

EUROPEAN COMMUNITY

# GREEN EUROPE NEWSLETTER

IN BRIEF

**European Community Commission  
proposes agricultural prices  
for 1984/85**

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COMMISSION PROPOSALS

on the fixing of prices for agricultural products,  
and related measures (1984/85)

Explanatory Memorandum

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1. The object of the present proposals is the agricultural prices for 1984/85, and certain related measures.
  
2. The Commission's proposals are to be seen in the framework of its overall memorandum on the common agricultural policy presented on 28 July 1983 (doc. COM(83) 500) in response to a request of the Heads of State and Government. Subsequently the Commission has submitted to the Council a number of detailed texts for the implementation of its proposals, but no decisions have yet been taken. The present document completes the series of proposals announced in the memorandum of 28 July 1983, in respect both of prices and of those related measures which have not yet been the object of specific proposals. All the measures necessary for the reform of the common agricultural policy are now on the table.
  
3. The Commission therefore formally requests the Council, with the aid of Parliament's opinion, to adopt decisions on all these matters before the beginning of the agricultural marketing years, that is not later than 31 March 1984. If a global decision on reforms in the agricultural sector is not taken by that date, then the Commission reserves the right to withdraw all or part of its proposals, and substitute for them other proposals which may be necessary to safeguard the continuing operation of the common agricultural policy on a sound economic and financial basis, and to prevent a return to national measures.

4. For the 1984/85 prices, the Commission underlines that the Council must take decisions :
  - in a comprehensive framework; and
  - according to an urgent timetable.
  
5. A comprehensive framework means that the decisions must concern not only the schema of prices, but all the matters indicated in the Commission's memorandum of 28 July 1983. The Commission insists on the essential and indissoluble nature of the link between the present proposal and the other proposals already made in execution of that memorandum. The maintenance of the present proposal is indeed conditioned by the acceptance by the Council of that link. The fact that only limited increases, or in some cases reductions, are proposed for the common prices must not be taken by the Council as a pretext to postpone or reject the accompanying reform measures; indeed, it is clear that in certain sectors the absence of decisions on the accompanying measures - in particular, the proposed quotas for milk - would render necessary an immediate and drastic cut in the level at which farm prices are supported.
  
6. An urgent timetable means that decisions are necessary by 31 March 1984 at the latest, not only to satisfy the legitimate demand of the agricultural community for a stable framework for its economic decisions, but also to safeguard the Community's own financial situation.

More than three years have elapsed since the Commission drew attention to the changes necessary in the common agricultural policy, in its communication to the Council of 8 December 1980 on "Reflections on the CAP". More than two years have elapsed since its suggested guidelines for adapting the CAP, in its memorandum of 23 October 1981. Nearly six months have elapsed since it presented an overall plan, in its memorandum of 28 July 1983. Every week's delay makes the problems of market imbalance more difficult to resolve. Unless the Council respects the limit of March 1984, then the common agricultural policy - and, in consequence, the common market itself - will be in peril.

A. GENERAL SURVEY

General Economic Situation

1. The year 1983 probably marked the long-awaited end of the recession that has characterized the world economy since the second oil crisis of 1979. However, although the economic recovery in the United States commenced at the beginning of the year, and has subsequently grown in strength, the recovery in the Community is still quite modest and even uncertain. This is mainly due to the fact that, despite the relative reduction in oil prices since 1982, there has been no change in two other external factors which have contributed to the creation of the present crisis in the Community, and to its unusual duration : that is, the exceptionally high rates of interest in real terms in the United States, and the weakness of world demand and trade. In these circumstances, and in view of the shaky basis of the first signs of recovery in the Community, it would be unwise to indulge in excessive optimism as regards forecasts of the economic situation in 1984.
2. In fact, in 1983 the gross domestic product of the Community increased only by 0.5% in volume, that is at a rate about as low as in 1982 (+0.4%). Besides, 1983 saw a reduction in the volume of gross domestic product in several Member States, and in certain cases this was for the second year in succession. As for the prospects for 1984, despite the fact that some degree of economic recovery is expected in almost all Member States, for the reasons already mentioned a significant increase in the rate of economic growth cannot be expected : the gross domestic product of the Community should increase in 1984 by 1.5% in volume, which is half the average rate of increase experienced in the period 1971-80. Nor are the prospects for employment more encouraging.

Although there has been a slowing-down in the rate of increase of unemployment in 1983, the number of jobless could still increase a little by comparison with 1983, when the unemployment rate in the Community was 10.4%. On the other hand, the success achieved in recent years in controlling inflation has been more satisfactory, particularly in those Member States which had the highest inflation in 1980. As a result of this progressive convergence towards a lower rate of inflation, the most commonly used index of inflation - the GDP deflator - after increasing by 9.1% in 1982, is expected to increase by 6.3% in 1983 and 5.1% in 1984. However, the divergence of rates of inflation between Member States remains quite large. In addition, thanks to a number of factors and measures of adjustment implemented in some Member States, the deficit of the Community's balance of payments on current account is being progressively reduced, and could even pass into slight surplus in 1984.

3. One of the most worrying aspects of the present recession is the stagnation, or even decline, in world demand and thus in international trade in recent years. World trade in goods, which increased in volume at an annual rate of 4-5% in 1977-80, remained stationary in 1981 and declined by 2% in 1982. As for the short-term prospects, although a gradual increase in internal demand in Europe and the United States should result in 1984 in an acceleration of world trade, two factors will continue to limit the expansion of world trade : the exceptionally high level of debt of many developing countries, and the fall in income from oil which is affecting many of the oil-producing countries.

4. The consequences of the reduction in world demand have particularly affected the agricultural sector. The value of world trade in agricultural products, which increased by 15% per year on average in the period 1977-80, remained stable in 1981, and even fell by 9.4% in 1982. The most significant contraction was in cereals, and particularly in cereals for animal feed. These trends have been reflected also in the development of the Community's agricultural exports which, having increased by 17% per year on average in the period 1973-81, declined by nearly 2% in value in 1982 and may decrease further in 1983.
  
5. This aspect is particularly important for the Community's agricultural production, of which a large part now has to be exported. The difficult prospect on external markets, both in volume and in value, has to be borne in mind when price decisions are taken, because European farmers are more and more dependent on exports and therefore on the situation of world markets.



Agricultural Situation

6. Taking into account this overall context of the world economy, and also the increase in costs of agricultural production, and the restraining effect on agricultural prices of a level of supply which in many cases greatly exceeds demand, it is not surprising that there has been a decline in farm incomes in recent years in many developed countries, and the financial situation of many farmers has become quite critical, if not catastrophic. Thus, for example, according to OECD estimates, the overall income of the agricultural sector in the United States fell by nearly 30% in real terms in 1980, and by about 27% in 1982; in Canada, it fell by about a third in 1982 in real terms; and the same unfavourable development occurred in Australia, Japan and New Zealand.
  
7. As for the Community, there has been for some years a greater instability than in the past in the development of agricultural incomes as measured by net value added to factor cost : after falling by 3% in real terms in 1979 and by 6.4% in 1980, agricultural income per work unit increased by 2% in 1981 and by about 10% in 1982. This instability is the result of several factors working together. Clearly it depends in the first place on the often divergent development of production in the various Member States, which in turn is influenced by the variability of climatic conditions, the fluctuations of yields, etc. Another important factor is the progress of the "terms of trade" of agriculture, measured by the ratio between the index of agricultural producer prices and the index of the costs of inputs. This ratio has tended to deteriorate in recent years. However, in 1982 the trend was reversed, particularly because of the slowing-down of the increase in prices paid by farmers for the purchase of the goods and services needed for their activity. The result of this improvement in the terms of trade of agriculture, combined with an increase in the volume of production, was a significant increase in agricultural income in real terms in 1982.

8. As far as the year 1983 is concerned, agricultural incomes per work unit increased less rapidly than inflation. This is due first to the development of agricultural production, which in general showed a decline (except for milk) compared with the record results of the year 1982. Also, contrary to the experience of the previous year, the terms of trade of agriculture again deteriorated in 1983 in all Member States except Belgium. The combined result of these two factors was a decline in real agricultural incomes per work unit : according to the estimates presently available, this decline was of the order of 6% for the Community as a whole.
  
9. Graph 1 at the end of this volume gives an indication of the development at Community level in recent years of net value added at factor cost per work unit in agriculture ("Sectoral Income Index") and of incomes in the economy as a whole. The Commission proposes to publish at the end of February, on the basis of the latest estimates available at that time, a more detailed report on the development of agricultural incomes in 1983, which will provide not only a breakdown of the results by Member State, but also an appreciation of the development at the Community level of certain other indicators of agricultural income.
  
10. The difficulties experienced in maintaining agricultural incomes as a result of the market imbalances, aggravated by the continuing disparity between rates of inflation in the member states, underline more than ever the need for a link between the Community's policies for prices and markets and its policies for agricultural structures. Since the period originally envisaged for the application of the principal structural directives expired at the end of 1983, the Commission proposed in September 1983 a revised structures policy applicable for the next 10 years. The new policy would not only take more into account the general market situation, but also the specific problems of different regions of the Community. In addition, the integrated programmes proposed for the Mediterranean regions include measures of special importance for agricultural structures. In the absence of a Council decision on this renewal of the structures policy, the Commission proposed in December 1983 a prolongation of the existing measures for 6 months; however, because of the severe imbalance of supply and demand in the milk sector, the Commission has proposed that member states should no longer be authorised to grant investment aids directly affecting milk production.

11. More detailed analyses of the situation and development in agriculture may be found in the Commission's 1983 Report on the Agricultural Situation in the Community (published in January 1984 in conjunction with the General Report on the activities of the European Communities) and in the 1983 Report on the Situation of the Agricultural Markets (Doc. COM(83) 758).

Situation and prospects of agricultural markets

12. In 1981 the Commission in its memorandum "Guidelines for European Agriculture" made long-term forecasts of the production and consumption of the most important agricultural products. The horizon was 1988. In the light of those forecasts, the Council decided on the introduction for the marketing year 1982/83 of guarantee thresholds for cereals, milk products, colza and tomatoes for processing (for sugar and cotton, such quantitative limits to the price guarantees already existed in the form of production quotas).
13. The Commission promised to review and update periodically its long-term forecasts. Thus in the price proposals for 1983/84 it indicated the revised forecasts (horizon 1989) which served as a basis for fixing guarantee thresholds applicable for the 1983/84 marketing year. The same forecasts were used in the preparation of the memorandum of 28 July 1983 on the Common Agricultural Policy.
14. In the preparation of its price proposals for 1984/85, the Commission must therefore review its forecasts, taking as the new horizon the year 1990. In this perspective, the services of the Commission have used various techniques of forecasting including, for certain agricultural products the forecasts made in OECD. The results are summarised in the following paragraphs, which should be seen in conjunction with the graphs for different products to be found at the end of this volume.
15. Any forecast of demand depends on a forecast of population and incomes. According to the estimates of the Commission's services, the total population of the Community of Ten will increase from 270.9 million in 1982 to 274 million in 1990, which represents an annual rate of increase of 0.14%; this rate was 0.35% during the period from 1971 to 1981. The level of private consumption per head of population (Community average at 1970 prices) will increase between 1983 and 1990 at an annual rate of 1.9%; this rate was 2.9% during the period from 1970 to 1980.

Milk

16. In 1981 dairy cow numbers in the Community (EEC 10) amounted to approximately 25 million. This figure has been relatively stable since the beginning of the 1970s, but the average yield per dairy cow, and the proportion of milk delivered to dairies, are increasing. According to recent estimates, deliveries to dairies of milk from dairy cows will increase by approximately 3.9% in 1983 compared with the 1982 delivery level, reaching a level of about 103 million tons. This quantity exceeds by about 6% the guarantee threshold fixed by the Council for the campaign 1983/84 at 97.2 million tons. In order to offset fully the additional expenditure for the marketing of this extra quantity, the Council should therefore in accordance with Article 3 of Council Regulation (EEC) No 1205/83, adopt appropriate measures.
  
17. A further increase of at least 2% in deliveries to dairies could normally be expected for 1984. In order to evaluate the possible development by 1990, it is necessary to consider on the one hand what the rate of increase would be if current trends continue, without additional measures being taken to control milk production; and on the other hand what the results would be of the implementation of the Commission's recent proposals concerning the milk sector, and in particular the proposed introduction of quotas.
  
18. It is possible that the total numbers of dairy cows in the Community could remain relatively stable in the short to medium term, reflecting the fact that increased numbers in bigger herd sizes are being outweighed by reductions in the numbers of smaller milk herds. However, this structural shift implies an increasing rate of growth in average milk yields per dairy cow. The extrapolation of the trend of milk deliveries in EUR 10 in recent years (annual average increase of 2.7% in the period 1973-82) suggests that by 1990 deliveries would be at the level of 121 million tons

if no further measures are applied to stop the actual development of milk production. It is evident that such a volume of production would be far in excess of the realistic possibilities of disposal within with Community and on external markets.

19. However, the implementation of the Commission's proposals for a quota system for milk, accompanied by a restrictive price policy, could be expected to achieve a better balance on the market. For the reasons explained in its memorandum of 28 July 1983, the Commission considers that a better control of milk production is essential. Since a readjustment of the market solely by means of a restrictive price policy would not have its full effect on supply and demand for a number of years, the Commission has proposed the application of a quota system by means of a supplementary levy on deliveries in excess of the guarantee threshold fixed by the Council for 1983 (that is, 1981 deliveries plus 1%, which is equivalent to 97,2 million tons).
  
20. The annual increase of internal human consumption of all dairy products in the EEC, expressed in milk equivalent (fat basis), has followed an upward trend in the period 1974-1982 of about 0.5%, reaching a level of 85.3 million tons in 1982. However, this development covers very different trends for individual dairy products. In particular, the consumption of butter, in milk equivalent, has been falling at 2.8% annually despite the measures taken by the Community to subsidize sales. For all other milk products consumed in the EEC, the increase in consumption has been of the order of 2.4% annually. If these trends continue unchanged, EEC consumption in 1990 could amount to 88 million tons in milk equivalent. However, in view of the economic and demographic conditions forecast for the coming years, it seems probable that a lower rate of increase in consumption should be expected than in the 1970s, and that a realistic level of consumption in 1990 would be about 87 million tons in milk equivalent.
  
21. The situation and prospects on external markets for milk products are difficult, because of increased production and stocks in many exporting countries; meanwhile significant growth in demand on world markets cannot be expected in the coming years.

Beef

22. In 1982, gross domestic production of beef was in the trough of the cycle at 6.7 million tons; in 1983 it is estimated that 6.9 million tons have been produced and the level of public stocks has risen substantially. While production over a long period has been increasing by 2% per annum, there are indications that the long-term rate of growth is decelerating. Against this background, it is envisaged that the upward trend in beef production could continue at about 1% a year on average in the medium and long term. Thus by 1990 the level of production would be about 7.5 million tons.
23. After two years where domestic demand for beef declined from the peak of 7.0 million tons (26.0 kg/head) in 1980, the situation is believed to have stabilized in 1983 with consumption being estimated at 6.6 million tons (24.4 kg/head). However, the long-term perspective for beef demand is not encouraging. In the 1980s the rate of growth in per capita incomes and the total population are expected to be half of what was observed in the 1970s and a quarter of that observed in the 1960s. In addition, the competitive situation of beef, in relation to other meats (pork and poultrymeat) is expected to continue to deteriorate. In the medium and long term, therefore, an increase in consumption per head of beef cannot be expected, and indeed a certain decline cannot be excluded, on the assumption of unchanged policies in the meats sector. A level of consumption of between 6.5 and 7.0 million tons could probably be expected by 1990.
24. In the short term, because of the cyclical pattern of supply, world markets may be able to absorb a modest increase in exports. However, in the long term there is a risk that Community production may exceed the realistic possibilities for disposal.

It was for this reason that, in its memorandum of 28 July 1983, the Commission mentioned the possibility of proposing a guarantee threshold, if economic conditions justify its introduction. In view of the other modifications already envisaged in the market organization for beef (streamlining of system of premiums, introduction of carcass classification grid, adaptation of intervention) the Commission does not propose a guarantee threshold for the 1984/85 marketing year, but reserves the possibility for the future in the light of the development of the markets.

#### Sheepmeat

25. On 31 October 1983 the Commission presented to the Council its report on the functioning of the common organization of the market in the sector of sheep and goatmeat, which included a chapter concerning long-term forecasts. Production in the Community in 1982 was 706.000 tons, that is 50.000 tons higher than in 1981. The annual rate of increase between 1974 and 1982 was 3.7%. On the assumption of no change in the modalities of the common organization of the market, a continued increase is forecast in production, which could reach 810.000 tons by 1990. Consumption in the Community in 1982 was 975.000 tons, with a self-sufficiency rate of 72%. Between 1974 and 1982 consumption increased at an annual rate of 1.2%, but the quantities varied considerably from one year to another. For the 1990 horizon, consumption is estimated at 1.02 million tons, with a self-sufficiency rate of 79%.

#### Pigmeat

26. In 1982, gross domestic production of pigmeat was 10.2 million tons, a level comparable with that of 1981. Since internal demand increased from 10.1 million tons to 10.2 million tons, net exports of pigmeat in 1982 were only 83.000 tons. Consumption per head of the population increased from 37.0 kg in 1981 to 37.2 kg in 1982; in 1983 it will probably be



37.6 kg. Since the purchasing power of the Community's population will increase only slowly up to 1990 - a situation which favours consumption of pigmeat, particularly in comparison with beefmeat and sheepmeat - a level of consumption per head of 42 kg can be expected by 1990. Total consumption could reach 11.6 million tons, which leaves some room for expansion of production in coming years.

The prospects for exports are quite good. It is estimated that by 1990 the positive balance of trade will be between 100.000 and 200.000 tons.

### Eggs and Poultry

27. In 1982 the production of eggs increased slightly, going up from 4.16 million tons in 1981 to 4.26 million tons. Meanwhile, internal use was at the level of 4.12 million tons, of which 3.87 million tons (14.3 kg/head) was for human consumption. Since consumption per head in the United Kingdom is declining, and is stable in Germany, only a small increase can be expected. It is estimated that consumption will be at the level of 14.5 kg/head by 1990, which corresponds to an internal demand of the order of 3.95 million tons. To this should be added 0.3 million tons of eggs for laying and net exports of between 120.000 and 170.000 tons. Thus forecast production in 1990 would be about 4.4 million tons.
28. Production of poultrymeat in 1982 was 4.4 million tons, and internal demand within the Community increased from 3.8 million tons in 1981 to 4.0 million tons. Net exports were 360.000 tons. Consumption per head (14.6 kg in 1982 for EUR 10) is increasing in all Member States, and is estimated by 1990 to reach 16 kg, which corresponds to an internal demand of 4.4 million tons. Taking into account the fact that net exports will still be between 350.000 and 400.000 tons, one may conclude that supplies in the Community will be at the level of 4.8 million tons by 1990.

### Sugar

29. Compared with the preceding marketing year, 1983/84 was marked by a reduction of 9.3% in the area sown to sugarbeet. Since climatic conditions in the spring of 1983 were unfavourable in the most important regions of the Community, yields were less high than in the previous year, so that total production of sugar is estimated at 11.0 million tons (compared with 13.9 million tons in 1982). With the addition of 1.7 million tons of sugar remaining in store from the 1982/83 marketing year, the available supplies of sugar are estimated at 12.7 million tons for 1983/84. Consumption, which is expected to be stable up to the end of the decade, is about 9.5 million tons of sugar. Consumption of sugar per head of population has slightly decreased in recent years, and is expected to decrease further, but the decline will be compensated by the increase in population.

As regards the world market for sugar, it should be recalled that producers themselves bear the financial cost of the Community's net exports; in taking decisions on the area to be planted, they must therefore take into account the prospects on the world market, which at present is characterised by relatively low prices.

### Cereals

30. For the cereals sector as a whole (with the exception of durum wheat) the 1983 harvest was 118.54 million tons, 6.2% lower than the record harvest of 1982 (126.4 million tons). The Council fixed the guarantee threshold for the marketing year 1983/84 at 120.56 million tons. Since the quantity of cereals substitutes imported in 1981/82 was 16.42 million tons, which exceeds the reference quantity fixed in the basic Regulation (15 million tons), it is necessary to add the difference of 1.42 million tons to the 120.56 million tons. Consequently, the effective guarantee threshold for

1983/84 is 121.98 million tons. The average production of the last three seasons is 120.93 million tons, and thus less than the threshold. Therefore no action is to be taken in the context of the price-fixing for 1984/85 as a result of the guarantee threshold being exceeded.

31. The Commission considers that the trends observed in recent years (relatively stable area, increase in yields) will continue in coming years. Total cereals production (excluding durum wheat) could therefore reach the level of 137 million tons by the 1990 horizon (1989 harvest).
  
32. As regards demand, there has been a remarkable stability in the last ten years in human consumption, in industrial uses and in use for seed : altogether between 40 and 41 million tons are devoted to these uses. This situation should not change appreciably between now and the year 1990 : it follows that in future, as in the 1970s, global demand for cereals will depend particularly on animal consumption which at present represents 65% of total internal uses of cereals.

The total volume of cereals used in animal feed was 69 million tons in 1981/82. Its development is influenced particularly by the development of production in the poultry and pigmeat sectors, and by the price relationship between cereals and substitute products (manioc, brans, corn gluten, etc.). On the assumption of a continued reduction of the gap between prices of cereals and of substitutes, and taking into account the foreseeable increase in the production of pigmeat and poultry products, it may be forecast that by the 1990 horizon demand for cereals for animal feed will increase by 5 million tons.

33. Thus internal demand by 1990 could be of the order of 114 million tons, while production could reach about 137 million tons. This means that the quantity of cereals available for export could by 1990 be of the order of 23 million tons. The development of the world market for cereals in the second half of the 1980s may be less rapid than in the 1970s, and is difficult to forecast because a large part of demand is accounted for by importing countries such as the USSR and China whose future requirements are difficult to predict. Although the Community should maintain its share of the world market, it would be unwise to expect a major expansion in volume.
34. The Commission considers it prudent therefore to leave the guarantee threshold for the 1990 horizon (1989 harvest) unchanged at 126 million tons; the threshold for the 1984/85 marketing year would thus be 121.32 million tons (an increase of 0.76 million tons compared with the preceding year).
35. Durum wheat. The Commission has already proposed to the Council the introduction of a guarantee threshold for durum wheat according to the same criteria as for other cereals. Taking as a reference basis for 1980/81 the average production for the three marketing years 1979/80 - 1981/82 (4.388 million tons) the Commission proposes to fix the guarantee threshold for the following year on the basis of an annual rate of increase of 0.89%. This gives a threshold of 4.534 million tons for 1984/85.

#### Oilseeds

36. Because of the unfavourable weather conditions in 1983, the production of colza and rapeseed, presently estimated at 2.570 million tons was lower than the 1982 harvest (2.634 million tons). However, the average production of the last three marketing years (2.411 million tons) exceeds the guarantee threshold fixed by the Council for 1983/84 (2.290 million tons). Account must therefore be taken, in the prices to be fixed for the marketing year 1984/85, of the fact that the guarantee threshold has been exceeded.

37. As far as future developments in this sector are concerned, taking into account the increase in yields and in the area devoted to these oilseeds, there is a risk of imbalance between supply and demand. Already at the present time, and despite the deficit situation of vegetable oils generally, the Community is obliged to export a certain quantity of colza oil. Forecasts suggest that the quantities to be exported may increase further in future. In view of this prospect, and the difficult situation on the world market, the Commission proposes to maintain unchanged for the 1990 horizon the threshold already chosen for 1989, that is 3.3 million tons.
38. In order to bring to more moderate proportions the development in the Community of production of sunflower seed, which has been exceptionally high during recent years, the Commission has already proposed the introduction of a guarantee threshold for these seeds. However, the Community remains in deficit for this product, and some increase in consumption of sunflower oil in the Community may be forecast. For these reasons the Commission considers that a rate of increase of 10% in production, implying a guarantee threshold of 1.8 million million tons for the 1990 horizon, would be consistent with the objectives to be pursued.

Tobacco

39. The harvest of leaf tobacco in 1982 was 330.810 tons, which is equivalent to 286.409 tons of baled tobacco. Thus the 1982 harvest exceeded that of 1981 by 7,0%. 113.000 tons (or about 34% of the total) was of the "light air cured" and flue cured varieties, and represent qualities for which there is a market demand. In 1978 their share was 30,3%.
40. If there is no change in the policy applied in the tobacco sector, it is estimated that the total area planted to tobacco (currently 175.000 hectares in the Community, particularly in France, Greece and Italy) will stay the same. However, as a result of increases in yields, tobacco production could still increase, and by 1990 the harvest could be of the order of 313.000 tons of baled tobacco (annual rate of increase since 1972 : + 1,2%).
41. The share taken by cigarettes in manufactured tobacco is of the order of 85%. Consumption of cigarettes is in decline, so that total consumption of tobacco is following a negative trend. It is probable that internal demand for tobacco will continue to decline in future (from 568.400 tons in 1981/82 to 500.000 tons by 1990). Thus the rate of self-sufficiency will increase from 48% to 63%.
42. Taking into account this trend, and the fact that the share of tobacco which finds a market easily within the Community is only a third of production, it is essential in future to continue a policy of differentiating prices and premiums so as to encourage conversion of production to the varieties which are most in demand.

Wine

43. Forecasts of 1983 wine production suggest a quantity of between 160 and 165 million hectolitres, which represents a slightly smaller harvest than in 1982 (169 million hectolitres). Although the wine harvest varies greatly from one year to another, there is a tendency for production to increase (annual trend since 1971/72 of + 0,54% for all wine, and of + 0,29% for table wine).

On the assumption that the measures decided in 1982, and those proposed in 1983, were applied, for the 1990 horizon a slight reduction in table wine production could be forecast (to around 114 million hectolitres) and a slight increase in the production of other wines (reaching about 45 million hectolitres). Thus the total quantity of wine produced would be between 155 and 160 million hectolitres.

44. Unlike production, internal utilization of wine shows a clear tendency to decline, at an annual rate of - 0,75%. If one extrapolates this trend up to the 1990/91 marketing year, one arrives at an internal use of 130 million hectolitres (compared with 136,2 million hectolitres in 1981/82).
45. Thus production could exceed consumption by a quantity of between 25 and 30 million hectolitres. The effective balance will depend on the one hand on the possibility of increasing consumption in those countries where it is at present low (and in this context the Commission recalls that a solution must be found to the problem of excise duties) and on the other hand on the possibility of increasing exports (which in the last two years were at an average level of 5,5 million hectolitres). In any case, it appears that a quantity of wine will still have to be absorbed by distillation, and it is important that the rules limiting plantation and replantation should be strictly applied.

Proposals for common prices

46. The adjustments proposed for the common prices for 1984/85 are inspired by the considerations already elaborated in the Commission's memorandum of 28 July 1983, which stated (paragraphs 3.4 - 3.6):

"Alongside the introduction of guarantee thresholds, the Commission considers it necessary to pursue a restrictive price policy. Its annual price proposals will continue to take account not only of the development of agricultural incomes in the Community, but also of the agricultural market situation, the budgetary situation, and other general economic factors.

In addition, special attention must be paid to the proper hierarchy of prices between the different products; to a satisfactory balance between the varieties produced and those demanded by users; and to the improvement of the quality of produce required by consumers.

For certain products (for example, milk and cereals) it reserves the right to propose the fixing of common prices more in advance (for example, for two marketing years) in order to make the price policy more effective.

As regards the level of Community agricultural prices in relation to those applied internally by its competitors on the world market, the Commission notes that in many cases (particularly for milk) the common prices are at about the same level (or in some cases lower) than in other countries. However, particularly in the case of cereals, it continues to advocate a progressive reduction in the gap between Community prices and those of its principal competitors, not only in the interest of a more competitive production of Community cereals (and the elimination of the advantage presently enjoyed by imports of



cereals substitutes, for which there is a low or zero level of protection) but also with a view to the importance of cereals and feed costs in the economy of animal production.

The application of such a price policy in future years cannot exclude the possibility that, in certain cases where the market situation is particularly difficult, or where the effective application of a guarantee threshold so requires, the common prices expressed in ECU may be frozen or even reduced; and consequently that the Community support prices expressed in national currency may be reduced in nominal terms."

47. Since the Commission announced this line of action six months ago, developments on the agricultural markets, both within and outside the Community, have contributed to a deterioration rather than an improvement in the situation. In fact, the difficulties of market management are now more severe than at any time in the 25 years since the creation of the common agricultural policy.
48. For these reasons the Commission has no alternative but to propose very limited increases, and in some cases reductions, in the common prices. A restrictive price policy is absolutely essential at the present time, and will remain necessary until there is a better control of the markets. Independently of the budgetary situation of the Community, which is also particularly difficult, the market situation itself imposes on the common agricultural policy a rigorous discipline concerning prices.
49. In these circumstances, the Commission has considered the possibility of proposing a general standstill in all common agricultural prices for 1984/85. It recalls that already five years ago, for the 1979/80 marketing year, the Commission considered it necessary to propose such a standstill - and that in a conjuncture when the market prospects, though difficult, were less severe than today. Nevertheless, the Commission has

decided not to propose a general standstill in prices for 1984/85, but rather a modulated set of price adjustments which permit prices to be adapted to the different market situation for different products. In this context, it emphasises that the adjustments of common prices proposed in this document are inseparable from the related measures for reform of the market regulations contained in this document, or already proposed, on the lines of the memorandum of 28 July 1983: they form a global package, on which the Council must take a global decision not later than 31 March 1984.

50. In the absence of such a decision, a mere prolongation of the existing common prices - that is, a general standstill - would not be sufficient, in the present market conjuncture, to ensure the continued operation of the common agricultural policy within existing budgetary limits. Instead, it would become necessary as a crisis measure to make immediate and even drastic cuts in the level at which farm prices are supported.
  
51. The Commission, in making its proposals, cannot ignore the consequences for agricultural incomes of such low increases in common prices. But in a situation where the agricultural markets are so imbalanced, large increases in prices could be justified neither in economic nor in financial terms; indeed, in other sectors of the economy the normal consequences of an excess of supply over demand would be a corresponding fall in prices. The common agricultural policy, however, includes among its objectives the standard of living of the agricultural community and the stability of markets, and therefore the policy to be pursued for common prices, although rigorous, cannot be too severe. It should be recalled also that the average rate of inflation in the Community has significantly decreased, and is much lower than five years ago when the Commission proposed a general freeze in common agricultural prices.

52. Therefore the Commission proposes the following adjustments of common prices for 1984/85:

		<u>percent</u>
<u>Cereals</u>	Target price, common intervention price (barley, maize, rye) and reference price (breadwheat of average quality)	0
	Durum wheat - intervention price	+ 1,0
	- production aid	+ 2,5
<u>Rice</u>	Intervention price (with modulation according to variety, by means of premiums and penalties)	+ 3,5
<u>Sugar</u>	Basic price for sugar beet and intervention price for white sugar	+ 1,0
<u>Olive oil</u>	Intervention price	0
	Target price and production aid	+ 2,5
<u>Oilseeds</u>	Colza and rapeseed	- 1,0
	Sunflower seed	+ 1,0
	Soya beans	+ 2,5
	Flax seed	+ 1,5
<u>Protein Products</u>	Dried fodder	+ 2,5
	Peas and beans	+ 2,5
<u>Fibre Products</u>	Flax and hemp	+ 2,5
	Cotton	+ 2,5
<u>Wine</u>	Guide prices	0
<u>Tobacco</u>	Guide prices and premiums according to variety	- 2,0 to + 3,0

<u>Fruit and Vegetables</u>	Basic prices and marketing premiums, according to product	0 to + 3,0
<u>Milk</u>	Target price	0
	Intervention prices for butter and skimmed milk powder: adjustment corresponding to butterfat/non-fat ratio of 50 : 50	
<u>Beef</u>	Guide price and intervention price	+ 1,5
<u>Sheepmeat</u>	Basic price from 4.4.1984. Since it is proposed that the marketing year in future should commence in January, rather than in April, a further increase of 1,5% in the basic price is proposed from 7.1.1985	+ 1,5
<u>Pigmeat</u>	Basic price	+ 1,5

53. The Commission emphasises that, despite the very limited increases in common prices, it is desirable to modify the price relations within a number of individual product sectors, so as to improve the hierarchy of prices, and to ensure a better adjustment of supply to the qualities and varieties demanded by the consumer. This is the case, for example, for cereals (reduction in gap between the reference price for bread-making wheat of minimum quality and the intervention price for feed wheat) (1) for olive oil (increase in gap between target price and intervention

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(1) If the Commission, after taking into account the market necessities, decides to introduce intervention during the marketing year 1984/85 for breadwheat of minimum quality, it will do so at a price which eliminates at least half of the 5% gap between that price and the price for feed wheat, referred to in paragraph 4.27 of Document COM(83)500.

price) for milk (adjustment of ratio of butterfat to non-fat) and for rice, tobacco and fruit and vegetables (different adjustment for different varieties in the light of the market situation).

54. As regards the possibility of fixing prices more than one marketing year in advance, the Commission considers that, in view of the substantial adaptations proposed in the market regulations for several products for the 1984/85 marketing year, combined with the standstill or even reduction proposed in common prices for certain products (particularly milk and cereals) it is not opportune at the present stage to propose prices also for 1985/86. It reserves the right, however, to return to this possibility at the time of subsequent price proposals.
55. The full details of prices in ECU proposed for each product are given in Table 1. at the end of this volume. Table 3. gives the effect of the proposals on the level of agricultural price support in ECU and in national money. The average increase of common prices in ECU for the Community as a whole is a little less than 1%. The consequences differ from one member state to another, depending on the share of different products in their national production, and on the adjustments proposed in green rates. For the Community as a whole, however, the proposed dismantling of monetary compensatory amounts largely offsets the average increase in ECU. Consequently the effect of the proposals on consumer prices for food, and therefore on the cost of living, is practically zero.

Proposals for Related Measures

56. The proposals concerning common prices are linked with the related measures for the reform of the market regulations, on the lines suggested in the Commission's memorandum on the common agricultural policy of 28 July 1983. Certain of these measures are contained in the present document; others have already been the object of detailed proposals submitted by the Commission to the Council, and transmitted to Parliament, whose opinion is in many cases required.

57. Proposals already submitted: these concern the following sectors:

Cereals           The Commission has proposed the introduction of a guarantee threshold for durum wheat, and the adaptation of the intervention measures for durum wheat (Doc. COM(83) 604 of 14 October 1983)

Olive oil           The Commission has proposed a series of measures for improving the controls relating to the production aid for olive oil, and the rules on the organization of producers' groups (Doc. COM(83) 480 of 30 August 1983)

Oilseeds           The Commission has proposed the introduction of a guarantee threshold for sunflower seeds (Doc. COM(83) 601 of 13 October 1983)

Wine                The Commission has proposed a series of measures for the adaptation of the intervention system, and the prohibition of the use of sugar for enrichment of wine (Doc. COM(83) 639 of 24 November 1983)

Fruit and  
vegetables

The Commission has proposed a number of modifications in the market organisation for processed fruit and vegetables, including a guarantee threshold for dried raisins (Doc. COM(83) 92). The Commission has also proposed the adaptation of certain aids for processing oranges, cherries and other fruits (Doc. COM(83) 596 of 14 October 1983)

Milk

The Commission has proposed the implementation of a quota system for milk by means of a supplementary levy; the introduction of a special levy on milk from intensive farms; and the suspension of intervention for skimmed milk powder during certain periods (Doc. COM(83) 548 of 16 September 1983). It has also proposed the phasing-out of the consumer subsidy for butter; the extension of the aid for butter used in manufacture; the introduction of an aid for whole concentrated milk; and an increase in the fat content of milk for human consumption (Doc. COM (83) 611 of 5 October 1983)

Oils and fats

In addition, with a view to reducing the imbalance between butter fat and other oils and fats, the Commission has proposed the introduction of a tax on all oils and fats of vegetable and animal origin other than butter (Doc. COM(83) 562 of 7 October 1983)

Monetary  
Compensatory  
Amounts

The Commission has proposed the progressive dismantling of MCAs, and certain adjustments in the method of calculation of MCAs (Doc. COM(83) 586 of 7 October 1983)

Since the Council has not yet taken decisions on these matters, the Commission requests that it should now adopt them in the context of its overall decisions on 1984/85 prices and related measures.

58. Proposals included in this document. The related measures included in this document, which complement the proposals concerning prices, complete the train of proposals announced in the Commission's memorandum of 28 July 1983. The sectors principally concerned are:

Beef. As it announced in its memorandum of 28 July 1983, the Commission does not propose the renewal for 1984/85 of the calf premium, because the market situation has changed so markedly since this measure was originally introduced; in 1983/84 the calf premium was payable in Italy, Greece, Ireland and Northern Ireland. The Commission also proposes the termination of the variable premium, paid in the United Kingdom, in favour of a return to the normal mechanisms of intervention in that Member State. However, the Commission proposes the continuation of the suckler cow premium, applicable in all Member States, as the single Community premium for the encouragement of specialised beef production.

Sheepmeat. The Commission proposes measures for adaptation of the market organization, on the lines already announced in its report submitted to the Council on 31 October 1983 (Doc. COM(83) 585).

Milk. In view of the exceptionally high level of stocks, the Commission proposes a modification in the butterfat/non-fat ratio such as to lead to a reduction of 11% in the intervention price for butter. Since this measure will help to promote consumption of butter throughout the Community, the Commission does not propose the continuation of the consumer subsidy for butter in 1984/85, for the reasons already explained in its memorandum of 28 July 1983.



59. Guarantee thresholds for 1984/85. Another series of related measures is the fixing of guarantee thresholds in volume terms for the coming marketing year. The Commission's proposals for the products in question are summarized in Table 4. at the end of this volume. They concern guarantee thresholds for cereals, durum wheat, colza, sunflower seed, processed tomatoes and dried raisins, with analogous measures for milk (implementation of the principle of a guarantee threshold by means of a quota system), sugar (continued application of the quota system) and cotton (limitation of aid to a certain quantity). The Commission recalls that these products represent about 35% of the value of the Community's agricultural production and about 60% of the Community's expenditure on agricultural market organizations..

Proposals for dismantling monetary compensatory amounts

60. The difficulties created for the common agricultural policy by the persistence of monetary compensatory amounts are well known. For example, the difficulties have recently been summarized in a report of the Court of Auditors of 6 October 1983, which concluded that "the only valid solution to the various aspects of the problem of the MCAs is the introduction of a system of automatic and accelerated phasing-out".
61. Already in its memorandum of 28 July 1983 the Commission proposed that:
- the existing stock of MCAs should be dismantled in two identical stages, at the beginning of the two following marketing years;
  - any new MCAs created in future should be dismantled in three identical stages, the first stage immediately on their introduction, and the other stages at the beginning of the two following marketing years.
62. This proposal was the object of a legal text, submitted by the Commission to the Council on 7 October 1983. That text also provided for the possibility for Member States to be authorised to grant compensatory aids, possibly with a Community financial contribution, if the dismantling of MCAs results in a reduction in prices expressed in national currency.

63. The Council has so far taken no decision on that proposal, which the Commission nevertheless maintains. In the meantime, in the absence of a framework decision on the automatic dismantling of MCAs, it is necessary for the Commission to make specific proposals for the dismantling to take place at the beginning of the 1984/85 marketing years.

64. The monetary compensatory amounts applied at the present time (week beginning 9.1.1984) are:

	<u>per cent</u>
Germany	+ 9,8
United Kingdom	+ 7,6
Netherlands	+ 5,8
Denmark	+ 1,0
Belgium, Luxembourg, Italy, Ireland	0
Greece	- 3,0
France	- 4,4

65. However, for certain Member States different rates are applied for certain products, particularly for milk and cereals in Germany and the Netherlands, and for milk, wine and pigmeat in France. Independently of any other dismantling, the MCAs for milk and cereals for Germany and the Netherlands should in any case be reduced at the beginning of the 1984/85 marketing year by the amount of the dismantling which was postponed from the 1983/84 price decisions.

66. The Commission therefore proposes the following adaptations of green rates at the beginning of the 1984/85 marketing year.

67. In the case of negative MCAs, it proposes a reduction of the monetary gap by one-half, in accordance with the guidelines already proposed.

68. In the case of positive MCAs, the Commission also proposes, a reduction by one-half of the monetary gap (which is equal to the monetary compensatory amount plus the franchise). In accordance with the guidelines already proposed, the Commission recalls that its framework proposal for dismantling MCAs, transmitted to the Council on 7 October 1983, includes provision for compensatory aids in the case of a reduction in national prices. Such a measure should help to avoid harmful effects on the incomes of farmers. Since it would also contribute to a return to the unity of the agricultural market, a Community financial contribution could be envisaged.
69. Table 2. giving details of the agrimonetary proposals, and their effects on prices, will be found at the end of this volume.
70. As in previous years, the Commission reserves the right to modify its proposals concerning MCAs in the light of subsequent monetary developments - for example, in the case of Member States whose rate of exchange is not stabilized in the European Monetary System.

Financial consequences

71. The effect of the price proposals and related measures, compared with the EAGGF Guarantee Section credits for 1984, would be a saving of - 169 MECU, to which should be added the savings resulting from the proposals already transmitted to the Council in the framework of the memorandum COM(83)500, which amount to - 706 MECU. The total of these savings, that is - 875 MECU is such as more or less to offset the extra expenditure resulting from certain less favourable conjunctural factors which have emerged since the preparation of the 1984 budget, and from the delay of payments from 1983 to 1984 resulting from the budgetary difficulties at the end of the year. Thus, with the adoption of all the proposals before the Council, the Commission considers that it would be possible to maintain EAGGF Guarantee Section expenditure in 1984 within an overall total close to that of the present credits of 16.500 MECU.
72. The effect of the price proposals and related measures in 1985 would be a saving of - 109 MECU, to which should be added the savings resulting from the proposals already transmitted to the Council in the framework of the memorandum COM(83)500, which amount to - 2.009 MECU. Assuming the adoption of all these proposals, the order of magnitude of expenditure in 1985 could be about 16.500 to 17.000 MECU, a figure which should not, however, be taken to prejudge the formal proposal for credits which the Commission will present in connection with the preliminary draft budget for 1985.
73. The aim of the Commission is to ensure that the rate of increase of agricultural expenditure stays below that of the Community's own resources. Taking into account the variations of expenditure resulting from the many uncertain factors which influence expenditure, particularly the level of world prices, the implementation of this aim has to be appreciated over a period of years. Taking into account a 3-year period, according to the criteria defined in the communication of the Commission of 4.11.1983, the average rate of increase of agricultural expenditure for 1983-84-85 would be 11,1% while that of own resources is estimated at 6,6%. This average rate of increase is heavily influenced by the year 1983 when the rate of increase of expenditure was of the order of 27%. This appreciation, together with a detailed explanation of the financial consequences, will be found in Volume II of the present document.

Conclusion

74. The Commission requests the Council urgently to adopt decisions on these price proposals and the related measures, which together form a comprehensive package for the reform of the market organizations. The worsening market imbalance in agriculture, and the difficult budgetary situation of the Community, now render such decisions imperative.

75. In this request, Commission and Parliament are of one voice. In its resolution on the common agricultural policy, adopted on 18 November 1983, the Parliament declared that:

"Reform of the CAP can no longer be postponed, both to ensure the possibility of financing the policy, and also if the aims set out in Article 39 of the Treaty are to be attained".

In its resolution on the 1984 budget, adopted on 15 December 1983, the Parliament again demanded that:

"The Council should decide, at the latest by 31 March 1984, on the improvement of the CAP, so as to eliminate the expenditures due to production of structural surpluses, expenditures which the Community budget can no longer assume".

76. In making such an appeal, Commission and Parliament share the same fundamental objective: to safeguard the continuation of the common agricultural policy on a sound economic and financial basis. It is now for the Council to prove that it has the will and the capacity to realise that objective.

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TABLE 1

Price proposals for individual products

		1983/84		1984/85 proposals		Period of application of the proposed prices	Greece (a)	
Product	Category of price or amount	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1983/84 ECU/tonne	Proposals 1984/85 ECU/tonne
1	2	3	4	5	6	7	8	9
Common wheat	Target price	261.41	4.3	261.41	0.0	1.8.84 - 31.7.85	C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0		C.P.	C.P.
	Reference price for bread-wheat - average quality	215.29	3.0	215.29	0.0		C.P.	C.P.
Durum wheat	Target price	355.42	4.8	360.96	1.6	1.8.84 - 31.7.85	C.P.	C.P.
	Intervention price	312.08	4.6	315.20	1.0		C.P.	C.P.
	Aid	99.81	5.5	102.31	2.5		77.36(c)	89.84(c)
Barley	Target price	238.17	4.3	238.17	0.0	1.8.84 - 31.7.85	C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0		C.P.	C.P.
Rye	Target price	238.17	4.3	238.17	0.0	1.8.84 - 31.7.85	C.P.	C.P.
	Intervention price	184.58	3.0	184.58	0.0		C.P.	C.P.
Maize	Target price	238.17	4.3	238.17	0.0	1.8.84 - 31.7.85	C.P.	C.P.
	Common single intervention price	184.58	3.0	184.58	0.0		C.P.	C.P.
Rice	Target price-husked rice	523.16	5.3	543.75	3.9	1.9.84 - 31.8.85	C.P.	C.P.
	Intervention price - paddy rice	306.53	5.5	317.26	3.5		C.P.	C.P.
Sugar	Basic price for sugarbeet	40.89	4.0	41.30	1.0	1.7.84 - 30.6.85	C.P.	C.P.
	Intervention price for white sugar	534.70	4.0	540.10	1.0		C.P.	C.P.

Product	Category of price or amount	1983/84		1984/85 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	%	Amounts	%		Amounts	Proposals
		ECU/tonne	increase	ECU/tonne	increase		fixed 1983/84	1984/85 ECU/tonne
1	2	3	4	5	6	7	8	9
Olive	Production target price	3 194.2	5.5	3 274.1	2.5		C.P.	C.P.
oil	Intervention price	2 299.2	5.5	2 299.2	0.0	1.11.84-31.10.85	C.P.	C.P.
	Production aid	702.6	5.5	720.2	2.5		405.20	562.70
Oilseeds:	Target price							
	- Colza and rape seed	482.20	4.0	477.30	- 1.0	1.7.84-30.6.85	C.P.	C.P.
	- Sunflower seed	577.10	6.0	594.00	1.0 (1)	1.9.84-31.8.85	C.P.	C.P.
	Basic intervention price							
	- Colza and rape seed	438.0	4.0	433.60	- 1.0	1.7.84-30.6.85	C.P.	C.P.
	- Sunflower seed	527.1	6.0	543.50	1.0 (1)	1.9.84-31.8.85	C.P.	C.P.
	Guide price							
	- Soya beans	561.7	6.5	575.70	2.5	1.9.84-31.8.85	C.P.	C.P.
	- Flax seed	545.9	6.0	554.10	1.5	1.8.84-31.7.85	C.P.	C.P.
	Minimum price soya beans	494.3	6.5	506.70	2.5	1.9.84-30.8.85	C.P.	C.P.
Dried	Fixed rate aid	8.49	6.0	8.49	0.0	19.5.84-31.3.85	C.P.	C.P.
fodder	Guide price	178.94	6.0	183.41	2.5	1.7.84-30.6.85	C.P.	C.P.
Peas &	Activating price	517.6	8.7	530.5	2.5	1.7.84-30.6.85	C.P.	C.P.
beans	Minimum price	291.9	6.5	299.2	2.5			
Flax	Fixed rate aid (per ha)							
and	- Fibre flax	355.12	6.0	364.00	2.5	1.8.84-31.7.85	118.37	182.00
hemp	- Hemp	322.52	6.0	330.58	2.5		107.51	165.29

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





Product	Category of price or amount	1983/84		1984/85 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	%	Amounts	%		Amounts fixed	Proposals 1984/85
		ECU/tonne	increase	ECU/tonne	increase		1983/84	ECU/tonne
1	2	3	4	5	6	7	8	9
Milk	Target price for milk	274.3	2.3	274.3	0.0	1.4.84 - 31.3.85	)	)
	Intervention price						)	)
	- for butter	3 578.6	2.3	3 169.5	- 11.4		)	)
	- for skimmed-milk powder	1 496.4	2.3	1 658.8	10.9		)	)
	- for cheese						)	)
	. Grana padano						)	)
	30-60 days	3 612.8	2.3	3 683.5	2.0		)	)
	. Grana padano 6 months	4 395.3	2.3	4 469.8	1.7		)	)
	. Parmigiano-Reggiano						)	)
	6 months	4 802.6	2.3	4 877.0	1.6		)	)
Beef and veal	Guide price for adult bovines			(1)		2.4.84 - 1.4.85	)	)
	Intervention price for adult bovines	2070.90	5.5	3 624.1	1.5		)	)
		1863.80	5.5	3 261.7	1.5		)	)
Sheep-meat	Basic price (carcase weight)	4323.60	5.5	4 388.5	1.5	4.4.84 - 6.1.85	)	)
				4 454.3	1.5	7.1.85 - 5.1.86	)	)
Pigmeat	Basic price (slaughter weight)	2053.87	5.5	2 084.70	1.5	1.11.84-31.10.85	)	)
Silk-worms	Aid per box of silk seed	106.00	6.0	108.65	2.5	1.4.84-31.3.85	)	)
							84.01	96.33

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

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Footnotes

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

Greece

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

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

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

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

		PRESENT SITUATION				Breakdown		SITUATION FOLLOWING THE PROPOSALS			
COUNTRY	SECTORS	REPRESENTATIVE RATE	MONETARY GAP		(expressed in points)		GREEN RATE	MONETARY GAP		RE-/DE- VALUATION	EFFECT ON PRICE (%)
			REAL	APPLIED				REAL	APPLIED	%	(%)
D 1)	Milk	2,54273	+ 11,833	+ 10,8	0,987	+ (1/2x10,846) = 6,410				+ 7,271	- 6,778
	Cereals	2,52875	+ 11,346	+ 10,3	0,5	+ (1/2x10,846) = 5,923	2,37039	+ 5,423	+ 4,4	+ 6,681	- 6,262
	Other	2,51457	+ 10,846	+ 9,8		(1/2x10,846) = 5,423				+ 6,083	- 5,734
ML 1)	Milk	2,73327	+ 7,585	+ 6,6	0,8	+ (1/2x 6,785) = 4,193				+ 4,537	- 4,340
	Cereals	2,72149	+ 7,185	+ 6,2	0,4	+ (1/2x 6,785) = 3,793	2,61464	+ 3,392	+ 2,4	+ 4,087	- 3,926
	Other	2,70981	+ 6,785	+ 5,8		(1/2x 6,785) = 3,393				+ 3,640	- 3,512
F	Pigmeat/										
	Wine	6,77297	- 1,500	0		1,500	6,87456	0,0	0	- 1,478	+ 1,500
	Milk	6,55400	- 4,891	- 3,4		(1/2x 4,891) = 2,446	6,71049	- 2,445	- 1,0	- 2,332	+ 2,388
	Other	6,49211	- 5,891	- 4,4		(1/2x 5,891) = 2,946	6,67790	- 2,945	- 1,4	- 2,782	+ 2,862
DK	All sectors	8,23400	+ 1,129	+ 1,0		1,129	8,14104	0,0	0	+ 1,142	- 1,129
UK 2)	All sectors	0,618655	+ 7,682	+ 7,6		(1/2x 7,682) = 3,841	0,593946	+ 3,841	+ 2,7	+ 4,160	- 3,994
GR 2)	All sectors	77,2479	- 4,117	- 3,0		(1/2x 4,117) = 2,058	78,8003	- 2,059	- 1,0	- 1,970	+ 2,010

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

2) Reference period : 14 to 20 December 1983.

Table 3

Consequences of 1984/85 proposals for agricultural support prices

		Average % increase in common prices	
		(1984/85 proposals compared with 1983/84 decisions)	
		in ECU (1)	in national currency (2)
Germany		+ 0,8	- 5,4
France		+ 0,6	+ 3,2
Italy		+ 0,8	+ 0,8
Netherlands		+ 0,8	- 3,1
Belgium		+ 1,0	+ 2,3
Luxembourg		+ 0,7	+ 1,9
United Kingdom		+ 0,8	- 3,2
Ireland		+ 0,9	+ 2,1
Denmark		+ 0,7	- 0,4
Greece (3)		+ 1,4	+ 3,4
Community average		+ 0,8	- 0,5

- (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.
- (3) Includes alignment of Greek prices on common prices due to accession arrangements.

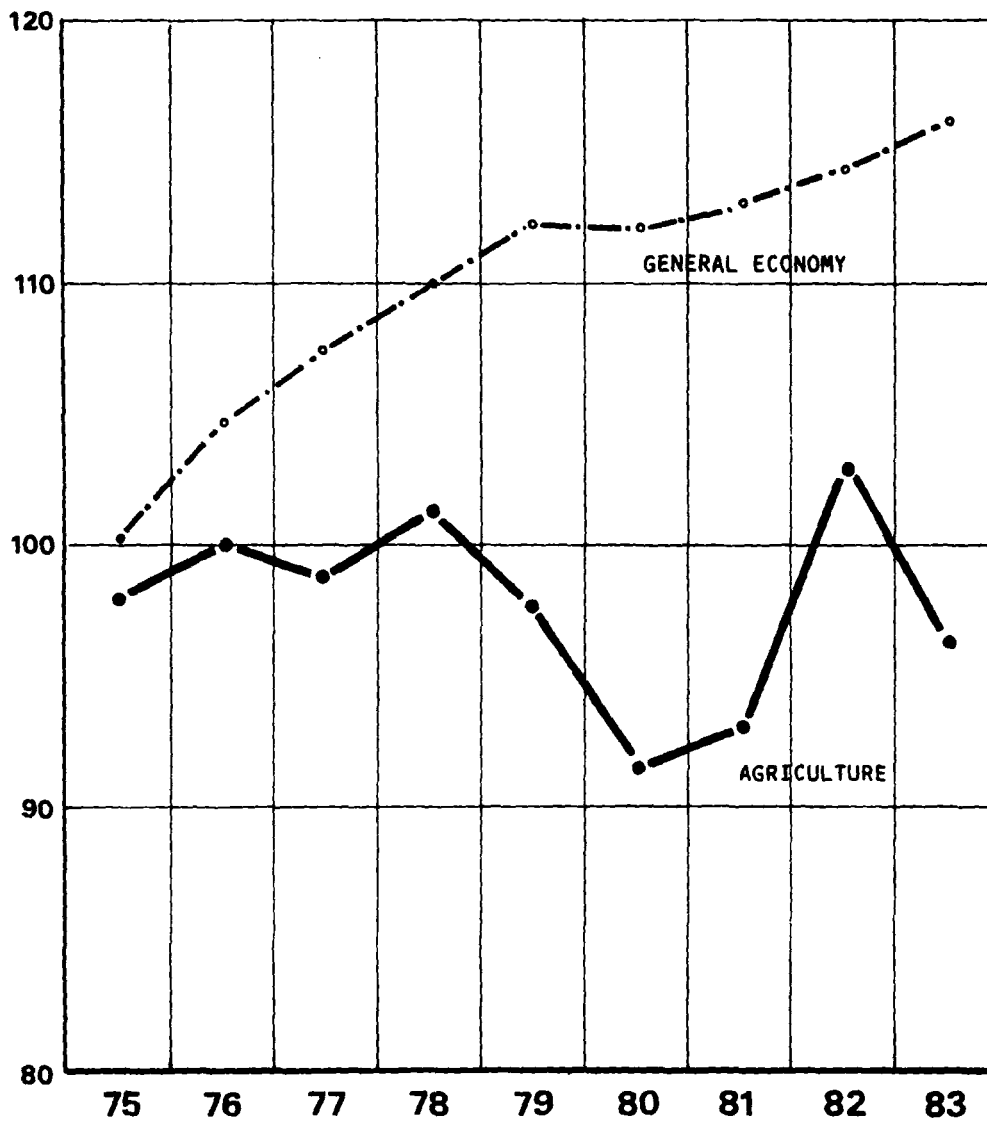
Table 4 (1186P)

Proposed guarantee thresholds and similar measures  
(million t)

Product	Threshold quantity				Situation on the market in 1983/84	Was the quantity in excess of the threshold?
	fixed in 1982/83	1983/84	1984/85	1990		
Cereals (except durum wheat)	119,5	120,56	121,32	126,0	1981 harvest: 117,87 1982 harvest: 126,39 1983 harvest: <u>118,54</u> Average over the three years: 120,93 1983/84 threshold: 120,560 Imports of substitutes in 1981/82: 16,418 difference at 15,0: <u>1,418</u> Actual threshold in 1983/84: 121,978	no
Durum wheat	-	-	4,534	4,669	Average production (reference quantity) 1979/80 - 1981/82: 4,368	-
White sugar	A: 9,5 B: 2,2	9,5 2,2	9,5 2,2	- -	Production (A): 9,2 Production (B): 1,7 Production (C): 1,2	-
Isoglucose	A: t 157.649 B: 40.436	t 157.649 40.436	t 157.649 40.436	- -	Production (A): 145.894 tonnes Production (B): 36.207 tonnes Production (C): 226 tonnes	- - -
Colza and rapeseed	2,15	2,29	2,41	3,3	1981 harvest: 1,999 1982 harvest: 2,666 1983 harvest: <u>2,570</u> Average over the three years: 2,412	yes, by 122.000 t
Sunflower	-	-	1,0	1,8	Seed production in 1983: 1,0	-
Cotton	t 450.000	t 450.000	t 450.000		Production will probably be slightly below the threshold	no
Tomatoes: processed concentrate peeled	2,988 <u>1,307</u> 4,295	2,988 <u>1,307</u> 4,295	2,988 <u>1,307</u> 4,295		Production will probably remain slightly below the threshold	no
Dried grapes (sultanas)		(80.000): 80.000 t			1983 harvest: ± 105.000 t	yes, by ± 25.000
Milk	(81 prod. + 0,5%) 96,71	(81 prod. + 1%) 97,2	(81 prod. + 1%) 97,2		Deliveries to dairies in 1983: 103,0	yes, by ± 6%

INCOMES IN AGRICULTURE  
AND IN THE GENERAL ECONOMY  
IN REAL TERMS  
(1973/74/75 = 100)

EUR 10



Graph 1

Development of real incomes in the economy as a whole and  
in agriculture

(Average 1973/74/75 = 100)

(Graph 1)

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.

General economy

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 : EUROSTAT, estimate of 6 January 1984

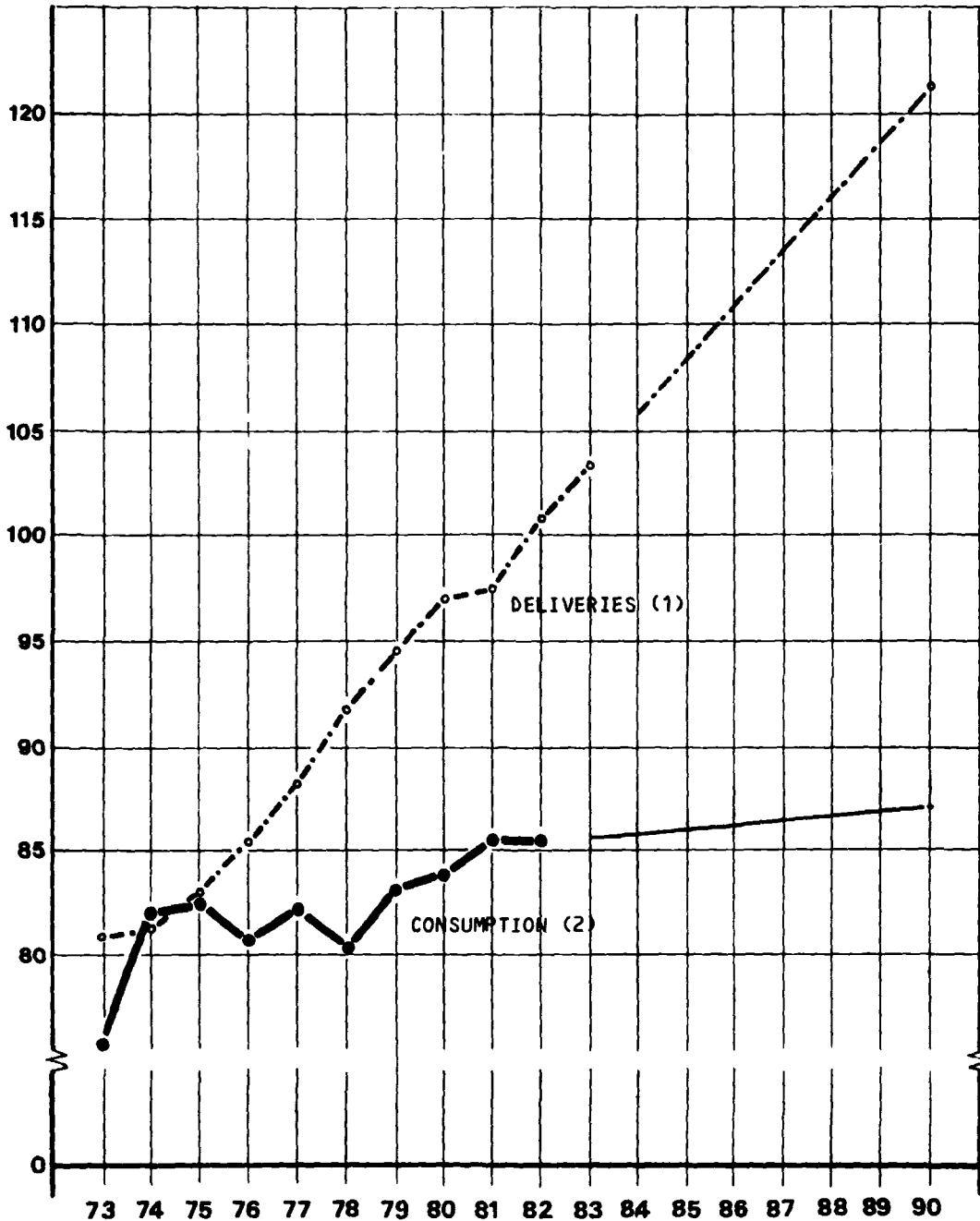
Economy as a whole : Directorate General Economic and Financial Affairs



MILK

EUR 10

Mio t.



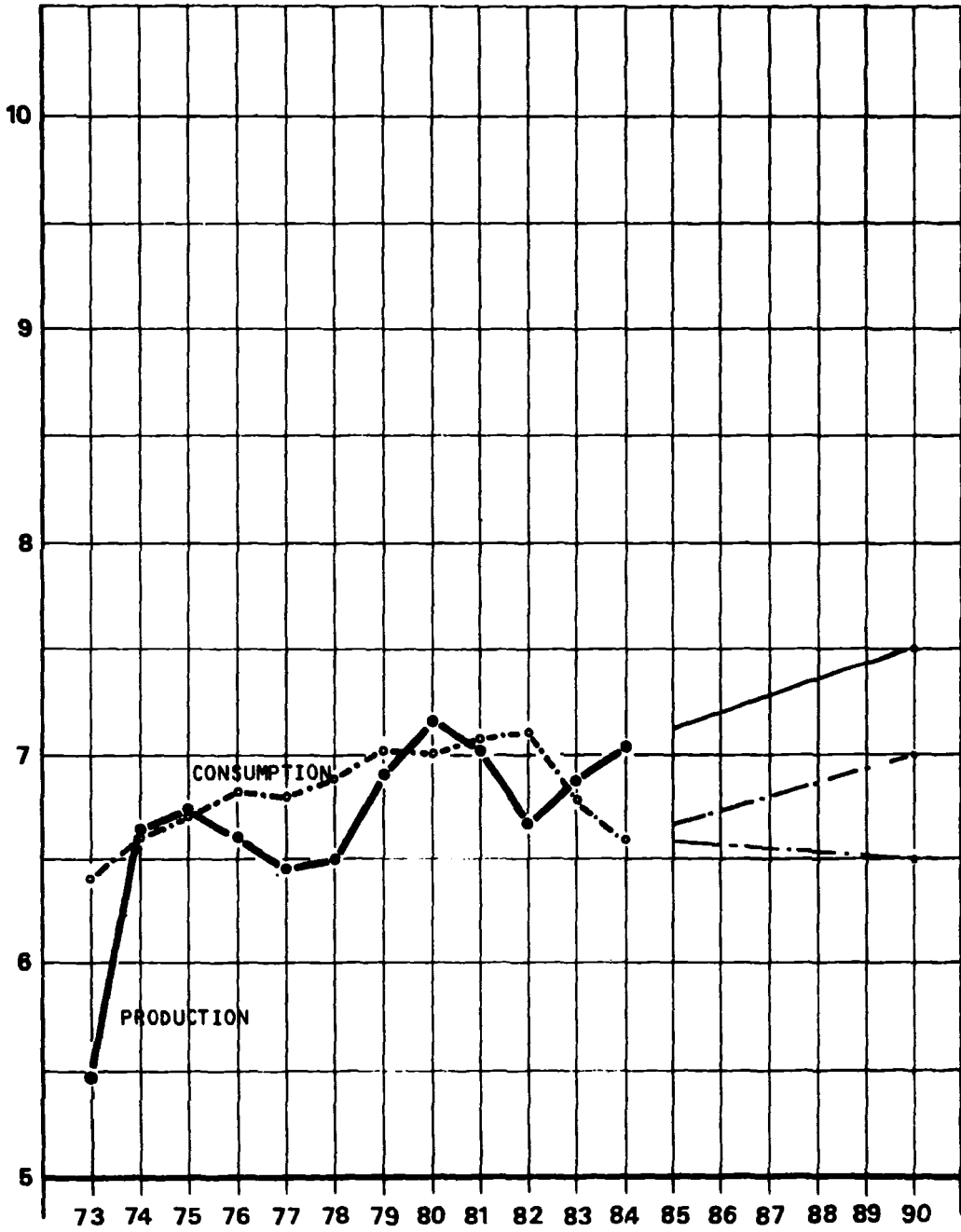
- (1) Deliveries to dairies except for Greece where total milk production has been used
- (2) Consumption is calculated on the basis of a global milk balance (milk equivalent on butterfat basis)

Graph. 2 a)

BEEF

EUR 10

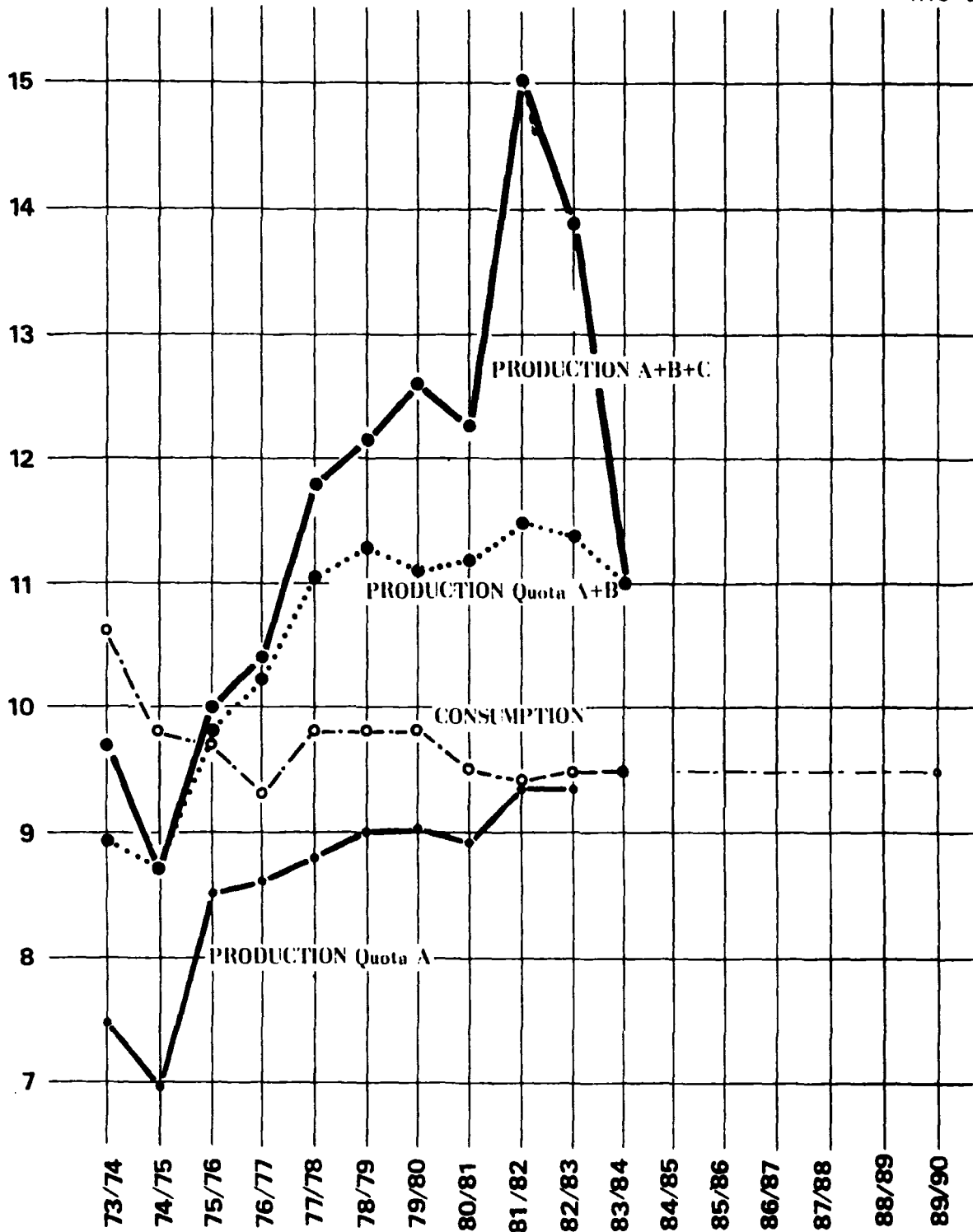
Mio t.



Graph 2 b)

# SUGAR

EUR 10  
Mio t.



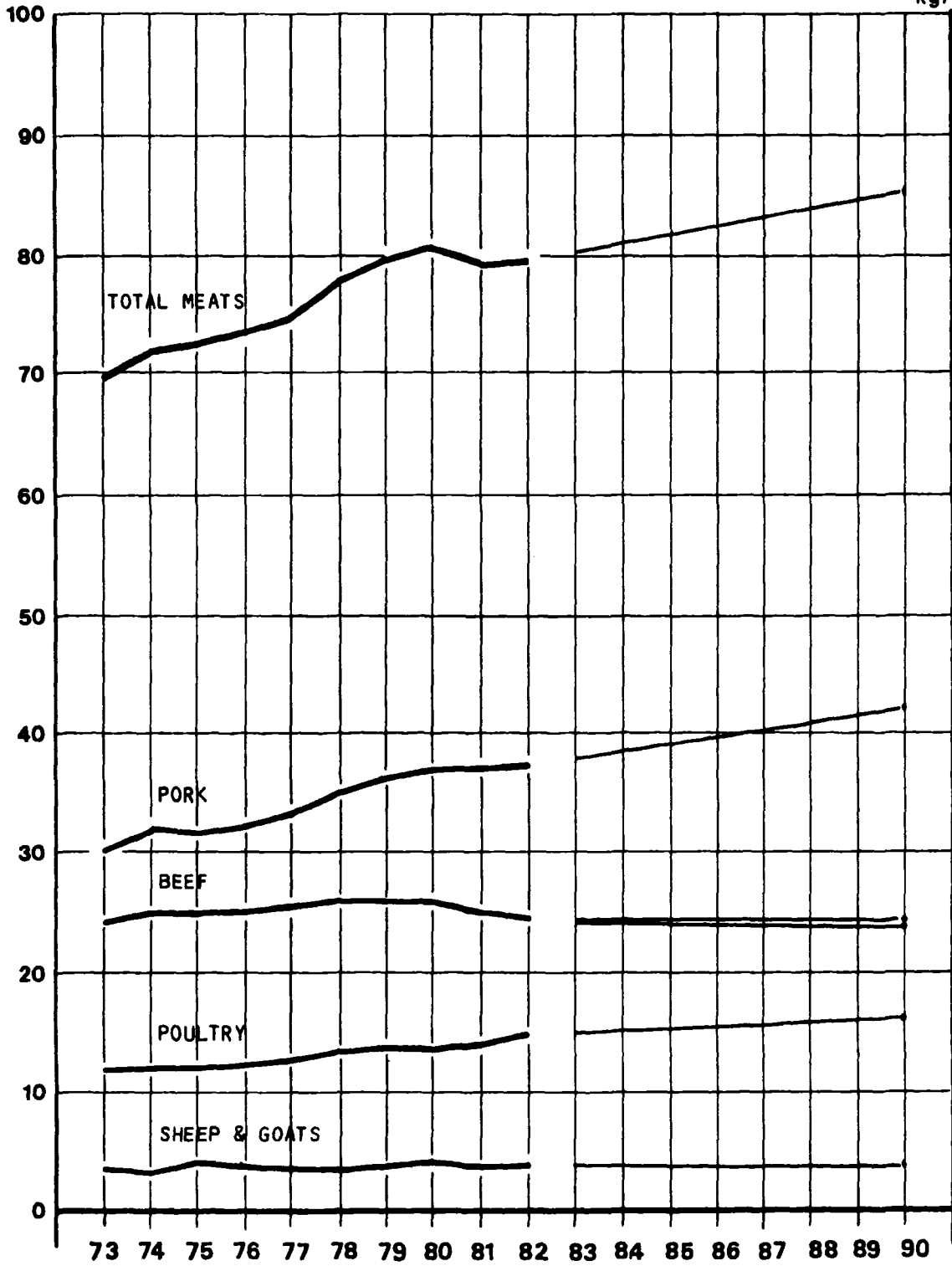
Includes French Overseas Departments  
Quantities expressed in white sugar equivalent

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Graph 2 d)

CONSUMPTION OF MEATS

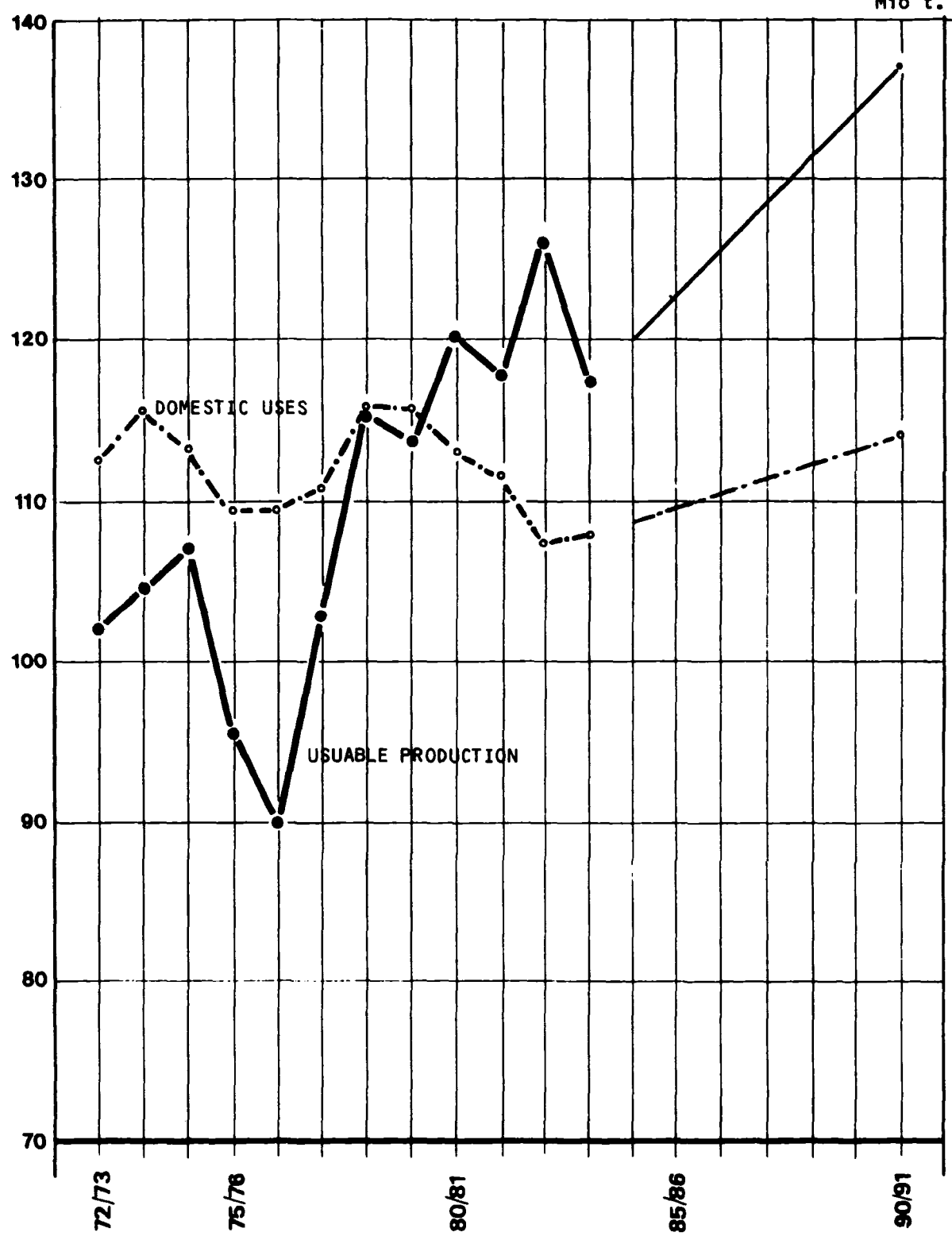
EUR 10  
kg/head



Graph 2 c)

CEREALS  
(Excepting durum wheat)

EUR 10  
Mio t.



Graph 2 e)