate, under certain conditions, to empower the Commission to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or resulting from other acts of the Council.
18. In addition to the system described above, provision should be made to the extent necessary for its proper working, for prohibiting in whole or in part, the use of inward or outward processing arrangements, when the situation on the market so requires.
19. The customs duty arrangements make it possible to dispense with all other protective measures at the external frontiers of the Community. However, the mechanism of common prices and customs duties may, in exceptional circumstances, prove inadequate. In such cases, in order to avoid leaving the Community market without protection against consequential disturbances following the removal of import barriers, the Community should be able to take all necessary measures without delay. These measures must be in conformity with the Community's obligations, including its international obligations.
20. Measures may also have to be taken when a substantial rise or fall in price disturbs or threatens to

disturb the Community market.

21. Restrictions on free movement resulting from the application of measures intended to prevent the spread of animal diseases may cause difficulties on the market of one or more Member States. Exceptional market support measures may have to be introduced in order to remedy such situations.
22. The proper working of a single market based on common prices would be jeopardised by the granting of certain aids. Therefore, the provisions of the Treaty governing State aid should apply to sheepmeat and goatmeat.
23. The measures necessary for the implementation of this Regulation should take into consideration the Community's obligations, including its international obligations, the objectives of the common organisation of the market in sheepmeat and goatmeat and the objectives of the common agricultural policy as laid down in article 33 of the Treaty
24. Since the measures necessary for the implementation of this Regulation are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, they should be adopted by use of the management procedure provided for in Article 4 of that Decision.
25. Expenditure incurred by the Member States in carrying out obligations under this Regulation falls within the scope of Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy.
26. The common organisation of the market in sheepmeat and goatmeat must take appropriate account of the objectives set out in both Article 33 and Article 131 of the Treaty.
27. There are concerns about the environmental impact of sheep and goat production, particularly in less-favoured areas. The Commission should draw up a report on this subject on the basis of experience gained if necessary accompanied by proposals.
28. The change from the arrangements under Regulation (EEC) No 2467/98 to those provided for in this Regulation could give rise to difficulties, which are not dealt with in this Regulation. In order to deal with such difficulties, the Commission should be enabled to adopt transitional measures. The Commission should also be authorised to solve specific practical problems.

HAS ADOPTED THIS REGULATION:

Article 1

The common organisation of the market in sheepmeat and goatmeat shall comprise an internal market system and trading system and cover the following products:

	CN code	Description
(a)	0104 10 30	Lambs (up to one year old)
	0104 10 80	Live sheep other than pure-bred breeding animals and lambs
	0104 20 90	Live goats other than pure-bred breeding animals
	0204	Meat of sheep or goats, fresh, chilled or frozen
	0210 90 11	Meat of sheep and goats, with bone in, salted, in brine, dried or smoked

	0210 90 19	Meat of sheep and goats, boneless, salted, in brine, dried or smoked
(b)	0104 10 10	Live sheep – pure-bred breeding animals
	0104 20 10	Live goats – pure-bred breeding animals
	0206 80 99	Edible offal of sheep and goats, fresh or chilled, other than for the manufacture of pharmaceutical products
	0206 90 99	Edible offal of sheep and goats, frozen, other than for the manufacture of pharmaceutical products
	0210 90 60	Edible offal of sheep and goats, salted, in brine, dried or smoked
	ex 1502 00 90	Fats of sheep or goats, other than those of 1503
(c)	1602 90 72	Other prepared or preserved meat or offal of sheep or goats, uncooked; mixtures of cooked and uncooked meat or offal
	1602 90 74	
(d)	1602 90 76	Other prepared or preserved meat or offal of sheep or goats, other than uncooked or mixtures
	1602 90 78	

Title I

Internal Market

Article 2

In order to encourage action by trade and joint trade organisations to facilitate the adjustment of supply to market requirements, the following Community measures may be taken in respect of the products listed in Article 1:

- (a) measures to improve sheep and goat farming;
- (b) measures to promote better organisation of production, processing and marketing;
- (c) measures to improve quality;
- (d) measures to permit the establishment of short- and long-term forecasts on the basis of the means of production used;
- (e) measures to facilitate the recording of market price trends.

General rules concerning these measures shall be adopted in accordance with the procedure laid down in Article 37 (2) of the Treaty.

Chapter i

Direct Payments

Article 3

For the purposes of this Title the following definitions shall apply:

(a) *ewe* shall mean any female of the ovine species which has lambed at least once or is aged at least one year,

(b) *she-goat* shall mean any female of the caprine species which has kidded at least once or is aged at least one year

Section 1

Ewe and she-goat premium

Article 4

1. A producer keeping ewes on his holding may qualify, on application for a premium for maintaining ewes (ewe premium).
2. A producer keeping she-goats on his holding may qualify, on application for a premium for maintaining goats (goat premium). This premium shall be granted to producers in specific areas where the production meets the following two criteria:
 - goat rearing is mainly directed towards the production of goatmeat,
 - goat and sheep rearing techniques are similar in nature.

A list of such areas shall be established following the procedure referred to in Article 24(2).

1. The ewe premium and the goat premium shall be granted in the form of an annual payment per eligible animal per calendar year and per producer within the limits of individual ceilings. The number of animals in respect of which an application for a premium is lodged shall not be less than 10.
2. Per ewe, the amount of the premium shall be EUR 21. However for producers marketing sheep's milk or products based on sheep's milk the premium per ewe shall be EUR 16,8.
3. Per she-goat the amount of the premium shall be EUR 16,8.
4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 24(2).

Section 2

Supplementary Premium

Article 5

1. In areas where there are practically no alternatives to sheep or goat production a supplementary premium shall be paid. Member States shall define these areas. In any event the supplementary premium shall only be granted to a producer whose holding has at least 50% of its area used for agriculture situated in less-favoured areas defined pursuant to Council Regulation (EC) No 1257/1999.

2. The supplementary premium shall also be granted to a producer practising transhumance provided that:

(a) at least 90 % of the animals for which the premium is applied are grazed for at least 90 consecutive days in an eligible area established in accordance with paragraph 1 and

(b) the seat of the holding is situated in a well-defined geographical area for which it has been established by the Member State that transhumance is a traditional practice of sheep and/or goat rearing and that these animal movements are necessary owing to the absence of forage in sufficient quantity during the transhumance period.

3. The amount of the supplementary premium shall be set at EUR 7 per ewe and per she-goat. The supplementary premium shall be granted under the same conditions as those laid down for the grant of the ewe and goat premium.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 24(2).

Section 3

Common provisions

Article 6

Premiums shall be paid to recipient producers on the basis of the number of ewes and/or she-goats kept on their holding over a minimum period to be determined in accordance with the procedure referred to in Article 24(2).

Payments shall be made as soon as the inspections provided for in Regulation (EEC) No 3508/92 establishing an integrated administration and control system for certain Community aid schemes are carried out but not earlier than 16 October of the calendar year in respect of which they are applied for, and not later than 30 June of the following calendar year.

Article 7

The amounts of the premiums may be changed in the light of developments in production, productivity and the markets, in accordance with the procedure laid down in Article 37(2) of the Treaty.

section 4

Individual limits

Article 8

1. On 1 January 2002 the individual ceiling per producer, subject to paragraphs 2 and 3, shall be equal to the number of premium rights which he held on 30 December 2001 in accordance with the relevant Community rules.

2. Member States shall take the necessary measures to ensure that, from 1 January 2002, the sum of premium rights on their territory does not exceed the national ceilings set out in Annex I and that the national reserves referred to in Article 10 may be maintained.

3. Where the measures taken pursuant to paragraph 2 necessitate a reduction of individual ceilings held by producers, that reduction shall be carried out without compensatory payment and decided on the basis of objective criteria

Those criteria shall include:

(a) the rate at which producers have used their individual ceilings during the three reference years prior to the year 2000,

(b) particular natural circumstances or the application of penalties, resulting in a non-payment or a reduced payment of the premium for at least one reference year,

(c) additional exceptional circumstances having the effect that the payments made for at least one reference year do not correspond to the actual situation as established during the previous years.

4. Premium rights, which have been withdrawn pursuant to the measure taken pursuant to paragraph 2 shall be abolished.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 24(2).

Article 9

1. When a producer sells or otherwise transfers his holding, he may transfer all his premium rights to the person who takes over his holding.

2. A producer may also transfer, in whole or in part, his rights to other producers without transferring his holding.

In the case of a transfer of rights without transfer of the holding, a part of the premium rights transferred, not exceeding 15 %, shall be surrendered, without compensation to the national reserve of the Member State where his holding is situated for redistribution free of charge.

A Member State may provide either that the transfer of the rights without transfer of the holding is carried out directly between the producers or that it is carried out through the intermediary of the national reserve.

3. Member States may take the necessary measures to avoid premium rights being moved away from sensitive zones or regions where sheep production is especially important for the local economy.

4. Member States may authorise, before a date that they shall determine, temporary transfers of that part of the premium rights, which are not intended to be used by the producer who holds them.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 24(2).

These detailed rules may concern in particular:

(a) provisions enabling Member States to resolve specific problems linked to the transfer of premium rights by producers who do not own the areas on which their holdings are situated, and

(b) specific rules relating to the minimum number, which may form the subject of a partial transfer.

Article 10

1. Each Member State shall maintain a national reserve of premium rights.

2. Any premium rights withdrawn pursuant to Article 9 (1) or other Community provisions shall be added to the national reserve.

3. Member States shall use their national reserves for allocating, within the limits of those reserves, premium rights in particular to newcomers, young farmers and other priority producers.

4. Detailed rules for the application of this Article shall be laid down in accordance with the procedure referred to in Article 24(2).

Chapter II

Private storage

Article 11

1. The Commission may decide to grant private storage aid when there is a particularly difficult market situation in one or more quotation areas. Quotation area shall mean:

- Great Britain,
- Northern Ireland,
- Every other Member State taken separately.

The aid shall be introduced in the framework of a tendering procedure.

However, it may be decided to grant aid in the framework of an advance fixing procedure where urgent recourse to private storage proves necessary.

2. Detailed rules for the application of this Article shall be adopted and the granting of aids for private storage shall be decided in accordance with the procedure referred to in Article 24 (2).

Title II

Trade with third countries

Article 12

1. Imports into the Community, or exports therefrom, of any of the products listed in Article 1 may be subject to presentation of an import or export licence.

Import and export licences shall be valid throughout the Community.

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

of Article 15.

The issuing of such licences may be 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.

2. The list of products for which export licences are required, the term of validity of licences and other detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 24(2).

Article 13

The rates of duty in the Common Customs Tariff shall apply to the products listed in Article 1.

Article 14

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 laid down in the Common Customs Tariff shall be subject to payment of an additional import duty if the conditions to be determined by the Commission pursuant to paragraph 4, are fulfilled, unless the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.

2. Imports made at a price below the level notified by the Community to the World Trade Organisation ("trigger price") may be subject to an additional import duty.

If the volume of imports in any year in which the adverse effects referred to in paragraph 1 arise or are likely to arise exceeds a level based on market access opportunities defined as imports as a percentage of the corresponding domestic consumption during the three previous years ("trigger volume"), an additional import duty may be imposed.

3. The import prices to be taken into consideration for imposing an additional import duty pursuant to paragraph 2, first subparagraph, 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 24(2). Such rules shall specify in particular the products to which additional import duties may be

applied.

Article 15

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 24(2).

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

(a) method based on chronological order of the lodgement of applications ('first-come, first served` principle);

(b) method of distribution in proportion to the quantities requested when the applications were lodged (using the 'simultaneous examination method`);

(c) method based on taking traditional trade patterns into account (using the 'traditional/new arrival method`).

Other appropriate methods may be adopted. They must avoid any discrimination between the operators concerned.

3. The methods of administration adopted shall, where appropriate, give due weight to the supply requirements of the Community market and the need to safeguard the equilibrium of that market.

4. The detailed rules referred to in paragraph 1 shall:

(a) provide for annual quotas, suitably phased over the year, if necessary,

(b) determine the administrative method to be used and,

(c) include, where appropriate guarantees covering the nature, provenance and origin of the product and, where appropriate, the maintenance of traditional trade patterns;

(d) recognition of the document used for verifying the guarantees referred to in (c); and

(d) the conditions under which import licences are issued and their term of validity.

Article 16

1. To the extent necessary for the proper working of the common organisation of the market in the products referred to in Article 1, the Council, acting in accordance with the voting procedure laid down in Article 37(2) of the Treaty 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 referred to in Article 1.
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 or outward 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 States 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 17

1. The general rules for the interpretation of the Combined Nomenclature and the detailed rules for its application shall apply to the tariff classification of products referred to in Article 1; the tariff nomenclature resulting from the application of this Regulation shall be incorporated into the Common Custom 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:
 - (a) the levying of any charge having equivalent effect to a customs duty;
 - (b) the application of any quantitative restriction or measure having equivalent effect.

Article 18

1. If, by reason of an increase in imports or exports, the Community market in one or more of the products referred to 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 circumstances and limits within which Member States may adopt 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. It shall notify the Member States of those measures, which shall apply immediately. 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 annul the measure in question.

4. This Article shall be applied having regard to the Community's obligations, including its international obligations.

Title III

General provisions

Article 19

Member States shall record prices of ovine animals and of meat of ovine animals on the basis of rules to be established by the Commission in accordance with the procedure referred to in Article 24(2).

Article 20

1. When a substantial rise or fall in prices is recorded on the Community market and this situation is likely to continue, thereby disturbing or threatening to disturb the market, the necessary measures may be taken in accordance with the procedure referred to in Article 24(2).

2. Detailed rules for the application of this Article shall be adopted by the Commission in accordance with the procedure referred to in Article 24(2).

Article 21

In order to take account of any restrictions on free movement which might result from the application of measures to prevent the spread of animal diseases, exceptional measures to support any market affected by such restrictions may be taken under the procedure referred to in Article 24(2), but only to the extent that and for such period as is strictly necessary for the support of that market.

Article 22

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 referred to in Article 1 of this Regulation.

Article 23

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 in accordance with the procedure referred to in Article 24(2).

Article 24

1. The Commission shall be assisted by a committee, the Management Committee for Sheep and Goats composed of representatives of the Member States and chaired by the representative of the Commission.
2. Where reference is made to this paragraph, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Article 7 thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.

Article 25

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 26

The measures necessary to resolve specific practical problems shall be adopted, in accordance with the procedure referred to in Article 24(2).

Such measures, if duly justified, may derogate from certain parts of this Regulation.

Article 27

Regulation (EC) No 1258/1999 and the provisions adopted in implementation thereof shall apply to the expenditure incurred by the Member States in carrying out obligations under this Regulation.

Article 28

This Regulation shall be so applied that appropriate account is taken of the objectives set out in both Article 33 and Article 131 of the Treaty.

Article 29

By 31 December 2005 the Commission shall report to the Council and Parliament on the environmental consequences of sheep and goat farming in particular with regard to less-favoured areas and the impact of the premium regime in this respect. If appropriate the report shall be accompanied by proposals. The report shall take account in particular of reports made by Member States on the implementation of measures provided for under Article 3 of Regulation (EC) No 1259/1999.

Article 30

Regulations (EEC) No 2644/80, (EEC) No 3901/89, (EEC) No 1323/90, (EEC) No 3493/90, (EEC) No 338/91, and (EC) No 2467/98 are hereby repealed.

References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex II.

Article 31

The measures required to facilitate the transition from the arrangements provided for in the Regulations referred to in Article 30 to those established by this Regulation shall be adopted in accordance with the procedure referred to in Article 24(2).

Article 32

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

2. It shall apply as from 1 January 2002.

3. Regulations (EEC) No 2644/80, (EEC) No 3901/89, (EEC) No 1323/90, (EEC) No 3493/90, (EEC) No 338/91, and (EC) No 2467/98 shall continue to be applied in relation to the 2000 and 2001 marketing years.

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

Done at Brussels,

For the Council

The President

ANNEX I

INDIVIDUAL RIGHTS TO EWE AND GOAT PREMIUM

Member State	Rights (x 1000)
<i>België/Belgique</i>	70
<i>Danmark</i>	104
<i>Deutschland</i>	2 432
<i>Íllas</i>	11 023
<i>España</i>	19 580
<i>France</i>	7 842
<i>Ireland</i>	4 956
<i>Italia</i>	9 575
<i>Luxembourg</i>	4
<i>Nederland</i>	930
<i>Österreich</i>	206
<i>Portugal</i>	2 690
<i>Suomi/Finland</i>	80
<i>Sverige</i>	180
<i>United Kingdom</i>	19 492
Total	79 164

ANNEX II

Correlation Table

Regulation (EEC) No 1323/90	This Regulation
Article 1	Article 5
Regulation (EEC) No 3493/90	This Regulation

Article 1(1)	-
Article 1(2)	-
Article 1(3)	-
Article 1(4)	Article 3(a)
Article 1(5)	Article 3(b)
Article 2	Article 5
Article 3	-
Article 4	-
Regulation (EC) No 2467/98	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3.	-
Article 4	Article 19
Article 5.1	Article 4.1
Article 5.2, 5.3,	Article 4.4
Article 5.4	-
Article 5.5	Article 4.2
Article 5.6	Article 6

Article 5.7, 5.8, 5.9, 5.10	-
Article 6.1 - 6.3	-
Article 6.4 (a)	-
Article 6.4 (b)	Article 9.1, 9.2
Article 6.4 (c)	Article 9.2, 9.3
Article 6.4 (d)	Article 9.4
Article 6.4 (e)	-
Article 6.4 (f)	Article 9.5
Article 6.5	-
Article 6.6	-
Article 7	Article 10
Article 8	-
Article 9	-
Article 10	Article 8.2
Article 11	-
Article 12	Article 11
Article 13	-

Article 14	Article 12
Article 15	Article 13
Article 16	Article 14
Article 17	Article 15
Regulation (EC) No 2467/98	This regulation
Article 18	Article 16
Article 19	Article 17
Article 20	Article 18
Article 21	Article 21
Article 22	Article 22
Article 23	Article 23
Article 24	Article 24
Article 25	-
Article 26	Article 25
Article 27	Article 28
Article 28	-