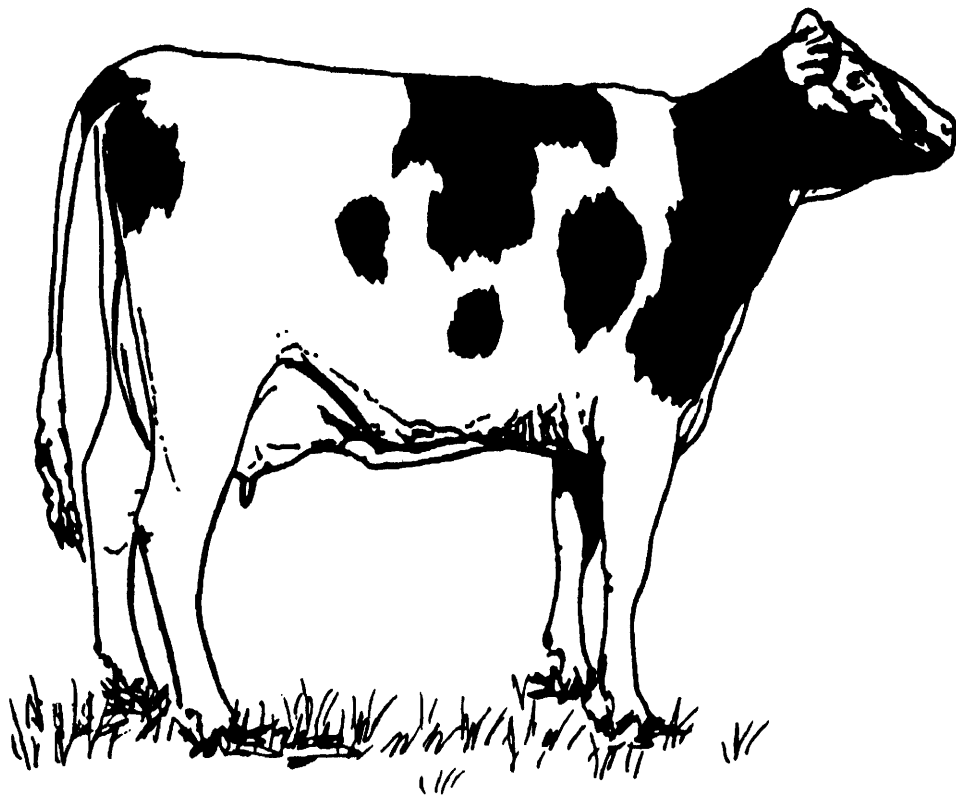


COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE—GENERAL FOR AGRICULTURE

CAP WORKING NOTES 1993



MILK
and milk products

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I N T R O D U C T I O N

The information in this document is arranged in three parts:

- the "analysis" part describes the market situation and the mechanisms of the market organization for the product;
- the "statistics" part gives most of the tables appearing for the product in the annual report on the agricultural situation in the Community;
- lastly, the "explanatory memorandum" of the Commission's annual agricultural price proposals provides an indispensable illustration of Community policy.

* * *

DESCRIPTION OF THE MECHANISMS
OF THE COMMON MARKET ORGANIZATION
FOR MILK AND MILK PRODUCTS (*)

The milk and milk products market organization, which began operation on 29 July 1968, is governed by Regulation (EEC) No 804/68, as last amended by Regulation (EEC) No 816/92.

It now covers the following products:

- fresh, preserved, concentrated or sweetened milk and cream;
- butter, cheese and curds;
- lactose and lactose syrup;
- milk-based compound feedingstuffs.

The milk year runs from 1 April to 31 March.

This sector takes one of the largest share of total EAGGF Guarantee spending. This share has however decreased markedly from 42% in 1980 to 18,2% in 1991.

1. ECONOMIC BACKGROUND

The Community is the world's largest milk producer. In 1989 milk production accounted for about 18,1% of the total value of final agricultural production.

Almost half of the Community's milk production is supplied by Germany (the main producer) and France.

The introduction by the Council of the additional levy system has led to a reduction in:

- the number of dairy cows (about 4,8 million head);
- the quantity of milk produced (some 10 million t);
- the volume of milk delivered to the dairies (around 10,8 million).

At the end of 1991, the dairy herd, milk production and deliveries to dairies were thus estimated at 23,0 million head, 112,5 and 102,1 million t respectively.

The total use of milk products in the Community as a whole shows a long-term upward trend of 0,5% a year and currently totals about 99 million t of milk. In the short term, the trend is more erratic and there have recently been signs of a stabilization of milk consumption rather than a steady growth.

(*) Translated from "Avant-projet de budget général des Communautés européennes pour l'exercice 1993".

It should be noted in particular that without any special measure for the disposal of butterfat on the internal market, total consumption of milk in the Community would stabilize at about 90 million t.

The general trend in Community consumption of butter is a decrease of around 1% a year. This figure would probably be higher if it were not for the special sales schemes.

For all other milk products, the long-term trend for consumption is no change or a slight increase.

Community production is in surplus, although the self-sufficiency rate varies from one product to another, but in almost all cases it is well over 100%. The Community therefore has to contend with the surpluses.

Public stocks of skimmed-milk powder rose from 330 100 t at the end of 1990 to 414 400 t at the end of 1991; they had totalled 473 000 t at the end of 1987, 7 100 t at the end of 1988 and 4 800 t at the end of 1989.

Public and private stocks of butter fell from 332 000 t at the end of 1990 to 302 000 t at the end of 1991; they had totalled 958 000 t at the end of 1987, 202 000 t at the end of 1988 and 124 000 t at the end of 1989.

Exports remained roughly the same in 1991 as in 1990, at around 13 million t; they had totalled 11,2 million t in 1987, 16,5 million t in 1988 and 14,2 million t in 1989. Exports of most products increased in 1991: butter +25,0%; butteroil +19,4%; whole-milk powder +23,2% and cheese +7,2%. For skimmed-milk powder, on the other hand, a fall of 23,0% was recorded, and for condensed milk the decrease was smaller: -5,9%.

Total imports of butter from New Zealand amounted to 64 500 t in 1989, 61 340 t in 1990 and 58 170 t in 1991. Imports of cheese fell slightly from 113 000 t in 1990 to 109 000 t in 1991.

2. OPERATION OF THE MARKET

2.1. Price arrangements

Each year the Council fixes three types of price:

- (a) Target price: A target price is fixed for milk containing 3,7% fat on delivery to the dairy. It represents the price which it is aimed to obtain

for the aggregate of producers' milk sales, on the Community market and on external markets, during the milk year.

- (b) **Intervention prices:** Intervention prices are fixed for butter, skimmed-milk powder and certain types of cheese. The intervention agencies must buy in all quantities meeting the set quality standards offered to them at that price, unless buying-in has been suspended. In that case a system of buying-in by tendering procedure applies for butter. Buying-in of skimmed-milk powder is restricted to the period 1 March to 31 August and limited to a quantity of 106 000 t. When that limit is reached, buying-in may be suspended and other market support measures applied.
- (c) **Threshold prices:** Each year the Council, acting on a proposal from the Commission, fixes threshold prices for certain products for the following milk year. These prices are fixed so that the price of imported milk products is geared to the target price for milk, thus affording the necessary protection to Community processors.

2.2. Specific market instruments

2.2.1. Import and export arrangements

Export refunds are granted on most milk products; the Commission fixes the rates every four weeks. They may be differentiated according to intended use/destination.

Import levies are fixed once a fortnight by the Commission and apply to most milk products except casein.

Safeguard measures, such as quota arrangements or even the closure of frontiers, may be applied to certain imports.

When a shortage occurs, entry charges may be limited or cancelled and export charges may be imposed.

2.2.2. Storage

- (a) **Public storage:** National agencies buy in butter under a standing invitation to tender and milk powder offered for intervention during the period 1 March - 31 August at intervention prices. These products, once stored, are disposed of either by tender or directly via:

- sales of butter to manufacturers of pastry, ice-cream and other food products, to non-profit making organizations or to the recipients of welfare benefit;
- sales of skimmed-milk powder for use as feed for animals other than young calves or for export as feed;
- export or sale on the internal market at reduced prices, with a rebate offered on the selling price on removal from public storage (e.g. concentrated butter for cooking);
- food aid operations.

The public storage arrangements were altered from the fourth 12-monthly period of the application of the additional levy. If more than 180 000 t of butter have been offered for intervention, the Commission suspends buying-in throughout the Community. Since then a system of buying-in by tendering procedure has applied.

As regards skimmed-milk powder (during the period 1 March-31 August), buying-in may be suspended once the quantities offered for intervention exceed 106 000 t, no account being taken of the quantities offered before 1 March.

(b) Private storage: Private storage aid is granted in respect of:

- butter stored for not less than four months between 1 April and 1 September;
- top-quality skimmed-milk powder, only when buying-in to public storage is suspended during the period 1 March to 31 August.
- Grana padano cheese not less than nine months old, Parmigiano-Reggiano cheese not less than 15 months old and Provolone cheese not less than three months old. In years when it is necessary to reduce or eliminate a serious imbalance by seasonal storage, aid can be granted for the private storage of long-keeping cheeses (Emmental and Gruyère) and certain cheeses produced from ewes' milk (Pecorino, Kefalotyri and Kasseri).

2.2.3. Aid for milk used as animal feed

This aid is fixed by the Commission or the Council to help dispose of liquid skimmed milk, skimmed-milk powder and buttermilk.

(a) Aid for liquid milk

- Aid for denatured liquid skimmed milk and buttermilk:
 - either returned to the farm, or
 - used on the farm where it is produced.

This aid is granted in respect of liquid skimmed milk for use as feed for animals, mainly calves. The amount of the aid depends on the intervention price and supply situation for skimmed-milk powder, the price of calves and the price of competing proteins.

- Special aid for liquid skimmed milk: this aid is granted in respect of liquid skimmed milk for use as feed for animals other than calves under four months old. The aim is to prevent the processing of milk into milk powder. The amount of the aid depends on the trend in prices for competing proteins and on the intervention price for skimmed-milk powder.

(b) Aid for skimmed-milk powder

- Aid for milk used in animal feed: This aid is granted in respect of skimmed milk processed into compound feedingstuffs and skimmed-milk powder intended as feed for calves. It makes it possible to dispose of most of the skimmed-milk powder produced in the Community.
- Special aid for skimmed-milk powder: Such aid is granted in respect of skimmed-milk powder for use as feed for animals other than young calves.

These aids enable the cost price of feed to be reduced, making it competitive with substitute products (particularly vegetable proteins).

2.2.4. Aid for skimmed milk processed into casein

Casein is a basic product intended for industrial processing. To enable it to be produced, aid is granted so that the proceeds from the sale of skimmed milk processed into casein are the same as those from the sale of skimmed-milk powder. The amount of the aid is fixed by the management committee procedure.

2.2.5. Special disposal measures for butterfats

The purpose of these measures is to facilitate the disposal of butter surpluses:

- either by granting aid for the use of butterfats in the manufacture of pastry products, ice cream and other foodstuffs to be determined;
- or by granting a consumer subsidy for non-profit-making organizations and for welfare recipients, or by subsidizing the consumption of butter (in the form of concentrated butter);
- or by other special measures.

2.2.6. Co-responsibility levy

In order to improve the balance between production and consumption, producers pay a financial contribution known as the 'co-responsibility levy.' The way in which the proceeds from the levy are used is decided by the Commission after consultations with the trade. The levy is used to finance market development measures, promotion measures and publicity as a follow-up to market surveys and research on new products or is deducted from the overall expenditure on the milk sector. It also serves to finance certain disposal measures such as the distribution of milk in schools or the special disposal measures for butterfats.

The levy is deemed to form part of the intervention arrangements designed to ensure stable agricultural markets.

Since 1990, collection of the linear levy is confined to ordinary areas, mountain and less-favoured areas being exempt. For ordinary areas the rates are as follows:

- 1,0% for producers whose actual available individual reference quantity is not more than 60 000 kg a year;
- 1,5% for producers whose reference quantity is over 60 000 kg a year.

2.2.7. Guarantee threshold

When fixing the annual prices, the Council also fixes a guarantee threshold for milk.

For the 1982 calendar year the guarantee threshold was fixed as the quantity of milk delivered to dairies in the 1981 calendar year, plus 0,5%.

If the quantities of milk delivered by Community producers exceed the guarantee threshold, the Council, acting on a proposal from the Commission, adopts appropriate measures to offset the additional costs. As the guarantee threshold was far exceeded for 1982, the Council decided that the 1983/84 prices should not be increased by more than 2,33%, subject to the guarantee threshold. The guarantee threshold for 1983 was fixed as the quantity delivered to dairies in 1981 plus 1%. Following the Commission proposals of July 1983, however, the Council decided on a quota system to replace the guarantee threshold for a five-year period (1984/85 to 1988/89). This system was first extended for three years up to 31 March 1992 and then again for one year until 31 March 1993.

2.2.8. Additional levy scheme

In 1984, since the guarantee thresholds were proving ineffective in restoring the balance between supply and demand in the milk sector, the Council introduced the additional levy scheme, the purpose of which is to curb the growth of milk production whilst at the same time permitting the structural developments and adjustments required, having regard to the diversity of the situations obtaining in the various Member States, regions and collection areas in the Community. The levy applies to any quantity in excess of the reference quantities shared out among the producers or the dairies.

The overall guaranteed quantity, including the Community reserve, was fixed as follows:

1984/85:	99 917 000	t ¹
1985/86:	99 471 574	t ¹
1986/87:	104 381 574	t ²
1987/88:	98 761 040	t ^{2,3}
1988/89:	96 105 623	t ^{2,3}
1989/90:	97 676 738	t ^{2,3}
1990/91:	97 864 855	t ^{2,3}
1991/92:	103 754 915	t ^{3,4}

- 1 Quantities for the Ten.
- 2 Quantity for the Eleven (following the entry of Spain into the market organization).
- 3 Taking into account the linear suspension of the quotas for the following quantities:

1987/88:	3 778 103	t
1988/89:	5 396 485	t
1989/90:	4 517 603	t
1990/91:	4 679 486	t
1991/92:	4 985 666	t
- 4 Quantities for the Twelve (following the entry of the former GDR and Portugal into the market organization).

For 1992/93 the overall guaranteed quantity totals 103 754 915 t, minus the quantities previously suspended; this quantity was, however, fixed notwithstanding a 1% reduction during the period as proposed by the Commission as part of the CAP reform (see point 2.2.9).

The Community reserve of 393 000 t, which was initially allocated as follows: 25 000 t for Luxembourg; 303 000 t for Ireland and 65 000 t for Northern Ireland, was increased by 50 000 t for Spain from 1 April 1987 and was set, from 1 April 1989, at 2 082 886 t, 600 000 t of which were allocated under Article 3a of Regulation (EEC) No 857/84 and 1 039 886 t under Article 3b of the said Regulation.

The reference quantities of each Member State are shared out in accordance with Community criteria and procedures, either among the producers or among the dairies. If the reference quantity is exceeded, the penalty takes the form of a levy amounting to 100% of the target price for milk, in accordance with the Council decisions of 16 December 1986 and 115% from the seventh twelve-month period.

Since the fall in production recorded in 1984 and 1985 had proved insufficient to restore balance to the milk market, the Council decided in April 1986 on a further reduction of the overall guaranteed quantities, to be spread over 1987/88 and 1988/89, under a scheme whereby the voluntary cessation of milk production is encouraged by granting to farmers who discontinue production an annual allowance of ECU 6 per 100 kg for seven years. If 3% of the overall guaranteed quantities can be bought up by granting an allowance which is lower than the abovementioned maximum amount, the remaining EAGGF funds may be used by the Member States for restructuring purposes.

As a result of the Council decisions of 16 December 1986, a further production cut has been sought from 1 April 1987 by a temporary across-the-board suspension of 4% of the quotas for the fourth period, 5,5% for the fifth period and 4,5% for subsequent ones. It was decided that the EAGGF would grant a degressive compensation of ECU 10 per 100 kg per year for three years, then ECU 8,5, then ECU 7,5 per 100 kg for the following two years.

Member States may also provide for national programmes for the permanent cessation of milk production for the purposes of restructuring production at national level. In the case of Spain -

given the particular structure of milk production in that Member State - this option is accompanied by a Community contribution totalling up to ECU 42 million, payable in seven annual instalments from 1989/90.

The validity of the derogation whereby Member States may allocate unused reference quantities to producers or buyers in the same region or, if need be, in other regions, which applied for the first three years of the quota system, has been extended until the quota system comes to an end.

As part of the decisions on the agricultural prices applicable for 1991/92, the Council decided to make a further reduction of 2% in the overall guaranteed quantities. To facilitate this cut and the mobilization of the requisite quantities for producers having entered into non-marketing or conversion commitments or, depending on the Member State, for producers whose situation continues to cause concern, a system of voluntary repurchase, Community financing of which is limited to 3% of the overall guaranteed quantities was decided at the same time. The EAGGF is contributing ECU 10 per 100 kg per year for a period of five years.

2.2.9. Proposals in connection with the reform of the common agricultural policy

As far as milk is concerned, the Commission is putting into practice the principles it set out in its communication COM(91) 258 by five proposals for regulations and also proposes a thorough simplification of the relevant rules.

As regards more particularly the implementation of the principles of the reform, the Commission proposes:

1. renewal of the system of milk quotas from 1 April 1992 for a further period of eight years;
2. making the suspension of 4,5% of the overall guaranteed quantities provided for in Regulation (EEC) No 775/87 a permanent reduction;
3. an additional 4% reduction of the overall guaranteed quantities, with redistribution of 1%;
4. compensation for the reduction in quotas, and also a compulsory programme for voluntary cessation of milk production;

5. reduction of institutional prices in three stages beginning on 1 July 1993; the overall reduction proposed is 10% of the target price for milk, subject to cuts in the intervention prices for butter and skimmed-milk powder of 15% and 5% respectively;
6. a dairy cow premium to offset the effect of the fall in the price of milk on the incomes of the least intensive dairy holdings;
7. the abolition of the co-responsibility levy;
8. a new framework regulation providing for the financing of measures to promote milk and milk products.

Decisions in connection with the reform

The keystone of milk policy remains the system of quotas, which will be reduced by 2% over the marketing years 1993/94 and 1994/95.

A decision in principle has been taken to increase guaranteed quantities for Spain (by 500 000 tonnes) and Greece (by 100 000 tonnes) from 1993/94, provided it can be demonstrated that the system was applied in 1992/93.

The Council has also agreed to consolidate and simplify the rules by the end of 1992. This will mean that producers who are changing holdings will be able to transfer all or part of their reference quantity.

The only decision on prices is a reduction of 5% in the price of butter spread over the 1993/94 and 1994/95 marketing years.

Trend of appropriations (*)

(ECU)

Article	Heading	Appropriations 1993	Appropriations 1992
B1-200	Refunds on milk and milk products	2.163.000.000	2.058.000.000
B1-201	Intervention storage of skimmed-milk powder	- 3.000.000	- 400.000.000
B1-202	Aid for skimmed milk	1.086.000.000	1.156.000.000
B1-203	Intervention storage of butter and cream	310.000.000	120.000.000
B1-204	Other measures relating to butter-fat	637.000.000	525.000.000
B1-205	Intervention for other milk products	141.000.000	149.000.000
B1-206	Other measures in the milk and milk products sector	1.256.000.000	931.000.000
B1-207	Financial contribution by milk producers	- 275.000.000	- 382.000.000
B1-208	Measures to assist small producers	p.m.	p.m.
TOTAL OF CHAPTER B1-20 (Milk and milk products)		5.315.000.000	4.157.000.000

(*) Extracted from "Final adoption of the general budget of the European Communities for the financial year 1993" - OJ L 31, 8.2.1993.

THE SITUATION OF THE MARKETS (*)

Within the OECD as a whole, milk deliveries fell by 2% in 1991 and a further drop of 1% is anticipated for 1992. Apart from the Community, only the EFTA countries (Sweden, Norway, Austria and Switzerland) are reducing their milk deliveries in 1991 and 1992. Deliveries in the USA are rising by 0.5% per year, and increases are also anticipated in New Zealand and Australia. In contrast, milk production in Eastern Europe (including the former Soviet Union) fell by 13 million tonnes in 1991, with a further drop of 4 million tonnes anticipated in 1992. This will mean that milk production will have dropped by 12% in only two years, with its consequent effect on the East European dairy industry.

Turning to the Community market, 1991 saw a fall in total milk production of some 3 million tonnes to 106.4 million tonnes, chiefly as the result of the 2% cut in quotas during this period. Milk deliveries in 1991 totalled 96.8 million tonnes—a drop

(*) Extract from "The agricultural situation in the Community. 1992 report."

of over 2 million tonnes—and this is reflected in a reduction in the manufacture of dairy products. A further, but smaller, decline is foreseen for 1992.

Butter production in 1991 fell by 150 000 tonnes—some 9 %—to 1.6 million tonnes, and will be further reduced in 1992, possibly below 1.5 million tonnes.

The production of milk powders fell in total by 6 % during 1991. However, the production of whole-milk powder rose by 10 % to below 1.4 million tonnes. The decline in skimmed-milk powder will continue in 1992, with production dropping to 1.2 million tonnes, whilst production of whole-milk powder will drop by 2 %.

Just over 100 000 tonnes of casein was manufactured in 1991 and condensed and evaporated milk production totalled 1.2 million tonnes, down slightly on the previous year. Unchanged production levels are forecast for 1992.

The annual growth in cheese production appears to be slowing to around 1 % per year. None the less, this will take production beyond 5 million tonnes in 1992.

All the above statistics exclude the new German *Länder* where there has been a major upheaval in the dairy sector. Cow numbers were cut by just under 25 % in 1991 and a further 8 % drop is anticipated for 1992 bringing dairy cow numbers down to 1.1 million head, compared to 1.6 million head in 1990. Milk deliveries in the ex-GDR have dropped from 7.2 million tonnes in 1990 to a forecast level of 4.8 million tonnes in 1992, and the production of butter, cheese and condensed milk will have been halved over this period.

After the downward turn in 1990 in the world market for dairy products, 1991 saw a slow recovery in prices as world markets firmed up after the significant changes in Eastern Europe and the Gulf War.

Consumption of dairy products within the Community continues to remain stable overall, but with the trend towards products with reduced butterfat content. Thus, whilst total liquid milk consumption is stable there is a continuing trend away from whole milk to reduced-fat milk, whilst amongst other fresh dairy products the proliferation of 'light' yoghurts and fromage frais continues to grow. The consumption of cheese continues to grow by 2 % per year, but with lower-fat varieties of cheese increasing in popularity. In contrast, the butter market continues to contract as consumers switch to competing yellow fat products which contain less (or no) butterfat.

During 1991 the Community retained its overall share of the world market. Exports totalled 12.8 million tonnes in milk equivalent. New Zealand and Australia continue to be second and third in the world with market shares of 19 and 9 % respectively.

Butter exports in 1991 improved on the low level of the previous year, rising to 219 000 tonnes.

Exports of skimmed-milk powder, in contrast, were down by 80 000 tonnes to 253 000 tonnes in 1991, the lowest level for five years.

Cheese exports continued to grow—in 1991 some 484 000 tonnes were exported, giving the Community a 53 % share of the world market in cheese. Exports of whole milk powder also reached record levels of 618 000 tonnes in 1991—an increase of over 100 000 tonnes, giving a 61 % market share, whilst the Community continues to have a dominant percentage share of the world trade in condensed milk—317 000 tonnes in 1991.

As a consequence of the effectiveness of the 1991 quota cut and the gradual recovery of prices, the 1992 agricultural price agreement resulted in unchanged levels of both prices and reference quantities, except for some realignment of prices in Portugal.

The slow recovery of the world market for dairy products meant that the Community still had significant stocks of butter and skimmed-milk powder during 1991. At the end of the year butter stocks totalled 300 000 tonnes—down a little on the year—whilst stocks of skimmed-milk powder rose by 90 000 tonnes to 420 000 tonnes. However, the gradual recovery of the dairy market during 1992, coupled with significantly lower levels of butter and skimmed-milk powder production, have seen stock levels for these products drop to 160 000 and 72 000 tonnes respectively for skimmed-milk powder by October 1992.

International prices and GATT minimum prices ¹

(USD/t)

Year	Butter	GATT	Butteroil	GATT	Cheese	GATT	SMP	GATT
1985	950-1 050 1 000-1 050	1 000	1 200-1 400 1 200-1 400	1 200	1 100-1 250 1 150-1 275	1 000	600-680 600-650	600
1986	1 050-1 150 800-1 100	1 000	1 250-1 350 800-1 300	1 200	1 100-1 200 1 000-1 100	1 000	680-720 680-720	600
1987	750-1 100 900-1 150	1 000	950-1 250 1 100-1 300	1 200	900-1 200 1 000-1 300	1 030	760- 840 890-1 150	680
1988	1 150-1 350 1 350-1 500	1 100	1 200-1 400 1 300-1 500	1 325	1 250-1 500 1 800-2 050	1 200 1 350	1 150-1 550 1 750-2 050	900 1 050
1989	1 800-2 000 1 650-1 900	1 250	2 000-2 300 1 800-2 150	1 500	1 900-2 100 1 900-2 200	1 350 1 500	1 800-2 100 1 350-1 640	1 050 1 200
1990	1 350-1 550 1 350-1 500	1 350	1 600-1 900 1 600-1 800	1 625	1 700-2 000 1 550-2 000	1 500	1 200-1 700 1 300-1 500	1 200
1991	1 350-1 400 1 450-1 850	1 350	1 600-1 900 1 675-2 250	1 625	1 600-1 900 1 600-2 100	1 500	1 200-1 400 1 450-1 800	1 200
1992	1 350-1 600	1 350	1 625-1 950	1 625	1 750-2 100	1 500	1 550-1 900	1 200

¹ Where two sets of prices are indicated for each year these refer to the period January to June and July to December respectively.

Milk deliveries¹

(million t)

	1986	1987	1988	1989	1990	1991	1992
OECD (24 countries)	220.2	214.1	213.4	213.6	216.3	213.9	213.2
of which: EUR 12 ²	107.1	101.7	99.1	98.6	98.8	96.8	96.0
Former GDR ²	—	—	—	—	7.2	5.3	5.0
USA	64.2	63.7	65.0	65.0	66.8	67.0	67.2

¹ Production minus farm use and direct sales.

² For purposes of comparison the former GDR has been excluded from OECD and EC totals for 1990 onwards. However, the GDR is included in statistics on Eastern Europe for 1985-89 below.

Milk production¹

(million t)

	1986	1987	1988	1989	1990	1991	1992
Eastern Europe ¹	147.1	147.8	151.3	153.7	145.6	132.8	128.8
of which: USSR	102.2	103.4	106.8	108.1	108.7	98.7	95.0

¹ For purposes of comparison the former GDR has been excluded from OECD and EC totals for 1990 onwards. However, the GDR is included in statistics on Eastern Europe for 1985-89.

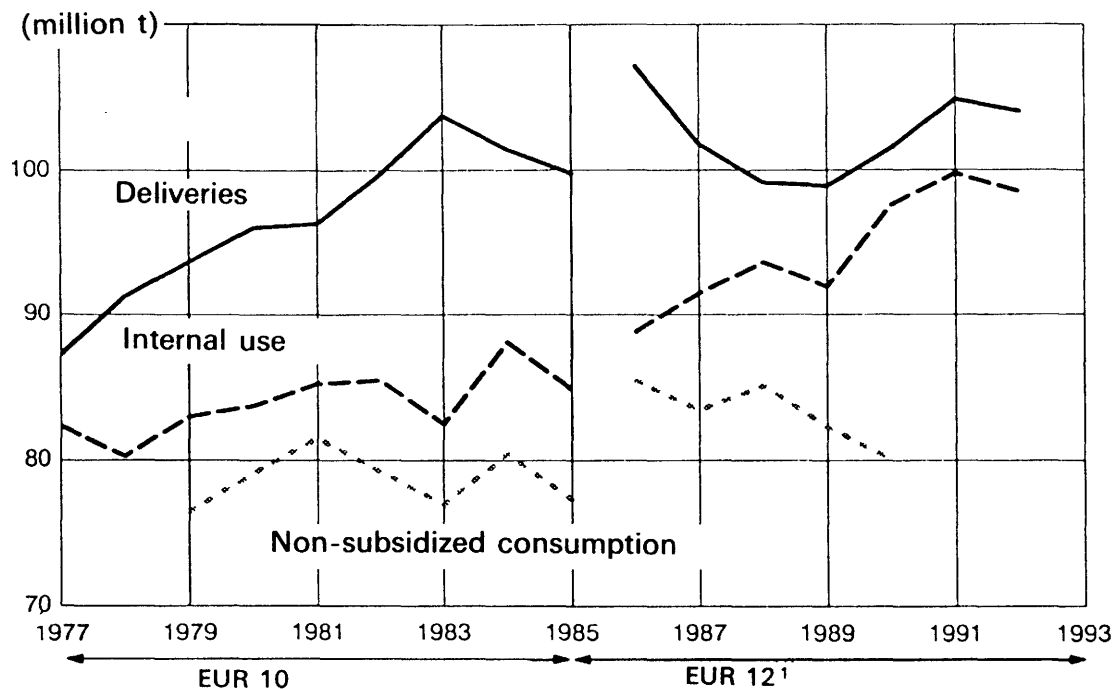
World market exports in milk equivalent¹

	1986		1987		1988		1989		1990		1991	
	1 000 t	%	1 000 t	%	1 000 t	%	1 000 t	%	1 000 t	%	1 000 t	%
EUR 12 ²	11 392.7	41.7	13 834.3	47.7	16 528.0	53.6	14 188.1	51.3	12 413.6	49.0	12 836.7	49.5
New Zealand	4 216.3	15.3	3 962.2	13.7	4 120.5	13.4	3 656.5	13.2	4 290.1	17.0	4 997.4	19.3
Australia	1 659.6	6.0	1 630.3	5.6	1 620.2	5.3	1 699.7	6.1	1 847.1	7.3	2 309.7	8.9
USA	4 144.7	15.0	3 484.9	12.0	2 672.1	8.7	1 799.3	6.5	298.0	1.2	689.8	2.7
Canada	1 296.3	4.7	844.0	2.9	877.6	2.8	617.3	2.2	606.4	2.4	742.0	2.9
EFTA	2 215.2	8.0	2 511.2	8.7	1 710.6	5.5	1 798.7	6.5	2 262.5	8.9	1 928.3	7.4
Eastern Europe and CIS	1 919.6	7.0	2 021.1	7.0	2 189.5	7.1	2 439.9	8.8	2 061.9	8.1	1 804.8	7.0
Other countries	709.7	2.6	731.0	2.5	1 110.4	3.6	1 473.5	5.3	1 529.9	6.0	645.8	2.5
Total	27 554	100	29 019.6	100	30 828.9	100	27 672.9	100	25 309.4	100	25 954.5	100

¹ Except for casein and fresh products on the basis of Community coefficients.

² EUR 10 until 1986, EUR 12 from 1987, including the former GDR from 1991.

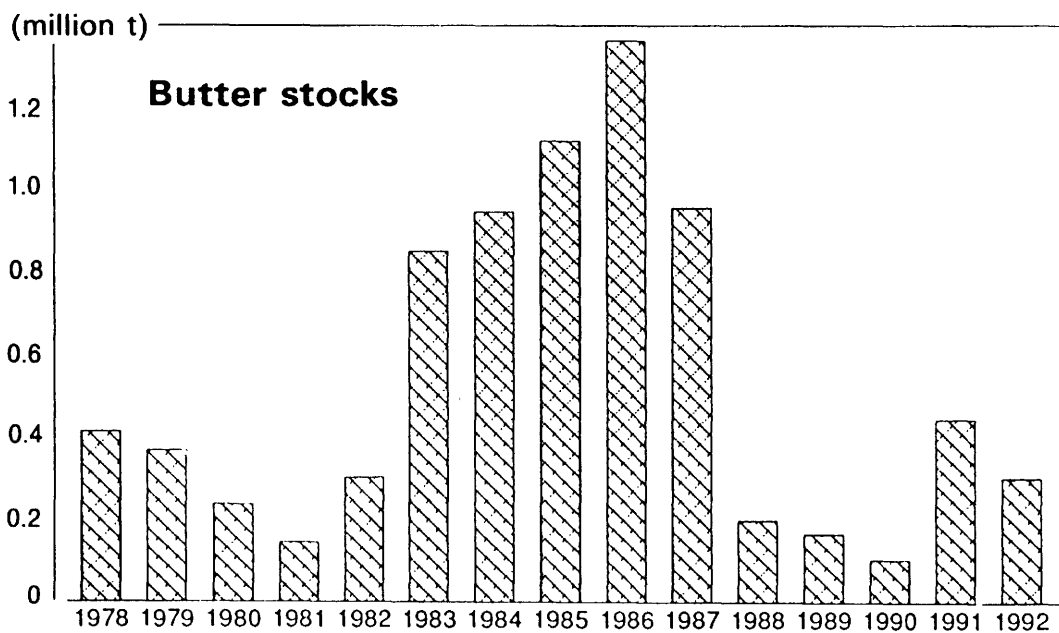
Milk



NB: Consumption has been calculated on the basis of an overall milk products balance in terms of milk equivalent (referring to fat content).

Consumption for 1988 including 3 245 million tonnes for animal feed.

¹ Excluding the five new *Länder*.



Public and private stocks as at 1 January; for 1991, as at 31 October.

COMMISSION PRICE PROPOSALS (*)

Prices

In its decisions on the reform of the CAP the Council agreed to maintain the price for skimmed-milk powder in 1993/94 at the same level as in 1992/93 and to reduce the price of butter by 2.5%. This decision is effective from 1 July 1993. The current marketing year expires on 31 March 1993. The Commission proposes to prolong the 1992/93 marketing year from 1 April 1993 until 30 June 1993 so as to maintain existing prices until the time at which the reform decision comes into effect.

Co-responsibility level

In its decisions on the reform of the CAP the Council agreed in principle that the milk co-responsibility levy should be ended. The Commission proposes that the levy should be cancelled from 1 April 1993, so that the extension of the marketing year does not lead to an extension of the period of application of the levy.

Inward processing

The market situation for butter and butteroil, both in the Community and worldwide, remains very difficult and warrants continued suspension of this trade. The possibility of reintroducing inward processing for other milk products should be examined in the context of the report on the situation on the milk products market which the Commission is to present to the Council by 31 March 1993. Inward processing will meanwhile remain suspended.

(*) Extracted from "Commission proposals on the prices for agricultural products and on related measures 1993/94 - Explanatory memoranda"
[COM(93) 36 final - Vol. 1]

Price proposals in ECU

Product and type of price or amount (Period of application)	Decisions 1992/93		Proposals 1993/94	
	Amounts ECU/T	% change	Amounts ECU/T	% change
1.7.93-31.3.94				
Milk				
- Target price	268,1	0	268,1	0,0
Butter				
- Intervention price	2 927,8	0	2 854,6	- 2,5
Skimmed-milk powder				
- Intervention price	1 724,3	0	1 724,3	0
Grana padano cheese 30-60 days				
- Intervention price	3 796,7	0	3 796,7	0
Grana padano cheese 6 months				
- Intervention price	4 704,3	0	4 704,3	0
Parmigiano-Reggiano cheese 6 months				
- Intervention price	5 192,1	0	5 192,1	0

STATISTICAL TABLES (*)

Dairy herds and yields

Dairy cows in December	1 000 head			% TAV	
	1985	1990	1991	$\frac{1990}{1985}$	$\frac{1991}{1990}$
1	2	3	4	5	6
EUR 12	26543	22983	22882	- 2,8	×
Belgique/België	951	831	797	- 2,7	- 4,1
Danmark	913	769	746	- 3,4	- 3,0
BR Deutschland	5451	4765	5632 [∞]	- 2,7	×
Ellada	219	242	214	2,0	- 11,6
España (²)	1880	1575	1519	- 3,5	- 3,6
France	6506	5271	4968	- 4,1	- 5,7
Ireland	1528	1387	1364	- 1,9	- 1,7
Italia	3075	2881	2536	- 1,3	- 12,0
Luxembourg	70	59	52	- 3,4	- 11,9
Nederland	2333	1917	1881	- 3,9	- 1,9
Portugal	360	396	394	1,9	- 0,5
United Kingdom	3257	2890	2779	- 2,4	- 3,8
Dairy cows yields (¹)	kg/head			% TAV	
	1985	1990	1991	$\frac{1990}{1985}$	$\frac{1991}{1990}$
EUR 12	4251	4609	4536	1,6	×
Belgique/België	3864	4168	4296	1,5	3,1
Danmark	5379	6158	6034	2,7	- 2,0
BR Deutschland	4599	4803	4431	0,9	×
Ellada	2958	3077	2872	0,8	- 6,7
España	3334	3246	3599	- 0,5	10,9
France	4109	4784	4825	3,1	0,9
Ireland	3759	3871	3830	0,6	- 1,1
Italia	3388	3704	3593	1,8	- 3,0
Luxembourg	4236	4838	4492	2,7	- 7,2
Nederland	5150	5784	5763	2,3	- 0,4
Portugal	3138	3889	3947	4,4	1,5
United Kingdom	4867	5191	5110	1,3	- 1,6

Source Eurostat.

(¹) Production of the year divided by the herd in December of previous year.

(²) 1985: in September.

(*) Extract from "The agricultural situation in the Community. 1992 report".

Detailed supply balance (a) — skimmed-milk powder

EUR 12

(1 000 t)

	1985	1986	1987	1988	1989	1990	1991
1	2	3	4	5	6	7	8
Opening stocks							
— private	:	:	:	:	:	:	:
— public (intervention)	617	520	772	473	10	5	333
Production							
— skimmed-milk powder (b) (1)	1948	2156	1628	1313	1421	1624	1473
— buttermilk powder	40	46	39	39	39	46	39
Imports (b)	—	—	2	5	53	14	5
Total availability	:	:	:	:	:	:	:
Consumption at full market prices	200	200	300	300	300	300	350
Subsidized consumption							
— animal feed (calves)	1125	1137	1103	975	754	767	856
Special measures							
— pigs and poultry	258	272	:	—	—	—	—
Total consumption	1583	1609	1403	1275	1054	1067	1206
Exports at world market prices	183	168	278	499	323	262	192
Food aid	124	98	110	117	87	68	61
Total exports	307	266	388	616	410	330	253
Closing stocks							
— private	:	:	:	:	:	:	:
— public (intervention)	520	772	473	10	5	333	414
Total	:	:	:	:	:	:	:

Source: (a) EC Commission, Directorate-General for Agriculture.

(b) Eurostat.

(1) Including buttermilk powder incorporated directly in animal feed, milk powder for babies.

Detailed supply balance (a) --- butter ⁽¹⁾

EUR 12

(1 000 t)

	1985	1986	1987	1988	1989	1990	1991 ∞
1	2	3	4	5	6	7	8
Opening stocks							
private, aided by EC	108	128	83	98	100	104	84
public (intervention)	841	996	1283	860	102	20	251
Production							
— dairy (b)	2033	2189	1887	1682	1692	1771	1775
— farm (b)	33	31	28	27	28	25	25
Imports	80	85	79	76	71	88	68
Total availability	3095	3429	3360	2743	1993	2008	2209
Consumption							
— at normal prices ⁽²⁾	1260	1377	1236	1263	1126	1053	1148
— at reduced prices ⁽³⁾	76	0	0	0	0	0	0
Special schemes ⁽⁴⁾	278	341	361	443	348	366	432
Reg. No 2409/86	—	14	184	190	—	—	—
Total apparent consumption	1614	1732	1781	1896	1474	1395	1580
Exports at world market prices	173	191	272	275	377	202	215
Food aid	36	35	30	47	18	13	10
Exports at special prices	148	105	319	323	—	5	96
Total exports (b)	357	331	621	645	395	218 ⁽⁵⁾	321 ⁽⁵⁾
Closing stocks							
— private, aided by EC	128	83	98	100	104	84	41
— public (intervention)	996	1283	860	102	20	251	261
Total closing stocks	1124	1366	958	202	124	335	302

Source (a) EC Commission, Directorate-General for Agriculture (including butteroil, butter equivalent)

(b) Eurostat

⁽¹⁾ Product weight. Includes butteroil made from cream (butter equivalent)

⁽²⁾ Prices currently subsidized by EAGGF in Luxembourg.

⁽³⁾ 1977: Reg. No 2370/77 (Christmas butter),

1978: Reg. No 1901/78,

1979: Reg. No 1269/79

⁽⁴⁾ Comprising (1 000 t).

— Welfare schemes

— Armed forces and non-profit organizations

— Butter concentrate

— Sales to food processors

	1985	1986	1987	1988	1989	1990	1991
Welfare schemes	6	5	6	40	16	—	22
Armed forces and non-profit organizations	44	45	44	59	42	37	39
Butter concentrate	15	26	34	43	16	16	19
Sales to food processors	228	267	258	328	274	292	352

⁽⁵⁾ Not including 43 physically exported in 1990 from ex-DDR but taken into account in 1991.

Application of the quota system

(1 000 t)

	1991/1992					1992/1993							
	Overall guaranteed quantity	Quantity suspended	Allocation out of the Community reserve	SLOM (1)	Overall quantity available	Deliveries (p)	Adjustment of oil and fat (2)	Transfers (3)	Difference after the adjustment	Overall guaranteed quantity	Allocation out of the Community reserve	SLOM (1)	Overall quantity available
1	2	3	4	5	6=2-3+4+5	7	8	9	10=7+8-6-4	11	12	13	14=11+12+13
EUR 12	106657.7	4985.7	1482,9	600,0	103754,9 :	::	::	::	:	101672,0	1482,9	600,0	103754,9
Belgique Belgrè	3025.5	144,5	32,1	6,6	2919,7	2994,9	130,0	180,0	25,2	2881,0	32,1	6,6	2919,7
Danmark	4589.1	219,7	48,8	9,6	4427,9	4424,7	10,2	0,0	7,1	4369,4	48,8	9,6	4427,8
BR Deutschland	28514,4	1360,2	234,2	161,0	27549,5 :	::	::	::	:	27154,2	234,2	161,0	27549,4
Ellada	544.8	24,2	5,4	-	526,0 :	::	::	::	:	520,6	5,4	-	526,0
España	4571	209,2	96,5	-	4458,3 :	::	::	::	:	4361,8	96,5	-	4458,3
France	24196	1153,6	256,3	64,0	23362,8	23389,6	293,5	143,3	177,0	23042,4	256,3	64,0	23362,7
Ireland	4963.2	237,6	355,8	118,0	5199,4	5201,6	0,0	6,3	-4,1	4725,6	355,8	118,0	5199,4
Italia	8620.1	395,9	88,0	-	8312,4 :	::	::	::	:	8224,2	88,0	-	8312,2
Luxembourg	249.1	11,9	27,7	1,7	266,5	253,3	12,0	0,2	-0,4	237,2	27,7	1,7	266,6
Nederland (4)	11248.3	539,1	119,8	47,9	10876,9	10534,5	381,0	2,4	36,2	10709,2	119,8	47,9	10876,9
Portugal	1743.4	-	-	-	1743,4 :	::	::	::	:	1743,4	-	-	1743,4
United Kingdom	14392.8	689,8	218,3	191,2	14112,5	13995,0	171,0	38	15,5	13703,0	218,3	191,2	14112,5

Source: EC Commission, Directorate-General for Agriculture

(1) SLOM: quantities allocated pursuant to Article 3 bis of Regulation (EEC) No 857/84.

(2) Adjustments in accordance with Regulation (EEC) No 1546/88, Article 12.

(3) Transfers in accordance with Regulation (EEC) No 857/84, Article 6 a.

(4) Fifty-two weeks.

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