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**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 23
OF REGULATION (EEC) No 3763/91**

Report on the progress made in the implementation of POSEIDOM from 1992 to 1998

**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 35
OF REGULATION (EEC) No 1600/92**

Report on the progress made in the implementation of POSEIMA from 1992 to 1998

**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 30
OF REGULATION (EEC) No 1601/92**

Report on the progress made in the implementation of POSEICAN from 1992 to 1998

(presented by the Commission)

**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 23
OF REGULATION (EEC) No 3763/91**

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INTRODUCTION

On 22 December 1989, the Council introduced a programme of options specific to the remote and insular nature of the French overseas departments (POSEIDOM).¹

1. This programme aims to take account, in the application of Community policies, of the overseas departments' special characteristics and handicaps associated with their insularity, remoteness, small size, difficult topography and climate, economic dependence on certain products and restricted and dispersed local markets that affect their economic and social circumstances.
2. For this purpose, **the Council adopted a framework Regulation² introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments**, to develop or maintain local activities; these measures have been implemented by a large number of Commission implementing regulations. The Regulation was adapted, and the measures extended, by Council Regulation (EC) No 2598/95 of 30 October 1995³.
3. The common declaration concerning the outermost regions of the Community, annexed to the Treaty on European Union, confirmed the POSEIDOM approach. The Treaty of Amsterdam introduced a new article, Article 299(2), applicable to the outermost regions, establishing the specific framework to be applied by the Community to these regions. The Treaty entered into force on 1 May 1999.
4. Under Article 30(1) of the framework Regulation for agriculture, the Commission must submit an annual report on the progress made in implementing the agricultural section of POSEIDOM accompanied, where appropriate, by proposals for any adjustments needed to achieve the programme's objectives.

Under Article 30(2) of that Regulation, at the end of the third year of application of the programme the Commission must submit to Parliament and the Council a general report on the economic situation of the French overseas departments showing the impact of the measures taken under the Regulation.

5. It has been possible to present only one report, that covering the period 1992/93⁴.

The French authorities have sent the Commission reports on the implementation of the programme as well as some requests for amendments of the Council Regulation.

In the context of SEM 2000, the Commission appointed an external consultant to draw up a report evaluating the agricultural section of the POSEIDOM programme. The consultant examined the achievement of the programme's objectives and proposed some possible improvements.

This report takes stock of the implementation from 1992 to 1998 of Regulation (EEC) No 3763/91, taking account of the experience gained and the impact of the measures implemented.

¹ Council Decision 89/687/EEC; OJ L 399, 30.12.1989, p. 39.

² Council Regulation (EEC) No 3763/91, OJ L 356, 24.12.1991, p 1.

³ OJ L 267, 9.11.1995, p. 1.

⁴ COM(94)2000 final of 30.5.1994.

At present, the agricultural segment of POSEIDOM comprises 28 measures. Most of the measures concern all four overseas departments; some, however, are intended to deal with specific situations in one department or the other.

1. ECONOMIC AND SOCIAL SITUATION

	Guadeloupe	Martinique	French Guiana	Réunion
Population	428 000	396 700	157 300	697 000
Density (per km ²)	251	360	2	277
Unemployment rate	29%	27%	22%	36%
Food Price Index (metropolitan France = 100)	128	123	145	130
per capita GDP (EU = 100)	41%	54%	49,5%	46%
Total surface area (ha)	170 500	110 000	8 353 400	252 000
% UAA	30%	31%	0,3%	17%
of which: cultivated	47%	64%	30%	81%
Number of holdings:	11 900	5 400	4 300	11 000
of which: <5ha	86%	80%	90%	75%
UAA per holding	4.2 ha	6.2 ha	5.7 ha	3.9 ha
FAO (FRF million)	1 400	2 000	600	2 100
livestock/plant production	20% / 80%	11% / 89%	13% / 87%	32% / 68%
Main crops	Banana Cane	Banana Cane	Rice	Sugar cane
% FAO	28 % 14 %	54 % 4 %		31 %
% UAA	11 % 26 %	33 % 9 %	37,5 %	60 %
Number of holdings:	6 % 37 %	17 % 5 %		49 %
Other significant crops	Melon	Pineapple, melon		Pineapple, geraniums, vanilla

GDP = Gross Domestic Product; UAA = Utilised agricultural area; FAO = final agricultural output

One of the salient features common to the overseas departments is that they lag behind the rest of the EU in economic and social development. They also suffer from production methods and traditions that result in low productivity and low levels of output. All four overseas departments are in tropical areas subject to unstable or even violent weather conditions, but their geographical disparity encourages differences in agricultural produce from one department to another.

“Remoteness” does not refer simply to geographical distance; there is also a “socio-economic remoteness” affecting supply costs, conditions of production and local price formation, and thus conditions of competition between local products and imports from the rest of the Union and from neighbouring developing countries. This factor results from the size of the local population, and is directly related to the volume of supply and thus purchasing costs. It affects infrastructure.

Annex 1 summarises the main relevant economic and agricultural data for each French overseas department.

2. IMPLEMENTATION OF THE POSEIDOM AGRICULTURAL FRAMEWORK REGULATION

2.1. Specific supply arrangements

The objective of the specific supply arrangements is to compensate for the additional costs of supplying agricultural products to the overseas departments, due to their insularity and remoteness. The arrangements were designed as an instrument to ensure the development of local production and processing activity, by reducing the cost of inputs, with a view to supplying local consumption needs.

2.1.1. Description of the arrangements:

- Forecast supply balances are drawn up each year for the agricultural products mentioned in the Regulation, which are essential as animal feed or for human consumption, and for local processing. These balances may be revised in the course of the year as a function of needs in the overseas departments.
- Since the objective of lowering prices for the end user is to be achieved by promoting competition between sources of supply, products imported from non-member countries under the specific supply arrangements are exempt from customs duties and the same Community products are subsidised at a rate equivalent to the advantage resulting from this exemption. The measure should avoid distorting traditional trade flows and safeguard the Community's share of supply.
- Special attention is paid to the economic effects of these arrangements, in particular as regards actual spinoff through to the end-user. Products imported under the specific supply arrangements may not be re-exported or re-dispatched to the rest of the Community, although this does not prejudice existing trade-flows between overseas departments. Where processing takes place in the overseas departments, the restriction does not apply to traditional consignments or exports. In this case, no refund is granted.

It is left up to the Member State to take all appropriate measures to check that the benefits of the arrangements are actually passed on. It is specified that this may involve assessing the trading margins of the various traders concerned. A local POSEIDOM committee is set up in each department, under the authority of the Prefect, to carry out regular examinations of the development of product prices and to assess the impact of the measures taken pursuant to the rules. To ensure that the benefit is passed on, security must be lodged; it is released after checks, which are made at various stages up to that of sale to farmers, or in the industrial sectors in receipt of aid.

2.1.2. Comments and analyses

In the period 1992-97, expenditure under the SSA accounted on average for 46.6% of POSEIDOM expenditure (not including revenue forgone as a result of the customs duty exemptions).

The operation of the SSA gives rise to a number of comments and analyses. The main statistics on implementation of the supply balances can be found in the Annex 2.

Supplies of **cereals, cereal products and other plant products** to the overseas departments accounted for 96% of SSA expenditure, mainly wheat (31.5%), maize (55.2%) and barley (7.9%).

For **cereals**, the measure provides that direct imports into the overseas departments shall be exempt from customs duties as follows:

- when intended as animal feed: cereals originating in developing countries;
- when intended for human consumption: cereals originating in overseas countries and territories and ACP countries.

Where exceptional difficulties arise, the exemption for cereals intended as animal feed may be extended to products from other third countries, and that for cereals intended for human consumption, to products originating in developing countries.

The implementation of the reform of the CAP and the signing of the GATT agreements (Uruguay Round) led to a decrease in import duties on the products, and a gradual closing of the gap between world and Community prices. Consequently, since Community aid is calculated as a function of the difference between these two price levels, the amount of aid has dwindled to nothing (1995/96) for certain cereals, which has made third-country supplies of maize very attractive. In the circumstances, it is possible and worthwhile to charter vessels.

This development has given rise to concern about the objective of offsetting extra cost so as to cut production costs.

Within the constraints of the present rules, the Commission has carefully managed the effects induced by these changes in the international environment. It has also launched external evaluations under SEM 2000 to assess the real difficulties of applying the SSA, and to prepare the Commission's reports to the Council and to Parliament on the implementation of these arrangements.

The external assessment report on the agricultural aspects of POSEIDOM concludes that, in view of the new situation in the market, the resources provided under Council Regulation (EEC) No 3763/91 are not always sufficient to achieve the principal objective of the SSA, which is to compensate for additional supply costs in these regions. Objective criteria are not available to quantify the remoteness and insularity of these regions: the present method of calculating aid for Community products fails to cover the extra cost of supply.

The supply of other plant products to the overseas departments has been very small (barley malt, hops, durum wheat groats and meal, seed potatoes, vegetable oils, fruit pulp and purée and concentrated fruit juice).

The supply of breeding animals to the overseas departments has accounted for 3% of total SSA expenditure.

To support livestock farming in the overseas departments, with a view to satisfying consumption needs, aid is provided for supply **from the Community** of pure-bred breeding animals: bovine animals, swine, sheep, goats, horses, rabbits, multiplier or breeding chicks and hatching eggs for the production of multiplier or breeding chicks.

As a rule, Réunion has made most use of this measure, because it has a more highly developed and organised livestock sector than the other overseas departments. The livestock sector in Guadeloupe has been facing serious problems of organisation since the main cooperatives were wound up by the courts. Isolated livestock farmers in Martinique and Guadeloupe are now once again starting to apply for aid, although they would like procedures to be simplified. The measure is clearly unsuitable for implementation in French Guiana, where breeders are most interested in West Indian breeds, which are not eligible for aid.

Users find the level of aid inadequate in view of the new constraints introduced by the legislation on animal welfare and of real transport costs.

The impact of the measures has been positive in terms of genetic improvement of the herds concerned.

Import into Réunion of wheat bran from ACP countries

Within the limit of an annual quantity of 8 000 tonnes, no levy is applied to this wheat by-product, which is used as an ingredient in certain types of animal feed (in particular for pigs, bovine animals and rabbits), and which local mills do not produce in sufficient quantity to satisfy demand. Utilisation of the measure has been satisfactory, with a take-up rate of 76%, not counting the first year.

All imported bran is from Mauritius (indeed, the measure was designed in the light of relations between the two islands), as transport costs from the other ACP countries are prohibitive since their industries are not equipped for “pelleting” and bulk loading. The development of cattle-farming in Mauritius might eventually lead to supply problems.

In order to support traditional stockbreeding activities and to use available forage and slaughtering and packing facilities to the best advantage, **Article 7 of Council Regulation (EEC) No 3763/91** provided for a specific temporary measure for **import or supply of bovine animals for fattening purposes**. This measure was originally introduced for the period 1991/92 to 1994/95, but was extended for two further marketing years by Regulation (EC) No 2598/95 of 30 October 1995. It expired in June 1997.

As Guadeloupe and Martinique did not request application of the measure, only French Guiana and Réunion were concerned. Only one operation was carried out, involving the supply of 72 animals of EU origin to French Guiana in 1992; no other application has been received.

In economic terms, it appears that SSA aid is generally taken into account in price forming. The technique used by the French authorities is to examine gross margins in industry.

Operation of the arrangements raised **some problems**, particularly a discrepancy between forecasts and actual requirements for some balances. These discrepancies arose because of incomplete statistics (which did not take account of certain commercial transactions between metropolitan France and the overseas departments), and some administrative teething troubles. These difficulties have been corrected, but

the procedural rules provided for in Commission Regulation (EC) No 131/92⁵ need to be amended.

2.2. Aid for agricultural production in the French overseas departments

Under the POSEIDOM programme, aid is to be granted for the production, processing and marketing of agricultural products, in order both to maintain and strengthen traditional activities and to develop diversification. In certain cases, this aid is supplemented by the impact on animal feed and on breeding animals of the aid under the supply arrangements.

From 1992 to 1997, this aid represented 53.4% of total expenditure, broken down as follows: livestock farming: 14%; fruit, vegetables, flowers and plants: 11%; sugar cane/rum: 69%; rice in French Guiana: 6%.

2.2.1. Livestock production

For livestock farming in the **beef and veal sector**, POSEIDOM (**Article 5**) introduces aid to help develop traditional overseas department livestock products, within the limits of the local consumption requirements (which are assessed in the context of a periodic supply balance). In addition to the supply of pure-bred breeding animals, as already mentioned, a supplement of EUR 48.3 per head is granted on top of the fattening aid for male bovines and the premium for maintaining suckler cows available under Regulation (EEC) No 1357/80.

Council Regulation (EC) No 2598/95 of 30 October 1995 adapts this measure to the specific situation in the French overseas departments. Provisions relating to density, the regional ceiling and the individual ceiling for animals held on the farm do not apply in the overseas departments.

The premium for maintaining suckler cows, along with the special additional premium, is granted each year for up to 35 000 suckler cows (females that have already calved), a ceiling that can be revised as a function of the development of consumption needs in the French overseas departments. Implementation of the measure is summarised in Table 1 in Annex 3.

The number of animals subsidised has increased steadily by about 43% over the period. Despite this favourable development, the low rate of identification of the herd in the overseas departments means that not all animals eligible for the premium are actually subsidised. The number of animals subsidised is below the ceiling fixed by the Council. However, the introduction of basic premiums supplemented by the additional POSEIDOM premium has helped to improve the rate of identification and information about the herd, leading to better traceability to slaughter, and effective preventive measures. This is a factor in quality enhancement.

The special premium for male bovine animals is granted each year for up to 10 000 animals, a flat-rate ceiling that can be revised as a function of need. Implementation of the measure is summarised in Table 2 in Annex 3.

⁵ OJ L 15, 22.1.1992, p. 13.

There has been an overall increase in the number of animals subsidised, although with annual fluctuations depending on dates of declaration and dates of calving (early or late), but the assisted population is still below the ceiling fixed. A considerable increase was recorded in Réunion, which now accounts for half the subsidised animals. The aid encourages the slaughter of heavier animals, to cope with competition from imported meat.

In the beef and veal sector, these two measures have boosted livestock-farmers' incomes and enabled them to cope better with the development problems facing the sector in the specific situation of the overseas departments.

Aid for the human consumption of locally-produced **fresh cows' milk products**, paid to dairies, is provided for in Council Regulation (EEC) No 3763/91. This measure, targeted on consumers rather than producers, has never been implemented.

Council Regulation (EC) No 2598/95 replaces this scheme **with aid for the development of local production of cow's milk** for human consumption, with a grant to producers of EUR 8.45 per 100 kg of whole milk. Aid is paid through the dairies, up to a limit of 20 000 tonnes per marketing year for all the overseas departments. Implementation of the measure is summarised in Table 3 in Annex 3.

This measure has encouraged professionalisation and the expansion of milk collection in the overseas departments, leading to the development of processing downstream and covering some local needs; this is especially true in Réunion, where output doubled from 1992 to 1997. The 20 000 t limit on the payment of aid will be reached in 2000 for the first time. However, local production covers only a small share of local consumption. Article 6 provides for possible revision of the maximum quantity.

To support production and marketing of local produce in the livestock sector, Article 9a (added by Council Regulation (EC) No 2598/95) provides for aid to be granted annually in the five-year period from 1996 to 2000 to implement regional programmes in Martinique and Réunion. The programmes may include measures to improve quality and hygiene, the promotion of quality products, the establishment of intermediate stages, rationalisation of production and marketing structures and the provision of technical assistance.

Aid granted replaces the resources previously available to interbranch organisations in the sectors concerned in the overseas departments. Those resources were based on contributions on imports regarded as incompatible with Community rules.

The interbranch organisations draw up a draft annual programme, in collaboration with the national authorities, which is presented to the Commission each year. The Commission decides whether to approve the programme. Implementation of the measure is summarised in Table 4 in Annex 3.

The measure has more impact if it is based on structured sectors, and if farmers are sufficiently well motivated to pursue the objectives of modernisation and spatial planning (Réunion) or professionalisation (Martinique). It makes possible proper organisation of local stockholdings, so as to boost the development of production by the modern sector, i.e. the farmers who subscribe to a quality approach.

2.2.2. *Crop production*

2.2.2.1. Fruit, vegetables, flowers and plants

In the **fruit and vegetables, flowers and live plants sector** (but excluding bananas), Article 13 of Council Regulation (EEC) No 3763/91 provided for aid per hectare to be granted to producers who undertook a programme of initiatives with a view to the development of suitable and effective production methods and the improvement of product quality over an area of at least 0.5 ha. The maximum amount of aid was EUR 500 if public funding from the Member State amounted to at least EUR 300 and the producers' financing to at least EUR 200. Moreover, these initiatives should be covered by programmes designed to run for at least three years. Implementation procedures are bureaucratic, and the structure and amounts of aid have not had the hoped for incentive effect. The measure was discontinued when the agricultural provisions of POSEIDOM were revised in October 1995.

To obtain a clearer view of the real potential of the processed fruit and vegetables sector in the overseas departments, Article 14 of Council Regulation (EEC) No 3763/91 provided for a **contribution** of up to EUR 200 000 **towards the financing of an economic analysis and forward study of the industry**. The study was to produce an economic and technical assessment of the sector, and to examine conditions and scope for development.

The report proposed: reinforcing the competitiveness of local production to compete with imports when the local market is promising; developing exports of products that already have a good image; diversifying products, and creating local demand for new products to be developed.

As a result of this study, measures were taken in favour of the sector and included in the revised Regulation of 1995.

The SSA were extended to cover fruit pulps, purées and concentrated juices other than those qualifying for the aid provided for in Article 14.

Council Regulation (EC) No 2598/95 amended the original Article 13, introducing **aid for the marketing of local products for the exclusive supply of the markets of the overseas departments**. The aid is paid to producers, and is granted in respect of fruit (except bananas), vegetables, flowers and live plants, peppers, pimentos and spices, within the limits of annual quantities established for each product category.

The aid is granted subject to the conclusion of supply contracts lasting one or more years between producers and distributors, restaurants and the like, or local authorities. Where supply needs so justify, the aid may be paid for supply in a department other than that in which the product was harvested.

The amount of aid, fixed on a flat-rate basis by category of product, may be increased by 5% for contracts concluded by recognised producers' organisations or groups. Implementation of the measure is summarised in Table 5 in Annex 3.

The loose structure of the sector hampers a rapid response to demand, in particular demand from supermarkets and hypermarkets, which require regular supplies of standard quality (which encourages the use of external suppliers). Although the

measure was not introduced until mid-1997, the number of applications lodged shows how much interest it has aroused (see Table 6 in Annex 3).

Council Regulation (EC) No 2598/95 provides for **aid** of EUR 6.04 per **kilogram for the production of green vanilla** used to produce dried vanilla, up to an annual quantity of 75 tonnes.

Only one department, Réunion, has so far utilised the measure. The sector is in difficulties: the output of green vanilla dropped from 150 tonnes in 1984 to 18 tonnes in 1995, which compromised the existence of processing and marketing plant.

The introduction of the POSEIDOM aid scheme enabled the purchase price to be increased, and encouraged producers: in 1995, output rose to 25 tonnes; in 1997, 48.5 tonnes were processed. However, tonnages were smaller in 1998, owing to the plants' growing cycle, with a smaller harvest inevitably following the high yield of 1997.

Council Regulation (EC) No 2598/95 provides for **aid** amounting to EUR 44.68 per kilogram to be paid out **for the production of essential geranium and vetiver oils**, up to an annual maximum of 30 tonnes in the case of the former and 5 tonnes in the case of the latter. These products are at present specific to Réunion, the only region in receipt of aid under this scheme.

These two sectors have declined considerably: at present there are only about 400 geranium producers, compared with 1300 in 1992; output of essential vetiver oil declined from 12 tonnes in 1985 to under one tonne in 1995. Tonnages produced are shown in Table 7 in Annex 3.

The implementation of this measure aroused renewed interest among producers, and various measures have been planned to relaunch these traditional activities.

Aid for the production of processed fruit and vegetables obtained from products harvested in the overseas departments was introduced from 1 July 1998 (**Article 14**). The aid is paid to processors who have paid producers not less than a minimum price for their raw materials. The minimum price is fixed by the Member State on the basis of the production costs involved.

The amount of aid is fixed on a flat-rate basis for each of the product categories, by reference to the prices of the local raw materials used and the import prices for the same raw materials. The aid is paid out within the limits of maximum annual quantities established for each product category. Implementation of the measure is summarised in Table 8 in Annex 3.

Under Article 15 of Council Regulation (EEC) No 3763/91, **aid is granted for products harvested in the overseas departments to be marketed in the rest of the Community**, where competition is very strong (ACP countries, GSP), especially for flowers, fruit and vegetables.

The aid is subject to the conclusion of annual contracts between individual producers or producer groups or associations, and operators established in the rest of the Community, up to a limit of a volume of trade of 3 000 tonnes per product per year and per department. The aid, granted to the purchaser, amounts to 10% of the value

of the produce marketed, free at destination (13% for joint ventures valid for at least three years between producers and traders).

The products concerned are fruit (except bananas), vegetables, flowers and live plants. Article 15 was amended by Council Regulation (EEC) No 2598/95 to extend the aid to products processed from fruit or vegetables harvested in the overseas departments, essential geranium and vetiver oils, dried vanilla and vanilla extracts.

In respect of melons, aid may be granted in a department for a quantity exceeding 3 000 tonnes provided that the total volume eligible for aid for all the departments is not exceeded.

The financial balance by product, for the overseas departments taken together (average for 1995, 1996 and 1997) shows that **melons** are at present the only product with a properly organised marketing structure; in the other sectors, the scope of the aid is still restricted to a few products for somewhat limited volumes. The total volume for the three years was 14 557.16 tonnes, broken down as follows:

Melons	Pine-apples	Other fruit and vegetables	Flowers and plants	Vanilla	Geranium, vetiver	Other
66%	12%	13%	2%	2%	2%	2%

However, the measure has encouraged metropolitan importers to take an interest in the products of the overseas departments, and has contributed to the establishment of new channels of trade. The extension of the aid to processed fruit and vegetables should give the measure new impetus, especially for fruit juice and jam.

2.2.2.2. Sugar cane/rum

There are three measures in favour of the sugar cane and rum sector.

Flat-rate **aid** per hectare for **cane growing** is paid to individual planters, planter groups or associations of planters, under a restructuring plan presented by France. The plan is intended to achieve the improvement of plantations and the development of mechanisation. The Community finances the aid at a rate of 60% of eligible expenditure, where the official contribution of the Member State is at least 15%, the Community aid being reduced accordingly where the contribution is less.

Commission Regulation (EEC) No 1487/92 of 9 June 1992 lays down the implementing arrangements for this measure, and in particular defines eligible works. The total area covered was 27 400 hectares, and the restructuring plan was to be carried out over a minimum of three and a maximum of seven years starting on 1 January 1992.

Two flat-rate aid schemes were defined: aid for planting, amounting to EUR 750 per hectare, involving 27 400 hectares; and aid for land improvement, amounting to EUR 1 747 per hectare, involving 9 850 hectares. The land improvement aid was granted only for works carried out on plots on which there followed the planting of sugar cane eligible for planting aid.

The purpose of planting aid was to reduce the investment cost of planting, and to bring down the average age of the crop. New planting provides an opportunity to introduce technical improvements (use of new varieties, improvement in soil fertility,

etc.). The improvement in the rate of new planting has led to an increase in average yields.

Land improvement work has mainly consisted in the removal of large stones, to enable manually cut cane to be mechanically loaded, and the removal of small stones, to enable the mechanical cutter to be used. These works have therefore helped to cut production costs.

The measure worked very well, although it took longer than expected to implement. France requested an extension in December 1996. Consequently, in December 1997, the Commission adopted a complementary three-year programme for 16 423 hectares of new planting and 8 875 hectares of land improvement from 1 April 1997 to 31 December 1999. Implementation of the measure is summarised in Table 9 in Annex 3. Almost 80% of the area under sugar cane in Guadeloupe was replanted, 70% in Martinique and 50% in Réunion. Yields improved by 10% in Réunion, 8% in Martinique and 20% in Guadeloupe.

Under Article 18 of Council Regulation (EEC) No 3763/91, aid **for the processing of sugar cane into agricultural rum** is paid to distillers who have paid to the sugar cane producer a minimum price to be determined. This aid is granted up to the limit of an overall quantity corresponding to the average quantity of agricultural rum sold during the three marketing years 1987/88, 1988/89 and 1989/90.

Commission Regulation (EEC) No 1488/92 of 9 June 1992 defines the conditions for granting this aid, and fixes an overall quantity of 75 600 hectolitres of agricultural rum, expressed in pure alcohol, allocated between the four departments. Following the adoption of Council Regulation (EC) No 2598/95, Commission Regulation (EC) No 59/97 of 16 January 1997 changed the amount of aid to EUR 64.22 per hectolitre of pure alcohol, without changing the overall annual quantity. The measure has not been utilised to the same extent in all departments: Réunion has never taken up any of its allocation of 393 hectolitres, while the other departments, and especially Guadeloupe and French Guiana, have used the whole volume allocated. Implementation of the measure is summarised in Table 10 in Annex 3.

The measure has enabled distilleries, threatened by competition from neighbouring countries where sugar-cane prices are lower, to remain in business and has improved production conditions and the quality of the rum produced (in Martinique, a controlled designation of origin has been introduced). Distillery closures, which were frequent until 1992, stopped when the measure was introduced.

Council Regulation (EC) No 2598/95 introduced **aid for the direct processing of sugar cane into sugar syrup**. The aid is paid to manufacturers up to the limit of an annual maximum quantity of 250 tonnes. The amount (EUR 9 per 100 kg of sugar expressed as white sugar) and conditions of application of the aid were fixed by Commission Regulation (EC) No 59/97 of 16 January 1997. This measure has not yet been applied.

2.2.2.3. Rice

Two measures have been introduced to encourage **rice** growing and marketing in French Guiana.

Aid for rice production in French Guiana was introduced by Article 3(2). The amount of this flat-rate aid per hectare is fixed with particular reference to soil preparation costs. The aid was granted during the marketing years from 1991/92 to 1995/96. Differentiated rates of aid were granted for three categories, from EUR 348 per hectare to EUR 1 052 per hectare, reflecting the conditions of cultivation and the extent of soil preparation work (especially removal of the unproductive top layer, which varies in depth from one area to another).

This measure expired in 1996. It played a major role, and enabled large-scale rice-growing to get under way in French Guiana, with 4 900 hectares brought into production, or about 88% of the area initially expected (the whole area could not be brought under cultivation within the time laid down in the Regulation).

Aid for the marketing of rice from French Guiana was introduced by Article 3(3).

The measure was originally intended to assist with disposal and marketing in Guadeloupe and Martinique, within the limit of an annual volume of 8 000 tonnes of wholly-milled rice equivalent.

Council Regulation (EC) No 2598/95 reinforced the measure by proposing the extension of the aid to cover the disposal and marketing of rice in the rest of the Community, within the limit of an annual volume of 4 000 tonnes, thus increasing the overall limit to 12 000 tonnes.

Aid is paid to the purchaser who markets the rice harvested in French Guiana, under annual contracts. The amount of the aid is 10% of the value of the marketed produce; that percentage is raised to 13% if the contractor for the producers is a producer group or association thereof.

Most of the contracts for rice marketed in the West Indies are with Guadeloupe, where there is a major milling plant. On average, 60% of the available quota is taken up (the best take-up having been recorded in 1995). Implementation of the measure is summarised in Table 11 in Annex 3. Rice marketed in the rest of the Community (the whole quota) accounts for $\frac{2}{3}$ of output.

There is an essential measure to ensure the competitiveness and indeed the continued existence of the rice sector in French Guiana, in view of the lack of storage facilities locally.

2.3. Budget

Specific budget headings have been introduced in the Community budget for financing the agricultural section of POSEIDOM. The corresponding forecasts and implementation are set out in Table 12 in Annex 3.

The revenue to the Community budget forgone as a result of exemption from customs duties for products imported from non-member countries under the specific supply arrangements should also be counted in addition to EAGGF Guarantee Section expenditure.

According to the available information supplied by the French authorities over the period 1992-97, expenditure under the SSA amounted to FRF 506 million from the budget, to which should be added FRF 178 million in revenue forgone as a result of

exemption from customs duties (approximate estimate) for wheat bran from 1992 to 1997 for Réunion and for maize from 1994 to 1997.

The following conclusions can be drawn from this information:

- the specific supply arrangements represent around 55% of the average overall cost of the programme for the period concerned (including revenue forgone as a result of exemption from duty), and the agricultural measures around 45% (with figures of 40% and 60% respectively in terms of expenditure alone, i.e. not taking account of revenue forgone);
- owing to the reduction in the amount of aid for Community products, expenditure under the SSA has declined; however, the decline was offset by the increase in revenue forgone as a result of exemption from duties for products imported from non-member countries;
- the cost of measures to support local production has broadly stabilised at about EUR 20 million;
- the total cost of the system set up in 1992 stabilised at about EUR 35 million on average over the period 1993-99;
- the appropriation in the EAGGF Guarantee Section budget has always exceeded expenditure. This gap reflected the difficulty of adopting supply balances that corresponded to real local requirements at a time when the agricultural production aid measures were being launched and picking up speed. All measures have now reached cruising speed and stabilised; however, adjusting some of these measures better to the regional situation would mean an increase in expenditure.

2.4. Other measures

2.4.1. *The graphic symbol*

To stimulate greater awareness and consumption of products specific to the most remote regions, the “POSEI” programmes provide for the introduction of a graphic symbol, for which the Commission launched a competition in December 1993. The logo was chosen in 1994, and its conditions of use are laid down in Commission Regulation (EC) No 1418/96⁶. In 1998 the Commission launched a promotion campaign for this logo, to publicise its existence and significance, and the advantages of using it.

2.4.2. *Structural derogations*

Article 21 provided for derogations from the provisions **on improving the efficiency of agricultural structures** and on **improving the processing and marketing** conditions for agricultural and forestry products.

This Article was deleted by the new rural development Regulation (EC) No 1257/1999 (see Annex 4 for details). Only Recital (53) of the rural development

⁶ Commission Regulation (EC) No 1418/96, OJ L 182, 23.7.1996, p. 9.

Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

2.4.3. *Veterinary and plant health measures*

Article 10(1) of Council Regulation (EEC) No 3763/91 amended Article 24 of Council Decision 90/424/EC on expenditure in the veterinary field.

Article 11 of Regulation (EEC) No 3763/91 provided that the Community shall contribute to financing annual programmes for the control of organisms harmful to plants or plant products.

See Annex 5 for details.

2.4.4. *EAGGF Guidance Section measures*

Guidance Section funding is not included in the scope of this report but is outlined in Annex 6 to give a comprehensive list of all Community measures in favour of agriculture in the French overseas departments.

3. CONCLUSIONS

Agricultural measures which are innovative and adapted to the local situation are a major aspect of the Programmes of specific orientations for remote and insular regions. Altogether, these measures have helped to offset some of the constraints affecting production costs. Alongside support from the CAP, they have helped to improve the quality or increase the volume of local output.

The difficulties encountered in implementing some of the measures, and an analysis of the French authorities' requests to the Commission suggest certain adjustments. Some amendments can be made by the Commission while others will require the Council to adapt the POSEIDOM agricultural framework Regulation.

The Commission intends, following on from this report, to propose a Council Regulation, with three aims:

- to adapt the **specific supply arrangements** more closely to the aims pursued in the light of the changes in requirements noted in the regions and of the present situation,
- to **adapt the measures** in the light of experience, so as to enhance their effectiveness and their incentive effect,
- to implement **new measures** to take account of specific local conditions and requirements, within the framework of the POSEIDOM objectives.

ANNEX 1

Socio-economic and agricultural data by department

Guadeloupe

The overseas department of Guadeloupe is an archipelago of 1 705 km² in the Lesser Antilles island chain in the Caribbean Sea, over 6 700 km from metropolitan France, made up of eight islands: Guadeloupe (comprising Basse-Terre and Grande-Terre, which are separated by a narrow channel), covering an area of 1 438 km², and the neighbouring islands of La Désirade, the Saintes, Marie-Galante, and, further north, Saint Barthélemy and the French part of Saint Martin.

The climate of Guadeloupe is tropical, tempered by maritime influences and the Trade Winds. The average annual temperature is 25°C, with intermittent rainfall concentrated in September and October.

The population of Guadeloupe is 428 000, with a density of 250 to the square kilometre and an annual population growth rate of 1.5 per thousand, the lowest in the four overseas departments. Unemployment is 27%.

Per capital GDP is 41% of the Community average (the lowest in the overseas departments).

GDP breaks down as follows:

- primary sector 9%,
- secondary sector 20%,
- tertiary sector 71%.

Guadeloupe runs external trade deficits not only on foreign trade, but also on trade with metropolitan France, and on trade with the rest of the Community:

GADELOUPE'S EXTERNAL TRADE IN 1996

(in FRF million)	Exports	% share	Imports	% share	Cover ratio
European Union	717.7	74.0	8 802.5	78.3	8.2%
Greater and Lesser Antilles	49.6	5.1	215.5	2.0	23.0%
Other	202.9	20.9	2 218.4	19.7	9.1%
TOTAL	970.2		11 236.4		8.6%

Guadeloupe's main exports are sugar, bananas and rum, and it is visited by almost 675 000 tourists each year; it must import foodstuffs, industrial products and energy.

Prices are higher than in metropolitan France; in particular, the index of food prices is 28% higher.

Agriculture accounts for 6.6% of the total labour force.

The farm sector uses 50 000 hectares, or 30% of the land area; 47% of UAA is cultivated. There are 11 900 holdings, 86% of which have less than 5 hectares. with an average of 4.2 ha of UAA per holding.

Final agricultural output, amounting to about FRF 1 500 million in 1998, mainly consists in crop products (78%).

The mainstay of the department's farm economy is the **banana** (28% of FAO), which is also the main export in volume terms, accounting for some 79 000 tonnes. It is estimated that banana-growing covers 5 750 hectares, or 11% of the total utilisable agricultural area of Guadeloupe. Some 700 holdings, accounting for 6% of the total number of holdings, concentrate on banana production.

Sugar cane cultivation covers a much larger area: some 12 900 hectares, or 26% of UAA; it is the second most important agricultural activity in the department, accounting for 14% of FAO, with 90% of output being processed into sugar. The major social importance of the sugar cane sector is clear from the number of holdings involved: 4 400 holdings, or 37% of all agricultural holdings in the department.

Other crops are marginal, despite attempts to diversify. Horticulture occupied almost 3 900 hectares. Fruit production is inadequate as a whole to meet demand. Melons are the only fruit that can be competitive on external markets, because they are produced in the winter. Flowers are mainly grown for cutting.

Martinique

Martinique is the smallest of the overseas departments, with a surface area of 1 100km². It is situated about 6 800 km from metropolitan France, in the Lesser Antilles chain of islands in the Caribbean Sea.

The island is of volcanic origin, and is dominated by Mount Pelée (1 397 m), an active volcano whose catastrophic eruption in 1902 destroyed the major town of Saint-Pierre, killing an estimated 30 000 people, an event that has marked Martinique's history.

The climate of Martinique is tropical, tempered by maritime influences and the Trade Winds. The average annual temperature is 25°C, with intermittent rainfall concentrated in September and October.

Martinique has a population of 395 000, with a density of 360 inhabitants per square kilometre (the highest in the overseas departments). The annual average rate of increase of the population is 0.86%. The constraints on the productive sector combine with strong demographic pressure to hamper the labour market, where the rate of unemployment is 27%.

Per capita GDP is 54% of the Community average. This is the highest per capita GDP in the overseas departments.

GDP breaks down as follows:

- primary sector 6%,

- secondary sector 21%,
- tertiary sector 73%.

The tertiary sector is predominant, with tourism accounting for a major share.

There is a major imbalance between imports (raw materials, food products, industrial products) and exports:

MARTINIQUE'S EXTERNAL TRADE IN 1996

<i>(in FRF million)</i>	Exports	% share	Imports	% share	Cover ratio
European Union	1 241.8	92.2	8 043.4	77.0	15.4%
Greater and Lesser Antilles	34.5	2.6	255.6	2.4	13.5%
Other	69.8	5.2	2 153.0	20.6	3.2%
TOTAL	1 346.1		10 452.0		12.9%

Martinique's main exports are agricultural, consisting in bananas, rum, pineapples and melons; this confirms the relative importance of the primary sector, in view of the activities it generates.

The index of food prices is 23% higher than in metropolitan France.

The utilisable agricultural area of 33 300 hectares accounts for 31% of the land area of the department; arable land occupies 21 600 ha, or 64% of UAA.

The primary sector is the main source of export revenue for the island, and provides jobs for 7% of the labour force. There are 5 400 holdings, 80% of which have less than 5 hectares. Average utilisable agricultural area per holding is 6.2 hectares.

Final agricultural output, amounting to about FRF 2 000 million in 1998, mainly consists in crop products. Martinique is the overseas department where the value of agricultural output has increased most, mainly because of banana production.

The main products are bananas and rum. The **banana**, with 11 000 hectares cultivated (33% of the UAA) and 900 holdings (17% of the total number) is the main agricultural produce and the main economic resource of the island. It accounts for 54% of final agricultural output and provides jobs for 80% of the agricultural labour force. With exported output of 242 000 tonnes in 1998, it is Martinique's most important agricultural export (in value terms), generating 40% of export revenue.

Sugar cane is grown over an area of 3 100 hectares (9% of the UAA), with an output of about 190000 tonnes. Rum and sugar account for approximately equal tonnages, sugar production having declined by over 70% since the 1980s. Rum accounts for 8% of Martinique's export revenue, and its production is a basic industry. A controlled designation of origin was created at the end of 1996.

The other agricultural products exported are fresh melons and preserved pineapples.

French Guiana

French Guiana, situated in the north-east of South America, between Suriname and Brazil, 7 500 km from metropolitan France, is the largest and most densely wooded French department: 94% of its 84 000 km² area is covered by Amazonian forest.

The climate of French Guiana is equatorial, with humidity of about 90%. Temperatures average 27°C, and rainfall is heavy.

The population of French Guiana totals 160 000 (a density of less than 2 per square kilometre). The population growth rate is the highest of all French departments (23.7 per thousand), and the population is young (over half the inhabitants are aged under 25).

Unemployment is 19%, and per capita GDP 49.5% of the Community average.

GDP breaks down as follows:

- primary sector 10.0%,
- secondary sector 26.5%,
- tertiary sector 63.5%.

The economy was given a considerable boost when the Guiana Space Centre was set up in 1964: the base at Kourou is a major contributor to the economy of French Guiana. Crop and livestock farming depend on the land recovered from the forest and put under cultivation. They have developed gradually over recent years, with rice as the main crop.

The trade balance shows a deficit.

FRENCH GUIANA'S EXTERNAL TRADE IN 1996 (excluding business relating to the space centre)

<i>(in FRF million)</i>	Exports	% share	Imports	% share	Cover ratio
European Union	696.0	92.8	2 010.5	62.4	34.6 %
Other	54.3	7.2	1 211.5	37.6	4.5 %
TOTAL:	750.3		3 222.0		23.2 %

The department, characterised by large tracts of forest land, is seeking to develop its assets. Its eight million hectares of forest enable it to export a large volume of processed and unprocessed timber. The second most important business is fishing, practised on an industrial scale and on a smaller scale over the 300 km of coast; the main fisheries product is the shrimp, with a few other species sold for export on regional markets (Cayenne is the fourth largest French fishing port).

The price level is the highest in all four overseas departments: a general index of 120, and a food price index of 145.

Only 0.3% of the territory of French Guiana, or 24 300 hectares, is utilisable agricultural area, 30% of which is arable land.

Farm workers account for 9% of the labour force, and French Guiana is the only overseas department where the agricultural population is increasing.

There are 4 500 holdings, 90% of which have less than 5 hectares, the average size per holding being 5.7 hectares of UAA; this highlights the dual structure (large number of small holdings, and a few very large holdings).

Final agricultural output, amounting to about FRF 600 million in 1998, mainly consists in crop products (87%).

The main activity is **rice** growing (12% of FAO), providing two harvests a year, and covering 9 000 hectares (37.5% of UAA) altogether for the two growing cycles. Rice output amounts to about 28 000 tonnes per year, with exports valued at almost FRF 50 million.

Réunion

The island of Réunion, 800 km to the east of Madagascar and 9 000 km from metropolitan France, is part of the Mascarene group along with Mauritius and Rodriguez. The island has many assets, including its varied ethnic population, its flora and fauna and its pivotal position in the south-western Indian Ocean.

The island covers an area of 2 500 km², and is composed of two extremely rugged volcanic massifs: the highest point is Le Piton des Neiges (3 069 metres).

The climate is tropical, influenced by the Trade Winds and highly variable with the locality and altitude. The average temperature is 20°C on the coast and 14°C on the inland plain, with night frosts at altitudes above 2 000 m. The cyclone season lasts from December to April. Vegetation varies with the altitude and climate, from tropical forest to dry savannah.

Réunion has the largest population of all the overseas departments. It has 697 000 inhabitants (a density of 280 per square kilometre), 40% of whom are aged under 20; the birth rate is quite high, at 1.5%. The rate of unemployment is the highest in the overseas departments, at 37%.

Per capita GDP is 46% of the Community average.

GDP breaks down as follows:

- primary sector 4%,
- secondary sector 27%,
- tertiary sector 69%.

The trade balance shows a deficit.

RÉUNION'S EXTERNAL TRADE IN 1996

<i>(in FRF million)</i>	Exports	% share	Imports	% share	Cover ratio
European Union	1 003.0	80.2	11 051.0	77.5	9.1 %
Other	247.0	19.8	3 210.0	22.5	7.7 %
TOTAL	1 250.0		14 261.0		8.8 %

The main resources are agriculture and fisheries. Réunion's main export is sugar, and its imports (largely from the Community) are food, machinery, minerals, and energy and transport equipment. Tourism is a developing sector.

Prices are higher than in metropolitan France: +16% on the general price index, and +30% on the food price index.

An area of 46 000 hectares, or 18% of the total surface area of the island, is UAA, 80% of which is cultivated (36 500 hectares).

There are 11 000 holdings, 75% of which have less than 5 hectares, the average size per holding being 3.9 hectares of UAA.

Farm workers make up 6% of the total labour force. FAO amounts to about FRF 2 100 million (1998), with animal products accounting for 32%, the highest share in the overseas departments.

Sugar cane growing, which covers 26 000 hectares (or almost 60% of UAA and 75% of arable land), is an essential aspect of the farm sector in Réunion. Cane, mainly used for sugar manufacture (sugar production is about 200 000 tonnes), contributes 31% of FAO. 49% of holdings are principally engaged in sugar cane growing. In 1995, exports of sugar totalled FRF 655 million.

The other traditional agricultural products are vanilla, essential perfume oils (geranium, vetiver, ilang-ilang) and pineapples.

Livestock farming has developed, and cover ratios are fairly high for animal products: almost 20% for milk, about 50% for meat (and almost 65% for pigmeat and poultry), and over 90% for eggs. Development is continuing thanks to a policy of developing pastures at high altitudes, and in particular the development programme for the Heights of Réunion, where one fifth of the population lives, and where agricultural activities, herding and forestry are gaining importance.

ANNEX 2

Specific supply arrangements (SSA) -- achievements

Implementation by marketing or calendar year of supply balances adopted
(source: Ministry of Agriculture)

1992 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 90	Common wheat	Guadeloupe	t	60 000	53 430	53 430	0
		French Guiana	t	2 000	92	92	0
		Martinique	t	10 000	2 150	2 150	0
		Réunion	t	50 000	25 670	25 670	0
		Total	t	122 000	81 342	81 342	0
1003 00	Barley	Guadeloupe	t	10 000	0	0	0
		French Guiana	t	1 000	55	55	0
		Martinique	t	10 000	0	0	0
		Réunion	t	20 000	11 140	11 140	0
		Total	t	41 000	11 195	11 195	0
1005 90	Maize	Guadeloupe	t	20 000	7 540	7 540	0
		French Guiana	t	2 000	399	399	0
		Martinique	t	20 000	15 710	15 710	0
		Réunion	t	110 000	85 370	85 370	0
		Total	t	152 000	109 019	109 019	0
1103 11	Durum wheat groats and meal**	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	1 500	40	40	0
		Réunion	t	0	0	0	0
		Total	t	1 500	40	40	0
1107 10	Malt	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	0	0	0	0
		Réunion	t	0	0	0	0
		Total	t	0	0	0	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t	0	0	0	0
		French Guiana	t	5 200	1 350	1 350	0
		Martinique	t	0	0	0	0
		Réunion	t	0	0	0	0
		Total	t	5 200	1 350	1 350	0
2309 90 33,43,53		Guadeloupe	t	0	0	0	0
		French Guiana	t	300	0	0	0
		Martinique	t	0	0	0	0
		Réunion	t	0	0	0	0
		Total	t	300	0	0	0

* - 1991/92 marketing year

** - second half-year only.

1993 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	76 000	50 170	50 170	0
		French Guiana	t	2 000	59	59	0
		Martinique	t	10 000	780	780	0
		Réunion	t	40 000	16 070	16 070	0
		Total	t	128 000	67 079	67 079	0
1003 00	Barley	Guadeloupe	t	10 000	0	0	0
		French Guiana	t	1 000	78	78	0
		Martinique	t	4 000	0	0	0
		Réunion	t	20 000	12 630	12 630	0
		Total	t	35 000	12 708	12 708	0
1005 90	Maize	Guadeloupe	t	20 000	10 930	10 930	0
		French Guiana	t	2 000	1 084	1 084	0
		Martinique	t	26 000	17 540	17 540	0
		Réunion	t	160 000	94 360	94 360	0
		Total	t	208 000	123 914	123 914	0
1103 11	Durum wheat groats and meal	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	3 000	1 350	1 350	0
		Réunion	t	0	0	0	0
		Total	t	3 000	1 350	1 350	0
1107 10	Malt	Guadeloupe	t	1 500	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	1 000	320	320	0
		Réunion	t	2 000	1	1	0
		Total	t	4 500	321	321	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0	0	0
		French Guiana*	t	5 700	4 593	4 593	0
		Martinique	t		0	0	0
		Réunion	t		0	0	0
		Total	t	5 700	4 593	4 593	0
2309 90 33,43,53		Guadeloupe	t		0	0	0
		French Guiana*	t	300	35	35	0
		Martinique	t		0	0	0
		Réunion	t		0	0	0
		Total	t	300	35	35	0

* - 1992/93 marketing year

1994 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	80 000	50 240	50 240	0
		French Guiana	t	2 000	0	0	0
		Martinique	t	10 000	1 670	1 670	0
		Réunion	t	40 000	17 540	17 540	0
		Total	t	132 000	69 450	69 450	0
1003 00	Barley	Guadeloupe	t	10 000	0	0	0
		French Guiana	t	1 000	53	53	0
		Martinique	t	4 000	0	0	0
		Réunion	t	40 000	30 780	30 780	0
		Total	t	55 000	30 833	30 833	0
1005 90	Maize	Guadeloupe	t	20 000	9 700	9 700	0
		French Guiana	t	2 000	733	733	0
		Martinique	t	26 000	17 240	17 240	0
		Réunion	t	160 000	40 390	40 390	0
		Total	t	208 000	68 063	68 063	0
1103 11	Durum wheat groats and meal	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	3 000	1 020	1 020	0
		Réunion	t	0	0	0	0
		Total	t	3 000	1 020	1 020	0
1107 10	Malt	Guadeloupe	t	1 500	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	1 000	730	730	0
		Réunion	t	3 000	1 870	1 870	0
		Total	t	5 500	2 600	2 600	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0		
		French Guiana*	t	6 200	3 234	3 234	
		Martinique	t		0		
		Réunion	t		0		
		Total	t	6 200	3 234	3 234	0
2309 90 33,43,53		Guadeloupe	t		0		
		French Guiana*	t	300	34	34	
		Martinique	t		0		
		Réunion	t		0		
		Total	t	300	34	34	0

* - 1993/94 marketing year

1995 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	70 000	64 080	64 080	0
		French Guiana	t	2 000	0	0	0
		Martinique	t	16 000	660	660	0
		Réunion	t	40 000	17 820	17 820	0
		Total	t	128 000	82 560	82 560	0
1003 00	Barley	Guadeloupe	t	1 000	0	0	0
		French Guiana	t	1 000	13	13	0
		Martinique	t	1 000	0	0	0
		Réunion	t	30 000	11 100	11 100	0
		Total	t	33 000	11 113	11 113	0
1005 90	Maize	Guadeloupe	t	16 000	10 250	10 250	0
		French Guiana	t	2 000	1 255	1 255	0
		Martinique	t	24 000	14 450	14 450	0
		Réunion	t	130 000	93 270	48 210	45 060
		Total	t	172 000	119 225	74 165	45 060
1103 11	Durum wheat groats and meal	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	2 500	1 050	1 050	0
		Réunion	t	0	0	0	0
		Total	t	2 500	1 050	1 050	0
1107 10	Malt	Guadeloupe	t	200	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	1 000	750	750	0
		Réunion	t	3 500	1 220	1 220	0
		Total	t	4 700	1 970	1 970	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0		
		French Guiana**	t		222	222	0
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	222	222	0
2309 90 33,43,53		Guadeloupe	t		0		
		French Guiana**	t		0	0	0
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0

* - 1994/95 marketing year

** - from 01/07/94 to 30/04/96; unregulated period.

1996 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	80 000	27 500	27 500	0
		French Guiana	t	1 100	146	146	0
		Martinique	t	3 000	740	740	0
		Réunion	t	33 000	15 270	15 270	0
		Total	t	117 100	43 656	43 656	0
1003 00	Barley	Guadeloupe	t	0	0	0	0
		French Guiana	t	600	175	175	0
		Martinique	t	0	0	0	0
		Réunion	t	30 000	15 440	15 440	0
		Total	t	30 600	15 615	15 615	0
1005 90	Maize	Guadeloupe	t	16 000	11 860	11 860	0
		French Guiana	t	2 000	1 489	1 489	0
		Martinique	t	22 500	13 190	13 190	0
		Réunion	t	120 000	77 400	54 790	22 610
		Total	t	160 500	103 939	81 329	22 610
1103 11	Durum wheat groats and meal	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	1 770	560	560	0
		Réunion	t	0	0	0	0
		Total	t	1 770	560	560	0
1107 10	Malt	Guadeloupe	t	200	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	800	320	320	0
		Réunion	t	3 000	770	770	0
		Total	t	4 000	1 090	1 090	0
1210 / 1302 13 00	Hops*	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1507-16 (except 1509,10)	Vegetable oil	Guadeloupe	t				
		French Guiana	t				
		Martinique	t				
		Réunion	t				
		Total	t	0	0	0	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0		
		French Guiana**	t	4 150	1 822	1 822	0
		Martinique	t		0		
		Réunion	t		0		
		Total	t	4 150	1 822	1 822	0
2309 90 33,43,53		Guadeloupe	t		0		
		French Guiana**	t	200	0	0	0
		Martinique	t		0		
		Réunion	t		0		
		Total	t	200	0	0	0

* - 1995/96 marketing year

** - from 1 May

1997 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	70 000	52 740	52 740	0
		French Guiana	t	200	1	1	0
		Martinique	t	2 000	900	900	0
		Réunion	t	30 000	25 500	25 500	0
		Total	t	102 200	79 141	79 141	0
1003 00	Barley	Guadeloupe	t	0	0	0	0
		French Guiana	t	200	9	9	0
		Martinique	t	0	0	0	0
		Réunion	t	30 000	9 030	9 030	0
		Total	t	30 200	9 039	9 039	0
1005 90	Maize	Guadeloupe	t	16 000	7 710	7 710	0
		French Guiana	t	2 000	824	824	0
		Martinique	t	20 000	15 850	15 850	0
		Réunion	t	120 000	102 390	56 470	45 920
		Total	t	158 000	126 774	80 854	45 920
1103 11	Durum wheat groats and meal	Guadeloupe	t	0	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	2 000	710	710	0
		Réunion	t	0	0	0	0
		Total	t	2 000	710	710	0
1107 10	Malt	Guadeloupe	t	200	0	0	0
		French Guiana	t	0	0	0	0
		Martinique	t	800	0	0	0
		Réunion	t	3 000	2 730	2 730	0
		Total	t	4 000	2 730	2 730	0
1210 / 1302 13 00	Hops*	Guadeloupe	t	1	0		
		French Guiana	t	0	0		
		Martinique	t	3	0		
		Réunion	t	11	0		
		Total	t	15	0	0	0
1507-16 (except 1509,10)	Vegetable oil	Guadeloupe	t	0	0	0	0
		French Guiana	t	400	0	0	0
		Martinique	t	2 000	356	356	0
		Réunion	t	8 000	4 853	763	4 090
		Total	t	10 400	5 209	1 119	4 090
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0		
		French Guiana	t	6 225	2 106	2 101	5
		Martinique	t		0		
		Réunion	t		0		
		Total	t	6 225	2 106	2 101	5
2309 90 33,43,53		Guadeloupe	t		0		
		French Guiana	t	300	0	0	0
		Martinique	t		0		
		Réunion	t		0		
		Total	t	300	0	0	0

* - 1996/97 marketing year

1998 - Cereals

CN code	Product	Department	Units	Balance	Total implementation	EU implementation	Third countries implementation
1001 10	Durum wheat	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	0	0	0	0
1001 90	Common wheat	Guadeloupe	t	60 000	0		
		French Guiana	t	200	0		
		Martinique	t	1 500	0		
		Réunion	t	28 000	0		
		Total	t	89 700	0	0	0
1003 00	Barley	Guadeloupe	t		0		
		French Guiana	t	300	0		
		Martinique	t		0		
		Réunion	t	24 000	0		
		Total	t	24 300	0	0	0
1005 90	Maize	Guadeloupe	t	16 000	0		
		French Guiana	t	1 500	0		
		Martinique	t	22 000	0		
		Réunion	t	100 000	0		
		Total	t	139 500	0	0	0
1103 11	Durum wheat groats and meal	Guadeloupe	t		0		
		French Guiana	t		0		
		Martinique	t	1 000	0		
		Réunion	t		0		
		Total	t	1 000	0	0	0
1107 10	Malt	Guadeloupe	t	100	0		
		French Guiana	t		0		
		Martinique	t	500	0		
		Réunion	t	3 000	0		
		Total	t	3 600	0	0	0
1210 / 1302 13 00	Hops**	Guadeloupe	t	1	0		
		French Guiana	t	0	0		
		Martinique	t	3	0		
		Réunion	t	11	0		
		Total	t	15	0	0	0
1507-16 (except 1509,10)	Vegetable oil	Guadeloupe	t	300	0		
		French Guiana	t	400	0		
		Martinique	t	2 000	0		
		Réunion	t	9 200	0		
		Total	t	11 900	0	0	0
2309 90 31,41,51	Products intended as animal feed	Guadeloupe	t		0		
		French Guiana	t	6 225	0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	6 225	0	0	0
2309 90 33,43,53		Guadeloupe	t		0		
		French Guiana	t	300	0		
		Martinique	t		0		
		Réunion	t		0		
		Total	t	300	0	0	0

* - 1997/98 marketing year

** - 1997/98 marketing year, implementation up to 31 December 1997.

Aid for the supply of breeding animals (originating in the EU)

Bovine animals:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation
92/93	40	25	340	32	40	0	180	180	600	237
93/94	40	32	180	180	40	0	180	130	440	342
94/95	50	0	350	344	40	0	180	100	620	444
95/96	50	0	350	344	40	0	300	24	740	368
96/97	50	0	400	84	40	1	300	234	790	319
97/98	25	0	300	0	25	3	350	324	700	326
Total	255	57	1 920	984	225	4	1 490	992	3 890	2 036

Horses:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation
92/93	--	--	16	0	10	0	16	0	42	0
93/94	--	--	16	0	10	6	16	0	42	6
94/95	--	--	16	0	10	10	16	0	42	10
95/96	--	--	16	0	15	5	16	0	47	5
96/97	--	--	16	0	15	2	16	0	47	2
97/98	8	0	16	0	16	0	0	0	40	0
Total	8	0	96	0	76	23	80	0	260	23

Sheep and goats:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation
1992	0	--	0	--	0	--	0	--	0	--
1993	0	--	0	--	0	--	0	--	0	--
1994	0	--	0	--	0	--	0	--	0	--
1995	0	--	0	--	0	--	0	--	0	--
1996	0	--	60	12	15	15	0	--	75	27
1997	0	--	60	0	15	0	0	--	75	0
Total	0	--	120	12	30	15	0	--	150	27

Eggs and chicks:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balanc e	Implement ation	Balan ce	Implement ation	Balanc e	Implement ation	Balanc e	Implement ation
1992	--	--	--	--	--	--	--	--	--	--
1993	20 000	0	20 000	1 660	20 000	0	90 000	59 092	150 000	60 752
1994	20 000	0	20 000	2 450	20 000	0	90 000	86 505	150 000	88 955
1995	20 000	0	20 000	0	20 000	0	90 000	81 940	150 000	81 940
1996	20 000	0	20 000	0	20 000	0	90 000	82 460	150 000	82 460
1997	10 000	0	20 000	0	10 000	0	110 000	85 030	150 000	85 030
Total	90 000	0	100 000	4 110	90 000	0	470 000	395 027	750 000	399 137

Rabbits:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation
1992	--	--	--	--	--	--	--	--	--	--
1993	270	0	200	192	270	83	460	223	1 200	498
1994	270	250	200	200	270	0	460	226	1 200	676
1995	270	0	200	77	270	0	460	460	1 200	537
1996	270	0	200	200	270	4	460	366	1 200	570
1997	270	0	200	86	270	0	460	402	1 200	488
Total	1 350	250	1 000	755	1 350	87	2 300	1 677	6 000	2 769

Swine:

	GUADELOUPE		FRENCH GUIANA		MARTINIQUE		RÉUNION		Total FOD	
	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation	Balan ce	Implement ation
1992	--	--	--	--	--	--	--	--	--	--
1993	180	45	110	52	180	114	60	0	530	211
1994	180	90	110	0	180	0	60	0	530	90
1995	180	0	110	49	180	0	60	0	530	49
1996	180	0	110	69	180	34	60	0	530	103
1997	180	0	110	0	180	22	60	0	530	22
Total	900	135	550	170	900	170	300	0	2 650	475

Supply of wheat bran to Réunion:

Years	Licences utilised (tonnes)
(1992)	(425)
1993	4 793
1994	6 125
1995	6 804
1996	5 382
1997	7 236
1998	6 372
Average	6 119

ANNEX 3

Specific aid for local agricultural products

The statistical data in this annex were supplied by the Overseas Secretariat of the Ministry of Agriculture, unless otherwise specified

Table 1

**Article 5: premium for the maintenance of the suckler cow herd
(number of animals)**

	Guadeloupe	French Guiana	Martinique	Réunion	TOTAL
1992	5 192	1 675	5 742	4 876	17 485
1993	5 143	1 421	5 641	4 513	16 718
1994	8 415	1 206	6 430	5 023	21 074
1995	7 753	1 761	6 488	5 463	21 465
1996	10 584	2 122	6 152	5 744	24 602
1997	10 417	2 339	6 128	5 777	24 661
1998	11 465	1 733	6 085	5 779	25 062

Table 2**Article 5: special premium for male bovine animals (number of animals)**

	Guadeloupe	French Guiana	Martinique	Réunion	TOTAL
1992	--	--	--	--	--
1993	240	780	517	500	2 037
1994	723	773	391	618	2 505
1995	755	944	1 135	1 100	3 934
1996	342	717	624	1 708	3 391
1997	414	811	618	1 692	3 535
1998	401	548	412	1 424	2 785

Table 3**Aid for the development of local production of cows' milk**

	French Guiana	Martinique	Réunion	TOTAL
1996/97*	129.36 t	945.77 t	13 490.79 t	14 565.92 t
1997/98*	185.91 t	1 047.06 t	14 774.25 t	16 007.22 t
1998/99*	168.28 t	875.70 t	16 000.83 t	17 044.81 t

* Milk years run from 1 April to 31 March.

Table 4a
Article 9a (interbranch) – MARTINIQUE

	2000	1999	1998		1997		1996	
	Total programme (EUR million)	Total programme (EUR million)	Total programme (ECU million)	Total implementation (ECU million)	Total programme (ECU million)	Total implementation (ECU million)	Total programme (ECU million)	Total implementation (ECU million)
1. RUMINANTS								
1.1 Flat-rate aid to holdings								
Bovine animals: meat	0.44	0.45	0.47	0.50	0.42	0.42	0.42	
Bovine animals: milk	0.06	0.06	0.00	0.00	0.00		0.00	
Sheep/ goats	0.09	0.09	0.09	0.07	0.08	0.08	0.08	
1.2 Flat-rate aid for transport and collection								
Bovine animals: meat	0.03	0.03	0.03	0.03	0.02	0.02	0.02	
Bovine animals: milk	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Sheep/ goats	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
1.3 Aid to improve the quality of milk		0.01	0.01					
1.4 Aid for artificial insemination of bovine animals	0.02	0.02						
	0.71	0.72	0.66	0.66	0.58	0.59	0.58	0.00
2. INTENSIVE FARMING								
2.1 Flat-rate aid to pig farms	0.26	0.24	0.26	0.26	0.22	0.17	0.22	
2.2 Flat-rate aid to rabbit farms	0.04	0.05	0.00	0.00	0.00		0.00	
2.3 Aid to improve the quality of poultry	0.26	0.23	0.24	0.18	0.21	0.19	0.21	
2.4 Aid for transport and collection								
Swine	0.05	0.05	0.05	0.05	0.04	0.05	0.04	
Poultry	0.05	0.05	0.06	0.02	0.04	0.01	0.04	
Rabbits	0.01	0.02	0.02	0.01	0.04	0.01	0.04	
	0.67	0.63	0.63	0.52	0.55	0.42	0.55	0.00
3. INTERBRANCH MEASURES								
3.1 Advertising and promotion	0.13	0.14	0.14	0.10	0.27	0.10	0.27	0.01
3.2 Aid for the consumption of fresh products	0.04						0.11	
Swine		0.03	0.06	0.00	0.06	0.004	0.06	
Poultry		0.02	0.08	0.00	0.05	0.004	0.05	
Bovine animals		0.01	0.00		0.00		0.00	
3.3 Aid for cutting up of beef, veal and pigmeat	0.03	0.03						
3.4 Aid for upgrading butchers' premises	0.02	0.09						
3.5 Studies			0.02		0.04	0.04	0.04	
Consumption monitoring centre	0.02	0.01						
Swine	0.01	0.01						
Poultry:	0.01							
3.6 Special training			0.04		0.10	0.10	0.10	
Swine	0.01	0.01						
Beef and veal, sheep, goats	0.01	0.02						
Poultry	0.01			0				
Livestock farmers Classification	0.03			0.02				
Classification				0.01				
3.7 Management and application of the programme	0.18	0.14	0.18	0.14	0.14	0.16	0.14	0.03
	0.49	0.50	0.52	0.26	0.66	0.40	0.66	0.04
GRAND TOTAL	1.87	1.85	1.81	1.44	1.79	1.42	1.79	0.04

Table 4b: Article 9a (interbranch) – REUNION

	2000	1999	1998		1997		1996	
	Total programme(EUR million)	Total programme(EUR million)	Total programme(ECU million)	Total implementation (ECU million)	Total programme (ECU million)	Total implementation (ECU million)	Total programme(ECU million)	Total implementation (ECU million)
1. BEEF AND VEAL, MILK AND MILK PRODUCTS								
1.1 Flat-rate aid to cattle farms on the island heights of genetic improvement which:	2.07	2.07 (0.3)	2.07 (0.3)	2.13	2.16	2.21	2.06	2.27
1.2 Flat-rate aid for collection and batching of - milk collection (collection points x 130 coll./year) which: - collection and batching of lean bovine animals (head)	0.76	0.76 0.45	0.76 0.45	0.71	0.76 0.45	0.74	0.76 0.45	0.53 0.45
	2.83	2.83	2.83	2.84	2.92	2.94	2.82	2.79
2. INTENSIVE FARMING								
2.1 Aid for management of pigmeat regulation stocks	0.28	0.28	0.31	0.07	0.32	0.30	0.32	0.68
2.2 Aid for processing fresh pigmeat	0.12	0.12	0.15	0.21	0.15	0.12	0.15	0.00
2.3 Aid for transport of poultry and swine from the farm to the abattoir of Swine which: Poultry	0.39	0.39	0.39	0.39	0.39	0.45	0.39	0.17
2.4 Aid to improve the quality of poultry	0.44	0.44	0.44	0.40	0.42	0.44	0.42	0.18
2.5 Aid for traceability and quality (pigmeat)	0.65	0.65	0.65	0.61	0.63	0.64	0.63	0.27
	0.06	0.06						
	1.94	1.94	1.93	1.68	1.90	1.94	1.90	1.29
3. INTERBRANCH MEASURES								
3.1 Advertising and promotion of beef and veal/swine/milk (ARIBEV) which: poultry (ARIV)	0.19	0.19	0.19	0.40	0.19	0.22	0.16	0.317 0.16
	0.05	0.05	0.05	0.13	0.05	0.07	0.05	0.05
	0.24	0.24	0.24	0.53	0.24	0.29	0.21	0.21
4 STUDIES								
4.1 Studies of beef and veal/swine/milk (ARIBEV) which: poultry (ARIV)	0.05	0.05	0.05	0.08	0.05	0.07	0.03	0.045
	0.02	0.02	0.02		0.02		0.03	0.045
	0.07	0.07	0.07		0.07		0.03	
5 PROGRAMME MANAGEMENT AND IMPLEMENTATION								
5.1 Management and application of programmes of beef and veal/swine/milk (ARIBEV) which: poultry (ARIV)	0.24	0.24	0.24	0.27	0.24	0.25	0.24	0.245 0.24
	0.08	0.08	0.08		0.08		0.08	0.08
	0.32	0.32	0.32	0.35	0.32	0.32	0.32	0.61
Grand Total	5.40	5.40	5.39	5.40	5.46	5.50	5.29	4.69

Table 5

Aid for the marketing of local products exclusively intended to supply the markets of the overseas departments

The table shows details of products by category, and indicates planned quantities and the amount of aid provided for in the implementation rules

Category	Products	Quantity	Aid
Category A:	Potatoes, carrots, cucumbers, chayotes, plantains, pineapples, watermelon	10 350 tonnes	EUR 0,15/kg
	Tropical flowers (standard anthurium, alpinia, heliconia, torch lily, strelitzia)	6 600 000 pieces	EUR 0.15/piece
Category B	Tomatoes, onions, cabbages, head lettuce, salad vegetables other than lettuce and endive, aubergines, sweet potatoes, yams, taro or dasheen, peppers and pimentos, turban squash, avocados, mangoes, citrus fruit, melons, pawpaws, lychees, guavas.	12 400 tonnes	EUR 0.23/kg
Category C	Garlic, runner beans, turmeric, strawberries, rambutan, passion fruit, ginger	375 tonnes	EUR 0.30/kg
	Roses, tropical flowers (canna pendula, orchids, hybrid anthurium)	500 000 pieces	EUR 0.30 /piece

Table 6

Aid for the marketing of local products exclusively intended to supply the markets of the overseas departments

This table shows the number of applications received

	Category A:		Category B		Category C	
	1997	1998	1997	1998	1997	1998
Guadeloupe						
Fruit and vegetables (tonnes)	-----	266	718	1 294	-----	-----
Flowers(units)	79 113	261 771	-----	-----	40	26 493
Martinique						
Fruit and vegetables (tonnes)	1 008	1 200	1 361	1 674	1,7	4,0
Flowers (units)	-----	181 153	-----	-----	455 000	172 591
Réunion						
Fruit and vegetables (tonnes)	109	596	608	1 489	46	48
Flowers (units)	-----	-----	-----	-----	33 890	63 686
French Guiana						
Fruit and vegetables (tonnes)	-----	-----	-----	25	-----	-----
Flowers (units)	-----	-----	-----	-----	-----	-----
Total fruit + vegetables (t)	1 117	2 602	2 687	4 482	47.7	52.0
(Total quota)	(10 350)	(10 350)	(12 400)	(12 400)	(375)	(375)
%	10.8%	25.1%	21.7%	36.1%	12.7%	13.9%
Total flowers(units)	79 113	442 924			488 930	262 770
(Total quota)	(6 600 000)	(6 600 000)			(500 000)	(500 000)
%	1.2%	6.7%			97.8%	52.6%

Table 7
Production of geranium and vetiver

	(1985)	1995	1996	1997	1998
Geranium	(22.9 t)	5.2 t	4.13 t	5.28 t	6.20 t
Vetiver	(12.0 t)	0.96 t	0.75 t	0.47 t	0.23 t

Table 8
Article 14: aid for processing fruit and vegetables

This table shows details of eligible products, quantities and amounts of aid per category

Raw materials	Quantities (tonnes)	Amount (EUR/100 kg)	Processed products
A: onion and carrots for "rougail" and "achard"; chayotes, breadfruit, other root vegetables; plantains; pineapples; strawberries; guavas; ambarella.	8 320	21.56	Preserves vegetables and vacuum-sterilised vegetables; frozen uncooked vegetables; dried vegetables
B: cabbage for "rougail" and "achard"; manioc; sweet potatoes; dasheen; turban squash; mandarins; tangors; limes; pawpaws; jackfruit; lychees; carambola; West Indian apricot; rambutan; Cayenne cherry; soursop.	1 550	35.44	Fruit and vegetables, prepared or preserved by vinegar or acetic acid frozen vegetables; preserved vegetables; crystallised fruit.
C: garlic and beans for "rougail" and "achard"; peppers, pimentos, yams; mangoes; passion fruit; combava.	560	41.21	Jams, jellies, marmalades, purées and pastes of fruit; fruit pulps; fruit juices.

Table 9**Aid for sugar cane growing**

This table shows the breakdown of eligible areas by overseas department and annual balances for areas subsidised (in hectares)

	Guadeloupe		Martinique		Réunion		Total FOD	
	P	I	P	I	P	I	P	I
1992	1 566	-----	694	61	2 472	2 335	4 732	2 396
1993	1 246	285	445	69	2 920	2 163	4 611	2 517
1994	2 054	245	394	42	3 382	2 063	5 830	2 350
1995	2 215	451	231	16	2 961	1 816	5 407	2 283
1996	2 200	351	211	28	3 066	1 875	5 477	2 254
1997	1 955	157	379	80	2 721	1 513	5 055	1 750
1998	2 147	177	499	46	20 780	1 104	23 426	1 327
Total	13 383	1 666	2 853	342	38 302	12 869	54 538	14 877

* In Réunion, it was decided to reduce aid per hectare so as to subsidise a larger area with the same budget.

P = plantation

I = land improvement

Table 10**Aid for processing cane into agricultural rum**

(volume in hl)

	Martinique	Guadeloupe	French Guiana	TOTAL:
1992	59 950	14 200	778	74 928
1993	55 360	14 200	778	70 338
1994	57 855	14 200	778	72 833
1995	52 194	14 200	778	67 172
1996	56 131	14 200	778	71 109
1997	56 708	14 200	778	71 686
1998	57 031	14 200	778	72 009
Average	56 461	14 200	778	71 439
Quotas	60 230	14 200	778	75 208
Implementation	94%	100%	100%	95%

Table 11**Aid for marketing rice from French Guiana**

Quantitative balances by marketing year (Antilles) are shown in this table

Marketing year	Quantity (tonnes) (milled equivalent)	% of quota utilised
1992	4 480.22	56.0
1993	4 642.87	58.0
1994	4 366.37	54.6
1995	6 368.10	79.6
1996	4 317.30	54.0
1997	3 953.88	49.4
1998*	5 791.53	72.4
Average	4 845.75	60.6

* in 1998 aid was requested for 6 425.56 tonnes of husked rice, but as the application was incomplete, it was returned; consequently, definitive results cannot yet be given.

Table 12

**Budget forecasts and implementation for items in financing
of agricultural aspects of POSEIDOM**

	(EUR million)								
Financial year	1992	1993	1994	1995	1996	1997	1998	1999	Average ¹⁹
Marketing year	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	1993-1999
Expenditure, comprising:	8.4	38.0	34.1	31.9	26.3	25.1	30.7	32.5	31.2
Heading 1830; Crop products	8.4	37.2	32.2	30.2	23.7	17.3	20.9	22.4	26.3
– - supply		23.1	17.2	14.0	7.5	5.1	4.0	9.5	11.5
– - other aid		14.1	15.0	16.2	16.2	12.2	16.9	12.9	14.8
Heading 2510; Animal products	0.0	0.8	1.9	1.7	2.6	7.8	9.8	10.1	4.9
– - supply		0.0	0.0	0.6	0.6	0.2	0.6	0.3	0.3
– - other aid		0.8	1.9	1.1	2.0	7.6	9.2	9.8	4.6
Supply total		23.1	17.2	14.6	8.1	5.3	4.6	9.8	11.8
Other aid, total		14.9	16.9	17.3	18.2	19.8	26.1	22.7	19.4
% specific supply arrangements/other aid		61/39	50/50	46/54	31/69	21/79	15/85	30/70	38/62
Initial budget appropriation, comprising:	45	47	50	35	61	49	34	45	46
Heading 1830, plant products	42	45	47	31	48	36	22	33	37
Heading 2510, livestock products	3	2	3	4	13	13	12	12	9

Source: EAGGF Guarantee Section

ANNEX 4

Structural derogations

On **structural aid for holdings**, Article 21 of Council Regulation (EEC) No 3763/91 derogates from Council Regulation (EEC) No 2328/91 (superseded by Regulation (EC) No 950/97) on improving the efficiency of agricultural structures. The derogations are as follows.

- There is a derogation, for pig production, from the principle laid down in Article 6(4) of Regulation (EC) No 950/97, according to which investment aid to holdings that would extend production capacity is restricted by conditions defined for each sector. With regard to eggs and poultry production, in view of the need to ensure balanced development in the overseas departments, aid is authorised for family farms.
- There is a single rate for modernisation aid in the overseas departments, applicable irrespective of the type of asset, movable or immovable, for which the aid is paid; on a reasoned request, it may be decided to derogate from the investment ceiling referred to in Article 8.
- In the overseas departments, expenditure relating to initial stock purchases of pigs and poultry may eligible under the system of investment aid.

The derogations apply only in so far as livestock production on pig and poultry farms is undertaken in a manner compatible with animal welfare and environment protection requirements and provided that the production is for the domestic market of the departments concerned.

- The compensatory allowance referred to in Article 17 may be granted for all crops, provided they are cultivated in a way compatible with environmental protection requirements and subject to a maximum income per holding to be determined.
- Cows whose milk is intended for the domestic market of the departments concerned may be taken into consideration for the calculation of the compensatory allowance up to a maximum number of 20 livestock units.

For measures concerning aid to **improve processing and marketing** of agricultural and forestry products, the derogations in Article 21 of Council Regulation (EEC) No 3763/91 relate to Regulation (EEC) No 866/90, replaced by Council Regulation (EC) No 951/97 of 20 May 1997 for agricultural products, and to Council Regulation (EEC) No 867/90 of 29 March 1990 for forestry products.

Commission Decision 94/173/EC of 22 March 1994 provides for the selection criteria to be specially adapted to the overseas departments. Prohibitions on financing investment in the animal feedingstuffs sector are not applicable, as long as the production is intended for local supply.

Moreover, pursuant to Commission Decision 97/37/EC of 18 December 1996:

- investment in the processing or marketing of products from third countries may be financed, provided the processed and/or marketed products resulting from the

investments financed are intended exclusively for the market in the French overseas departments,

- for cereals and oilseeds/protein crops, investments relating to silos are eligible in Réunion and Martinique, where the maximum capacity of 20 000 tonnes for animal feed facilities does not apply,
- for Martinique and French Guiana, neither the obligation to reduce poultry slaughter capacity nor the prohibition on an increase in egg packaging capacity applies.

Article 21 was deleted by the new rural development Regulation (EC) No 1257/1999. Only Recital (53) of the rural development Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

ANNEX 5

Veterinary and plant health measures

Article 10(1) of Council Regulation (EEC) No 3763/91 amends Article 24 of Council Decision 90/424/EC on expenditure in the veterinary field. It enables the Community to contribute up to 50% to specific veterinary measures, inspection measures in the veterinary field and programmes for the eradication and monitoring of animal diseases.

By Decision 94/148/EC (OJ of 8 March 1994), the Commission approved a common programme for Guadeloupe and Martinique, for the eradication of cowdriosis and babesiosis, and a programme for the eradication of anaplasmosis and babesiosis in Réunion (in practice, these programmes organise the control of ticks and insect vectors of the diseases).

The Guadeloupe programme had to be interrupted; following the reorganisation of the departments health protection groups, a new programme was presented to the Commission for 1999.

French Guiana, which was previously unable to take part in the scheme, should be presenting a programme in 1999. Only Martinique and Réunion have been able to take part in the scheme since the outset.

The programme in Martinique comprises two measures:

- census and identification of the herd: at the end of 1998, the herd of 70% of the 4 158 stockfarmers registered with the Chamber of Agriculture could be identified, an increase of 27% on the previous year; the number of registered animals increased from 22 218 to 27 774, an increase of 25%,
- de-ticking: either by dipping, spraying or “pour on” (insecticide poured on to the animal’s back). The aim for 1998 is to de-tick 100% of the cattle herd. Arrangements are being introduced to assess the programme, in particular through tick counting and a serological review.

In Réunion, the first part of the programme is to carry out a census of the herd; the aim for 1998 is to bring the census up to date and to identify over 90% of the bovine herd. Measures include chemical control (with the aim of achieving 75% coverage of herds) and biological control involving the breeding of parasitised stomoxys larvae, stinging insects, to be released at their reproduction sites (this method was introduced in a pilot area in 1997, and the aim for 1998 is its generalisation). A final serological review is planned as an assessment tool.

Derogations from health rules

In view of the exceptional health situation in the overseas departments, Article 31a of Directive 91/496/EEC provides that public health requirements laid down for imports of bovine animals and swine and fresh meat from third countries may be waived for imports into the overseas departments.

Only one application for this derogation has been received by the French authorities: in June 1996, a request was made for the import from the United States to Martinique of breeding bulls of the Brahman breed. The justification given was the need to introduce animals of high

genetic quality while avoiding the risk of consanguinity. It was argued that French Guiana's bovine herd, with similar features to that of Martinique, could also benefit from the genetic input from the US.

The Commission rejected the application because of the presence of catarrhal fever, considering that the derogation represented a danger for the level of health in Martinique and the operation of the internal market.

Plant-health programmes

Article 11 of Regulation (EEC) No 3763/91 provides that the Community shall contribute to financing annual programmes for the control of organisms harmful to plants or plant products, covering up to 60% of eligible expenditure (measures to protect banana cultivation are excluded). The eligible measures were defined by Commission Decision 93/522 of 30 September 1993. Other programmes were approved for subsequent years.

A review of the measures shows positive results on the whole, with the reinforcement of the activities of the Departmental Federations of pest control groups, whose membership is growing, with much more involvement on the part of farmers. The application of new means has enabled control programmes to be intensified, especially defence against rodents, and boosted information campaigns (plant health leaflets, summary of products in use, dissemination of information on control methods).

The main types of measure, by department, are as follows.

Martinique: methods for the detection of pests (fruit-fly, pink mealybug, citrus leafminer); control of crop pests (deratisation, consciousness raising); integrated pest control in horticulture (consciousness raising and support, testing and demonstration of products), setting up and running a laboratory for the analysis of pesticide residues, organic and integrated crop management.

Réunion: organisation of assessment, analysis, and diagnosis of plant health risks (consultancy diagnosis, publication, integrated organic protection and action, improvement of vanilla plantations); development of methods for the control of the main enemies of crops (support for compulsory control of fruitfly, collective compulsory control of locusts, fire ants, tomato yellow leaf curl virus); control of citrus mealybug and leafminer; applied research on harmful organisms.

French Guiana: development of analytical and diagnostic structures (setting up of itinerant laboratories in several cases) to create synergy between research bodies and development structures; observation and alarm networks, in particular installation of traps (fruitfly), to improve knowledge of the plant health situation; campaign for the detection of certain quarantine viruses; development of control methods for major pests through training of farmers and decentralised availability of plant health equipment and products; reasoned control of weeds and pests in the rice-growing sector.

Guadeloupe: disease and pest control (corn borer, leaf-cutter ant, scale, giant snail etc.); establishment of a floral quarantine site in Guadeloupe.

Budgets and expenditure (ECU thousand)

1993	Total		
	EEC	National	Total
Guadeloupe	323.2	223.6	546.8
Martinique	268.3	254.4	522.7
French Guiana	193.7	93.2	286.9
Réunion	267.1	157.8	424.9
Total	1052.3	729.0	1781.3

1994	Total		
	EEC	National	Total
Guadeloupe	251.2	167.5	418.7
Martinique	263.9	176.0	439.9
French Guiana	104.7	69.8	174.5
Réunion	380.2	253.4	633.6
Total	1000.0	666.7	1.666.7

1995	Total		
	EC	National	Total
Guadeloupe	230.287	191.986	421.873
Martinique	254.859	186.653	441.512
French Guiana	102.218	74.387	176.605
Réunion	362.636	272.229	634.865
Total	950.000	724.855	1 674.855

1996	Total		
	EC	National	Total
Guadeloupe	157.000	105.208	262.208
Martinique	192.700	128.466	321.166
French Guiana	90.500	60.463	150.963
Réunion	259.800	173.696	433.496
Total	700.000	467.833	1 167.833

1997	Total		
	EC	National	Total
Guadeloupe	170.455	130.994	301.449
Martinique	223.295	171.603	394.898
French Guiana	102.530	78.791	181.321
Réunion	253.720	194.986	448.706
Total	750.000	576.374	1 326.374

1998	Total		
	EEC	National	Total
Guadeloupe	168.000	112.000	280.000
Martinique	222.000	148.000	370.000
French Guiana	124.800	83.200	208.000
Réunion	235.200	156.800	392.000
Total	750.000	500.000	1 250.000

ANNEX 6

EAGGF Guidance Section measures

EAGGF Guidance Section financing is not covered by this report on the agricultural aspects of POSEIDOM; this paragraph provides a summary description, with a view to providing a consistent presentation of all Community measures in favour of the agricultural sector in the overseas departments, since it is essential to coordinate them.

Period 1989-1993

To make up for the shortage of Structural Fund resources in the period, and to enable POSEIDOM to be implemented upon submission of a project by the French authorities, two one-year programmes were adopted (1992 and 1993) for specific measures in the banana sector in favour of Martinique and Guadeloupe, and in the sugar cane sector in favour of Martinique, Guadeloupe and Réunion.

These two programmes, common to the three departments (one decision per year) involved EAGGF appropriations of ECU 12 million and ECU 18 million respectively. Uptake was close to 100%.

Period 1994-1999

The appropriation (SPD and Regis II) was much higher than previously.

EAGGF-Guidance Section funding for the overseas departments:

Réunion EUR 152.773 million

Guadeloupe EUR 76.860 million

Martinique EUR 67.923 million

French Guiana EUR 27.400 million.

Period 2000-2006

SPDs for the four overseas departments cover rural development measures for the period 2000-06 on the basis of Regulation (EC) No 1257/1999. Measures financed under the amended Article 17 of Regulation (EEC) No 3763/91 are re-entered in the SPD, and the Member State has proposed new Article 17 content (aid for management and for transport). Requests for derogations from the requirements of Regulation (EC) No 1257/1999 (higher rate of public aid for investment in agricultural holdings and for processing of local agricultural products, eligibility of public or state-owned forest other than municipal) for certain projects were withdrawn in the course of negotiations, and the SPDs are in the process of being adopted in line with current rules in force.

For information, the EAGGF-Guidance Section allocation for 2000-2006, by department, is as follows:

Réunion EUR 300 million

Guadeloupe EUR 140 million

Martinique EUR 100 million

French Guiana EUR 63 million.

**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 35
OF REGULATION (EEC) No 1600/92**

Report on the progress made in the implementation of POSEIMA from 1992 to 1998

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INTRODUCTION

1. By virtue of the Act of Accession of Portugal to the European Communities the provisions of the Treaties and the common policies, in particular the policy on agriculture, applied fully and immediately to the autonomous regions of the Azores and Madeira from the moment of accession, subject to a few specific derogations in the application of the common policies.

In a joint declaration annexed to the Act of Accession, the Member States asked the Community institutions to pay special attention to development policies in these archipelagos.

2. Council Decision 91/315/EEC of 26 June 1991⁷ set up a **programme of options specific to the remote and insular nature of Madeira and the Azores (POSEIMA)**. This programme aims to take account, in the application of Community policies, of the special characteristics and handicaps of these two archipelagos, due to the fact that they are small, very remote islands with difficult topography and climate, economically dependent on certain products and with restricted and dispersed local markets, that affect their economic and social circumstances.
3. As a symbol of the Community's solidarity with its most remote regions and an indispensable tool for better integration into the internal market, POSEIMA serves as a reference framework for the application of Community policies in these two regions. It is based on a twofold principle: the Azores and Madeira are part of the Community but, owing to their location, they are in a special situation.
4. To help the Azores and Madeira become genuinely integrated into the Community, POSEIMA introduced a set of measures for **farming and the food industry** designed primarily to facilitate supply to the regions and develop or maintain certain local production activities. Under this programme, CAP operations can be adapted to the specific constraints of agricultural production in the Azores and Madeira.
5. For this purpose, **on 15 June 1992 the Council adopted a framework Regulation⁸ introducing specific measures for the Azores and Madeira** with regard to certain agricultural products; these measures have been implemented by a large number of Commission implementing regulations.
6. In view of the economic and social importance of **bananas** for **Madeira**, the Community also paid particular attention to the traditional banana industry by implementing specific structural measures until Council Regulation (EEC) No 404/93 (banana market organisation) and the Commission implementing regulations were adopted.
7. The joint declaration concerning the outermost regions of the Community, annexed to the Treaty on European Union, confirmed the POSEIMA approach.

The Treaty of Amsterdam introduced a new article, Article 299(2), applicable to the

⁷ OJ L 171, 29.6.1991, p. 10.

⁸ Council Regulation (EEC) No 1600/92, OJ L 173, 27.6.1992, p. 1.

outermost regions, establishing the specific framework to be applied by the Community to these regions. The Treaty entered into force on 1 May 1999.

8. In 1994, in accordance with Title VI of POSEIMA and Article 35 of Regulation (EEC) No 1600/92, the Commission presented the first progress report on POSEIMA⁹ to the Council and the European Parliament.
9. The Portuguese authorities have sent the Commission reports on the implementation of the programme as well as some requests for amendments to Council Regulation (EEC) No 1600/92.
10. In the context of SEM 2000, the Commission appointed an external consultant to draw up a report evaluating the agricultural section of POSEIMA.
11. After eight years of application, it is now appropriate to report, measure by measure, on the implementation and use made of each of the agricultural provisions. This report takes stock of the experience gained and the impact of the measures implemented.
12. Some of these measures apply both to the Azores and to Madeira; others are intended to deal with specific situations in one or other of the regions.

⁹ COM(94)476 final of 9.12.1994

1. ECONOMIC AND SOCIAL SITUATION

1.1. Background

The Azores

The archipelago of the Azores is situated in the North Atlantic, over 1 500 km west of Lisbon, half way between Europe and North America. The archipelago is made up of nine main islands, scattered over a distance of 560 km. The largest island is São Miguel (757 km²), then Pico (446 km²) and Terceira (402 km²). The total area of the archipelago is 2 335 km².

Because of the damp, windy climate, the islands are very green, inhabited and cultivated only around the coastal strip; from an altitude of 300 to 400 metres, they are covered with pasture and forest.

The population totals some 245 000. The average population density is high (105 inhabitants per square kilometre), but varies from one island to another. There are no large towns in the Azores. There are only two towns with more than 10 000 inhabitants: Ponta Delgada on the island of São Miguel, and Angra do Heroísmo on the island of Terceira. In general, the habitations are scattered.

In 1996, regional per capita GDP (gross domestic product) was half the European average. Unemployment is 7.2%.

Tourism is still insufficiently developed, although capacity is increasing steadily year by year. Division of the active population between the sectors and their relative economic weight is as follows:

	Labour force	GDP
Agriculture	18%	8%
Industry	23%	14%
Services	59%	78%

Madeira

The volcanic archipelago of Madeira, with an area of 795 km², is made up of two inhabited islands, Madeira and Porto Santo, plus some uninhabited islands (the Desertas and the Selvagens); it is situated in the middle of the Atlantic, at 1 000 km from Lisbon, and 600 km from the Moroccan coast. The climate is subtropical, tending towards the Mediterranean, strongly influenced by the Gulf Stream.

98% of the population of 260 000 is concentrated on the island of Madeira; density is very high, at 324 inhabitants per square kilometre.

The economy is dominated by tourism, which has a long tradition, concentrated in Funchal, the capital of the archipelago (48 000 inhabitants). Per capita GDP is 54% of the European average, and unemployment is 5.5%.

Division of the active population between the sectors and their relative economic weight is as follows:

	Labour force	GDP
Agriculture	15%	11%
Industry	31%	20%
Services	54%	69%

1.2. Agriculture

The Azores

Agriculture accounts for a major share of the economy of the Azores. It is hampered by the survival of a land-ownership structure characterised by small, scattered holdings, and by the lack of modern equipment. There are some 18 000 agricultural holdings altogether, accounting for a total area of 136 000 hectares, only 8% of which is cultivated land at an altitude of less than 300 metres; the land at higher altitudes consists of permanent pasture and forest. Agricultural holdings are divided into blocks (from 3.5 on São Miguel to 32 on Corvo), and half of the agricultural area is farmed by tenants.

The main characteristic of agriculture in the Azores is the production of beef cattle on extensive pasture, which covers 88% of the UAA (utilised agricultural area). Animal products account for 82% of the value of final agricultural output, the main products being cows' milk (60% of final output), beef/veal and live calves for export.

The most important crops are forage crops (especially maize, with 5 500 ha), vines, potatoes (1 500 ha), sugarbeet and tobacco; pineapples and tea are quite important in certain areas (São Miguel).

Madeira

Agriculture in Madeira is conditioned by topography, with 88% of the land on a gradient of more than 16% (and 65% on more than 25%). This mountainous region is made up of three farming areas, depending on altitude: the sheltered coastal area in the lowest part is used for growing bananas and other subtropical fruit; the hillsides above are covered by vineyards and horticulture; the highest land is used for maize and orchards.

The land is very densely occupied up to the 700-metre crop limit: there are some 17 000 holdings covering about 13 000 ha, including 7 500 ha of utilised agricultural area.

These holdings are very small (average UAA of 0.43 ha), and on average are divided into three blocks; this is a considerable constraint, which often makes it impossible to use a tractor, or even a draft animal. The family farm is the dominant type of business (94% of farms), and the method is very labour-intensive, with an average labour input of 2.75 man-years per hectare of UAA.

Most of the farms are geared towards self-sufficiency, with less than 50% of output being marketed in most cases.

The climate encourages the development of a very wide variety of agricultural products, despite the three-to-six-month dry season each year. Because of the very

low summer rainfall, farmland must be irrigated. With its very dense network of irrigation canals, Madeira's agricultural land is the most intensively irrigated in Portugal (75% of UAA).

Crop production is predominant, accounting for 72% of final agricultural output: the main crops are vines (2 200 ha), subtropical crops such as bananas (1 600 ha), pineapples and sugar cane, while potatoes and flowers (30 ha) are the main products marketed. Livestock production mainly concerns intensive poultry and pig production (owing to the lack of forage crops and pasture).

The fact that Madeira is a remote island region generates additional production factor costs that exacerbate the effects of structural constraints and the atomisation of supply on this necessarily intensive farming system geared to plant production.

2. IMPLEMENTATION OF THE POSEIMA AGRICULTURAL FRAMEWORK REGULATION

2.1. Specific supply arrangements (SSA)

The objective of the specific supply arrangements is to guarantee supply to these regions and compensate for the additional costs of supplying agricultural products due to their insularity and remoteness. The scheme was designed to respond to the population's consumption needs, and as an instrument for the development of production and processing: by reducing input costs, it is intended to maintain and develop farming activity and the local processing industry.

Description of the arrangements:

Each marketing year a supply balance is drawn up for the agricultural products essential for everyday consumption and/or processing in the archipelagos mentioned in the annexes to the Regulation, the Azores (Annex I) and Madeira (Annex II), listing the requirements of the local markets, taking account of local production. The quantities of products covered by the specific supply arrangements are periodically reviewed in the light of changes in the islands' requirements. Separate forecast balances may be drawn up for the requirements of the industries processing and packaging products intended for both the local and traditional export markets.

Since POSEIMA's objective of lowering prices for the end user is to be achieved by promoting competition between sources of supply, products imported from non-member countries under the specific supply arrangements are exempt from customs duties and the same Community products may be supplied on the same terms.

Special attention is paid to the induced economic effects of these arrangements, in particular as regards actual spinoff downstream.

Products imported under the specific supply arrangements may not be re-exported or re-dispatched to the rest of the Community. However, where processing takes place in the archipelagos, the restriction does not apply to traditional consignments or exports. In this case, no refund is granted.

Common rules for implementing the SSA are defined in Commission Regulation (EEC) No 1696/92 of 30 June 1992.¹⁰

It is left up to the Member State to take all appropriate measures to check that the benefits of the arrangements are actually passed on. It is specified that this may involve assessing the trading margins of the various traders concerned. To ensure that the benefit is passed on, security must be lodged; it is released after checks, which are made at various stages up to that of sale to farmers, or in the industrial sectors in receipt of aid.

The Portuguese authorities provide the Commission periodically with the information it needs to monitor and assess whether the balance matches the islands' requirements.

Comments and analyses:

The arrangements are used differently from one region to another.

In the Azores, the products covered by the SSA (with the exception of rice, intended for direct consumption) are mainly for processing: raw beet sugar (refining), wheat (milling), malt (brewing) and barley and maize (animal feed).

For **Madeira**, the share of direct consumption is greater (rice, vegetable oils, sugar, pork and beef, milk products).

In addition, the SSA include the supply of **breeding animals of Community origin (Article 4)**: aid is provided for the supply of breeding chicks, hatching eggs, and pure-bred breeding bovine animals, swine, sheep and goats. These measures are designed to help consolidate or launch production activities in order to strengthen local production, reducing production costs and increasing the low rate of self-supply.

Regulation (EEC) No 1600/1992 also provides for **the temporary supply** (1992/93 to 1995/96 marketing years) to Madeira of two types of products under the special supply arrangements: seed potatoes (CN code 0701 10 00) and bovine animals intended for fattening and consumption in the archipelago.

When this measure expired in June 1996, local production had still not developed sufficiently to supply local demand. Pending any conclusions to be drawn from the assessment and to avoid any sudden interruption in the application of these measures, the Council temporarily extended them until 30 June 1997¹¹.

Certain comments and analyses can be made about the performance of the specific supply arrangements between 1992/93 and 1997/98. The main statistical data are given in Annex 1. The rates of utilisation mentioned correspond to the ratio of *licences used to supply the balance*.

- The importance of the SSA is reflected in their share of total **expenditure** under the programme, which comes to about 70%; however, it varies between the regions: in Madeira, the SSA account for 94% of expenditure (with 6% for

¹⁰ OJ L 179, 1.7.1992, p. 6.

¹¹ Council Regulation (EC) No 2348/96, OJ L 320, 11.12.1996, p. 1.

specific production support aid), while in the Azores expenditure is almost equally divided between the two categories.

- At all events, SSA expenditure has declined, especially since 1995. The cause of the decline is the reduction in unit amounts of aid paid for Community products.

Following the changes introduced by the CAP reform and the Community's undertakings after the latest GATT agreements (Uruguay Round), and in view of the narrowing gap between world and Community prices, **unit aid** granted for the supply of Community products, mainly based on current export prices, has been reduced for certain products; in 1995/96 there was a very substantial reduction in the aid, to the point where no aid at all was granted for some cereals, particularly common wheat. This development gave rise to concern about the objective of offsetting extra cost so as to cut production costs.

- Within the constraints of the present rules, the Commission has carefully managed the effects induced by these changes in the international environment. It has also launched external evaluations under SEM 2000 to assess the real difficulties of applying the SSA, and to prepare the Commission's reports to the Council and to Parliament on the implementation of these arrangements.
- The external assessment report on the agricultural aspects of POSEIMA concludes that, in view of the new market situation, the resources provided under Council Regulation (EEC) No 1600/92 are not sufficient to achieve the principal objective of the SSA, which is to compensate for additional supply costs in these regions. Objective criteria are not available to quantify the remoteness and insularity of these regions: the present method of calculating aid for Community products sometimes overcompensates for the extra supply cost, and sometimes fails to cover the extra cost.
- **From the economic point of view**, the scheme has helped to reduce prices in both regions; in Madeira, regular financial controls are carried out, in accordance with public sector auditing standards and the general model established by the Commission to check on those in receipt of EAGGF Guarantee Section aid (Council Regulation (EEC) No 4045/89). In the Azores, systems of contract prices and fixed trading margins are monitored by the Business Inspectorate. SSA aid is generally taken into account in price forming.

Operation of the arrangements raised **some problems**, particularly a discrepancy between forecasts and actual requirements for some balances. These discrepancies arose because of incomplete statistics (which did not take account of certain commercial transactions between Portugal and the autonomous regions), some administrative teething troubles and quantitative and qualitative changes in consumer habits. These difficulties have been corrected, but **the procedural rules provided for in Commission Regulation (EC) No 1696/92¹² need to be amended.**

¹² OJ L 179, 1.7.1992, p. 6.

2.2. Aid for agricultural products in the Azores and Madeira

Under POSEIMA, aid is to be granted for the production, processing and marketing of agricultural products, in order both to maintain and strengthen traditional activities and to develop diversification. In certain cases, this aid is supplemented by the impact on inputs and on breeding animals of the aid under the supply arrangements.

The cost of these specific measures in favour of local production, about 30% of total expenditure under the programme, is distributed unevenly between sectors: in **Madeira**, the scheme (which does not cover bananas) mainly helps potatoes for human consumption (72% of aid). In the **Azores**, the main recipients are cattle breeding (74%) and pineapple growing (19%).

2.2.1. Measures common to the two regions

In the **fruit and vegetables, flowers and live plants sector**, for products coming under Chapters 6, 7 and 8 of the Combined Nomenclature, and for tea (Chapter 9), aid per hectare is granted to producers who undertake a programme of initiatives to develop and/or diversify production and/or improve quality (**Article 11**).

The maximum amount of aid is EUR 500 if public funding from the Member State amounts to at least EUR 300 and the producers' financing to at least EUR 200. Moreover, these initiatives should come under programmes designed to run for at least three years and to cover at least 0.3 hectares.

The aid is not available for the production of bananas and potatoes for human consumption in Madeira, or for the production of seed potatoes and pineapples in the Azores.

Implementation procedures are bureaucratic, and the structure and amounts of aid have not had the hoped-for incentive effect. The measure has not been applied.

In the same sector, to facilitate the marketing of products harvested in the islands, aid is granted for the conclusion of annual contracts between individual producers or producer groups and traders established in the rest of the Community (**Article 12**). For each of the two regions, this aid involves 3 000 tonnes per product per year. The aid, granted to the purchaser, amounts to 10% of the value of the produce marketed, free at destination (13% for joint ventures valid for at least three years between producers and traders). The implementation of this measure is summarised in Table 1 in Annex 2.

In general, producers have welcomed the measure despite the problems encountered in drawing up three-year contracts, an option that has not been utilised.

The Community contributes towards the financing of an economic analysis and forward study of the fruit and vegetable processing industry in the two regions, with particular reference to tropical products (Article 13). This study, which has not yet been carried out, should help identify the bottlenecks in the industry and serve as a basis for its development. It has been suggested that Community financing, which is at present granted jointly to the two regions, should be separated and allocated to each region separately for two independent and specific studies. Moreover, the study could cover fresh fruit and vegetables as well as processed products.

2.2.2. *Measures to assist agricultural production in Madeira*

For livestock farming, particularly the beef and veal sector, the Regulation introduces aid to help develop Madeira's traditional livestock products, within the limits of the archipelago's consumption requirements, which are assessed in the context of a periodic supply balance. In addition to the supply of pure-bred breeding animals and the temporary supply of bovine animals for on-site fattening under the SSA, a supplement of EUR 48.3 is granted on top of the basic fattening premium for male bovine animals and the premium for maintaining suckler cows (**Article 14**). The implementation of this measure is summarised in Table 2 in Annex 2.

The aid measure for the fattening of male bovine animals was introduced gradually, but suckler cow aid has not aroused much interest among farmers. The lack of interest is essentially due to the structural limits of the sector, which is characterised by the small number of animals on each farm and largely geared to the production of milk as a main source of income and for home consumption. This type of traditional livestock farming is extremely unresponsive to changes in the economic environment. Consequently, beef premium supplements have not achieved the aim of effectively supporting local production, and imports of fresh meat, supported by the SSA, have partially replaced the local supply of beef to consumers. Table 3 in Annex 2 summarises the development of the bovine sector in the archipelago.

The application of the measures provided for in Article 14 did not prevent the volume of beef production from declining by 17% between 1993 and 1998; even though the decline seems to have stabilised over recent years, the increase in the consumption of fresh over frozen meat does not work to the advantage of local production.

Aid for the human consumption of locally-produced fresh cows' milk products is paid to dairies, within the limits of the consumption needs of the archipelago. Following agri-monetary changes, the amount of aid now stands at EUR 8.14 per 100 kg (**Article 15**). Implementation of the measure is summarised in Table 4 in Annex 2.

Local milk production declined during this period, owing to a reduction in the number of dairy cows. Consumption is increasingly based on products imported under the SSA, which increased in volume by 18% from 1993 to 1997. Aid to the dairy centre was not sufficient to maintain equilibrium between external supply and local output. Prices to producers were virtually constant, and the impact of the measure is declining rapidly, since it applies only to a small part of the milk produced in the region. The sector is affected by structural problems.

Flat-rate aid per hectare is granted for potatoes for human consumption, for a maximum area cultivated and harvested of 2 000 hectares per year (**Article 16**). Annual aid at present amounts to EUR 596 per hectare. Implementation of the measure is summarised in Table 5 in Annex 2.

The measure has been fully utilised, to the considerable advantage of a large number of recipients. It has significantly increased the incomes of potato producers, and improved competitiveness in real terms. There is no possibility of introducing mechanisation for potato growing, in view of the pattern of land ownership and the steep gradient; this keeps production costs high, because of the large labour input

needed (the regional authorities report that the standard gross margin for potato growing is 9.3% below the national average).

Sugar cane is grown in Madeira on small plots, where all operations are carried out manually, for the production of sugar syrup (*mel de cana*) or agricultural rum.

Flat-rate per hectare aid is granted for sugar-cane production within the framework of a restructuring plan submitted by the Portuguese authorities for the improvement of plantations. Aid is paid to individual planters, planter groups or organisations. From the sixth year of application, aid is paid exclusively to groups or organisations (**Article 17**).

The Community finances 60% of eligible expenditure, if the official contribution of the Member State is at least 15%. Where the percentage is less than 15%, Community aid is reduced accordingly. Implementation of the measure is summarised in Table 6 in Annex 2.

Aid is granted for the direct processing of sugar cane into sugar syrup or agricultural rum. The aid is paid as applicable to the sugar syrup manufacturer or to the distiller on condition that he has paid to the sugar cane producer a minimum price determined annually (**Article 18**). Aid is granted for the production of a maximum annual quantity of 250 tonnes of sugar syrup and 2 500 hectolitres of agricultural rum with a strength of 71.8°. Implementation of the measure is summarised in Table 7 in Annex 2.

These two measures have had a positive impact on the gross income of planters leading to improved competitiveness and increased production; this is true despite the gradual decline in the number of aid cases over the period.

Increased sugar cane output (22% from 1994 to 1997) has led especially to increased syrup production, which now accounts for processing of over 60% of the sugar cane produced, while the production of agricultural rum has declined (despite the fact that the aid per unit of cane processed is much higher).

There are four aid schemes for the **wine sector** in Madeira:

- three types of aid are granted to support the manufacture of Madeira liqueur wines, within the limits of the requirements corresponding to traditional methods in the region (**Article 21**),
- flat-rate aid per hectare is granted for the continued cultivation of vines for the production of quality wines psr in the traditional production zones (**Article 22**).

Aid is granted for the purchase in the rest of the Community of concentrated rectified must for the purpose of sweetening **liqueur wines**. The amount of aid is determined having regard to the conditions, in particular the cost, of supply to Madeira resulting from its geographical situation, the price of products on the Community market and on the world market, and the economic aspects of the envisaged aid.

Aid is granted for the purchase from intervention agencies of vinous alcohol obtained by distillation¹³. The amount of aid is determined by tendering procedure, and the terms adopted for this specific disposal are such that the market in alcohol and spirit drinks in the Community is not disturbed.

Exports from Madeira of must and vinous alcohol are not eligible for refunds.

Aid is granted for the ageing of Madeira liqueur wine up to a maximum annual quantity of 20 000 hectolitres. This aid is paid in respect of liqueur wines which age for not less than five years. It is paid for each lot for three marketing years. The amount of aid is EUR 0.020 per hectolitre per day.

The aid measure for the purchase of vinous alcohol has not been applied in Madeira. Implementation of the other two measures is summarised in Table 8 in Annex 2.

Implementation of flat-rate aid for the continued cultivation of vines for the production of quality wines psr, at present amounting to EUR 476.76 per hectare (following agri-monetary adjustment), is summarised in Table 9 of Annex 2.

These measures have had a favourable impact. They have boosted the real gross income of wine producers, even though the improvement has been less marked than in Portugal as a whole.

According to the regional authorities, aid for the purchase of concentrated rectified must covered 6% of the total purchase cost, and aid for the ageing of Madeira liqueur wines represented about 20% of the cost of ageing over five years. Madeira's quality varieties (Malvasia, Cândida, Boal da Madeira, Verdelho, Sercial and Terrantez) are all characterised by low productivity (50% less than the other varieties present in the region) and high production costs (+60%), owing to the training and pruning system, and to their extra sensitivity to cryptogamic diseases.

In the absence of producer groups, the Commission has provisionally granted authorisation for the aid to be paid to individual producers via the Wine Institute of Madeira.

2.2.3. *Measures to assist agricultural production in the Azores*

Aid is granted in support of essential economic activities that are traditional in the Azores, connected with beef and veal and with milk production (**Article 24**).

- In the **beef and veal sector**, the Regulation provides for a supplement of EUR 48.3 to the special premium for the fattening of male bovine animals and the premium for maintaining suckler cows. Implementation of the measure is summarised in Table 10 in Annex 2.

The measures have been very positive: the volume of output of beef and veal in the Azores increased by almost 20% from 1992 to 1997, with a significant improvement in both the competitiveness of meat production and the real gross income of producers. The measures have had a very positive impact.

¹³ Council Regulation (EEC) No 822/87, OJ L 84, 27.3.1987, p. 1.

- In the **milk sector**, a specific premium is granted for the maintenance of the dairy herd, up to a maximum of 78 000 head. The premium is paid to the producer, and amounts to EUR 80 per cow held by the producer on the day on which the application is submitted. Implementation of the measure is summarised in Table 11 in Annex 2.

The measure has been utilised in full. It accounts for almost 58% of the total amount of aid to local production in the Azores, and it has had a very positive impact; the introduction of breeding animals under the SSA has resulted in genetic improvement. The aid scheme and productivity gains led to a 20% increase in producers' real gross income from 1992 to 1997. Milk production increased by about 30% (the rate for Portugal as a whole over the same period was only 5%). In the 1999/2000 marketing year, the Azores exceeded their milk quota for the first time.

- **Private storage** aid is granted for traditional São Jorge **cheese manufactured** at least three months previously, and for Ilha cheese manufactured at least 45 days previously, to support essential traditional milk sector activities in the Azores¹⁴.

To date, only storage contracts for Ilha cheese have been signed. There were no applications for aid for São Jorge cheese; the conditions of eligibility for storage contracts (storage period of less than 60 days, starting 90 days after manufacture of the cheese) and the demand for this type of cheese mean that aid is not required for the time being. Implementation of the measure is summarised in Table 12 in Annex 2.

Flat-rate aid per hectare is granted for the development of **sugarbeet** production within the limit of an area corresponding to production of 10 000 tonnes of white sugar per year. The amount of aid is EUR 500 per hectare sown and harvested.

Special aid is also granted for the processing of sugarbeet harvested in the Azores into white sugar, within the limit of a total annual production of 10 000 tonnes of refined sugar. The amount of aid, which may be adjusted, is at present EUR 20 per 100 kilograms of refined sugar (**Article 25**). Implementation of the measure is summarised in Table 13 in Annex 2.

Per hectare aid had a positive impact from 1992 to 1996. The adverse developments of subsequent years were probably due to the bad weather. The impact of the measure on output and gross farm incomes is not in doubt.

Aid granted to the local processing industry is supplemented by the SSA (supplies of raw sugar for refining locally). These two support measures, and especially the SSA, have provided an incentive to local industry and kept it going, which is essential for continued sugarbeet growing in the Azores.

A supplement to the premium provided for under the common organisation of the market in tobacco is granted for the collection of leaf tobacco of the Burley P. variety, up to a maximum of 250 tonnes. The supplement, which amounts to

¹⁴ Commission Regulation (EEC) No 2174/92, OJ L 217, 31.7.1992, p. 64.

EUR 0.2 per kilogram of leaf tobacco, is paid to purchasers (**Article 26**). Implementation of the measure is summarised in Table 14 in Annex 2.

The measure has worked well, and the gains in competitiveness resulting from the combined effects of CAP aid and the POSEIMA supplement have had a substantial impact on real gross farm incomes and on tobacco production in the Azores, with the area increasing by 30% and output increasing by 38% between 1992 and 1997.

Two types of aid measure are available for seed potatoes (**Article 27**):

- aid of EUR 500 per hectare up to a maximum of 200 hectares for **production**,
- aid on the terms laid down in **Article 12** (conclusion of annual contracts between local producers and natural or legal persons established in the rest of the Community) for **marketing**. Implementation of the measure is summarised in Table 15 in Annex 2.

These measures do not appear to have had the desired impact in the seed potatoes sector. The area covered by per hectare aid, and the number of recipient farmers, have declined. Marketing aid was utilised in three marketing years only.

Aid is granted for the production of endives falling within CN code 1212 99 10 up to a maximum of 400 hectares, at a rate of EUR 500 per hectare (**Article 27**). Implementation of the measure is summarised in Table 16 in Annex 2.

Despite good progress from 1992 to 1995, the favourable impact of the aid on the relative competitiveness of endive production was not sufficient to maintain the level of output; the area cultivated and the volume of output have both declined significantly in recent crop years.

Flat-rate aid per hectare is granted for the continued cultivation of vines for the production of quality wines psr in the traditional production zones (**Article 29**). The aid, to be paid exclusively to producer groups from the 1997/98 wine year onwards, amounts to EUR 476.76/ha following the agri-monetary adjustments¹⁵. Implementation of the measure is summarised in Table 17 in Annex 2.

The measure has proved useful, as evidenced by the increase in the number of hectares and beneficiaries. In the absence of producer groups, the Commission has provisionally granted authorisation for the aid to be paid to individual producers via the Wine-growing Commission of the Azores.

Aid of EUR 1 per kilogram is granted for the production of pineapples, up to a maximum quantity of 2 000 tonnes per year (**Article 30**). Implementation of the measure is summarised in Table 18 in Annex 2.

Pineapple production aid accounted for almost 2/3 of total production aid for plant products in the Azores. The gains achieved in competitiveness had a very positive impact on the volume of output and on the improvement of producers' real gross income.

¹⁵ Commission Regulation (EC) No 2537/95, OJ L 260, 31.10.1995, p. 10.

2.3. Other measures

POSEIMA and Council Regulation (EEC) No 1600/92 also provide for **some derogations from the common agricultural policy** in order to help maintain local production.

- In the **winegrowing** sector, exemption from the distillation obligation and non-application of voluntary distillation and the grubbing premium.

2.3.1. *The graphic symbol*

To stimulate greater awareness and consumption of products specific to the most remote regions, the “POSEI” programmes provide for the introduction of a graphic symbol, for which the Commission launched a competition in December 1993. The logo was chosen in 1994, and its conditions of use are laid down in Commission Regulation (EC) No 1418/96¹⁶.

In 1998 the Commission launched a promotion campaign for this logo, to publicise its existence and significance, and the advantages of using it.

2.4. Budget

Specific budget headings have been introduced in the Community budget under the EAGGF Guarantee Section for financing the agricultural section of POSEIMA. The corresponding forecasts and implementation are set out in Table 19 in Annex 2.

In addition, the revenue to the Community budget forgone as a result of exemption from customs duties for products imported from non-member countries under the specific supply arrangements should be included in EAGGF Guarantee Section expenditure.

Table 20 in Annex 2 summarises the overall cost of POSEIMA.

The following conclusions can be drawn from this information:

- the specific supply arrangements represent around 70% of the average overall cost of the programme for the period concerned, and the agricultural measures around 30%; however, the breakdown is different in the two regions: in the Azores the two types of measure are equivalent, while in Madeira the SSA represent 94% of the total,
- owing to the reduction in the amount of aid for Community products, the cost of the SSA has declined; however, the decline was largely offset by the increase in revenue forgone as a result of exemption from duties for products imported from non-member countries,
- the cost of measures to support local production has more or less stabilised in the Azores at about PTE 2 000 million, or some EUR 10 million; in Madeira, the measures were introduced more gradually, which seems to highlight problems of implementation,

¹⁶ Commission Regulation (EC) No 1418/96, OJ L 182, 23.7.1996, p. 9.

- the total cost of the system set up in 1992 stabilised at about EUR 40 million on average over the period considered,
- the appropriation in the EAGGF Guarantee Section budget has always exceeded expenditure. This gap reflected the difficulty of adopting supply balances that corresponded to real local requirements at a time when the agricultural production aid measures were being launched and picking up speed. All measures have now reached cruising speed and stabilised; however, adjusting some of these measures better to the regional situation would mean an increase in expenditure.

2.5. Structural derogations

Article 32 provides for derogations from Council Regulation (EEC) No 2328/91, (superseded by Regulation (EC) No 950/97) on improving the efficiency of agricultural structures. (See summary description in Annex 3.) These derogations were discontinued by the new rural development Regulation (EC) No 1257/1999, which is very flexible. Only recital 53 of the rural development Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

2.6. Plant health measures

Article 33 of Regulation (EEC) No 1600/92 provides that the competent authorities submit to the Commission programmes for the control of organisms harmful to plants or plant products. (See Annex 4 for a summary description of these measures.)

3. EAGGF GUIDANCE SECTION MEASURES

Guidance Section funding is not included in the scope of this report but is outlined in Annex 5 to give a comprehensive list of all Community measures in favour of agriculture in the Azores and Madeira.

4. CONCLUSIONS

Agricultural measures which are innovative and adapted to the local situation are a major aspect of the Programmes of specific orientations for remote and insular regions. Altogether, these measures have helped to offset some of the constraints affecting production costs. Alongside support from the CAP, they have helped to improve the quality or increase the volume of local output.

The difficulties encountered in implementing some of the measures, and an analysis of the Portuguese authorities' requests to the Commission suggest certain adjustments. Some amendments can be made by the Commission while others will require the Council to adapt the POSEIMA agricultural framework Regulation. The Commission intends, following on from this report, to propose a Council Regulation, with three aims:

- to adapt the **specific supply arrangements** more closely to the aims pursued, particularly the list of products covered, in the light of the changes in requirements noted in the regions and of the present situation,
- to **adjust measures** which experience has shown to be poorly suited to the real situation in the region, so as to improve their incentive power and make them more effective,
- to implement **new measures** to take account of specific local conditions and requirements, within the framework of the POSEIMA objectives.

ANNEX 1

Specific supply arrangements (SSA)

Utilisation by marketing year of supply balances adopted

(Source: Ministry of Economic Affairs – Directorate-General for International Economic Relations –
Lisbon)

1992/1993 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	150	148	148	
0103 10 00	Female breeding swine	Head	400	366	366	
0103 10 00	Male breeding swine	Head	100	80	80	
0104 10	Female breeding sheep	Head	2 500	600	600	
0104 10	Male breeding sheep	Head	100	33	33	
0105 11 00	Breeding chicks	Head	550 000	5 175	5 175	
0407 00 19	Hatching eggs	Units	1 120 000	39 600	39 600	
1001 10 00	Durum wheat	kg	3 000 000	967 080	967 080	
1001 90 99	Common wheat	kg	34 000 000	33 327 630	33 327 630	
1003 00 80	Barley	kg	16 000 000	15 982 820	15 982 820	
1005 90 00	Maize	kg	96 000 000	73 828 849	73 771 505	57 344
1006 30	Rice	kg	4 200 000	1 012 451	1 012 451	
1107 10 99	Malt	kg	1 000 000	723 500	723 500	
1701 12 10	Raw sugar	kg	7 000 000	6 885 640	6 885 640	

1993/1994 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	150	149	149	
0103 10 00	Female breeding swine	Head	400	400	400	
0103 10 00	Male breeding swine	Head	100	100	100	
0104 10	Female breeding sheep	Head	2 500	1 755	1 755	
0104 10	Male breeding sheep	Head	100	70	70	
0105 11 00	Breeding chicks	Head	550 000	10 350	10 350	
0407 00 19	Hatching eggs	Units	1 120 000	117 000	117 000	
1001 10 00	Durum wheat	kg	3 000 000	0	0	
1001 90 99	Common wheat	kg	34 000 000	34 566 630	34 566 630	
1003 00 80	Barley	kg	46 000 000	37 375 290	37 375 290	
1005 90 00	Maize	kg	66 000 000	63 438 926	63 235 979	202 947
1006 30	Rice	kg	4 200 000	1 274 861	1 274 861	
1107 10 99	Malt	kg	1 000 000	903 000	903 000	
1701 12 10	Raw sugar	kg	7 000 000	5 976 710	5 976 710	

1994/1995 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	1 150	1 150	1 150	
0103 10 00	Female breeding swine	Head	400	400	400	
0103 10 00	Male breeding swine	Head	100	100	100	
0104 10	Female breeding sheep	Head	2 500	0	0	
0104 10	Male breeding sheep	Head	100	0	0	
0105 11 00	Breeding chicks	Head	20 000	14 825	14 825	
0407 00 19	Hatching eggs	Units	100 000	45 000	45 000	
1001 10 00	Durum wheat	kg	500 000	108 000	108 000	
1001 90 99	Common wheat	kg	34 000 000	28 650 642	28 650 642	
1003 00 80	Barley	kg	36 000 000	34 326 935	34 326 935	
1005 90 00	Maize	kg	78 000 000	85 401 415	85 266 859	134 556
1006 30	Rice	kg	2 500 000	1 186 285	1 186 285	
1107 10 99	Malt	kg	1 000 000	867 845	867 845	
1701 12 10	Raw sugar	kg	6 000 000	5 487 320	5 487 320	

1995/1996 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	1 150	1 119	1 119	
0103 10 00	Female breeding swine	Head	400	400	400	
0103 10 00	Male breeding swine	Head	100	20	20	
0104 10	Female breeding sheep	Head	2 500	1 989	1 989	
0104 10	Male breeding sheep	Head	100	84	84	
0105 11 00	Breeding chicks	Head	20 000	10 350	10 350	
0407 00 19	Hatching eggs	Units	100 000	46 800	46 800	
1001 10 00	Durum wheat	kg	300 000	0	0	
1001 90 99	Common wheat	kg	34 000 000	11 814 920	11 814 920	
1003 00 80	Barley	kg	14 500 000	8 119 648	8 119 648	
1005 90 00	Maize	kg	100 000 000	93 161 391	92 821 799	339 592
1006 30	Rice	kg	2 500 000	1 349 817	1 349 817	
1107 10 99	Malt	kg	1 000 000	716 917	716 917	
1701 12 10	Raw sugar	kg	5 500 000	5 487 320	5 487 320	

1996/1997 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	1 150	1 048	1 048	
0103 10 00	Female breeding swine	Head	400	355	355	
0103 10 00	Male breeding swine	Head	100	51	51	
0104 10	Female breeding sheep	Head	2 500	150	150	
0104 10	Male breeding sheep	Head	100	20	20	
0105 11 00	Breeding chicks	Head	20 000	10 350	10 350	
0407 00 19	Hatching eggs	Units	100 000	97 200	97 200	
1001 10 00	Durum wheat	kg	500 000	467 111	467 111	
1001 90 99	Common wheat	kg	34 000 000	30 800 920	30 800 920	
1003 00 80	Barley	kg	41 000 000	13 079 620	13 079 620	
1005 90 00	Maize	kg	73 000 000	87 424 579	86 964 467	460 112
1006 30	Rice	kg	5 500 000	1 539 127	1 539 127	
1107 10 99	Malt	kg	1 000 000	777 076	777 076	
1701 12 10	Raw sugar	kg	5 500 000	5 477 400	5 477 400	

1997/1998 - AZORES

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	1 150	588	588	
0103 10 00	Female breeding swine	Head	400	394	394	
0103 10 00	Male breeding swine	Head	100	67	67	
0104 10	Female breeding sheep	Head	2 500	0	0	
0104 10	Male breeding sheep	Head	100	0	0	
0105 11 00	Breeding chicks	Head	20 000	10 005	10 005	
0407 00 19	Hatching eggs	Units	100 000	78 800	78 800	
1001 10 00	Durum wheat	kg	500 000	427 668	427 668	
1001 90 99	Common wheat	kg	34 000 000	24 853 520	24 853 520	
1003 00 80	Barley	kg	20 500 000	13 963 580	13 963 580	
1005 90 00	Maize	kg	90 000 000	73 428 227	73 198 695	229 532
1006 30	Rice	kg	2 500 000	1 504 069	1 504 069	
1107 10 99	Malt	kg	1 000 000	901 139	901 139	
1701 12 10	Raw sugar	kg	6 500 000	6 471 760	6 471 760	

1992/1993 – MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	0		
ex 0102 90	Bovine animals for fattening	Head	3 000	1 616	1 616	
0103 10 00	Female breeding swine	Head	500	0		
0103 10 00	Male breeding swine	Head	100	0		
0104 10	Female breeding sheep	Head	150	0		
0104 10	Male breeding sheep	Head	15	0		
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	20 765	20 765	
0201	Fresh beef and veal	kg	2 000 000	1 896 873	1 409 267	487 606
0202	Frozen beef and veal	kg	2 000 000	1 860 131	513 831	1 346 300
0203 ex.	Pigmeat	kg	2 000 000	1 260 288	1 260 288	
0401	Milk and cream	kg	10 000 000	9 287 007	9 287 007	
0402 ex.	Skimmed-milk powder	kg	800 000	494 080	192 080	302 000
0402 ex.	Whole-milk powder	kg	700 000	408 150	333 150	75 000
0405	Butter	kg	1 200 000	735 546	606 546	129 000
0406	Cheese	kg	800 000	755 209	755 209	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg	1 500 000	1 489 000	1 489 000	
1001 10	Durum wheat	kg	6 000 000	5 809 540	5 809 540	
1001 90	Forage wheat	kg	2 000 000	0		
1001 90	Common wheat	kg	22 000 000	18 889 880	18 889 880	
1003	Barley	kg	4 000 000	1 631 072	1 631 072	
1005	Maize	kg	28 000 000	25 732 450	25 732 450	
1006 30	Rice	kg	5 000 000	4 469 575	4 448 575	21 000
1107 00	Malt	kg	2 000 000	1 958 010	1 958 010	
1210	Hops	kg	10 000	2 499	2 499	
1507/16 (exc. 1509/10)	Vegetable oil	kg	3 000 000	2 007 125	2 007 125	
1509 10 90 100	Virgin olive oils*	kg	100 000	63 798	63 798	
1509 90 00 100	Riviera olive oils*	kg	550 000	247 170	247 170	
1701	Sugar	kg	10 000 000	6 929 151	6 929 151	
2008 20	Pineapples	kg	300 000	55 885	55 885	
2008 30	Citrus fruit	kg	40 000	0		
2008 40	Pears	kg	80 000	674	674	
2008 60	Cherries	kg	60 000	188	188	
2008 70	Peaches	kg	120 000	45 517	45 517	
2008 92	Mixed	kg	50 000	0		
2008 99	Other	kg	30 000	4 250	4 250	

* from 1 July 1992 to 31 October 1993

1993/1994 - MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	0		
ex 0102 90	Bovine animals for fattening	Head	2 900	919	919	
0103 10 00	Female breeding swine	Head	1 600	0		
0103 10 00	Male breeding swine	Head	120	0		
0104 10	Female breeding sheep	Head	150	0		
0104 10	Male breeding sheep	Head	15	0		
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	18 975	18 975	
0201	Fresh beef and veal	kg	3 000 000	2 202 553	1 908 829	293 724
0202	Frozen beef and veal	kg	2 000 000	1 983 912	73 947	1 909 965
0203 ex.	Pigmeat	kg	2 000 000	803 336	803 336	
0401	Milk and cream	kg	12 000 000	10 475 494	10 475 494	
0402 ex.	Skimmed-milk powder	kg	800 000	415 310	248 310	167 000
0402 ex.	Whole-milk powder	kg	700 000	352 650	260 650	92 000
0405	Butter	kg	1 200 000	869 529	719 529	150 000
0406	Cheese	kg	900 000	850 924	850 924	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg	1 500 000	1 500 000	1 500 000	
1001 10	Durum wheat	kg	7 000 000	3 593 740	3 593 740	
1001 90	Forage wheat	kg	4 000 000	0		
1001 90	Common wheat***	kg	23 000 000	25 319 840	25 319 840	
1003	Barley	kg	5 000 000	2 688 320	2 688 320	
1005	Maize	kg	35 000 000	27 446 030	27 446 030	
1006 30	Rice	kg	5 000 000	4 039 255	3 800 005	239 250
1107 00	Malt	kg	2 200 000	1 200 356	1 200 356	
1210	Hops	kg	10 000	0		
1507/16 (exc. 1509/10)	Vegetable oil	kg	3 000 000	2 462 161	2 462 161	
1509 10 90 100	Virgin olive oils*	kg	100 000	26 518	26 518	
1509 90 00 100	Riviera olive oils* **	kg	550 000	550 811	550 811	
1701	Sugar	kg	10 000 000	6 121 214	6 121 214	
2008 20	Pineapples	kg	300 000	204 152	136 458	67 694
2008 30	Citrus fruit	kg	40 000	0		
2008 40	Pears	kg	80 000	3 715	3 715	
2008 60	Cherries	kg	60 000	0		
2008 70	Peaches	kg	250 000	245 631	245 631	
2008 92	Mixed	kg	50 000	492	492	
2008 99	Other	kg	30 000	0		

* from 1 November 1993 to 31 October 1994

** Without prejudice to revision of the balance in the course of the year, the quantities fixed for each of the products listed in the annex may be exceeded by up to 20% provided there is no overshooting of the total quantity. This provision may relate to cereals, olive oil and processed fruit and vegetables.

1995/1996 - MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	199	199	
ex 0102 90	Bovine animals for fattening	Head	2 000	1 332	1 332	
0103 10 00	Female breeding swine	Head	1 600	27	27	
0103 10 00	Male breeding swine	Head	120	4	4	
0104 10	Female breeding sheep	Head	150	49	49	
0104 10	Male breeding sheep	Head	15	4	4	
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	18 975	18 975	
0201	Fresh beef and veal	kg	3 000 000	2 689 535	2 278 695	410 840
0202	Frozen beef and veal	kg	2 500 000	2 233 062	41 907	2 191 155
0203 ex.	Pigmeat	kg	1 000 000	801 701	801 701	
0401	Milk and cream	kg	12 000 000	11 102 710	11 102 710	
0402 ex.	Skimmed-milk powder	kg	800 000	474 052	166 052	308 000
0402 ex.	Whole-milk powder	kg	700 000	458 608	362 608	96 000
0405	Butter	kg	1 200 000	805 208	673 008	132 200
0406	Cheese	kg	1 200 000	1 075 530	1 075 530	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg	1 500 000	1 291 950	1 291 950	
1001 10	Durum wheat	kg	7 000 000	3 950 000	3 950 000	
1001 90	Forage wheat	kg	2 000 000	0		
1001 90	Common wheat	kg	23 000 000	16 630 050	16 630 050	
1003	Barley	kg	7 000 000	1 261 380	1 261 380	
1005	Maize	kg	35 000 000	28 193 290	28 193 290	
1006 30	Rice**	kg	5 000 000	3 713 567	3 262 019	451 548
1107 00	Malt	kg	2 200 000	1 775 512	1 775 512	
1210	Hops	kg	10 000	0		
1507/16 (exc. 1509/10)	Vegetable oil	kg	3 000 000	1 658 909	1 658 909	
1509 10 90 100	Virgin olive oils*	kg	100 000	36 919	36 919	
1509 90 00 100	Riviera olive oils*	kg	650 000	536 127	536 127	
1701	Sugar	kg	10 000 000	6 603 880	6 603 880	
2008 20	Pineapples	kg	300 000	218 350	152 531	65 819
2008 30	Citrus fruit	kg	40 000	0		
2008 40	Pears	kg	80 000	1 199	1 199	
2008 60	Cherries	kg	60 000	0		
2008 70	Peaches***	kg	300 000	357 097	357 097	
2008 92	Mixed	kg	50 000	2 355	2 355	
2008 99	Other	kg	30 000	0		

* from 1 November 1994 to 31 October 1995

* from 1 September 1994 to 31 August 1995

*** Without prejudice to revision of the balance in the course of the year, the quantities fixed for each of the products listed in the annex may be exceeded by up to 20% provided there is no overshooting of the total quantity. This provision may relate to cereals, olive oil and processed fruit and vegetables.

1995/1996 - MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	197	197	
ex 0102 90	Bovine animals for fattening	Head	1 600	1 586	1 586	
0103 10 00	Female breeding swine	Head	1 600	0		
0103 10 00	Male breeding swine	Head	120	0		
0104 10	Female breeding sheep	Head	150	50	50	
0104 10	Male breeding sheep	Head	15	4	4	
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	5 825	5 825	
0201	Fresh beef and veal	kg	3 000 000	2 909 361	2 634 268	275 093
0202	Frozen beef and veal	kg	3 000 000	1 380 908	124 324	1 256 584
0203 ex.	Pigmeat	kg	1 000 000	954 508	954 508	
0401	Milk and cream	kg	12 000 000	11 962 166	11 962 166	
0402 ex.	Skimmed-milk powder	kg	800 000	493 710	84 710	409 000
0402 ex.	Whole-milk powder	kg	700 000	463 894	91 894	372 000
0405	Butter	kg	1 200 000	879 812	725 812	154 000
0406	Cheese	kg	1 200 000	1 108 323	1 108 323	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg	1 500 000	1 500 000	1 500 000	
1001 10	Durum wheat	kg	7 000 000	8 760	8 760	
1001 90	Forage wheat	kg	2 000 000	0		
1001 90	Common wheat	kg	25 000 000	7 586 150	7 586 150	
1003	Barley	kg	7 000 000	71 980	71 980	
1005	Maize	kg	35 000 000	29 061 864	16 987 974	12 073 890
1006 30	Rice	kg	5 000 000	3 655 388	3 171 550	483 838
1107 00	Malt	kg	2 200 000	2 006 918	2 006 918	
1210	Hops	kg	10 000	4 200	4 200	
1507/16 (exc. 1509/10)	Vegetable oil	kg	3.000.000	1.936.449	1.936.449	
1509 10 90 100	Virgin olive oils*	kg	100.000	53.718	53.718	
1509 90 00 100	Riviera olive oils*	kg	650.000	585.742	585.742	
1701	Sugar	kg	10.000.000	6.205.362	6.205.362	
2008 20	Pineapples	kg	300.000	217.511	217.511	
2008 30	Citrus fruit	kg	40.000	0		
2008 40	Pears	kg	80.000	510	510	
2008 60	Cherries	kg	60.000	0		
2008 70	Peaches	kg	400.000	318.126	318.126	
2008 92	Mixed	kg	50.000	705	705	
2008 99	Other	kg	30.000	0		

* from 1 November 1995 to 31 October 1996

1996/1997 - MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	200	200	
ex 0102 90	Bovine animals for fattening	Head	800	800	800	
0103 10 00	Female breeding swine	Head	1.600	0		
0103 10 00	Male breeding swine	Head	120	0		
0104 10	Female breeding sheep	Head	150	50	50	
0104 10	Male breeding sheep	Head	15	4	4	
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	0		
0201	Fresh beef and veal	kg	3 500 000	3 448 422	3 091 301	357 121
0202	Frozen beef and veal	kg	2 500 000	1 528 402	72 204	1 456 198
0203 ex.	Pigmeat	kg	2 000 000	1 400 630	1 400 630	
0401	Milk and cream	kg	12 000 000	11 940 536	11 940 536	
0402 ex.	Skimmed-milk powder	kg	800 000	388 995	246 995	142 000
0402 ex.	Whole-milk powder	kg	700 000	569 582	475 882	93 700
0405	Butter	kg	1 200 000	961 300	961 300	
0406	Cheese	kg	1 200 000	1 134 654	1 134 654	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg	2 000 000	1 704 000	1 704 000	
1001 10	Durum wheat	kg	5 000 000	4 196 606	4 196 606	
1001 90	Forage wheat	kg		0		
1001 90	Common wheat**	kg	20 000 000	20 349 088	20 349 088	
1003	Barley	kg	5 000 000	144 000	144 000	
1005	Maize**	kg	30 000 000	31 099 179	31 099 179	
1006 30	Rice	kg	5 000 000	3 426 965	3 190 425	236 540
1107 00	Malt	kg	2 200 000	1 469 660	1 469 660	
1210	Hops	kg	10 000	0		
1507/16 (exc. 1509/10)	Vegetable oil	kg	3 000 000	1 696 294	1 696 294	
1509 10 90 100	Virgin olive oils*	kg	100 000	68 801	68 801	
1509 90 00 100	Riviera olive oils*	kg	650 000	640 283	640 283	
1701	Sugar	kg	10 000 000	6 847 167	6 399 167	448 000
2008 20	Pineapples	kg	300 000	211 110	157 866	53 244
2008 30	Citrus fruit	kg	40 000	0		
2008 40	Pears	kg	80 000	504	504	
2008 60	Cherries	kg	60 000	0		
2008 70	Peaches	kg	400 000	287 153	287 153	
2008 92	Mixed	kg	50 000	0		
2008 99	Other	kg	30 000	0		

* from 1 November 1996 to 31 October 1997

** Without prejudice to revision of the balance in the course of the year, the quantities fixed for each of the products listed in the annex may be exceeded by up to 20% provided there is no overshooting of the total quantity. This provision may relate to cereals, olive oil and processed fruit and vegetables.

1997/1998 - MADEIRA

CN code	Product	Units	Balance	Utilisation Total	Utilisation EU	Utilisation Third countries
0102 10 00	Breeding bovine animals	Head	200	197	197	
ex 0102 90	Bovine animals for fattening	Head		0		
0103 10 00	Female breeding swine	Head	1 600	0		
0103 10 00	Male breeding swine	Head	120	0		
0104 10	Female breeding sheep	Head	150	0		
0104 10	Male breeding sheep	Head	15	0		
0104 20	Female breeding goats	Head	50	0		
0104 20	Male breeding goats	Head	5	0		
0105 11	Chicks	Head	360 000	0		
0201	Fresh beef and veal	kg	4 000 000	3 836 152	3 347 467	488 685
0202	Frozen beef and veal	kg	2 000 000	1 348 521	98 401	1 250 120
0203 ex.	Pigmeat	kg	2 000 000	1 393 517	1 393 517	
0401	Milk and cream	kg	12 000 000	11 688 756	11 688 756	
0402 ex.	Skimmed-milk powder	kg	800 000	475 166	139 166	336 000
0402 ex.	Whole-milk powder	kg	700 000	384 429	160 429	224 000
0405	Butter	kg	1 200 000	922 593	922 593	
0406	Cheese	kg	1 200 000	1 145 239	1 145 239	
0407 00 19	Hatching eggs	Units	160 000	0		
0701 10 00	Seed potatoes	kg		0		
1001 10	Durum wheat	kg	5 000 000	3 000 000	3 000 000	
1001 90	Forage wheat	kg		0		
1001 90	Common wheat	kg	25 000 000	17 423 502	17 423 502	
1003	Barley	kg	2 500 000	126 000	126 000	
1005	Maize	kg	35 000 000	22 813 472	22 813 472	
1006 30	Rice	kg	5 000 000	3 880 814	3 580 740	300 074
1107 00	Malt**	kg	2 200 000	2 277 884	2 277 884	
1210	Hops	kg	10 000	0		
1507/16 (exc. 1509/10)	Vegetable oil	kg	3 000 000	1 947 329	1 947 329	
1509 10 90 100	Virgin olive oils*	kg	100 000	60 384	60 384	
1509 90 00 100	Riviera olive oils*	kg	650 000	515 898	515 898	
1701	Sugar	kg	10 000 000	7 056 946	4 272 446	2 784 500
2008 20	Pineapples	kg	300 000	193 965	163 000	30 965
2008 30	Citrus fruit	kg	40 000	0		
2008 40	Pears	kg	80 000	1 992	1 992	
2008 60	Cherries	kg	60 000	0		
2008 70	Peaches	kg	400 000	268 004	268 004	
2008 92	Mixed	kg	50 000	0		
2008 99	Other	kg	30 000	0		

* from 1 November 1997 to 31 October 1998

** Without prejudice to revision of the balance in the course of the year, the quantities fixed for each of the products listed in the annex may be exceeded by up to 20% provided there is no overshooting of the total quantity. This provision may relate to cereals, olive oil and processed fruit and vegetables.

ANNEX 2

Specific aid for local agricultural products

Unless otherwise specified, the data in this annex were supplied by the Autonomous Region of Madeira and the Autonomous Region of the Azores

Table 1
Article 12: aid for the marketing of fruit, vegetables and plants
outside the Azores and Madeira*

Marketing years	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Madeira						
Number of contracts	-	3	6	4	6	6
Volume of trade (t)	-	14,993	33,598	45,795	40,998	87,0
Value (EUR)	-	183 006	277 350	254 138	308 225	362 832
Aid (EUR)	-	18 301	27 735	25 414	30 823	36 283
Azores						
Number of contracts	46	87	64	101	85	51
Volume of trade in:						
pineapples and passion fruit (t)	953	1 073	1 066	1 181	1 125	874
ornamental plants (units)	-	59 500	323 028	765 735	457 882	646 474
Value (EUR)	2 462 000	2 469 000	2 635 000	3 167 000	4 926 000	2 683 000
Aid (EUR)	261 274	257 835	276 956	323 704	494 266	268 277
POSEIMA						
Number of contracts	46	90	70	105	91	57
Value (EUR)	2 462 000	2 652 006	2 912 350	3 421 138	5 234 225	3 045 832
Aid (EUR)	261 274	276 136	304 691	349 118	525 089	304 560

* All relevant products grouped together.

Table 2**Article 14: supplementary aid for fattening male bovine animals and maintaining suckler cows (Madeira)**

Marketing year	Suckler cows total / assisted		Number of livestock farmers	Aid (EUR)	Male bovine animals total / assisted		Number of livestock farmers	Aid (EUR)
1992/93	670	23	3	1 110	1 691	467	272	22 550
1993/94	470	67	11	3 230	1 616	571	336	27 570
1994/95	271	67	11	3 230	1 543	780	510	37 670
1995/96	271	55	10	2 650	1 412	939	855	45 350
1996/97	280	75	12	3 620	1 371	1 311	1 059	63 320
1997/98	280	58	11	2 800	1 468		1 157	

Table 3
Bovine sector in Madeira

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
I. Number of cows	4 361	--	--	--	3 043	2 930	2 609	2 053	2 121	2 121
Calves	505	--	--	--	632	670	508	582	657	657
Dairy cows	3 145	--	--	--	1 741	1 790	1 830	1 200	1 184	1 184
Suckler cows	711	--	--	--	670	470	271	271	280	280
number assisted	--	--	--	--	23	67	67	55	75	58
- SSA (breeding animals)	--	--	--	--	77	90	200	200	160	
II. Animals < 12 months	5 295	--	--	--	3 351	2 965	2 579	2 461	2 343	2 343
Heifers	2 898	--	--	--	1 888	1 658	1 429	1 367	1 305	1 305
Males	2 397	--	--	--	1 463	1 307	1 150	1 094	1 038	1 038
III. Males > 12 months	238	--	--	--	228	309	393	318	333	430
Number of male bovine animals	2 635	--	--	--	1 691	1 616	1 543	1 412	1 371	1 468
number assisted	--	--	--	--	467	571	780	939	1 311	
Herd total (I+II+III)	9 894	--	--	--	6 622	6 204	5 581	4 832	4 797	4 894
IV. Imports of bovine animals	--	4 740	5 597	6 787	6 164	5 690	4 579	5 749	6 190	5 947
SSA (fattening)	--	--	--	--	994	791	1 411	1 122	800	--
V. Slaughtered animals	8 707	8 019	8 490	8 766	7 828	6 455	5 613	6 109	6 313	6 091
(a) Meat production	1 905,3	1 744,4	1 915,3	2 002,5	1 716,1	1 530,6	1 362,5	1 442,6	1 467,2	1 428,8
(b) SSA meat, of which:	(2 053)	(2 452)	(2 487)	(3 245)	3 581,8	4 368,1	4 680,3	3 765,7	5 078,0	5 184,0
fresh	--	--	--	--	50%	53%	55%	68%	72%	74%
frozen	--	--	--	--	50%	47%	45%	32%	28%	26%
(c) Consumption (a+b)	(3 959)	(4 196)	(4 403)	(5 248)	5 297,9	5 898,7	6 042,8	5 208,3	6 545,2	6 612,8
of which: fresh	--	--	--	--	66%	65%	65%	77%	79%	80%
self-sufficiency										
(a)/(c)	48,1%	41,6%	43,5%	38,2%	32,4%	25,9%	22,5%	27,7%	22,5%	21,6%
of which: fresh meat	--	--	--	--	48,9%	39,8%	34,6%	36,0%	28,6%	27,1%

Table 4

Article 15: aid for human consumption of milk products - Madeira

Marketing year	Quantity of milk (kg)	Number of dairies	Aid (EUR)
1992/93	671 045	1	46 973
1993/94	771 882	1	53 398
1994/95	718 322	1	54 809
1995/96	495 842	1	41 373
1996/97	442 076	1	36 887
1997/98	279 079	1	23 286

Table 5

**Article 16: flat-rate aid per hectare for growing potatoes for human consumption -
Madeira**

Marketing year	1993	1994	1995	1996	1997	1998
Number of growers	5 299	8 742	11 204	11 044	9 446	9 515
Number of hectares	1 305	2 000	1 979	1 999	1 915	1 776
Aid (EUR)	696 681	1 202 250	1 167 254	1 189 410	1 131 346	1 073 915

Table 6**Article 17: flat-rate aid per hectare for growing sugar cane - Madeira**

Marketing year	1993/94	1994/95	1995/96	1996/97	1997/98
Number of growers	13	11	6	5	2
Number of hectares	3,11	3,13	0,71	0,81	0,30
Eligible expenditure (EUR)	34 832	23 547	10 195	7 182	3 891
Community aid (EUR)	15 808	14 840	5 683	1 461	1 275
Public financing (EUR)	3 953	3 737	1 531	864	369

Table 7**Article 18: aid for the direct processing of sugar cane into sugar syrup or agricultural rum – Madeira**

Marketing year	1993	1994	1995	1996	1997	1998
Minimum price to producer (EUR/100kg)	7,98	8,23	8,73	9,48	9,98	10,97
Sugar syrup (tonnes)	--	67,62	85,12	89,11	90,05	87,96
Aid (EUR)	--	5 993,23	7 620,80	7 978,12	5 792,82	8 445,03
Number of firms	--	2	2	2	2	2
Agricultural rum (hectolitres)	--	973,0	1 109,0	889,0	831,0	862,0
Aid (EUR)	--	80 493,54	92 653,79	74 288,16	69 410,53	73 141,25
Number of firms	--	3	3	3	3	3

Table 8**Article 21: aid to support the manufacture of Madeira liqueur wines**

Marketing year	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Rectified concentrated must (hl)	260,6	317,0	369,5	851,2	497,8	336,3
Recipients	1	1	1	1	1	1
Aid (EUR)	2 606	3 170	3 695	8 512	4 978	3 363
Ageing of liqueur wines (hl)	2 473	2 252	1 273	2 851	2 400	3 236
Recipients	3	3	3	3	4	4
Aid (EUR)	90 329	82 250	46 501	104 224	105 623	142 405

Table 9**Article 22: flat-rate aid per hectare for continued cultivation of vines- Madeira**

Marketing years	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of hectares	-	104,3	118,8	170,0	143,8	142,9
Number of growers	-	259	295	410	330	299
Aid (EUR)	-	41 709	46 090	81 055	67 869	68 016

Table 10

Article 24 (beef and veal sector): supplement to the special premium for the fattening of male bovine animals and the premium for maintaining suckler cows – Azores

Marketing year	Suckler cows	Number of livestock farmers	Aid (EUR)	Male bovine animals	Number of livestock farmers	Aid (EUR)
1992/93	7 645	1 175	264 920	20 131	3 373	697 594
1993/94	6 335	1 048	305 980	19 165	3 954	925 669
1994/95	8 472	1 239	343 654	25 150	4 412	1 214 020
1995/96	8 573	1 218	414 076	30 430	5 583	1 469 769
1996/97	9 624	1 250	464 839	39 966	6 460	1 930 358
1997/98	10 249	1 256	495 027	32 436	5 178	1 566 659

Table 11

Article 24 (milk sector): specific premium for the maintenance of the dairy herd – Azores

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of cows	77 987	75 887	77 998	77 982	77 992	77 823
Number of livestock farmers	5 347	4 672	4 618	4 654	4 593	4 476
Aid (EUR)	7 770 407	7 330 684	7 534 607	7 533 061	7 534 027	7 517 702

Table 12**Article 24: aid for private storage of cheese – Azores**

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
<u>Ilha cheese</u>						
Quantity (tonnes)						
Aid (EUR)	--	217,6	271,7	317,0	350,0	460,3
	--	59 135	74 974	95 408	104 377	134 370

Table 13**Article 25: flat-rate aid per hectare (sugarbeet) and special aid for processing of sugarbeet harvested in the Azores into white sugar**

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of hectares	377	605	592	795	423	355
Number of growers	570	866	727	840	393	278
Aid (EUR)	194 800	336 056	353 448	474 269	252 782	182 236
Refined sugar production (tonnes)	2 082	3 042	3 964	2 426	1 460	1 242
Number of processing plants	1	1	1	1	1	1
Aid (EUR)	214 275	357 831	473 267	289 664	174 279	154 171

Table 14**Article 26: supplementary premium paid to purchasers for the collection
of leaf tobacco of the Burley P. variety – Azores**

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Quantity (tonnes)	130	138	156	152	174	180
Number of growers	184	177	175	194	196	182
Number of purchasers	2	2	2	2	2	2
Aid (EUR)	26 331	31 584	36 354	38 086	43 373	45 293

Table 15**Article 27: aid for production and marketing of seed potatoes – Azores**

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of hectares	--	51,96	55,00	50,90	51,44	32,50
Number of growers	--	5	9	8	3	4
Aid (EUR)	--	25 980	27 500	25 450	25 700	16 250
Number of contracts	--	1	1	--	--	1
Quantity (tonnes)	--	240	462	--	--	80
Aid (EUR)	--	9 642	20 411	--	--	3 609

Table 16
Article 27: aid for production of endives – Azores

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of hectares	78,3	76,3	95,3	76,5	57,8	64,7
Number of growers	220	193	205	164	141	147
Aid (EUR)	39 804	41 886	56 213	45 120	34 080	38 138

Table 17
Article 29: flat-rate aid per hectare for continued cultivation of vines
for the production of quality wines psr – Azores

Marketing years	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Number of hectares	-	-	94,7	121,0	126,0	132,0
Number of growers	-	-	145	195	207	227
Aid (EUR)	-	-	44 665	56 886	59 389	62 929

Table 18
Article 30: aid for production of pineapples - Azores

Marketing year	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Quantity (tonnes)	--	1 812,35	1 887,48	2 000,00	1 903,83	1 941,66
Number of growers	--	318	332	335	316	316
Aid (EUR million)	--	1.980	2.246	2.388	2.273	2.318

Table 19
Financing of agricultural aspects of POSEIMA: budget forecasts and outturn

(EUR million)

Financial year Marketing year	1992 91/92	1993 92/93	1994 93/94	1995 94/95	1996 95/96	1997 96/97	1998 97/98	1999 98/99	Average 1993-1999
Expenditure, of which:	0,8	36,0	41,7	40,0	43,1	24,2	30,2	40,5	36,5
Heading 1830; plant products	0,8	27,9	26,9	22,7	16,3	13,8	14,3	15,5	19,6
- supply		27,3	25,8	18,5	10,7	10,0	8,8	11,3	16,0
- other aid		0,6	1,1	4,2	5,6	3,8	5,5	4,2	3,6
Heading 2510; animal products	0,0	8,1	14,8	17,3	26,8	10,4	15,9	25,0	16,9
- supply		6,2	7,2	7,6	8,7	7,9	6,5	8,3	7,5
- other aid		1,9	7,6	9,7	18,1	2,5	9,4	16,7	9,4
Supply total		33,5	33,0	26,1	19,4	17,9	15,3	19,6	23,5
Other aid, total		2,5	8,7	13,9	23,7	6,3	14,9	20,9	13,0
% SSA / other aid		93/7	79/21	65/35	45/55	74/26	51/49	48/52	64/36
Initial budget appropriation, of which	11,5	55,0	55,0	55,0	58,0	46,0	36,0	40,0	49,3
Heading 1830, plant products	1,5	33,0	34,0	32,0	34,0	25,2	18,0	21,0	28,2
Heading 2510, animal products	10,0	22,0	21,0	23,0	24,0	20,8	18,0	19,0	21,1

Source: EAGGF Guarantee Section

Table 20

POSEIMA support over seven marketing years

MADEIRA	SSA exemption for non-member countries and % of total assistance		SSA aid for Community products and % of total assistance		Total SSA aid (non-member countries + EU) and % of total assistance		Aid to local production and % of total assistance		Total assistance SSA (non-member countries + EU) + local production
1992/93	522 026 693	15,5	2 822 247 985	84,0	3 344 274 678	99,6	14 310 919	0,4	3 358 585 598
1993/94	339 431 768	9,9	3 016 092 441	87,8	3 355 524 209	97,7	78 903 631	2,3	3 434 427 841
1994/95	665 482 400	19,5	2 632 555 731	77,0	3 298 038 131	96,5	122 351 456	3,6	3 420 389 587
1995/96	656 639 216	17,7	2 765 590 078	74,4	3 422 229 294	92,1	293 292 000	7,9	3 715 521 294
1996/97	378 041 452	10,8	2 826 018 808	80,4	3 204 060 260	91,1	311 683 000	8,9	3 515 743 260
1997/98	635 955 266	21,7	2 005 978 613	68,4	2 641 933 879	90,2	288 825 620	9,9	2 930 759 499
1998/99	897 969 182	25,1	2 438 396 786	68,2	3 336 365 967	93,3	238 740 000	6,7	3 575 105 967
Total in PTE	4 095 545 977	17,1	18 506 880 441	77,3	22 602 426 419	94,4	1 348 106 627	5,6	23 950 533 045
Total in EUR	21 188 966		96 738 528		117 927 494		6 891 905		124 819 400
Annual average in EUR	3 026 995		13 819 790		16 846 785		984 558		17 831 343
AZORES	SSA exemption for non-member countries and % of total assistance		SSA aid for Community products and % of total assistance		Total SSA aid (non-member countries + EU) and % of total assistance		Aid to local production and % of total assistance		Total assistance SSA (non-member countries + EU) + local production
1992/93	382 924 073	12,0	2 453 483 891	77,1	2 836 407 964	89,1	347 769 054	10,9	3 184 177 018
1993/94	326 354 681	6,2	2 731 036 892	51,5	3 057 391 572	57,7	2 243 312 667	42,3	5 300 704 239
1994/95	247 956 332	4,8	2 462 570 533	47,4	2 710 526 866	52,2	2 481 721 937	47,8	5 192 248 803
1995/96	220 093 224	5,8	1 140 352 220	29,9	1 360 445 443	35,7	2 451 033 000	64,3	3 811 478 443
1996/97	233 866 484	6,3	972 610 367	26,1	1 206 476 850	32,4	2 514 319 000	67,6	3 720 795 850
1997/98	285 325 609	7,8	923 918 990	25,3	1 209 244 600	33,1	2 449 129 590	66,9	3 658 374 190
1998/99	403 095 833	10,0	1 633 647 593	40,5	2 036 743 427	50,5	1 995 150 000	49,5	4 031 893 427
Total in PTE	2 099 616 236	7,3	12 317 620 486	42,6	14 417 236 722	49,9	14 482 435 248	50,1	28 899 671 970
Total in EUR	10 977 602		64 815 640		75 793 243		74 479 490		150 272 733
Annual average in EUR	1 568 229		9 259 377		10 827 606		10 639 927		21 467 533

Source: IDOM-AGRO.GES, based on data supplied by the Portuguese authorities

ANNEX 3

Derogations applicable to structural measures

Article 32 provides for derogations from Council Regulation (EEC) No 2328/91 (superseded by Regulation (EC) No 950/97) on improving the efficiency of agricultural structures¹⁷. These derogations were discontinued by the new rural development Regulation (EC) No 1257/1999.

- The conditions for granting **investment aid** for agricultural holdings and production incentives for swine, eggs and poultry have been relaxed, provided that the requirements of animal welfare and environmental protection are complied with and that production is for the internal market of the regions.
- Up to 20 cows whose milk is intended for the local market may be included for the purpose of calculating the **compensatory allowance**, which may be granted to farmers with at least half a hectare of utilised agricultural area, for all crops.

Article 32 also provides for the possibility of requesting derogations from both Regulation (EC) No 951/97 (formerly (EEC) No 866/90¹⁸) on improving the processing and marketing conditions for agricultural and forestry products and from the selection criteria for investments in this field laid down by Commission Decision 94/173/EC.

Derogations were approved by Commission Decision C(1998) 967 of 20 April 1998.

For EAGGF Guidance Section assistance, the programme provides a sum of EUR 22 million for this joint measure, which corresponds to a total eligible investment cost of EUR 56 million.

Article 27, which concerns the structural derogations under the agricultural section of POSEIMA, was deleted with the reform of the Structural Funds because of the flexibility of the new Regulation (EC) No 1257/1999. Only recital 53 of the rural development Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

¹⁷ Council Regulation (EEC) No 2328/91, OJ L 218, 6.8.1991, p. 1, as replaced by Council Regulation (EC) No 950/97, OJ L 142, 2.6.1997, p. 1.

¹⁸ Council Regulation (EEC) No 866/90 of 29 March 1990, as replaced by Council Regulation (EC) No 951/97, OJ L 142, 2.6.1997, p. 22.

ANNEX 4

Plant health measures

MADEIRA

- 1993:
Total: 2 000 000, comprising 1 500 000 EC and 500 000 Madeira (in ecus; ECU 1 = PTE 198.230 on 1.8.1993)
- 1995:
Total: 1 200 000, comprising 900 000 EC and 300 000 Madeira (in ecus; ECU 1 = PTE 196.159 on 1.6.1995)
- 1996:
Total: 800 000, comprising 600 000 EC and 200 000 Madeira (in ecus; ECU 1 = PTE 196.329 on 1.3.1996)
- 1997:
Total: 1 066 666, comprising 650 000 EC and 416 666 Madeira (in ecus; ECU 1 = PTE 195.106 on 1.2.1997)
- 1998:
Total: 666 667, comprising 500 000 EC and 166 667 Madeira (in ecus; ECU 1 = PTE 203.243 on 1.4.1998)

Measures: *autocidal control of fruitfly (Ceratitis capitata)*
 control of woolly whitefly (Aleurothixus floccosus)
 control of greenhouse whitefly (Trialeurodes vaporariorum) (until 1997)

AZORES

- 1994:
Total: 666 666, comprising 500 000 EC and 166 666 Azores (in ecus; ECU 1 = PTE 197.279 on 1.3.1994)
- 1995:
Total: 866 667, comprising 650 000 EC and 216 667 Azores (in ecus; ECU 1 = PTE 196.159 on 1.6.1995)
- 1996:
Total: 667 246, comprising 500 000 EC and 167 246 Azores (in ecus; ECU 1 = PTE 196.329 on 1.3.1996)

Measure: *control of Japanese beetle (Popillia japonica)*

ANNEX 5

EAGGF Guidance Section measures

Guidance Section funding is not included in the scope of this report but is outlined here so as to provide a comprehensive view of all Community measures in favour of agriculture in the Azores and Madeira.

Period 1989-1993

The autonomous regions of the Azores and Madeira received assistance from various Community financing instruments in the course of the period.

The specific programmes approved in the framework of the 1985-95 PEDAP (specific development programme for Portuguese agriculture) were essentially concerned with infrastructure improvement (rural roads, electrification, irrigation), the improvement of pastureland in the Azores and the conversion and restructuring of banana-growing in Madeira.

Under the structural measures in the POSEIMA decision of 26 June 1991: for 1992 and 1993, the programmes approved for Madeira and the Azores involved, for Madeira, improvement and modernisation of banana marketing structures (EUR 11 000 000); for the Azores, support for structural assistance to investment in modernisation, in particular Pico cheese, and support for mechanisation (EUR 5 000 000).

The Community support framework for 1989-93 provided these regions with assistance under the Operational Programme for the restructuring of vineyards in the Azores and Madeira, with the EAGGF Guidance Section contributing EUR 2 708 000.

Period 1994-1999

Structural Fund assistance (Community support framework 1994-1999) for these regions comprised:

- the multi-fund Objective 1 Operational Programme for Madeira, involving a contribution from the EAGGF Guidance Section of EUR 59 723 000. The type of measure financed relates in particular to irrigation, rural roads, electrification, support for investment in agricultural holdings, conversion and diversification of production, training, research and demonstration, processing and marketing of agricultural products, improvement of forests,
- the multi-fund Objective 1 Operational Programme for the Azores, involving a contribution from the EAGGF Guidance Section of EUR 147 967 000. The type of measure financed relates in particular to improvement of farm infrastructure, rural roads, water supply, electrification, support for investment in agricultural holdings, training, processing and marketing of agricultural products, improvement of forests and recovery of derelict woodland.

Period 2000-2006

In this period, in the framework of the Structural Funds, each of the regions is again covered by a multi-fund Objective 1 Operational Programme, with identical measures. EAGGF Guidance Sector financing totals EUR 79 853 000 for Madeira, and EUR 133 554 000 for the Azores.

**REPORT FROM THE COMMISSION TO THE COUNCIL AND
THE EUROPEAN PARLIAMENT IN ACCORDANCE WITH ARTICLE 30
OF REGULATION (EEC) No 1601/92**

Report on the progress made in the implementation of POSEICAN from 1992 to 1998

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INTRODUCTION

1. Under Article 25 of the Act of Accession of Spain to the European Communities, the Treaties apply to the Canary Islands, except for the provisions regarding the customs territory, taxation, the common commercial policy, the common agricultural policy and the common fisheries policy.
2. To ensure the economic and social development of the Canary Islands, Council Regulation (EEC) No 1911/91 of 26 June 1991¹⁹ ruled that the Treaties and all Community law should apply to them without prejudice to any special measures adopted to take account of their specific constraints and traditional economic and taxation system.
3. In response to the Canary Islands' accession to the Community, Council Decision 91/314/EEC of 26 June 1991²⁰ set up a **programme of options specific to the remote and insular nature of the Canary Islands (POSEICAN)**. This programme aims to take account, in the application of Community policies, of the Canary Islands' special characteristics and handicaps associated with their insularity, remoteness, small size, difficult topography and climate, economic dependence on certain products and restricted and dispersed local markets that affect the region's economic and social circumstances.
4. For this purpose, **on 15 June 1992 the Council adopted a framework regulation introducing specific measures for the Canary Islands with regard to certain agricultural products**²¹; these measures have been implemented by a large number of Commission implementing regulations.
5. The common declaration concerning the most remote regions of the Community, annexed to the Treaty on European Union, confirmed the POSEICAN approach.

The Treaty of Amsterdam introduced a new article, Article 299(2), applicable to the most remote regions, establishing the specific framework to be applied by the Community to these regions. The Treaty entered into force on 1 May 1999.

6. The Community has also paid particular attention to the traditional **banana** industry by implementing specific structural measures until Council Regulation (EEC) No 404/93 (banana market organisation) and the Commission implementing regulations were adopted.
7. Under Article 30(1) of the framework Regulation for agriculture, the Commission must submit an annual report on the progress made in implementing the agricultural section of POSEICAN accompanied, where appropriate, by proposals for any adjustments needed to achieve the programme's objectives.

Under Article 30(2) of that Regulation, at the end of the third year of application of the programme the Commission must submit to Parliament and the Council a general

¹⁹ OJ L 191, 29.6.1991, p. 1.

²⁰ OJ L 171, 29.6.1991, p. 5.

²¹ Council Regulation (EEC) No 1601/92, OJ L 173, 27.6.1992, p. 13.

report on the economic situation of the Canary Islands showing the impact of the measures taken under the Regulation.

8. It was impossible to present those reports, and so the present report fulfils the requirement for the period from 1992 to 1998, during which time the main specific measures were implemented under POSEICAN.
9. After eight years of application, it is now appropriate to report, measure by measure, on the implementation and use made of each of the provisions.

The Spanish authorities have sent the Commission reports on the implementation of the programme as well as some requests for amendments of the Council Regulation.

In the context of SEM 2000, the Commission appointed an external consultant to draw up a report evaluating the agricultural section of the POSEICAN programme. The consultant examined the achievement of the programme's objectives and proposed some possible improvements.

The present document therefore reports on the implementation of the measures provided for in Regulation (EEC) No 1601/92 taking account of the experience gained and the impact of the measures implemented.

1. THE SOCIAL AND ECONOMIC SITUATION IN THE CANARY ISLANDS

1.1. Background

The archipelago of the Canary Islands is situated in the Atlantic Ocean, between 27 and 29°N, 115 km from the African coast and more than 1 000 km from mainland Europe. This volcanic archipelago covers an area of 7 500 km² and is made up of eight inhabited islands (the largest, Tenerife, is 2 036 km²) and several islets. The distance between the most remote islands is around 500 km.

Besides its remoteness from mainland Europe and the small size and fragmentation of its territory, the following features can be noted:

- very uneven terrain (the Teide volcano, which at 3 717 metres is the highest summit in Spain, is found on Tenerife),
- high population density – 215 inhabitants per km², on average - with population growth greater than the Spanish average,
- a lack of natural resources, with total dependence on the outside for energy,
- a shortage of water resources, with less than 180 m³ of fresh water/head/year, making desalination of seawater necessary to satisfy demand. The cost of water in the Canaries is double the average for the rest of Spain,
- a per capita GDP (gross domestic product) less than 75% of the average Community GDP,
- a high rate of unemployment at around 22%.

The archipelago's economy is very dependent on the outside world and largely specialises in the service sector, notably tourism (11 million tourists in 1998).

Division of the active population between the sectors and their relative economic weight is as follows:

	Population (1996)	% GDP (1997)
Agriculture	8%	3.7%
Industry	19%	19.5%
Services	73%	76.8%

Tourism has become the mainstay of the economy - a role played by farming until the 1960's. The chief activities in the secondary sector are construction and infrastructure work, both closely connected to tourism; the industrial fabric is mainly made up of small and medium-sized enterprises catering for the local market. The most developed industry is agri-foodstuffs.

The region has a marked balance of trade deficit: exports (mainly bananas, tomatoes, fishery products and tobacco) are equivalent to only 23.7% of imports. Trade flows

are mainly within the EU: 82.3% of exports and 78.8% of imports have the European Community as the point of destination or origin.

1.2. Agriculture

Farming involves only 8% of the active population and 7% of businesses in the Canary Islands. However, it plays an important role in the economy of some of the islands and in the conservation of the countryside and the rural fabric. Only 6.5% of the territory is cultivated. While there is a shortage of useful agricultural land because of the difficult terrain and urban development, there is also an important network of protected natural areas, covering 42% of the territory.

Livestock farming makes up around 20% of the final agricultural output (FAO). Farming in the Canary Islands consists mainly of crop cultivation (= 80% FAO). Forestry is insignificant in economic terms. The following table sets out the main products in decreasing order of their contribution to the islands' final agricultural output:

PRODUCT	% of FAO	AREA
Bananas *	27.78	9 000 h.
Tomatoes *	22.92	4 800 h.
Other vegetables	7.39	4 200 h.
Ornamental plants	5.48	200 h.
Laying poultry farming	5.40	
Potatoes	4.71	6 500 h.
Flowers	3.73	300 h.
Vines	3.30	11 900 h.
Goats' milk	3.28	
Pigmeat	2.73	
Rabbit meat	2.01	
Citrus and other fruits	2.00	3 000 h.
Cows' milk	1.51	
Poultrymeat	1.50	
Tropical fruit	1.33	1 100 h.
Manure	1.33	
Beef and veal	1.11	
Other livestock products	1.04	
Goatmeat	0.62	
Extensive crops and fodder *	0.58	6 000 h.
Sheep (milk + meat)	0.48	

* Products not covered by POSEICAN.

Source: Government of the Canary Islands; Department of Agriculture, Fisheries and Food.

The sector's main features are:

- the marked contrast between farming for export, accounting for 75% of FAO, which uses the best technology, water resources and microclimate (irrigated land on the coastal plains), and farming for the supply of local markets, which is less innovative and occupies the more difficult areas to cultivate (the "mid-altitude zone" from 300 to 900 m in altitude),

- the lack of diversification: two "export" products - tomatoes and bananas - account for 50% of the total production value of the archipelago. These two crops are not covered by POSEICAN.
Two of the crops found in the "mid-altitude zone" - vines and potatoes - occupy 40% of the archipelago's total cultivated area.
These four crops make up 70% of the total cultivated area and their environmental and social impact is extremely important,
- the fierce competition with tourism (the archipelago's main economic activity) over land (and water) use and the urbanisation of rural areas, prompted by population growth greater than the European average in a necessarily limited area,
- the small size of holdings and the resulting intensive farming: 92% of holdings are less than 5 hectares. Furthermore, because of the difficult terrain, terrace cultivation is practised, entailing transport and mechanisation problems,
- the supply of goods is fragmented and poorly coordinated,
- dependence on the outside world, for both the supply of inputs (fertiliser, seeds, packaging, etc.) and the distribution of products, in a geographical situation very remote from sources of supply and markets,
- the local market is small and fragmented (two million consumers, including tourists)²²; the countries of the regional market (Morocco, Mauritania, Senegal) are competitors rather than trading partners,
- the lack of competitiveness of most products due to remoteness and difficult production conditions,
- the Canary Islands have an open economy: imports are extremely important for local consumption and the food industry, which uses mostly imported raw materials and has few links with local producers.

2. IMPLEMENTATION OF THE POSEICAN AGRICULTURAL FRAMEWORK REGULATION

2.1. Specific supply arrangements (SSA)

Full application of the common agricultural policy **is subject** to the entry into force of specific supply arrangements (Title I of Regulation (EEC) No 1601/92). The objective of the specific supply arrangements is to guarantee supply to this region and compensate for the additional costs of supplying agricultural products due to its insularity and remoteness.

Description of the arrangements:

Each marketing year a supply balance is drawn up for the agricultural products essential for everyday consumption and/or processing in the archipelago, listing the

²² 1.62 million inhabitants, plus 10 million tourists/year. The number of tourists is recorded as a person/year equivalent, multiplying the number by the average number of days stayed (ITER 96) divided by 365 days. This calculation explains the figure of 2 million local consumers.

requirements of the Canary Islands market, taking account of local production. The quantities of products covered by the specific supply arrangements are periodically reviewed in the light of changes in the islands' requirements. Separate forecast balances may be drawn up for the requirements of the industries processing and packaging products intended for both the local and traditional export markets.

Since POSEICAN's objective of lowering prices for the end user is to be achieved by promoting competition between sources of supply, products imported from non-member countries under the specific supply arrangements are exempt from customs duties and the same Community products may be supplied on the same terms.

Special attention is paid to the economic effects of these arrangements, in particular as regards spinoff through to the end-user.

Products imported under the specific supply arrangements may not be re-exported or re-dispatched to the rest of the Community. However, where processing takes place in the archipelago, the restriction does not apply to traditional consignments or exports within the limits defined. In this case, no refund is granted.

Comments and analyses:

Certain comments and analyses can be made about the performance of the specific supply arrangements between 1992/93 and 1997/98. The main statistics on implementation of the supply balances can be found in Annex 1.

The importance of the specific supply arrangements can be seen from their share of **expenditure**, which has remained above 85% of total budget implementation on the agricultural section of POSEICAN.

The specific supply arrangements were first conceived as a response to the consumption requirements of the Canary Islands' population, to supply finished agricultural products for direct consumption and to help develop production and processing activities in the local farming and food industry. By reducing the cost of inputs and raw materials, the arrangements seek to maintain and develop farming and the local processing industry.

The specific supply arrangements therefore include the **supply of breeding animals and other agricultural inputs**. Aid for the supply of potato seeds, multiplier chicks, hatching eggs, pure-bred breeding animals, namely rabbits, cattle and swine is provided for. These measures are designed to help consolidate or launch production activities in order to strengthen local production, reducing production costs and increasing the low rate of self-supply.

Take-up of these measures has varied.

It has been particularly high for rabbits, swine and potato seeds.

However, little use has been made of breeding chicks and hatching eggs. The fact that there is no tradition of poultry production and breeding in the Canary Islands could explain why the amounts allocated for these aids have not been sufficient incentive until now.

In the case of breeding cattle, uptake was initially good but has declined with every year, suggesting that there are certain obstacles to the development of the bovine sector. However, increased uptake since 1995 hints at a revival.

To aid local production of **tobacco products**, since very little raw tobacco is produced locally, imports into the Canary Islands of raw tobacco (CN code 2401) and semi-manufactured tobacco (CN codes 2402 and 2403) are exempt from customs duties within a quota of 20 000 tonnes of stripped raw tobacco equivalent.

Some **difficulties** arose during the first three years of **application of the arrangements**, particularly a discrepancy between forecasts and actual requirements for some balances. These discrepancies arose because of incomplete statistics (which did not take account of certain commercial transactions between Spain and the Canary Islands), some administrative teething troubles and quantitative and qualitative changes in consumer habits. These difficulties were corrected in 1994 when the **procedural rules were amended by Commission Regulation (EC) No 2790/94**²³.

Special rules were introduced for the issue of import licences, exemption certificates and aid certificates with a view to facilitating and accelerating the procedure. In particular, the general requirement to lodge a security beforehand was abolished and the period of validity of certificates was restricted to the period needed for transport; the issue of licences and certificates was made subject to presentation of the purchase invoice and bill of lading; a requirement to prove that the supply operation covered by the licence or certificate has been carried out in a short time-span was introduced, and the transfer of the rights and obligations conferred on the holder of the document in question prohibited. Furthermore, a register of traders was created, entitling registered traders to the benefits of the arrangements provided they comply with the obligations set out in the Community, national and regional rules (particularly transmission of benefits to the end-user). Penalties were laid down for cases where traders fail to fulfil the undertakings they enter into when they register (without prejudice to penalties applicable under national and regional legislation). The Regulation also sets out the quantities of processed products that may be the subject of traditional exports or consignments from the Canary Islands.

The competent Spanish authorities have adopted implementing laws and set up a monitoring committee responsible for the proper management of the arrangements and a computer system linking the customs services and the other relevant departments, to allow real-time monitoring of the supply balances. The Spanish authorities provide the Commission each month with the information it needs to monitor and assess whether the balance matches the islands' requirements.

The results of these measures and the experience gained show that there has been a marked improvement in how the arrangements are managed and that the balances have stabilised somewhat.

Regulation (EEC) No 1601/92 also provides for the **temporary supply** of three types of products under the special supply arrangements: fresh or chilled pigmeat

²³ Commission Regulation (EC) No 2790/94 (OJ L 296, 17.11.1994, p. 23) amending Regulation (EEC) No 1695/92 (OJ L 179, 1.7.1992, p. 1) (as amended by Regulation (EEC) No 2596/93, OJ L 238, 23.9.1993, p. 24).

(CN code 0203), processed meat products (CN codes 1601 and 1602) and bovines intended for fattening and consumption in the archipelago. An assessment report, accompanied if need be by appropriate proposals, was required after the first four years of application of the arrangements.

After the first marketing year, the Spanish authorities no longer used the special supply arrangements for fresh or chilled pigmeat since local production satisfied domestic demand by that time.

However, for the rest of the products in question (bovine animals for fattening and meat preserves), the measure expired in June 1996 before local production had developed sufficiently to meet local needs. Pending any conclusions to be drawn from the assessment and to avoid any sudden interruption in the application of these measures, the Council temporarily extended them until 30 June 1997²⁴.

Following the changes introduced by the CAP reform and the Community's undertakings after the latest GATT agreements (Uruguay Round), and in view of the narrowing gap between world and Community prices, **unit aid** granted for the supply of Community products, mainly based on current export prices, has been reduced for certain products. In 1995/96 there was a very substantial reduction in the aid, to the point where no aid at all was granted for some cereals, particularly common wheat. This development gave rise to concern about the objective of offsetting extra cost so as to cut production costs.

Within the constraints of the present rules, the Commission has carefully managed the effects induced by these changes in the international environment. It has also launched external evaluations under SEM 2000 to assess the real difficulties of applying the SSA, and to prepare the Commission's reports to the Council and to Parliament on the implementation of these arrangements.

The external assessment report mentioned earlier revealed that the method currently used, which must also meet the goal of promoting competition between the different sources of supply (non-member countries/EC), overcompensated the additional costs arising from the islands' remoteness and insularity in some cases, while failing to fully compensate those additional costs in others.

As far as **the impact of the arrangements is concerned**, studies on the retail price trends from the period before their entry into force until 1997 show that they have kept fluctuations in the Islands at levels comparable to the rest of Spain (even smaller for certain products). The retail price index (RPI) has increased less in the Canary Islands than in Spain as a whole, both for the general RPI and the index relating to food products. Most of the products that have undergone the highest price rises are precisely those not included in the special supply arrangements. The full integration of the Canary Islands into the Community has had no inflationary effect. This shows the positive impact of passing on the benefits to the end user.

2.2. Aid for agricultural products in the Canary Islands

Under the POSEICAN programme, aid is to be granted for the production, processing and marketing of agricultural products, in order both to maintain and

²⁴ Council Regulation (EC) No 2348/96, OJ L 320, 11.12.1996, p. 1.

strengthen traditional activities and to develop diversification. In certain cases, this aid is supplemented by the impact on inputs of the aid under the supply arrangements.

2.2.1. *Livestock production*

For livestock farming, particularly the **beef and veal** sector, the Regulation introduces aid to help develop traditional Canary Islands livestock products, within the limits of the archipelago's consumption requirements (which are assessed in the context of a periodic supply balance). In addition to the supply of pure-bred breeding animals and bovines for on-site fattening, as already mentioned, a supplement of EUR 48.3 is granted on top of the **fattening aid for male bovines** and the **premium for maintaining suckler cows (Article 10)**. These support measures have had a relative impact. Implementation of these measures is summarised in Table 1 in Annex 2.

A reasonable explanation of this could be that cattle farming in the archipelago is mainly carried out on mixed holdings specialising in dairy production (with meat production as a sideline) on small surface area. The usable agricultural area in the islands is only 25% of the total area, and the proportion used for grazing is very small; most farms do not have enough fodder, and this restrains the development of the suckler herd.

Premiums for bovine animals are granted subject to a stocking density of 2 LU/ha. Applying this stocking density to the Canary Islands considerably reduces the number of animals eligible for the basic aid, and thus also for the supplement provided for under POSEICAN. This restricts the number of livestock farmers entitled to aid under POSEICAN to assist the development of specialised beef and veal production.

Furthermore, in the case of suckler cows, problems have arisen because the archipelago has lost individual production quotas to the national reserve and because dairy breeds are not eligible for the premium.

Table 2 in Annex 2 summarises the development of the bovine sector in the archipelago.

This initial review shows that:

- the total number of bovine animals has been in decline since 1989, even considering the herd revival from 1995 when the 1991/92 level was achieved,
- the total number of cows is falling due to the sharp decline in the dairy herd. The dairy herd has been restructured. The use of pure-bred breeding animals has helped to improve the dairy industry and increase yields, thereby maintaining milk production (see the next point, Article 11),
- the number of suckler cows, currently 1/5 of all cows, doubled during the period under review, although this has not made up for the reduction in the total number of dairy cows;
- the total number of male bovines has fallen since 1989, particularly those aged more than 12 months; however, there has been an improvement since 1995.

The percentage of male bovines receiving a premium increased from 16% in 1993 to an average of 34% in 1996 and 1997;

- the number of slaughtered animals, both those produced locally and those imported for fattening, has declined sharply, as has the activity of local slaughterhouses. In this connection, it is worth noting that the supply balances for male animals intended for fattening have not been greatly used;
- consumer trends now favour fresh meat; however, this change in preferences has not boosted local production, the market share of which has been halved,
- meat production by local farms has stabilised during the last five years to around 2 700 tonnes after having fallen sharply: due to the reduction in the dairy herd, on which meat production is based, the low uptake of the supply balance for male animals for fattening and the relative effect of the support measures provided for in Article 10,

Aid for the human consumption of locally-produced **fresh cows' milk products** is paid to dairies. After the agri-monetary amendments, the aid currently amounts to EUR 8.34/100 kg, and may be adjusted by the Commission to ensure that these products are disposed of normally on the local market (**Article 11**).

The development of the measure is summarised in Table 3 in Annex 2.

Despite being initially restricted to certain products such as raw milk, whole milk, pasteurised milk, cream, whole-milk yoghurt and fresh cheese (Annex I to Regulation (EEC) No 2235/92²⁵), the measure has had a positive effect. Given the change in consumer habits (particularly towards skimmed products and UHT milk), the Spanish authorities have asked for the measure to be extended to all local cows' milk delivered to the dairies, irrespective of the product manufactured. Commission Regulation (EC) No 1400/98 of 30 June 1998²⁶ amended the Annex to Regulation (EEC) No 2235/92 to that effect.

In the **sheepmeat and goatmeat** sector (**Article 13**), premiums are granted in addition to those payable under Article 5 of Council Regulation (EEC) No 3013/89²⁷. The premium supplement is adjusted for every marketing year (in 1998 it amounted to 5.163 EUR/head).

This measure is very important because it makes sense to develop an activity which is so well suited to the particular agricultural and climatic conditions of the islands, particularly goat farming. Implementation of the measure is summarised in Table 4 in Annex 2.

2.2.2. *Crop production*

In the **fruit and vegetables, flowers and live plants** sector (except bananas, tomatoes and potatoes for human consumption), aid per hectare is granted to producers who undertake a programme of initiatives to develop and/or diversify

²⁵ OJ L 218, 1.8.1992, p. 105.

²⁶ OJ L 187, 1.7.1998, p. 54.

²⁷ OJ L 289, 7.10.1989, p. 1.

production and/or improve quality. The maximum amount of aid is EUR 500 if public funding from the Member State amounts to at least EUR 300 and the producers' financing to at least EUR 200. Moreover, these initiatives should be covered by programmes designed to run for at least three years (**Article 15**).

The application procedures are administratively complicated and the structure and amount of aid have not provided sufficient incentive: in 1993 only nine applications were received, involving a total area of 8.08 ha. No further applications have been received since then.

To facilitate the **marketing** of tropical products included in the products referred to above and harvested in the Canary Islands, aid is granted for the conclusion of annual contracts between individual producers or producer groups and traders established in the rest of the Community (**Article 16**). The volume concerned is 10 000 t per product per year; the aid amounts to 10% of the value of the produce marketed, free at destination (13% for joint ventures between producers and traders).

The implementation of this measure is summarised in Table 5 in Annex 2.

The measure has been favourably received by producers.

The Community contributes towards the financing of an **economic analysis** and forward study of the fruit and vegetable processing industry in the Canary Islands, with particular reference to tropical products (**Article 17**). This study should help identify the bottlenecks in the industry and serve as a basis for its development. The study, which has not yet been carried out, may be extended to include fresh fruit and vegetables.

In the **winegrowing** sector, a flat-rate aid per hectare (**Article 19**) is granted for the continued cultivation of vines for the production of quality wines psr.

It is economically and environmentally imperative that vineyards, which cover 10% of the agricultural area in use (the most widespread crop in the archipelago), continue to be cultivated, because winegrowing is practised in dry areas and on land that is particularly vulnerable to erosion. The development of the measure is summarised in Table 6 in Annex 2.

The measure has proved attractive to growers, as evidenced by the increase in the number of hectares and beneficiaries. Moreover, the number of designations of origin has increased from one to nine during the review period.

The aid, to be paid exclusively to producer groups from the 1997/98 wine year onwards, amounts to EUR 476.76/ha following the agri-monetary adjustments²⁸.

In the absence of producer groups, the Commission has provisionally granted authorisation for the aid to be paid to individual producers via the regulatory boards for the designations of origin ("*Consejos reguladores*").

Potato cultivation is also a key traditional agricultural activity in the Canary Islands, for both economic and social reasons: around 10 000 growers cultivate an average of

²⁸ Regulation (EC) No 2537/95, OJ L 260, 31.10.1995, p. 10.

0.7 hectares. Cultivation takes place in areas of average altitude in the islands; production costs are extremely high because of the difficult terrain and small size of holdings (terrace cultivation), as well as the high prices of inputs and water irrigation.

POSEICAN's strategy for continuing this activity comprises three types of measures:

- aid per hectare amounting to EUR 596/ha, paid up to a maximum of 12 000 ha per year (**Article 20**),
- the supply of seed potatoes under the special supply arrangements in order to bring down production costs (Annex to Article 3),
- the restriction on deliveries of potatoes for human consumption during sensitive periods for the marketing of local production (**Article 21**).

Regulation (EEC) No 1601/92 provides for this restriction to be gradually phased out over a period of ten marketing years, i.e. by the end of 2001. Under the latest GATT agreements (Uruguay Round), the measure could not be continued beyond 31 December 1998²⁹, and so the application period has been shortened by three marketing years.

The development of aid per hectare can be broken down as shown in Table 7 in Annex 2.

The measure appears to have been attractive to growers, although the subsidised area was smaller than both the cultivated area (around 7 000 ha) and the maximum eligible area.

This measure, as well as aid for the supply of seeds under the special supply arrangements, is not sufficient to offset the lack of competitiveness of local production. Local production, which has become very vulnerable now that it is no longer protected by Article 21, is not competitive but is vitally important from an economic, social and environmental point of view.

In 1999, the first year in which Article 21 was not applicable, the serious difficulties in the local situation prompted the Spanish authorities to ask the Commission to apply a safeguard clause.

Like the restriction in force up until the previous year, this request sought to restrict deliveries of potatoes for human consumption to the Canary Islands during August, September and October 1999, relying on the safeguard clause provided for in Article 379 of the Act of Accession, applicable to the Canary Islands under Article 11 of Regulation (EEC) No 1911/91 until 31 December 1999.

This type of measure, limited to intra-Community trade, might have caused provoked deflections in trade and, in the light of information now available, would have been disproportionate.

²⁹ Commission Regulation (EC) No 984/96, OJ L 131, 1.6.1996, p. 51.

In the end, a Regulation was adopted introducing safeguard measures permitting the market situation for potatoes for human consumption in the Canary Islands to be closely monitored, so that more restrictive measures could be introduced if difficulties persist and significant quantities of potatoes for human consumption are delivered to the archipelago. The procedure for issuing licences for the delivery of potatoes, similar to the one in force until the previous year, has been maintained, as has the requirement that the Spanish authorities' send information to the Commission on a weekly basis.

The Regulation was adopted by the Commission on 27 August 1999.

Aid is granted for **the production** of quality **honey** specific to the Canary Islands, produced by the local breed of 'black bees'. The aid is fixed at EUR 20 per hive in production and per marketing year, and is paid to associations of beekeepers, up to a maximum number of 5 000 hives (**Article 24**).

The measure was fully utilised and helped maintain the population of black bees which had, before the entry into force of POSEICAN, been in danger of being supplanted by imported breeds which were more productive but more susceptible to disease. Implementation of this measure is summarised in Table 8 in Annex 2.

2.3. Other measures

POSEICAN and Council Regulation (EEC) No 1601/92 also provide for some **derogations from the common agricultural policy** in order to help maintain local production. These include:

- adjusting the **dairy** quota to a level that will allow reasonable development of local production,
- in the **winegrowing** sector, exemption from the distillation obligation and non-application of voluntary distillation and the grubbing premium (**Article 18**),
- in the **cereals** sector, the co-responsibility levy is not applicable (**Article 25**) (NB: this levy is now no longer applicable in the Community).

Furthermore, the **consumption aid for olive oil** provided for in Council Regulation No 136/66/EEC is paid to undertakings in the Canary Islands packaging olive oil produced in the rest of the Community (**Article 22**). This aid was abolished under the reform of the olive oil market organisation³⁰ and should therefore be deleted in this Regulation.

To ensure greater awareness and consumption of products specific to the most remote regions, the POSEI programmes provide for the introduction of a **graphic symbol** (**Article 26**), for which the Commission launched a competition in December 1993.

After the logo was chosen in 1994, the Commission financed the organisation of a promotion campaign for this logo to publicise its existence, significance and the advantages of its use.

³⁰ Council Regulation (EC) No 1638/98, OJ L 210, 28.7.1998, p. 32.

Conditions of use for the logo are laid down in Commission Regulation (EC) No 1418/96³¹.

The first Canary Islands products authorised to bear this logo have now been recognised by the competent Canary Islands authorities. They are bananas, tomatoes, French beans, cucumbers, wine and rum. The competent authorities are currently considering other products (honey, cheese, 'gofio', figs, jam and almonds).

2.4. Budget

Specific budget headings have been introduced in the Community budget under the EAGGF Guarantee Section for financing the agricultural section of POSEICAN. The corresponding forecasts and implementation are set out in Table 9 in Annex 2.

In addition, the revenue to the Community budget foregone as a result of exemption from customs duties for products imported from non-member countries under the specific supply arrangements should be included in EAGGF Guarantee Section expenditure.

Table 10 in Annex 2 summarises the overall cost of POSEICAN.

The following conclusions can be drawn from this information:

- the specific supply arrangements represent around 87% of the average overall cost of the programme for the period concerned, and the agricultural measures around 13%,
- the arrangements introduced in 1992 have now stabilised. Their overall cost stands at around ESP 30 000 million, i.e. an average of EUR 183 million for the period concerned,
- the appropriation in the EAGGF Guarantee Section budget has always exceeded expenditure. This gap reflected the difficulty of adopting supply balances that corresponded to real local requirements at a time when the agricultural production aid measures were being launched and picking up speed. All measures have now reached cruising speed and stabilised,
- there has been a constant drop in EAGGF Guarantee Section expenditure, mainly due to the fall in expenditure on the supply arrangements, particularly for crop products (see point 2.1 above: analysis of specific supply arrangements),
- there has been a commensurate increase in exemption from customs duties, which represents revenue forgone for the Community budget.

2.5. Structural derogations

Article 27 provides for **derogations** to Council Regulation (EEC) No 2328/91, (superseded by Regulation (EC) No 950/97) **on improving the efficiency of agricultural structures.**

³¹ OJ L 182, 23.7.1996, p. 9.

Article 27, which concerns the structural derogations under the agricultural section of POSEICAN, was deleted with the reform of the Structural Funds because of the flexibility of the new Regulation (EC) No 1257/1999. Only Recital (53) of the 'Rural development' Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

2.6. Veterinary measures

Article 28 of Regulation (EEC) No 1601/92 provided for amendments to Directives 72/462/EEC and 90/675/EEC so as to allow the Commission to derogate from the health and hygiene rules for meat imports until 31 December 1994. At the request of the Spanish authorities, the Commission adopted Decision 93/78/EEC to permit importation under derogation from a slaughterhouse in Paraguay; the decision was repealed on 14 April 1993 by Decision 93/249/EEC.

These derogations are no longer relevant and should be deleted.

2.7. National measures authorised by the Council

Spain has been authorised to grant regional aid for the production of raw tobacco in the Canary Islands. The maximum amount of the regional aid is equal to the difference between the aid previously paid in the Canaries and the Community premium introduced by Regulation (EEC) No 727/70 (superseded by Council Regulation No 2075/92), within the limit of the quantity traditionally produced in the islands (**Article 23**).

The development of the measure is summarised in Table 11 in Annex 2.

Production, which only involves a small number of local growers on the island of Las Palmas (the only production area), has fallen somewhat and the detailed rules for implementing the arrangements for individual quotas for growers have caused problems. Payment of aid for the year is based on the average quantity sold to the industry in the three years previous to the last harvest³².

3. EAGGF GUIDANCE SECTION MEASURES

Guidance Section funding is not included in the scope of this report but is outlined in the Annex to give a comprehensive list of all Community measures in favour of agriculture in the Canary Islands.

4. CONCLUSIONS

Agricultural measures which are innovative and adapted to the local situation are a major aspect of the Programmes of specific orientations for remote and insular regions. Altogether, these measures have helped to offset some of the constraints

³² Regulation (EEC) No 2075/92, OJ L 215, 30.7.92, p. 70.

affecting production costs. Alongside support from the CAP, they have helped to improve the quality or increase the volume of local output.

The difficulties encountered in implementing some of the measures, an analysis of the Spanish authorities' requests to the Commission by the and the conclusions of the external assessment report on the agricultural section of POSEICAN suggest certain adjustments. Some amendments can be made by the Commission while others will require the Council to adapt the POSEICAN agricultural framework Regulation.

The Commission therefore intends, in the context of this report, to propose a Council Regulation, with three aims:

- to **adapt the specific supply arrangements**, particularly the list of products covered, in the light of the changes in requirements noted and taking greater account of the additional costs of supplying the region,
- to **adjust measures** which experience has shown to be poorly suited to the real situation in the region, so as to improve their incentive power and make them more effective,
- to implement **new measures** to take account of specific local conditions and requirements, within the framework of the POSEICAN objectives.

ANNEX 1

Specific Supply Arrangement (SSA)

Utilisation by marketing year of supply balances adopted

(Source: Ministerio de Economía y Hacienda – Subdirección General de Comercio Exterior de Productos Agroalimentarios – Madrid)

1992/1993

CN code	Product	Units	Balance	Implement- ation: Total	Implement- ation: EU	Implement- ation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	3.612	3.612	0
ex 0102 90	Bovines for fattening	head	14.200	5.050	1.120	3.930
0103 10 00 100	Pure-bred boars for breeding	head	160	59	59	0
0103 10 00 200	Pure-bred sows for breeding	head	2.200	981	981	0
0105 11 00	Chicks for breeding	Units	525.000	95.000	95.000	0
ex 0106 0010 100	Rabbits for breeding; grandparents	Units				0
ex 0106 0010 200	Rabbits for breeding; parents	Units				0
0201	Fresh beef and veal	kg	10.200.000	10.308.672	9.659.256	649.416
0202	Frozen beef and veal	kg	27.000.000	26.849.112	12.028.154	14.820.958
ex 0203	Fresh pigmeat	kg	1.860.000	2.301.293	1.964.152	337.141
ex 0203	Frozen pigmeat	kg	19.000.000	12.566.871	5.225.554	7.056.624
ex 0203	Frozen pigmeat DC	kg				0
ex 0203	Frozen pigmeat IC	kg				0
ex 0207	Frozen poultrymeat	kg	37.000.000	36.874.088	3.073.986	33.800.102
ex 0207	Frozen poultrymeat DC	kg				0
ex 0207	Frozen poultrymeat IC	kg				0
0401	Liquid milk	kg	80.000.000	80.168.240	80.124.085	44.155
0401	Liquid milk DC	kg				0
0401	Liquid milk IC	kg				0
0402	Condensed milk	kg	21.000.000	20.751.430	11.595.054	9.156.376
0402	Condensed milk DC	kg				0
0402	Condensed milk IC	kg				0
0405	Butter	kg	4.500.000	2.810.559	2.152.898	657.661
0405	Butter DC	kg				0
0405	Butter IC	kg				0
0406 30 / 0406 90	Cheese	kg	13.000.000	12.729.070	12.398.798	330.272
0406 90 86,7,8	Other cheese	kg				0
ex 0407 00 19	Hatching eggs	Units	525.000	97.200	97.200	0
ex 0408	Dried egg	Units	400.000	28.800	28.800	0
0701 10 00	Potatoes (seed)	kg	12.000.000	10.200.727	10.168.727	32.000
1001	Wheat	kg	124.000.000	124.472.004	107.979.500	16.492.504
1003	Barley	kg	19.000.000	18.879.213	13.643.515	5.235.698
1004	Oats	kg	1.000.000	482.840	482.840	0
1005	Maize	kg	180.000.000	160.130.309	27.880.240	132.250.069
1006 30	Rice	kg	12.000.000	12.247.174	10.296.779	1.950.395
1006 40	Rice (broken)	kg	2.000.000	1.794.150	819.000	975.150
1103 11 50	Wheat meal	kg	4.300.000	3.260.400	3.260.400	0
1103 13	Maize meal	kg	30.000.000	8.803.532	8.803.532	0
1107	Malt	kg	16.500.000	9.770.700	5.670.700	4.100.000
1210	Hops	kg	500.000	51.510	51.510	0

CN code	Product	Units	Balance	Implemen- tation: Total	Implemen- tation: EU	Implemen- tation: 3rd countries
1509 10 90 100	Olive oil	kg	1.000.000	239.763	239.763	0
1509 10 90 900	Olive oil	kg	600.000			0
1509 90 00 100	Olive oil	kg	10.800.000	8.174.601	8.174.601	0
1509 90 00 900	Olive oil	kg	1.500.000	304.549	304.549	0
1510 00 90 100	Olive oil	kg	350.000	18.351	18.351	0
1510 00 90 900	Olive oil	kg	150.000			0
1507/16 (ex09/10)	Vegetable oil	kg	35.000.000	31.740.616	20.524.933	11.215.683
1507/16 (ex09/10)	Vegetable oil DC	kg				0
1507/16 (ex09/10)	Vegetable oil IC	kg				0
1601 00	Prepared meat products	kg	12.000.000	8.512.252	8.356.186	156.066
1602 20 90	Liver preserves	kg	1.900.000	429.004	425.619	3.385
1602 31	Turkey preparations	kg	600.000	49.064	49.064	0
1602 41 10	Hams and cuts	kg	4.000.000	3.893.732	3.887.999	5.733
1602 42 10	Shoulders and cuts	kg	2.600.000	2.608.663	2.594.783	13.880
1602 49	Other pigmeat preserves	kg	3.450.000	3.498.045	3.466.949	31.096
1602 50	Other meat preserves	kg	2.500.000	1.719.801	982.514	737.287
1701 99 10	Sugar	kg	60.000.000	57.060.332	5.771.487	51.288.845
ex 1702	Glucose	kg	3.000.000	451.980	433.980	18.000
1901 90 90	Skimmed-milk preparations	kg	12.000.000	4.536.736	4.536.736	0
1901 90 99	Skimmed-milk preparations IC	kg				0
2007 99	Unhomog. fruit preparations	kg	1.750.000	1.826.527	1.671.271	155.256
2007 99	Unhomog. fruit preparations DC	kg				0
2007 99	Unhomog. fruit preparations IC	kg				0
2008 20	Fruit preserves (pineapple)	kg	2.400.000	2.309.227	20.262	2.288.965
2008 30	« « « (citrus)	kg	500.000	279.341	279.341	0
2008 40	« « « (pears)	kg	1.600.000	995.153	33.254	961.899
2008 40	« « « (pears) DC	kg				0
2008 40	« « « (pears) IC	kg				0
2008 50	« « « (apricots)	kg	220.000	198.362	180.105	18.257
2008 70	« « « (peaches)	kg	7.600.000	5.078.343	3.822.171	1.256.172
2008 80	« « « (strawberries)	kg	100.000	96.142	96.142	0
2008 80	« « « (strawberries)DC	kg				0
2008 80	« « « (strawberries)IC	kg				0
2008 92	« « « (mixtures)	kg	1.650.000	1.579.430	677.113	902.317
2008 92	« « « (mixtures) DC	kg				0
2008 92	« « « (mixtures) IC	kg				0
2008 99	Other fruit preserves	kg	650.000	169.814	89.289	80.525
2106 90 92	Baby foods	kg	800.000	125.285	125.285	0
2204 21	Wine (bottled)	l	11.700.000	12.413.900	12.405.000	8.900
2204 29	Wine (in bulk)	l	11.700.000	9.057.700	9.057.700	0

DC = direct consumption
IC = industrial consumption

1993/1994

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	3.273	3.087	186
ex 0102 90	Bovines for fattening	head	12.000	2.675	1.687	988
0103 10 00 100	Pure-bred boars for breeding	head	160	158	158	0
0103 10 00 200	Pure-bred sows for breeding	head	2.200	2.200	2.200	0
0105 11 00	Chicks for breeding	Units	525.000			0
ex 0106 00 10 100	Rabbits for breeding; grandparents	Units	600	282	282	0
ex 0106 00 10 200	Rabbits for breeding; parents	Units	5.000	157	157	0
0201	Fresh beef and veal	kg	11.000.000	11.235.798	10.943.614	292.184
0202	Frozen beef and veal	kg	28.000.000	28.979.992	18.846.890	10.133.102
ex 0203	Fresh pigmeat	kg				
ex 0203	Frozen pigmeat	kg	19.000.000	16.105.043	10.369.508	5.735.535
ex 0203	Frozen pigmeat DC	kg				0
ex 0203	Frozen pigmeat IC	kg				0
ex 0207	Frozen poultrymeat	kg	37.000.000	35.917.763	11.811.360	24.106.403
ex 0207	Frozen poultrymeat DC	kg				0
ex 0207	Frozen poultrymeat IC	kg				0
0401	Liquid milk	kg	85.000.000	90.543.771	90.416.008	127.763
0401	Liquid milk DC	kg				0
0401	Liquid milk IC	kg				0
0402	Condensed milk	kg	22.000.000	24.719.343	15.523.053	9.196.290
0402	Condensed milk DC	kg				0
0402	Condensed milk IC	kg				0
0405	Butter	kg	3.500.000	3.530.107	2.469.735	1.060.372
0405	Butter DC	kg				0
0405	Butter IC	kg				0
0406 30 / 0406 90	Cheese	kg	13.000.000	13.229.966	12.953.112	276.854
0406 90 86,7,8	Other cheese	kg				
ex 0407 00 19	Hatching eggs	Units	500.000			0
ex 0408	Dried egg	Units	400.000	48.008	48.008	0
0701 10 00	Potatoes (seed)	kg	12.000.000	9.769.950	9.769.950	0
1001	Wheat	kg	124.000.000	157.076.302	139.426.934	17.649.368
1003	Barley	kg	19.000.000	18.538.800	18.538.800	0
1004	Oats	kg	1.000.000	1.195.980	1.195.980	0
1005	Maize	kg	180.000.000	166.537.139	83.519.360	83.017.779
1006 30	Rice	kg	12.000.000	10.112.103	5.644.732	4.467.371
1006 40	Rice (broken)	kg	2.000.000	1.781.877	840.536	941.341
1103 11 50	Wheat meal	kg	4.300.000	2.740.000	2.740.000	0
1103 13	Maize meal	kg	20.000.000	2.940.000	2.940.000	0
1107	Malt	kg	16.500.000	12.845.020	12.845.020	0
1210	Hops	kg	500.000	45.835	25.835	20.000
1509 10 90 100	Olive oil	kg	1.000.000	148.486	148.486	0
1509 10 90 900	Olive oil	kg	600.000			0
1509 90 00 100	Olive oil	kg	10.000.000	9.548.477	6.324.577	3.223.900
1509 90 00 900	Olive oil	kg	1.500.000	15.000	15.000	0
1510 00 90 100	Olive oil	kg	350.000	12.723	12.723	0
1510 00 90 900	Olive oil	kg	150.000			0
1507/16 (exc. 09/10)	Vegetable oil	kg	35.000.000	32.021.557	26.005.720	6.015.837
1507/16 (exc. 09/10)	Vegetable oil DC	kg				0
1507/16 (exc. 09/10)	Vegetable oil IC	kg				0

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
1601 00	Prepared meat products	kg	12.000.000	10.771.455	10.551.037	220.418
1602 20 90	Liver preserves	kg	600.000	606.939	604.728	2.211
1602 41 10	Hams and cuts	kg	4.000.000	4.082.854	4.080.110	2.744
1602 42 10	Shoulders and cuts	kg	2.600.000	2.758.514	2.758.514	0
1602 49	Other pigmeat preserves	kg	3.500.000	3.597.198	3.592.595	4.603
1602 50	Other meat preserves	kg	2.500.000	2.445.165	1.508.540	936.625
1701 99 10	Sugar	kg	60.000.000	54.363.077	501.077	53.862.000
ex 1702	Glucose	kg	1.500.000	1.719.102	1.699.302	19.800
1901 90 90	Skimmed-milk preparations	kg	7.000.000	7.038.174	7.038.174	0
1901 90 99	Skimmed-milk preparations IC	kg				0
2007 99	Unhomog. fruit preparations	kg	1.750.000	3.024.625	2.899.969	124.656
2007 99	Unhomog. fruit preparations DC	kg				0
2007 99	Unhomog. fruit preparations IC	kg				0
2008 20	Fruit preserves (pineapple)	kg	2.400.000	2.338.299	617.271	1.721.028
2008 30	« « « (citrus)	kg	500.000	144.949	144.949	0
2008 40	« « « (pears)	kg	1.600.000	133.398	0	133.398
2008 40	« « « (pears) DC	kg				0
2008 40	« « « (pears) IC	kg				0
2008 50	« « « (apricots)	kg	220.000	102.602	84.055	18.547
2008 70	« « « (peaches)	kg	7.600.000	5.258.703	4.092.785	1.165.918
2008 80	« « « (strawberries)	kg	100.000	119.998	119.998	0
2008 80	« « « (strawberries)DC	kg				0
2008 80	« « « (strawberries)IC	kg				0
2008 92	« « « (mixtures)	kg	1.650.000	1.771.318	1.200.663	570.655
2008 92	« « « (mixtures) DC	kg				0
2008 92	« « « (mixtures) IC	kg				0
2008 99	Other fruit preserves	kg	650.000	238.339	232.914	5.425
2106 90 92	Baby foods	kg	800.000	121.900	121.900	0
2204 21	Wine (bottled)	l	12.500.000	11.012.100	11.012.100	0
2204 29	Wine (in bulk)	l	14.000.000	13.113.300	13.113.300	0

DC = direct consumption
IC = industrial consumption

1994/1995

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	2.147	2.396	0
ex 0102 90	Bovines for fattening	head	8.000	2.195	1.964	410
0103 10 00 100	Pure-bred boars for breeding	head	160	118	128	0
0103 10 00 200	Pure-bred sows for breeding	head	3.000	2.799	2.981	0
0105 11 00	Chicks for breeding	Units	525.000	14.000	14.000	0
ex 0106 00 10 100	Rabbits for breeding; grandparents	Units	600	335	360	0
ex 0106 00 10 200	Rabbits for breeding; parents	Units	1.000	1.000	1.006	0
0201	Fresh beef and veal	kg	11.500.000	11.500.000	11.474.538	162.271
0202	Frozen beef and veal	kg	29.000.000	21.688.705	10.494.913	11.718.012
ex 0203	Fresh pigmeat	kg				0
ex 0203	Frozen pigmeat	kg	19.000.000	14.178.668	11.962.490	2.880.457
ex 0203	Frozen pigmeat DC	kg	14.000.000	11.484.863	9.376.199	2.659.717
ex 0203	Frozen pigmeat IC	kg	5.000.000	2.693.805	2.586.291	220.740
ex 0207	Frozen poultrymeat	kg	37.000.000	30.616.399	12.510.746	18.964.696
ex 0207	Frozen poultrymeat DC	kg				0
ex 0207	Frozen poultrymeat IC	kg				0
0401	Liquid milk	kg	90.000.000		91.833.920	410.030
0401	Liquid milk DC	kg	88.000.000	89.076.777	91.303.108	24.466
0401	Liquid milk IC	kg	2.000.000	916.375	530.812	385.564
0402	Condensed milk	kg	25.000.000		12.859.440	8.235.190
0402	Condensed milk DC	kg	11.500.000	8.251.243	8.339.598	885.692
0402	Condensed milk IC	kg	13.500.000	11.031.779	4.519.842	7.349.498
0405	Butter	kg	3.500.000	3.141.540	2.402.989	1.037.434
0405	Butter DC	kg				0
0405	Butter IC	kg				0
0406 30 / 0406 90	Cheese	kg	13.500.000	12.725.453	12.568.131	157.322
0406 90 86,7,8	Other cheese	kg	1.500.000	1.436.090	1.488.667	-52.577
ex 0407 00 19	Hatching eggs	Units	500.000	0	0	0
ex 0408	Dried egg	Units	400.000	74.290	76.990	-2.700
0701 10 00	Potatoes (seed)	kg	12.000.000	9.737.399	10.830.750	-1.093.351
1001	Wheat	kg	155.000.000	155.417.468	129.802.056	25.615.412
1003	Barley	kg	20.000.000	18.648.496	13.880.920	4.767.576
1004	Oats	kg	1.440.000	1.438.301	1.471.634	-33.333
1005	Maize	kg	179.760.000	172.137.963	73.350.150	98.787.813
1006 30	Rice	kg	12.000.000	8.997.784	2.789.883	6.207.901
1006 40	Rice (broken)	kg	2.000.000	1.915.748	891.880	1.023.868
1103 11 50	Wheat meal	kg	4.300.000	1.159.360	1.179.000	-19.640
1103 13	Maize meal	kg	5.000.000	2.894.120	2.898.000	-3.880
1107	Malt	kg	16.500.000	15.169.372	15.297.060	-127.688
1210	Hops	kg	500.000	29.000	29.000	0
1509 10 90 100	Olive oil	kg	400.000	111211	96.827	5.108.340
1509 10 90 900	Olive oil	kg	400.000	0	0	0
1509 90 00 100	Olive oil	kg	7.467.000	6.818.094	2.243.687	4.574.407
1509 90 00 900	Olive oil	kg	1.000.000	102.120	102.120	0
1510 00 90 100	Olive oil	kg	233.000	5.065	7.990	-2.925
1510 00 90 900	Olive oil	kg	100.000	0	0	0
1507/16 (exc. 09/10)	Vegetable oil	kg	35.000.000	24.834.089	22.384.420	2.449.669
1507/16 (exc. 09/10)	Vegetable oil DC	kg	10.500.000	5.205.167	5.296.472	-91.305
1507/16 (exc. 09/10)	Vegetable oil IC	kg	24.500.000	19.628.922	17.087.948	2.540.974

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
1601 00	Prepared meat products	kg	12.000.000	8.259.585	8.699.315	-439.730
1602 20 90	Liver preserves	kg	600.000	491.644	558.047	-66.403
1602 41 10	Hams and cuts	kg	4.000.000	3.672.564	3.899.008	-226.444
1602 42 10	Shoulders and cuts	kg	3.000.000	2.610.884	2.704.748	-93.864
1602 49	Other pigmeat preserves	kg	4.000.000	3.998.311	4.142.887	-144.576
1602 50	Other meat preserves	kg	2.500.000	1.987.882	1.223.173	764.709
1701 99 10	Sugar	kg	60.000.000	59.132.400	208.950	58.923.450
ex 1702	Glucose	kg	1.800.000	1.526.829	1.570.229	-43.400
1901 90 90	Skimmed-milk preparations	kg				0
1901 90 99	Skimmed-milk preparations IC	kg	7.000.000	6.999.571	4.065.836	2.933.735
2007 99	Unhomog. fruit preparations	kg	3.000.000			-34.651
2007 99	Unhomog. fruit preparations DC	kg	2.475.426	2.466.680	2.544.031	-77.351
2007 99	Unhomog. fruit preparations IC	kg	524.574	524.460	481.760	42.700
2008 20	Fruit preserves (pineapple)	kg	2.880.000	2.879.990	1.596.081	1.283.909
2008 30	« « « (citrus)	kg	500.000	265.410	246.934	18.476
2008 40	« « « (pears)	kg	1.600.000	106.271		106.271
2008 40	« « « (pears) DC	kg				0
2008 40	« « « (pears) IC	kg				0
2008 50	« « « (apricots)	kg	220.000	122.517	123.619	-1.102
2008 70	« « « (peaches)	kg	7.096.000	6.459.607	5.770.566	689.041
2008 80	« « « (strawberries)	kg	144.000	143.772	147.726	-3.954
2008 80	« « « (strawberries)DC	kg				0
2008 80	« « « (strawberries)IC	kg				0
2008 92	« « « (mixtures)	kg	1.650.000	1.701.631	1.280.095	421.536
2008 92	« « « (mixtures) DC	kg				0
2008 92	« « « (mixtures) IC	kg				0
2008 99	Other fruit preserves	kg	650.000	383.237	328.475	54.762
2106 90 92	Baby foods	kg				0
2204 21	Wine (bottled)	l				0
2204 29	Wine (in bulk)	l				0

DC = direct consumption
IC = industrial consumption

1995/1996

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	1.868	1.868	0
ex 0102 90	Bovines for fattening	head	8.000	2.508	2.508	0
0103 10 00 100	Pure-bred boars for breeding	head	160	152	152	0
0103 10 00 200	Pure-bred sows for breeding	head	4.000	3.479	3.479	0
0105 11 00	Chicks for breeding	Units	525.000	0	0	0
ex 0106 00 10 100	Rabbits for breeding; grandparents	Units	600	600	600	0
ex 0106 00 10 200	Rabbits for breeding; parents	Units	1.000	1.000	1.000	0
0201	Fresh beef and veal	kg	15.500.000	15.489.921	14.901.355	588.566
0202	Frozen beef and veal	kg	24.500.000	19.307.860	2.611.829	16.696.031
ex 0203	Fresh pigmeat	kg				
ex 0203	Frozen pigmeat	kg	19.000.000	15.921.391	12.676.234	3.245.157
ex 0203	Frozen pigmeat DC	kg	14.000.000	13.182.756	10.036.054	3.146.702
ex 0203	Frozen pigmeat IC	kg	5.000.000	2.738.635	2.640.180	98.455
ex 0207	Frozen poultrymeat	kg	37.000.000	32.753.692	10.547.448	22.206.244
ex 0207	Frozen poultrymeat DC	kg				0
ex 0207	Frozen poultrymeat IC	kg				0
0401	Liquid milk	kg	110.000.000	104.317.447	104.317.447	0
0401	Liquid milk DC	kg	108.000.000	103.549.600	103.549.600	0
0401	Liquid milk IC	kg	2.000.000	767.847	767.847	0
0402	Condensed milk	kg		15.914.665	11.061.473	4.853.192
0402	Condensed milk DC	kg	11.500.000	9.239.284	7.774.257	1.465.027
0402	Condensed milk IC	kg	13.500.000	6.675.381	3.287.216	3.388.165
0405	Butter	kg	3.500.000	3.459.864	2.882.439	577.425
0405	Butter DC	kg				0
0405	Butter IC	kg				0
0406 30 / 0406 90	Cheese	kg	13.500.000	12.396.821	12.100.661	296.160
0406 90 86,7,8	Other cheese	kg	1.500.000	1.500.000	1.503.577	246
ex 0407 00 19	Hatching eggs	Units	500.000	0	0	0
ex 0408	Dried egg	Units	400.000	32.376	32.376	0
0701 10 00	Potatoes (seed)	kg	12.000.000	11.541.350	11.541.350	0
1001	Wheat	kg	155.000.000	79.546.318	57.604.574	21.941.744
1003	Barley	kg	30.000.000	21.500.000	523.422	20.976.578
1004	Oats	kg	1.600.000	1.415.460	1.415.460	0
1005	Maize	kg	180.000.000	180.000.000	42.845.522	137.154.478
1006 30	Rice	kg	12.000.000	11.878.516	4.238.344	7.640.172
1006 40	Rice (broken)	kg	2.000.000	2.000.000	642.942	1.357.058
1103 11 50	Wheat meal	kg	4.300.000	0	0	0
1103 13	Maize meal	kg	5.000.000	3.386.015	3.386.015	0
1107	Malt	kg	16.500.000	14.020.471	14.020.471	0
1210	Hops	kg	500.000	35.150	25.070	10.080
1509 10 90 100	Olive oil	kg	600.000	247.715	247.715	0
1509 10 90 900	Olive oil	kg	600.000	0	0	0
1509 90 00 100	Olive oil	kg	11.200.000	8.014.894	7.435.893	579.001
1509 90 00 900	Olive oil	kg	1.500.000	5.496	5.496	0
1510 00 90 100	Olive oil	kg	350.000	108.423	108.423	0
1510 00 90 900	Olive oil	kg	150.000	1.445	1.445	0
1507/16 (exc. 09/10)	Vegetable oil	kg	35.000.000	32.153.136	22.919.346	9.233.790
1507/16 (exc. 09/10)	Vegetable oil DC	kg	10.500.000	7.653.136	7.320.470	332.666
1507/16 (exc. 09/10)	Vegetable oil IC	kg	24.500.000	24.500.000	15.598.876	8.901.124

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
1601 00	Prepared meat products	kg	12.000.000	10.211.846	10.205.221	6.625
1602 20 90	Liver preserves	kg	600.000	591.789	584.580	7.209
1602 41 10	Hams and cuts	kg	4.000.000	3.999.907	3.999.907	0
1602 42 10	Shoulders and cuts	kg	3.000.000	1.893.814	1.893.814	0
1602 49	Other pigmeat preserves	kg	4.000.000	3.384.302	3.384.302	0
1602 50	Other meat preserves	kg	2.500.000	2.125.714	1.266.705	859.009
1701 99 10	Sugar	kg	60.000.000	59.636.396	2.411.125	57.225.271
ex 1702	Glucose	kg	1.800.000	1.073.624	1.073.624	0
1901 90 90	Skimmed-milk preparations	kg				
1901 90 99	Skimmed-milk preparations IC	kg	7.000.000	6.796.857	4.571.857	2.225.000
2007 99	Unhomog. fruit preparations	kg	3.750.000	3.749.746	3.631.878	117.868
2007 99	Unhomog. fruit preparations DC	kg	2.917.000	2.916.746	2.801.308	115.438
2007 99	Unhomog. fruit preparations IC	kg	833.000	833.000	830.570	2.430
2008 20	Fruit preserves (pineapple)	kg	3.200.000	3.200.000	2.478.954	721.046
2008 30	« « « (citrus)	kg	500.000	243.991	243.991	0
2008 40	« « « (pears)	kg	1.600.000	332.838	0	332.838
2008 40	« « « (pears) DC	kg				0
2008 40	« « « (pears) IC	kg				0
2008 50	« « « (apricots)	kg	220.000	210.062	210.062	0
2008 70	« « « (peaches)	kg	7.600.000	6.181.067	5.144.010	1.037.057
2008 80	« « « (strawberries)	kg	360.000	317.032	317.032	0
2008 80	« « « (strawberries)DC	kg				0
2008 80	« « « (strawberries) IC	kg				0
2008 92	« « « (mixtures)	kg	1.850.000	1.850.000	1.407.364	442.636
2008 92	« « « (mixtures) DC	kg				0
2008 92	« « « (mixtures) IC	kg				0
2008 99	Other fruit preserves	kg	650.000	289.499	239.397	50.102
2106 90 92	Baby foods	kg	200.000	141.428	141.428	0
2204 21	Wine (bottled)	l	9.625.000	9.625.000	9.625.000	0
2204 29	Wine (in bulk)	l	10.791.700	10.791.700	10.791.700	0

DC = direct consumption
IC = industrial consumption

1996/1997

CN code	Product	Units	Balance	Implemen- tation: Total	Implemen- tation: EU	Implemen- tation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	3.578	3.578	0
ex 0102 90	Bovines for fattening	head	3.003	1.384	1.384	0
0103 10 00 100	Pure-bred boars for breeding	head	275	270	270	0
0103 10 00 200	Pure-bred sows for breeding	head	5.500	4.806	4.806	0
0105 11 00	Chicks for breeding	Units	525.000	0	0	0
ex 0106 00 10 100	Rabbits for breeding; grandparents	Units	900	900	900	0
ex 0106 00 10 200	Rabbits for breeding; parents	Units	3.000	2.509	2.509	0
0201	Fresh beef and veal	kg	17.500.000	17.499.360	16.548.518	950.842
0202	Frozen beef and veal	kg	22.500.000	16.700.905	4.391.558	12.309.347
ex 0203	Fresh pigmeat	kg				
ex 0203	Frozen pigmeat	kg	19.000.000	18.406.549	12.384.530	6.022.019
ex 0203	Frozen pigmeat DC	kg	14.000.000	13.999.999	10.099.114	3.900.885
ex 0203	Frozen pigmeat IC	kg	5.000.000	4.406.550	2.285.416	2.121.134
ex 0207	Frozen poultrymeat	kg	37.000.000	34.527.991	9.761.428	24.766.563
ex 0207	Frozen poultrymeat DC	kg				0
ex 0207	Frozen poultrymeat IC	kg				0
0401	Liquid milk	kg	110.000.000	100.571.508	100.549.456	22.052
0401	Liquid milk DC	kg	108.000.000	99.847.588	99.825.536	22.052
0401	Liquid milk IC	kg	2.000.000	723.920	723.920	0
0402	Condensed milk	kg	25.000.000	23.184.630	13.841.776	9.342.854
0402	Condensed milk DC	kg	11.500.000	10.026.923	7.872.259	2.154.664
0402	Condensed milk IC	kg	13.500.000	13.157.707	5.969.517	7.188.190
0405	Butter	kg	3.500.000	3.075.526	2.768.526	307.000
0405	Butter DC	kg				0
0405	Butter IC	kg				0
0406 30 / 0406 90	Cheese	kg	13.000.000	12.999.249	12.720.414	278.835
0406 90 86,7,8	Other cheese	kg	2.000.000	1.821.540	1.764.506	57.034
ex 0407 00 19	Hatching eggs	Units	500.000	0	0	0
ex 0408	Dried egg	Units	200.000	42.405	32.105	10.300
0701 10 00	Potatoes (seed)	kg	12.000.000	10.892.649	10.892.649	0
1001	Wheat	kg	155.000.000	150.614.355	134.683.140	15.931.215
1003	Barley	kg	30.000.000	23.825.630	23.825.630	0
1004	Oats	kg	2.000.000	2.000.000	2.000.000	0
1005	Maize	kg	180.000.000	171.916.423	102.405.722	69.510.701
1006 30	Rice	kg	12.500.000	11.999.795	6.143.839	5.855.956
1006 40	Rice (broken)	kg	2.600.000	2.042.225	682.414	1.359.811
1103 11 50	Wheat meal	kg	3.800.000	3.563.200	3.563.200	0
1103 13	Maize meal	kg	3.000.000	2.829.640	2.829.640	0
1107	Malt	kg	16.000.000	15.494.042	15.494.042	0
1210	Hops	kg	300.000	27.673	19.000	8.673
1509 10 90 100	Olive oil	kg	600.000	599.983	505.671	94.312
1509 10 90 900	Olive oil	kg	600.000	599.029	523.456	75.573
1509 90 00 100	Olive oil	kg	11.200.000	11.200.000	8.158.750	3.041.250
1509 90 00 900	Olive oil	kg	1.500.000	1.499.214	1.289.844	209.370
1510 00 90 100	Olive oil	kg	350.000	176.330	176.330	0
1510 00 90 900	Olive oil	kg	150.000	0	0	0
1507/16 (exc.09/10)	Vegetable oil	kg	37.300.000	31.459.270	29.681.708	1.777.562
1507/16 (exc.09/10)	Vegetable oil DC	kg	12.800.000	10.685.269	10.176.278	508.991
1507/16 (exc.09/10)	Vegetable oil IC	kg	24.500.000	20.774.001	19.505.430	1.268.571

CN code	Product	Units	Balance	Implemen- tation: Total	Implemen- tation: EU	Implemen- tation: 3rd countries
1601 00	Prepared meat products	kg	11.315.000	10.128.608	10.128.608	0
1602 20 90	Liver preserves	kg	562.000	524.994	524.769	225
1602 41 10	Hams and cuts	kg	4.241.000	3.977.423	3.977.423	0
1602 42 10	Shoulders and cuts	kg	2.279.000	1.400.981	1.400.981	0
1602 49	Other pigmeat preserves	kg	3.675.000	3.429.330	3.429.330	0
1602 50	Other meat preserves	kg	2.026.000	1.889.779	1.272.583	617.196
1701 99 10	Sugar	kg	60.000.000	57.279.134	59.835	57.219.299
ex 1702	Glucose	kg	1.800.000	1.667.801	1.667.801	0
1901 90 90	Skimmed-milk preparations IC	kg				
1901 90 99	Skimmed-milk preparations IC	kg	7.000.000	4.707.625	4.707.625	0
2007 99	Unhomog. fruit preparations	kg	5.550.000	5.127.678	4.718.882	408.796
2007 99	Unhomog. fruit preparations DC	kg	4.417.000	4.124.064	3.946.308	177.756
2007 99	Unhomog. fruit preparations IC	kg	1.133.000	1.003.614	772.574	231.040
2008 20	Fruit preserves (pineapple)	kg	3.200.000	2.771.203	2.185.661	585.542
2008 30	« « « (citrus)	kg	500.000	268.790	268.790	0
2008 40	« « « (pears)	kg	2.300.000	1.978.277	1.840.765	137.512
2008 40	« « « (pears) DC	kg				0
2008 40	« « « (pears) IC	kg				0
2008 50	« « « (apricots)	kg	370.000	137.426	137.426	0
2008 70	« « « (peaches)	kg	7.600.000	6.749.296	5.675.798	1.073.498
2008 80	« « « (strawberries)	kg	510.000	402.570	402.570	0
2008 80	« « « (strawberries)DC	kg				0
2008 80	« « « (strawberries)IC	kg				0
2008 92	« « « (mixtures)	kg	1.850.000	1.850.000	1.358.498	491.502
2008 92	« « « (mixtures) DC	kg				0
2008 92	« « « (mixtures) IC	kg				0
2008 99	Other fruit preserves	kg	650.000	487.431	418.961	68.470
2106 90 92	Baby foods	kg	200.000	162.000	162.000	0
2204 21	Wine (bottled)	l	11.550.000	11.550.000	11.549.325	675
2204 29	Wine (in bulk)	l	12.950.000	12.551.343	12.551.343	0

DC = direct consumption
IC = industrial consumption

1997/1998

CN code	Product	Units	Balance	Implementa- tion: Total	Implemen- tation: EU	Implemen- tation: 3rd countries
0102 10 00	Pure-bred bovines for breeding	head	4.300	2.633	2.633	0
ex 0102 90	Bovines for fattening*	head				
0103 10 00 100	Pure-bred boars for breeding	head	275	152	152	0
0103 10 00 200	Pure-bred sows for breeding	head	5.500	3.167	3.167	0
0105 11 00	Chicks for breeding	Units	100.000			
ex 0106 00 10 100	Rabbits for breeding; grandparents	Units	1.500	1.500	1.500	0
ex 0106 00 10 200	Rabbits for breeding; parents	Units	3.000	2.999	2.999	0
0201	Fresh beef and veal	kg	19.000.000	17.633.121	16.618.802	1.014.319
0202	Frozen beef and veal	kg	21.000.000	18.030.349	7.596.598	10.433.751
ex 0203	Fresh pigmeat	kg				
ex 0203	Frozen pigmeat	kg	20.300.000	16.243.744	13.074.521	3.169.223
ex 0203	Frozen pigmeat DC	kg	15.500.000	13.637.510	11.572.289	2.065.221
ex 0203	Frozen pigmeat IC	kg	4.800.000	2.606.234	1.502.232	1.104.002
ex 0207	Frozen poultrymeat	kg	38.000.000	35.477.058	10.878.626	24.598.432
ex 0207	Frozen poultrymeat DC	kg	36.000.000	35.379.043	10.878.626	24.500.417
ex 0207	Frozen poultrymeat IC	kg	2.000.000	98.015	0	98.015
0401	Liquid milk	kg	109.250.000	98.546.225	98.546.225	0
0401	Liquid milk DC	kg	108.000.000	97.714.305	97.714.305	0
0401	Liquid milk IC	kg	1.250.000	831.920	831.920	0
0402	Condensed milk	kg	27.000.000	24.962.315	17.748.311	7.214.004
0402	Condensed milk DC	kg	10.350.000	9.065.413	7.589.235	1.476.178
0402	Condensed milk IC	kg	16.650.000	15.896.902	10.159.076	5.737.826
0405	Butter	kg	3.565.000	3.440.028	3.082.328	357.700
0405	Butter DC	kg	2.748.000	2.747.997	2.729.472	18.525
0405	Butter IC	kg	817.000	692.031	352.856	339.175
0406 30 / 0406 90	Cheese	kg	13.000.000	12.999.994	12.732.301	267.693
0406 90 86,7,8	Other cheese	kg	1.850.000	1.761.823	1.761.501	322
ex 0407 00 19	Hatching eggs	Units	100.000	0	0	0
ex 0408	Dried egg	Units	200.000	39.551	39.551	0
0701 10 00	Potatoes (seed)*	kg	12.000.000	8.712.410	8.712.410	0
1001	Wheat	kg	153.200.000	139.267.746	93.271.949	45.995.797
1003	Barley	kg	30.000.000	22.538.870	22.538.870	0
1004	Oats	kg	3.000.000	2.736.962	2.736.962	0
1005	Maize	kg	181.800.000	180.649.136	141.139.020	39.510.116
1006 30	Rice	kg	12.600.000	11.949.772	9.140.726	2.809.046
1006 40	Rice (broken)	kg	2.600.000	2.305.001	1.546.904	758.097
1103 11 50	Wheat meal	kg	4.900.000	4.484.880	4.484.880	0
1103 13	Maize meal	kg	3.000.000	2.806.970	2.806.970	0
1107	Malt	kg	15.000.000	12.558.900	12.558.900	0
1210	Hops	kg	50.000	46.186	36.000	10.186
1509 10 90 100	Olive oil	kg	600.000	553.155	547.598	5.557
1509 10 90 900	Olive oil	kg	600.000	0	0	0
1509 90 00 100	Olive oil	kg	11.200.000	13.422.097	10.322.443	3.099.654
1509 90 00 900	Olive oil	kg	1.500.000	104.686	81.603	23.083
1510 00 90 100	Olive oil	kg	350.000	90.894	90.894	0
1510 00 90 900	Olive oil	kg	150.000	0	0	0
1507/16 (ex09/10)	Vegetable oil	kg	37.300.000	27.251.497	26.640.264	611.233
1507/16 (ex09/10)	Vegetable oil DC	kg	12.800.000	6.409.267	6.087.441	321.826
1507/16 (ex09/10)	Vegetable oil IC	kg	24.500.000	20.842.230	20.552.823	289.407

CN code	Product	Units	Balance	Implementation: Total	Implementation: EU	Implementation: 3rd countries
1601 00	Prepared meat products*	kg				
1602 20 90	Liver preserves*	kg				
1602 41 10	Hams and cuts*	kg				
1602 42 10	Shoulders and cuts*	kg				
1602 49	Other pigmeat preserves*	kg				
1602 50	Other meat preserves*	kg				
1701 99 10	Sugar	kg	60.000.000	57.959.901	66.051	57.893.850
ex 1702	Glucose	kg	1.800.000	1.357.620	1.357.620	0
1901 90 90	Skimmed-milk preparations	kg				
1901 90 99	Skimmed-milk preparations IC	kg	5.000.000	2.744.075	2.744.075	0
2007 99	Unhomog. fruit preparations	kg	6.050.000	5.611.996	5.343.898	268.098
2007 99	Unhomog. fruit preparations DC	kg	4.917.000	4.916.014	4.737.076	178.938
2007 99	Unhomog. fruit preparations IC	kg	1.133.000	695.982	606.822	89.160
2008 20	Fruit preserves (pineapple)	kg	2.651.000	2.255.851	1.428.774	827.077
2008 30	« « « (citrus)	kg	500.000	403.374	403.374	0
2008 40	« « « (pears)	kg	3.215.000	3.004.029	2.910.288	93.741
2008 40	« « « (pears) DC	kg	1.035.837	947.145	853.404	93.741
2008 40	« « « (pears) IC	kg	2.179.163	2.056.884	2.056.884	0
2008 50	« « « (apricots)	kg	370.000	121.798	121.798	0
2008 70	« « « (peaches)	kg	7.600.000	6.713.395	5.844.561	868.834
2008 80	« « « (strawberries)	kg	1.000.000	371.900	371.900	0
2008 80	« « « (strawberries)DC	kg	210.000	18.738	18.738	0
2008 80	« « « (strawberries)IC	kg	790.000	353.162	353.162	0
2008 92	« « « (mixtures)	kg	2.684.000	2.184.732	1.809.879	374.853
2008 92	« « « (mixtures) DC	kg	2.140.000	1.764.272	1.389.419	374.853
2008 92	« « « (mixtures) IC	kg	544.000	420.460	420.460	0
2008 99	Other fruit preserves	kg	650.000	583.776	572.189	11.587
2106 90 92	Baby foods	kg	200.000	126.000	126.000	0
2204 21	Wine (bottled)	l	13.860.000	13.859.973	13.859.973	0
2204 29	Wine (in bulk)	l	10.640.000	10.473.100	10.473.100	0

* Temporary arrangement, ended at the end of June 1997 (Council Regulation (EC) No 2348/96)

DC = direct consumption
IC = industrial consumption

ANNEX 2

Specific aid for local agricultural products

Unless otherwise specified, the data in this annex were supplied by the Government of the Canary Islands; Department of Agriculture, Fisheries and Food

Table 1

**Article 10: supplementary aid for fattening male bovine animals
and maintaining suckler cows**

Year	Suckler cows registered/subsidised		Number of livestock farmers	Aid (ESP million)	Number of male bovines registered/subsidised		Number of livestock farmers	Aid (ESP million)
1992	1 376	4 207*	1 009	15.18	5 977	0	0	0
1993	1 437	2 465*	705	16.37	5 270	840	292	5.58
1994	2 544	2 544	663	19.22	5 332	1 492	512	11.31
1995	2 176	2 176	514	16.81	4 551	2 027	588	15.77
1996	3 262	2 296	586	18.25	6 619	1 911	623	15.24
1997	3 387	2 261	559	28.99	4 125	2 429	976	19.38
1998		2 037	497	18.10	4 733	1 977	657	16.55

* (for the first two marketing years dairy cows served or inseminated by beef bulls were counted as suckler cows).

Table 2

Development of the bovine sector in the Canary Islands

Period	1989	1990	1991	1992	1993	1994	1995	1996	1997
I. Number of cows	19 381	18 714	15 640	16 477	16 393	14 593	15 601	15 265	15 591
Dairy cows	17 619	17 044	14 178	15 101	14 956	12 049	13 425	12 003	12 204
Suckler cows	1 762	1 670	1 462	1 376	1 437	2 544	2 176	3 262	3 387
Subsidised suckler cows	-----	-----	-----	*4 207	*2 465	2 544	2 176	2 296	2 261
-SSA (breeding animals)	-----	-----	-----	3 612	3 273	2 396	1 868	3 578	2 880
II. Animals < 12 months	8 528	8 244	7 910	6 986	7 019	8 801	6 621	9 565	8 720
Heifers	4 264	4 122	3 955	3 493	3 510	4 401	3 311	4 783	4 360
Males	4 264	4 122	3 955	3 493	3 509	4 400	3 310	4 782	4 360
III. Males > 12 months	3 061	2 816	3 319	2 484	1 760	931	1 241	1 837	1 771
Number of male bovines	7 325	6 938	7 274	5 977	5 269	5 331	4 551	6 619	6 131
Subsidised male bovines	-----	-----	-----	0	840	1 492	2 027	1 911	2 429
Herd total (I+II+III)	30 970	29 774	26 869	25 947	25 172	24 325	23 463	26 667	26 082
IV-special supply arrangements (fattening)	<> (12 000)			5 050	2 675	2 374	2 508	1 416	-----
V. Slaughtered animals	25 453	23 171	22 185	21 335	15 491	12 490	11 190	10 367	10 286
local animals slaughtered (V-VI)	<> 12 000			16 285	12 816	10 116	8 682	8 951	10 286
% of herd	<> 41%			62%	51%	42%	37%	34%	39%
VI. Meat production (T)	4 642	4 314	4 318	4 149	3 071	2 568	2 690	2 678	2 630
Weight at slaughter (kg)	182	186	195	194	198	206	240	258	256
Supply under SSA (T)	---	---	---	37 157	40 216	33 850	34 798	34 201	33 565
- fresh				10 308	11 236	11 637	15 490	17 500	17 518
- frozen				26 849	28 980	22 213	19 308	16 701	16 047
Consumption	---	---	---	41 306	43 287	36 418	37 488	36 879	36 195
- fresh				14 457	14 307	14 205	18 180	20 178	20 148
Self-sufficiency in fresh meat	---	---	---	10.0%	7.1%	7.1%	7.2%	7.3%	7.3%
				28.7%	21.5%	18.1%	14.8%	13.3%	13.1%

* (for the first two marketing years dairy cows served or inseminated by beef bulls were counted as suckler cows).

Table 3**Article 11: aid for human consumption of milk products**

Marketing year	Quantity of milk (tonnes)	Number of dairies	Aid (ESP million)
1992/93	32 172.33	9	371.51
1993/94	37 463.02	9	493.39
1994/95	34 079.96	10	464.04
1995/96	36 073.21	11	498.58
1996/97	36 286.80	11	501.04
1997/98	36 873.18	12	514.77
1998/99	38 560.02	13	540.64

Table 4**Article 13: sheepmeat and goatmeat sector – additional premiums**

Marketing year	Number of animals	Number of livestock farmers	Amount of aid (ESP million)
1992*	149 390	1 999	66.02
1993	160 559	2 350	240.04
1994	154 816	2 299	138.62
1995	159 967	2 271	160.13
1996	162 673	2 210	127.47
1997	174 053	2 266	279.03
1998	170 468	2 046	190.93

* July - December

Table 5**Implementation of Article 16: aid to facilitate the marketing of tropical products**

Period	Number of contracts	Marketed production*		Amount of aid (ESP million)
		Volume	Value (ESP million)	
1992/93	183	30 795 t	5 642	459
1993/94	182	36 328 t	6 547	584
1994/95	236	32 747 t	6 965	847
1995/96	228	28 829 t	8 575	855
1996/97	228	34 025 t	10 133	1 022
1997/98	249	28 351 t	10 121	1 046
1998/99	?	?	?	?

* All relevant products grouped together.

Table 6**Development of Article 19: flat-rate aid per hectare granted for the continued cultivation of vines for the production of quality wines psr**

Marketing year	Number of hectares	Number of growers	Amount of aid (ESP million)
1992/93	528	370	31.60
1993/94	559	424	42.03
1994/95	3 228	2 023	245.74
1995/96	4 054	3 263	319.28
1996/97	4 881	4 077	384.43
1997/98	5 083	4 270	405.04
1998/99	5 404	4 688	433.73

Table 7**Implementation of Article 20: aid per hectare – potatoes**

Marketing year	Number of hectares	Number of growers	Amount of aid (ESP million)
1993	4 205	4 372	349.20
1994	3 196	3 911	303.63
1995	5 398	5 660	527.93
1996	4 604	6 275	453.73
1997	4 782	6 970	471.25
1998	4 561	7 349	454.74

Table 8**Implementation of Article 24: aid for the production of quality honey specific to the Canary Islands**

	1993	1994	1995	1996	1997	1998
Number of hives - black bee hives	15 577 6 759	16 346 8 310	17 561 8 213	19 257 10 097	20 029 10 829	18 214 10 687
Number of associations	8	10	10	10	10	10
Number of beekeepers	409	431	435	485	521	566
Amount of aid (ESP million)	15.09	19.23	20.55	19.95	19.91	20.33

Table 9**Financing of agricultural aspects of POSEICAN: budget forecasts and outturn**

(EUR million)

Financial year Marketing year	1992 91/92	1993 92/93	1994 93/94	1995 94/95	1996 95/96	1997 96/97	1998 97/98	1999 98/99	Average 93/99
Expenditure, comprising:	0	110.1	140.1	137.9	115.8	104.3	92.6	114.5	116.5
LB 1832; crop products		30.1	43.8	44.2	30.9	34.8	25.8	36.0	35.1
- supply		29.9	38.5	32.7	19.8	23.6	20.6	24.4	27.1
- other aid		0.2	5.3	11.5	11.1	11.2	5.2	11.6	8.0
LB 2512; livestock products		80.0	96.3	93.7	84.9	69.5	66.8	78.5	81.4
- supply		76.8	92.2	89.2	80.5	65.3	62.6	74.1	77.2
- other aid		3.2	4.1	4.5	4.4	4.2	4.2	4.4	4.2
Supply total		106.7	130.7	121.9	100.3	88.9	83.2	98.5	104.3
Other aid, total		3.4	9.4	16.0	15.5	15.4	9.4	16.0	12.2
% specific supply arrangements/other aid		97/3	93/7	88/12	87/13	85/15	90/10	86/14	90/10
Initial budget appropriation, comprising:	9.5	216.0	217.0	215.0	147.0	116.6	104.0	106	160.0
LB 1832, crop products.	1.5	91.0	89.0	95.0	52.0	40.8	37.0	38.0	63.0
LB 2512, livestock products	8.0	125.0	128.0	120.0	95.0	75.8	67.0	68	97.0

Source:
EAGGF Guarantee Section

Table 10**Amount of POSEICAN assistance over five marketing years (in ESP)**

Marketing years	SSA exemption for non-member countries and % of total assistance		SSA aid for Community products and % of total assistance		Total SSA aid (non-member countries + EU) and % of total assistance		Aid to local production in the Canary Islands and % of total assistance		Total assistance SSA (non-member countries + EU) + local production
92/93	64 903 837	0.4	15 591 866 190	87.6	15 656 770 027	88.0	2 140 000 624	12.0	17 796 770 651
93/94	2 555 857 735	9.9	20 360 037 046	78.8	22 915 894 781	88.7	2 914 577 732	11.3	25 830 472 513
94/95	3 526 501 170	13.9	18 386 278 899	72.7	21 912 780 069	86.6	3 393 691 689	13.4	25 306 471 758
95/96	10 163 732 624	34.7	15 374 478 140	52.5	25 538 210 764	87.3	3 719 611 603	12.7	29 257 822 367
96/97	11 332 544 715	37.3	15 110 747 157	49.8	26 443 291 872	87.1	3 919 170 170	12.9	30 362 462 042
Total in ESP	27 643 540 081	21.5	84 823 407 432	66.0	112 466 947 513	87.5	16 087 051 818	12.5	128 553 999 331
Total in EUR	161 075 160	21.5	474 303 310	66.0	635 378 470	87.5	90 919 268	12.5	726 297 738
Average in EUR	32 215 032		94 860 662		127 075 694		18 183 854		145 259 548

Source: IDOM-UPM based on information provided by the Ministry for Agriculture, the Government of the Canary Islands.

Table 11**Implementation of Article 23: regional aid for
the production of raw tobacco in the Canary Islands**

Year	Total production	Subsidised production	Community aid	Regional aid	Number of growers
1993	4 272 kg	4 272 kg	ESP 1 368 269	ESP 768 105	12
1994	2 356 kg	2 356 kg	ESP 810 898	ESP 586 408	9
1995	3 366 kg	3 366 kg	ESP 1 193 189	ESP 819 957	8
1996	4 415 kg	3 596 kg	ESP 1 274 720	ESP 638 649	8
1997	6 858 kg	1 705 kg	ESP 611 392	ESP 1 482 253	7
1998	6 000 kg	1 489 kg	information not available	information not available	5

ANNEX 3

Structural derogations

Article 27 provides for **derogations** to Council Regulation (EEC) No 2328/91, (superseded by Regulation (EC) No 950/97) **on improving the efficiency of agricultural structures**³³. These include:

- the requirements for granting **investment aid** for agricultural holdings and production incentives for swine, bovine and poultry have been relaxed, on condition that the requirements of animal welfare and environmental protection are complied with and that production is for the internal market of the archipelago,
- cows whose milk is intended for the local market may be included for the purpose of calculating the **compensatory allowance**, which has been extended to cover all crops in the region and may be granted to farmers with less than one hectare of usable agricultural area.

Following the STAR Committee recommendations of 17 December 1992 and 25 February 1998 and the favourable Commission decisions, the derogations introduced by Article 27(1) to (5) of Regulation (EEC) No 1601/92 have been transposed into law in the autonomous community of the Canary Islands.

Article 27 also provides for the possibility of requesting **derogations** from both Regulation (EC) No 951/97 (formerly (EEC) No 866/90)³⁴ **on improving the processing and marketing conditions for agricultural and forestry products** and from the **selection criteria** for investments in this field laid down by Commission Decision 94/173/EC.

On this basis the Spanish authorities have introduced some reasoned requests for derogation for essential products in the categories of 'meat' (bovines for fattening, beef and veal and pigmeat), 'poultry', 'milk and milk products' and 'processed fruits and vegetables':

- from Article 13, to extend eligibility for the common measure under Regulation (EC) No 951/97 to investors who market or process agricultural products from non-member countries, and
- from Article 12 of that Regulation, which lays down conditions for the payment of aid, to ensure an adequate and lasting share in the resulting economic benefits for producers of the basic products.

In the majority of cases, the existence of such processing facilities will enable outlets to be found for local agricultural produce and production to be developed, whereas there would be no guarantee of a return on such facilities solely on the basis of the local produce available at present. In addition, the competent authorities undertake to ensure that investments receiving aid do not have any negative effects on measures to develop local production.

³³ Council Regulation (EEC) No 2328/91, OJ L 218, 6.8.1991, p. 1, as replaced by Council Regulation (EC) No 950/97, OJ L 142, 2.6.1997, p. 1.

³⁴ Council Regulation (EEC) No 866/90, of 29.3.1990, as replaced by Council Regulation (EC) No 951/97, OJ L 142, 2.6.1997, p. 22.

The derogations from the selection criteria (Decision 94/173/EC) concern milk and milk products, poultry and wine, as well as cold stores for frozen or deep-frozen produce in the outerlying islands of the archipelago.

All these derogations are consistent with the other measures to develop agriculture in the Canary Islands and with the market supply measures implemented under POSEICAN. They also take account of local consumption requirements under the supply arrangements, without being detrimental to the development of local production.

Article 27, which concerns the structural derogations under the agricultural section of POSEICAN, was deleted with the reform of the Structural Funds because of the flexibility of the new Regulation (EC) No 1257/99. Only Recital (53) of the 'Rural development' Regulation refers to the specific requirements of these regions, but there is no operative part in the text of the Regulation. The requests for flexibility, adjustments or derogations and the proposed solutions should be studied at the time of the review provided for in the programming exercise.

ANNEX 4

EAGGF Guidance Section measures

Guidance Section funding is not included in the scope of this report but is outlined here to give a comprehensive list of all Community measures in favour of agriculture in the Canary Islands.

1989-1993

Given the economic and social importance of the **banana** industry in the Canary Islands, where it represents 25% of final agricultural output, and with a view to improving production and marketing conditions, structural assistance to the sector was introduced under point 9 of Title IV of POSEICAN before the banana market organisation was established.

This Community assistance was granted in addition to Structural Fund assistance during 1989-1993, and is supplementary to Community and national market measures. Assistance amounted to EUR 9 million in 1992 and EUR 12 million in 1993.

The following measures were implemented:

- improving irrigation systems over 2 421 ha,
- connecting infrastructures (16.5 km) between parcels and warehouses,
- switching to different varieties of banana (559 ha),
- improving production structures (498 holdings),
- commercial improvement and technical assistance (EUR 3.5 million).

1994-1999

After the banana market organisation was adopted³⁵, the structural measures for bananas were included in the 1994-99 Community Support Framework (CSF). EAGGF Guidance Section assistance for the CSF under Council Regulation (EEC) No 2081/93³⁶, is implemented under the following forms of assistance (in EUR million):

- Priority 2, Development of the economic infrastructure: 38.6,
- Priority 4, Agriculture and rural development: 92.73,
- REGIS II Community initiative: 12.0,
- Leader II global grant: 5.5.

³⁵ Regulation (EEC) No 404/93, OJ L 47, 25.2.1993, p. 1.

³⁶ OJ L 193, 31.7.1993, p. 5.

2000-2006

The rural development measures for 2000-06 will be covered by the new rules governing the Structural Funds, and the EAGGF Guidance Section contribution by Council Regulation (EC) No 1257/1999. The Canaries come under Objective 1 and will be included in the regional programming in accordance with Council Regulation (EC) No 1260/1999³⁷ laying down general provisions on the Structural Funds.

³⁷ OJ L 161, 26.6.1999, p. 1.