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**REPORT FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT**

**on progress in implementation of the specific measures
for the smaller Aegean islands in 1996 and 1997**

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PREFACE

This document combines both the *annual report* on the implementation of the specific agricultural measures applied in the Aegean islands for the years 1996 and 1997 as well as a *general report* on the **impact** these measures had on the **economic** situation of the islands.

These two reports are foreseen by Article 15(1 and 2) of Regulation (EEC) No 2019/93.

1. INTRODUCTION

The Rhodes European Council of 2 and 3 December 1988 recognised the specific socio-economic problems affecting certain island regions of the Community.

In line with the conclusions of the aforementioned European Council and in compliance with its commitments, the Commission undertook a general study of the specific problems of the Aegean islands in partnership with the Greek authorities, which resulted in the drafting of an interim Commission report¹ on progress in the study. This study phase enabled the Commission to submit a final report², accompanied by suitable proposals, defining the overall strategy and practical means of solving the problems of the Aegean islands.

The final report outlined the Community's response and enabled the Commission, in the agricultural field, to submit its regulatory proposals designed to draw up a framework of agricultural measures to be financed by the EAGGF Guarantee and Guidance Sections.

The proposed measures were intended to encourage the economic and social development of small islands (less than 100 000 inhabitants) featuring a difficult geographical situation and structural backwardness in relation to other regions of the Community.

The difficulties experienced by such islands in kickstarting their economic and social development stem from their insularity, remoteness, small land area, and difficult relief and climate.

In view of the islands' specific problems, the Commission proposal contemplated a series of multiannual and multisectoral measures designed to facilitate supplies, provide financial support for production with a view to improving the islands' self-sufficiency, and improve their agricultural structures and the living conditions of their inhabitants.

The Council followed up the Commission proposals by adopting Regulation (EEC) No 2019/93³.

The Commission quickly adopted all the regulations needed to implement the measures planned, so making their implementation possible as of 1993, but the administrative procedures for actual execution and the necessary adaptation of the economic operators to the new mechanisms introduced meant that only a small number of measures in support of local products could be executed in 1993. In 1994 all the measures were implemented except for that relating to the development and/or diversification of production and/or improvement of the quality of the fruit, vegetables and flowers, which could not be implemented in 1995 either, owing to a lack of personnel in the national administration.

In accordance with Article 15(1) of Regulation (EEC) No 2019/93, the Commission is required to present an annual report on the implementation of the measures planned.

In 1996 the Commission presented the first report to Parliament and the Council on the implementation of the programme during 1993 and 1994 (COM(96) 387 final).

In 1998 the Commission presented the second report to Parliament and the Council on the implementation of the programme during 1995 (COM(1998) 292 final).

¹ SEC(92) 36 final of 13 January 1992.

² COM(92) 569 final of 23 December 1992.

³ OJ L 184, 27.7.1993, p. 1.

This report covers the implementation during 1996 and 1997.

The late preparation of the reports is due to the national administration's difficulties in obtaining all the information needed to compile them from regional offices in the islands.

In accordance with Article 15(2) of Regulation (EEC) No 2019/93, the Commission is required to present a general report on the **economic** situation of the Aegean islands, showing the **impact** of the measures implemented. To this purpose an evaluation report was commissioned and carried out by an independent consultant (Speed Ltd) and its results are shown in points 7 and 8 below.

2. MEASURES PROVIDED FOR IN REGULATION (EEC) NO 2019/93

The Regulation introduces:

- a set of specific market measures with expenditure to be borne by the EAGGF Guarantee Section (essentially specific supply arrangements and aid for certain local products), for which specific headings were included in the Community budget for a total of EUR 25 million in 1996 and EUR 24,3 million in 1997 (EUR 21 million and EUR 20,4 million under heading B1-1833 for plant products in 1996 and 1997 respectively, and EUR 4 million and EUR 3,9 million under heading B1-2513 for livestock products for 1996 and 1997 respectively),
- a series of derogations needed in the structural field, in order to facilitate EAGGF Guidance operations. However, additional amounts were not entered in the budget for these derogations, the expenditure being covered by EAGGF Guidance appropriations under the CSF.

3. PROGRESS IN IMPLEMENTATION OF THE MEASURES

3.1. Specific supply arrangements

The arrangements seek to offset the extra costs, due to the geographical situation of the islands, of supplies of a certain number of products for everyday consumption from the rest of the Community, so they are available at fair prices.

The quantities of products qualifying under these supply arrangements are determined on the basis of forecast supply balances, reviewed periodically in the light of market requirements. Special attention is paid to the knock-on effects of the arrangements, in particular as regards the passing-on to the final user of the benefits granted.

For the purposes of applying the supply arrangements, the islands were classified in two groups A and B on the basis of their distance from the mainland and the aid was determined on the basis of the transport costs calculated from the usual ports of shipment in mainland Greece.

The islands and the prefectures (*nomoi*) belonging to group A (islands close to mainland) are Thassos, Samothrace, Sporades, Kithira, Antikithira, Amouliani, the islands of the prefecture of Evvia, excluding the island of Evvia, and of the prefecture of the Kiklades islands, Kea, Kithnos, Giaros, Andros, Tinos, Siros, Mykonos, Dilos and Rinia.

The islands and prefectures belonging to group B (distant islands) are the Prefectures of the Dodecanese, Khios, Lesvos and Samos and the islands of the prefecture of the Kiklades, excluding those in group A.

The Community contribution accounts for 90% of the total cost of the measures, the remaining 10% being borne by the Member State.

The aid for supplies was fixed at EUR 15/t and EUR 30/t⁴ for groups A and B respectively. In addition, the aid for 1993 was to be increased by 50% in order to encourage the operators to implement the measure quickly.

In the case of fruit and vegetable supplies, implementation was to be temporary and digressive (from 1993 to 1997). For 1994, 1995, 1996 and 1997, the aid was fixed at 80%, 60%, 40% and 20% of the amount applicable in 1993.

Implementation of the measure started in 1994 only, as the relevant administrative instruments needed to be approved and the Greek administration and the operators needed to adapt to the new procedure.

The situation regarding the development of supplies by product is as follows:

(1) Yoghurt

Progress in implementation:

Table 1

Group of islands	Unit aid (EUR/t)	1996				1997			
		Balance fixed (t)	Outturn			Balance fixed (t)	Outturn		
			Quantity (t)	%	Total cost (EUR '000)		Quantity (t)	%	Total cost (EUR '000)
A	15 ⁽¹⁾ 18,11 ⁽²⁾	1 000 ⁽³⁾	0	0	0	300 ⁽⁴⁾	0	0	0
B	30 ⁽¹⁾ 36,22 ⁽²⁾	3 000 ⁽³⁾	0	0	0	600 ⁽⁴⁾	0	0	0
Total		4 000	0	0	0	900	0	0	0

⁽¹⁾ Regulation (EEC) No 2958/93 of 27 October 1993.

⁽²⁾ Regulation (EC) No 1802/95 of 25 July 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

⁽³⁾ Regulation (EC) No 3004/94 of 9 December 1994.

⁽⁴⁾ Regulation (EC) No 206/97 of 3 February 1997.

There was no interest shown by the dairy suppliers for this measure during 1996 and 1997. This outcome was expected following the poor implementation performance of previous two years. The industry maintains that the high cost of the special labelling of each pot (a national provision requirement to show that the product is subsidised by the EAGGF) in relation to the low rate of aid in terms of the product's value prevents it from passing on the aid to the end user.

The Greek authorities consider that an increase in the unit aid to offset the extra cost of the labelling and the introduction of some flexibility at the time when the certificates for aid are approved might contribute to the improvement of this measure.

⁴ Since 01.02.1995 when the correcting factor (1,207509 at the time) for the agricultural conversion rates was abolished, the aid was adjusted to EUR 18,11/t and EUR 36,22/t respectively.

(2) Sugar

Progress in implementation:

Table 2

Group of islands	Unit aid (EUR/t)	1996				1997			
		Balance fixed (t)	Outturn			Balance fixed (t)	Outturn		
			Quantity (t)	%	Total cost (EUR '000)		Quantity (t)	%	Total cost (EUR '000)
A	15 ⁽¹⁾ 18,11 ⁽²⁾	3 000 ⁽³⁾	159	5,3	2,88	600 ⁽⁴⁾	145	24,17	2,63
B	30 ⁽¹⁾ 36,22 ⁽²⁾	9 000 ⁽³⁾	418	4,64	15,14	9 000 ⁽⁴⁾	6 340	70,44	229,64
Total		12 000	577	4,81	18,02	9 600	6 485	67,55	232,26

(1) Regulation (EEC) No 2958/93 of 27 October 1993.

(2) Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

(3) Regulation (EC) No 1160/96 of 26 June 1996.

(4) Regulation (EC) No 1274/97 of 1 July 1997.

The Greek Sugar Industry (GSI) is the major supplier of the product. In 1995 it supplied 92% against 8% of the smaller sugar traders. The low use of the fixed balance of local production/needs in 1996 is due to the GSI's abstention from the aid scheme.

According to the Greek authorities' view this situation has improved in 1997 because the GSI has re-organised its supply system and increased its participation in the aid scheme (67,55%), despite the low supplies made to the islands from group A.

It is deemed by the same view that there exists the potential for increased supplies to the islands of group A given the presence on these islands of renown small companies producing sugar based products.

(3) Wheat flour

Progress in implementation:

Table 3

Group of islands	Unit aid (EUR/t)	1996				1997			
		Balance fixed (t)	Outturn			Balance fixed (t)	Outturn		
			Quantity (t)	%	Total cost (EUR '000)		Quantity (t)	%	Total cost (EUR '000)
A	15 ⁽¹⁾ 18,11 ⁽²⁾	10 000 ⁽³⁾	8 082	80,82	146,37	11 000 ⁽⁴⁾	6 364	57,85	115,25
B	30 ⁽¹⁾ 36,22 ⁽²⁾	30 750 ⁽³⁾	30 750	100	1113,77	40 000 ⁽⁴⁾	37 419	93,55	1 355,32
Total		40 750	38 832	95,29	1260,13	51 000	43 783	85,85	1 470,57

(1) Regulation (EEC) No 2958/93 of 27 October 1993.

(2) Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

(3) Regulation (EC) No 2949/95 of 20 December 1995.

(4) Regulation (EC) No 2416/96 of 18 December 1996.

Implementation is progressing satisfactorily even though for the islands in group A there is a lower (58%) utilisation of the 1997 balance compared to that of 1996.

The Greek authorities attribute the successful implementation of this measure to the healthy competition between the big suppliers from the mainland participating in this aid scheme as well as to the efficient factor that characterises the transportation of commodities with high specific weight such as flour and sugar.

(4) Feedingstuffs

The following table shows, implementation of this measure is proceeding very satisfactorily, particularly for the islands in group B, and for some products it approaches 99% of the forecast supply balance.

Barley produced on the island of Limnos has been covered by the arrangements and qualifies for the aid for the islands in group A, irrespective of the island of destination. The low out-turn is due to the reduction of Lesvo's supplies from Limnos because, according to the Greek authorities, the barley supplies from the mainland northern ports Alexandroupoli and Kavala to Lesvos are more competitive since they benefit with the group B rate of aid.

Table 4

(EUR '000)

Group of islands	Product	Unit aid (EUR/t)	1996				1997			
			Balance fixed (t)	Outturn			Balance fixed (t)	Outturn		
				Quantity (t)	%	Total cost		Quantity (t)	%	Total cost
A	grain cereals		10 000 ⁽³⁾	4 929	49,29	89,26	7 300 ⁽⁵⁾	5 783	79,22	104,73
	barley from Limnos		12 000 ⁽³⁾	661	5,51	11,97	5 000 ⁽⁵⁾	1 130	22,60	20,46
	residues and waste from food industries		1 000 ⁽³⁾	850	85,00	15,39	4 000 ⁽⁵⁾	3 700	92,50	67,01
	preparations used in animal feeding	15 ⁽¹⁾	1 000 ⁽³⁾	720	72,00	13,04	2 500 ⁽⁵⁾	1 000	40,00	18,11
	lucerne and fodder	18,11 ⁽²⁾	1 000 ⁽⁴⁾	0	0,00	0	1 000 ⁽⁶⁾	0	0,00	0
	Total 1			25 000	7 160	28,64	129,67	19 800	11 613	58,80
B	grain cereals		30 750 ⁽³⁾	30 694	99,82	1 111,74	41 750 ⁽⁵⁾	41 700	99,88	1 510,37
	residues and waste from food industries	30 ⁽¹⁾	16 500 ⁽³⁾	16 475	99,85	596,72	26 300 ⁽⁵⁾	26 000	98,86	941,72
	preparations used in animal feeding		6 500 ⁽³⁾	6 458	99,35	233,91	12 000 ⁽⁵⁾	12 000	100	434,64
	lucerne and fodder	36,22 ⁽²⁾	2 000 ⁽⁴⁾	1 553	77,65	56,25	2 450 ⁽⁶⁾	2 315	94,49	83,85
	Total 2			55 750	55 180	98,98	1 998,62	82 500	82 015	99,41
Total			80 750	62 340	77,20	2 128,29	102 300	93 628	91,52	3 180,89

(1) Regulation (EEC) No 2958/93 of 27 October 1993.

(2) Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

(3) Regulation (EC) No 2949/95 of 20 December 1995.

(4) Regulation (EC) No 258/96 of 12 February 1996.

(5) Regulation (EC) No 2416/96 of 18 December 1996.

(6) Regulation (EC) No 87/97 of 20 January 1997.

(5) Fruit and vegetables

Progress in implementation:

Table 5

(EUR '000)

Group of islands	Products	Unit aid (EUR/t)	1996				Unit aid (EUR/t)	1997			
			Balance fixed (t)	Outturn				Balance fixed (t)	Outturn		
				Quantity (t)	%	Total cost			Quantity (t)	%	Total cost
A	Potatoes		3 000 ⁽³⁾	0	0	0	3 ⁽¹⁾	523 ⁽⁴⁾	402,90	77,04	1,46
	Vegetables	6 ⁽¹⁾	1 000 ⁽³⁾	0	0	0		(375 ⁽⁴⁾)	(559,10)		3,84
	Fruit	7,24 ⁽²⁾	2 000 ⁽³⁾	0	0	0	3,62 ⁽²⁾	(1 687 ⁽⁴⁾)	(502,70)	51,49	
	Total 1		6 000	0	0	0		2 585	1 464,70	56,66	5,30
B	Potatoes		10 000 ⁽³⁾	1 406	14,06	20,37		2 000 ⁽⁴⁾	102,00	5,10	0,74
	Vegetables	12 ⁽¹⁾	5 300 ⁽³⁾	1 022	19,28	14,81	6 ⁽¹⁾	1 891 ⁽⁴⁾	253,40	13,40	1,83
	Fruit	14,49 ⁽²⁾	7 518 ⁽³⁾	2 289	30,54	33,17	7,24 ⁽²⁾	3 700 ⁽⁴⁾	982,20	26,55	7,11
	Total 2		22 818	4 717	20,67	68,35		7 591	1 337,60	17,62	9,68
	Grand total		28 818	4 717	16,37	68,35		10 176	2 802,30	27,54	14,98

⁽¹⁾ Regulation (EEC) No 2958/93 of 27 October 1993.

⁽²⁾ Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

⁽³⁾ Regulation (EC) No 2995/95 of 19 December 1995.

⁽⁴⁾ Regulation (EC) No 2432/96 of 18 December 1996.

In the case of fruit and vegetable supplies, implementation was intended to be digressive and to cover a limited time span (until 1997) in order to facilitate supplies to the islands for a period, pending the adaptation of local production through specific incentives provided for in the programme.

As Table 5 shows, implementation of the measure is weak. This can be put down to the fact that fruit and vegetables are supplied to the islands in small quantities and by small operators without the facilities to complete the administrative procedures necessary to take advantage of the aid.

3.2. Measures to support local products

(1) Livestock

The following aid is granted to support the sector:

- fattening aid for male bovine animals, equal to an additional EUR 40/head on top of the special premium provided for in Article 4b of Regulation (EEC) No 805/68 on the common organisation of the market in beef and veal,
- a supplement to the suckler-cow premium provided for in Article 4d of Regulation (EEC) No 805/68, paid to beef and veal producers. The supplement is equal to EUR 40 per suckler cow held by the producer on the day of the application, subject to a ceiling of 40 cows per holding.

Progress in implementation:

Table 6

Type of aid	Unit aid (EUR/head)	1996		1997	
		Outturn		Outturn	
		Quantity (head)	Total cost (EUR '000)	Quantity (head)	Total cost (EUR '000)
Aid for fattening male bovine animals	40 ⁽¹⁾	12 209	589,69	10 392	501,93
1 st instalment	48,3 ⁽²⁾				
2 nd instalment	40 ⁽¹⁾	8 160	394,12	8 464	408,81
Suckler cow premium	48,3 ⁽²⁾				
Total		20 369	983,82	21 627	1 044,58

⁽¹⁾ Regulation (EEC) No 2019/93 of 19 July 1993 and (EEC) No 2889/93 of 21 October 1993.

⁽²⁾ Regulation (EC) No 2417/95 of 13 October 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

Implementation of the measure is progressing satisfactorily. As a result, 21-23% of bovine animals qualifies each year for the second instalment of the fattening aid for male bovine animals.

(2) Milk products

Aid amounting to EUR 2.28/t/day is granted for the private storage of certain local cheeses (feta, graviera and ladotyri).

There is a ceiling of 5 000 t/year and the minimum storage period is 60 days. The aid must not exceed the amount corresponding to the standard storage period of 150 days.

Progress in implementation:

Table 7

Product	Unit aid (EUR/t/day)	1996			1997		
		Outturn			Outturn		
		Quantity (t)	Duration days	Total cost (EUR '000)	Quantity (t)	Duration days	Total cost (EUR '000)
Ladotyri	2.28 ⁽¹⁾ 2.75 ⁽²⁾	0		0		0	
Graviera	2.28 ⁽¹⁾ 2.75 ⁽²⁾	14	150	5.78	0	0	
Feta	2.28 ⁽¹⁾ 2.75 ⁽²⁾	384	150	158.40	320	132	
Total		398		164.18	320	132	

⁽¹⁾ Regulation (EC) No 3393/93 of 10 December 1993.

⁽²⁾ Regulation (EC) No 1802/95 of 25 July 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

Implementation of the measure was poor on account of fast disposal of production.

(3) Fruit, vegetables and flowers

Aid per hectare is granted to producers and recognised producer groups implementing programmes of initiatives approved by the competent authorities for the development and/or improvement of the quality of the fruit, vegetables and flowers. The initiatives supported must seek in particular to develop production and product quality, in particular by varietal conversion and improvements in cultivation techniques. They must be incorporated in programmes implemented for at least three years and must cover at least 0.3 ha. The programme does not cover tomatoes.

Payable on a yearly basis for up to three years, the aid can amount to up to EUR 500/ha where the Member State contributes at least EUR 300/ha and if the individual producer or producer group contributes at least EUR 200/ha. If the Member State's and/or the producers' contribution is lower than those amounts, the Community aid is reduced proportionally. The aid is increased by EUR 100/ha where the programme of initiatives is submitted and implemented by a producer group or organisation, it provides for technical assistance for implementation and must cover at least 2 ha. From 1995 on, the above amounts were adjusted to EUR 603.75, EUR 362.25, EUR 241.50 and EUR 120.75 respectively, due to abolition of the corrective factor for agricultural conversion rates.

Implementation of this measure was expected at the end of 1995 but in actual fact it was never implemented to date. Reasons for this failure are attributed to lack of personnel at the local authorities responsible for publicising the measure and mobilising the farmers. The non-formation of producers into groups and consequently the non-compilation of initiatives programme. The lack of interest from specialist companies to offer technical assistance and the small size of holdings, which often have less than the minimum area necessary for implementation.

(4) Potatoes

Flat-rate aid of EUR 494/ha is granted each year for growing seed potatoes and potatoes for human consumption on plots of at least 0.2 ha and a maximum of 3 200 ha of land cultivated and harvested a year.

Progress in implementation:

Table 8

Crop	Unit aid (EUR/ha)	1996				1997			
		Balance fixed (ha)	Outturn			Balance fixed (ha)	Outturn		
			Quantity (ha)	%	Total cost (EUR '000)		Quantity (ha)	%	Total cost (EUR '000)
Potatoes	494 ⁽¹⁾ 596,51 ⁽²⁾	3 200	1 544	48,25	772,60	3 200	1 618	50,50	965,15

⁽¹⁾ Regulation (EEC) No 2019/93 of 19 July 1993 and (EC) No 3404/93 of 10 December 1993.

⁽²⁾ Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

Implementation is progressing fairly satisfactorily, attaining 48,25% and 50,5% of the maximum in 1996 and 1997 respectively. The target of 3 200 ha was probably not achieved because of the minimum holding requirement of 0.2 ha laid down to qualify under the measure.

(5) Wine sector

– *Area under vines*

Flat-rate aid of EUR 394.83/ha is granted for the continued cultivation of vine varieties geared to local production of quality wines psr.

Progress in implementation:

Table 9

Crop	Unit aid (EUR/ha)	1996		1997	
		Outturn		Outturn	
		Quantity (ha)	Total cost (EUR '000)	Quantity (ha)	Total cost (EUR '000)
Areas under vines	394.83 ⁽¹⁾ 476.76 ⁽²⁾	5 156,58	2 458,45	5 143,46	2 452,20

⁽¹⁾ Regulation (EC) No 3112/93 of 10 November 1993.

⁽²⁾ Regulation (EC) No 2537/95 of 30 October 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

Implementation of the measure is progressing satisfactorily.

As from the 1997/98 wine year, the aid was to be granted solely to producer groups or organisations which introduce measures for improving the quality of wines produced included in a programme approved by the national authorities, entailing in particular facilities for improving conditions of vinification, storage and distribution.

– *Private storage of liqueur wines*

Aid is granted for the ageing for at least two years of local quality liqueur wines produced by traditional methods. It is paid during the second year of ageing for up to 40 000 hl a year.

Progress in implementation:

Table 10

Product	Unit aid (EUR/hl/day)	1996			1997		
		Quantity fixed (hl)	Outturn		Quantity fixed (hl)	Outturn	
			Quantity (hl)	Total cost (EUR '000)		Quantity (hl)	Total cost (EUR '000)
Ageing of liqueur wines	0,0197 ⁽¹⁾ 0,02379 ⁽²⁾	40 000	65,25	0	40 000	67,50	0

⁽¹⁾ Regulation (EC) No 3112/93 of 10 November 1993.

⁽²⁾ Regulation (EC) No. 2537/95 of 30 October 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

Progress in implementation has been very poor as local production is currently being disposed of quickly on the market. In 1996 storage was interrupted so no aid was paid. In March 1997 a quantity of 67,5 hl went into storage. The aid is paid at the end of two years of storage. The table shows the costs for the period of the calendar year when a quantity of wine was in storage.

(6) Olive groves

Fixed-rate aid of EUR 120/ha/year is granted for maintaining olive groves in areas of traditional olive cultivation, provided that the trees are kept and maintained in good production conditions. The minimum density was set initially at 50 trees/ha. As from 1995, the minimum density was increased to 80 trees/ha.

Progress in implementation::

Table 11

Crop	Unit aid (EUR/ha)	1996		1997	
		Outturn		Outturn	
		Quantity (ha)	Total cost (EUR '000)	Quantity (ha)	Total cost (EUR '000)
Olive groves	120 ⁽¹⁾ 144.90 ⁽²⁾	93 660,11 (3)	13 571,35	94 063,79 (3)	13 629,84

(1) Regulation (EEC) No 2019/93 of 19 July 1993.

(2) Regulation (EC) No 150/95 of 23 January 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

(3) Regulation (EC) No 2813/94 of 18 November 1994. Density 80 trees/ha.

Progress in the measure is very satisfactory.

(7) Honey

Aid per hive in production is granted to recognised honey-producer groups for the production of honey of specific quality with a high thyme-honey content who undertake to carry out annual programmes of initiatives to improve the conditions under which quality honey is marketed and promoted. The aid amounts to EUR 10/hive/year subject to a maximum of 50 000 hives/year. For a transitional period of two years (1993,1994) while groups were established and recognised, aid of EUR 7/hive was granted to any bee-keeper with at least 10 hives, and was subject to a maximum of 100 000 hives.

Progress in implementation::

Table 12

	Unit aid (EUR/hive)	1996			1997		
		Balance fixed (hives)	Outturn		Balance fixed (hives)	Outturn	
			Quantity (hives)	Total cost (EUR '000)		Quantity (hives)	Total cost (EUR '000)
Hives	10 ⁽¹⁾ 12.08 ⁽²⁾	50 000	72.574	876,70	50 000	75 501	604,00

(1) Regulation (EC) No 3063/93 of 5 November 1993.

(2) Regulation (EC) No 2362/95 of 9 October 1995: as from 1.2.1995 the correcting factor (1,207509) for agricultural conversion rates was abolished and consequently amounts fixed in ecus were adjusted.

It is observed that in both years the quantities approved exceeded the fixed balances and as a consequence a reduction factor was applied 0,311048 for 1996 and 0,337757 for 1997.

In 1996, six groups comprising 912 members received the aid after the national authorities approved their programmes. In 1997 nine groups submitted programmes for aid.

4. EAGGF GUARANTEE SECTION EXPENDITURE ON IMPLEMENTATION OF THE MEASURES

The costs shown in Chapter 3 and set out in the tables in Annexes 3 and 4 are calculated per calendar year on the basis of the figures provided by the Greek authorities. In view of the time needed by the latter to check and declare expenditure to the Commission on the one hand, and of the lack of correspondence between the calendar year (for implementing the measures) and the budget year (16 October to 15 October of the following year) (for payments by the EAGGF Guarantee Section) on the other, expenditure declared and charged to the EAGGF Guarantee Section per budget year in 1996 and 1997 is as follows.

Table 13 EUR million

Products	Expenditure declared and charged	
	1996	1997
plant	18.66	21.27
animal	0.97	1.16
Total	19.63	22.43

The EAGGF's contribution to the cost of the supplies amounts to 90% of the total in Annex 3.

5. DEROGATIONS APPLICABLE TO STRUCTURAL MEASURES

- (1) Notwithstanding Articles 5, 6, 7, 10 and 19 of Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures⁵, investment aid for agricultural holdings located in the smaller Aegean islands is granted under the following conditions:
 - the investment aid scheme can be applied to farmers who do not practise farming as their main activity but draw at least 25% of their overall income from farming their holdings and whose farms do not require more than the equivalent of one man-work unit (MWU) as long as the investments planned do not exceed EUR 25