

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 65 final

Brussels, 26 February 1975

Proposal for
REGULATION (EEC) OF THE COUNCIL

fixing, for the 1975/76 marketing year, the monthly
price increases for cereals, wheat and rye flour and
wheat groats and meal

(submitted to the Council by the Commission)

EXPLANATORY STATEMENT

For 1974/75 the Council, following a proposal by the Commission, adopted a change in the system of monthly increases following the lines proposed in paragraph 49 of the memorandum on the improvement of the Common Agriculture Policy. The size and number of monthly increases were in effect made more uniform. Meanwhile with the object of easing the barley market, from the start of the marketing year during the period of putting into progressive order, a staggered marketing year for maize was set up, namely starting on 1 October and finishing 30 September.

Demand on a Community market, deficit in feed grains, the satisfactory functioning of the new system of a single intervention price for barley and the alignment of the maize target price with that for barley such as has been proposed by the Commission allow a further move towards a better hierarchy for cereals and the re-establishment of the same marketing year for all cereals.

Indeed, a common season for all cereals is more important for the smooth functioning of the market than a broken one which for local reasons of weather or space upsets the general organisation and favours a particular cereal in a given circumstance.

It is advisable to recall that cereal harvesting in the Community takes place from May to October. Barley, for example, is harvested from May to September.

In such circumstances, it seems opportune to put the monthly increases for maize on the same basis as that for other cereals without any discrimination.

Designed to give sufficient incentive to storage, the monthly increase should not always cover the costs which should normally be recouped from the market. Meanwhile this development is such that it seems reasonable to increase perceptibly the monthly increase in comparison with the actual amount. Indeed the actual amount if it presented an increase for barley and maize in 1974/75 over 1973/74, only required a slight adjustment for common wheat and durum wheat.

As a result, the level of monthly increases remained slight compared with the price increases in March and October, 1974 when interest rates became high and remained so.

The increase in storage costs is perhaps on average about 30% and a readjustment of this size corresponds with the proposals in the draft submitted by the Commission.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation No 120/67/EEC ⁽¹⁾ of 13 June 1967 on the common organization of the market in cereals, as last amended by Regulation (EEC) No (2), and in particular Article 6 (2) thereof;

Having regard to the proposal from the Commission;

Whereas, when the number and amount of the monthly price increases and the first month during which these are to apply are fixed, account should be taken of the storage costs and interest charges for storing cereals in the Community and of the need to ensure that the disposal of stocks of cereals conforms to market requirements;

Whereas to this end it should be laid down that the monthly increases for all the cereals should commence on 1 September; whereas the monthly price increases for all the cereals should be standardized, except those for durum wheat, for which, in view of the higher costs of financing, the monthly increases should be fixed at a level higher than that for the other cereals;

Whereas the monthly increases in the threshold prices for other feedgrain should be fixed at the same level and for the same period as those for barley in order to maintain the ratio established with that cereal for the whole of the marketing year;

(1) OJ No 117, 19.6.1967, p. 2267/67;

(2) OJ No

.../...

HAS ADOPTED THIS REGULATION :

Article 1

For the 1975/76 marketing year, the monthly increases to be applied to the target price, threshold price and intervention price for the products listed in Article 1 (a), (b) and (c) of Regulation No 120/67/EEC shall be as set out in this Regulation.

Article 2

The monthly increases to be applied to the target price, threshold price, and intervention price for common wheat, durum wheat, rye, barley and maize, operative for the first month of the marketing year, shall be as follows :

(u.a./1 000 kg)

	Common wheat, rye and barley	Durum wheat
August 1975	-	-
September	1.40	1.50
October	2.80	3.00
November	4.20	4.50
December	5.60	6.00
January 1976	7.00	7.50
February	8.40	9.00
March	9.80	10.50
April	11.20	12.00
May	12.60	13.50
June	(14.00)	(15.00)
July	(14.00)	(15.00)

The monthly increases in brackets shall not apply to the intervention price.

Article 3¹

The monthly increases to be applied to the threshold price for meslin, oats, buck wheat, millet, canary seed and sorghum, operative for the first month of the marketing year, shall be the same as those applicable to cereals other than durum wheat.

Article 4

The monthly increases to be applied to the threshold price for wheat, meslin and rye flour and to the threshold price for groats and meal of common or of durum wheat operative for the first month of the marketing year shall be as follows :

(u.a./1 000 kg)

	Wheat and meslin flour, common wheat groats and meal, rye flour	Groats and meal of durum wheat
August 1975	-	-
September	2.10	2.30
October	4.20	4.60
November	6.30	6.90
December	8.40	9.20
January 1976	10.50	11.50
February	12.60	13.80
March	14.70	16.10
April	16.80	18.40
May	18.90	20.70
June	21.00	23.00
July	21.00	23.00

Article 5

This Regulation shall enter into force on 1 August 1975.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

Financial Implications

The proposed increase in the monthly increments (+ 0,30 u.a./tonne/month) should only have a slight effect on the anticipated expenditure under the 1975 budget.

In fact:

- (a) the increments only start from 1 September 1975 and their effect on the level of restitutions and levies should be restricted to only a few months of 1975;
- (b) in the context of financial implications connected with the price proposals for 1975/1976 (COM (74) 2001 final) it has been assumed that generally this sector in 1975, the market situation will not necessitate the granting of export refunds;
- (c) as regards purchases into intervention, the increments apply at the time of purchase and of sale, for expenditure incurred through storage it must be noted that the amounts proposed have already been retained for the lump sums covering these expenses.

As a result, the additional expenditure which could result should be slight and such that it could be met from the credits available for 1975, taking into account the probable economies arising from the situation envisaged in the table on page 57 of document (COM (74) 2001 final).

It is difficult to estimate precisely the financial implications over a period of twelve months; in fact the major factor will be price trends on the world market.

