COUNCIL REGULATION (EEC) No 776/87

of 16 March 1987

amending Regulation (EEC) No 1336/86 fixing compensation for the definitive discontinuation of milk production

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organization of the market in milk and milk products (1), as last amended by Regulation (EEC) No 773/87 (2), and in particular Article 5c (6) thereof,

Having regard to the proposal from the Commission,

Whereas Regulation (EEC) No 1336/86 (3) introduced a scheme of compensation for the definitive discontinuation of milk production; whereas Member States should be authorized to grant, as from the first year, compensation for the discontinuation of production corresponding to the quantities provided for the second year, to the extent that such compensation is identical to that granted for the first year;

Whereas it is desirable to prevent the use made of the scheme from leading to a dismantling of production and collection structures; whereas Member States should therefore be authorized to take any necessary action to ensure that the reduction in production resulting from this scheme is, as far as possible, spread equally among the various collection regions and areas;

Whereas the maximum compensation paid from Community funds should be raised from 4 ECU to 6 ECU per 100 kilograms; whereas, however, reimbursement of the extra 2 ECU per 100 kilograms should be charged to the Community budget for the first time in 1988;

Whereas Article 2 (5) of Regulation (EEC) No 1336/86 authorizes Member States, in certain circumstances, where part of the sum scheduled for financing of the Community compensation has not been used, to assign the remaining amounts for the financing of national discontinuation programmes mounted for restructuring purposes; whereas, however, provision should be made for these amounts to be used to compensate producers in those Member States where it is necessary to reduce, on a uniform basis, the reference quantities, in order to comply with the guaranteed total quantities specified in Article 5c (3) of Regulation (EEC) No 804/68 or the quantities specified in the Annex to Regulation (EEC) No 857/84 (4), as last amended by Regulation (EEC) No 774/87 (5),

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1336/86 is hereby amended as follows:

1. The following subparagraph is added to Article 1 (1):

   'However, Member States shall be authorized to grant compensation, as from the first year, for the discontinuation of milk production corresponding to the quantities provided for the second year. In this case, milk production must be actually discontinued by 31 March 1987 for all the quantities referred to in Annex I.'

2. The second subparagraph of Article 1 (2) is replaced by the following:

   'However, Member States:

   — may decide not to grant compensation to producers with fewer than six dairy cows or whose reference quantity is less than 25 000 kilograms per year,

   — are hereby authorized to take any action necessary to ensure that the reductions in quantities resulting from the scheme introduced by this Regulation are, as far as possible, spread equally among the collection regions and areas of the Member States.'

3. Article 2 is amended as follows:

   — the following subparagraph is added to paragraph 1:

   'However, the sums paid out by the Community in 1987 shall be limited to two-thirds of those shown in Annex II for the first year of application. The balance of the amounts due shall be paid in 1988.',

   — in paragraph 2:

   — in the first subparagraph, '4 ECU' is replaced by '6 ECU';

   — the following subparagraph is added:

   'However, where the fourth subparagraph of Article 1 (1) is applied:

   (a) compensation may be paid once only or in two annual instalments;

(1) OJ No L 148, 28. 6. 1968, p. 13.
(2) See page 1 of this Official Journal.
(3) OJ No L 119, 8. 5. 1986, p. 21.
(4) OJ No L 90, 1. 4. 1984, p. 13.
(5) See page 3 of this Official Journal.

(b) the Member States concerned shall finance, for the first year, the amounts which correspond to the quantities provided for the second year, without prejudice to the application of paragraph 1 of this Article.',

— paragraph 5 is replaced by the following:

'5. Should the amounts listed in Annex II not be totally used up

— either because the quantities specified in Annex I are achieved with compensation of less than 6 ECU,

— or because payment of compensation of at least 6 ECU to all those entitled to it does not permit the said quantities to be achieved,

— or because, and without prejudice to the obligation referred to in the second indent, application by the Member State of the provisions of the second indent of the second subparagraph of Article 1 (2) does not permit the said quantities to be achieved,

the available balance of the amounts specified in Annex II shall be used by the Member States concerned:

— either in connection with the provisions referred to in Articles 3 (2) and 4 (1) of Regulation (EEC) No 857/84,

— or, where appropriate, to pay compensation to producers whose reference quantities have been reduced because of a reduction, according to the circumstances, in either the level of the guaranteed total quantity specified in Article 5c of Regulation (EEC) No 804/68 or in the quantity specified in the Annex to Regulation (EEC) No 857/84, as provided for in Article 2 (3) or in Article 6 (4) of Regulation (EEC) No 857/84; where the fourth subparagraph of Article 1 (1) of this Regulation is applied, compensation, during the first year, for the reduction corresponding to the quantities provided for the second year shall be financed by the Member States concerned.'

4. Annex II is replaced by the following:

'ANNEX II

Amounts (millions ECU/year) referred to in Article 2 (1)

	First year of application	From second to seventh year of application	Eighth year of application
Belgium	4,333200	6,499800	2,166600
Denmark	5,859600	8,789400	2,929800
Germany	28,263600	42,395400	14,131800
Greece	0,699600	1,049400	0,349800
Spain	6,480000	9,720000	3,240000
France	31,809600	47,714400	15,904800
Ireland	6,355200	9,532800	3,177600
Italy	11,896800	17,845200	5,948400
Luxembourg	0,319200	0,478800	0,159600
Netherlands	14,488800	21,733200	7,244400
United Kingdom	18,870000	28,305000	9,435000
Total	129,375600	194,063400	64,687800'

Article 2

This Regulation shall enter into force on the day of 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, 16 March 1987.

For the Council

The President

L. TINDEMANS