

EUROPEAN COMMUNITY

GREEN EUROPE NEWSLETTER

IN BRIEF

European Community Commission proposes agricultural prices for 1983/84

December 1982



Published by the Agricultural Information Service of the Directorate-General for Information
European Community Commission — 200, rue de la Loi, 1049 Bruxelles
Supplement to the Documentation Bulletin - D/AGR/EN

21

VOLUME I

	<u>Page</u>
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. Tables	
Price proposals for individual products	
Agri-monetary proposals	
Consequences for agricultural support prices and food prices	

PRELIMINARY REMARKS

1. The Commission submits herewith its proposals for agricultural prices and related measures for the marketing year 1983/84.
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).

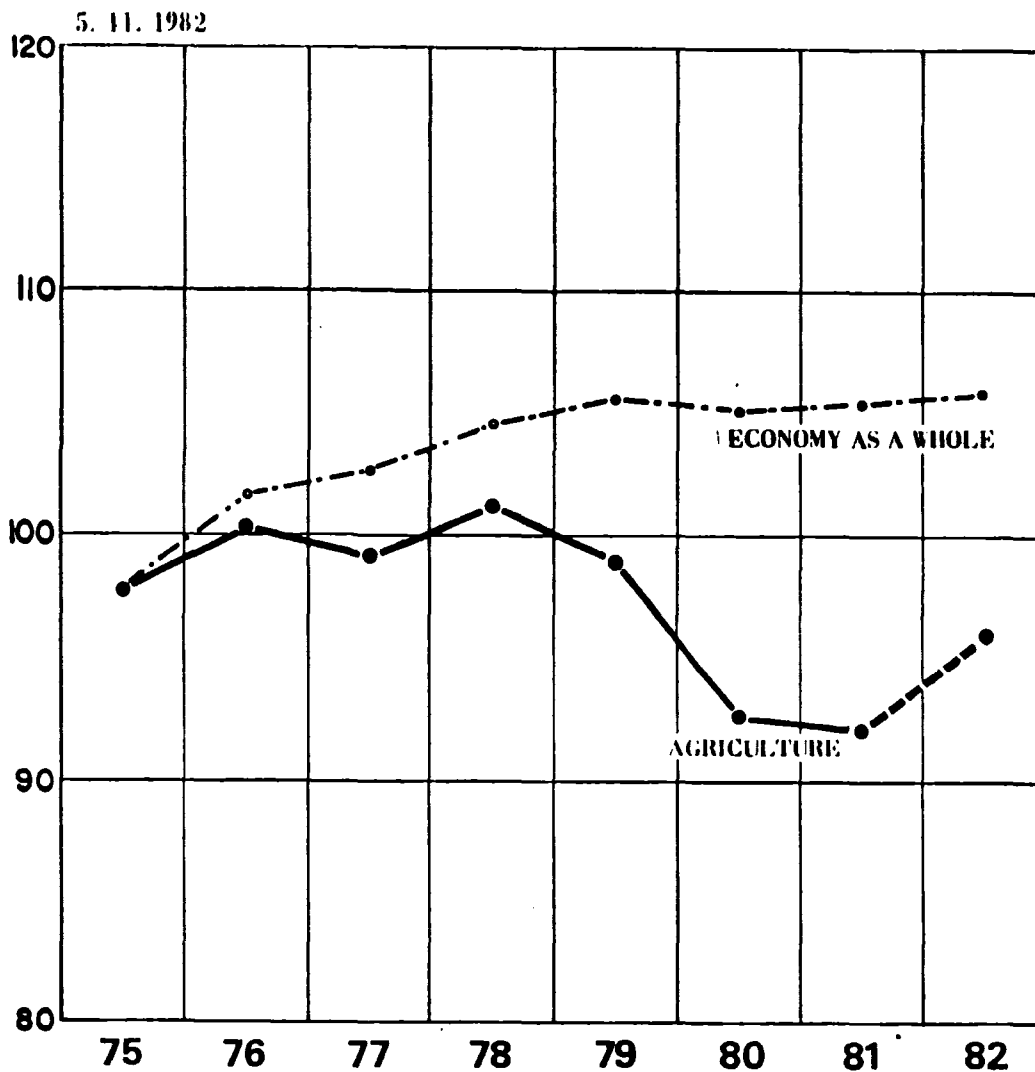
DEVELOPMENT OF REAL INCOMES IN THE ECONOMY AS A WHOLE AND IN AGRICULTURE (Average 1973, 1974, 1975 = 100)

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, a weighted average of national results. As a result it differs slightly from an index calculated for the Community as an entity.



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 A2-8211.51 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.

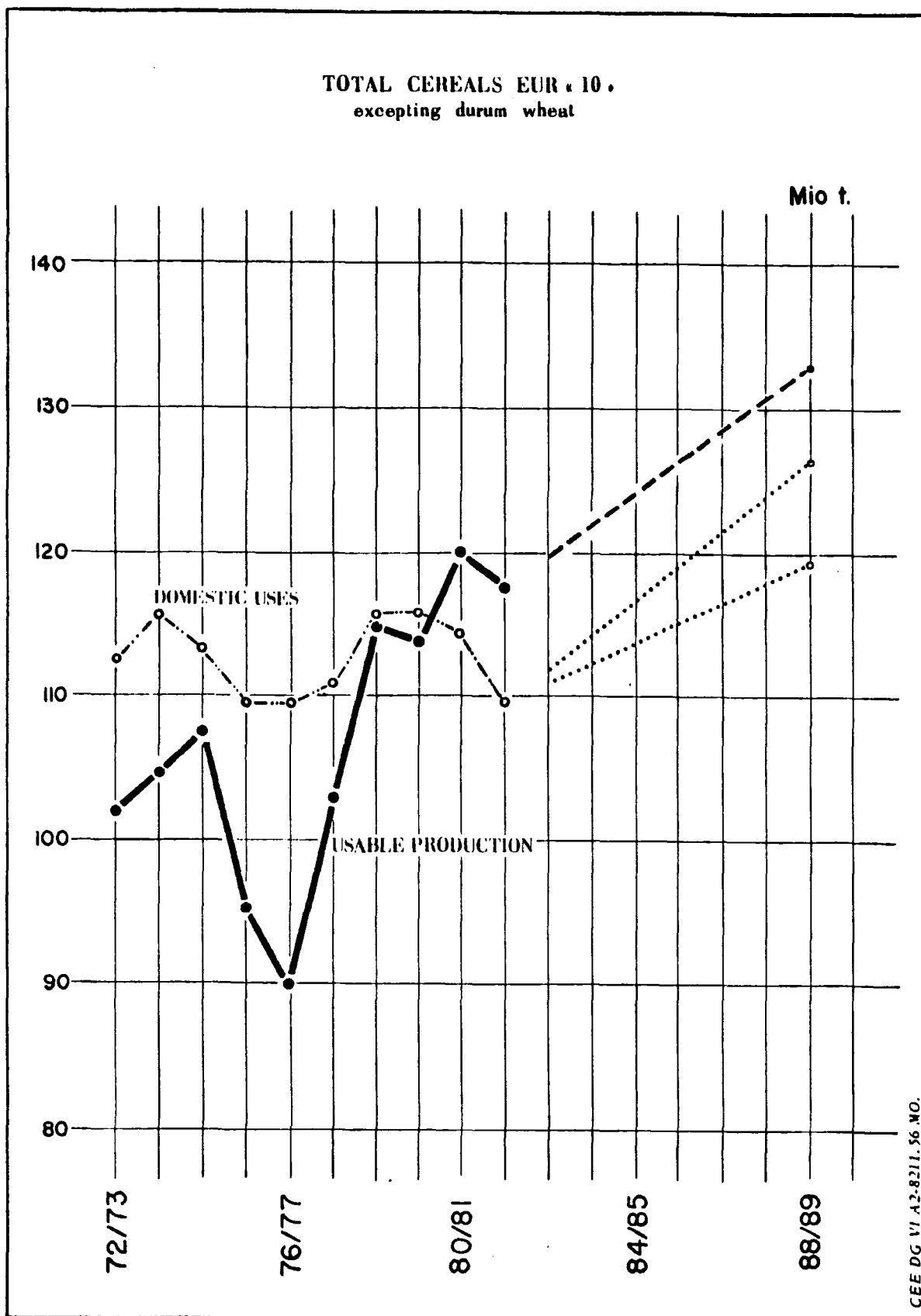
In the following paragraphs are presented the long-term forecasts for individual products, together with an indication of the market situation in 1982 and certain considerations concerning the guarantee thresholds.

(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%.



Graph 2

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.

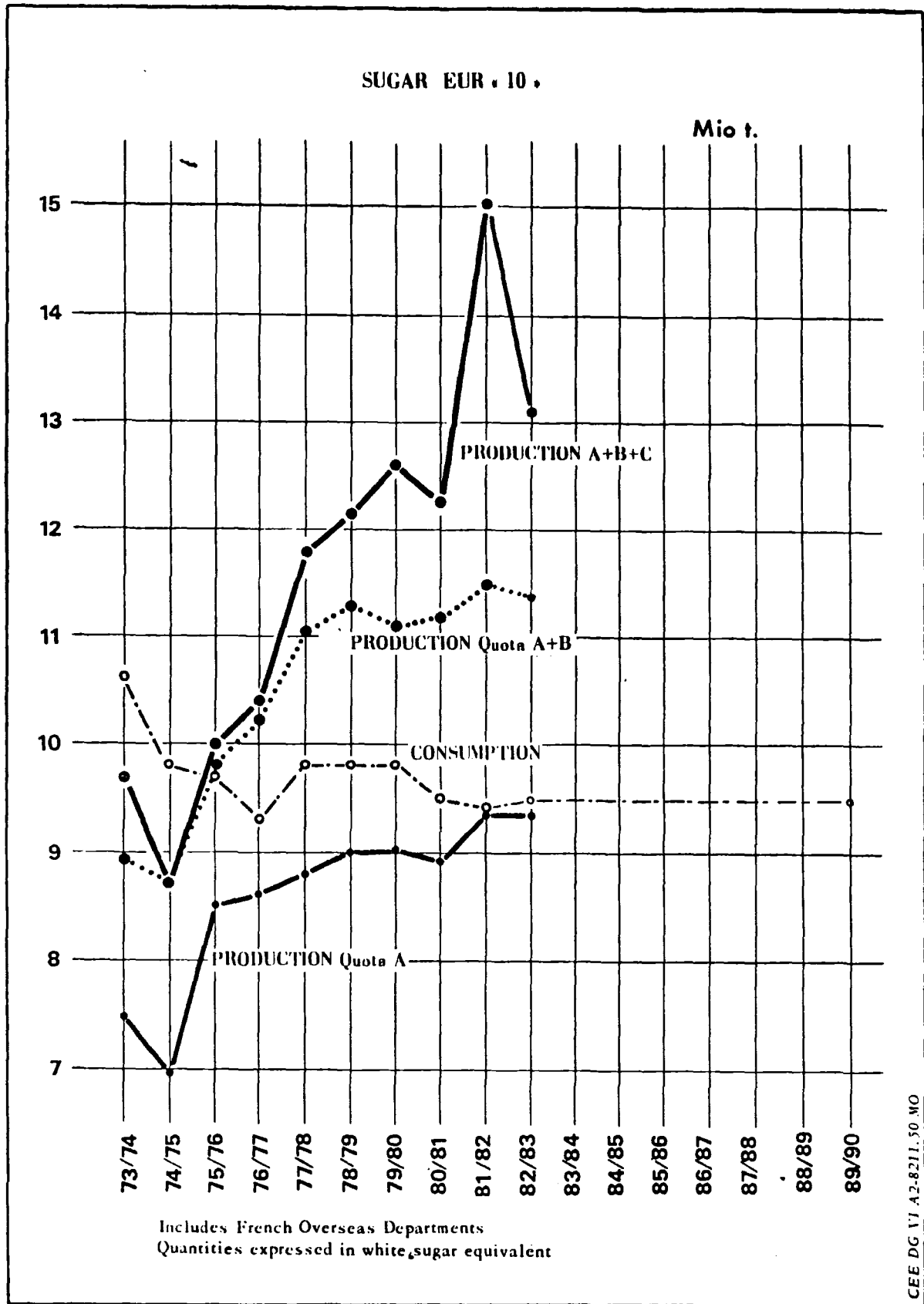
The demand for cereals for animal feed is in turn influenced by the utilization of cereals substitutes (manioc, brans, corn gluten feed, etc.) of which imports have grown rapidly in recent years because of the Community's low level of external protection, which gives them an advantage of price compared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

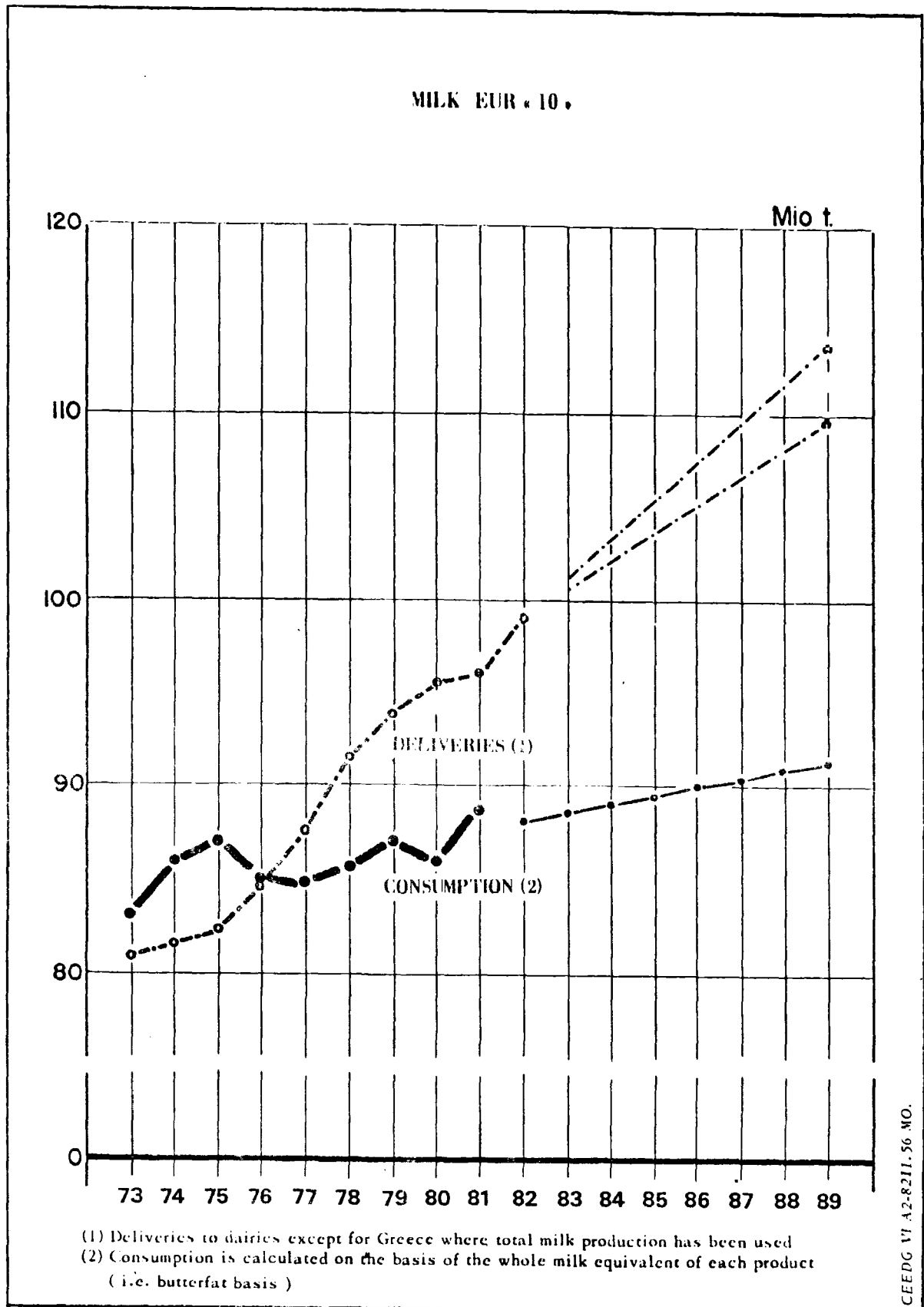
32. The revised common organization of the market for sugar came into force on 1 July 1981. It includes a system of production quotas which leaves to producers themselves (beet-growers and sugar-processors) the whole responsibility for financing the disposal of sugar exceeding the Community's internal 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 preceeding 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.



Graph 4

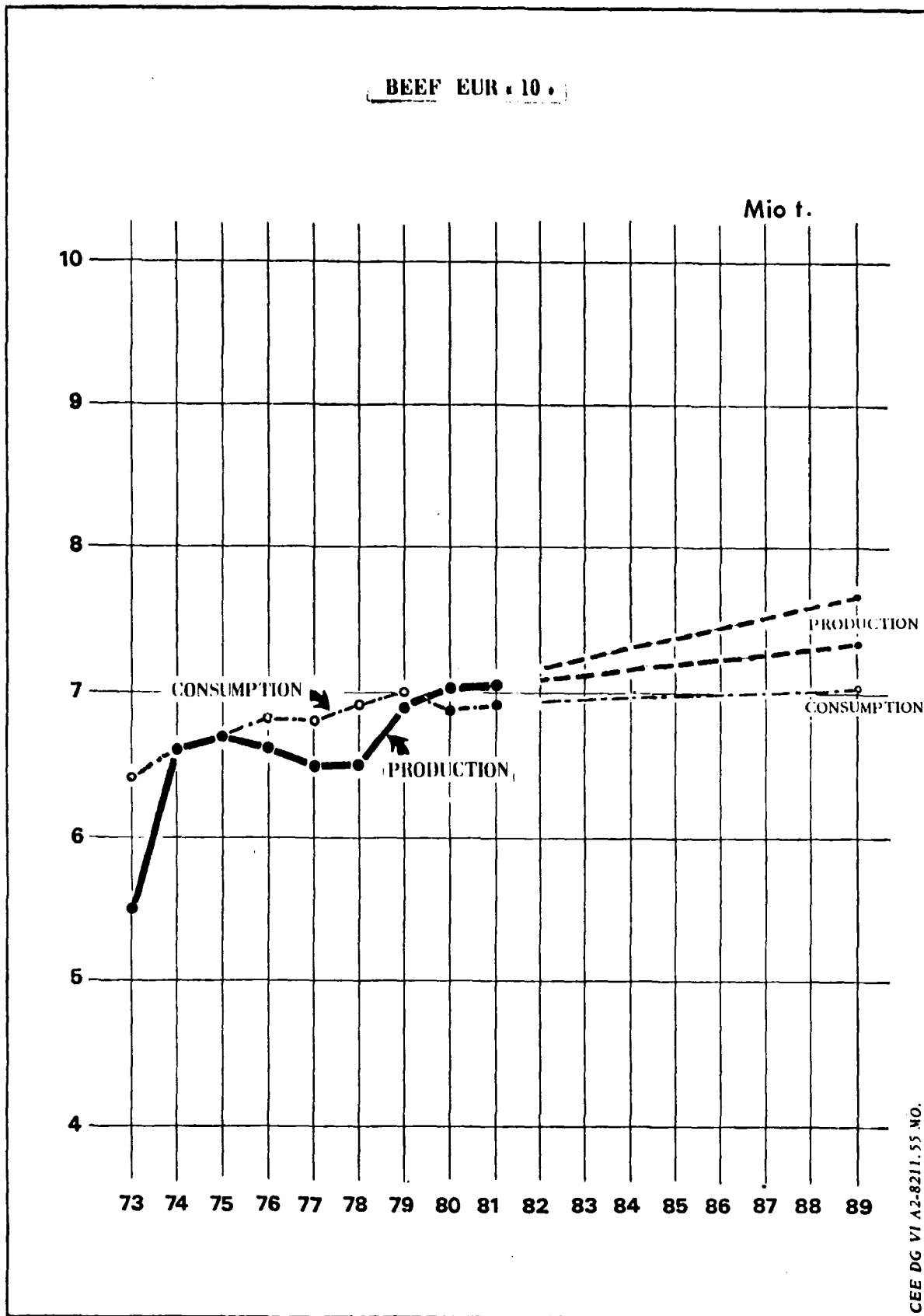
The additional feed requirement will increase less rapidly, since the higher yields will result from improvements in the genetic characteristics of the herd and improved management. Several factors combine to increase the proportion of milk production sold to dairies, particularly the substantial decline 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.

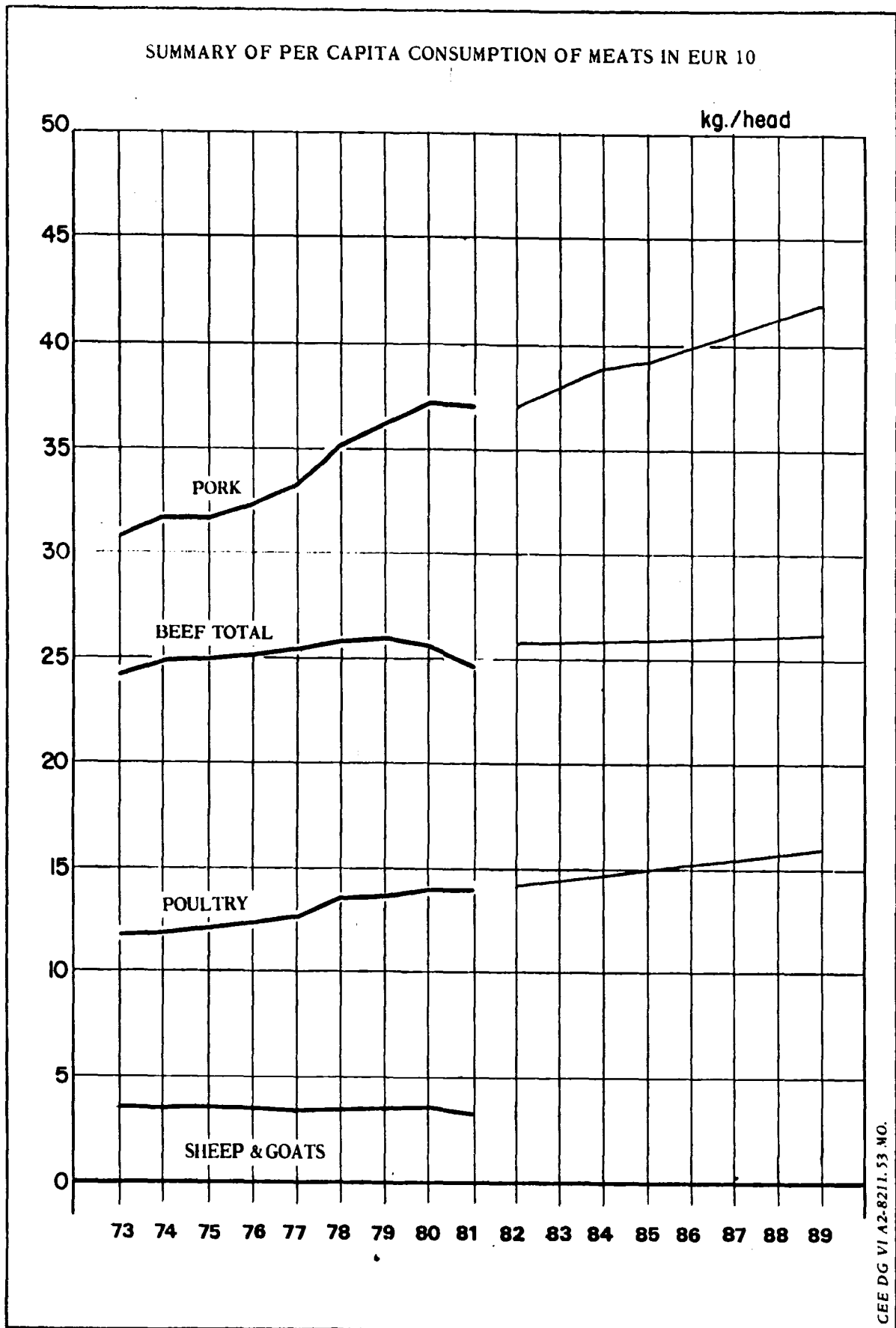
40. These forecasts demonstrate that, if current trends continue, deliveries of milk in the Community will in the medium and long term exceed consumption in the Community by a quantity far in excess of the realistic possibilities for exports. This prospect underlines the need for the Council to adopt 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



Graph 6

(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.

(1) 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.

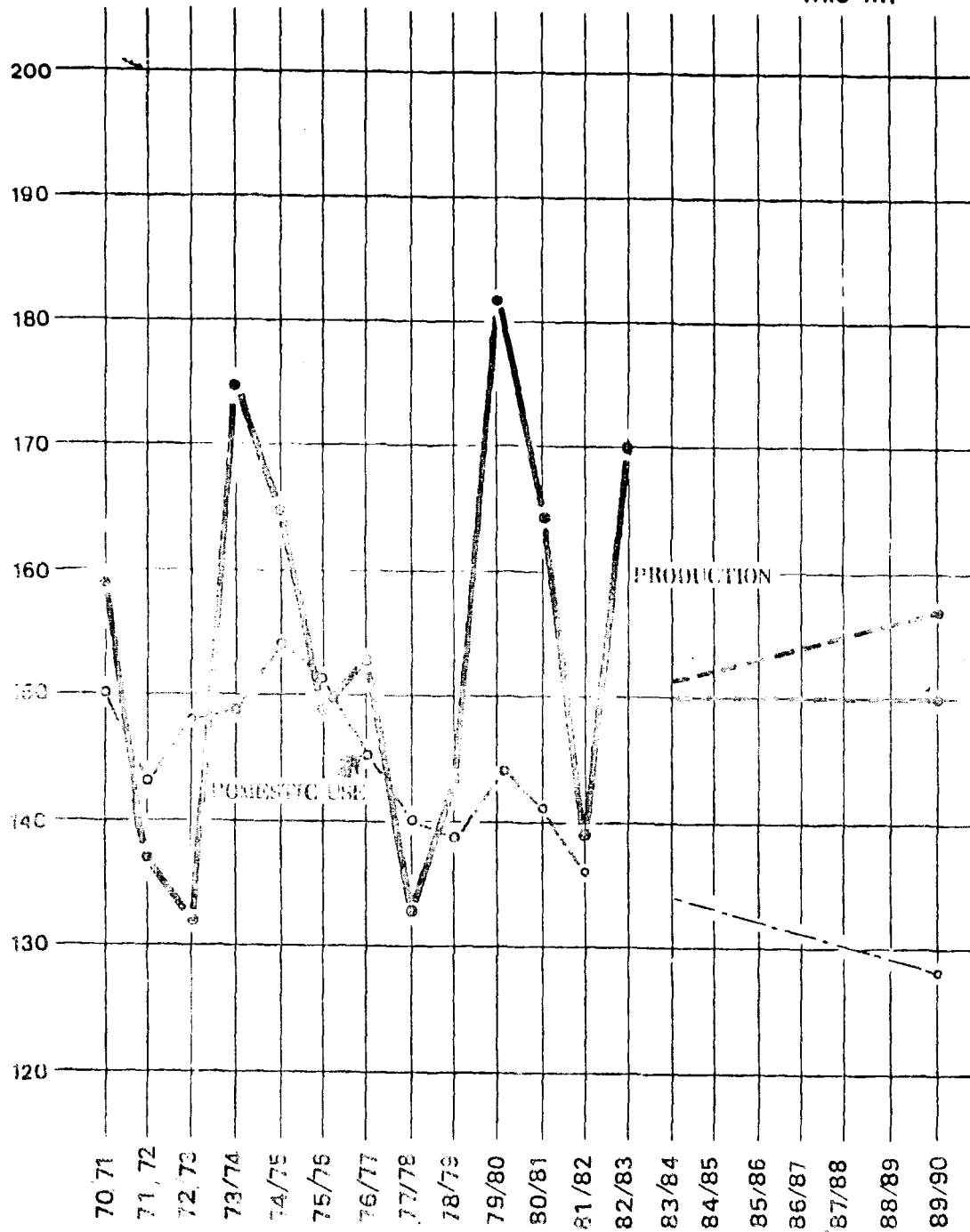
(j) Wine

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.



Excludes quantities distilled with the aid of subsidies

CEE DG VI A2-82/11.54 NO.

Graph 7

(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 production 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 prices 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:	+ 4.6%
	Aid for durum wheat:	+ 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%

<u>Oilseeds</u>	- 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 %
<u>Protein Products</u>		
	- Peas and beans	+ 6.5%
	- Dried fodder and dehydrated potatoes:	+ 6 %
<u>Fibre Products</u>		
	- Cotton:	+ 7 %
	- Flax and hemp:	+ 6 %
<u>Wine</u>	- Guide prices:	+ 5.5%
	- Beginning of marketing year on 1 September instead of 16 December	
	- Community financial participation in information and promotion campaigns.	
<u>Tobacco</u>	- Guide prices and intervention prices, according to variety:	+ 4 % to + 7.5%
<u>Fruit and vegetables</u>		
	- Basic prices (except tomatoes) and marketing premiums:	+ 5.5%
	- Basic price for tomatoes:	+ 3.5%

<u>Milk</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>Pigmeat</u>	- Basic price:	+ 5.5%
<u>Seeds</u>	- Adaptation of aids	

Table of price proposals for individual products

Product	Category of price or amount	1982/83		1983/84 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	%	Amounts	%		Amounts	Proposals
		ECU/tonne	increase	ECU/tonne	increase		fixed 1982/83 ECU/tonne	1983/84 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 inter- vention 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 inter- vention 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 inter- vention 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		Period of application of the proposed prices	Greece (a)	
Product	Category of price or amount	Amounts	%	Amounts	%		Amounts fixed	Proposals 1983/84
		ECU/tonne	increase	ECU/tonne	increase		1982/83 ECU/tonne	ECU/tonne
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	8.5(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	%		Amounts	Proposals
		ECU/tonne	increase	ECU/tonne	increase		fixed 1982/83 ECU/tonne	1983/84 ECU/tonne
1	2	3	4	5	6	7	8	9
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	Guide price		(x)		4-7.5	1983 harvest	C.P.	C.P.
tobacco	Intervention price							
Fruit &	Basic price		9-12 (d)		5.5(d)	1983 - 1984	(d)	(d)
vege-					(e)			
tables								

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

		1982/83		1983/84 proposals		Greece (a)		
Product	Category of price or amount	Amounts	%	Amounts	%	Period of application of the proposed prices	Amounts fixed	Proposals
		ECU/tonne	increase	ECU/tonne	increase		1982/83	1983/84
							1982/83	1983/84
							ECU/tonne	ECU/tonne
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))
	Intervention price for adult bovines (live weight)	1 962.90	11.0	2070.90	5.5))
		1 726.80	8.5) C.P.) C.P.
		1 766.60	11.0	1863.80	5.5))
Sheep-meat	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

	<u>1982/83</u>	:	<u>1983/84</u>	:	<u>1983/84</u>	:	
		:		:		:	
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%

(0611P)

AGRI-MONETARY PROPOSALS

CURRENCY	REPRESENTATIVE RATE		REDUCTION IN THE GAP	REVALUATION OR DEVALUATION (-) PROPOSED (*)	EFFECT ON PRICES
	In Force	Proposed			
	1 ECU	1 ECU			
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.

