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REGULATION (EEC) No 1696/71 OF THE COUNCIL
of 26 July 1971
on the common organisation of the market in hops

(OJ L 175, 4.8.1971, p. 1)

Amended by:

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►**M1**	Council Regulation (EEC) No 1170/77 of 17 May 1977	L 137	7	3.6.1977
►**M2**	Council Regulation (EEC) No 235/79 of 5 February 1979	L 34	4	9.2.1979

Amended by:

►**A1**	Act of Accession of Denmark, Ireland and the United Kingdom of Great Britain and Northern Ireland	L 73	14	27.3.1972
	(adapted by Council Decision of 1 January 1973)	L 2	1	1.1.1973

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REGULATION (EEC) No 1696/71 OF THE COUNCIL
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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42, 43, 113 and 235 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament [1];

Having regard to the Opinion of the Economic and Social Committee;

Whereas the operation and development of the common market in agricultural products must be accompanied by the establishment of a common agricultural policy and whereas the latter must include in particular a common organisation of agricultural markets, which may take various forms depending on the product concerned;

Whereas Community production of hops is of especial interest for the economy of certain regions of the Community; whereas, for certain farmers in these regions, hop production represents a major part of their income;

Whereas, since vegetable saps and extracts of hops are not listed in Annex II to the Treaty, they are excluded from application of the provisions therein concerning agriculture, whilst hops are subject thereto; whereas, however, since the products in question are broadly speaking interchangeable, this situation is liable to prejudice the effect of the common agricultural policy in hops; whereas measures adopted for hops in respect of trade with third countries pursuant to Article 113 and the marketing rules adopted for hops pursuant to Article 235 should be extended to vegetable saps and extracts of hops;

Whereas international trade has traditionally held great importance for producers and users of hops within the Community; whereas in the main the best return on Community production has up to now been obtained through its competitiveness on the world market and through flexible adjustment of quality and quantity of production to marketing outlets; whereas the common organisation of the markets should not make any basic changes in this situation but should contribute by appropriate measures to the improvement of the quality of the products and protect the producers from any lowering of their present standards of living;

Whereas a quality policy should be followed throughout the Community by implementing provisions concerning certification of the designation of origin together with rules prohibiting, as a general rule, the marketing of products for which the certificate has not been issued or, in the case of imported products, those which do not comply with equivalent minimum quality characteristics; whereas provision should be made for the definition of a standard quality constituting a basis for reference in commercial transactions and ensuring satisfactory alignment of the market;

Whereas adequate information is needed about the present state of the market within the Community and the prospects for its development; whereas, in this respect, the fact that a large part of the output is marketed under contracts concluded before the harvest and even for several years may facilitate forward planning for the development of the market; whereas provision should therefore be made for the registration of all contracts to supply hops produced within the Community; whereas, however, this information should be kept secret in order to assure the persons concerned that it will be used entirely for statistical purposes and in order thus to obtain entirely objective information;

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[1] OJ No C 66, 1.7.1971, p. 28.

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Whereas, in order to stabilise markets and to ensure a fair standard of living for the agricultural community and reasonable prices for supplies to consumers, centralisation of the supply and the joint adaptation by growers of their produce to the requirements of the market should be encouraged;

Whereas to this end the grouping of growers in bodies which require their members to comply with common rules is likely to further the achievement of the objectives of Article 39 of the Treaty; whereas these objectives may be pursued, in particular, not only by the grouping of growers within producer groups but also by the formation of unions of these groups;

Whereas in order to avoid any discrimination between producers and to ensure the unity and effectiveness of any action undertaken, conditions should be fixed, for the whole of the Community, with which producers' groups and unions of groups must comply in order to be recognised by the Member States; whereas in order to obtain effective centralisation of supply it is necessary in particular that the groups and unions should be of an economically viable size and that the entire output of member producers of groups should be marketed either directly by the group or by the union or by the producers, according to common rules;

Whereas provision should be made for measures calculated to facilitate the setting up and functioning of these groups; whereas, to this end, Member States should be allowed to grant them aid to be financed in part by the Community; whereas, however, the amount of such aid should be limited and should be designated as temporary and degressive so that the financial responsibility of the producers will progressively increase;

Whereas some Community hop gardens need to be adapted in respect both of the varieties produced and of the possibility of rationalising cultivation and harvesting operations; whereas, for a certain number of years, conversion of the hop gardens to different varieties and their reorganisation should be facilitated by granting specific aid to producers' groups undertaking such activities;

Whereas, in order to ensure a fair standard of living for producers, a system of aid should be provided; whereas the Commission must present a report to the Council annually after marketing the harvest so that it may be decided whether such aid should be fixed; whereas the aid may be granted if examination of this report reveals that the average return per hectare has been insufficient taking into account the present state and foreseeable trend of the market;

Whereas the proposed measures must enable a system of importation to be provided for which includes no measures other than the implementation of the Common Customs Tariff; whereas that tariff applies automatically under the Treaty from 1 January 1970;

Whereas these measures make it possible to waive all quantitative restriction at the external frontiers of the Community; whereas this procedure may, however, in exceptional cases, be found to be ineffective; whereas, in such cases, in order not to leave the Community market defenceless against disturbances liable to arise therefrom once previously existing obstacles to imports have been abolished, the Community must be empowered to take all necessary measures quickly;

Whereas, in internal Community trade, the levying of any customs duty or charges having an equivalent effect and the application of any quantitative restriction or any measure having an equivalent effect are automatically prohibited from 1 January 1970 under the provisions of the Treaty; whereas, finally, in the absence of minimum prices on 31 December 1969, recourse to Article 44 of the Treaty is automatically excluded from 1 January 1970;

Whereas the effectiveness of all the measures governing the common organisation of the market in hops would be prejudiced by the granting of certain aids on the part of the Member States; whereas the provisions of the Treaty enabling aids granted by the Member States to be evaluated and aids which are incompatible with the common market to be prohibited should be applied to the market in hops; whereas,

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however, provision should be made for a temporary system for national aid granted for contracts lasting several years made before the entry into force of the common organisation of the market;

Whereas the Community should be made financially responsible for expenditure incurred by the Member States as a result of obligations arising from the implementation of this Regulation, in accordance with the provisions of the regulations on the financing of the common agricultural policy;

Whereas the transition from the system in force in the Member States to that set up by this Regulation must be carried out under the best possible conditions; whereas, for this reason, temporary measures may prove to be necessary;

Whereas the common organisation of the market in hops must take account, at the same time and in an appropriate manner, of the objectives laid down in Articles 39 and 110 of the Treaty;

Whereas in order to facilitate the implementation of the proposed provisions, a procedure should be laid down establishing close co-operation between the Member States and the Commission within a Management Committee;

HAS ADOPTED THIS REGULATION:

Article 1

1. A common organisation of the market in hops shall be established, covering the following products:

CCT heading No	Description of goods
12.06	Hop cones and lupulin

2. The rules concerning marketing and trade with third countries shall also apply to the following products:

CCT heading No	Description of goods
13.03 A VI	Vegetable saps and extracts of hops

3. For the purpose of this Regulation,

(a) ‘hops’ means the dried inflorescenses, also known as cones, of the (female) climbing hop plant *(humulus lupulus)*; these inflorescenses, which are greenish yellow and of an ovoid shape, have a flower stalk and their longest dimension generally varies from 2 to 5 cm;

(b) ‘hop powder’ means the product obtained by milling the hops, containing all the natural elements thereof;

(c) ‘hop powder with higher lupulin content’ means the product obtained by milling the hops after mechanical removal of the leaves, stalks, bracts and rachides;

(d) ‘extract of hops’ means the concentrated products obtained by the action of a solvent on the hops;

(e) ‘mixed hop products’ means a mixture of two or more of the products referred to above.

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4. Within the meaning of Article 12 (5):

(a) hops at the first stage of preparation are hops which have passed the first drying treatment, and are packed and ready for sale;

(b) areas in full production:

areas in full production from the third year of production.

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TITLE I

Marketing

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Article 2

1. The products referred to in Article 1, harvested within the Community or prepared from hops harvested within the Community or imported from third countries shall be subject to a certification procedure.

2. The certificate may be issued only for products having the minimum quality characteristics appropriate to a specific stage of marketing.

3. The certificate must show at least:

(a) the place(s) of production of the hops;

(b) the year(s) of harvesting;

(c) the variety or varieties.

4. The Council, acting by qualified majority on a proposal from the Commission, shall adopt, for each product, general rules for the application of this Article and the date from which it shall be applied.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure provided for in Article 20.

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Article 3

1. Where products referred to in Article 1 are subject to a certification procedure ►M1 ——————— ◄, they may only be marketed or exported if the certificate has been issued.

2. Measures derogating from the provision laid down in paragraph 1 may be decided upon according to the procedure provided for in Article 20:

(a) in order to satisfy the trade requirements of certain third countries; or

(b) for products intended for special uses.

The measures provided for in the preceding subparagraph must:

— not prejudice the normal marketing of products for which the ►M1 ——————— ◄ certificate has been issued,

— and be accompanied by guarantees intended to avoid any confusion with those products.

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Article 5

1. The products referred to in Article 1 coming from third countries may be imported only if their quality standards are at least equivalent to the minimum limits for marketing adopted for like products, harvested within the Community, or their derivatives.

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2. The products referred to in Article 1 shall be considered as being of the standard referred to in paragraph 1 if they are accompanied by an attestation issued by the authorities of the country of origin and recognized as equivalent to the certificate referred to in Article 2. The equivalence of these attestations shall be verified ►M2 ——————— ◄ according to the procedure provided for in Article 20.

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3. Rules for the application of this Article shall be adopted in accordance with the procedure provided for in Article 20.

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TITLE II

Supply contracts

Article 6

1. Any contract to supply hops produced within the Community concluded between a producer or an association of producers and a buyer shall be registered by the bodies designated for that purpose by each producer Member State.

2. Contracts relating to the supply of specific quantities at agreed prices for a period covering one or more harvests and concluded before 1 August of the year of the first harvest concerned shall be known as 'contracts concluded in advance'. They shall be registered separately.

3. Member States shall periodically provide the Commission with statistical information on the registration of contracts.

4. The data on which registration is based may be used only for the purposes of this Regulation.

5. Rules for the application of this Article shall be adopted in accordance with the procedure provided for in Article 20.

TITLE III

Producer groups

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Article 7

1. For the purposes of this Regulation, 'producer group' means a group consisting exclusively or, when national legislation allows, mainly of hop producers formed on the initiative of the producers for the purpose of, in particular:

(a) concentrating supply and stabilizing the market by marketing all the produce of the members;

(b) adapting such production jointly to the requirements of the market and improving the product by converting to other varieties and by reorganizing hop gardens;

(c) promoting the rationalization and mechanization of cultivation and harvesting operations in order to render production more profitable;

(d) adopting common rules for production;

(e) managing the aid system provided for in Article 12:

— by allocating to each member of the group his share of aid in proportion to area cultivated,

— by taking measures which will permit the attainment of the aims described in (a),

and recognized by a Member State under the provisions of paragraph 3.

2. For the purposes of this Regulation, 'union' means a union of recognized producer groups pursuing the same objectives as these groups and recognized by a Member State under the provisions of paragraph 3.

3. Member States shall recognize the producer groups and unions thereof which request recognition and fulfil the following general conditions:

(a) apply common rules for production and placing on the market (first stage of marketing);

(b) include in their statutes the obligation for producers who are members of groups and for recognized groups which are members of unions:

— to comply with the common rules for production,

— to sell all their produce through the group or the union.

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That obligation shall not apply, however, to products for which the producers had concluded sales contracts before joining the group, provided that the group was informed of, and approved, those contracts.

However, such approval shall not be required until 31 December 1980.

It shall be possible for a group or union to authorize its members to market a part of their produce themselves in accordance with rules laid down and supervised by the group or union;

(c) provide proof of an economically viable activity;

(d) exclude throughout their field of activity any discrimination between Community producers or groups in respect of, in particular, their nationality or place of establishment;

(e) guarantee all producers who undertake to comply with the statutes, without discrimination, the right to belong to a group;

(f) include in their statutes provisions aimed at ensuring that the members of a group or union who wish to give up their membership may do so after a period of membership of at least three years and provided that they inform the group or union at least one year before they leave of their intention of doing so.

Those provisions shall apply without prejudice to the national laws or regulations designed to protect, in specific cases, the group or union or creditors thereof against the financial consequences which might arise from a member leaving, or to prevent a member from leaving during the budgetary year;

(g) have the legal personality or sufficient legal capacity to be subject, under the provisions of national legislation, to rights and obligations;

(h) include in their statutes the obligation to keep separate accounts for the activities in respect of which they have been recognized;

(i) do not hold a dominant position in the Community.

4. The authority competent to recognize producer groups and unions thereof shall be the Member State within whose territory the producer group or union has its registered office.

5. Rules for the application of this Article, and in particular the management of the aid system laid down in paragraph 1 (e), the definition of 'placing on the market' for the purposes of paragraph 3 (a), and rules concerning the provisions laid down in paragraph 3 (f), shall be adopted in accordance with the procedure provided for in Article 20.

Article 8

1. Member States may grant aid to recognized producer groups for three years following the date of their recognition as laid down in Article 7 (3), to encourage their formation and to facilitate their operation. For the first, second and third years respectively, the amount of such aid may not exceed 3, 2 and 1 % of the value of the products to which the recognition refers that are placed on the market. The aid must not, however, exceed during the first year 60 %, during the second year 40 % and during the third year 20 % of the administrative costs of the producer group.

The value of products marketed shall be calculated, for each year, on the basis of:

— the average output marketed by member producers during the three calendar years preceding their joining,

— the average producer prices obtained by those producers during the same period.

2. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

Detailed rules for the application of this Article shall be laid down in accordance with the procedure provided for in Article 20.

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Article 9

1. Any increase in the area under hops shall be prohibited from 1 July 1977 until 31 December 1979.

For the purposes of this paragraph, Member States may consider a recognized producer group as a single producer.

2. Member States shall take any measures necessary to verify the application of the prohibition referred to in paragraph 1.

3. Member States may grant to recognized producer groups aid not exceeding 1 800 units of account per hectare for conversion to other varieties and the reorganization of hop gardens as referred to in Article 7 (1) (b), provided that such operations are carried out before 1 July 1979 and entail a reduction of at least 40 % in the area concerned.

4. The Council, acting by a qualified majority on a proposal from the Commission, may extend the period of application of the measures referred to in this Article.

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Article 10

1. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty, on a proposal from the Commission, shall adopt general rules for the application of Articles 8 and 9.

2. Detailed rules for the application of Articles 8 and 9 shall be laid down in accordance with the procedure provided for in Article 20.

TITLE IV

Aid to producers

Article 11

Each year before 30 April the Commission shall submit a report to the Council on the situation regarding the production and marketing of hops.

The report shall take account, in particular, of price trends and the developments in hop gardens, production and requirements.

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Article 12

1. A system of aid shall be instituted for hops produced in the Community.

2. Aid may be granted to producers to enable a fair income to be realized.

3. In those Community regions in which recognized producer groups are able to ensure a fair income for their members and to achieve rational management of supply, the aid shall be granted to such producer groups alone.

In the other regions, aid shall be granted to individual producers.

4. The Council, acting on a proposal from the Commission based on the information communicated to it by the Member States, shall adopt in good time by a qualified majority the list of the regions which are referred to in the first subparagraph of paragraph 3.

5. (a) The amount of this aid per hectare, which will differ according to groups of varieties, shall be fixed taking into account, in particular:

— for each group of varieties, the average return obtained by producer groups at the first stage of preparation of hops, and calculated at this stage, for areas in full production in comparison with the average returns for previous harvests,

— the current position and foreseeable trend of the market in the Community,

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— external market trends and world market prices,

— costs trends.

(b) The different groups of hop varieties shall be the following:

— Group 1: aromatic hops,

— Group 2: bitter hops,

— Group 3: others.

6. Where the report referred to in Article 11 shows that there is a risk of creating structural surpluses or a disturbance in the supply structure of the Community hop market:

(a) the granting of aid may be limited to part of the area under hops registered for the year in question;

(b) those areas under hops which are in their first and/or second year of production may be declared ineligible for aid.

When the development of the area under hops in relation to the progress made in the marketing of the products, as measured in particular by contracts, the level of prices and the state of stocks, has been examined, a decision shall be taken to apply the measures described under (a) and (b) to all groups of varieties or to one or more groups of varieties only.

7. The amount of aid applicable to areas under hops in respect of the harvest of the preceding calendar year shall be fixed in the two months following the submission of the report referred to in Article 11 and before 30 June, in accordance with the procedure laid down in Article 43 (2) of the Treaty.

8. The arrangements for implementing this Article shall be adopted in accordance with the procedure laid down in Article 20.

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Article 13

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1. Subject to Article 12 (6), aid shall be granted for registered areas on which the crop has been harvested.

Member States shall designate the bodies which are competent to register, for each producer, the areas under hops, and which are responsible for control and maintenance of the register.

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2. For the purposes of this Article, Member States may consider a recognised producer group as a single producer.

3. The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt general rules for the application of this Article.

4. Detailed rules for the application of this Article shall be laid down in accordance with the procedure provided for in Article 20.

TITLE V

System of trade with third countries

Article 14

Save as otherwise provided in this Regulation or where derogation therefrom is decided upon by the Council, acting in accordance with the voting procedure provided for in Article 43 (2) of the Treaty on a proposal from the Commission, the following shall be prohibited in trade with third countries:

(a) the levying of any charge having an effect equivalent to a customs duty;

(b) the application of any quantitative restriction or any measures having an equivalent effect.

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Article 15

1. If, by reason of imports or exports, the Community market in the products listed in Article 1 experiences or is threatened with serious disturbances which may endanger the objectives of Article 39 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 in accordance with the voting procedure laid down in Article 43 (2) of the Treaty on a proposal from the Commission, shall adopt detailed rules for the application of this paragraph and define the cases in which and the limits within which Member States may take protective measures.

2. If the situation mentioned in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the measures shall be communicated to the Member States and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision within twenty-four hours following receipt of the request.

3. The measures decided upon by the Commission may be referred to the Council by any Member State within three working days following the day on which they were communicated. The Council shall meet without delay. It may amend or repeat the measures in question in accordance with the voting procedure laid down in Article 43 (2) of the Treaty.

TITLE VI

General provision

Article 16

Save as otherwise provided in this Regulation, Articles 92, 93 and 94 of the Treaty shall apply to the production of and trade in the products listed in Article 1 (1).

However, aid granted by a Member State to hop producers may be maintained during the period of validity of contracts entered into before the date of entry into force of this Regulation, in so far as this aid exceeds the amount of Community aid provided for in Article 12. The time for this aid may not be extended.

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Article 16a

In cases where there is a danger of creating surpluses or of a disturbance in the supply structure of the market, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate measures to prevent market imbalance. Such measures may, for instance, take the form of action affecting:

— the production potential,

— the volume of supply,

— the marketing conditions.

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Article 17

1. The provisions laid down by the regulations on the financing of the common agricultural policy shall apply to the market in the products listed in Article 1 (1) from the date of implementation of the system provided for by this Regulation.

2. The measures provided for in Articles 8 and 9 shall constitute common measures within the meaning of Article 6 (1) of Council Regulation (EEC) No 729/70 [1] of 21 April 1970 on the financing of the common agricultural policy.

[1] OJ No L 94, 28.4.1970, p. 13.

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3. The Guidance Section of the EAGGF shall reimburse Member States with 25% of the eligible expenditure which they incur in respect of the action provided for in Article 8 and with 50% of the eligible expenditure incurred in respect of the action provided for in Article 9.

4. Requests for reimbursement shall relate to expenditure incurred during the course of one calendar year and shall be submitted to the Commission before 30 June of the following year.

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5. The estimated total cost of the common measures to the EAGGF is two million units of account.

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6. The time for carrying out the action referred to in Article 8 shall be limited to a period of ten years from the date of entry into force of this Regulation.

7. Detailed rules for the application of paragraph 3 shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 18

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 laid down in Article 20.

Article 19

1. A Management Committee for Hops (hereinafter called the 'Committee') shall be established, consisting of representatives of Member States under the chairmanship of a representative of the Commission.

2. Within the Committee, the votes of Member States shall be weighted in accordance with Article 148 (2) of the Treaty. The Chairman shall not vote.

Article 20

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

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within a time limit to be set by the Chairman according to the urgency of the questions under consideration. An Opinion shall be adopted by a majority of ►A1 forty-one ◄ votes.

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

The Council, acting in accordance with the voting procedure laid down in Article 43 (2) of the Treaty may take a different decision within one month.

Article 21

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

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Article 22

This Regulation shall be so applied that appropriate account is taken, at the same time, of the objectives set out in Articles 39 and 110 of the Treaty.

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Article 23

Should transitional measures be necessary to facilitate the transition to the system, as amended by Regulation (EEC) No 1170/77, in particular if the introduction of the amended system on the date laid down meets with substantial difficulties, such measures shall be adopted in accordance with the procedure laid down in Article 20. They shall remain applicable until 31 December 1980 at the latest.

Until this date the United Kingdom shall be authorized to pay producers the amount of production aid through the intermediary of a body it shall appoint.

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Article 24

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

The provisions of Articles 11, 12 and 13 shall apply, for the first time, to the 1971 harvest.

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