COMMISSION REGULATION (EEC) No 3685/86

of 2 December 1986

implementing a pilot project on integrated monitoring systems for milk and milk products to encourage sales

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1079/77 of 17 May 1977 on a co-responsibility levy and on measures for expanding the markets in milk and milk products (1), as last amended by Regulation (EEC) No 1338/86 (2), and in particular Article 4 thereof,

Whereas a reserve, which may be allocated to specific programmes if developments in the markets require additional funds or for other needs which may become apparent during the period of the programme, was set aside in the 10th communication from the Commission to the Council concerning the programme for the utilization of co-responsibility levy funds in the milk sector for the 1986/87 milk year;

Whereas it has become apparent that sales of milk and milk products can be increased by improving and regularly and efficiently checking quality; whereas it is therefore desirable to implement a pilot project on integrated monitoring systems for milk and milk products;

Whereas it is advisable to assign responsibility for this measure to a single organization in one Member State, which organization should, however, include in the survey the monitoring methods used in other Member States;

Whereas 91 % of milk in Denmark is handled by cooperatives, the management and organization of which are largely integrated; whereas this means that a monitoring trial can be carried out forthwith; whereas, therefore, it is advisable to entrust the competent Danish agency with the conclusion of the contract;

Whereas, as regards the other arrangements, reference may be made to experience with Commission Regulation (EEC) No 1150/86 of 17 April 1986 continuing the measures referred to in Regulations (EEC) No 723/78 and (EEC) No 1024/78 on market research measures within and outside the Community in respect of milk and milk products (3);

Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Milk and Milk Products,

HAS ADOPTED THIS REGULATION:

Article 1

1. Under the conditions laid down in this Regulation, encouragement shall be given to a pilot project on integrated monitoring systems for milk and milk products with the aim of promoting sales.

This project shall include the following:

— checks on the composition of raw milk and its bacteriological and hygienic properties,

— checks on milk processing,

— checks on the composition, quality and suitability for storage of manufactured products,

— checks on marketing.

2. The measures referred to in paragraph 1 shall be eligible for financing only if they have begun after 31 December 1986 and shall be completed within two years of signature of the contract referred to in Article 6 (1), in any event before 1 January 1990. In exceptional cases, however, a longer period may be agreed in accordance with Article 6 (2) to ensure maximum effectiveness of the measure concerned.

3. The time limit fixed in paragraph 2 shall not prevent subsequent agreement to an extension of that time limit where the party to the contract, before the fixed expiry date, makes the appropriate application to the competent authority and proves that, due to exceptional circumstances beyond his control, he is unable to meet the deadline originally stipulated. However, this extension may not exceed six months.

Article 2

1. The research work referred to in Article 1 (1) shall be proposed and carried out by research institutes or organizations that:

(a) have the necessary qualifications and experience;

(b) give suitable guarantees to ensure the satisfactory completion of the work.

Proposals put forward by research institutes or organizations whose activities are exclusively or in part concerned with the production, distribution or sales promotion of products which imitate milk and milk products shall not be taken into consideration.

(1) OJ No L 131, 26. 5. 1977, p. 6.
(2) OJ No L 119, 8. 5. 1986, p. 27.
(3) OJ No L 105, 22. 4. 1986, p. 8.

2. Community financing shall be limited to 75 % of expenditure incurred in respect of the work referred to in Article 1 (1).

3. The financing of general expenses incurred for the measures referred to in Article 1 (1) shall be limited to 2 % of the total approved cost.

Article 3

The parties referred to in Article 2 (1) shall be invited to transmit to the competent authority in Denmark, before 1 January 1987, detailed proposals concerning the measures referred to in Article 1 (1).

If this deadline is not met, the proposals shall be regarded as null and void.

Article 4

1. Complete proposals shall include :

(a) the name and address of the party concerned ;

(b) all details concerning the research measures proposed, indicating the time required for completion, the expected results and any third parties which may be involved ;

(c) the price net of tax asked for carrying out these research measures, expressed in the currency of the Member State on whose territory the party concerned is established, giving an itemized breakdown of this amount and showing the corresponding financing plan ;

(d) the desired form of payment of the Community contribution in accordance with Article 7 (1) (a) or (b) ;

(e) the most recent report available on the party's activities unless this is already in the possession of the competent authorities.

2. Proposals shall be valid only where :

(a) they are submitted by a party fulfilling the conditions laid down in Article 2 (1) ;

(b) they are accompanied by an undertaking to comply with the provisions of this Regulation.

Article 5

The competent authority shall examine the proposals received to check that they are in the correct form and contain the information required. It shall ensure that they comply with this Regulation and shall request those concerned to supply further details, if necessary.

Article 6

1. After examing the proposals, the competent authority shall select a proposal and shall conclude the contract for the measure selected on the basis of the details referred to in Article 4 (1). The competent authority shall for this purpose use a standard form of contract within the meaning of Regulation (EEC) No 1150/86.

2. The contract referred to in paragraph 1 :

— shall contain the details referred to in Article 4 and in particular the terms of payment,

— shall be supplemented, if necessary, by additional information resulting from the application of Article 5.

3. The competent authority shall, by 1 April 1987, forward to the Commission a copy of the contract signed by itself and by the party concerned.

4. The competent authority shall ensure compliance with the agreed conditions, in particular by means of on-the-spot checks.

Article 7

1. The competent authority shall pay to the party in question, in accordance with the choice given in the latter's proposal, either :

(a) within six weeks of the date of signature of the contract and the list of clauses and conditions, a single payment on account amounting to 60 % of the agreed Community contribution ;

or

(b) at four-monthly intervals, four equal instalments each amounting to 20 % of the agreed Community contribution, the first such instalment being paid within six weeks of the date of signature of the contract.

However, while a contract is being performed, the competent authority may :

— defer payment of an instalment either wholly or in part where it finds, in particular during the checks referred to in Article 6 (4), irregularities in carrying out the measures concerned or a substantial interval between the due date for payment of the instalment and the date when the party concerned will actually incur the forecast expenditure,

— in exceptional cases, advance payment of an instalment either wholly or in part upon reasoned request of the interested party where the party concerned shows that he must incur a substantial part of the expenditure at a date found to be significantly earlier than that laid down for payment of the Community contribution towards the said expenditure.

2. The payment of each instalment shall be subject to the lodging with the competent authority of a security equal to the amount of the instalment, plus 10 %.

3. The release of securities and payment of the balance shall be subject to :

(a) confirmation by the competent authority that the party concerned has fulfilled its obligations as laid down in the contract ;

(b) transmission to the competent authority of the report referred to in Article 8 (1), and verification of the details contained in this report by the competent authority.

However, on reasoned request by the party concerned, the remainder can be released after the measure has been completed, and after submission of the report referred to in Article 8, and on condition that securities equal to the total amount of the Community contribution plus 10 % have been lodged ;

(c) the competent authority finding that the party concerned, or any third party named in the contract, has spent its own contribution for the purposes laid down.

4. The securities provided are intended to ensure the execution of the principal requirements outlined in paragraph 3. In the event of forfeiture of securities the amount in question shall be deducted from the expenditure of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, and more particularly from that arising out of the measures referred to in Article 4 of Regulation (EEC) No 1079/77.

Article 8

1. The party responsible for the research referred to in Article 1 (1) shall submit to the competent authority, within four months of the final date fixed in the contract for completion of the measures, a detailed report on the utilization of the Community funds allocated and on the foreseeable results of the measures in question, in particular concerning the evolution of sales of milk and milk products.

2. The competent authority shall send a final certificate and a copy of the final report to the Commission after the contract has been executed.

3. The results may only be published with the express authorization of the Commission.

Article 9

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

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

Done at Brussels, 2 December 1986.

For the Commission

Frans ANDRIESSEN

Vice-President