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Brussels, January 1984

AGRICULTURAL PRICES AND RELATED MEASURES
FOR 1984/85 (1)

The Commission has now adopted its proposals on agricultural prices for 1984/85 and certain related measures.

Introductory remarks

These proposals are to be seen in the framework of its memorandum of July 1983 on the necessary adaptation of the common agricultural policy drawn up at the request of the Heads of State and Government in Stuttgart (2). They complete the proposals announced in the Commission's July memorandum both as regards prices policy and those related measures which have not yet been the subject of specific proposals. All the measures necessary for the reform of the common agricultural policy are now on the table.

The Commission asks the Council to take the necessary decision before the beginning of the 1984/85 marketing year, that is not later than 31 March. A decision is urgent not only to satisfy the legitimate demands of the farm community for a stable framework for its economic decision, but also to safeguard the Community's financial position. Every week's delay will make the problems of market imbalance more difficult to resolve. Unless the Council respects the deadline of March 1984, the common agricultural policy itself will be in danger.

The Council must also take a comprehensive decision not just on agricultural prices but also on the proposed reform measures. If a global decision on the proposed adaptation of the CAP is not taken by the end of March, the Commission reserves the right to withdraw all or part of its proposals. It points out moreover that in the event of the Council failing to take the necessary decisions by the beginning of the new marketing year, it would not be possible merely to prolong the present common prices. In order to ensure the continued operation of the CAP within existing budgetary limits, it would become necessary as a crisis measure to make immediate and possibly drastic cuts in the level of market support.

(1) COM(84)20

(2) COM(83)500 of 28 July 1983. A number of detailed implementing proposals have subsequently been submitted to the Council.

The Commission's price proposals are not to be seen as a catalogue of economies at the expense of the farm community. They are part of a coherent, overall policy for the development of Community agriculture and for adapting the common agricultural policy to changed conditions. The Commission in making its proposals, cannot ignore the consequences for farm incomes of the low increase in common prices (+ 0.8%) it is proposing, but in a situation where the agricultural markets are so imbalanced, larger price increases could be justified in neither economic nor financial terms. The CAP has to take account not just of the farm community but of the Community economy as a whole, including the interests of consumers and taxpayers. Indeed, the CAP has protected farm incomes over the last few years from the worst effects of the economic crisis by comparison to other countries (1).

Prices

In its July 1983 memorandum, the Commission emphasized the need to pursue a prudent and in some cases a restrictive price policy. It stated that its price proposals would take account not only of the development of farm incomes but also the market and budgetary situation. It could not exclude the possibility that in certain cases where the effective application of a guarantee threshold so requires, common prices may be frozen or even reduced, both in Ecu and in national currency.

Since the Commission announced its intention six months ago, the situation on internal and external markets have deteriorated even further. The Community cannot be expected to buy up ever increasing quantities of products for which there is no market or to fix guaranteed prices irrespective of the level at which the product can be sold. The Commission accordingly has no alternative but to propose very limited increases, and in some cases a standstill or reduction in the common prices. Independently of the current budgetary difficulties, the state of markets requires a rigorous price discipline, and will continue to do so until the situation is brought under control. A modulated set of price adjustments is preferable to a general standstill, because it will enable prices to be adapted to the different market situation of different products :

olive oil

- For cereals, milk, wine/and tomatoes, for which the market situation requires a particularly restrictive policy, the Commission is proposing to maintain common prices at the existing level.

- Price reductions are proposed for colza and rape (-1%) as a result of the guarantee threshold being exceeded in 1982, and for certain varieties of tobacco (up to -2%), which are particularly difficult to market.

- Limited price increases are proposed for sugar, durum wheat, sunflower seed, beef, sheepmeat and pigmeat; slightly more for other oil seeds, protein products, textile plants, certain fruit and vegetables and varieties of tobacco, and rice (see Annex I).

(1) Agricultural incomes per work unit declined by about 6% in real terms in 1983, after rising significantly in the two previous years (+ 2% in 1981 and + 11% in 1982). Farm incomes also fell in 1979 (-3%) and 1980 (-6.4%). Much greater instability has been recorded in other countries such as the United States, where farm incomes fell by nearly 30% in 1980, and by about 27% in 1982.

The Commission also intends to take steps to improve the price relationship between different products, varieties and qualities in order to take account of market factors. In the case of cereals, if the Commission decides to intervene for breadmaking wheat of minimal quality, it will take the opportunity to reduce the unwarranted gap between the reference price for minimal quality wheat and the intervention price for feed grains (1). It also intends to adjust the intervention price for barley on the basis of its energy content.

In the milk sector, in order to stimulate the consumption of butter, the intervention prices for butter and skimmed milk powder will be adjusted on the basis of a butterfat/non-fat ratio of 50:50 instead of 55:45, which will mean a reduction in the butter price of 11%, offset by a corresponding increase in the price of SMP. This will also make it possible to eliminate the existing butter subsidy in certain member States as from 1 April (2).

Price adjustments will also be introduced to discourage certain varieties of rice and tobacco which are less easily marketed.

Guarantee thresholds

The proposals also cover the guarantee thresholds. These will be raised slightly for cereals (other than durum wheat) - 121.3 million tonnes in 1984/85 as opposed to 120.5 million tonnes in 1983/84 and for colza - 2.41 as opposed to 2.29 million tonnes in accordance with the target fixed for 1990.

For milk, the guarantee threshold, which is to be implemented through the proposed quota system with a levy on excess production, would remain at 97.2 million tonnes (the level of deliveries in 1981 plus 1%). The guarantee threshold would remain unchanged for processed tomatoes (4,295,000 tonnes).

The Commission is also proposing guarantee thresholds for three new products as proposed in the July memorandum. These are for durum wheat (4.534 million tonnes), sunflower seed (1 million tonnes) and raisins (80,000 tonnes).

MCA's

The difficulties created for the CAP by the persistence of monetary compensatory amounts are well known. In its memorandum of July 1983, the Commission proposed that the existing stock of MCA's should be dismantled in two equal stages at the beginning of the next two marketing years. The Commission is accordingly proposing to modify the green rates so as to reduce the current monetary gap by half in all member States with MCA's whether positive (Federal Republic, United Kingdom, Netherlands) or negative (France, Greece). The positive MCA's for Germany and the Netherlands will also be reduced by the amount of the dismantling postponed from the 1983/84 price decision. MCA's will be eliminated entirely in Denmark (currently + 1). The resulting changes in green rates and MCA's are set out in Annex II.

(1) The current gap between the reference price for breadmaking-wheat of minimal quality and the common intervention price for feed grains is about 10%. In its July 1983 memorandum, the Commission indicated its intention to reduce the gap to 5%, which corresponds to the difference in nutritional content.

(2) In its memorandum of July 1983 (COM(83)500), the Commission proposed to eliminate this subsidy in two stages at the beginning of 1984/85 and 1985/86 marketing years.

Budgetary implications

The present proposals will involve estimated savings of about 170 million Ecu in 1984 and 110 million Ecu in 1985.

As regards the 1984 budget, the implementation of the Commission's price proposals and the reform measures proposed in July 1983 as from the beginning of the new marketing year, will bring about savings of nearly 900 million Ecu. Taking into account the savings measures already decided or envisaged by the Commission in its management capacity, this should be sufficient to offset additional expenditure resulting from unfavourable market developments since the budget was drawn up, and the postponement of certain payments from 1983. In other words, by adopting the Commission's proposals in full, it should be possible to maintain expenditure on agricultural market support in 1984 at a level close to the budget appropriation for FEOGA Guarantee of 16.5 billion Ecu.

ANNEX I

TABLE I

Price proposals for individual products

Product	Category of price or amount	1983/84		1984/85 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1983/84	Proposals 1984/85
1	2	3	4	5	6	7	8	9
Common wheat	Target price	261.41	4.3	261.41	0.0		C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0	1.8.84 - 31.7.85	C.P.	C.P.
	Reference price for bread-wheat - average quality	215.29	3.0	215.29	0.0		C.P.	C.P.
Durum wheat	Target price	355.42	4.8	360.96	1.6		C.P.	C.P.
	Intervention price	312.08	4.6	315.20	1.0	1.8.84 - 31.7.85	C.P.	C.P.
	Aid	99.81	5.5	102.31	2.5		77.36(c)	89.84(c)
Barley	Target price	238.17	4.3	238.17	0.0		C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0	1.8.84 - 31.7.85	C.P.	C.P.
Rye	Target price	238.17	4.3	238.17	0.0		C.P.	C.P.
	Intervention price	184.58	3.0	184.58	0.0	1.8.84 - 31.7.85	C.P.	C.P.
Maize	Target price	238.17	4.3	238.17	0.0		C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0	1.8.84 - 31.7.85	C.P.	C.P.
Rice	Target price-husked rice	523.16	5.3	543.75	3.9		C.P.	C.P.
	Intervention price - paddy rice	306.53	5.5	317.26	3.5		C.P.	C.P.
Sugar	Basic price for sugarbeet	40.89	4.0	41.30	1.0	1.7.84 - 30.6.85	C.P.	C.P.
	Intervention price for white sugar	534.70	4.0	540.10	1.0		C.P.	C.P.

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		1983/84				1984/85 proposals				Greece (a)	
Product	Category of price or amount	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts fixed 1983/84 ECU/tonne	Proposals 1984/85 ECU/tonne	Period of application of the proposed prices	Amounts fixed 1983/84 ECU/tonne	Proposals 1984/85 ECU/tonne	
1	2	3	4	5	6	7	8	9			
Oilive	Production target price	3 194.2	5.5	3 274.1	2.5		C.P.		C.P.	C.P.	
oil	Intervention price	2 299.2	5.5	2 299.2	5.5	1.11.84-31.10.85	C.P.		C.P.	C.P.	
	Production aid	702.6	5.5	720.2	2.5		405.20		562.70		
Oilseeds:	Target price										
	- Colza and rape seed	482.28	4.9	477.30	- 1.0	1.7.84-30.6.85	C.P.		C.P.	C.P.	
	- Sunflower seed	577.10	6.0	594.00	1.0 (1)	1.8.84-31.7.85	C.P.		C.P.	C.P.	
	Basic intervention price										
	- Colza and rape seed	438.0	4.0	433.60	- 1.0	1.7.84-30.6.85	C.P.		C.P.	C.P.	
	- Sunflower seed	527.1	6.0	543.50	1.0 (1)	1.8.84-31.7.85	C.P.		C.P.	C.P.	
	Guide price										
	- Soya beans	501.7	0.5	575.70	2.3	1.9.84-31.6.85	C.P.		C.P.	C.P.	
	- Flax seed	545.9	6.0	554.10	1.5	1.8.84-31.7.85	C.P.		C.P.	C.P.	
	Minimum price soya beans	494.3	6.5	506.70	2.5	1.9.84-30.8.85	C.P.		C.P.	C.P.	
Dried	Fixed rate aid	8.49	6.0	8.49	0.0	1.4.84-31.3.85	C.P.		C.P.	C.P.	
fodder	Guide price	178.94	6.0	183.41	2.5	1.7.84-30.6.85	C.P.		C.P.	C.P.	
Peas & beans	Activating price	517.6	8.7	530.5	2.5	1.7.84-30.6.85	C.P.		C.P.	C.P.	
	Minimum price	291.9	6.5	299.2	2.5						
Flax	Fixed rate aid (per ha)										
and	- Fibre flax	355.12	6.0	364.00	2.5	1.8.84-31.7.85	118.37		182.00		
hemp	- Hemp	322.52	6.0	330.58	2.5		107.51		165.29		

(1) Taking account of the proposal to modify the standard quality from an oil content of 40% to an oil content of 42%.

	1983/84	1984/85 proposals		Period of application of the proposed prices	Amounts fixed 1983/84	Proposals 1984/85
Product	Category of price or amount	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts fixed 1984/85
1	2	3	4	5	6	7 8 9
Cotton	Guide price	927.5	8.0	950.7	2.5	1.9.84 - 31.8.85 C.P.
	Minimum price	881.2	8.0	903.2	2.5	C.P.
Table wine						
Type RI	Guide price	3.45	5.5	3.45	0.0	C.P.
RII	(per degree/hl or per hl	3.45	5.5	3.45	0.0	C.P.
RIII	according to type)	53.84	5.5	53.84	0.0	1.9.84-31.8.85 C.P.
AI		3.20	6.0	3.20	0.0	C.P.
AII		71.74	5.5	71.74	0.0	C.P.
AIII		81.93	5.5	81.93	0.0	C.P.
Raw tobacco	Guide price (x)		4-7.5		-2 - +3	1984 harvest C.P.
	Premia (x)		5-8.5		-2 - +3	
Fruit & vege-	Basic price		3.5-6.5		0 - 3	1984 - 1985 (d)
tables			(d)			

Product	Category of price or amount	1983/84		1984/85 PROPOSAL		period of application of the proposed prices		Greece (a)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	fixed 1983/84	1984/85	Amounts fixed 1983/84	Proposals 1984/85
1	2	3	4	5	6	7	8	9	
Milk	Target price for milk	274.3	2.3	274.3	0.0	1.4.84 - 31.3.85			
	Intervention price								
	- for butter	3 578.6	2.3	3 169.5	- 11.4				
	- for skimmed-milk powder	1 496.4	2.3	1 658.8	10.9				
	- for cheese								
	. Grana padano 30-60 days	3 612.8	2.3	3 683.5	2.0				
	. Grana padano 6 months	4 395.3	2.3	4 469.8	1.7				
	. Parmigiano-Reggiano 6 months	4 802.6	2.3	4 877.0	1.6				C.P.
Beef and veal	Guide price for adult bovines					2.4.84 - 1.4.85			
	Intervention price for adult bovines	2070.90	5.5	3 624.1	1.5				C.P.
	Basic price (carcase weight)	1863.80	5.5	3 261.7	1.5				C.P.
Sheep-meat	Basic price (carcase weight)	4323.60	5.5	4 388.5	1.5	4.4.84 - 6.1.85			C.P.
	Basic price (slaughter weight)	2055.67	5.3	2 084.70	1.5	7.1.85 - 5.1.86			C.P.
Pigmeat	Basic price (slaughter weight)	106.00	6.0	108.65	2.5	1.11.84-31.10.85			C.P.
Silk-worms	Aid per box of silk seed					1.4.84-31.3.85			84.01 : 96.33

(1) These figures in ECU are not strictly comparable with those for the 1983/84 marketing year. In contrast with previous years the prices proposed for 1984/85 refer to "carcase weight", due to the anticipated reduction of the Community carcase grid from the beginning of the 1984/85 marketing year.

Footnotes

- (a) Greek prices are shown only where they differ from the common prices.
C.P. = common price.
- (b) Where appropriate, account has been taken of the triggering of the production threshold.
- (c) For Greek regions which did not receive national aid before accession ,
Community aid is 57.26 ECU/ha for 1983/84 and will be 79.79 ECU/ha for 1984/85.
- (d) Products in Annex II of the Council Regulation (EEC) No 1035/72 of 18 May 1972
and periods of application.

Greece

	<u>1983/84</u>	:	<u>1984/85</u>	:	<u>1984/85</u>	:	
Cauliflowers	6.5%	:	3.0%	:	C.P.	:	17. 5.1984 to 30. 4.1985
Tomatoes	3.5%	:	0.0%	:	7.5%	:	11. 6.1984 to 30.11.1984
Peaches	6.5%	:	1.5%	:	8.5%	:	1. 6.1984 to 30. 9.1984
Lemons	6.5%	:	1.5%	:	C.P.	:	1. 6.1984 to 31. 5.1985
Pears	3.5%	:	1.5%	:	C.P.	:	1. 7.1984 to 30. 4.1985
Table grapes	6.5%	:	3.0%	:	C.P.	:	1. 8.1984 to 31.10.1984
Apples	3.5%	:	1.5%	:	C.P.	:	1. 8.1984 to 30. 6.1985
Mandarins	5.5%	:	1.5%	:	6.0%	:	16.11.1984 to 28. 2.1985
Sweet oranges	6.5%	:	1.5%	:	10.0%	:	1.12.1984 to 31. 5.1985
Apricots	6.5%	:	0.0%	:	C.P.	:	1. 6.1984 to 31. 7.1984
Aubergines	6.5%	:	3.0%	:	C.P.	:	1. 7.1984 to 31.10.1984

For Greece, lower prices have to be fixed for tomatoes, peaches, mandarins and oranges (price alignment and increase included). Common prices are applicable for cauliflowers, lemons, table grapes, apples, apricots and aubergines and, are proposed for pears by price alignment.

<u>Variety</u>	<u>Guide Price (xx)</u>	<u>Premium</u>
Mavra, Tsebelia	- 2 (xxx)	- 2
Forchheimer Havanna, Benevenano	- 2	- 2
Badischer Geudertheimer, Kentucky,)		
Paraguay, Nijkerk, Missionero,)		
Round-Tip, Xanti-Yaka, Perustitza,)	1	1
Erzegovina, Kaba Koulak (non classic),)		
Myrodata Agrinion)		
Badischer Burley, Virgin D, Bright,)		
Burley I, Burley GR, Maryland,)	3	3
Virginia GR, Basmas Katerini,)		
Kaba Koulak (classic), Zichnomyrodata)		

- (x) Increases in 1984/85 in Guide Prices and Premiums for tobacco varieties
- (xx) The figures for Greek varieties are further increased by the incorporation of the third 25 % of national aid.
- (xxx) Intervention price reduced from 85 % to 80 % of the Guide Price.

SITUATION FOLLOWING THE PROPOSALS

PRESENT SITUATION

COUNTRY	SECTORS	REPRESENTATION		MONETARY GAP		Breakdown (expressed in points)	GREEN	MONETARY GAP		RE-/DE-	EFFECT
		TATIVE	REAL	APPLIED	APPLIED			REAL	APPLIED		
		RATE	RATE				RATE			%	(%)
D 1)	Milk	2,54273	+ 11,833	+ 10,8	0,987	(1/2x10,846) = 6,410				+ 7,271	- 6,778
	Cereals	2,52875	+ 11,346	+ 10,3	0,5	(1/2x10,846) = 5,923	2,37039	+ 4,4		+ 6,681	- 6,262
	Other	2,51457	+ 10,846	+ 9,8		(1/2x10,846) = 5,423				+ 6,083	- 5,734
NL 1)	Milk	2,73327	+ 7,585	+ 6,6	0,8	(1/2x 6,785) = 4,193				+ 4,537	- 4,340
	Cereals	2,72149	+ 7,185	+ 6,2	0,4	(1/2x 6,785) = 3,793	2,61464	+ 2,4		+ 4,087	- 3,926
	Other	2,70981	+ 6,785	+ 5,8		(1/2x 6,785) = 3,393				+ 3,640	- 3,512
F	Pigmeat/										
	Wine	6,77297	- 1,500	0		1,500	6,87456	0,0		- 1,478	+ 1,500
	Milk	6,55400	- 4,891	- 3,4		(1/2x 4,891) = 2,446	6,71049	- 1,0		- 2,332	+ 2,388
	Other	6,49211	- 5,891	- 4,4		(1/2x 5,891) = 2,946	6,67790	- 1,4		- 2,782	+ 2,862
DK	All										
	sectors	8,23400	+ 1,129	+ 1,0		1,129	8,14104	0,0		+ 1,142	- 1,129
UK 2)	All										
	sectors	0,618655	+ 7,682	+ 7,6		(1/2x 7,682) = 3,841	0,593946	+ 2,7		+ 4,160	- 3,994
GR 2)	All										
	sectors	77,2479	- 4,117	- 3,0		(1/2x 4,117) = 2,058	78,8003	- 1,0		- 1,970	+ 2,010

1) Milk and cereals sectors, including the commitments entered into at the time of the Council Decision concerning the prices for 1983/84.

2) Reference period : 14 to 20 December 1983.



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Bruxelles, janvier 1984

**PRIX AGRICOLES ET MESURES CONNEXES POUR
LA CAMPAGNE 1984-1985 (1)**

La Commission a arrêté ses propositions concernant les prix agricoles pour la campagne 1984-1985 et certaines mesures connexes.

Remarques préliminaires

Ces propositions doivent être considérées dans le cadre de son aide-mémoire de juillet 1983 sur l'adaptation nécessaire de la politique agricole commune, rédigée à la demande des chefs d'Etat et de gouvernement réunis à Stuttgart (2). Elles complètent les propositions annoncées dans l'aide-mémoire de la Commission concernant tant la politique des prix que les mesures connexes qui n'ont pas encore fait l'objet de propositions particulières. Toutes les mesures qu'implique la réforme de la politique agricole commune sont désormais disponibles.

La Commission demande au Conseil d'arrêter une décision dans ce sens avant le début de la campagne de commercialisation 1984-85, c'est-à-dire au plus tard le 31 mars. Cette décision s'impose d'urgence non seulement pour répondre aux aspirations légitimes du monde agricole qui réclame un cadre stable dans lequel il pourra prendre ses décisions économiques, mais aussi pour sauver les finances de la Communauté. Chaque semaine de retard rendra plus ardu le problème du rééquilibrage des marchés et la politique agricole proprement dite risquera d'être compromise si le Conseil ne respecte pas la date limite de mars 1984.

Par ailleurs, le Conseil est tenu d'arrêter une décision globale concernant non seulement les prix agricoles, mais aussi les réformes proposées. Si aucune décision relative à l'adaptation proposée de la PAC n'est prise à la fin mars, la Commission se réserve le droit de retirer tout ou partie de ses propositions. Elle souligne en outre que si le Conseil n'arrête pas les décisions nécessaires au début de la nouvelle campagne de commercialisation, il ne sera pas possible de reconduire purement et simplement les prix communs actuellement en vigueur. Pour pouvoir garantir la continuité de fonctionnement de la PAC dans les limites existantes il serait nécessaire, au titre de mesure de crise, de procéder à des réductions immédiates et peut-être drastiques au niveau du soutien des marchés.

(1) COM(84)20

(2) COM(83)500 du 28 juillet 1983. Un certain nombre de propositions de modalités d'application ont été soumises au Conseil par la suite.