

### MEMORANDUM OF UNDERSTANDING ON OIL SEEDS

1. European Community (Community) legislation for producers of rape and colza seeds, sunflower seeds, and soya beans is set out in Council Regulation (EEC) No 1765/92 of 30 June 1992.
2. The Community shall implement the following additional adjustments to the benefits accruing to European producers under this programme in respect of crop specific oil seeds payments.
3. (a) The Community shall not engage in any market support expenditure in respect of rape and colza seeds, sunflower seeds and soya beans except in accordance with the terms and conditions provided pursuant to the Regulation specified in paragraph 1.  
(b) The Community shall exclude from the benefits of the regime, the cultivation of 'confectionery sunflower seed' with effect from sowings for harvest in 1994.
4. The Community shall introduce a separate base area (SBA) for producers benefiting from the crop specific oil seeds payments system which shall respect the following principles:
  - progressive implementation to affect those crops planted for harvest in 1994 and subsequent years,
  - in recognition of the Treaties of Accession, full implementation for Spain and Portugal will commence in 1995/96.
5. The SBA system shall have the following components:
  - a Community oil seed base area shall be established for which crop specific oil seeds payments are made (the figures for EC-12 are set out in the Annex),
  - for a particular marketing year the applicable EC-12 oil seeds base area shall be reduced to reflect the annual set aside rate for arable crops fixed by the Council. In no year, however, shall the reduction be less than 10 % of the base.
6. In respect of any marketing year (without prejudice to the provisions of the corrective mechanism specified in Article 5 (1) (d) of Regulation (EEC) No 1765/92), crop specific oil seeds payments shall be subject to the following additional discipline:
  - for every 1 % of area planted benefiting from crop specific oil seeds payments in excess of the Community oil seed base area (after reduction in conformity with paragraph 5) the compensatory payments to such oil seed producers shall be reduced by 1 %,
  - any such decreases in compensatory payments applied to area planted above the SBA shall be applied in the same marketing year,
  - in addition, the percentage decrease in the adjusted compensatory payment shall be carried forward to the following marketing year,
  - however, in any year in which there is no decrease required in the compensatory payment (i.e. area planted is equal to or below the SBA (after reduction in conformity with paragraph 5)) the compensatory payment in that year may return to the level of the base reference amount,
  - subsequent adjustments in the compensatory payment shall be applied in the manner described above.
7. Should the by-products made available as a result of the cultivation of oil seeds on land set aside for the manufacture within the Community of products not primarily intended for human or animal consumption exceed one million metric tonnes annually expressed in soya bean meal equivalents, the Community shall take appropriate corrective action within the framework of the CAP reform.

8. The Community shall grant a tariff-rate quota for imports of 500 000 metric tonnes of corn into Portugal, beginning in the 1993/94 marketing year. The within quota tariff rate shall be bound at such levels so as to ensure that the quota shall be filled.
9. The Community shall incorporate the commitments set forth in paragraphs 1 to 8 herein in the Community schedule of domestic support commitments to be annexed to the Uruguay Round Protocol to the GATT.
10. The United States agrees to forego any further compensation claim for impairment of the bindings. If either party considers this Agreement has been breached, the Parties agree to undertake binding arbitration in the GATT on the issues of breach, damage and remedy.

3 December 1992

### ANNEX

#### EC-12 oil seed separate base area system <sup>(1)</sup>

*(Soya beans, rape and colza seeds and sunflower seeds)*

Member State/oil seed	Reference year <sup>(2)</sup>	
	1994/95	1995/96 and subsequent years <sup>(3)</sup>
	Hectares	
<b>SPAIN</b>		
Sunflower seed	1 411 000	—
<b>PORTUGAL</b>		
Sunflower seed	122 000	—
<b>EC-12</b>		
Other	3 966 000	—
<i>Total</i>	—	5 128 000

<sup>(1)</sup> Figures to be reduced to reflect the annual set aside rate for arable crops.

<sup>(2)</sup> The term 1994/95 refers to the Community marketing year, i.e. oil seeds (both winter and spring sown) for harvest in 1994.

<sup>(3)</sup> It is understood that, should the membership of the Community be expanded, this Agreement will be amended to reflect an increase in the separate base area in an amount no more than the average level of production area of the acceding member in the three years immediately preceding such accession.