

COMMISSION OF THE EUROPEAN COMMUNITIES

— COM(82) 650 final

Brussels, 21 December 1982

COMMISSION PROPOSALS

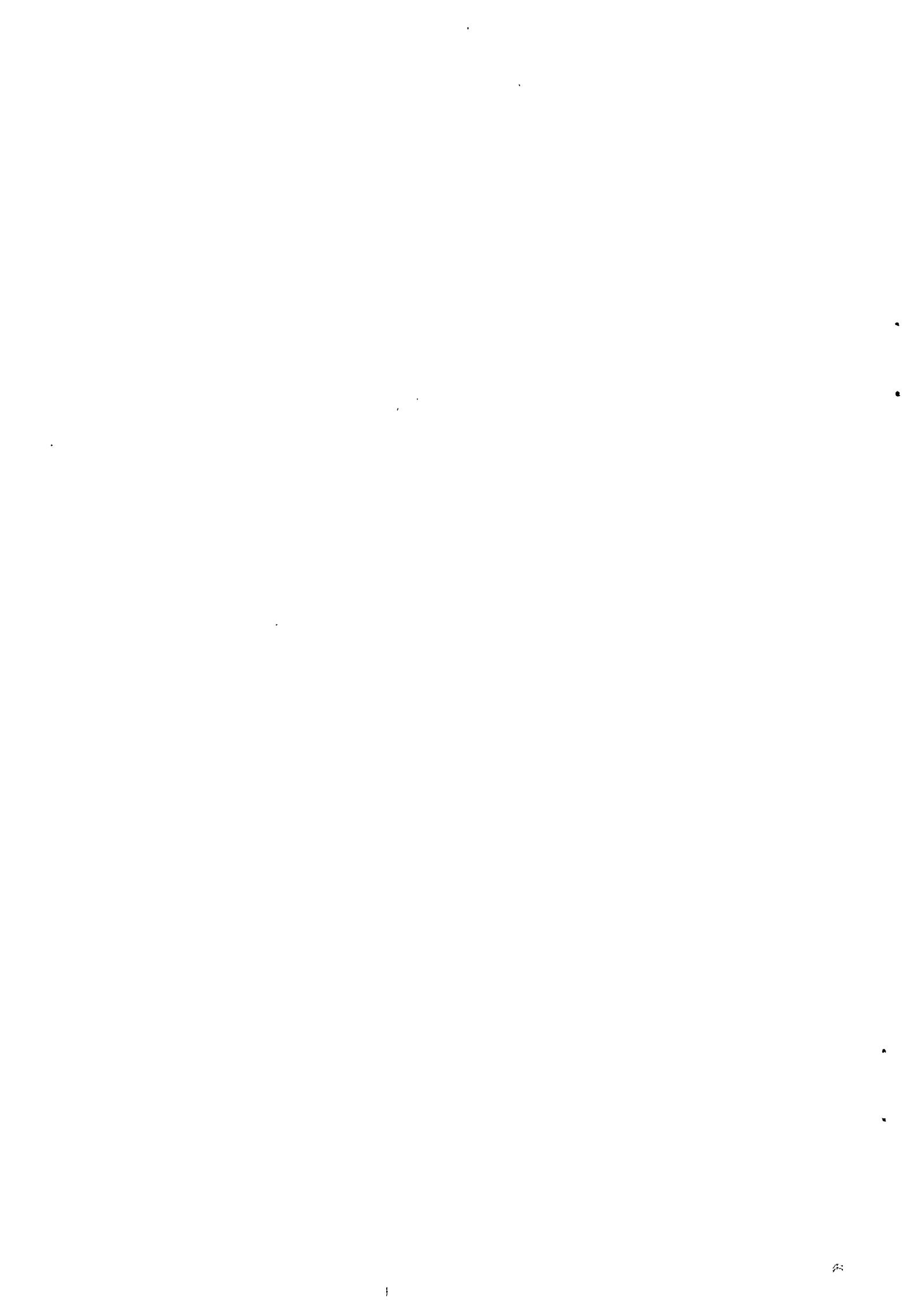
on the fixing of prices for certain agricultural products and on
certain related measures (1983/84)

—
VOLUME I
—

explanatory memorandum

(presented by the Commission to the Council)

COM(82) 650 final



VOLUME I

Page

Preliminary remarks	1
Introduction	2
A. General survey	
General economic situation	4
Agricultural prices, costs and incomes	5
Situation and prospects of agricultural markets	9
Agricultural structures	34
Proposals for common prices	36
Proposals for dismantling monetary compensatory amounts	39
Effect on food prices	41
Financial consequences	43
Summary of proposals	44
B. Explanatory memorandum product by product	
Cereals	47
Rice	54
Sugar	56
Olive oil	63
Oilseeds	67
Protein products	76
Textile fibres	81
Wine	87
Fruit and vegetables	93
Tobacco	98
Milk	104
Beef and veal	111
Sheepmeat	115
Pigmeat	117
Seeds	118
C. Tables	
Price proposals for individual products	123
Agri-monetary proposals	128
Consequences for agricultural support prices and food prices	129

PRELIMINARY REMARKS

1. The Commission submits herewith its proposals for agricultural prices and related measures for the marketing year 1983/84. The proposals comprise three parts. The present document, Volume I, includes the general explanatory memorandum and the explanatory memoranda for the different product sectors: a summary of the proposals will be found in paragraphs 65 to 83. The financial implications are explained in Volume II. The legal acts concerning the prices and related measures are contained in Volume III.
2. The Commission's proposals for 1983/84, as for the preceding year, are based on the fundamental considerations set out in its memorandum "Guidelines for European Agriculture" (COM(81)608 of 23 October 1981) in which it analyzed the development of the Community's agriculture and expounded a long-term strategy for the adaptation of the common agricultural policy.
3. The proposals are formulated also in the light of the information contained in the 1982 Report on the Situation of the Agricultural Markets (COM(82)794) and in the 1982 Report on the Agricultural Situation in the Community (to be published in January 1983 in conjunction with the General Report on the activities of the European Communities).
4. The Commission has also taken into account the resolution adopted by the European Parliament on 18 November 1982 on the preparation of the agricultural price proposals for 1983/84.

INTRODUCTION

5. The year 1982, which marked the twentieth anniversary of the common agricultural policy, saw a number of important developments in the agricultural field.
6. Following lengthy discussions in the Community institutions on the future development of the CAP, the Commission proposed a series of measures for putting into practical application the principles outlined in its memorandum "Guidelines for European Agriculture", and in particular the modulation of the price guarantees through the introduction of guarantee thresholds in a multi-annual framework, with measures for the participation of producers if these thresholds are exceeded. In its decisions on prices for 1982/83, the Council to a large extent followed this approach; it adopted a number of concrete measures (for example, for cereals) but in other cases (for example, for milk) it accepted the principle but reserved a decision on the modalities of practical application.
7. Subsequent events have confirmed the Commission's view that its guidelines for adapting the common agricultural policy continue to represent the most sound basis for future development of the policy.
8. During 1982 the volume of agricultural production reached record levels for a number of products (cereals, milk) and in other cases near-record levels (sugar, wine). Prices received by producers developed favourably, thanks to the support afforded by the market organizations, with positive results for agricultural incomes.

9. However, the performance of Community agriculture has brought with it some problems of market management. With consumption within the Community of many agricultural products remaining stagnant or increasing very slowly, the Community has become increasingly dependent for disposal of its products on world markets; and these markets in turn are in a difficult state because of the expansion of production and stocks in several important exporting countries, and the slow economic growth worldwide. This situation serves to underline the fact that, as Europe's exports of agricultural products develop in the long term, the Community needs to ensure that its agricultural prices are brought more into line with those received by producers in competing countries, or that its agricultural producers participate more in the cost of exports.
10. It serves also to emphasize the danger, of which the Commission has given repeated warnings, of maintaining guaranteed prices or subsidies for unlimited quantities of production, not necessarily geared to the needs of the market. The exceptionally high volume of production in 1982 is only the continuation of long-term trends. It poses even more acutely the challenge which the Community has faced for a number of years in the agricultural sector: that is, to re-orient the market organizations in such a way as to bring supply and demand into better balance, and to ensure the most efficient use of the Community's economic and financial resources.
11. For these reasons, the Commission considers that the price proposals for 1983/84 must be based on the lines already indicated in the memorandum "Guidelines for European Agriculture", in order to ensure a rational development of the common agricultural policy in a multi-annual framework. It considers that the decisions taken by the Council in May 1982 concerning guarantee thresholds (cereals, colza, milk) should be put into application, taking account of the forecasts of the development of the markets for the products concerned in the medium term (5 years).

A. GENERAL SURVEY

General economic situation

12. Despite some encouraging trends, the general economic situation of the Community remains a matter of concern. According to the most recent estimates, the situation may be summarized in the following way:

- the gross domestic product of the Community, after having contracted by 0.6% in real terms in 1981, grew by 0.3% in 1982;
- unemployment continued to increase in 1982: whereas in 1981 the percentage of jobless in relation to the active population was 7.7%, it increased to 9.3% in 1982, which represents a total of more than 11 million unemployed;
- inflation, as measured by the implicit price of consumption, is decelerating: whereas in 1981 the rate of inflation was 11.8%, in 1982 it is expected to be 10.5%;
- the deficit of the Community's balance of payments on current account was slightly reduced in 1982 (-17.8 milliard ECU) by comparison with 1981 (-18.7 milliard ECU).

13. Thus, although certain indicators at the end of 1981 gave reason to expect a revival of activity in 1982, the first six months of 1982 saw another turn-down in economic activity : according to the latest estimates, 1982 will have been a year of stagnation (growth of 0.3% of GDP in volume) and for 1983 the most recent forecasts suggest that there will be growth of only 1.1% in volume. Despite the importance of certain favourable developments such as the continued slowing-down of inflation, it must be emphasized that such a performance in 1983 would nevertheless not allow a slowing-down of the increase in unemployment.

14. The developments in 1982 were not accompanied by a reduction in the divergences within the Community. Thus, as regards inflation, as measured by the implicit price of consumption, the rates have varied in Member States from 5% to 23%, from half the Community average to twice the Community average. However, with the exception of Luxembourg, all Member States had a lower rate of inflation in 1982 than in 1981.

Agricultural prices, costs and incomes

15. In preparing its price proposals, the Commission must take into account the most recent information on the development of prices, costs and incomes in the agricultural sector. However, as regards the year 1982, this information is at best in the form of estimates or forecasts, and in some cases has not yet been officially communicated by Member States. The following indicators are therefore of a provisional nature.

16. A comparison at Community level of the increase in prices received by agricultural producers with the increase in the prices of inputs (that is, the prices of goods and services entering into agricultural production, excluding wages, depreciation, rents and interest payments) shows that the increase in prices received by producers in 1982 (estimated to be 12%) was greater than the increase in the prices of inputs (estimated to be 10%). This situation marks a turning-point in the development since 1977. From 1977 to 1981, the increase in prices received by producers was lower than that of input prices.

17. At the level of Member States, the situations are very divergent; the variations are considerable, and in some cases differ considerably from the variations in the development of inflation. In fact, in 1982 the estimated increase in average prices received by agricultural producers in Member States range from 2% to 23%; the Community average is 12%. As for the development of input prices, in 1982 the estimated increase in average prices paid by agricultural producers ranged from 3% to 15%; the Community average is 10%.
18. The development of agricultural incomes in the Community in 1982 is expected to be more favourable than in preceding years. The statistic generally used as an indicator of the development of agricultural incomes at the Community level is the net value added at factor cost per unit of labour of employed in the agricultural sector ("Sectoral Income Index"). At the date of the preparation of these proposals, the forecasts of agricultural income for 1982 are not available in definitive form for all Member States, because certain data have not yet been communicated officially to the Commission. However, the results of the Sectoral Income Index will be published early in 1983 by the Statistical Office of the European Communities. At the same time, in the light of the data communicated by Member States, the Commission will consider whether it is possible to refine the indicators of agricultural incomes by taking account of the development of certain elements such as wages, rents, depreciation and interest payments.
19. In the meantime, it may be provisionally estimated that, for Community agriculture as a whole, agricultural incomes (in the sense of net value added at factor cost per labour unit) will have increased by more than 5% in real terms in 1982. This favourable development of incomes comes after a period of 3 successive years in which they decreased in real terms (by 2.3% in 1979, 6.4% in 1980, 0.2% in 1981).

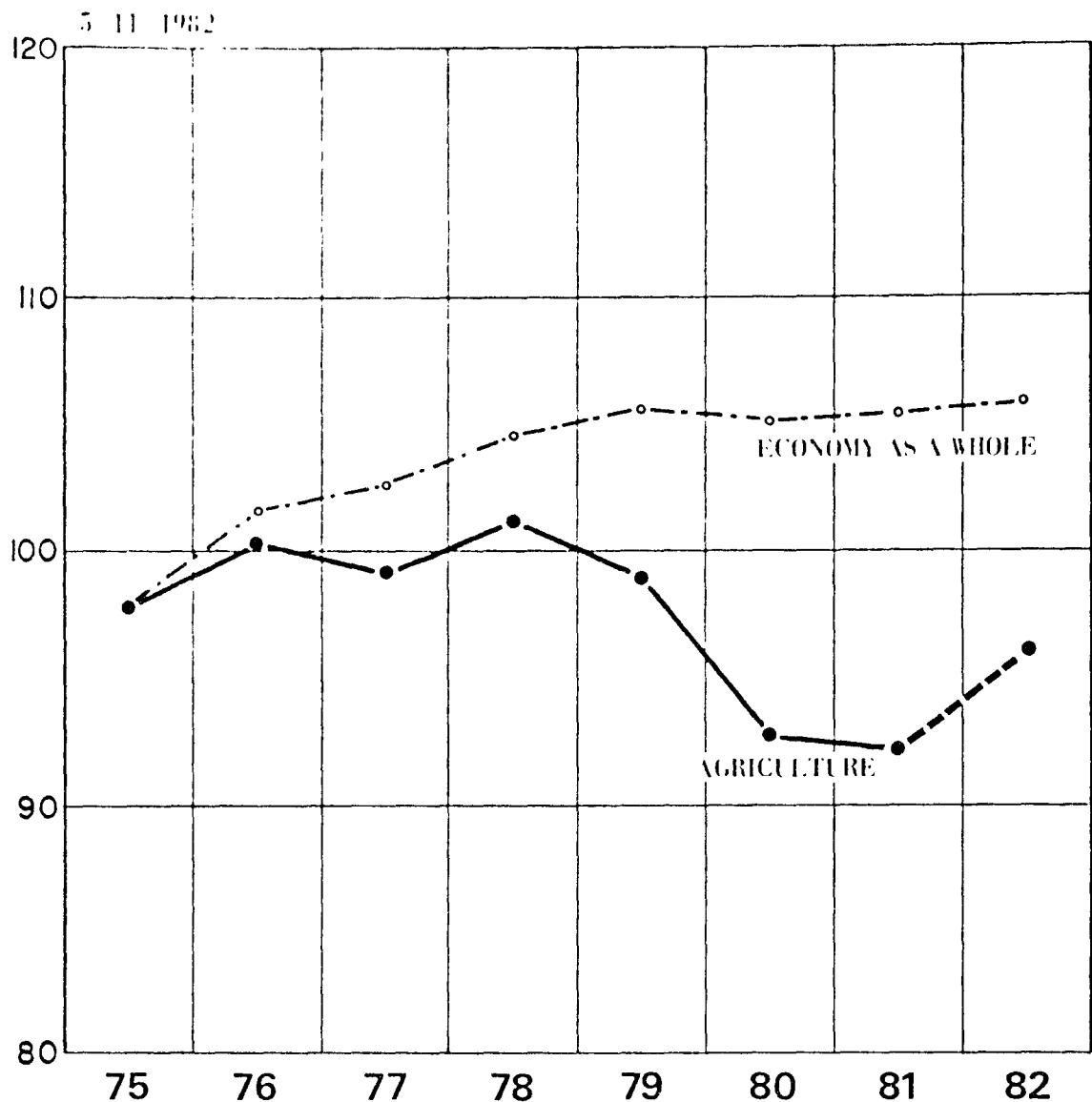
DEVELOPMENT OF REAL INCOMES IN THE ECONOMY AS A WHOLE AND IN AGRICULTURE (Average 1973, 1974, 1975 = 100)

AGRICULTURE - The Sectoral Income Index

The development of incomes in the agricultural sector is represented by the development of net value added at factor cost less the GDP price deflator and expressed as an index per work unit.

ECONOMY AS A WHOLE

The development of incomes in the economy as a whole is represented by the development of net domestic product at factor cost (net value added at factor cost less the GDP price deflator and expressed as an index per person employed). In the interests of comparability, this statistic has been calculated using the same procedure as the Sectoral Income Index - weighted average of national results. As a result it differs slightly from an index calculated for the Community as a whole.



SOURCES Agriculture - Sectoral Income Index 1973 - 1981, EUROSTAT, Estimate 1982
Directorate General Agriculture.
Economy as a whole - 1973 - 1980 EUROSTAT, 1981 and 1982 Directorate General Economic and Financial Affairs

CEE DG VI A2-82/UT/51 MO

20. A corresponding indicator for the development of incomes in the economy as a whole is net domestic product per head of the working population, which in 1982 is forecast to increase in real terms by only 0.3%. The development in recent years of these two indicators of income, for the economy as a whole and for agriculture, is shown in Graph 1.
21. The average increase in agricultural incomes in the Community as a whole in 1982 comprises wide variations, between Member States and types of farming. The increase in percentage terms also conceals the fact that the level of agricultural incomes per labour unit, expressed in absolute terms, varies markedly from one Member State to another, and even between regions in individual Member States. This disparity reflects the profound differences in agricultural structure, and in general economic structures, within the Community.
22. As far as Greece is concerned, the Commission was requested by the Council, at the time of the 1982/83 price decisions, to make available as soon as possible the figures on the development of agricultural incomes in Greece. It has therefore examined this matter with particular care. In 1981 agricultural incomes (in the sense of net value added at factor cost per labour unit) increased in Greece by about 5% in real terms. The provisional forecast for 1982 is that they will increase by about 2% in real terms.

Situation and prospects of agricultural markets

23. In its memorandum "Guidelines for European Agriculture" of October 1981, the Commission analyzed the prospects for production, consumption and trade for a number of important products taking the year 1988 as its long-term horizon. In the light of those forecasts, and the suggested long-term production objectives, it proposed guarantee thresholds for certain products for the 1982/83 marketing year. It indicated that guarantee thresholds for successive years would be fixed at an appropriate level, taking account of developments and prospects; and that the long-term forecasts and objectives would themselves be reviewed and, if necessary, adjusted as part of a rolling programme on a 5-year basis.

24. The Commission has now therefore reviewed the forecasts and production objectives, taking the year 1989 as the new horizon. For this purpose, the services of the Commission have employed a number of different techniques of forecasting, including for certain agricultural products the forecasts discussed within OECD. By their nature, forecasts of agricultural production and consumption in the long term must be approximate rather than precise, and serve to indicate the expected direction and rate of change. Nevertheless, the Commission considers it essential for the annual decisions concerning the prices and guarantee thresholds to be taken in a longer-term perspective so that account can be taken of underlying trends and prospects.

25. Any forecast of demand for agricultural and food products depends on a forecast of population and incomes. According to the estimates of the Statistical Office of the European Communities, the total population of the Community of Ten will grow from 270.4 million persons in 1981 to 274.0 million in 1990, that is at an annual rate of increase of 0.15% (during the period 1971 to 1981, the annual rate of increase was 0.32%). The level of private consumption per head of the population (Community average at 1970 prices) is estimated at 2,990 ECU in 1981 and 3,521 ECU in 1990, that is an annual rate of increase of 1.97%. Thus a substantial deceleration is forecast in the increase of the purchasing power of the population, since the annual rate of increase recorded in the period 1970-1980 was 3.29%. The combination of these factors means that, although there will be a continuing adjustment of the pattern of demand for food products within the Community (including a growing demand for processed products and prepared foods with higher added value), there will be a much lower increase in overall demand for food products than in the last decade.

In the following paragraphs are presented the long-term forecasts for individual products, together with an indication of the market situation in 1982 and certain considerations concerning the guarantee thresholds.

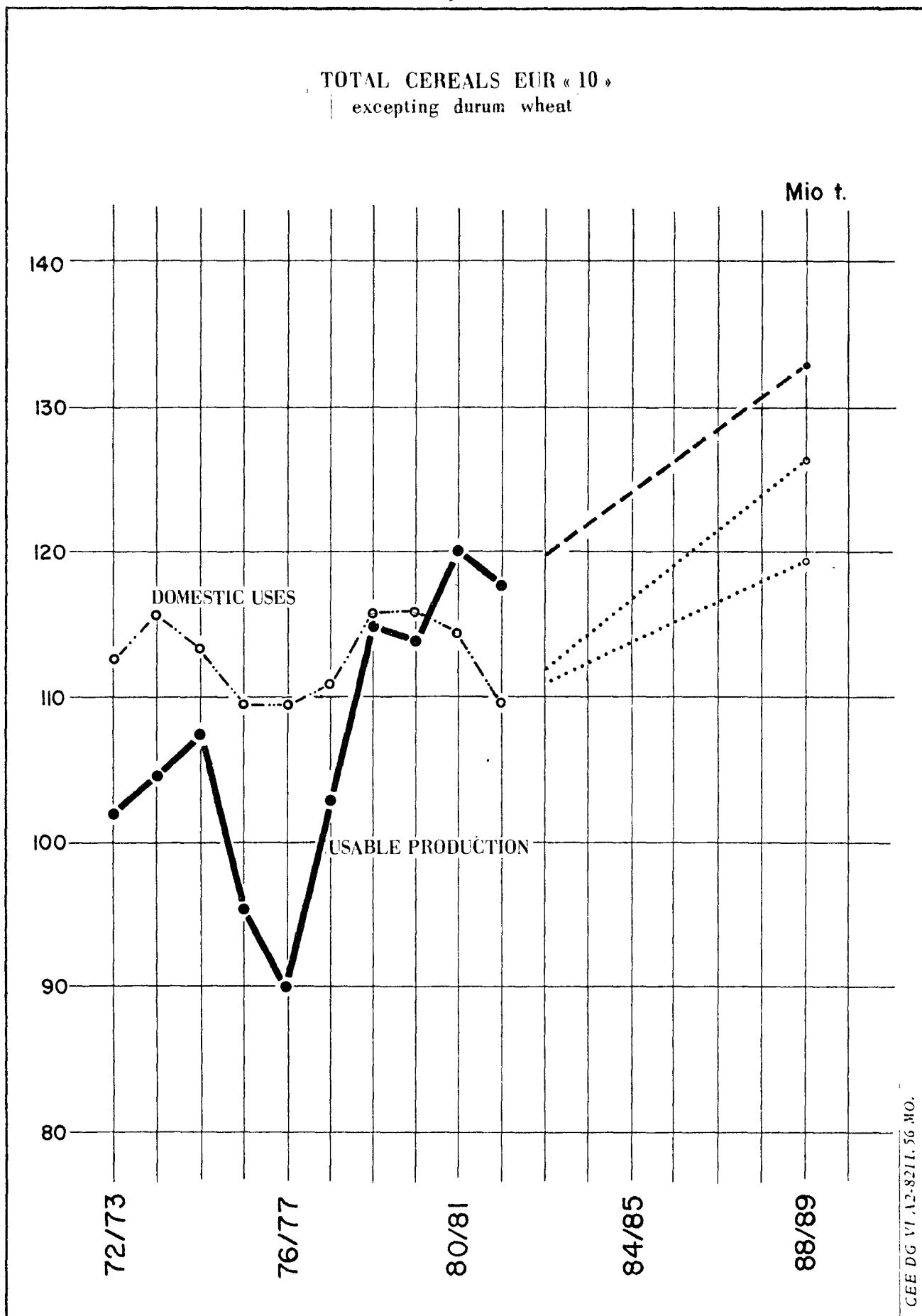
(a) Cereals

26. The 1982 harvest of all cereals has been estimated at 129.3 million tons (+5.7% compared with 1981). This increase results principally from the higher production of soft wheat, which is the most important of the cereals (55.3 million tons) and for which an increase of 10.5% is forecast. The production of other cereals will also exceed the quantities of last year, according to forecasts. The total production, excluding durum wheat, is estimated at 124.9 million tons.

27. In the context of the 1982/83 price fixing the Council introduced a guarantee threshold for all cereals, excluding durum wheat, and this threshold was fixed at 119.5 million tons for the marketing year 1982/83. If average actual production during the three most recent marketing years exceed this threshold, the intervention and reference prices for the following marketing year are reduced by 1% for each 1 million tons by which the threshold is exceeded. If imports of cereal substitutes exceed 15 million tons in the season preceding the fixing of the guarantee threshold, the difference between the volume of these imports and 15 millions is added to the guarantee threshold; however, this was not the case in 1980/81. Taking account of these conditions, the present situation appears as follows:

1980 harvest	119.8	million tons
1981 "	117.9	" "
1982 "	<u>124.9</u>	" "
3 year average	120.9	million tons

Thus the guarantee threshold is exceeded by more than a million tons, and consequently the intervention and reference prices for cereals for 1983/84 should be reduced by 1%.



28. For the 1989 horizon (1988 harvest, to be marketed during the 1988/89 marketing year) a relative stability of the total area of cereals (28 million hectares) may be expected, within which there might be an increase of 10% (to 11.7 million hectares) for soft wheat and a slight reduction (to 9.5 million hectares) for barley. Since yields will increase for almost all varieties of cereals, the total harvest of cereals in 1988 will probably be of the order of 137.3 million tons (an annual rate of increase between 1981 and 1988 of 1.8%).
29. As far as demand is concerned, the utilization of cereals is determined particularly by animal consumption, which absorbs about 60% of supply.

The demand for cereals for animal feed is in turn influenced by the utilization of cereals substitutes (manioc, brans, corn gluten feed, etc.) of which imports have grown rapidly in recent years because of the Community's low level of external protection, which gives them an advantage of price compared with Community cereals.

The Commission considers that in the long term a progressive reduction in the gap between Community cereals prices and those applied by its main competitors will reduce this competitive advantage, but in the short and medium term action should be taken to stabilize imports of cereals substitutes. To this end action has already been taken concerning imports of manioc (voluntary restraint agreements with principal suppliers) and brans (increase in import levy) and efforts are being undertaken in GATT concerning corn gluten feed.

30. It is estimated that the foreseeable increase in animal production could lead to a demand for cereals of the order of 74.5 million tons, taking account of the new measures for imports of manioc. If, besides the measures concerning manioc, there is a reduction in the gap between Community cereals prices and those of its most important competitors on the world market, demand for cereals could reach about 80 million tons. Human consumption, industrial use, and use for seeds will remain relatively stable. It thus appears that by the horizon 1989 the exportable quantity of Community cereals could increase from its present level of 17-20 million tons to some 20-25 million tons.

31. These considerations reinforce the Commission's view that guarantee thresholds should be implemented effectively in the cereals sector in the coming years. As regards the long-term objective for 1989, the quantity previously suggested for 1988 (126 million tons for all cereals excluding durum wheat) should be, in view of the difficult prospects on the markets, retained at this stage for the 1989 horizon. Consequently the guarantee threshold for 1983/84 should be increased to 120.56 million tons.

(b) Sugar

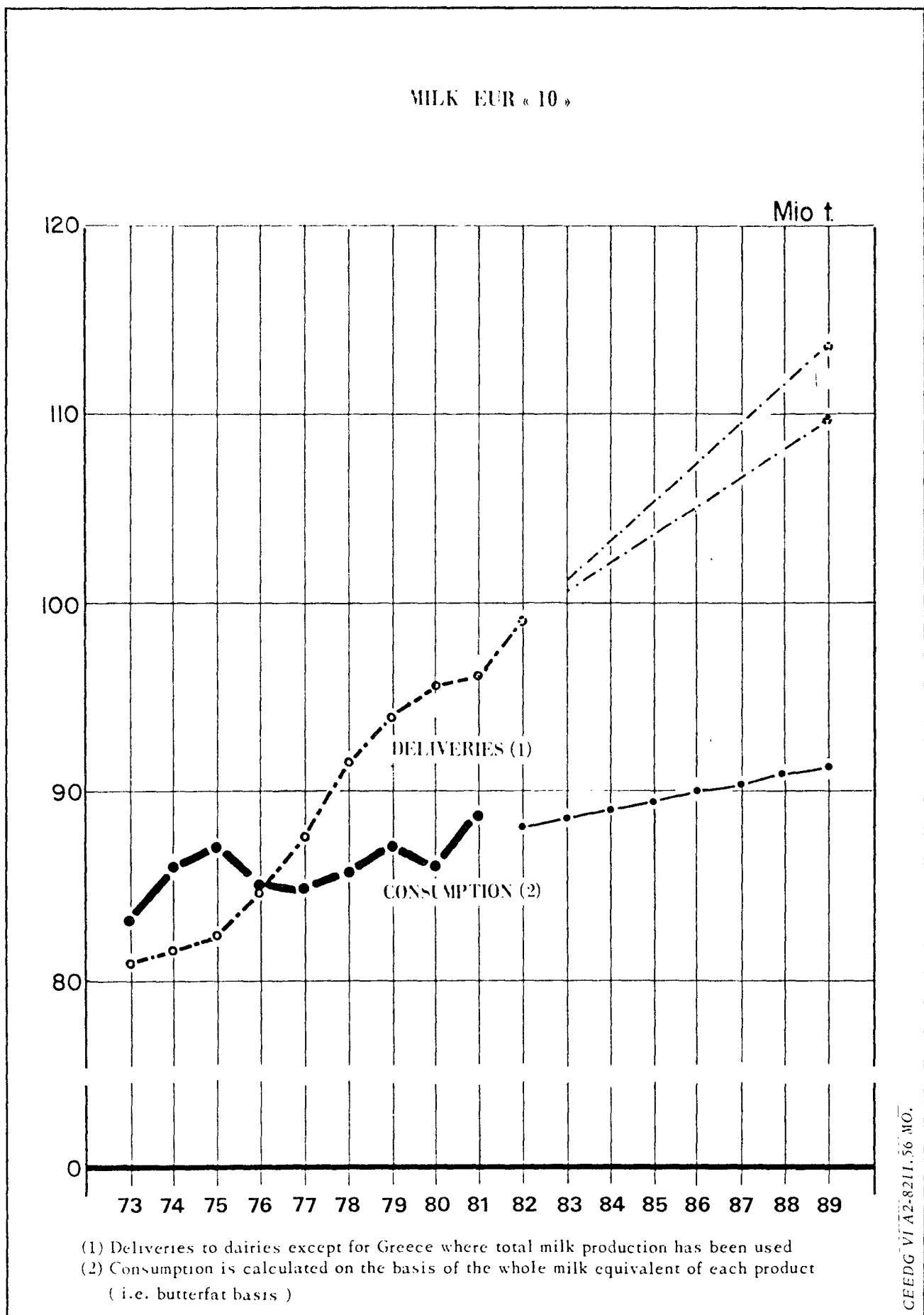
32. The revised common organization of the market for sugar came into force on 1 July 1981. It includes a system of production quotas which leaves to producers themselves (beet-growers and sugar-processors) the whole responsibility for financing the disposal of sugar exceeding the Community's internal consumption. The Community takes charge of the disposal on the world market only of the quantity of sugar equivalent to that imported from the ACP countries, which represented a cost of the order of 440 million ECU in 1982.
33. During the 1982/83 season, by comparison with the preceding season, the area sown for sugarbeet was reduced by 9%. The yield of sugar, which has shown a positive trend for several years, remained stable. Thus the 1982 harvest is estimated at 13.6 million tons of sugar, a quantity which is lower than the 1981 harvest of 15.0 million tons, but which nevertheless greatly exceeds Community consumption of about 9.5 million tons of sugar.
34. Taking account on the one hand of the trend of decreasing sugar consumption per head, and on the other hand of the prospective increase in population in the Community, it may be forecast that total consumption of sugar in the Community will remain relatively stable. Since it is probable that the price of sugar on the world market will be relatively low in the medium term, the disposal of quota C sugar will be difficult and financially unattractive. In these circumstances it would be desirable for Community growers to reduce further the total area of sugar beet.



Graph 3

(c) Milk

35. The dairy herd comprises about 25 million specialized dairy cows and 6 million other cows. The decline in the number of herds is continuing, this decline being restricted to the smaller herds. Improved management continued to raise average yield figures from 4 160 kg/dairy cow in 1981 to an estimated 4 260 kg/dairy cow in 1982. An increased proportion of cow's milk (92.2%) was delivered to dairies. Latest estimates suggest that, in 1982, deliveries to dairies will reach 99 million tons, an increase of 2.7%.
36. In fixing agricultural prices for 1982/83, the Council decided that if deliveries of milk to dairies in 1982 exceeded the guarantee threshold, appropriate action would be taken to offset the additional expenditure incurred. The threshold was established as the volume of deliveries to dairies in 1981 (96.23 million tons) plus the estimated increase in Community consumption (0.5%), giving a threshold of 96.71 million tons for the year 1982. Since deliveries of milk in 1982 are provisionally expected to reach 99 million tons, the threshold will have been exceeded by 2.2%. The Commission has already proposed a reduction of 2.2% in the intervention prices for 1983/84.
37. As regards the long-term development in the period up to 1989, it is evident that production and delivery trends depend on a large number of factors. It may be supposed that the dairy herd will stabilize at about 25 million specialized dairy cows and 6 million cows. Structural adaptation and improved management, together with a steady improvement in the genetic characteristics of the herd, should continue to produce annual increases in yields of around 1.5% per annum.



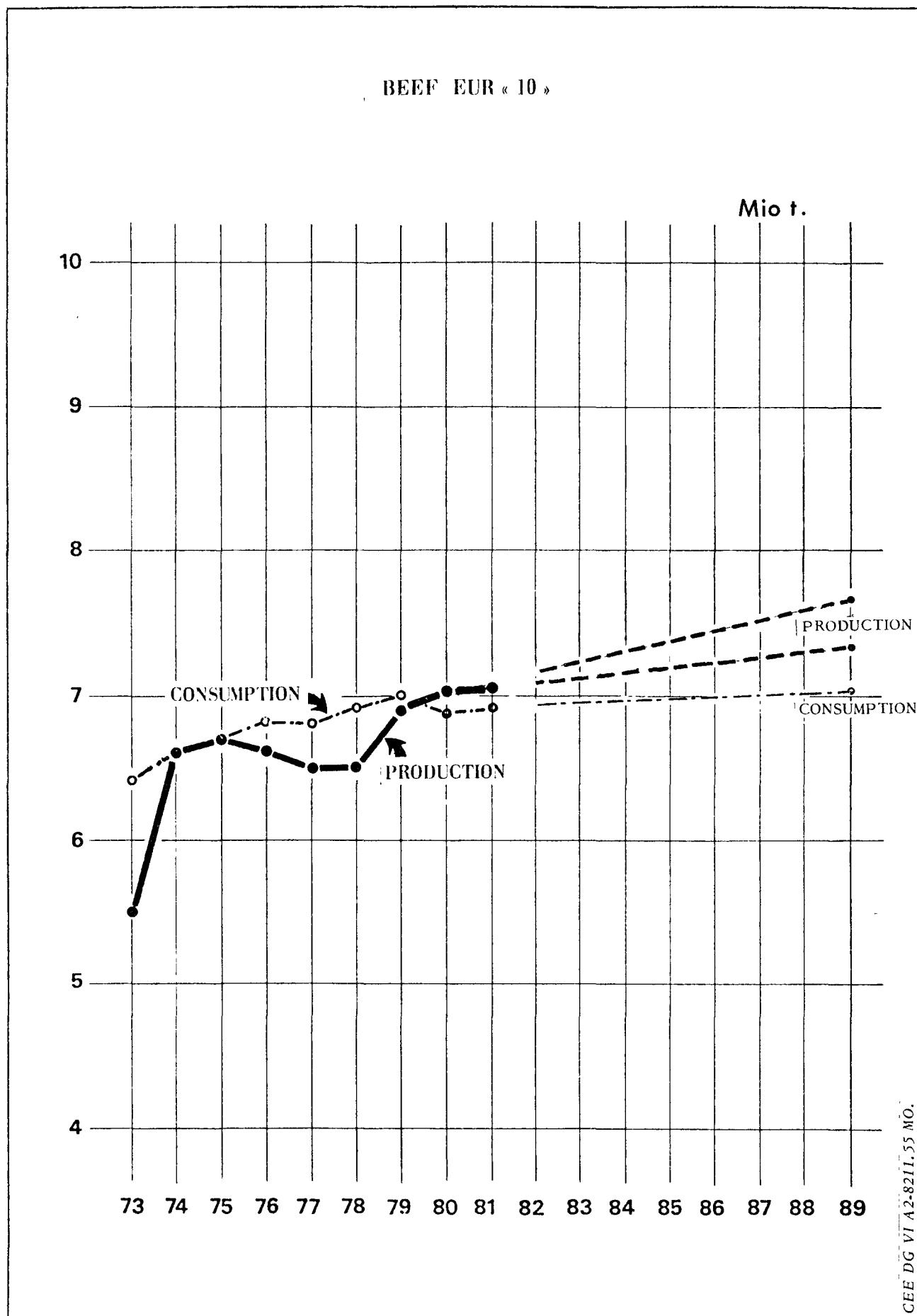
The additional feed requirement will increase less rapidly, since the higher yields will result from improvements in the genetic characteristics of the herd and improved management. Several factors combine to increase the proportion of milk production sold to dairies, particularly the substantial decline in the number of small milk producers, restrictions concerning off-farm sales of milk and dairy products, and lower interest in on-farm use. As a result, the proportion of milk production delivered to dairies may be expected to continue its upward trend of 0.5% per annum.

38. The combination of the increasing total production and an increasing proportion of production being delivered to dairies, suggests that in the absence of any change in the existing policy, deliveries to dairies will increase in the coming years by an annual average rate of the order of 1.5% - 2%. If one takes the estimated 1982 deliveries of 99 million tons as a point of departure, it may be estimated that deliveries to dairies will be no less than 110 million tons in 1989, and may be as high as 114 million tons.
39. Overall consumption of dairy products within the Community depends on the demand for the different types of produce. In the long term, a modest increase in demand for fresh milk products may be expected, limited to the increase in population. Per capita demand for processed products, butter, cheeses and preserved milk products, is expected to continue to increase in line with rising incomes and lower real prices. On balance it is estimated that total demand for dairy products will continue to increase at an average annual rate of around 0.5% to reach 91 million tons in whole milk equivalent in 1989.

40. These forecasts demonstrate that, if current trends continue, deliveries of milk in the Community will in the medium and long term exceed consumption in the Community by a quantity far in excess of the realistic possibilities for exports. This prospect underlines the need for the Council to adopt effective measures in the milk sector for the participation of producers in the additional costs arising from production in excess of the guarantee threshold, and at the same time to ensure a better balance on the market.
41. As regards the guarantee threshold for the coming year, the Commission proposes that it should be equivalent to the guarantee threshold for 1982 plus 0.5%, (the present rate of growth in consumption) which corresponds to 97.19 million tons.

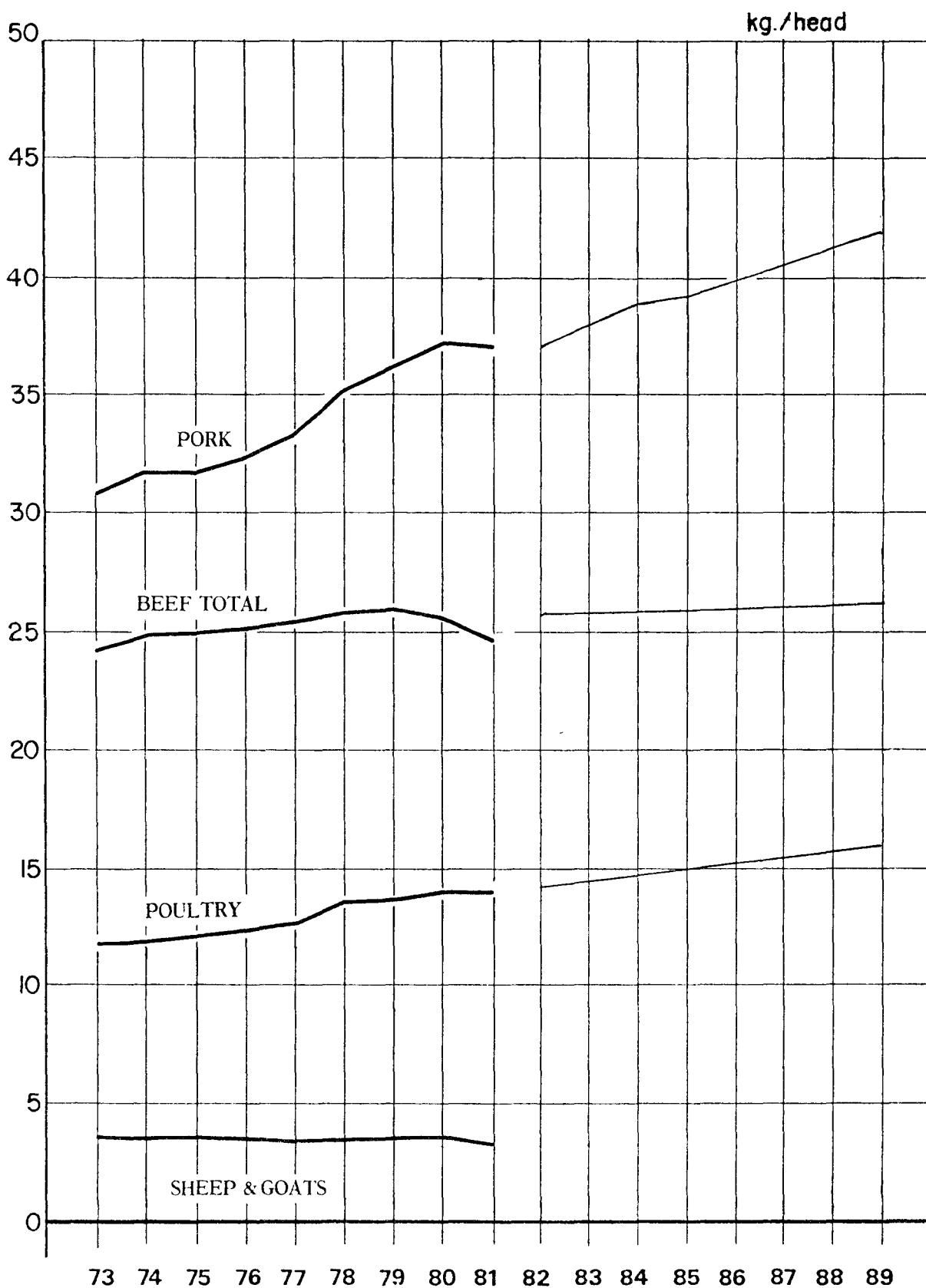
(d) Beef

42. In 1981, net beef production (excluding veal) declined, from the peak of 1980, to 6.1 million tons. Total domestic consumption also fell to 5.9 million tons, with the modest balance being absorbed in international trade. In the total beef market (including veal) 6.9 million tons were produced and 6.7 million tons were consumed.
43. The availability of slaughtered cattle follows a cyclical pattern of five to seven years. In the long term, apart from cyclical movements, domestic demand for beef is not expected to increase substantially. Analysis of past demand has shown that the fall in producer prices in real terms has not resulted in a reduction in prices to consumers. Since beef is becoming less competitive than pork and other meats, increased demand will only come from the modest increases foreseen in the population and rising standards of living as reflected by increasing incomes. In consequence, it may be forecast that the annual increase in demand in the coming years will be of the order of only about 0.3%. Starting from a domestic demand of 6.9 million tons (the average for 1979 to 1981), this would suggest that the corresponding figure in 1989 would be about 7.1 million tons, an increase of around 130 000 tons.
44. Over the same period, producers may be expected to adapt to some extent to the unfavourable development of prices due in part to a slower increase in demand. This could result in an average increase in production of between 0.5% and 1% per annum. Starting from a net production of 7 million tons, the average net production between 1979 and 1981, this range of increases would lead to an increase in production of the order of 350 000 tons, i.e. total net production of beef and veal of between 7.4 million and 7.7 million tons.



Graph 5

SUMMARY OF PER CAPITA CONSUMPTION OF MEATS IN EUR 10



CEE DG VI A 2821153 MO.

(e) Sheepmeat

45. Evaluation of the long-term development of this market poses particular problems notably because of the relatively recent creation of a common market organization for sheep and goatmeat. A study of the development of this market organization will be made in 1983 and the results presented to the Council.

(f) Pigmeat

46. In 1981, gross domestic production of pigmeat reached 10.2 million tons while domestic demand was 10.1 million tons, so that net exports reached 180 000 tons. In the long term, the self-regulatory mechanisms of the market organization for pigmeat can be expected to adapt supply to demand. The analysis of past demand shows that factors such as income and the price of alternative meats influence demand for pork. Projecting such factors into the future suggests that per capita consumption of pigmeat will rise from the level of around 37 kg per head in 1981 to 41 kg per head in 1989. This is equivalent to an increase in domestic demand of around 1.2 million tons.
47. By 1989, there is likely to be a positive trade balance of around 150 000 tons, which while less than in 1981, corresponds to the general pattern observed in the past. Over the same period, gross domestic production is expected to rise from the 10.2 million tons recorded in 1981 to around 11.4 million tons, an increase of around 1.2 million tons.

(g) Eggs and poultry

48. In 1981, usable egg production increased slightly to 4.16 million tons, while total domestic uses rose to 4.07 million tons, of which over 94% was used for human consumption. Taking account of factors such as price and income, it may be expected that per capita consumption of eggs will rise to around 14.6 kg/head by 1989, which corresponds to a total human consumption of 4 million tons. One may assume that other uses, notably eggs for hatching, would increase in parallel. Over the same period, usable domestic production is expected to rise to around 4.5 million tons, an increase of around 0.3 million tons. Meanwhile, net domestic uses in 1989 are expected to be around 4.3 million tons.
49. In 1981, poultrymeat production reached the record level of 4.2 million tons and domestic demand increased to 3.8 million tons. The result was record net exports of about 400 000 tons. It may be estimated that per capita consumption will continue to increase from the current level of 14 kg in 1981 to somewhere in the range 15.5 kg to 17.5 kg in 1989 (it may be noted that these projections are extremely sensitive to the hypotheses retained for the effects of the prices of alternative meats). Taking a per capita consumption of 16.0 kg as the most likely projection for 1989, total domestic demand would rise from 3.8 million tons in 1981 to 4.4 million tons in 1989. It is difficult to make precise forecasts of future production levels; however, if one assumes that by 1989 world markets will have expanded so as to permit additional Community exports, one may estimate that production levels would increase to around 4.8 million tons by that date.

(h) Oilseeds

50. For colza and rapeseed the Council fixed a guarantee threshold of 2.15 million tons for 1982/83. If the average production in the three most recent marketing years exceeds this threshold, the target and intervention prices for the following marketing year are reduced by 1% for every 50 000 tons by which the threshold is exceeded. The present situation appears as follows :

1980 harvest	1.995 million tons
1981 "	1.998 " "
1982 "	<u>2.662</u> " "
3 year average	2.218 million tons

Thus the guarantee threshold is exceeded by more than 50 000 tons, and consequently the target and intervention price for 1983/84 should be reduced by 1%.

51. For the 1989 horizon, a substantial increase in production of colza and rape seed is forecast. The area sown to these products has already increased from 522 700 hectares in 1979 to 1 020 000 hectares in 1982. Since the area sown to sugarbeet is likely to decline, and there will probably be a re-orientation of cereals production, a continued increase in the area sown to colza and rape seed, of the order of 50 000 hectares per year on average, could be the result. Since yields will also increase, it may be forecast that the 1989 harvest could be of the order of 3.7 million tons (an annual rate of increase of 8%). The disposal of such a volume of production on the market could encounter problems. These considerations underline the need for effective measures to be taken for the implementation of a guarantee threshold in the coming years. As regards the long-term objective for 1989, the quantity previously suggested for 1988 (3.3 million tons) should be retained. Consequently, the guarantee threshold for 1983/84 should be fixed at 2.29 million tons.

(i) Tobacco

52. The production of leaf tobacco from the 1981 harvest was 309 000 tons; a small increase is forecast for the 1982 harvest, the latest estimates of production being of the order of 310 000 tons. In the three principal producing countries, production is increasing slightly in Italy and Greece, but it is continuing to decrease in France where there is an increase in production of Burley and Virginia tobacco and a reduction in dark air cured tobacco. The marketing of tobacco from the 1981 harvest has been satisfactory; it is expected that less than 1% of Italian production and about 10% of Greek production may be taken into intervention.
53. If there is no change in policy in the tobacco sector, it may be estimated that the total area planted to tobacco (currently 175 000 hectares in the Community of 10) will not change but, thanks to increasing yields, tobacco production could increase annually by 2% in the period up to 1989. Thus forecasts indicate that the 1989 harvest could be of the order of about 307 000 tons of baled tobacco. In view of the present declining trend in cigarette consumption in the EEC countries, it is probable that internal demand for tobacco will be reduced if the quantities of varieties produced remain the same. However, the conversion already undertaken in favour of 'American blend' varieties suggests that internal demand for these varieties will increase, in view of the potential for use of 'flue cured' and 'light air cured' tobacco in cigarette manufacture in coming years. In this case, the Community's rate of self-sufficiency could increase from 45% in 1981 to 55% in 1989.

54. Thus the production of 246 000 tons of baled tobacco previously foreseen for 1988 has proved to be an underestimate. However, the development of exports to third countries helped the disposal of the Italian oriental tobacco from the 1981 harvest, and suggests that there will be outlets for the coming harvests. Meanwhile a large volume of tobacco held in intervention has been sold. Production in Greece has proved relatively stable since its accession. In view of the current market situation, the Commission does not intend to propose a production threshold, because of the deficit situation of tobacco in the Community. But the modulation of the annual price increases should be accentuated so as to support the varieties most in demand on the market. In the same framework, the level of premium will be fixed in the light of the results of the enquiry carried out in 1982. The measures to discourage sales to intervention should be maintained.

(J) Wine

55. For 1982 the harvest is forecast at 170 million hectolitres, which is greater than the 1981 harvest of 139.4 million hectolitres, but not so large as the production in 1979/80 which was 182.4 million hectolitres in the Community of Ten.

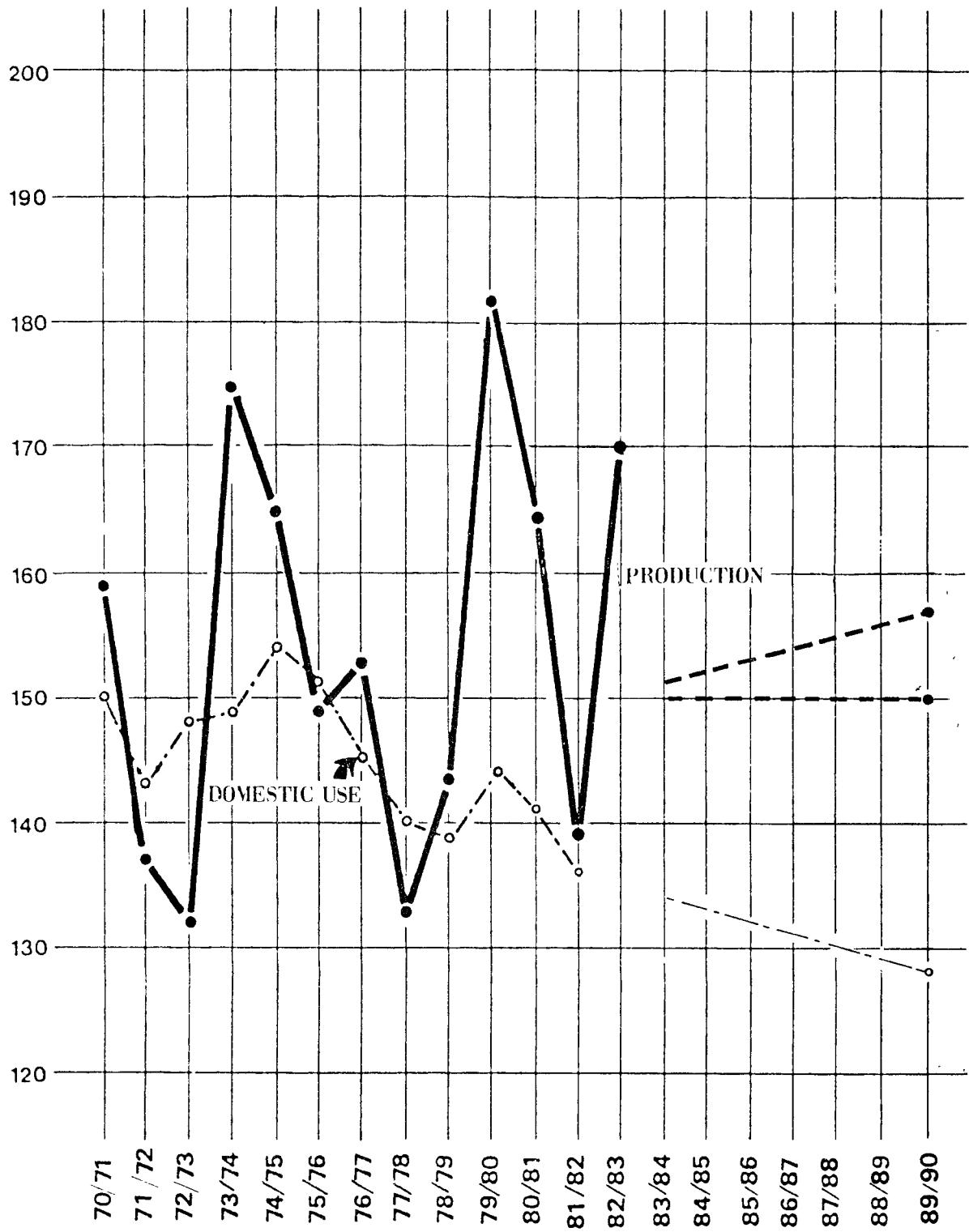
56. The production of wine in the Community varies considerably from one season to another. Nevertheless, since the 1971/72 season it has shown an increasing trend (annual rate of increase of 0.56%). For the horizon 1989, two scenarios are possible. If the measures recently adopted by the Council concerning distillation and the system of aid for must used for enrichment, together with the limitation of plantings and the measures for abandonment of vineyards have their full effect, table wine production will stabilize at around its present average of 110 million hectolitres.

57. A small continuing increase is also possible. This hypothesis is based on the fact that the permanent granting of an aid for the use of concentrated must for enrichment could lead to some increase in yields. Thus production of table wine could by 1989 reach a level of 117 million hectolitres (annual rate of increase of 0.29%), to which should be added some 40 million hectolitres of wine which does not benefit from the system of market support.

58. Unlike production, internal uses of wine show a downward trend, with an annual rate of reduction of 0.75% between 1971/72 and 1981/82. On the one hand, high levels of taxation in certain northern countries have limited the increases in consumption of wine, while on the other hand there is a long-term decline in consumption of table wines in Italy and France. The extrapolation of these trends to 1989/90 would show uses of 128.2 million hectolitres by that date, compared with 136.2 million in 1981/82. Given that consumption of quality wines is expected to increase still further in future, the negative trend of consumption of table wine will be even more pronounced. Thus the difference between production and consumption will probably continue to grow, even if the new policy succeeds in stopping the increase in production.

WINE EUR « 10 »

Mio hl.



CEE DG VI A2-8211.54 MO.

(k) Fruit and vegetables

59. For certain kinds of fruit and vegetables, the 1982 harvest is higher than average. This is particularly the case for apples, for which production of 7.6 million tons is forecast, and also for peaches and plums. As regards processed fruit and vegetables, the Council in its 1982/83 price decisions fixed a guarantee threshold for tomatoes, and accepted that appropriate measures should be taken if this threshold is exceeded.

Agricultural structures

60. The structure of the Community's agriculture is developing relatively slowly. During the ten years 1970-80, in the Community of Nine, the number of agricultural holdings of 1 hectare or more decreased by about 1.6% per year, reaching about 4.8 million in 1980, while the area of utilized agricultural land belonging to these holdings decreased by about 0.3% per year, reaching about 85.7 million hectares in 1980. The average size of these holdings increased from 15.5 to 17.7 hectares of utilized agricultural land. The rate of change in the agricultural work-force was more rapid; from 1970 to 1980 it diminished by an average of 3.3% a year. Even during the period of economic recession in recent years, there was a relatively high rate of reduction in agricultural employment, which diminished by 2.4% in 1979, 2.2% in 1980 and an estimated 3.1% in 1981.
61. The preceding figures give a brief picture of the development of the Community's agricultural structure. It is hardly necessary to add that these Community averages conceal very considerable differences between Member States.
62. The Commission considers that for the long-term development of Community agriculture, and for the improvement of agricultural incomes, and for the progressive reduction of disparities between income levels within agriculture, and between agriculture and the rest of the economy, the structural policy should play a more important role. It is not through annual increases in the common prices that the Community will succeed in integrating agriculture into the general economy, or help farmers in disadvantaged regions to participate in the process of rural development. Now that the basic directives concerning agricultural structure are approaching their dates of expiry - which have been prolonged by the Council in most cases to 31 December 1983 - the Commission considers that the structural policy should be reviewed and reinforced, just as the policy of prices and markets itself is in the process of adaptation.

63. The measures of socio-structural policy in agriculture will have to be amplified in order to:

- take more account of the diversity of agricultural conditions within the Community, and the different degrees of economic development which exist at the regional level;
- encourage the reorientation and diversification of productions and the introduction of new products and new production systems;
- exploit more fully the opportunities offered by improvements in product quality, and the efficiency of the channels of processing and marketing;
- increase the contribution made by agricultural research and advisory services to facilitating the changes needed in agriculture.

The Commission will therefore make proposals shortly concerning the long-term development of the structural directives in agriculture.

64. Meanwhile the Commission will shortly submit to the Council a series of measures for integrated programmes for the economic development of the Mediterranean regions, including not only measures in the agricultural sector but measures in other sectors and for the general development of regional infrastructure.

Proposals for common prices

65. In submitting its price proposals for the 1983/84 marketing year, the Commission must take into account a number of different elements, including the market situation and prospects for the different products, the development of incomes in agriculture, the consequences for consumers and for the Community budget, and the general economic situation in the Community.
66. As regards the market situation, the long-term trends remain a matter of serious concern. For several important products, the rate of increase in Community production continues to be higher than the increase in Community consumption; meanwhile on the external markets, despite an active export policy, the Community like other exporters encounters limited possibilities because effective demand is governed by the lack of economic growth and the growing problem of indebtedness on the part of the importing countries. As the Community is a net exporter of a number of agricultural products, it is in its own interest to contribute to the stabilization of world markets, within the framework of its international obligations.

67. The development of agricultural incomes in 1982 has, on the other hand, been more favourable than for many years, despite the delay in the price decisions for 1982/83, which were not adopted by the Council until 18 May 1982. The average increase in common prices, expressed in national money, for the 1981/82 and 1982/83 marketing years was slightly higher than the average rate of inflation in the Community. In most Member States, the prices received by producers for their output have increased more rapidly than the prices of their inputs. In addition, the volume of agricultural production in 1982 has been at record levels. As a result of all these factors, agricultural incomes (as measured by net value added per unit of labour employed) have increased in all Member States more rapidly than inflation (as measured by the implicit price of GDP), and it is provisionally forecast that average agricultural incomes in the Community will increase in 1982 by more than 5% in real terms. After a period of three successive years during which agricultural incomes declined in real terms, 1982 therefore marks a year of recovery.
68. In assessing the prospects for agricultural incomes in the coming year 1983, account must also be taken of:
- the continuing potential for improved productivity in agriculture, due to more efficient use of labour, machinery and capital, and to the development of improved breeds of animals and varieties of crops;
 - the continuing positive effects of the 1982/83 price decisions, which will have their full impact only in 1983;
 - the price increases resulting from green devaluations implemented or decided by the Council since the 1982/83 price decisions (in June 1982 for Greece, Ireland and Denmark and in October 1982 for Belgium, Luxembourg and France), which represent an average increase in agricultural support prices in national money of 1.1% for the Community.

69. The situation and prospects for the economy in general are still far from encouraging. Although there has been a limited growth in the Community's GDP in 1982, and a further increase is forecast for 1983, the numbers of jobless continue to rise. The general level of income, as measured by net domestic product per head of the working population (excluding the unemployed) is forecast to increase in 1982 by only 0.3% in real terms. However, the rate of inflation (as measured by the implicit price of private consumption) has decelerated significantly and this trend is forecast to continue : it has fallen from 11.8% in 1981 to 10.5% in 1982, and is forecast at 8.8% for 1983. In 1982 input costs for agriculture have risen less rapidly than inflation, and less rapidly than producer prices. For 1983 a continued reduction in the rate of increase in the costs of production may be expected.
70. In this context it is also important to recall that the recovery which agriculture has known in 1982 has had positive effects for the industries which supply the requisites of agriculture. For industries which process its products it should be noted that the 'agri-food' sector is one of the most important in the Community in terms of turnover and employment, and its situation should not be undermined.

71. It is against this general background that the Commission submits its proposals for 1983/84, taking account of the objectives of the EEC Treaty, and in particular of the long-term programme set out in the Commission's memorandum "Guidelines for European Agriculture" of October 1981. The Commission considers that a "norm" of 5.5% for the increase in the common prices is appropriate for the majority of products, with higher or lower increases for certain other products, taking account of the market situation and prospects. For cereals, a significantly lower increase is proposed, as a further stage in the programme to reduce the gap between Community cereals prices and those of its principal competitors, and a lower increase is also proposed for sugar. For certain Mediterranean products, higher increases are proposed. Meanwhile, for the products for which the guarantee thresholds fixed for 1982/83 have been exceeded (cereals, colza, milk) the Commission proposes a corresponding modification of the intervention prices for 1983/84, so that the effective increase in these intervention prices is reduced. Details of the prices proposed for each product are given in the summary in paragraph 81 and in the table at the end of this volume.

Proposals for dismantling monetary compensatory amounts

72. As regards the agrimonetary measures and the dismantling of monetary compensatory amounts, the Commission considers that the 1983/84 price fixing should allow the Community to make another step towards re-establishing the unity of the market. The monetary compensatory amounts effectively applied at the present time (20.12.82) are as follows:

	<u>per cent</u>
Germany	+ 8.4
Netherlands	+ 5.4
United Kingdom	+ 5.1
Italy	- 2.3
Belgium	- 3.1
Luxembourg	- 3.1
France	- 5.3

73. According to the guidelines set out in the "Gentlemen's Agreement" of 1979, substantial reductions of the monetary compensatory amounts, both positive and negative, should be made. It is essential that the Community should continue the progress made in this sense in the context of the 1982/83 price decisions in May 1982, whose effect was limited by the monetary adjustments within the European Monetary System in June 1982. The Commission considers that the 1983/84 price fixing should allow the Community to make another significant step towards re-establishing the unity of the agricultural market in order to avoid distortions in competition in trade and to achieve a more equitable situation between farmers in the different Member States.
74. In the case of the positive MCAs, the Commission therefore proposes adaptations of the green rates for the United Kingdom and the Netherlands such as to lead to a reduction of 2.3 points in their positive MCAs, and for Germany a reduction of 2.8 points. In the case of the negative MCAs, the Council has already in October 1982 decided certain adaptations of the green rates (to come into effect at the beginning of the subsequent marketing years) such as to eliminate the MCAs for Belgium and Luxembourg and to reduce the MCA for France by 3 points. In view of the general economic policies applied by the Member States concerned - policies which the Community must encourage - the Commission proposes no further adaptations of these green rates at the present stage.
75. The Commission is, however, in favour of the elimination of the MCAs as soon as possible. It considers that the proposals included in this package represent a minimum dismantling, and it therefore reserves the possibility of making supplementary proposals at a later stage in the course of the discussions on agricultural prices. It also reserves the possibility to modify its proposals in the light of subsequent monetary developments, for example in the case of the pound sterling whose rate of exchange has gone down substantially in recent weeks.

Effect on food prices

76. In its proposals the Commission has taken full account of the impact on prices to consumers. In the period 1978 to 1982 food prices in the Community rose at an average yearly rate of 11.6%, while consumer prices in general rose at a rate of 12.3%, and agricultural producer prices at a rate of 9.4%. However, in 1982 prices received by agricultural producers are forecast to rise by 12%, while consumer prices are expected to increase by 10.5%.
77. The Commission estimates that the present proposals will result in:
- an increase of less than 2% on average in consumer prices for food in the Community (expenditure on food was estimated at 226 milliard ECU for 1980).
 - this corresponds to an increase of about 0.3% on the cost of living.
- In view of the forecast increase of 8.8% in consumer prices in general for 1983, the Commission considers that the impact of the proposals on consumers will be modest.
78. The effect of the proposals on prices for producers and consumers in the different Member States will be different according to the adjustment of their green rates and the importance of the various products in the structure of their production and consumption. The table at the end of this volume gives an estimate of the effects on average support prices in national money, and on consumer prices in each Member State.

79. In assessing the consequences of the proposals for food prices, it must be recalled that increases in the common agricultural prices have their effect at the stage of farm-gate or first processing, which represents only about a third of the cost of food to the consumer; other elements of cost in the food chain such as processing, packaging, transport and marketing are not directly affected by the common agricultural policy, and cannot be taken into account in this assessment. Moreover, the impact of the common price increases on the various products depends on a series of seasonal and market factors : for example, if market prices for a product are higher than intervention prices, an increase in common prices will have little or no immediate effect. Therefore the full effect of these proposals on food prices may not be felt immediately in 1983 and 1984, but may be spread over a period of time, and the estimated effect on food prices represents the maximum long-term impact.

Financial consequences

80. The consequences for the Community budget of the proposals for prices and related measures will be felt only partly in 1983, and more fully in 1984. The Commission estimates that the net impact of the proposals on the budget, that is the additional expenditure from the Guarantee Section of FEOGA minus the increase in agricultural own resources, would be about 330 million ECU in 1983 and about 640 million ECU in 1984.
81. The aim of the Commission is to ensure that the rate of increase in agricultural expenditure remains below that of own resources. This objective applies to a multiannual period, because of the erratic nature of the factors determining agricultural expenditure, in particular world prices. In recent years, the objective has been attained, with an increase in the Guarantee Section of FEOGA of 8.3% in 1980, a reduction of 3% in 1981, and an increase of 13.6% in 1982.
82. The 1983 draft budget, which was established on the basis of data available in May - June 1982, includes 14.050 million ECU for the Guarantee Section of FEOGA. These credits take no account of additional expenditure due to the 1983/84 price decisions, nor of the conjunctural developments on the markets since that date. In these circumstances, after the fixing of the agricultural prices the Commission will, at the appropriate moment, present a supplementary budget, taking account also of the conjunctural developments. At the present stage it may be estimated that the average rate of increase of agricultural expenditure between "1980" (average of 1979-1980-1981) and 1983 (1983 draft budget plus incidence in 1983 of the present price proposals) will be 9.7%, which remains lower than the average rate of increase of own resources of 9.9% for the same period.

Summary of proposals

83. The principal features of the Commission's proposals for the different products, including both the proposals for common prices and the related measures, may be summarised as follows:

<u>Cereals</u>	- Common intervention price for feed grains (barley, maize, rye) and reference price for wheat (breadwheat of average quality):	+ 4 %
	- Effective increase in these prices, taking account of reduction due to 1982/83 guarantee threshold of 119.5 m. tons being exceeded:	+ 3 %
	- Intervention price for durum wheat: Aid for durum wheat:	+ 4.6% + 5.5%
	- Guarantee threshold increased to 120.56 m. tons for 1983/84.	
	- Continuation of efforts to stabilise volume of imports of cereals substitutes, in particular corn gluten feed.	
	- Improvement of quality through adjustment of price for breadwheat of minimum quality.	
	- Reinforcement of quality criteria for export.	
<u>Rice</u>	- Intervention price for paddy rice:	+ 5.5%
<u>Sugar</u>	- Basic price for sugar beet and intervention price for white sugar:	+ 4 %
	- Threshold price for molasses:	+ 6 %
<u>Olive oil</u>	- Prices and aids:	+ 5.5%

- Oilseeds
- Colza and rape seed:
 - Target price and intervention price: + 5.5%
 - Effective increase in these prices, taking account of reduction due to 1982/83 guarantee threshold of 2.15 m. tons being exceeded: + 4.5%
 - Guarantee threshold increased to 2.29 m. tons for 1983/84.
 - Sunflower seed and soya seed + 6.5%
 - Flax seed : + 6 %

Protein Products

- Peas and beans + 6.5%
- Dried fodder and dehydrated potatoes: + 6 %

Fibre Products

- Cotton: + 7 %
- Flax and hemp: + 6 %

Wine

- Guide prices: + 5.5%
- Beginning of marketing year on 1 September instead of 16 December
- Community financial participation in information and promotion campaigns.

Tobacco

- Guide prices and intervention prices, according to variety: + 4 % to + 7.5%

Fruit and vegetables

- Basic prices (except tomatoes) and marketing premiums: + 5.5%
- Basic price for tomatoes: + 3.5%

<u>Lik</u>	- Target and intervention prices:	+ 5.5%
	- Effective increase in intervention prices, taking account of reduction due to 1982 guarantee threshold being exceeded:	+ 3.18%
	- Guarantee threshold for 1983 equal to that for 1982 plus 0.5%.	
	- Maintenance of co-responsibility levy at the same rate (2.0%) and the same conditions as in 1982/1983.	
	- Continuation of 120 million ECU income support for small milk producers.	
	- Continuation of special measures for disposal of butter stocks, including consumer subsidies. Extension of Community financial contribution to school milk subsidy.	
<u>beef</u>	- Guide price and intervention price:	+ 5.5%
	- Introduction of Community grill for intervention purposes.	
	- Continuation of existing premiums for 1983/84.	
<u>Sheepmeat</u>	- Basic price:	+ 5.5%
<u>Pigment</u>	- basic price:	+ 5.5%
<u>Beefs</u>	- Adaptation of aids	

1.

CEREALS

=====

I. PRICES

1.1. This Commission proposal is in line with the approach described in its memorandum of 23 October 1981 "Guidelines for European Agriculture" and with the measures adopted for the 1982/83 marketing year. The objective was to bring the cereals market into better balance at an acceptable cost to the budget while ensuring that farm incomes were satisfactory.

To this end, the decisions adopted by the Council and the Commission were principally intended:

- to reduce the gap between Community prices and the prices of the major producing countries which compete with the Community on export markets;
- to modulate the price guarantees by introducing a guarantee threshold;
- to improve the structure of prices for the various cereals and to tighten up the quality standards for intervention;
- to limit the entry of cereal substitutes.

The continuous improvement in agricultural productivity and the growth in cheap imports of substitute products, together with the slow rise in consumption, mean that where cereals are concerned, the Community is becoming increasingly dependent on external markets.

The harvest for the 1982/83 marketing year set a new record, adding substantially to the quantities available for export compared with the 1981/82 marketing year, when 11.8 million tonnes of common wheat and 5.4 million tonnes of barley were exported.

1.2. In view of the above outlook, the Commission is proposing a cautious price policy for cereals for the 1983/84 marketing year.

The proposal has three elements, as follows:

- an increase corresponding to the general guideline for the agricultural price proposals;
- a reduction of 2.69 ECU/t in the prices thus increased, representing the second stage in a gradual narrowing of the gap between Community prices and the prices of the major exporting countries;
- application of Article 3a of Regulation (EEC) No 2727/75 (see basis of calculation at point 1.14).

1.3. Even in the context of a proposal for a limited price increase, the Commission is continuing its policy of improving quality. In particular, in view of the growing surpluses of low-quality common wheat, the difference between the price for common wheat of minimum breadmaking quality and the common intervention price must be reduced.

The gap is 10.8% at present. It is proposed that it be fixed at 10.3%.

1.4. In order not to discourage the production of rye of breadmaking quality, the Commission intends to raise by 5.5% the special increase provided for in Regulation (EEC) No 1570/77. The current level (5.44 ECU/t) has remained unchanged since the 1978/79 marketing year.

1.5. For durum wheat, the Commission proposes that the intervention price be increased in the same way as for common wheat. An increase of 5.5% in the aid is proposed.

1.6. Since the accession of Greece, Greek production of durum wheat has risen steeply and greatly exceeds the requirements of Greece's own market. The location of much of this production, and infrastructural problems, makes it particularly difficult and expensive to export the surpluses. Meanwhile, the other Member States have an import requirement.

In order to take better account of the special features of the situation in Greece, the Commission is envisaging, in the context of the Greek memorandum on future relations with the European Communities, the adoption of appropriate measures with the aim of facilitating the sale of durum wheat surpluses to the other Member States. In particular, sufficient quantities would be stored at the places best located for such sales.

1.7. The monthly increases applied throughout the cereals sector are increased by 5.5%.

1.8. The price proposals are summarized in paragraph 1.13.

II. GUARANTEE THRESHOLD

- 1.9. The guarantee threshold for the 1982/83 marketing year has been set at 119.5 million tonnes for all cereals with the exception of durum wheat. The aim of this guarantee threshold is to influence production in the medium term. The threshold envisaged for 1987/88 is 126 million tonnes. In view of the world market outlook, it is proposed that the same figure be kept for 1988/89.

The Commission is therefore proposing that the guarantee threshold for the 1983/84 marketing year be set at 120.56 million tonnes.

III. CEREAL SUBSTITUTES

- 1.10. Three measures have been adopted in respect of cereal substitutes in the 1982/83 marketing year:

- (a) limiting the quantities of manioc imported on favourable terms by introducing quotas beyond which the cereal levy (barley) will be applied;
- (b) adjusting the levies applied to imported brans and milling by-products;
- (c) establishing a direct link between the volume of imported substitute products and the level of the guarantee threshold.

The Commission is continuing its efforts within GATT to control imports of corn gluten feed in particular.

IV. CARRY-OVER PAYMENT

1.11. In the light of the applications submitted under the decision on the 1981/82 carry-over payment, the Commission has examined the list of products for which this payment is currently made. It has reached the conclusion that, in view of the deficit of maize, there is no longer any justification for including it in the list of products which qualify for the payment.

V. REINFORCEMENT OF THE QUALITY CRITERIA FOR EXPORT

1.12. In recent marketing years the Commission has reinforced the quality criteria for intervention. To enable these measures to have their full effect in the medium term and to strengthen the Community's position as a supplier of cereal products on world markets, the Commission proposes application of a minimum quality for export and, separately, measures providing for the more detailed certification on a voluntary basis of the quality of common wheat exported.

VI. PRICE PROPOSALS FOR 1983/84

1.13.

					Corrected	:
	Prices	Proposed	Proposal	proposal	(-1%)	:
	1982/83	increase	1983/84	(application		:
	ECU/t	in %	ECU/t	of Art. 3a of		:
				Reg. 2727/75)		:
1. Common single intervention price	179.27	+ 4%	186.44	184.58 (+2.96%)		
2. Target price for feed grains (maize, barley, rye)	228.27	+ 4.34%	238.17	-		
3. Reference price for medium-quality bread-making common wheat	209.10	+ 4%	217.46	215.29 (1) + (2.96%)		
4. Target price for common wheat	250.61	+ 4.31%	261.41	-		
5. Intervention price for durum wheat	298.36	+ 4.6%	312.08	-		
6. Target price for durum wheat	339.20	+ 4.78%	355.42	-		
7. Special increase for breadmaking rye	5.44	+ 5.5%	5.74	-		
8. Aid for durum wheat	92.85	+ 5.5%	97.96	-		
9. Monthly increases for basic products :						
- durum wheat	2.62	+ 5.5%	2.76	-		
- other cereals	2.44	+ 5.5%	2.57	-		

(1) This price is reduced by 11.62 ECU/t if intervention measures are applied at the level of minimum bread making quality.

VII. APPLICATION OF ARTICLE 3a OF REGULATION (EEC) NO 2727/75

1.14. For the 1983/84 marketing year the 1% reduction in common intervention prices (except for durum wheat) and in the reference price, in accordance with Article 3a of Regulation (EEC) No 2727/75, is based on the following:

1. (a) Guarantee threshold 1982/83	119.5 million t
(b) Cereal substitutes imported in 1980/81 (13.6 million t)	0
(c) Corrected guarantee threshold	119.5 million t
(d) Margin by which the guarantee threshold is exceeded	<u>1.0 million t</u>
(e) Activating threshold	120.5 million t
2. Reference harvests: 1980 : 119.771 million t 1981 : 117.870 million t <u>1982 : 124.912 million t</u>	
Average :	<u>120.851 million t</u>
3. (2 - 1)	0.351 million t

2.

RICE

=====

2.1. The rice harvest in 1982 has shown a marked increase compared with 1981 (+8.6%) and thus the reduction in rice production in the Community over the previous two years appears to have been halted. Overall, rice in 1982 occupies 4.5% more area than in 1981. In particular, great efforts have been made in France to arrest the long-term decline in rice production in the Camargue.

Italy also has seen a strong improvement, with production up by 8.4%. Production in Greece has remained stable.

2.2. Examination of the rice market and organization points to a number of characteristic factors which indicate that certain measures should be adopted to enable more effective market management. In particular, the following conclusions may already be drawn at this stage:

- the narrowly limited nature of the rice market results in a lack of transparency which hinders market management;
- assessment of the supply and demand balance within the Community, and the correct employment of management tools, for example export policy, are made difficult by the lack of precise knowledge of internal supply. A declaration each year of the rice harvest and rice stocks by both producers and the rice-milling industry is therefore necessary;
- evaluation of the movement of both Community and world prices is uncertain. Internal market prices for paddy rice in areas of production do not appear to be influenced by the level of the intervention price and indeed are regularly situated well above that price. In contrast, internal prices do appear to be sensitive to the operation of the Community's export refund policy. In consequence, to establish a more stable price equilibrium, the Commission intends to develop at the level of day-to-day market management an export policy that will more closely relate the availability of export refunds to the price and supply position on the internal market.

2.3. The Commission's examination of the rice market organization is continuing and may serve as the basis for further proposals for improvement in market management.

Price proposals

2.4. It is proposed to increase the intervention price for paddy rice by 5.5%. In accordance with Article 4 of Regulation (EEC) No 1418/76, the target price is derived from the intervention price by taking account of the technical factors cited there. In total, these factors produce an increase of 5.3% in the target price for the 1983/84 marketing year.

2.5. As regards the monthly increments it is proposed to apply the same increase as that proposed for cereals (5.5%).

Related measures

2.6. It is proposed that an Article 25a be added to Regulation (EEC) No 1418/76 requiring that a declaration of the rice harvest and of rice stocks be made each year by rice producers and millers.

2.7. Furthermore, the Commission recalls proposals already put to the Council, in order to amend:

- Article 4 of Regulation (EEC) No 1418/76, removing the requirement that intervention centres for rice be fixed anew each year, allowing those currently fixed to be subsequently amended when necessary (COM(79) 376 final art. 1, par. 2);
- Article 11a) of Regulation (EEC) No 1418/76 to exclude semi-milled rice from the subsidy payable on deliveries of rice from Member States to Réunion (COM(82) 345 final);
- Article 18 of Regulation (EEC) No 1418/76 to include all the rice products listed under Article 1 of that Regulation within the scope of the provision enabling the Council to prohibit the use, in total or in part, of inward processing arrangements (COM(79) 376 final, art. 1, par. 4).

These proposals should be decided in the near future.

3.

SUGAR

=====

I. MARKET SITUATION

3.1. The price proposals for sugar for 1983/84 take account not only of related price increase proposals in other sectors but above all of the following facts:

- (a) the sector has the highest self-sufficiency rate of all sectors subject to a common market organization; for 1982/83 and 1981/82 it will exceed 15%;
- (b) sugar production is determined partly by the production quota system and the level of common prices and world market prices, and partly by sugar yields per hectare.

3.2. The Community sugarbeet acreage was extended by growers by more than 1% in 1981/82, then reduced by 9% in 1982/83. These fluctuations were mainly the consequence of fluctuations in the world market price, which rose in 1980/81, then dropped in 1981/82. In France, Italy and Germany, the extension of acreage in 1980/81 was followed by a contraction in 1982/83; in Benelux, where a "mixed price" system is operated, the sugarbeet acreage remained constant from 1981/82 to 1982/83.

- 3.3. Sugar yield per hectare is again expected to attain a record level of 7.3 t/ha in 1982/83, confirming a significant change in the level hitherto regarded as normal (EC average 1972/81: 6.05 t/ha = 100; EC average 1977/81: 6.70 t/ha = 111%; marketing years 1981/82 and 1982/83: 7.27 t/ha = 120%).
- 3.4. As a result of these changes in acreage and yield, production - which attained 15 m tonnes in 1981/82 - should total 13.7 million tonnes in 1982/83, against a consumption figure of 9.5 million tonnes. Allowing for imports, particularly of preferential sugar, the available surplus should amount to 6.4 million tonnes in 1982/83, compared with 6.7 million tonnes in 1981/82. In both marketing years, half of the available surplus consists of C sugar.
- 3.5. During 1980/81 and 1981/82 the situation on the world market was marked by a substantial excess of production over consumption. In 1982/83 a similar excess is to be expected and will bring an increase in the true surplus of final stocks (stocks in excess of normal stocks), taking them from 8 million tonnes to 13 million tonnes. Since consumption has remained extremely sluggish for several years and is not likely to increase perceptibly in the short term there is little likelihood of any fundamental improvement in the world market in 1983/84. The outcome of these persistent surpluses has been a decline in prices since 1981. In September 1981 prices dropped to their lowest level: at 10.5 cts/lb they were well below the ISA price bracket (13 cts/lb - 23 cts/lb). In 1982 the price fall continued, reaching an all-time low of 5.5 cts/lb in September of that year.

- 3.3. Sugar yield per hectare is again expected to attain a record level of 7.3 t/ha in 1982/83, confirming a significant change in the level hitherto regarded as normal (EC average 1972/81: 6.05 t/ha = 100; EC average 1977/81: 6.70 t/ha = 111%; marketing years 1981/82 and 1982/83: 7.27 t/ha = 120%).
- 3.4. As a result of these changes in acreage and yield, production - which attained 15 m tonnes in 1981/82 - should total 13.7 million tonnes in 1982/83, against a consumption figure of 9.5 million tonnes. Allowing for imports, particularly of preferential sugar, the available surplus should amount to 6.4 million tonnes in 1982/83, compared with 6.7 million tonnes in 1981/82. In both marketing years, half of the available surplus consists of C sugar.
- 3.5. During 1980/81 and 1981/82 the situation on the world market was marked by a substantial excess of production over consumption. In 1982/83 a similar excess is to be expected and will bring an increase in the true surplus of final stocks (stocks in excess of normal stocks), taking them from 8 million tonnes to 13 million tonnes. Since consumption has remained extremely sluggish for several years and is not likely to increase perceptibly in the short term there is little likelihood of any fundamental improvement in the world market in 1983/84. The outcome of these persistent surpluses has been a decline in prices since 1981. In September 1981 prices dropped to their lowest level: at 10.5 cts/lb they were well below the ISA price bracket (13 cts/lb - 23 cts/lb). In 1982 the price fall continued, reaching an all-time low of 5.5 cts/lb in September of that year.

II. PRICES OF SUGARBEET AND SUGAR

- 3.8. In the Commission's view, an increase of not more than 4% in the basic price for beet would correspond to such a policy. To ensure that the constraining effect of this increase is not thwarted at the processing stage, the increase in the intervention price for sugar must also be limited to the same figure. A policy on these lines is essential especially as the new Regulation (EEC) No 1785/81 has given all producers the possibility of opting for the "mixed price" system, and beet growers and sugar manufacturers in four Member States (Belgium, Greece, Italy and the Netherlands) have already done so. This system irons out much of the constraining effect of any differentiation between price guarantees at grower level.
- 3.9. The Commission would point out that the proposed increase in the sugarbeet price is an increase in the basic price, whereas the minimum prices for A beet and B beet are determined in relation to the maximum permitted basic production levy and the maximum permitted B levy. At present, in accordance with Regulation (FEC) No 1785/81, it is proposed that the minimum price for A beet should be 98% and the minimum price for B beet should be 68% of the basic price, subject, in the case of the minimum price for B beet, to a subsequent increase in the maximum permitted B levy.

III. FINANCIAL RESPONSIBILITY OF PRODUCERS

- 7.10. The first year of application of the new system in which producers bear full financial responsibility for losses resulting from the disposal of production surpluses has shown that the maximum permitted amounts of 2% of the intervention price for the basic production levy and 30% for the B levy failed to cover the full cost of refunds on the quantities to be taken into account for calculating the abovementioned losses in 1981/82. Consequently, the Commission and the Council decided in June 1982 to raise the maximum amount of the B levy to 37.5% of the intervention price for 1982/83. If there is no considerable improvement in world market prices during 1982/83, it is to be feared that the proceeds from the production levies will fail to cover fully the relevant financial costs for that marketing year.
- 7.11. If this fear was confirmed in 1982/83, the Commission and the Council would be obliged to take the decision to raise once again the maximum B levy to 37.5% of the intervention price for 1983/84. This means that, as in 1982/83, minimum prices for beet in 1983/84 will be 98% of the basic price for A beet and 60.5% for B beet; for C beet the price will depend on world market prices for sugar (at present these prices allow payment of C beet at around 30% of the basic price).

IV. REIMBURSEMENT OF STORAGE COSTS

3.12. The Commission notes that the interest rates obtaining in the past few months in the Community have dropped. The decline is expected to continue. The Commission therefore considers it warranted to reduce the standard interest rate used for calculating the reimbursement of storage costs from 13% to 11% for 1983/84. Accordingly, it is proposed that the Council should reduce the monthly reimbursement amount from 0.63 ECU/100 kg, applied in 1982/83 to 0.57 ECU/100 kg for 1983/84. By reducing the reimbursement in this way it will be possible to maintain the storage levy at 4.25 ECU/100 kg (which is in fact borne by the consumer) despite the need to encourage storage as mentioned earlier.

V. THRESHOLD PRICE FOR MOLASSES

3.13. For molasses, whose threshold price was not increased in 1982/83, the Commission proposes an increase of 6% for 1983/84. This adjustment will ensure that the threshold price serves its full purpose at the Community frontier, in view of the sharp drop in molasses prices on the world market.

VI. PRICE PROPOSALS FOR 1983/84

:	: 1982/83	: 1983/84	: Change :
:	: price (ECU)	: proposal	: %
:		: (ECU)	:
-----	-----	-----	-----
: 1. Basic price for beet	t: 39.32	: 40.89	: + 4.0 :
: 2. Minimum price for A beet (1)	t: 38.53	: 40.07	: + 4.0 :
: 3. Minimum price for B beet (2)	t: 26.74	: 27.81	: + 4.0 :
: 4. Minimum price for B beet (3) revised	t: 23.79	: -	: - :
: 5. Intervention price for white sugar	q: 51.41	: 53.47	: + 4.0 :
: 6. Target price for white sugar	q: 54.12	: 56.28	: + 4.0 :
: 7. Threshold price for white sugar	q: 63.79	: (4) 66.33	: + 4.0 :
: 8. Intervention price for raw sugar	q: 42.63	: 44.34	: + 4.0 :
: 9. Threshold price for raw sugar	q: 54.72	: 56.90	: + 4.0 :
: 10. Threshold price for molasses	q: 6.51	: 6.90	: + 6.0 :
: 11. Monthly reimbursement of storage costs	q: 0.63(5)	: 0.57	: - :
:		(6):	:

(1) 98% of basic price for beet

(2) 68% of basic price for beet

(3) 60.5% of basic price for beet

(4) Taking account of an unchanged storage levy of 4.25 ECU/q

(5) Taking account of an interest rate of 13% p.a.

(6) Taking account of an interest rate of 11% p.a.

4.

OLIVE OIL

I. PRICE AND AID PROPOSAL

4.1. Production target price

Article 6 of Regulation No 136/66/EEC provides for the annual fixing of a production target price at a level which is fair to producers, account being taken of the need to keep Community production at the required level.

The Council fixed this price at 302.77 ECU/100 kg for the 1982/83 marketing year. It is proposed that it be fixed at 319.42 ECU/100 kg for 1983/84, in accordance with the guidelines followed for the agricultural price proposals as a whole. This proposal takes account of the fact that the price does not influence the volume of production, since olives are a perennial crop.

4.2. Production aid

Article 5 of Regulation No 136/66/EEC provides for the fixing of production aid intended to contribute to the attainment of a fair income for producers, taking into account the effect which consumption aid has on only part of production. The Council fixed this aid at 66.60 ECU/100 kg for the 1982/83 marketing year.

It is proposed that it be fixed at 70.26 ECU/100 kg for the 1983/84 marketing year.

Pursuant to Article 81 of the Act of Accession of Greece, it is proposed that the production aid applicable in Greece should be fixed at 40.52 ECU/100 kg for the 1983/84 marketing year.

4.3. Intervention price

Article 8 of Regulation No 136/66/EEC provides that the intervention price shall be the production target price minus the production aid and minus an amount which takes into account market fluctuations and the cost of transporting olive oil from production areas to consumption areas.

The Council fixed the intervention price at 217.93 ECU/100 kg for the 1982/83 marketing year. It is proposed that it be fixed at 229.92 ECU/100 kg for the 1983/84 marketing year, which represents the same percentage increase as that in the production target price.

4.4. Monthly increases

Article 10 of Regulation No 136/66/EEC provides for the fixing of monthly increases, account being taken of average storage costs and interest charges in the Community.

In view of these factors and of the need to ensure the regular marketing of production, it is proposed that the monthly increases should be raised by the same percentage as the production target price, that is, 5.5%.
(1.79 ECU/100 kg)

II. RELATED MEASURES

4.5. In its communication to the Council on the Mandate (COM(81) 608 final), the Commission mentioned the problems encountered in the monitoring of production aid for olive oil. The Commission notes that, despite the efforts made by the national authorities, and by the Italian authorities in particular, and despite the involvement of producers' organizations in the management and supervision of production aid, these problems have still not been resolved. The Commission therefore intends to make the maximum effort to improve control and monitoring of production aid under the existing system.

4.6. The compiling of the register of olive cultivation is being speeded up and should, by providing a better knowledge of the areas under olives, help to ensure that aid is granted only to those with entitlement thereto.

5.

OILSEEDS

I. COLZA, RAPE AND SUNFLOWER SEEDS

I. PRICES

5.1 Target price

Article 23 of Regulation No 136/66/EEC, the basic Regulation, provides for the fixing of target prices at a level which is fair to producers. For the 1982/83 marketing year the target price for colza and rape seeds was fixed at 46.39 ECU/100kg.

In the course of 1982/83 Community production expanded considerably, rising from 2 million to 2.6 million t. Even before this increase took place, the Commission had voiced its concern over an excessive expansion of colza seed production (see in particular its Memorandum of 23 October 1981 "Guidelines for European Agriculture"). With this concern in mind and irrespective of the measures relating to the guarantee threshold for this product, the Commission considers that the increase in prices should be moderate. Thus, and taking account of the increase proposed for the products which can be grown as alternative crops, the Commission considers that the increase in the target price for colza seed should be 5.5%. It is therefore proposed that this price should be fixed at 48.94 ECU/100 kg for the 1983/84 marketing year.

Where sunflower seed is concerned, on the other hand, the Commission continued to take the view that production of sunflower seed should be encouraged for several reasons. Both the oil and the oilcake obtained from sunflower seeds are in demand and present no marketing problem. Sunflower crops are also particularly suited to southern climates.

The target price for sunflower seed was fixed at 54.44 ECU/100 kg for the 1982/83 marketing year. It is proposed that the target price should be fixed at 57.98 ECU/100 kg for 1983/84; this represents an increase of 6.5%.

5.2 Intervention price

Article 24 of Regulation No 136/66/EEC provides that the intervention price should be fixed by reducing the target price by an amount which takes account of market fluctuations and by an amount which allows for the transport of seed from the production areas to the areas where they are used. It is therefore proposed that the intervention prices for 1983/84 should be fixed at 44.45 ECU/100 kg in the case of colza seed (+ 5.5%) and at 52.96 ECU/100 kg in the case of sunflower seed (+ 6.5%), which represents the same percentage increase as is proposed for the target price.

The fixing of the intervention prices at the above levels should ensure the free movement of seeds under normal market conditions.

5.3 Application of Article 1(2) of the Regulation

Account being taken of this reduction, the final target price for colza and rape seed is 48.45 ECU/100 kg and the final intervention price for such seed is 44.01 ECU/100 kg.

5.4 Monthly increases

Article 25 of Regulation No 136/66/EEC provides that monthly increases should be fixed to take account of average storage costs and interest charges in the Community. For the 1982/83 marketing year the monthly increases were fixed at 0.493 and 0.583 ECU/100 kg for colza and sunflower seed respectively. For the 1983/84 marketing year it is proposed that the monthly increases should be raised to 0.52 ECU/100 kg for colza seed and 0.615 ECU/100 kg for sunflower seed, i.e. a 5.5 % increase for both products.

Moreover, in order to allow for the increased production, it is proposed to apply monthly increases for sunflower seeds for six months.

II. GUARANTEE THRESHOLD FOR COLZA

5.5 In its Memorandum of 23 October 1981, the Commission stated that the production target for 1988 should not exceed 3.3 million tonnes. It is now proposed that the same target should be adopted for 1989. The Commission therefore proposes that the guarantee threshold for colza and rape seed should be fixed at 2 290 000 tonnes for the 1983/84 marketing year.

III. DOUBLE ZERO COLZA SEED

5.6 To encourage the conversion of colza and rape seed crops to the double zero varieties, the Commission intends to propose, again in respect of the 1983/84 marketing year, that a special premium should be payable if double zero seed is presented for intervention in the course of the marketing year.

II. SOYA BEANS

- 5.7 Each year, pursuant to Article 1 of Regulation (EEC) No 1614/79 (1), the Council fixes a guide price and a minimum price for soya beans. It is proposed that for the 1983/84 marketing year the guide price for soya beans should be fixed at 56.17 ECU/100 kg, or 6.5 % higher than the 1982/83 price, which was 52.74 ECU/100 kg. It is also proposed that the minimum price should be fixed at 49.43 ECU/100 kg, which represents 88% of the guide price. The fluidity of the market should thus be ensured.
- 5.8 The general rules which the Community currently applies to soya beans are valid only for the 1982/83 marketing year. The Commission will propose definitive rules by 31 March 1983.

(1) OJ No L 190, 28. 7.1979, p.5

III. FLAX SEED

5.9 Under Article 1 of Regulation (EEC) No 579/76 (1), the Council fixes a guide price each year for flax seed, in order to ensure a fair income for producers. For 1982/83 marketing year, this price was fixed at 51.5 ECU/100 kg. It is proposed that the guide price should be increased for the 1983/84 marketing year to 54.59 ECU/100 kg. This represents an increase of 6.0 %.

5.10 This increase, which is slightly greater than that proposed for the main alternative crops to flax seed, should give producers some incentive to continue growing seed flax in those production areas where reasonable yields can be achieved.

(1) OJ no L 67, 15. 3.1976, p.29

IV. CASTOR SEED

5.11 By regulation (EEC) No 2874/77 (1) laying down special measures in respect of castor seeds, a six-year scheme was introduced to encourage the development of castor seed production in the Community.

Article 6 of the said Regulation provides that, before the end of 1982, the Council shall, on the basis of a report submitted by the Commission on the effectiveness of the special measures for castor seeds and acting on a qualified majority on a proposal from the Commission, decide whether to maintain and, if necessary, amend these arrangements which are due to expire on 30 September 1984.

5.12 This document represents for the Commission both the explanatory memorandum for its price proposals and the report referred to in Article 6 of Regulation (EEC) No 2874/77. On the basis of the considerations outlined below, the Commission proposes, firstly, that the guide price (66.39 ECU/100 kg) and the minimum price (63.23 ECU/100 kg) should remain unchanged and, secondly, that the validity of Regulation (EEC) No 2874/77 should not be extended at the end of 1983/84.

(1) OJ No L 332, 24.12.1977, p.1

5.13 Regulation (EEC) No 2874/77 was introduced on the basis of a report presented by the Commission to the Council, at the latter's request, following an investigation into the advisability of expanding castor seed production in the Community.

Following this investigation, the Commission had come to the conclusion that it was in the Community's interest to expand production on both industrial and agricultural levels. Certain trials carried out in Italy had indicated that satisfactory yields could be obtained (13 to 15 q/ha). It had therefore been thought that producers could earn a fair income if aid were granted to oilmills which had concluded contracts with producers whereby the latter were guaranteed payment of at least the minimum price.

(1) COM (77) 339 final of 19 July 1977

5.14 Initially, there was a surge of interest amongst Italian growers, who planted up to 150 ha because of the very encouraging income to be earned from yields of 15 to 20 q/ha and crop contracts guaranteeing prices in excess of the minimum price or even the guide price. As the trials have continued, however, technical difficulties have increasingly been encountered. These are mainly attributable to the use of varieties which are too late for the Italian climate and which cause problems with the harvest, on the one hand, and with the sowing of winter cereals, on the other. Moreover, the harvesters are specific to this crop whereas general-purpose harvesters are needed if the farming of small areas is to be profitable.

5.15 To overcome initial difficulties, it was decided that, rather than any substantial increase in the guide price, Regulation (EEC) No 1610/79 should introduce additional aid of 12.09 ECU/100 kg for the 1979/80, 1980/81 and 1981/82 marketing years. Since these difficulties have not yet been resolved (in 1981 the area under castor seed had dropped to about ten hectares), the Council decided in 1982, pending a decision on the future of the aid arrangements for castor seed, to extend the additional aid for two marketing years. Despite this move, no meaningful progress seems to have been made in 1982 and trial crops are now being grown on a reduced scale (15 ha).

5.16 By introducing and then extending the additional aid without any appreciable increase in the institutional prices, the Council indirectly acknowledged that the initial problems faced by castor seed production in the Community could not be resolved by an increase in incomes but rather by more suitable methods of cultivation and harvesting.

Since there is no prospect of such methods being introduced in the short term, the Commission feels that it must be recognized at the end of the trial period that castor seed production cannot be introduced into the Community by traditional means (it should be mentioned that the total Community aid granted for castor seed amounted to only some 40 000 ECU over the first four marketing years) and that, instead, some agronomic and technical research is called for.

The Commission is thus ready to consider any responsible suggestions for research work concerning this product.

6.

PROTEIN CROPS

I. PEAS AND FIELD BEANS

6.1 Article 2 of Council Regulation (EEC) No 1431/82 laying down special measures for peas and field beans (1) provides for an aid activating price to be fixed annually where the products are used in animal feed; it also provides for a guide price for peas and field beans which are used for human consumption. The activating price is fixed for soya cake at a level which enables peas and field beans to be used in animal feed under conditions of normal competition with soya cake. When the world market price for soya cake fails short of the activating price, 45% of the difference is granted in aid to feed manufacturers.

Article 3 of the same Regulation stipulates that the aid is conditional on the producer having received a price not less than a minimum price ensuring a fair return to growers of peas and field beans, account being taken of market fluctuations and the cost of transporting the product from grower to processor.

(1) OJ No L 162, 12. 6.1982, p.28

6.2 For the 1982/83 marketing year, the minimum price was fixed at 27.41 ECU/100 kg and the aid-activating price at 47.60 ECU/100 kg and the guide price at 31.40 ECU/100 kg.

It would seem advisable to raise the minimum producer price by a higher percentage than that taken as the guideline for the agricultural price proposals as a whole. It is proposed that the minimum producer price should be raised by 6.5 % to 29.19 ECU/100 kg.

The aid-activating price and the guide price are derived from the minimum price. These two prices must be fixed at levels which guarantee that the aid is sufficient for peas and field beans bought at the minimum price to be transported to the areas where they are used and to compete in these areas with products bought at the world price. If the necessary balance is to be maintained, an increase of 1.78 ECU/100 kg in the minimum price will entail an increase of 4.16 ECU/100 kg in the aid-activating price. It is therefore proposed that the latter price should be fixed at 51.76 ECU/100 kg.

It is proposed that the guide price should be increased by the same percentage as the minimum price. It is therefore proposed that the guide price should be fixed at 33.44 ECU/100 kg.

II. DRIED FODDER

6.3 Council Regulation (EEC) No 1117/78 on the common organization of the market for dried fodder (1) provides for a flat-rate aid to be fixed annually for the products concerned, with the aim of improving the supply of protein products to the Community. A guide price is also to be fixed annually at a level considered fair to producers. When the world market price is below the guide price, aid amounting to a set percentage of the difference between these prices is granted.

6.4 For the 1982/83 marketing year, the flat-rate aid was fixed at 8.01 ECU per tonne. The guide price was fixed at 168.81 ECU per tonne for the Member States other than Greece and at 162.70 ECU per tonne for Greece. The flat-rate aid for dehydrated potatoes was fixed at 5.73 ECU per tonne for Greece and at 14.89 ECU per tonne for the other Member States. The percentage of the difference between the guide price and the world market price was set at :

- 100% for dehydrated fodder and protein concentrates;
- 50% for fodder products otherwise dried and ground.

6.5 In the case of dehydrated fodder, energy costs represent a significant part of the costs of production.

(1) OJ No. L 142, 30. 5.1978, p.1

It is undeniable that the production of dehydrated fodder requires more energy than does the processing of most other agricultural products. In certain Member States, however, considerable efforts have recently been made to find ways of reducing fuel consumption in drying plants and encouraging results have already been obtained. Thus, various other aspects of this sector must be taken into consideration.

Dried fodder is, after colza, the most important protein crop of Community origin. It provides the highest yield in protein per hectare and is the most efficient way, from the point of view of animal nutrition, to use lucerne, as well as involving the least wastage. Lucerne is a crop of particular interest to the producer agronomically.

6.6 The rules in force state that, with effect from 1 July 1983, the support system for dried fodder will no longer cover dehydrated potatoes. When this decision was taken, it was hoped that the Council would be able to approve the common organization of the market in potatoes in time for it to begin operating on this date. The Commission takes the view that, in view of the progress made so far with the discussions on this matter, the support system for dried fodder should cover dehydrated potatoes for one more marketing year.

6.7 Several of the considerations outlined above suggest that more should be done for the dried fodder sector. If the guide price is fixed too low, the processor cannot pay a fair price to the producer, who may then stop growing fodder crops for this purpose. It is therefore proposed that the guide price should be fixed at 178.94 ECU/tonne and that the flat-rate aid should be set at 8.49 ECU/tonne. This represents an increase of 6 %. It is proposed that the aid for dehydrated potatoes should be raised to 15.78 ECU per tonne, which represents an increase of 6 %.

6.8 Account being taken of the alignment criteria set forth in Article 104 of the Act of Accession, it is proposed that, for Greece, the guide price should be fixed at 174.58 ECU per tonne and the aid for dehydrated potatoes at 9.08 ECU per tonne.

7.

TEXTILE FIBRES

1. COTTON

7.1 Under paragraph 8 of Protocol 4 to the 1979 Act of Accession of Greece, a guide price for unginned cotton has to be fixed each year by the Council in order to support cotton production in Community regions where it is important to the agricultural economy, and to permit producers to earn a fair income.

Under paragraph 9 of the same Protocol, a quantity of cotton has to be fixed each year for which aid is granted without a reduction coefficient being applied. This quantity is between 323 000 t and 567 000 t.

Lastly, under Article 9 of Council Regulation (EEC) No 2169/81 (1), a minimum price for unginned cotton has to be fixed each year at a level which enables producers to sell at a price as close to the guide price as possible.

For 1982/83 the Council fixed the guide price at 85.88/100 kg, the minimum price at 81.59 ECU/100 kg and the quantity eligible for full aid at 450 000 t.

For 1983/84 it is proposed that these prices be fixed at 91.89 ECU and 87.3 ECU respectively, an increase of 7 %, in other words, higher than the general level advocated in the price proposals as a whole, and that the quantity eligible for full aid be kept at 450 000 t.

(1) OJ No L 211, 31. 7.1981, p.2

7.2 An increase in the price of cotton higher than that considered necessary, in particular for cereals, one of cotton's major crop competitors, would seem necessary so as to make cotton slightly more competitive.

Admittedly, sown areas in 1982 were around 8% up on 1981 but this was caused by the exceptional performance in 1981 (excellent quality and record yield). In fact, areas sown are still less than in 1980 (141 000 ha) and, more significantly, less than the average for 1970-79 (150 000 ha).

Since the gap between the guide price and the minimum price has not given rise to problems, it is proposed that the minimum price be increased by the same percentage as the guide price so as to maintain the necessary market fluidity.

7.3 By keeping the quantity conferring entitlement to full aid at last year's level, it will be possible to safeguard the interests of traditional exporters of cotton fibres to the Community, without jeopardizing producers' chances of attaining the income target on the realistic assumption that there will be no change in Community sown areas in 1983 (137 000 ha).

Moreover, the quantity in question is still significantly lower than the maximum quantity which may be fixed by the Council under Protocol 4; it represents approximately 145 000 t of fibres as compared with Community requirements of approximately 800 000 t.

II. FIBRE FLAX

- 7.4 Under Article 4 of Regulation (EEC) No 1308/70 (1) a flat rate per hectare has to be fixed each year for aid for fibre flax such as to ensure an even balance between production requirements and sales potential. Aid for the 1982/83 marketing year was fixed at 335.02 ECU/ha for the Community of Nine, of which 21.80 ECU/ha was not paid to the beneficiaries but earmarked for the financing of promotion and research under Regulation (EEC) No 2511/80 (2). For 1983/84 it is proposed that aid be increased by 6 %, a percentage which is slightly higher than the general level advocated in the price proposals, to 355.12 ECU/ha. The Commission feels that the sum kept back for promotion and research in 1983/84 should be increased to 23.08 ECU/ha, i.e. by the same percentage (6.5%) as the aid itself.
- 7.5 The Commission takes the view that a 6 % increase (352.04 ECU/ha as against 313.22) in the aid actually paid to the producer, over and above the increase in income resulting from market conditions (the fibre and straw prices have risen substantially now that the surpluses formed in early 1981 have been absorbed and will probably stay at this level as the market seems likely to remain balanced) should be sufficient to guarantee producers a fair income and even encourage a degree of expansion, which is probably needed if balance is to be maintained.

(1) OJ No L 146, 4. 7.1970, p.1

(2) OJ No L 256, 1.10.1980, p.61

- 7.6 With a sown area of approximately 55 000 ha anticipated for 1982 and a deduction of 23.08 ECU/ha, the sum available for financing the use of flax fibres should be around 1.269 Mio ECU. Making allowances for inflation, this should be enough to continue last year's efforts in this direction.
- 7.7 Pursuant to Article 68 of the 1979 Act of Accession, it is proposed that the aid applicable in Greece be fixed at 118.37 ECU/ha (one third of the aid applicable in the other nine countries) and that the amount of aid earmarked for promotion measures in Greece be fixed at 7.69 ECU/ha, matching the percentage subtracted from the flat-rate aid in the other nine countries (6.5%).

III. HEMP

- 7.8 Under Article 4 of Regulation (EEC) No 1308/70 (1) a flat rate per hectare has to be fixed for aid for hemp such as to ensure an even balance between production requirements and sales potential. Aid for the 1982/83 marketing year was fixed at 304.26 ECU/ha. For 1983/84 it is proposed that the aid be increased by 6 % to 322.52 ECU/ha.
- 7.9 The Commission feels that this increase, combined with the anticipated rise in the contract price for straw, the increase in the price of seed and the prospect of a recovery in the price of flax fibres, should make hemp-growing a little more attractive than it is at present.
- 7.10 Pursuant to Article 68 of the 1979 Act of Accession of Greece, it is proposed that the aid applicable in Greece be fixed at 107.51 ECU/ha (one third of the aid applicable in the other nine countries).

(1) OJ No L

IV. SILKWORMS

7.11 Under Article 2 of Regulation (EEC) No 845/72 (1) aid has to be fixed each year for silk seed per box used such as to help guarantee a fair income for silkworm breeders.

Aid for the 1982/83 marketing year was fixed at 100 ECU per box for the Community of Nine. For 1983/84 it is proposed that this be raised to 106 ECU/box, an increase of 6 %.

7.12 The Commission takes the view that this increase, which is slightly higher than the general level advocated in the price proposals, combined with the current and foreseeable market situation for raw silk, will help maintain interest in silkworm breeding in the few regions of the Community involved.

7.13 Pursuant to Article 68 of the Act of Accession of Greece, it is proposed that the aid applicable in Greece be raised from 73.02 ECU to 84.01 ECU/box (closing the gap of 32.89 ECU between the aid to be granted in the other nine countries in 1983/84 and the aid granted in Greece in 1982/83 by one third).

(1) CJ No L 100, 27. 4.1972, p.1

8.

WINE

I. PRICES

8.1 A major event at the beginning of the eighties has been the adoption by the Council of structural measures which constitute the "Action programme for the wine sector 1980-86" and supplement the measures adopted in 1976. As is the case with all structural measures, these were implemented fairly slowly and did not begin to have any effect until the last marketing year.

The measures adopted in 1976 have enabled 85 000 ha of vineyards to be converted, half in Italy and half in France.

Under the 1978 Directive on the Mediterranean regions of France, 25 000 ha have been restructured and the same area converted.

The 1979 Directive on the Charentes region has resulted in the conversion of 4 500 ha. There have been difficulties in launching the measures applicable for 1980-86, particularly in Italy and Greece; the collective projects for the restructuring of vineyards approved by the Commission in connection with the first instalment involves around 15 000 ha, including nearly 13 000 ha in France and 2 000 ha in Italy.

8.2 Last July the Council adopted a thorough revision of the basic rules on wine, comprising new market management tools which will be brought into use in the 1982/83 marketing year.

8.3 In formulating its price proposals in this sector for 1983/84, the Commission must therefore bear in mind not only the present market situation but also the implementation of the structural measures and the results expected from the use of the new market management tools.

8.4 As regards the present market situation, Article 2(2) of Council Regulation (EEC) No 337/79 of 5 February 1979 on the common organization of the market in wine provides for the guide price to be fixed on the basis of the average prices for each type of wine during the two wine-growing years preceding the date of fixing and on the basis of price trends during the current wine-growing year.

8.5 Prices for wine in the Community (on the basis of communications from Member States under Regulation (EEC) No 337/79) have moved as follows:

: Year	: R I	: R II	: R III	: A I	: A II	: A III	:
	: ECU /°/hl						
-----	-----	-----	-----	-----	-----	-----	-----
: 1980/81	: 2.239	: 2.083	: 68.35	: 1.708	: 63.81	: 83.28	:
: 1981/82	: 2.522	: 2.390	: 107.34	: 2.038	: 77.68	: 79.06	:
: 1982/83 (1)	: 2.659	: 2.514	: 80.63	: 2.434	: 41.00	: 62.87	:

(1) Quotations from September to November 1982.

8.6 The market in table wines of types RI, RII and AI underwent serious crises as a result of the exceptional harvests in 1979 and 1980. Prices were extremely low in 1980 and 1981 but rose again to an acceptable level owing to the intervention measures, in particular the exceptional distillation measures, adopted in 1981 and again in 1982 which enabled the surpluses to be absorbed.

At present, market prices (average for September and October 1982) are at the following levels in relation to current guide prices:

<u>Types</u>	<u>% of guide price</u>
R I	90.1
R II	85.2
R III	175.4
A I	89.5
A II	66.9
A III	89.9

The changes in Community prices in 1981/82 compared with the previous year represent the average of the parallel trends in French and Italian prices, as the following tables show (in ECU/ % / vol./hl).

=====					
FRANCE	:	R I	:	R II	:
-----	:	-----	:	-----	:
1980/81	:	2.302	:	2.112	:
1981/82	:	2.585	:	2.455	:
-----	:	-----	:	-----	:
Change	:	+ 12.3 %	:	+ 16.2 %	:
					+ 38.9 %

=====

=====					
ITALY	:	R I	:	R II	:
-----	:	-----	:	-----	:
1980/81	:	1.841	:	1.863	:
1981/82	:	2.106	:	2.008	:
-----	:	-----	:	-----	:
Change	:	+ 14.4 %	:	+ 7.8 %	:
					+ 21.0 %

=====

- 8.7 During the marketing year, the price gap between the French and Italian markets has narrowed appreciably. In autumn 1981 French quotations were about 30% in excess of Italian ones, but the gap was only 10% in October 1982. The trend towards price unity on the markets of these two Member States enabled the marketing year to proceed without the incidents which had occurred in previous years.
- 8.8 This situation arose partly because of reduced availabilities at the start of the 1981/82 marketing year (carry-over stocks 91 million hl and 1981 harvest 139 million hl, down on the previous year when they were 92.2 and 164 million hl respectively) and partly because of the effect of Community measures. Thus, the exceptional distillation measure introduced by the Council in March 1982 helped to rationalize the Italian market and prices rose considerably, particularly for white wine of type AI.
- 8.9 Consumption has been falling for several years. This trend continued and human consumption amounted to 127.2 million hl, 0.5 million hl down on the previous marketing year.
- 8.10 Although forecasts for the 1982 harvest indicate that volume will be high (170 million hl) and surpluses likely to increase, the new intervention mechanism introduced last July should make it possible to act right at the start of the marketing year and rationalize the market quickly.
- 8.11 In these circumstances, although producers' incomes should be increased, at the same time the medium-term objective, i.e. to prevent any increase in the disparity between production and demand, must not be abandoned. Therefore, the Commission proposes that guide prices be increased linearly by 5.5% for all types of table wine.

This is because there has been a reversal in the usual price situation of white wines of type AI in Italy. Since the start of the 1981/82 marketing year their prices have gradually approached and now overtaken the prices of red wines (R I and R II) at most quotation centres. There is therefore no longer any justification for increasing the existing gap between the guide prices for red and white wines of types A I, R I and R II which account for virtually all of production and it appears appropriate to propose a linear increase.

This proposal must also avoid the danger of reducing the effectiveness of the structural measures for adjusting production potential to market requirements. The Commission would like to emphasize that at present the Community's interests would best be served by bringing market prices up to the level of guide prices.

17. RELATED MEASURES

- 17.11 In the wine sector the official prices (guide price, reference price and activating price) are not applied until 16 December each year whereas the wine-growing year runs from 1 September to 31 August of the following year. In practice, the application of several management measures (compulsory distillation of by-products, preventive distillation, etc.) coincides with the start of the wine-growing year at the beginning of September.

In its resolution on the reform of the wine market adopted in July 1982, Parliament proposed that the marketing year and the application of the new prices should be brought forward to 1 September.

In order to make the management of the market more consistent and to increase the effectiveness of intervention measures, the Commission is proposing an amendment of Regulation (EEC) No 337/79 to enable the wine-growing year and the price year to begin at the same time, on 1 September each year.

8.13 There is also a proposal to amend Regulation (EEC) No 337/79 by introducing a provision enabling the Community to contribute financially to the implementation of campaigns to promote table wine on internal and external markets, to which the Commission in its 1980-86 action programme and again in its communication on "Guidelines for European Agriculture" (1) stated that consideration should be given.

8.14 Community provisions on the establishment of a viticultural land register were adopted as long ago as 1962. The difficulties encountered in applying those provisions led the Community to set up (2) in 1978 a system of statistical surveys of areas under vines, using modern methods. The first basic survey for Italy and Greece has still to be carried out.

However, the idea of establishing a viticultural land register was taken up again by the Council when the basic legislation was reformed in July 1982.

As soon as the results of the basic survey of areas under vines are available the Commission will make appropriate proposals for establishing a viticultural land register.

(1) COM (81) 608 final, 23.10.1981, point 104

(2) Reg. (EEC) No 337/79, OJ No L 54, 5. 3.1979.

9.

FRUIT AND VEGETABLES

I. BASIC AND BUYING-IN PRICES

- 9.1 Under Article 16 of Council Regulation (EEC) N° 1035/72 of 18 May 1972 on the common organization of the market in fresh fruit and vegetables, the Commission is required to propose each year basic prices and buying-in prices for the products listed in Annex II to that regulation, namely tomatoes and cauliflowers, apples, pears, peaches, table grapes, oranges, mandarins, lemons, aubergines and apricots.
- 9.2 For all these products, the Commission proposes an increase of 5.5% in line with the figure adopted for the overall package of agricultural price proposals.

However, the Commission is proposing a smaller increase for tomatoes 3.5% because of the substantial risk of surpluses owing to the short growing cycle and the processing aid available.

- 9.3 The average increases proposed for each product are to be spread on a linear basis over the entire period of application of the basic and buying-in prices, maintaining the relationship between buying-in prices and basic prices within the range specified in Article 16(3) of Regulation (EEC) N° 1035/72.
- 9.4 The basic and buying-in prices to be applied in Greece have been drawn up in line with the provisions of Article 59 of the Act of Accession.

II. MARKETING PREMIUMS FOR ORANGES, MANDARINS, CLEMENTINES AND LEMONS

9.5 For the 1983/1984 marketing year, it is proposed that the marketing premiums for oranges and mandarins be increased by the same percentage as adopted for the basic and buying-in prices, that is 5.5%.

The marketing premiums for lemons and clementines have already been fixed under Article 7(2)(b) of Regulation (EEC) N° 2511/69 at three quarters of the premiums fixed for 1982/1983.

9.6 The marketing premiums for Greek products are already defined in Articles 68 and 76 of the Act of Accession.

III. IMPROVED MONITORING

- 9.7 The Commission continues to attach great importance to improving the monitoring of the application of the various regulations in force in this sector, particularly with regard to quality standards. It invites the Council to adopt as soon as possible the proposal presented in COM(82)138 final.

Processed fruit and vegetables

- 9.8 When the new arrangements for processed fruit and vegetables were established by Regulation (EEC) N° 516/77, it was agreed that the regime should be re-examined, on the basis of a report by the Commission in 1982. The Commission will present this report to the Council shortly. In view of certain problems in the market organization for raisins, which was introduced after the accession of Greece, and the fact that this regime in its present form expires in 1983, the Commission will also deal with raisins in the report.

- 9.9. The Commission confirms the importance which it attaches to the guarantee threshold for processed tomatoes (Regulation (EEC) no. 1206/82) and that it will make proposals if the guarantee threshold is exceeded.

10.

TOBACCO

I. PRICES AND PREMIUMS

- 10.1 The Commission's proposals concerning the prices and premiums for raw tobacco from the 1983 harvest are determined directly by the present state of the Community market in tobacco and are in accordance with the guidelines previously laid down for the sector. They also reflect the results of the investigation carried out in 1982 into the effectiveness of premiums and their levels, in the course of which premiums were assessed as regards their impact on production, marketing, producer's incomes and employment.
- 10.2 At 5.67 million tonnes, the world's total production of leaf tobacco in 1981 was 7.8% up on the previous year (5.26 million tonnes). According to the latest estimates, the Community's production of leaf tobacco from the 1981 harvest was 308 735 tonnes. The 1982 harvest is expected to be 310 228 tonnes, an increase of 0.5%.

By type, light air-cured and flue-cured tobaccos from the 1982 harvest rose by 7.6% and 3.4% respectively, compared with 1981. The other types are down: in France, total production of dark air-cured tobaccos fell by 16%, while flue-cured and light air-cured tobaccos increased by 38%. The figures show that the move towards new varieties - which began several years ago - is being sustained, and it should have gone further by the 1983 harvest. The estimated area under tobacco in 1982 is 173 514 ha, as against 171 555 ha in 1981, an increase of 1%. It is falling in all producer countries except Greece, which recorded a 4% increase.

- 10.3 The marketing of tobacco from the Community's 1981 harvest has been satisfactory, with intervention buying estimated at 1% and 10% respectively of the Italian and Greek harvests. In Italy the quantity of tobacco sent into intervention was 1 280 tonnes, about half of it Forchheimer Havanna, a variety which has shown a marked increase in recent years. Thanks to the conclusion of multiannual export contracts by certain firms with Eastern European countries all the Oriental tobacco was disposed of with the exception of Perustitza, of which an estimated 0.8% of output was bought in. In the case of Greece, the quantity bought in was 8 322 tonnes, including 3 000 tonnes of Tsebelia, 2 270 t of Kaba Koulak classic and 1 300 t of Katerini. It is thought that the total quantity sent into intervention by the end of the marketing year will not exceed 10 000 tonnes. Although the marketing of tobacco from the 1981 harvest began somewhat late the results are encouraging, especially when compared with 1979 and 1980, when the quantities bought in were three times those for 1981, the year in which the common organization of the market was applied for the first time in Greece. The other producer countries - France, the Federal Republic of Germany and Belgium - are disposing of all their output.
- 10.4 In 1982, sales by tender of Community tobacco held in storage have made possible the disposal of 13 297 tonnes of baled tobacco, including all the Beneventano (7 175 t) in intervention storage. Accordingly, the estimated total quantity now stored in the Community of Nine is 22 378 tonnes. Further sales by tender, to be held in 1983, will very likely result in disposal of all intervention stocks, except perhaps certain quantities held by the Greek intervention agency which were harvested in 1981.

- 10.5 Thus far there has been a slight differentiation in the increases in the norm prices for the different varieties. Under the price proposals for tobacco from the 1983 harvest that differentiation is to become more marked, with the increases ranging from 4 to 7.5%, as follows:
- 7.5% for the flue cured and light air-cured varieties where further changes of variety and improvements in quality are required (Badischer Burley F, Virgin D, Bright, Burley I, Maryland, Burley GR, Virginia GR) and the aromatic Oriental varieties for which there is a ready market (Basmas, Katerini, Kaba Koulak classic and Zichnomyrodata);
 - 7% for the varieties which pose no major marketing problem, viz. Badischer Guedertheimer, Kentucky, Paraguay, Nijkerk, Misionero, Rio Grande and Round Tip;
 - 6% for Oriental tobaccos where production must be further reduced in order to match supply and demand (Xanti-Yaka, Perustitza, Erzegovina, Kaba Koulak non classic and Myrodata Agrinion);
 - 4% for varieties where production has shown a sharp increase in recent years (Forchheimer Havanna), or where prices have in recent years been fixed at a level sufficiently high to warrant a modest increase on this occasion (Beneventano, Mavra and Tsebelia).

In actual fact, the increases for certain Greek varieties range from 10 to about 12, given that, for the second year, a further 25% of the State aid has been included in the calculation of the norm price.

10.6 It was stated, in the Explanatory Memorandum relating to the price proposals for the previous harvest, that a more detailed investigation of the effectiveness of premiums and their levels should be carried out in 1982. The investigation originally stemmed from a desire on the part of the Commission to verify, after 12 years' implementation of Community rules, whether the basic Regulation's objectives has been attained. It was therefore felt that enquiries should focus on two separate aspects:

- the premium's effectiveness in maintaining production and improving quality;
- the level of the premium, as regards achieving a fair return for producers and maintaining employment.

The first aspect involved a technical and economic analysis of the premium's impact on tobacco production and marketing. This meant checking that neither the conditions of disposal of Community-produced tobacco nor Community preference were being jeopardized by the low prices of imports of competing varieties and by tariff concessions.

The second aspect of the investigation concerning the level of the premium called for definition and updating of the different components used for calculating the premium, namely the total cost price within the Community and the price of the equivalent competing imported tobacco, to allow the premium to be fixed at a level making Community production competitive.

10.7 After 12 years of the common organization of the market in raw tobacco, production has risen from 221 203 tonnes in 1970 to 308 735 tonnes in 1981, an increase of 39.5%. The increase has been accounted for by light air-cured and flue-cured tobacco at the expense of dark air-cured varieties. In Italy, the quantities sent into intervention have fallen from an average of 8.5% for 1972 to 1% for 1981.

The picture is equally positive as regards income from tobacco-growing and its contribution to maintaining employment. Checks of farm returns during inspection visits have shown all the factors of production to be properly remunerated in the case of sizeable holdings, i.e. those of 10-20 ha. However, although tobacco-growing on holdings of less than one hectare does not yield the official rate of return for labour it does provide employment and an adequate level of income for the members of the family, taking into the local economic situation.

On the mixed farms, income from tobacco-growing is a key factor: on a 30 hectare holding, three hectares under tobacco was found to account for about 40% of total farm income. The figure can even be higher, depending on what other crops are grown.

10.8 In order to maintain this state of affairs the premium has to be set high enough to ensure that the harvest finds a market, taking into account the price of competing equivalent varieties. Production costs in the Community have been rising by 10-20% while the annual increases for competing varieties have been 2-7% only. Accordingly, the Commission is proposing increases in the premium for the 1983 harvest which in most cases exceed the increase in the corresponding norm price.

II. RELATED MEASURES

10.9 As regards related measures it is proposed that the intervention price be fixed permanently at 85% of the norm price for all varieties except Kentucky, Xanti-Yakà, Perustitza and Erzegovina, for which, under Regulation (EEC) No 1535/81, it is 80% of the norm price for the 1981, 1982 and 1983 harvests.

Moreover, different processing costs will be used depending on whether the calculation is for the premium or the derived intervention prices, the latter being fixed at a level designed to discourage the sale into intervention of varieties with a derived intervention price.

10.10 The Commission feels that, quite apart from any restrictive measures, a good deal of the tobacco industry's problems can be resolved through cooperation between producers, processors and manufacturers with a view to matching supply and demand. It was for this purpose that Eugrotab, a European grouping of leading producers, traders and manufacturers was formed in 1982.

10.11 Pragmatic handling of the flat-rate component used by the Commission when fixing the premium and frequent use of the co-responsibility mechanism provided for in the basic Regulation have made it possible to conduct a strict market management policy. These proposals concerning prices and premiums provide for increased incentives to improve quality and constitute an outright disincentive to produce varieties for which there is no market. It will be possible to build upon the positive results obtained thus far only if the guidelines followed to date are adhered to and if close attention is paid to production and marketing trends in Greece during this first stage in the process of alignment on the Community system.

II.

MILK

I. THE MARKET IN MILK PRODUCTS

II.I. Whereas the quantities of milk produced and collected levelled off in 1981, the figures for the first nine months of 1982 indicate a new upturn in deliveries. The rate of increase (2.7%) has been the same as the annual average for the period 1975-1980.

At the same time there have been substantial increases in production of butter (+5.4% as compared with the same period in 1981) and skimmed-milk powder (+7.4%).

This increase in production may be mainly attributed to higher yields, since the number of dairy cows has risen by only 0.5%.

The production and use of green fodder were favoured by excellent weather conditions, particularly in Northern Europe. Despite the rising dollar, the milk:concentrate price relationship was better than in 1981.

The substantial increase in production of butter and skimmed-milk powder may be partly attributed to the drop in production of whole-milk powder (-7%); in the first half of 1982, exports of the latter product were considerably less than in the first half of 1981.

11.2. Sales of other products to the world market were also down, with the exception of evaporated milk and fresh products. The world market continues to be influenced by the large stocks of milk products held by our trading partners, particularly the United States, and by the financial problems of certain countries which have traditionally been supplied by the Community.

11.3. In the Community, cheese consumption has continued to rise (+1.7%), whilst butter consumption has continued to drop (-1.8%).

This drop has been particularly marked in the United Kingdom, where there has been very keen competition from a new kind of margarine.

11.4. Public stocks of butter and skimmed-milk powder showed an upward trend at the beginning of the year and this trend was accentuated in the second half of the year. The large quantities of butter covered by private storage contracts (330 000 tonnes) kept public stocks below 60 000 tonnes in the early autumn but it is now forecast that the quantities of butter in public stocks will be on the increase by the end of 1982 to about 100,000 tonnes despite the disposal measures introduced in the fourth quarter of 1982. In contrast, stocks of skimmed-milk powder, which stood at 675 000 tonnes at the end of October, should decrease by the end of the milk year as a result of current reduced-price sales to the pig and poultry sectors.

11.5. The outlook for 1983/84 holds no promise of improved sales on the Community's internal market, where demand will continue to be influenced by the stagnation of the economy. The trends followed on the world market in 1982 are unlikely to change in any significant respect; the opportunities for Community exports will again be restricted by the level of existing stocks and by potential customers' inability to pay for such exports.

11.6. This situation could result in a serious imbalance on the market and renewed build-up of heavy stocks with only limited scope for export at considerable cost to the budget, unless effective measures are taken. The Commission therefore considers that action should be taken, by means of all the instruments at the Community's disposal, to ensure a better balance on the market in the milk sector. The following paragraphs describe the action to be taken through price policy; through the application of guarantee threshold and measures for the participation of producers in the additional costs arising from production in excess of these thresholds; through the co-responsibility levy; through special disposal measures; and through direct aid for the incomes of small scale milk producers.

II. TARGET PRICE AND INTERVENTION PRICES

11.7 In the first place, action can be taken through prices. Since a cautious policy is required, the Commission proposes that, account being taken of the trend in producers' incomes, the target price for milk should be increased by 5.5%.

The manner of calculating the intervention prices remains the same as in 1982, independently of the corrective factor referred to below. The fat/non-fat ratio in the price remains approximately 55:45. The Commission is proposing the same increase for processing costs as for the target price (5.5%).

III. APPLICATION OF ARTICLE 3 OF REGULATION (EEC) NO 1184/82

11.8. Article 3 of Regulation (EEC) No 1184/82, which fixed the prices for the 1982/83 milk year, provides that, if it is found that the quantity of milk delivered by Community producers exceeds the guarantee threshold, the Council, acting on a proposal from the Commission, must adopt appropriate measures to offset the additional expenditure. The guarantee threshold, which the Council fixed for 1982 at the level of 1981 deliveries plus 0.5%, was substantially exceeded in 1982. In line with its declaration when the 1982/83 prices were adopted, the Commission proposed on 4 November 1982 that the intervention prices should be reduced by 2.2% with effect from 1 April 1983 (1). This proposal was based on the provisional estimate that deliveries of milk in 1982 would increase by 2.7 %, and the Commission reserves the possibility of modifying its proposal in the light of more definite information concerning 1982 deliveries.

11.9. Consequently, the following intervention prices for butter, skimmed-milk powder and Grana padano and Parmigiano Reggiano cheeses may be derived from a target price of 28.28 ECU/100 kg.

Intervention prices

:	:	1983/84	:	%	:
:	: 1982/83 : Intervention	: Corrected	: 1983/84:		
:	: price	: price	: 1982/83:		
:	: (ECU/100 kg)	: (ECU/100kg):			
-----:-----:-----:-----:-----:-----					
: Intervention prices	:	:	:	:	:
:.. 82% butter	: 349.70	: 368.93	: 360.81	: 3.18	:
:.. skimmed-milk powder	: 146.23	: 154.27	: 150.87	: 3.18	:
:.. Italian cheeses	:	:	:	:	:
: Grana padano (30 days)	: 353.04	: 372.46	: 364.27	: 3.18	:
: Grana padano (6 months)	: 429.51	: 453.13	: 443.16	: 3.18	:
: Parmigiano Reggiano	: 469.30	: 495.11	: 484.22	: 3.18	:

IV. THRESHOLD PRICES

11.10. Each year, under the common organization of the market in milk and milk products, the Council has to fix threshold prices for the following milk year. The Commission proposes that the Council should adjust the threshold prices in the light of the increase in the target price for milk.

The Commission proposes that the special levy on United Kingdom imports of New Zealand butter should be adjusted in the light of change in the intervention price for butter, with effect from the beginning of 1983/84.

V. CO-RESPONSIBILITY LEVY

11.11. The Commission proposes that in 1983/84 the co-responsibility levy should remain at the same level (2%) and subject to the same conditions as in 1982/83.

VI. SPECIAL DISPOSAL MEASURES

11.12. The special measures for the disposal of butter stocks will remain in force in 1983/84 in order to maintain Community consumption in the face of keen competition from other edible fats which are sold at prices well below that of butter.

The general aids for butter consumption provided for in Regulation (EEC) No 1269/79 will continue and the EAGGF contribution will remain at the same level (45 ECU/100 kg).

VII. GUARANTEE THRESHOLD

11.13. The Commission proposes that, for the 1983 calendar year, the guarantee threshold referred to in Article 5b of Regulation (EEC) No 804/68 should be set at the 1982 level plus 0.5%.

VIII. AID TO SMALL-SCALE PRODUCERS

11.14. The Commission is conscious that the effect of the different measures proposed, and in particular the reduction of intervention prices resulting from the guarantee threshold for 1982 being exceeded, could aggravate the income problems faced by small-scale milk producers. It considers it desirable therefore to supplement the incomes of such producers by means of a direct aid, financed by the Community budget, within a financial limit of 120 million ECU. At the present stage it proposes that the sum of 120 million ECU should be shared out among small-scale milk producers in accordance with the rules currently in force but reserves the right to propose changes in the rules in the light of the report which it will present to the Council before the end of January 1983.

IX. INWARD PROCESSING TRAFFIC

- 11.15. The upward trend in butter stocks and the prospect of a further drop in consumption within the Community make it necessary to safeguard the Community's traditional outlets on the world market. To this end, the Commission proposes that inward processing traffic in butter and butteroil (CCT heading 04.03), which was suspended from 15 January 1976 to 31 March 1981, should be suspended once more with effect from 1 April 1983.

X. SCHOOL MILK

- 11.16. As a further incentive to the national and local authorities to take part in the school milk scheme, the Commission is proposing an extension of the minimum period for which it gives an assurance as to the maintenance of the Community contribution to the financing of the scheme. It is proposing that the contribution should be guaranteed for a period of five years from the beginning of the 1983/84 milk marketing year.

12.

BEEF AND VEAL

=====

I. GUIDE PRICE AND INTERVENTION PRICE

12.1. For 1982/83 the guide price for adult bovine animals was fixed, per 100 kg live weight, at 191.87 ECU from 20 May to 5 December 1982 and 196.29 ECU from 6 December until the end of the marketing year. The intervention price per 100 kg live weight for the same two periods was fixed at 172.68 ECU and 176.66 ECU (1).

12.2. For 1983/84 the Commission proposes that the guide price should be increased - in a single stage - by 5.5% from the beginning of the marketing year. This would mean a guide price of 207.09 ECU per 100 kg live weight and an intervention price of 90% of that figure, i.e. 186.38 ECU per 100 kg live weight.

(1) Council Regulation (EEC) No 1197/82 (OJ No L 140, 20.5.1982, p. 26).

II. COMMUNITY SCALE FOR THE CLASSIFICATION OF CARCASSES OF ADULT BOVINE ANIMALS

12.3. Under Council Regulation (EEC) No 1202/82 (1) Member States are required, from 28 June 1982 until the end of the 1982/83 marketing year, to record market prices in accordance with the Community scale for the classification of carcasses of adult bovine animals as established by Regulation (EEC) No 1208/81 (2) at the same time as they record prices on the basis of the live weight. Accordingly, the market prices communicated by the Member States have gradually been going over to the Community scale.

The Commission feels, however, that since the scale has not been applied for a sufficient period, and in view of the improvements which are called for, the period during which market prices are recorded on a dual basis should be extended by one year; thereafter they should be recorded on the basis of the Community scale alone.

12.4. A major effort has been made in most Member States to implement the new Community scale; such efforts should be encouraged and the results utilized for the Community's benefit, with a view to achieving general use of the scale. Accordingly, pursuant to the formal agreement entered into when the prices for 1982/83 were adopted, it is proposed that the scale be applied - for buying-in only - from the beginning of the 1983/84 marketing year; buying-in will thus take place at the same prices - in ECU - throughout the Community, for carcasses of the same category and with the same characteristics.

(1) OJ No L 140, 25.5.1982, p. 35
(2) OJ No L 123, 7.5.1981, p. 3

12.5. The Commission intends, depending on experience in the additional period of dual-price recording, to propose to the Council that from 1984/85 the guide price and intervention price be fixed per 100 kg of carcase in accordance with the Community scale. From then onwards market prices would, in all Member States, be recorded according to the Community scale alone.

12.6. In practical terms, applying the Community scale for the classification of carcases to buying-in operations will mean modifying Article 6 of Council Regulation (EEC) No 805/68 (1) so that a decision can be taken on the following matters in accordance with the procedure laid down in Article 27 of Regulation (EEC) No 805/68:

- the fixing, at the beginning of the marketing year, of the categories of products which can be bought in, together with the corresponding buying-in prices;
- provision for the application of the intervention system throughout the Community, using identical presentations, and for the compulsory classification and marking of the products bought in;
- experience during the past three marketing years has shown that through selective and more careful management of intervention buying at certain times of the year it is possible to hold down appreciably the quantities bought in without adversely affecting average Community prices.

12.7. Finally, the Commission intends to call upon the services of the Community Inspection Committee provided for in Article 5 of Regulation (EEC) No 1208/81, in particular to ensure that the products bought in have indeed been classified in accordance with the Community scale; detailed rules will be laid down concerning the rules of procedure and financing of the Committee.

(1) OJ No L 148, 28.6.1968, p. 24

III. Premiums

12.8 In its 1982 price proposals (COM(82) 10 Volume I, page 99) the Commission stated that it considered it appropriate during 1982/83 to review the existing premium schemes and to consider whether improvements could be made in the form of a more uniform direct aid to producer's incomes. This work, which is continuing, has demonstrated the difficulty of reconciling the market objectives, in particular the need to avoid indirect encouragement for milk production, and the revenue effects of the present premiums. For the marketing year 1983/84 the Commission proposes the continuation of the present premiums at the current rates.

13.

SHEEPMEAT

I. REFERENCE PRICES

- 13.1 Pursuant to Article 3(4)(ii) of Regulation (EEC) No 1837/80(1) as amended by Regulation (EEC) No 1195/82 (2), and having regard to the Council's decision to achieve a single Community reference price by the beginning of the 1984/85 marketing year by the convergence of national reference prices in equal annual steps over four years, the difference between the reference prices fixed by the Council for the 1982/83 marketing year has to be reduced by half at the beginning of the 1983/84 marketing year. To this end the Commission proposes that the same method be applied as for 1981/82 and 1982/83 (the first and second stages of the adjustment) namely that the price fixed for Region 2 (France) for 1982/83, i.e. 409.82 ECU/100 kg, be taken as the "central" reference price, in other words, as the basis for the annual adjustments.
- 13.2 In addition, in view of the situation on the market and the prospects for sheepmeat production and consumption, the Commission proposes that reference prices be increased by 5.5% once the above-mentioned adjustments have been made. It accordingly proposes that the reference prices be fixed at the following levels:

(1) OJ No L 183, 16. 7.1980, p.1
(2) OJ No L 140, 20. 5.1982, p.22

Region 1 (Italy)	441.76	ECU/100 kg carcass weight
Region 2 (France)	432.36	ECU/100 kg "
Region 3 (Denmark/Benelux/		
Federal Republic of Germany)	422.96	ECU/100 kg "
Region 4 (Ireland)	421.40	ECU/100 kg "
Region 5 (Great Britain)	416.07	ECU/100 kg "
Region 6 (Northern Ireland)	416.07	ECU/100 kg "
Region 7 (Greece)	441.76	ECU/100 kg "

II. BASIC PRICE

- 13.3 For the same reasons, the Commission proposes that the basic price be raised by 5.5% to 432.36 ECU/100 kg. Consequently, the intervention price, determined in accordance with Article 7(6) of Regulation (EEC) No 1837/80, would be 367.51 ECU/100 kg; this price would also be the guide level referred to in Article 9 of the Regulation.
- 13.4 The Commission also proposes that the derived intervention price applicable in Region 4 (Ireland) be fixed at 347.70 ECU/100 kg.
- 13.5 Finally, it proposes that the basic and intervention prices be seasonally adjusted along the same lines as in 1982/83.
- 13.6 In conformity with Article 34 of Regulation (EEC) No 1837/80 the Commission will present before 1 October 1983 a report on the operation of the common organization of the market for sheepmeat, and will if necessary propose appropriate measures.

14.

PIGMEAT

=====

14. 1. The prices paid to pig producers in the 1981/82 marketing year followed the normal seasonal pattern, starting with very high prices during the winter, then dropping until April 1982 when they reached the lowest seasonal level, and after that recovering steadily. On average, prices have been 15% higher than in the previous marketing year and profitability was generally good, in particular in the first and the last quarters of the period under consideration. Feed costs have increased less than pig prices and the improved profitability may lead to an increasing production in the 1982/83 marketing year.
14. 2. Under Council Regulation (EEC) No 2759/75 (1), the Commission is required to propose a basic price for pig carcases. The basic price is fixed taking into account the sluice-gate price and levy applicable from 1 August each year. For the 1982/83 marketing year the basic price was fixed at 1946.80 ECU/tonne and was brought into force on 1 November 1982.
14. 3. It is necessary to fix the basic price at a level at which it will help to stabilize market prices and at the same time avoid causing structural surpluses in the Community. The overall trend of the various cost factors entering into the production of pig carcases calls for an adjustment of the basic price for this product by 5.5% for the forthcoming marketing year.
14. 4. Consequently, to enable the price system to contribute stability to the pigmeat market by mitigating the cyclical fluctuations in production and prices, in view of the desired increase in the general level of common agricultural prices and of the agri-monetary measures, it is proposed that the basic price be fixed at 2053.87 ECU/tonne for the 1983/84 marketing year. This price will enter into force on 1 November 1983.

(1) Council Regulation (EEC) No 2759/75 of 29 October on the common organization of the market in pigmeat (OJ No L 282, 1.11.1975).

15.

SEEDS

15.1 For a number of years, Member States have been asking for further species to be included in the Annex to Regulation (EEC) N° 2358/71 on the common organization of the market in seeds. The species concerned belong to the Leguminosae, the Gramineae and the Cruciferae.

The Commission considers that it should propose extending the list only where this is absolutely necessary. Furthermore, in cases where a product receives Community aid when it is for human consumption or for use as fodder, it is not necessary to support the production of seed also. The Commission thus makes the proposals set out below to apply from the 1983/84 marketing year onwards.

Leguminosae (Clovers)

15.2 Requests have been received for the inclusion of:

- *Trifolium incarnatum* L.
- *"trifolium alexandrinum* L.
- *"trifolium resupinatum* L.

The Commission proposes that the above species, which are clovers grown in central and southern Europe, be included.

The aid should be designed to encourage farmers to grow varieties with better characteristics than the seed sold commercially, whose suitability to the regions where it is used is uncertain.

The amounts of seed certified in the Community are fairly small; the figures for 1981 were:

- 226 quintals of *Trifolium alexandrinum*
- 220 quintals of *Trifolium incarnatum*
- 250 quintals of *Trifolium resupinatum*

—
696 quintals

The levels of aid proposed is 35 ECU/100 kg, which should be sufficient to protect the growing of certified clover against competition from other crops, particularly durum wheat.

Other Leguminosae

15.3. Requests have also been received for the inclusion of:

- *Trifolium hybridum* L.
- *Medicago lupulina* L.

The Commission proposes that these species be included. They are cultivated in central and northern Europe and have valuable characteristics justifying their inclusion in the Annex to Regulation (EPC) N° 2358/71.

Production is not very large:

70 quintals of *Trifolium hybridum*
500 quintals of *Medicago lupulina*.

The proposed levels of aid are 35.1 ECU/100 kg for *Trifolium hybridum* and 24.3 ECU/100 kg for *Medicago lupulina*. These figures are based on the yields per hectare of the species concerned. That of *M. lupulina* is higher than that of *Trifolium hybridum*.

Gramineae

15.4 Requests have been received for inclusion of:

- *Agrostis canina* L.
- *Agrostis gigantea* Roth.
- *Agrostis stolonifera* L.
- *Agrostis tenuis* Sibth.
- *Phleum bertolonii* (DC).

The Commission proposes that these species be included; they are grown in a number of regions in the Community but the acreage is small, mainly because they are not eligible for Community aid.

All the species of *Agrostis* as well as *Phleum bertolonii* show small yields per hectare, *Agrostis* having very small seeds while *Phleum* is difficult to harvest and dry.

The proposed levels of aid are 60.8 ECU/100 kg for the *Agrostis* species and 40.9 ECU/100 kg for *Phleum bertolonii*. The quantities of certified seed produced are small, about 210 quintals of *Agrostis* and about 350 quintals of *Phleum bertolonii*.

Cruciferae

15.5 A number of countries in the Community have seen a drop in production of certified seed of certain fodder brassicas. This has been due to a major expansion of colza cultivation for oil (oil-seed rape). Requests have been received for the inclusion of the following species:

- *Brassica napus L.* spp. *oleifera* (Metzg) Sinsk (fodder rape)
- *Brassica napus L.* var. *napobrassica* Peterm. (swede)
- *Brassica oleracea L.* convar. *acephala* (DC) (fodder kale)
- *Sinapis alba L.* (white mustard)
- *Raphanus sativus L.* spp. *oleifera* (DC) (Metzg) (fodder radish).

15.6 The Commission proposes granting aid for:

- *Brassica napus L.* var. *napobrassica* (L) Peterm.
- *Brassica oleracea L.* convar. *acephala* (DC)
- *Raphanus sativus L.* spp. *oleifera* (DC) Metzg.

These three species are included in the Common Catalogue of Agricultural Plant Species under fodder plants.

The proposed level of aid is 18 ECU. The quantity of certified seed produced in the Community is around 16 000-18 000 quintals.

15.7 However, the Commission proposes that *Brassica napus L.* spp. *oleifera* (Metzg) Sinsk and *Sinapis alba L.* be excluded from aid as they are not unequivocally fodder plants. Some varieties are suitable for extracting oil while others are suitable for use as animal feed.

All these species proposed for inclusion in the Annex to Regulation (EEC) N° 2358/71 are grown on small acreages only and are subject to competition from any other species eligible for Community aid.

Total expenditure will be small.

Pisum sativum and Vicia faba for sowing

15.8 It is the Commission's intention to withdraw aid for Pisum sativum and Vicia faba. Other support measures have been adopted for peas for human consumption, while the aid granted when they are for feed will remain available. Demand for seed is therefore likely to remain heavy and aid for those species should be abolished from the 1984/85 marketing year.

Application of Article 68 of the Act of Accession of Greece

15.9 Since there has been some doubt about the interpretation of Article 68, the Commission is presenting a proposal to amend the Annex to the Regulation on the levels of aid in Greece in the seed sector for 1982/83 and 1983/84.

-123-Table of price proposals for individual products

		1982/83			1983/84 proposals			Period of application of the proposed prices		Greece (a)	
Product	Category of price or amount	Amounts	%	ECU/tonne	increase	Amounts	%	ECU/tonne	increase	fixed	Proposals
										1982/83	ECU/tonne
1	2	3	4	5	6	7	8	9			
Common wheat	Target price	250.61	8.7	261.43	4.3					C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84				C.P.	C.P.
	Reference price for bread-wheat - average quality(b)	209.10	8.5	215.29	3.0					C.P.	C.P.
Durum wheat	Target price	339.20	8.9	355.42	4.8					C.P.	C.P.
	Intervention price	298.36	8.5	312.08	4.6	1.8.83 - 31.7.84				C.P.	C.P.
	Aid	92.85	9.0	97.96	5.5		66.14(c)	76.75(c)			
Barley	Target price	228.27	8.7	238.17	4.3					C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84				C.P.	C.P.
Rye	Target price	228.27	8.70	238.17	4.3	1.8.83 - 31.7.84				C.P.	C.P.
	Intervention price	179.27	6.0	184.58	3.0					C.P.	C.P.
Maize	Target price	228.27	8.7	238.17	4.3					C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84				C.P.	C.P.
Rice	Target price-husked rice	496.69	10.2	523.16	5.3	1.9.83 - 31.8.84				C.P.	C.P.
	Intervention price - paddy rice	290.55	12.0	306.53	5.5					C.P.	C.P.
Sugar	Basic price for sugarbeet	39.32	9.5	40.89	4.0	1.7.83 - 30.6.84				C.P.	C.P.
	Intervention price for white sugar	514.10	9.5	534.70	4.0					C.P.	C.P.

			1982/83		1983/84 proposals			Greece (a)	
Product	Category of price or amount		Amounts	%	Amounts	%	Period of application of the proposed prices	Amounts fixed : 1983/84 : 1982/83 : ECU/tonne : ECU/tonne	
			ECU/tonne	increase	ECU/tonne	increase			
1	2		3	4	5	6	7	8	9
Olive oil	Production target price	:	3 027.70	11.0	3 194.2	5.5		C.P.	C.P.
	Intervention price	:	2 179.30	11.0	2 299.2	5.5	1.11.83-31.10.84	C.P.	C.P.
	Production aid	:	666.00	11.0	702.6	5.5		256.50	405.20
Oilseeds	Target price	:							
	- Colza and rape seed	:	463.90	9.0	484.50	4.4	1.7.83-30.6.84	C.P.	C.P.
	- Sunflower seed	:	544.40	14.0	579.80	6.5	1.9.83-31.8.84	C.P.	C.P.
	Basic intervention price	:							
	- Colza and rape seed	:	421.30	3.5(1)	440.1	4.5	1.7.83-30.6.84	C.P.	C.P.
	- Sunflower seed	:	497.30	14.0(1)	529.6	6.5	1.9.83-31.8.84	C.P.	C.P.
	Guide price	:							
	- Soya seed	:	527.40	14.0	561.7	6.5	1.11.83-31.10.84	C.P.	C.P.
	- Flax seed	:	515.00	11.0	545.9	6.0	1.8.83-31.7.84	C.P.	C.P.
	- Castor seed	:	663.90	11.0	663.9	0.0	1.10.83-30.9.84	C.P.	C.P.
	Minimum price soya seed	:	464.10	11.5	494.3	6.5	1.11.83-30.9.84	C.P.	C.P.
	Minimum price castor seed	:	632.30	11.0	632.3	0.0	1.10.83-30.9.84	C.P.	C.P.
Dried fodder	Fixed rate aid	:	8.01	14.0	8.49	6.0	19.5.83-31.3.84	C.P.	C.P.
	Guide price	:	168.81	14.0	178.94	6.0	1.7.83-30.6.84	162.70	174.58
	Aid for dehydrated potatoes	:							
		:	14.89	11.0	15.78	6.0		5.73	9.08
Peas & beans	Activating price	:	476.00	13.8	517.6	8.7	1.7.83-30.6.84	C.P.	C.P.
	Guide price	:	314.00	x	334.4	6.5			
	Minimum price	:	274.10	12.0	291.9	6.5			
Flax and hemp	Fixed rate aid (per ha)	:							
	- Fibre flax	:	335.02	13.0	355.12	6.0	1.8.83-31.7.84	83.76	118.37
	- Hemp	:	304.26	13.0	322.52	6.0		76.07	107.51

(1) In 1982/83 the regionalized intervention price system was replaced by a single intervention price system. The increases of 8.5% and of 14% refer to the lowest intervention price under the old system.

		1982/83		1983/84 proposals		Period of application of the proposed prices		Greece (a)	
Product	Category of price or amount	Amounts	%	Amounts	%			fixed amounts	Proposals ECU/tonne
		ECU/tonne	increase	ECU/tonne	increase			1982/83	ECU/tonne
1	2	3	4	5	6	7	8	9	10
Cotton	Guide price	858.80	13	918.9	7.0	1.8.83 - 31.7.84	C.P.	C.P.	
	Minimum price	815.90	13	873.0	7.0		C.P.	C.P.	
Table wine									
Type RI	Guide price	3.27	11	3.45	5.5		C.P.	C.P.	
RII	(per degree/hl or per hl)	3.27	11	3.45	5.5		C.P.	C.P.	
RIII	according to type)	51.03	11	53.84	5.5	16.12.83-15.12.84	C.P.	C.P.	
AI		3.02	11	3.19	5.5		C.P.	C.P.	
AII		68.00	11	71.74	5.5	C.P.	C.P.	C.P.	
AIII		77.66	11	81.93	5.5		C.P.	C.P.	
Raw tobacco	Guide price Intervention price		(x)		4-7.5	1983 harvest	C.P.	C.P.	
Fruit & vege-	Basic price		9-12 (d)		5.5(d)	1983 - 1984	(d)	(d)	
tables					(e)				

(x) Increase of 8-16% but change in the relationship with the guide price.

Product	Category of price or amount	1982/83		1983/84 proposals		Period of application of the proposed prices	Amounts fixed 1982/83	Proposals ECU/tonne
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase			
1	2	3	4	5	6	7	8	9
Milk	Target price for milk	268.10	10.5	282.80	5.5	1.4.83-31.3.84))
		:	:	:	:	:))
	Intervention price	:	:	:	:	:))
	- for butter	3 497.00	10.0	3608.10	3.2	:))
		:	:	:	:	:))
	- for skimmed-milk powder	1 462.30	10.4	1508.70	3.2	:))
		:	:	:	:	:))
	- for cheese	:	:	:	:	:	C.P.	C.P.
	. Grana padano	:	:	:	:	:))
	30-60 days	3 530.40	11.3	3642.70	3.2	:))
		:	:	:	:	:))
	. Grana padano 6 months	4 295.10	11.8	4431.60	3.2	:))
		:	:	:	:	:))
	. Parmigiano-Reggiano	:	:	:	:	:))
	6 months	4 693.00	12.0	4842.20	3.2	:))
		:	:	:	:	:))
Beef and veal	Guide price for adult bovines (live weight)	1 918.70	8.5	:	:	4.04.83- 2.04.84))
		:	:	:	:	:))
		1 962.90	11.0	2070.90	5.5	:	:	:
	Intervention price for adult bovines(live weight)	1 726.80	8.5	:	:	:	C.P.	C.P.
		:	:	:	:	:))
		1 766.60	11.0	1863.80	5.5	:	:	:
Sheepmeat	Basic price (carcase weight)	4 098.20	10.5	4323.60	5.5	4.4.83-2.4.84	C.P.	C.P.
Pigmeat	Basic price (slaughter weight)	1 946.80	10.5	2053.87	5.5	1.11.83-31.10.84	C.P.	C.P.
Silk-worms	Aid per box of silk seed	100.00	17.6	106	6.0	1.4.83-31.3.84	73.02	84.01

Footnotes

Where appropriate, account has been taken of the triggering of the production threshold.

- (a) Greek prices are shown only where they differ from the common prices.
C.P. = common price.
- (b) The price is reduced by 10.40 ECU per tonne for 1982/83 and 11.62 ECU per tonne for 1983/84 if intervention measures are applied to the minimum breadmaking quality.
- (c) For Greek regions which did not receive national aid before accession , Community aid is 23.21 ECU/ha for 1982/83 and will be 48.13 ECU/ha for 1983/84.
- (d) Products in Annex II of the Council Regulation (EEC) No 1035/72 of 18 May 1972 and periods of application.

Greece

1982/83 : 1983/84 : 1983/84 :

	:	:	:
Cauliflowers	12 %	: 5.5%	: C.P. : 17. 5.1983 to 30. 4.1984
Tomatoes	9 %	: 3.5%	: 11.7% : 11. 6.1983 to 30.11.1983
Peaches	12 %	: 5.5%	: 12.2% : 1. 6.1983 to 30. 9.1983
Lemons	12 %	: 5.5%	: C.P. : 1. 6.1983 to 31. 5.1984
Pears	12 %	: 5.5%	: C.P. : 1. 7.1983 to 30. 4.1984
Table grapes	12 %	: 5.5%	: C.P. : 1. 8.1983 to 31.10.1983
Apples	11 %	: 5.5%	: C.P. : 1. 8.1983 to 30. 6.1984
Mandarins	11 %	: 5.5%	: 10.0% : 16.11.1983 to 28. 2.1984
Sweet oranges	12 %	: 5.5%	: 13.9% : 1.12.1983 to 31. 5.1984
Apricots	-	: 5.5%	: C.P. : 1. 6.1983 to 31. 7.1983
Aubergines	-	: 5.5%	: C.P. : 1. 7.1983 to 31.10.1983

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.

- (e) Except tomatoes, for which 3.5% is proposed.
- (x) Increases in 1983/84 in Guide Prices and Premiums for tobacco varieties

<u>Variety</u>	<u>Guide Price</u>	<u>Premium</u>
No. 1 Badischer G.	7 %	8%
No. 2 Badischer B	7.5 %	8.5%
No. 4a) Paraguay	7 %	8%
No. 7 Bright	7.5 %	8.5%
No. 8 Burley I	7.5 %	8.5%
No. 10a) Kentucky	7 %	8%
No. 15 Erzegovina	6 %	7%
No. 17 Basmas	7.5 %	8.5%
No. 19 Kabakoulak	7.5 %	8.5%
No. 23 Tsebelia	4 %	5%
Others	4-6 %	5-7%

AGRI-MONETARY PROPOSALS

CURRENCY	REPRESENTATIVE RATE	REDUCTION IN	REVALUATION OR	EFFECT ON
	In Force	Proposed	THE GAP	DEVALUATION (-) : PRICES
	1 ECU	1 ECU		PROPOSED (*)
DM	2.57240	2.49870	2.8	3.1 : - 3.0
FFR	6.37174	unchanged	-	-
LIT	1289.00	unchanged	-	-
HFL	2.75563	2.69000	2.3	2.4 : - 2.4
BFR	44.9704	unchanged	-	-
LFR	44.9704	unchanged	-	-
UKL	0.618655	0.603866	2.3	2.4 : - 2.4
IRL	0.691011	unchanged	-	-
DKR	8.23400	unchanged	-	-
DRA	66.5526	unchanged	-	-

(*) Situation on 20.12.82.

Consequences of 1983/84 proposals for agricultural support prices and food prices

	Average % increase in common prices		Estimated long-term % impact on
	(1983/84 proposals compared with 1982/83 decisions):		
	in ECU (1)	in national currency (2)	food prices (3)
: Germany	: 4.4	: 1.3	: 0.5
: France	: 4.2	: 7.2	: 2.9
: Italy	: 4.6	: 4.6	: 2.0
: Netherlands	: 4.3	: 1.8	: 0.7
: Belgium	: 4.6	: 9.4	: 3.6
: Luxembourg	: 4.3	: 9.1	: 3.1
: United Kingdom	: 4.1	: 1.6	: 0.6
: Ireland	: 4.4	: 5.3	: 3.0
: Denmark	: 4.3	: 4.9	: 1.9
: Greece (4)	: 5.8	: 8.5	: 4.2
: Community average	: 4.4	: 4.4	: 1.8

- (1) Common prices in ECU (intervention or equivalent prices) weighted according to national agricultural production.
- (2) Common prices in ECU converted into national money at green rates, taking account of all adjustments of green rates included in these proposals or adopted since the preceding year's price decisions.
- (3) This estimated long-term impact represents the maximum long-term impact on food prices and total household expenditure which may be attributed to the increases in common prices expressed in national money. The impact in 1983 and 1984, depending on the market situation, may be lower.
- (4) Includes alignment of Greek prices on common prices due to accession arrangements.