

EUROPEAN COMMUNITY

NEWSFLASH

GREEN EUROPE

AGRICULTURAL PRICES

1987 / 1988

PROPOSALS

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Introduction

The proposals on the prices for agricultural products and on certain related measures for 1987/88 represent a continuation of the adjustment process begun last year and taken a step further by the recent decisions on the milk and beef sectors; they follow the guidelines (COM(85)750 final) which the Commission adopted after the consultations held in connection with the Green Paper. In drawing up its proposals, the Commission has also taken account of the numerous Resolutions adopted by Parliament on the main problems affecting the common agricultural policy.

The Commission has also adopted a document intended to define those particular areas of progress which will provide a basis for the development of Community action in the next decade, with a view to the completion of the internal market and the achievement of economic and social cohesion. In this context it tackles, in particular, the problem of the Community's own resources and that of the rationalization and strengthening of Community action with regard to the structural funds. The present proposal fits into this framework and must therefore be assessed in the light of the general paper entitled "Making a Success of the Single Act - A New Frontier for Europe" (COM(87)100 final) which the Commission is forwarding to the Council and Parliament.

The Commission, whilst putting forward these new proposals, would emphasize the importance of the measures adopted so far. Particularly significant in this context were the decisions taken by the Council on 16 December 1986. These decisions, the scope of which is commensurate with the problems faced in the milk and other sectors, hold out real hope that balance can eventually be restored to the market. Apart from gradually reducing the production quotas applicable to milk, the said decisions provide for more flexible intervention mechanisms in the milk and meat sectors. The latter measures represent the beginning of a process which is to be applied to all agricultural products in the light of market trends and the behaviour of operators in the sectors concerned.

The decisions adopted in December also showed that if specific and effective action is to be taken to restore balance to the markets and curb the growth of production to any real extent, solutions must be devised which take account of the problems which certain categories of farmers and certain regions of the Community may encounter as a result of an in-depth restructuring of the agricultural sector. In this connection fulfilment of the undertaking to the effect that the package of socio-structural measures now before the Council will be adopted by 28 February is of the greatest importance.

Just as important for restoring overall balance is the implementation of measures to dispose of the intervention stocks which have been building up. As the Commission has pointed out on several occasions, the level of these stocks is a constantly unsettling factor which precludes any prospect of lasting improvement on the markets and considerably reduces the Community's bargaining power vis-à-vis importing countries.

With its decision in December, the Council adopted proposals for stronger measures to ensure that the economically least-favoured categories of the Community population can benefit from the sale of cut-price products from intervention agencies. In the same vein, it was recently decided that assistance should be provided for the sections of the population hardest hit by the exceptionally cold weather in Europe.

Thus, the efforts made so far have been considerable. No doubt the impact on the situation of the markets still carrying structural surpluses may seem disappointing. But it is too soon to conclude, as some observers seem to suggest, that the approach adopted is not the right one. It must be realized that the task is one of considerable difficulty, entailing a fundamental change in farmers' attitudes, and, more generally, in that of all those working in the sector, as regards production and the market. And it must be borne in mind that in the world of farming, by its nature, adjustments take time, were it only because of the biological cycles, which, in most cases, run for at least one year.

In this context, the Commission must stress that even the need to achieve the results sought as rapidly as possible will not induce it to entertain solutions of which, by their very nature, the direct or indirect effect must be the fragmentation by country of the Community's agricultural production. The Commission will lend its support only to those measures which ensure that farming develops in a manner compatible with the process of integration between the countries and regions of the Community and between the various sectors of economic life. The Commission must act within a Community frame of reference to safeguard the common agricultural policy and the aims and basic principles thereof as defined in the Treaty of Rome.

Action to restore sound conditions to the agricultural markets must therefore be implemented in a consistent and sustained manner in accordance with the guidelines which have already been laid down and made clear to European farmers. To this end, a gradual approach should be followed: the aim is to strengthen the Community's productive apparatus and to make it more competitive, not to weaken or, worse, it. In this connection, a particular need is proper support for family farms, which are not only an irreplaceable aspect of the European identity but also have all the potential of sound and effective business units and thus deserve every assistance in their transition through the present period of adjustment.

Because of the severity of the problems and the scale of change required, a more united approach and greater coherence is needed in action at Community level, at national level and within the framework of international negotiations. The Commission has shouldered its responsibilities by submitting proposals which it regards as indispensable if the situation is to be stabilized, at least in the long run. But the proposals must elicit decisions taken in good time. Any hesitation will be seen by the farmers as an incentive to continue along the dead-end path, involving increasing wastage of resources, progressive deterioration of their incomes and aggravated tension in the Community's trading relations.

The Commission intends to continue doing everything within its power on the management level. However, its decisions in these matters very often depend on information supplied by the national administrations, farmers' organizations, industry and trade. The lack of transparency in this respect, the supply of incomplete or misleading data and delays in data transmission make it difficult sometimes for the Commission to act fairly and effectively, resulting in the risk that decisions will be wrong, the consequences being borne by all.

The Commission must have the support of efficient professional and administrative bodies if it is to carry through its policies successfully, especially in difficult conditions. The effectiveness of the best policies inevitably depends on the effectiveness of the weakest link in the chain between policy-making and policy implementation. It is the weakest link which determines the effectiveness of the whole. In an association like the Community, and in the case of an integrated economic policy such as the CAP, enormous application of the regulations in one country or region has direct or indirect repercussions on all the markets.

For this purpose, the Commission intends to step up cooperation with the Governments' departments and maintain a more continuous and intensive dialogue with the farming and trade organizations. In addition, it will promote any initiatives likely to facilitate the work of the national authorities and the farmers by encouraging the provision of back-up services and measures to set up or improve the machinery for supplying the information needed at Community level. It also intends to tighten up verification and sanctions, in accordance with the provisions of the Treaty.

A. GENERAL CONSIDERATIONS

I. General economic situation

1. On the whole, moderate growth of the Community economy has continued. But, in several respects, the situation is definitely unsatisfactory, especially as regards employment. Major events in 1986 were the reverse oil shock and the sharp decline of the dollar expressed in ECU. Both factors hastened the shift in growth sources from export demand to internal demand.
2. The growth in GDP should continue in 1987 at a rate fairly close to that recorded in recent years. The key to growth will again be the expansion of internal demand: the contribution from the net external balance will probably again be sharply negative because of the combined effect of a slowdown in growth in the other industrialized countries and a further reduction in demand from the oil-producing countries. Another point is that the declining dollar makes it harder for European exporters to compete, and this will surely curb Community exports. Also, not only is the distribution of growth rather uneven within the Community, but it must be expected to lose momentum in certain Member States.
3. Inflation, which in recent years has already fallen to the lowest levels for 15 years, should remain very moderate because of the efforts to stabilize prices made by the member Governments and the Community. As measured by the GDP deflator, an appreciable reduction in inflation can, indeed, be expected for 1987 as compared with 1986. For the Community of Twelve, the GDP deflator is estimated at an average of 6.2% for 1986, and should come down to 3.5% in 1987. Marked progress is expected in 1987 in the high-inflation-rate countries (Greece, Portugal, Spain and Italy). Even so, inflation is expected to remain in double figures in Greece and Portugal, but should actually fall a little below zero in The Netherlands. It is expected to remain below 3% in Germany, Belgium, France and Luxembourg, to range between 3 and 5% in Denmark, Ireland and the United Kingdom, and to be running somewhere between 5 and 6% in Italy and in Spain.

4. Despite the progress made, the situation and the outlook for employment are still a cause for serious concern. In September 1986, the number of persons registered as seeking employment in the Community of Twelve was nearly 15,8 million. However, for the first time since the early 70s, the rate of increase in employment (0,8% in 1986 and 1987) could well begin to run ahead of the rate of increase in the labour force. The average unemployment rate in the Community of Twelve might therefore inch down a little (from 11,9% in 1986 to 11,7% in 1987).

II. Agricultural situation

5. The improvement in the general economic situation also benefited European farmers: the decline in the exchange rate for the dollar and in oil prices meant that the cost of a number of inputs either rose much less rapidly or actually declined, even in nominal terms. In particular, it is estimated that in 1986 energy prices dropped by an average of about 20%, those of fertilizers by nearly 5% and those of animal feed by more than 1%, the latter having already fallen by 4,4% in 1985. Lower interest rates also helped to reduce the burden borne by borrowers, which had become a great deal heavier in recent years for many farmers. It is true that farmgate prices, affected by the deterioration of the agricultural markets, generally lagged behind inflation, and in many cases, actually declined in nominal terms. Nevertheless the tendency for farmers' purchasing power to lose ground was curbed or even eliminated because of the low rate of increase or actual reduction in input prices. For the first time for several years, the grip of the "input/output squeeze" was loosened in most of the Member States, input prices having generally fallen faster than farmgate prices. The benefits in terms of incomes were, however, offset in a number of Member States because in volume terms crops and other outputs fell short of the 1985 figures.

For example, tentative estimates for the overall output of cereals in the Community of Twelve point to a reduction of about 5% as compared with 1985, because of lower production in France and Spain following poor weather conditions in the Spring and persistent drought in June and July. A further decline in the output of beef/veal was expected in 1986, following the decline in 1985. Also, the production of potatoes fell appreciably in 1986 as both areas sown and yields were

lower. On the other hand, it is probable that milk production increased in 1986, after declining in 1984 and 1985. Two main factors account for this upturn: the improvement in profitability in the dairy sector (mainly because of cheaper feed) and the weakening of the deterrent effect of the sanctions established against farmers exceeding their quotas because of the Council's decision to make the quota scheme less rigorous.

6. According to tentative Commission estimates made in mid-December 1986, on the basis of data reported by all the Member States except Portugal, net value added at factor cost per work unit probably increased a little in 1986 in real terms for the Community as a whole (+ 1,6% on average for EUR-11), whereas it had declined by an average of 5,1% in 1985.

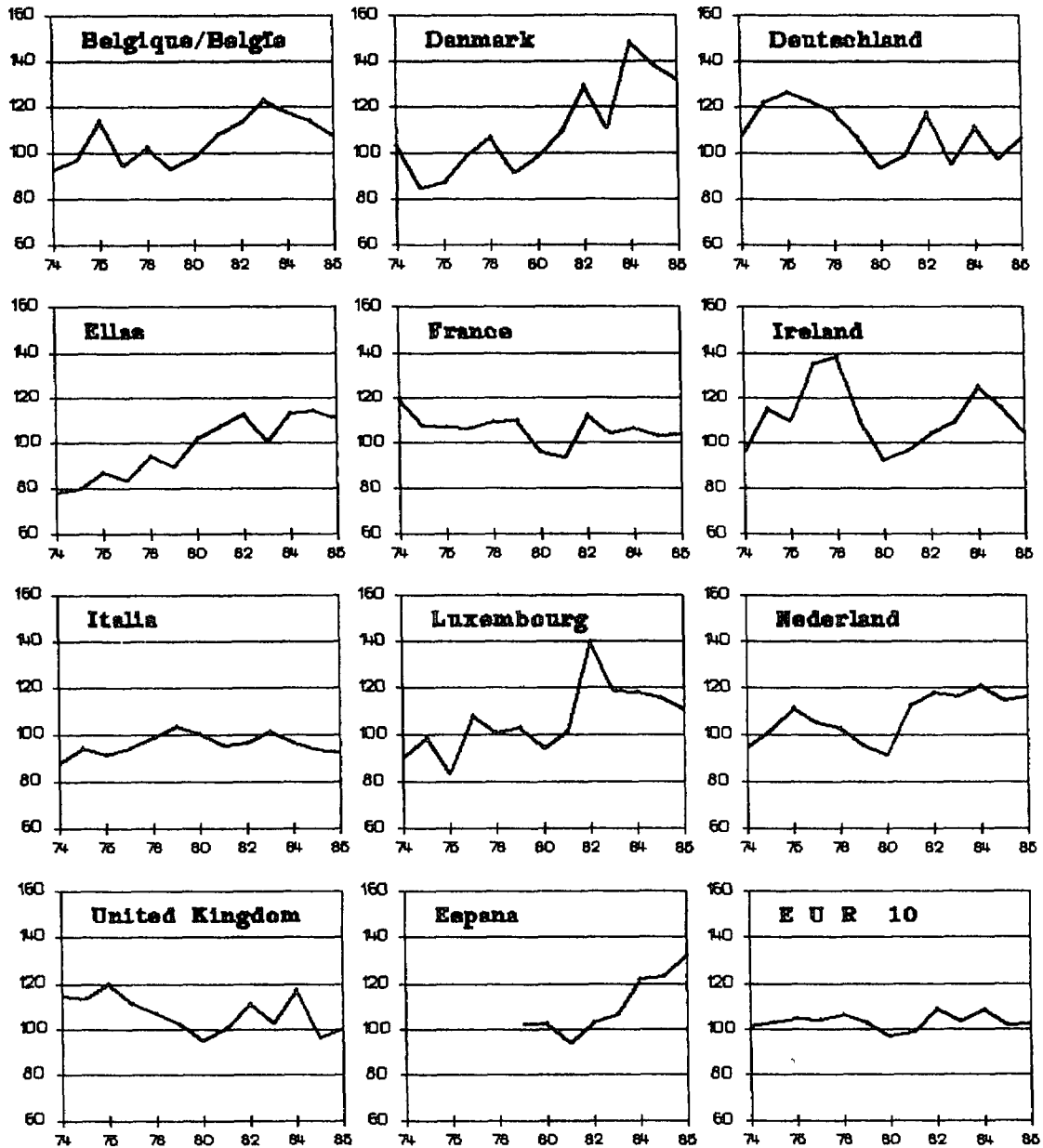
Depending on the Member State, the estimates reveal either relative stagnation of incomes as compared with 1985 (Italy, Netherlands, Greece and France), a definite improvement (Germany, Spain, United Kingdom) or a more or less marked deterioration (Belgium, Luxembourg, Denmark and Ireland).

The indicator of net income of the farmer and his family (i.e. income after deduction of wages, interest and rents), shows, however, a sharper recovery in farm incomes in 1986 than that recorded for net value added. For the Community as a whole (except Greece and Portugal), it is estimated that this income indicator increased by 5% on average in 1986, following a decline of 14% on average in 1985.

Tentative estimates of income trends according to type of farming on commercial farms, established on the basis of the latest figures from the FADN (Farm Accountancy Data Network), suggest a further decline in the incomes of grain farmers (following that of 1985) in France. In the United Kingdom and Germany, on the other hand, the decline in 1985 was expected to give way to a fresh rise in such incomes. Despite these fluctuations, grain farming remains one of the most profitable farm enterprises in the Community taken as a whole. It is likely that fruit- and wine-growers did fairly well in 1986. Specialized dairy farmers probably also enjoyed improved incomes because dairy farming was a more profitable activity and also because more milk was produced. On the other hand, the incomes of cattle farmers probably again lost ground because of lower prices and a reduced volume of production.

NET VALUE ADDED (1) PER PERSON EMPLOYED IN AGRICULTURE (2)

" 1980 " (3) = 100



(1) At factor cost in real terms, adjusted on the basis of the GDP deflator

(2) Based on the number of work units

(3) Based on the average for 1979, 1980 and 1981

Source : EUROSTAT - sectoral incomes Index as at 15/12/86

As in previous years, the Commission proposes to publish, towards the end of February 1987, a detailed report, based on the latest available estimates, on farm income changes in 1986 and since 1973.

7. Despite the relative improvement in general economic conditions in 1986, Community farmers, like those in the other main producing countries, still face what are probably the lasting consequences of the growing disequilibria on the Community and world markets for the main agricultural products. The situation, far from improving, suffered a further deterioration in 1986. Stocks are steadily building up in most producing countries despite measures to curb supply adopted in recent years by a number of these countries. Also, internal demand was sluggish and world demand was marking time or even declining; the two factors combined to depress the markets even further, thus entailing heavy pressure on both export prices and internal prices. To this must also be added the impact on the world markets for agricultural products of certain more specific factors such as the decline in the value of the dollar in 1985 and 1986, the adoption in the United States of the Food Security Act with the subsequent reduction in prices for many agricultural products, and the sharp decline in demand for imports in many oil-exporting countries.

III. Intervention stocks

8. In 1986, as announced at the time of the 1986/87 price review, the Commission took a number of initiatives concerning the most critical product groups with a view to easing the pressure exerted on the markets by the accumulation of stocks. For milk, for example, the Commission organized a number of schemes for the disposal of old butter stocks, both on the internal and external markets (extension of the "pastry butter" scheme to include small bakers, subsidizing of concentrated butter for cooking purposes, increase in the aid for butter sold to non-profit-making bodies, sales of old butter for use in animal feedingstuffs, export of butter to the USSR, etc.). As regards skimmed-milk powder, the special sales of old stocks for use in the feeding of pigs and poultry were re-introduced at the end of July 1986. As for beef, the Community sold large quantities to Brazil and elsewhere, thus disposing of a substantial amount of the meat held in storage.

9. Despite these efforts, and the Community's good performance on certain markets, the situation with regard to stocks remains extremely serious, and, in certain areas, it actually deteriorated in 1986. Table 4, annexed, shows changes in volume and in value of public stocks at end of year since 1982 for all agricultural products. It shows that the book value of the products held by the Community's intervention agencies was close to 12 000 million ECU at the end of August 1986, a much higher figure than the 4 000 million ECU at the end of 1982. And it must be added that storage costs have increased appreciably in recent years and that where products stored - particularly livestock products - have been marketed under the intervention scheme, the losses to the EAGGF have been heavy. In this connection, it is estimated that the value of the products now held by the intervention agencies, if appreciated from market prices, represents only 33% of the value calculated on the basis of the intervention prices. This difference, in 1986, is estimated at about 7 500 million ECU, leaving out of account the negative impact which stocks of this scale may have on world prices of agricultural products and indirectly on budgetary expenditure.

10. Although eloquent, the figures on stock levels probably do not reveal the full seriousness of the situation on the markets for certain agricultural products or the disproportionate role played by the CAP support schemes. To realize this, one need only compare the quantities which qualify each year for support financed by the EAGGF Guarantee Section with the quantities available (production plus stock) (Tables 5 to 9, annexed). According to the Commission's estimates for certain products, and for butter and skimmed-milk powder in particular, the quantities sold unsubsidized often represent only a small percentage of production. In the case of butter, the quantities subsidized represented about 65% of total availabilities in 1983, 47% in 1984 and 43% in 1985. In the case of skimmed milk, they represented about 65% of production. In the case of beef, the quantities subsidized by the EAGGF (public intervention and exports) represented over 14% of availabilities in 1984 and 1985. In the case of common wheat, the quantities subsidized represent almost 25% of total availabilities.

IV. Outlook for the agricultural markets

Community markets

11. The proposals on agricultural prices and related measures for 1987/88 must be framed by reference not only to the economic situation on farms and the trend in budgetary expenditure but also to the medium-term outlook for production and consumption. The general part of this Volume summarizes the market situation in 1986 and the production and consumption forecasts for the main products up to 1993 (1992/93 marketing year). A more detailed review of recent market trends and forecasts is given in the product memoranda in document COM(87) 1 and in the Commission's 1986 Report on the Situation of the Agricultural Markets (COM(86)700 final). In conjunction with the Twentieth General Report on the activities of the European Communities, the Commission has also published its 1986 Report on the Agricultural Situation in the Community.

12. As in the past, the Commission's staff have used a number of different methods in drawing up the forecasts for agricultural markets. The forecasts of production are not merely extrapolations of past trends but allow for recent and future developments in productivity, production structures (acreages, livestock numbers), competitiveness of given products vis-à-vis others, and external trade. On the other hand, as regards agricultural policy, only the provisions in force when the forecasts were established are referred to. Thus, these forecasts ignore the impact of the 1987/88 proposals on prices and related measures. The production and consumption forecasts have been made for the 12-member Community wherever reasonably homogeneous long series of statistics were available.

13. Generally speaking, the crops harvested in 1986 (1986/87 marketing year), although falling short of the record levels achieved in 1984, were in line with the strong upward trend in production over the past ten years, the main reason for which has been the rapid improvement in yields combined (in the case of certain products such as oilseeds) with an increase in the areas sown. In 1986 there was also a further increase in the level of intervention stocks, particularly those of

cereals and wine (subsidized distillation). The long-term trend in crop products will depend, at least in the case of arable farming (cereals, oilseeds, protein plants, root crops), on the balance between their respective prices and on their relative profitability. The outlook up to 1992/93 may be summarized as follows, assuming unchanged regulations:

- cereal production should eventually outstrip total utilization (EUR 12 + external trade) by some 15%, with unused stocks building up to approximately 100 million tonnes by 1993 (see graph 1 in the Annex);

- the expansion of oilseed production (in terms of both quantities produced and areas sown) should enable the Community to become more and more self-sufficient in oilcake and similar products, provided that certain improved varieties are grown; the marketing of the oils obtained by crushing Community-grown seeds will continue to present problems, as is currently the case with rapeseed oil (see graph 2 in the Annex);

- if the quota arrangements for sugar are renewed, production should remain within the utilization limits which producers consider viable; depending on the world market situation, this will in the long term require the release of between 5% and 10% of current beet acreages, given the improvement in yields. In the years to come the problems affecting this sector will be of a financial nature. Production levies must be imposed to ensure that full responsibility for the disposal of surpluses falls once again on the producer (see graph 3 in the Annex);

- wine presents problems in that, by 1992/93, production will exceed utilization (internal and external) by 12%, even if the measures adopted in 1985 to reduce the areas under vines (grubbing-up) are implemented as planned. Unless such measures are implemented on a wider scale, the Community may have to deal with a cumulative surplus of some 200 million hectolitres of wine by 1993 (see graph 4 in the Annex);

- tobacco production should level off as a result of the measures taken but should improve in qualitative terms, to the extent that the instruments of market policy encourage the growing of not only the varieties but also the qualities sought by Community manufacturers (see graph 5 in the Annex).

14. Milk deliveries in the Community of Twelve are expected to total some 96 million tonnes in 1993, allowing for Council decisions of April and December 1986, which provide for a 3% reduction in the overall quantities guaranteed, a 1% reduction in deliveries as a result of stricter rules for applying the quota system, and a temporary suspension of quotas of 5.5% (see graph 6 in the Annex).

15. Beef/veal production is expected to total between 8.1 and 8.25 million tonnes by 1993, with consumption running at some 8 million tonnes (see graph 7 in the Annex).

World markets for agricultural products

16. The world markets for agricultural products are still depressed, although the situation as regards any given product may temporarily improve because of weather conditions. The overall situation seems likely to worsen under the combined influence of three factors, namely over-production at world level, the relative inelasticity of supply, and the shortage of foreign exchange in the Third World.
17. It is very difficult to give a reliable medium-term forecast for the world agricultural markets, given the wide range of events by which they could be influenced. It is particularly difficult to forecast the agricultural policies which will to a great extent determine farmers' decisions and the process of adaptation of supply, the latter being the only way of improving the situation in the long term. An analysis of the data available indicates, however, that the structural imbalance between supply and demand is likely to persist for the foreseeable future, with prices remaining depressed.
18. Against the background of these general world market trends, account should be taken of the specifically agricultural features which may influence developments in various ways, namely :
 - the highly volatile nature of world markets, which are influenced by weather conditions and by fluctuations in exchange rates;
 - the very great interdependence of agricultural products, which are becoming increasingly interchangeable for the purposes of industrial processing or as animal feedingstuffs, and the interdependence between agricultural products and by-products competing for the same uses.
19. The world market for cereals is no exception to the general pattern outlined above. Over the next few years a drop in world market prices is to be expected, given the high level of stocks worldwide, the difficulties which many exporting countries are experiencing in adjusting their agricultural policies, the uncertainty surrounding imports into eastern Europe and the insolvency of certain countries in the Third World.

20. It would also seem doubtful whether the international market for oilseeds and protein products, dominated as it is by soya, can stage a recovery in the short or medium term. Both oilcake and oils will suffer, either because of the lack of any strong demand or because of competition from rival products. The demand for oilcake in the developed countries is likely to level off since consumption of livestock and crop products is growing only very slowly and because of keen competition from cereal substitutes. The sole potential for any substantial new demand lies with the countries of the Third World, where an economic recovery could provide the stimulus for wider consumption of livestock products.

The oil obtained from Community-grown oilseeds will encounter increasing competition not only from soya oil but also from palm oil, the growing of which is becoming more widespread; over the next ten years palm oil should take over a substantial share of the world market and exert a downward pressure on vegetable oil prices, since this is a crop which provides a satisfactory profit even when prices are low.

21. The world market for sugar has been in a critical state for some years, with world prices well below the level at which the most efficient producers can profitably operate. In the short or medium term, there would seem to be no prospect of reversing this situation. On the one hand, there has been no adjustment of production levels and, on the other, demand is unlikely to expand as consumption decreases in the industrialized countries because of the dietary preoccupations of the population and competition from isoglucose in particular and as the developing countries reduce their imports of agricultural and food products such as sugar because of financial problems.

V. Price proposals and related measures for 1987/88

General considerations

22. The fears expressed by the Commission are being confirmed by the trends in production and consumption both within the Community and in the world at large. The structural surpluses on certain markets, and on the milk market in particular, were so serious that the Commission was forced to propose additional emergency measures (COM(86)645 final of 17 November 1986), which were adopted by the Council on 16 December 1986.
23. It is important that farmers and the general public properly understand the situation, together with all its various aspects and implications. In this context it should be pointed out that since 1973 the volume of final agricultural production has increased by some 20% and that EAGGF guarantee expenditure has increased by almost 80% in

real terms, that is net of inflation. Over the same period, on the other hand, the total net value added in the agricultural sector has fallen considerably in real terms. These trends would appear to be paradoxical and contradictory but they can easily be explained if one bears in mind the market situation. The growth of structural surpluses has the inevitable effect, even cushioned by the mechanisms of the CAP, of exerting pressure on producer prices, and these have in fact been falling in real terms over the period in question. The build-up of surpluses also entails increased budgetary expenditure on the management of intervention stocks and on the disposal of production. Thus, the positive impact on agriculture is by no means proportional to the increase over time in budgetary transfers towards that sector. An ever-greater proportion of the resources allocated no longer reaches the farmers directly but is passed on to consumers and processors in the Community (in the form of subsidies to facilitate disposal on the internal market) or to non-member countries importing from the Community (in the form of export refunds).

24. These facts show clearly that the efficient management of available resources and, more particularly, the real interests of the farmers themselves would most certainly be enhanced if the balance between supply and demand were restored and the instruments of the CAP, and intervention in particular, reverted to the roles for which they were originally intended.
25. This brief analysis also shows how the equilibrium of the agricultural sector, disturbed as it is, could be endangered by any solution which, instead of tackling the cause of the problem (i.e. the factors which tend to boost production out of all proportion to the market situation), was exclusively concerned with obscuring some of the consequences. The proliferation of measures to develop subsidized and, consequently, artificial outlets is often seen as a panacea but that these schemes are to divert, largely towards other economic sectors, the obviously limited resources available for supporting farmers' incomes.
26. Nor can the competitiveness of agriculture be improved if the suppliers, processors and traders who deal with farmers are themselves inefficient and cannot compete. In particular, it would be regrettable if the productivity improvements achieved in the primary sector, instead of helping to raise farmers' incomes, which are

depressed as it is because of the market situation, were wholly or partly "confiscated" by other sectors, as some statistics suggest. Obviously, any adjustments made in the agricultural sector because demand has lost momentum or even declined must be matched by adjustments and rationalization of operations upstream and downstream from agriculture. It would be most detrimental both to farming and to industry if attempts were made to solve the problem by granting subsidies as an inducement for farmers to make excessive use of certain inputs or to over-capitalize. Such measures, even if attractive in the short term, would simply penalize the farmer twice over, since they would tend to increase operating costs, at least in the long term, and would lead to an increase in production which would further aggravate the situation on an already saturated market. The effect on incomes is therefore easy to predict. In view of this, it would be particularly paradoxical if such measures were presented or seen as subsidies to agriculture and financed as such from agricultural budgets, whether national or Community.

27. The proposals for the coming marketing year thus confirm the guidelines already followed for the previous year and for the drafting of the measures adopted by the Council on 16 December 1986. The objective is unchanged and the Commission has no plans for changes in the future: the aim is to increase farmers' awareness of market realities and ensure that their behaviour is more closely related to the real scope for unsubsidized disposal of their products. This process should gradually lead to either improved equilibrium on the market, or the assumption by the farmer himself of responsibility for the cost of disposal of surpluses.

28. The means of action also remain the same, comprising a restrictive policy with regard to prices, more flexible intervention, the application of co-responsibility mechanisms and the pursuit of a policy for quality. The fact that a set of separate instruments is being used enables the burdens entailed to be distributed in a more balanced manner. In the Commission's view, the various proposals for amendments to the rules form, with the price proposals, a single package. The Commission is therefore formally requesting the Council to adopt the decisions relating to all the sectors concerned before the beginning of the marketing years.

29. It is important to realize that a gradual, but far-reaching, adjustment of present support mechanisms is indispensable, not to curb, but to encourage further the progress of European agriculture, which over the last 20 years, has become the most productive in the world: such progress should no longer be obtained by improving yields per hectare, or per head of cattle, but should be achieved through improved farm management, through experiments in new products, through research into less costly cropping practices more in line with environmental needs, through prospecting the market in the search for new market niches or new, but unsubsidized, outlets, and through the development of flexible and effective methods of vertical or horizontal integration.

30. The aim of the introduction of more flexible institutional instruments for market support is not to replace order by anarchy but to stimulate the establishment of new structures, in the preparation and operation of which farmers and their organization will play a more active role. It is easy, in this connection, to foresee the development, at least in certain areas, of contractual relations between the farmers and the processors, or, more generally, the development of services ensuring closer links between the various economic agents operating in agriculture, such as the forward markets or associations covering several activities. The Commission is prepared to facilitate this movement, which, however depends largely on the drive and initiative of the farmers themselves. There will be no need to create something out of nothing; useful models already exist in the Community; the need is to be prepared to make a start in this direction, which is the only proper approach for the future for an agriculture seen as an economic entrepreneurial activity.

31. In this context it should also be remembered that world market trends are increasingly important as a guide to farmers who intend to improve their competitive position and safeguard their exports. These trends must, however, be viewed separately from any fluctuations which bear no relation to production conditions or production costs in the main exporting countries. To help achieve this objective, a stabilizing mechanism could be introduced, in those sectors where it was required, to offset any erratic short-term fluctuations on the world market (but without influencing the underlying trends over the medium and long term) and thus provide a reliable guide both for producers and for the annual budget estimates for the agricultural sector.

32. It is true that the role of agriculture is not confined to production and cannot be assessed solely in market terms. Its role in the management of the territory as a whole and in the safeguarding of the environment is universally recognized (although it has a really specific and irreplaceable character in this connection only in certain cases and on certain conditions). None the less, it must be said that this role, however legitimate, cannot be invoked as a reason for opposing change and maintaining outdated structures. It would be illusory to attempt to escape in this way the constraints imposed by new circumstances: should the emphasis be placed on regional development or on the environment, the obligations imposed by a role for farming closer to that of a public service than that of an entrepreneurial activity would perhaps be different from those imposed by the market, but they would certainly not be less restrictive. The Commission intends to broaden the scope of the discussions on this subject by placing them in the wider context of the future development of regions with a strongly rural composition. These deliberations will be the subject of a report will be sent to the Council and Parliament.
33. The Commission's proposals are the logical outcome of the analysis set out in the foregoing paragraphs. They comprise three sections :
- common prices
 - related measures
 - agri-monetary measures.

The proposals constitute a consistent and indissoluble whole. In particular, since the price proposals and the agri-monetary measures are closely interlinked, the negative MCAs could not be dismantled on a scale larger than that proposed by the Commission without jeopardizing the objective of a restrictive price policy. The Commission would be forced to offset, by an equivalent reduction in the prices expressed in ECU, any price increases in national currency which were entailed by a more significant dismantling of the negative MCAs.

(a) Common prices

34. The Commission considers that it should propose either maintenance or reduction of the common prices applied in 1986/87 for most products. However, in a very limited number of cases, prices should be slightly increased to encourage farmers to grow those products or qualities for which there is a demand on the market and which do not place an excessive burden on the Community budget. In the case of Spain and Portugal the proposals take account of the provisions of the Act of Accession.

<u>Cereals</u>	Common wheat of bread-making quality: intervention price	0
	Common wheat for use as feed, barley, sorghum and rye: intervention price	- 2,63
	Maize: intervention price	- 2,50
	Durum wheat: intervention price	- 4,71
	production aid	+ 12,40
	Special increase: - common wheat of bread-making quality	0
	- rye of bread-making quality	+ 50,1
<u>Rice</u>	Intervention price for paddy rice	0
<u>Sugar</u>	Basic price for sugarbeet	- 2
<u>Olive oil</u>	Target price	0
	Intervention price	0
	Aid for production	0
<u>Oilseeds</u>	Rape	- 3,0
	Sunflower	0
<u>Textile fibres</u>	Flax and hemp	0
	Cotton	0
	Silkworms	+ 3,0
<u>Protein plants</u>	Peas, field beans and sweet lupins (minimum price)	- 10,0
	Soya	- 5
	Dried fodder	0
<u>Wines</u>	Guide price	- 2
<u>Tobacco</u>	Norm prices for five groups of varieties)	from - 10
	Premiums)	to + 3
		from - 8
		to + 5
<u>Fresh fruit and vegetables</u>	Basic prices for the different products	from - 5
		to 0
<u>Milk</u>	Target price	0
	Intervention price	0
	- butter	0
	- skimmed-milk powder	0
	- cheese	0
<u>Beef/veal</u>	Guide price for adult cattle	0
<u>Sheepmeat</u>	Basic price	0
<u>Pigmeat</u>	Basic price	0
<u>Seeds</u>		5 to 10

(b) Related measures:

35. The related measures are an indispensable complement of the price proposals whose effectiveness they help to increase and modulate. Most of the related measures proposed by the Commission may be listed under four main headings:

1. Strengthening and extending and modulating co-responsibility.

Under this heading the following proposals in particular may be listed:

- introducing a system of maximum guaranteed quantities for olive oil and soya; limiting the maximum quantity in respect of which production aid is paid to 1,35 million tonnes in the case of olive oil and to 1,1 million tonnes in the case of soya;
- discontinuing the 5% limit on the reduction in official prices where the maximum quantity for rape and sunflower is exceeded;
- introducing a special "sugar" levy to absorb part of the overall losses not covered by the 1986/87 production levies.

2. Adjusting intervention to make it a better "safety net" and not a way of extending the market. The following measures in particular may be listed:

- restricting the buying-in of cereals from February to May;
- restricting the buying-in of olive oil and oilseeds to the last four months of the season;
- introduction of an intervention threshold for tomatoes for processing (10% of production). The buying-in price for the following year would be reduced in proportion to the quantities by which the threshold was exceeded (- 1% for each 10 000 t over the threshold), subject to a maximum limit of 20%;
- discontinuing the buying-in of salted butter with effect from 1 April 1988;
- discontinuing monthly increases, except for peas, field beans and sweet lupins. In the case of cereals, monthly increases would be payable only during the period when intervention may take place and the level of such increases would be reduced to take account of trends in storage costs.

3. Improving quality: the following measures in particular may be listed:
- a quality policy for durum wheat is to be implemented;
 - rape prices are to be reduced except for the double-zero quality;
 - the moisture content of the standard quality of sunflower is to be reduced from 10 to 9%;
 - the production of Indica type rice is to be encouraged by production aid;
 - the special increase for rye of breadmaking quality is to be raised to offset the drop in the price;
 - measures to improve the quality of olive-oil production will be continued thanks to a 2% deduction from the aid proposed for 1987/88;
 - quality controls for wine will be stepped up.
4. Taking account of the situation of certain producers: as emphasized in the Green Paper, the Commission also takes account, apart from its proposals submitted within the framework of the socio-structural policy, of the special situation of certain producers and is proposing in particular:
- the maintenance of aid of 120 million ECU for small cereal producers, and no increase in the co-responsibility levy;
 - an increase in the production aid for olive oil in the case of producers whose output does not exceed 100 kg per marketing year;
 - a temporary special premium for male cattle, subject to a limit of 50 head per farm;
 - an increase in the aid for durum wheat in regions where it is traditionally grown, to offset the proposed drop in the intervention price.
36. Furthermore, together with Volume I of document COM(87) 1 entitled "Explanatory Memoranda", the Commission submits a number of reports relating to:
- a review of the Community rice market;
 - the amendment of the Community rules governing the oils and fats sector;

- the operation of the aid arrangements for cotton introduced by Protocol No 4 in the Annex to the Treaty of Accession of Greece;
- the situation as regards the production and marketing of Greek Burley tobacco;
- the use of objective criteria in the fixing of prices and premiums for tobacco.

In line with the conclusions drawn in those reports, the Commission is submitting a number of specific proposals. As regards oils and fats in particular, the Commission is proposing, in addition to the abovementioned strengthening and extension of producer co-responsibility to cover all products to which aid arrangements apply, the introduction of a mechanism to stabilize consumer prices, with a view to lessening the effect of erratic fluctuations on the world market. This objective would be achieved by means of a variable levy on the consumption of any vegetable or marine oils and fats marketed in the Community.

(c) Agri-monetary measures:

Changes in the agri-monetary system

38. On 31 March 1984, the "switchover" or "Green ECU" system for calculating MCAs was introduced into the agri-monetary arrangements. The provisions relating to that system of calculation appear in Council Regulation (EEC) No 1677/85 of 11 June 1985, Article 6 of which also provides that the Commission is to submit to the Council before 31 December 1986 a report on the application of the Green ECU system.

On the basis of this report, the Commission must make proposals in the light of the economic and monetary situation in the Community, the trend in agricultural incomes and the experience gained, and the Council must, before the beginning of the 1987/88 milk year, adopt decisions either to extend the system in force or to introduce another. Should the Council not fulfil that obligation, the system for calculating the MCAs applying before the 1984/85 year (the "conventional" system) would be brought into force once more.

39. The Commission has carried out the task incumbent upon it under Article 6 of Council Regulation (EEC) No 1677/85. However, in view of the various aspects to be taken into consideration during the preparation of its proposals, the Commission considered itself justified in going outside the framework laid down for the report by the Article in question and submitting general views on the agri-monetary situation as it appears at the present time, in particular as it relates to work the completion of the internal market and the need to strengthen the economic and social cohesion of the Community as stressed in the Single Act.

40. The Commission draws the following conclusions from its analysis:

- (a) There must be a return to an agri-monetary system which is consistent with the general monetary system. This aim cannot be achieved in the immediate future. It should therefore be undertaken in stages involving:
 - the maintenance of the agri-monetary system currently in force;
 - changes to this system so that the negative MCAs resulting from the switch-over arrangements can be dismantled. Such MCAs will be eliminated in two stages, at the beginning of the two marketing years following the currency realignment. To offset the effect on prices, dismantling will be accompanied by a lowering of the common prices expressed in ECU, thus preventing any increase in prices in terms of national currency;
 - the abandonment of the principle of specific green rates, which are at odds with the economic realities, as from 1992; the elimination from that date of the MCAs and the differential amounts.
- (b) The existing provisions may be amended, in order to improve the way the arrangements operate or to limit undesirable consequences, i.e. by:
 - a proposal to introduce a higher maximum neutral margin within which the Commission would fix (via the management committee procedure) the level applicable for each sector, according to certain criteria (market situation, inflexibility of the intervention arrangements, degree of processing). The neutral margin would no longer be taken into consideration for the calculation of the monetary coefficient;
 - the maintenance, in the pigmeat sector, of the calculation of MCAs based on a percentage of the basic price (35%).
- (c) Furthermore, the Commission proposes a system of differential amounts for peas, field beans and sweet lupins and intends extending MCAs into the olive oil sector, but with a wide (10-point) neutral margin.
- (d) As regards the agricultural conversion rates, the Commission takes the view that:
 - rules for adjusting the green rates should be laid down for products subject to MCAs;
 - for products not subject to MCAs, a speedier return to more realistic rates, at least in trade, should be feasible.

41. All these measures are intended to bring the system closer to economic reality, give it improved consistency, and, at least in the long term, make it more transparent. The total discontinuation of the present system and a return to the original concept of the CAP, in

which currency readjustments are to be passed on to agriculture as on to the other sectors of the economy, will certainly entail difficulties. The resolution of such difficulties could be facilitated by greater convergence between the economies of the Member States and the creation of a European currency.

Proposals on the dismantling of existing MCAs for 1987/88

42. Since the Council's agri-monetary decisions of 25 April 1986, the main monetary events have been as follows:

- adjustment of the central rates within the EMS, with effect from 4 August 1986, whereby the Irish pound was devalued by 8% in relation to all the other participating currencies;
- a further adjustment of the central rates within the EMS, with effect from 12 January 1987, involving a 3% revaluation of the German mark and the Dutch guilder and a 2% revaluation of the Belgian and Luxembourg francs;
- a progressive depreciation of the pound sterling and the Greek drachma, which has led to an increase in the negative MCAs for the United Kingdom and Greece during the last few months.

43. From the agri-monetary viewpoint, the situation in the week beginning 12 January (before the entry into effect of the agri-monetary consequences of the currency readjustment of 12 January) was as follows:

MCAs - Situation at 12 January 1987

	: BLEU:	NL :	D :	DK :	FR :	IRL :	IT :	U.K.:	ELLA:	PORT:	ESP :
:Beef/veal	: 0,0:+	1,8:+	1,8:	0,0 :	0,0:-	1,2:-	1,1:-	-18,4:	-38,6:	-	:- 3,9:
:Milk and milk products	: 0,0:+	2,9:+	2,9:	0,0 :-	1,7:-	1,2:-	1,1:-	-24,5:	-38,6:	-	:- 3,9:
:Pigmeat	: 0,0:+	1,8:+	1,8:	0,0 :	0,0:-	1,2:-	1,1:-	-21,0:	-38,6:	-	:- 3,9:
:Sugar	: 0,0:+	1,8:+	1,8:	0,0 :-	4,8:-	5,8:-	1,1:-	-26,3:	-38,6:	-11,3:	- 4,9:
:Cereals	: 0,0:+	2,4:+	2,4:	0,0 :-	4,8:-	5,8:-	2,1:-	-26,3:	-38,6:	-	:- 4,9:
:Eggs and poultrymeat	: 0,0:+	2,4:+	2,4:	0,0 :	0,0:-	5,8:-	2,1:-	-21,8:	-38,6:	-	:- 4,9:
:Wine	: -	-	0,0:	-	0,0:	-	0,0:	-	-35,1:	-	:- 1,4:

44. By 26 January 1987, the situation as regards the MCAs had changed as follows:

MCAs - Situation at 26 January 1987

	: BLEU:	NL :	D :	DK :	FR :	IRL :	IT :	U.K.:	ELLA:	PORT:	ESP :
:Beef/veal	: 0,0:+	1,8:+	1,8:-	1,5 :-	1,5:-	4,3:-	4,4:-	22,1:-	42,3:	- :-	8,6:
:Milk and milk products	: 0,0:+	2,9:+	2,9:-	1,5 :-	4,8:-	4,3:-	4,4:-	28,5:-	42,3:	- :-	8,6:
:Pigmeat	: 0,0:+	1,8:+	1,8:-	1,5 :-	1,5:-	4,3:-	4,4:-	24,8:-	42,3:	- :-	8,6:
:Sugar	: 0,0:+	1,8:+	1,8:-	2,0 :-	8,0:-	9,0:-	4,4:-	30,2:-	42,3:	-15,1:-	9,6:
:Cereals	: 0,0:+	2,4:+	2,4:-	2,0 :-	8,0:-	9,0:-	5,5:-	30,2:-	42,3:	- :-	9,6:
:Eggs and poultrymeat	: 0,0:+	2,4:+	2,4:-	2,0 :-	3,2:-	9,0:-	5,5:-	25,7:-	42,3:	- :-	9,6:
:Wine	: - :	- :	0,0:	- :-	2,8:	- :-	1,0:	- :-	38,8:	- :-	6,1:

At its meeting of 9-10 February 1987 the Council decided to eliminate the MCAs in the pigmeat sector progressively by adjusting the green rates as follows:

- 0,5 percentage points with effect from 16 February 1987;
- 1,0 percentage point with effect from the beginning of the 1987/88 milk year.

45. The Commission considers that efforts to dismantle the existing MCAs must be continued. The negative MCAs created following the currency realignment of 12 January 1987 should be abolished in a year's time only. However, the MCAs existing before that date should in principle be eliminated. As regards the existing positive MCAs, the Commission proposes that they should be eliminated in accordance with the rules currently in force. Nevertheless, a few exceptions appear necessary. The drift in currencies which do not abide by the EMS exchange rules has led to a maximum gap between the positive and negative MCAs of more than 45% (+ 2,9 for milk in Germany and in the Netherlands and - 42,3 in Greece for most products as at 15 January). In view of the efforts undertaken by the Member States to combat inflation and bring about some convergence in the management of their economies, the Commission has felt that the existing MCAs as a whole should not be dismantled at one go.

46. Consequently, the Commission proposes:

- the total dismantlement of the MCAs in force on 12 January 1987 in France, Ireland, Italy, Spain and Portugal (except for the neutral margin);
- in the United Kingdom, a dismantlement of 4 percentage points for existing MCAs as a whole and in Greece a dismantlement of 5 percentage points;
- the dismantling of the existing positive MCAs (except for the neutral margin).

47. Table 2 giving details of the Commission proposals and their impact on the agricultural prices expressed in national currencies is to be found at the end of this volume.

VI. FINANCIAL IMPLICATIONS

48. The financial consequences of the price proposals and related measures for EAGGF Guarantee Section expenditure and for own resources of agricultural origin are dealt with in document COM(87) 1.

In all, they represent savings for the EAGGF, Guarantee Section, of between 3 500 and 3 700 million ECU for 1988. Within that total, the main savings will stem from the following:

- the mechanism for stabilizing consumer prices of oils and fats, on which the saving is assessed at approximately 2 100 million ECU;
- the elimination of the monthly increases in intervention prices, except for cereals, peas, field beans and sweet lupins; the limitation of the monthly increases for cereals to the intervention period and the limitation of the buying-in of several products to certain months at the end of the marketing year;
- the strengthening of the system of guarantee thresholds and its extension to oilseeds, where the growth in expenditure is particularly marked.

For 1987, the impact is more limited on account of the staggered introduction of the proposed measures, given the different dates for the beginning of the marketing year for the various products. Total savings are assessed between 1 200 and 1 300 million ECU, approximately.

49. The proposals for 1987/88 are part of a series of measures decided several years ago with the aim of achieving better balance on the markets and consequently limiting the increase in expenditure. Among the many measures taken so far are the introduction and subsequent reduction of quotas in the milk sector, the introduction of guarantee thresholds, the introduction of a co-responsibility levy for milk and cereals and the introduction of a multi-annual restrictive prices policy.

Without such major adjustments to the CAP, the trend in agricultural expenditure would have been much higher than it is at present.

50. It should nevertheless be borne in mind that the savings arising from major changes to the CAP, such as the decisions taken in April 1986 with regard to the 1986/87 agricultural prices and in December 1986 regarding the restoration of sound conditions on the milk products market and the reform of the beef/veal market organization, have been cancelled out by the additional expenditure entailed by the fall in the dollar and the repercussions of the currency realignments within the EMS.

Despite the savings which the Commission has undertaken to make in the management of the markets and the saving achieved by delaying the reimbursement of storage expenditure to the Member States, the 1987 deficit, ignoring these proposals, is assessed at 3 500 million ECU (1), including 700 million ECU to be paid because the appropriations for 1986 fell short of needs.

51. All the measures adopted and proposed for agriculture should ensure that agricultural expenditure does not increase as rapidly as the Community's own resources from 1988 on, provided that the effects of factors external to agricultural expenditure remain comparable with the effects taken into account for this assessment.

This objective could be achieved if the Council adopts:

- these price proposals and related measures;
- the proposals which the Commission will have to submit in order to achieve balance in the 1987 budget and avoid putting a strain on the 1988 budget by deferring payments from 1987 to 1988.

(1) This figure is based on a value for the dollar of 0,95 ECU. Any reduction in the value of the dollar generates additional expenditure.

By a combination of agricultural and financial measures it will therefore be possible, with the active contribution of the various parties affected by the operation of the common agricultural policy, to overcome the budget problems arising in 1987 and 1988. This problem is so important that it extends beyond the narrow bounds of agriculture. A proposal to solve the budget problems will be submitted very shortly in the context of the deliberations on the own resources.

VII. Income support

52. As the Commission has stressed on several occasions, the common agricultural policy helps to cushion the impact on incomes of short-term fluctuations in production, but it cannot and should not automatically neutralize the consequences of structural and substantial excess of supply over the real scope for disposal on internal markets and on external markets.

53. The Commission is, it is true, aware of the fact that the need for a policy of rigour and the adjustment of the present regulations may, during the adaptation period, cause acute problems with regard to incomes. It should be noted, however, in the area of farm incomes, that there are wide differences between holdings, and that the average trends for all agriculture which are usually referred to mask a very varied picture. There are differences not only between countries or regions, accounted for, at least in part, particularly in the twelve-country Community, by the extreme heterogeneity of natural production conditions and by the differences in levels of general economic development between the relevant regions and countries, but also within each country and within each region of the Community.

54. This being so, there are many holdings generating income margins and capital reserves enabling them to make the adjustments required by the new market context and the adapted regulations, whilst other holdings are not so fortunate. Not only the spirit of solidarity, but also the serious economic consequences for society in general of the unduly abrupt impoverishment of what is in fact a large

- proportion of European farmers, mean that a response must be found to the most urgent requirements of farmers working in a less favourable structural context, particularly since many of them, once the period of adjustment is over, will be perfectly capable of making a decent living from the land.
55. To this end, adjustments have already been made to certain market-related measures and further such adjustments have been included in the proposals for the coming marketing year. The same applies to the proposals now before the Council for strengthening the structural provisions relating to mountain and hill and less-favoured areas. In this field, however, certain limits cannot be exceeded without affecting the overall cohesion of the CAP. Care should also be taken to prevent a situation where the Member States adopt uncoordinated measures at national level to deal with the present difficulties.
 56. The Commission feels therefore that a "horizontal" approach is the right one for this problem and that a general framework for national aids is needed, adopted to the farms concerned and the procedures used, thus avoiding the kind of slippage which would interfere with proper competition and jeopardize the freedom of movement of goods. In this context, the Commission also intends to define a framework for Community measures to ensure balanced scope for intervention in all Member States and thus help meet, through appropriate modulation of the Community's budgetary contributions, the needs of the economically weakest countries.
 57. Provision should also be made for the rationalization and strengthening of all structural funds and lending instruments and for increased use of such funds in the rural areas most affected by the changes now taking place in the agricultural sector. In such areas opportunities for employment or "top-up" incomes should be created in growth industries. In this way, it will be possible to ensure not only structural improvements in the farming sector but also the harmonious development of those regions where there are too many farmers and farm workers in relation to the scope for the sector's development along economically viable lines.

58. Further Community action will be taken within the framework of the measures to strengthen and rationalize the structural funds, as provided for in the Single European Act with a view to promoting economic and social cohesion. The Commission provides a more detailed account of the approach taken in the document entitled "Making a Success of the Single Act - A New Frontier for Europe" (COM(87)100 final).

VIII. The international context

59. The imbalance between supply and demand, saturated markets and mounting public stocks are not peculiar to the Community. Many other industrialized countries have to contend with the same problems, in varying degrees of severity. Public stocks of most products in the United States far exceed those of the Community.
60. Although prompted primarily by concern about the internal market, the Community's drive to rationalize will (as embodied in the Commission's present proposals) also make a considerable contribution towards improving conditions on the world market, which has now collapsed completely.
61. As it pointed out on the occasion of the previous price review and reiterated when the measures relating to milk and meat were adopted on 16 December 1986, the Commission is counting on a similar common-sense attitude from the Community's trading partners. It considers that the effort to be made is consistent with the line agreed at the recent conference in Punta del Este and will be adopting this approach in the forthcoming multilateral negotiations, in order to ensure that other exporting countries adopt equivalent measures.
62. The Commission also referred last year to the new farm policy in the United States. In particular, it expressed its fears as to the effect of present legislation on the world market. Subsequent developments and the entry into force of the 1985 Food Security Act have unfortunately done more than confirm that its fears were justified. The new legislation has failed to bring the benefits anticipated by its authors for the US farming economy and has greatly contributed to the further destabilization of a world market already in poor shape. Predictably, although the Community was the declared target of the US measures, it has been neither the only victim nor the first: the less affluent countries, more dependent on farm exports, sometimes producing at the lowest cost, have suffered most from the new laws.

63. The Commission cannot but stress the harmful effects of this spiral of confrontation between trading partners and the need for concerted and parallel action to improve the organization of the world market. It remains firmly convinced that such an approach is consistent with the fundamental interests of all our partners, industrialized and developing countries alike. In its recent dispute with the United States, the Community has shown itself willing to take due account of its partners' arguments, provided that these can be justified. It has also shown, however, by the firm and consistent positions which it has adopted in negotiations, that it is not prepared to bargain away the common agricultural policy or its future development.

N

Table 1

No 1

Price proposals for individual agricultural products

3.2.87

Product and type of price or amount (Period of application)	1986/87		Proposals 1987/88		Spain			Portugal		
	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1. 7.87-30. 6.88										
. Target price	256,16	+ 0,5	256,10	- 0,02	256,16	256,10	- 0,02	-	-	-
. Intervention price for bread wheat (1)	179,44	0	179,44	0	172,58	173,72	+ 0,66	-	-	-
. (Intervention price for feed wheat)	170,47	- 5,0	(2)165,98	- 2,63	163,95	(2)160,69	- 1,99	-	-	-
Barley 1. 7.87-30. 6.88										
. Target price	233,86	+ 0,5	228,51	- 2,29	233,86	228,51	- 2,29	-	-	-
. Intervention price	170,47	- 5,0	165,98	- 2,63	156,53	154,67	- 1,19	-	-	-
Maize 1. 7.87-30. 6.88										
. Target price	233,86	+ 0,5	228,51	- 2,29	233,86	228,51	- 2,29	-	-	-
. Intervention price	179,44	0	174,95	- 2,50	172,58	169,38	- 1,85	-	-	-
Sorghum 1. 7.87-30. 6.88										
. Target price	233,86	+ 0,5	228,51	- 2,29	233,86	228,51	- 2,29	-	-	-
. Intervention price	170,47	- 5,0	165,98	- 2,63	156,53	154,67	- 1,19	-	-	-
Rye 1. 7.87-30. 6.88										
. Target price	233,86	- 0,3	228,51	- 2,29	233,86	228,51	- 2,29	-	-	-
. Intervention price for rye (3)	170,47	- 5,9	165,98	- 2,63	159,05	156,71	- 1,47	-	-	-
Durum wheat 1. 7.87-30. 6.88										
. Target price	357,70	0	357,70	0	357,70	357,70	0	-	-	-
. Intervention price	299,60	- 4,0	285,49	- 4,71	211,06	215,18	+ 1,95	-	-	-
. Aid (ECU/ha)	113,79	+12,3	127,90	+12,40	16,26	34,87	+114,45	-	-	-
Rice 1. 9.87-31. 8.88										
. Target price - husked rice	548,37	0	553,66	+ 1,0	548,37	553,66	+ 1,0	-	-	-
. Intervention price - paddy rice	314,19	0	314,19	0	248,88	259,76	+ 4,37	-	-	-

(1) For 1986/87 this price was increased by 3.59 ECU/t for a higher quality. The same increase is proposed for 1987/88.

(2) This price is obtained by applying a maximum reduction of 7.5% (5% in 1986/87).

(3) For 1986/87 this price was increased by a special quality increase of 8.97 ECU/t for bread rye. An increase of 13.46 ECU/t is proposed for 1987/88.

Sugar 1. 7.87-30. 6.88										
. Basic price for sugarbeet	40,89	0	40,07	- 2	47,98	47,16	- 1,7	43,72	42,90	- 1,9
. Intervention price for white sugar	541,80	0	531,00	- 2	627,80	617,00	- 1,7	501,20	499,20	- 0,4

cont.

MEMBER STATE	SECTOR	CENTRAL RATE FIXED	RATE GREEN	PREVIOUS GREEN RATE	NEW GREEN RATE	% CHANGE	EFFECT ON: PRICES(%)	PREVIOUS REAL	MONETARY GAP: APPLIED	NEW MONETARY GAP: REELS	APPLIED	DISMANT. (% POINTS)
ITALIA	PIGMEAT	1483,580		1577	1594	- 1,07	1,08	- 4,394	- 2,9	- 3,281	- 1,8	- 1,1
	CEREALS			1539	1570	- 1,97	2,01	- 6,974	- 5,5	- 4,860	- 3,4	- 2,1
	WINE			1554	1570	- 1,02	1,03	- 5,941	- 1,0	- 4,860	0,0	- 1,0
	OTHER			1554	1570	- 1,02	1,03	- 5,941	- 4,4	- 4,860	- 3,4	- 1,0
ELLAS	WINE	150,792		116,673	120,874	- 3,48	3,60	- 43,795	- 38,8	- 38,795	- 33,8	- 5,0
	SHEEPMEAT			130,674	130,674	0,00	0,00	-	-	-	-	-
	OTHER			116,673	120,874	- 3,48	3,60	- 43,795	- 42,3	- 38,795	- 37,3	- 5,0
	PIGMEAT			117,901	122,195	- 3,51	3,64	- 42,295	- 40,8	- 37,295	- 35,8	- 5,0
ESPANA	SHEEPMEAT			151,806	151,806	0,00	0,00	-	-	-	-	-
	OTHER LIVESTOCK			147,208	152,605	- 3,54	3,67	- 10,061	- 8,6	- 6,161	- 4,7	- 3,9
	WINE			145,796	152,510	- 4,40	4,61	- 11,127	- 6,1	- 6,161	- 1,2	- 4,9
	CROP PRODUCTS			145,796	152,510	- 4,40	4,61	- 11,127	- 9,6	- 6,227	- 4,7	- 4,9
	PIGMEAT			149,272	157,535	- 5,25	5,54	- 6,759	- 5,2	- 2,839	- 1,3	- 3,9
PORTUGAL	SUGAR			151,812	167,873	- 9,57	10,58	- 18,033	- 16,5	- 6,733	- 5,2	- 11,3
	LIVESTOCK PROD.			162,102	162,102	0,00	0,00	-	-	-	-	-

Coefficient : 1,125696

Floating currencies: - the previous monetary gaps are those at 2.2.1987;
- the new gaps are those resulting from the proposals;
- pigmeat - previous green rates: those at the beginning of the 1987/88 milk year.

TABLE 2 : AGRIMONETARY PROPOSALS 1987/88

MEMBER STATE	SECTOR	CENTRAL RATE FIXED	RATE GREEN	PREVIOUS GREEN RATE	NEW GREEN RATE	% CHANGE	EFFECT ON: PRICES(%)	PREVIOUS REAL	MONETARY GAP: APPLIED	NEW MONETARY GAP REELS	APPLIED	DISMANT. (% POINTS)	
BR. DEUTSCHLAND	MILK	2,05853	2,31728	2,41047	2,41047	0,00	0,00	3,866	2,9	3,866	2,9	0,0	
	CEREALS			2,39792	2,39792	0,00	0,00	3,363	2,4	3,363	2,4	0,0	
	WINE			2,38516	2,38516	0,00	0,00	2,846	0,0	2,846	0,0	0,0	
	OTHER			2,38516	2,38516	0,00	0,00	2,846	1,8	2,846	1,8	0,0	
NEDERLAND	MILK	2,31943	2,61097	2,71620	2,71620	0,00	0,00	3,874	2,9	3,874	2,9	0,0	
	CEREALS			2,70178	2,70178	0,00	0,00	3,361	2,4	3,361	2,4	0,0	
	OTHER			2,68749	2,68749	0,00	0,00	2,847	1,8	2,847	1,8	0,0	
BLEU	LIVESTOCK PROD.	42,4582	47,7950	47,3310	47,3310	0,00	0,00	- 0,980	0,0	- 0,980	0,0	0,0	
	CROP PRODUCTS			46,8712	46,8712	0,00	0,00	- 1,971	0,0	- 1,971	0,0	0,0	
FRANCE	MILK	6,90403	7,77184	7,31248	7,43388	- 1,63	1,66	- 6,282	- 4,8	- 4,546	- 3,0	- 1,8	
	PIGMEAT			7,65699	7,65699	0,00	0,00	- 1,500	0,0	- 1,500	0,0	0,0	
	BEEF/VEAL			7,54539	7,54539	0,00	0,00	- 3,001	- 1,5	- 3,001	- 1,5	0,0	
	SHEEPMEAT												
	EGGS & POULTRY			7,20131	7,43388	- 3,13	3,23	- 7,923	- 3,2	- 4,546	0,0	- 3,2	
	WINE			7,20771	7,43388	- 3,04	3,14	- 7,827	- 2,8	- 4,546	0,0	- 2,8	
CROP PRODUCTS	7,09967	7,43388	- 4,50	4,71	- 9,468	- 8,0	- 4,546	- 3,0	- 5,0				
DANMARK	LIVESTOCK PROD.	7,85212	8,83910	8,58163	8,58163	0,00	0,00	- 3,000	- 1,5	- 3,000	- 1,5	0,0	
	CROP PRODUCTS			8,54064	8,54064	0,00	0,00	- 3,495	- 2,0	- 3,495	- 2,0	0,0	
	PIGMEAT			8,70847	8,70847	0,00	0,00	- 1,500	- 0,0	- 1,500	0,0	0,0	
IRELAND	LIVESTOCK PROD.	0,768411	0,864997	0,817756	0,827383	- 1,16	1,18	- 5,777	- 4,3	- 4,546	- 3,0	- 1,3	
	CROP PRODUCTS			0,782478	0,827383	- 5,43	5,74	- 10,546	- 9,0	- 4,546	- 3,0	- 6,0	
	PIGMEAT			0,829519	0,839176	- 1,15	1,16	- 4,277	- 2,8	- 3,077	- 1,6	- 1,2	
UNITED KINGDOM	PIGMEAT	0,739615		0,661898	0,683817	- 3,21	3,31	- 24,792	- 23,3	- 20,792	- 19,3	- 4,0	
	BEEF/VEAL			0,668197	0,690534	- 3,23	3,34	- 23,617	- 22,1	- 19,617	- 18,1	- 4,0	
	SHEEPMEAT			0,652575	0,652575	0,00	0,00	-	-	-	-	-	
	MILK&MILK PROD.			0,635626	0,655802	- 3,08	3,17	- 29,952	- 28,5	- 25,952	- 24,5	- 4,0	
	EGGS & POULTRY			0,635626	0,655802	- 3,08	3,17	- 29,952	- 25,7	- 25,952	- 21,7	- 4,0	
	CROP PRODUCTS			0,626994	0,646618	- 3,03	3,13	- 31,741	- 30,2	- 27,741	- 26,2	- 4,0	

Product and type of price or amount (Period of application)	1986/87		Proposals 1987/88		Spain			Portugal		
	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase
1	2	3	4	5	6	7	8	9	10	11
Olive oil 1.11.87-31.10.88										
. Production target price	3225,6	0	3225,6	0	3225,6	3225,6	0	3225,6	3225,6	0
. Intervention price	2162,4	- 5	2162,4	0	1346,1	1395,1	+ 3,6	1996,5	2011,2	+ 0,7
. Production price	709,5	0	709,5	0	145,7	208,3	+43,0	71,0	141,9	+99,9
Rape seed 1. 7.87-30. 6.88										
. Target price	464,1	0	451,6	- 2,7	408,9	403,8	- 1,3	464,6	451,6	- 2,7
. Intervention price	421,5	0	409,0	- 3,0	366,3	361,2	- 1,4	421,1	409,0	- 3,0
Sunflower seed 1. 8.87-31. 7.88										
. Guide price	583,5	0	(1)583,5	0	428,3	(1)445,5	+ 4,0	583,5	(1)583,5	0
. Intervention price	534,7	0	(1)534,7	0	379,5	(1)396,7	+ 4,5	534,7	(1)534,7	0
Soya beans 1. 9.87-31. 8.88										
. Guide price	575,8	0	547,0	- 5	423,4	418,2	- 1,2	675,8	547,0	- 5
. Minimum price	506,7	0	481,4	- 5	354,3	352,6	- 0,5	506,7	481,4	- 5
Dried fodder										
. Fixed-rate aid 1. 5.87-30. 4.88	8,49	0	0	-	1,21	0	-	1,21	0	-
. Guide price 1. 5.87-30. 4.88	178,92	0	178,92	0	152,45	156,86	+ 2,9	178,92	178,92	0
Peas and field beans 1.7.87-30.6.88										
. Activating price	509,6	+ 0,6	457,2	-10,3	509,6	457,2	-10,3	509,6	457,2	-10,3
. Guide price	328,0	+ 1	295,2	-10,0	328,0	395,2	-10,0	328,0	295,2	-10,0
. Minimum price - peas	286,3	+ 1	257,7	-10,0	286,3	257,7	-10,0	286,3	257,7	-10,0
- field beans	276,2	+ 1	248,6	-10,0	276,2	248,6	-10,0	276,2	248,6	-10,0
Lupins 1. 7.87-30. 6.88										
. Activating price	485,0	+ 0,5	435,7	-10,2	449,6	409,2	- 9,0	485,0	435,7	-10,2
. Minimum price	321,1	+ 1	289,0	-10,0	299,0	273,1	- 8,7	321,0	289,0	-10,0
Flax 1. 8.87-31. 7.88										
. Guide price (seed)	554,1	0	554,1	0	468,1	477,7	+ 2,1	554,1	554,1	0
. Fixed-rate aid (fibre) (per ha)	355,09	0	355,09	0	50,73	101,46	+100	50,73	101,46	+100
Hemp 1. 8.87-31. 7.88										
. Fixed-rate aid (per ha)	322,48	0	322,48	0	46,07	92,14	+100	46,07	92,14	+100
Silkworms 1. 4.87-31. 3.88										
. Aid per box of silkseed	108,67	0	112,00	+ 3,0	15,52	31,60	+103,6	15,52	31,60	+103,6
Cotton 1. 9.87-31. 8.88										
. Guide price	3240(2)	0	3240	0	3240(2)	3240	0	3240(2)	3240	0
. Minimum price	912,3	0	912,3	0	912,3	912,3	0	912,3	912,3	0

(1) Price for a quality with a moisture content of 9% instead of 10%.

(2) Equivalent is 960.2 ECU/tonne of unginned cotton.

Product and type of price or amount (Period of application)	1986/87		Proposals 1987/88		Spain			Portugal		
	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase
1	2	3	4	5	6	7	8	9	10	11
Milk 1. 4.87-31. 3.88										
. Target price	278,4	0	278,4	0	-	-	-	-	-	-
Butter										
. Intervention price	3132,0	0	3132,0	0	3480,7	3436,0	- 1,3	-	-	-
Skimmed-milk powder										
. Intervention price	1740,4	0	1740,4	0	2378,8	2319,6	- 2,5	-	-	-
Grana padano cheese 30-60 days										
. Intervention price	3889,3	0	3889,3	0	-	-	-	-	-	-
Grana padano cheese 6 months										
. Intervention price	4803,3	0	4803,3	0	-	-	-	-	-	-
Parmigiano-Reggiano 6 months										
. Intervention price	5291,9	0	5291,9	0	-	-	-	-	-	-

Beef/veal 6. 4.87- 3. 4.88										
. Guide price for adult bovines (1)	2050,2	0	2050,2	0	2050,2	2050,2	0	-	-	-
. Interv.pr. for quality R 3 cat. A (2)	3500	0	3440	- 1,7	3024	(3)3440	+ 13,8	-	-	-
. Interv.pr. for quality R 3 cat. C (2)	3350	0	3440	+ 2,7	3024	(3)3440	+ 13,8	-	-	-

(1) Price expressed per tonne live weight.

(2) In line with the conclusions of the Council in 1984, 1987/88 is the first marketing year in which the intervention price for live weight is replaced by carcase weight.

(3) Following the Council decision of December 1986, the guide and intervention prices fixed for beef also apply in Spain, this decision will entail the abolition of national slaughter aid.

Sheepmeat 6. 1.88- 3. 1.89										
. Basic price (carcase weight)	4323,2	0	4323,2	0	4323,2	4323,2	0	4323,2	4323,2	0
Pigmeat 1.11.87-31.10.88										
. Basic price (carcase weight)	2033,3	0	2033,3	0	2033,3	2033,3	0	-	-	-

Product and type of price or amount (Period of application)	1986/87		Proposals 1987/88		Spain			Portugal		
	Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase	Amounts 1986/87	ECU/tonne 1987/88	% increase
1	2	3	4	5	6	7	8	9	10	11
Fruit and vegetables basic price										
.Cauliflowers 01. 5.87-30. 4.88	)			0	-	-	-	-	-	-
.Tomatoes 11. 6.87-30.11.87	)			0	-	-	-	-	-	-
.Peaches 01. 6.87-30. 9.87	)			- 5	-	-	-	-	-	-
.Lemons 01. 6.87-31. 5.88	)			- 2,5	-	-	-	-	-	-
.Pears 01. 7.87-30. 4.88	)			0	-	-	-	-	-	-
.Table grapes 01. 8.87-31.10.87	) (1)			0	-	-	-	-	-	-
.Apples 01. 8.87-31. 5.88	)			0	-	-	-	-	-	-
.Mandarins 16.11.87-29. 2.88	)			- 5	-	-	-	-	-	-
.Sweet oranges 01.12.87-31. 5.88	)			- 2,5	-	-	-	-	-	-
.Apricots 01. 6.87-31. 7.87	)			- 5	-	-	-	-	-	-
.Aubergines 01. 7.87-31.10.87	)			0	-	-	-	-	-	-

(1) Changes in withdrawal prices in 1986/87: cauliflowers + 1, tomatoes - 7.5, peaches - 7.5, lemons - 2.5, pears 0, table grapes 0, apples 0, mandarins - 2.5, sweet oranges - 2.5, apricots - 4 and aubergines + 1. The changes in the basic prices in 1987/88 entail an equivalent change in the withdrawal prices.

Table wine 1. 9.87-31. 8.88										
. Guide price Type RI	3,42	0	3,35	- 2	2,11	2,28	+ 8,1	-	-	-
. Guide price Type RII	3,42	0	3,35	- 2	2,11	2,28	+ 8,1	-	-	-
. Guide price Type RIII	53,30	0	52,23	- 2	32,88	35,55	+ 8,1	-	-	-
. Guide price Type AI	3,17	0	3,11	- 2	1,95	2,11	+ 8,2	-	-	-
. Guide price Type AII	71,02	0	69,60	- 2	43,74	47,32	+ 8,2	-	-	-
. Guide price Type AIII	81,11	0	79,49	- 2	49,96	54,05	+ 8,2	-	-	-

(Tobacco: see following page)

Seeds	various	0		up to		up to			up to
	aids			+ 10 %		+ 10 %			+ 10 %

Product and type of price or amount (Period of application)	1986 Harvest	Proposals EUR 12 1987
	Price/premium/% in- crease against 1985	Price/premium/% in- crease against 1986
1	2	3
Group		
I		
3. Virgin D))
7. Bright))
17. Basmás	) Price 0)
18. Katerini	) Premium 0	) Price + 3
26. Virgin EL.	)	) Premium + 5
31. Virgin Esp.	) Price 0)
33. Virgin Port.	) Premium -)
II		
2. Bad. Burley	) Price - 2)
8. Burley I	) Premium - 2)
9. Maryland	) Price/premium 0	) Price 0
25. Burley EL.	) Price/premium - 2	) Premium + 3
32. Burley Esp.	) Price - 2)
34. Burley Port.	) Premium -)
III		
1. Bad. Geud.))
4. Paraguay	) Price - 4)
5. Nijkerk	) Premium - 4)
6. Missionero))
10. Kentucky	) Price/premium 0	) Price + 2
16. Round Tip	) Price/premium - 4	) Premium + 2
27. Santa Fé	) Price/premium - 4)
28. Burley Fermenté	) Price - 6)
29. Havana Esp	) Premium -)
30. Round Scafati	) Price - 4 Premium -)
IV		
13. Xanti-Yaka	) Price - 4)
14. Perustitza	) Premium - 4)
15. Erzegovina	)	) Price - 4
19. K.K. classic	) Price/premium - 2	) Premium - 2
20. K.K. non-classic	) Price/premium - 4)
21. Myrodata Ag.	) Price - 2)
22. Zichnomyrodata	) Premium - 2)
V		
11. Forch. Havana))
12. Beneventano	) Price - 6	) Price - 10
23. Tsebelia	) Premium - 6	) Premium - 8
24. Mavra))

"-" first fixed in 1986

TABLE 3

Effect of Commission proposals on support prices for
agricultural products in ECU and in national currency

:	Percentage change in prices (1)	
	in ECU (2)	in national currency (3):
: Deutschland	: - 0,3	: - 2,5
: France	: - 0,5	: 1,7
: Italia	: - 0,9	: 0,2
: Nederland	: - 0,1	: - 2,4
: Belgique/België	: - 0,2	: - 0,2
: Luxembourg	: - 0,2	: - 0,2
: United Kingdom	: - 0,4	: 2,7 (4)
: Ireland	: - 0,2	: 1,5
: Danmark	: - 0,5	: - 0,5
: Ellas	: - 0,8	: 2,4
:	:	:
: EUR 10	: - 0,5	: 0,2
:	:	:
: Spain (6)	: 1,0	: 4,9
: Portugal (6)	: 0,3	: 0,3

- (1) Percentage change between the support prices proposed for 1987/88 and those in force when these proposals are adopted.
- (2) Common prices in ECU (intervention price or equivalent), weighted by the relative share of the various products in the value of agricultural production subject to common prices.
- (3) Common prices in ECU converted into national currency at the green rates shown in this proposal.
- (4) Calculated on the basis of a dismantling by 4 points of the monetary compensatory amounts.
- (5) Calculated on the basis of a dismantling by 5 points of the monetary compensatory amounts.
- (6) Account being taken of the alignment of Spanish and Portuguese prices on the common prices, following the application of accession measures.

Table 4

PUBLIC STOCKS AT THE END OF THE YEAR

I. Volume

('000 t)

Product	31.12.1982	30.11.1983	30.11.1984	30.11.1985	31.8.1986 (2)
Common wheat (*)	6.864	6.806	4.448	3.890	2.254
Durum wheat (**)	23	14	2.015	8.012	6.857
Barley	1.681	1.673	1.636	4.651	4.581
Rye	298	311	441	1.108	1.151
Durum wheat	801	737	853	986	961
Maize	-	-	-	-	376
Sugar	-	-	43	0	0
Olive oil	181	121	167	75	290
Rape	39	-	58	0	0,0
Leaf tobacco	4	4	3	7	28
Processed tobacco	4	11	7	4	6
Baled tobacco	29	15	4	4	6
Alcohol	-	-	-	501 (1)	584 (1)
Skimmed-milk powd.	605	957	773	514	957
Butter	139	686	973	1.018	1.313
Beef carcasses	156	301	468	589	479
Beef, boned	61	89	127	214	183
Pigmeat	-	-	-	26	4

II. Value

(m ECU)

Product	31.12.1982	30.11.1983	30.11.1984	30.11.1985	31.8.1986(2)(3)
Common wheat (*)	1.274)	1.279)	872)	777)	438)
Durum wheat (**)	4)	3)	391)	1.614)	1.289)
Barley	305) 1.840:	322)1.854	320)1.902	940)3.820:	864) 3.067
Rye	58)	63)	92)	226)	222)
Durum wheat	199)	187)	227)	264)	254)
Maize	-	-	-	-	67
Sugar	-	-	26	0	0
Olive oil	288:	175	273	116:	407
Rape	15:	-	26	0	0,0
Leaf tobacco	4)	3)	3)	7)	23)
Processed tobacco	4) 43:	9) 31	5) 14	3) 15:	5) 35
Baled tobacco	35)	19)	6)	5)	7)
Alcohol	-	-	-	47:	53
Skimmed-milk powd.	854:	1.458	1.242	867:	1.574
Butter	467:	2.475	3.537	3.416:	3.947
Beef carcasses	338)	762)	1.297)	1.509)	1.182)
Beef, boned	166) 504:	280) 1.042:	435)1.732	761)2.270:	629) 1.811
Pigmeat	-	-	-	29:	4
TOTAL	4.011	7.035	8.751	10.580	10.965

(1) '000 hectolitres.

(2) Provisional figures.

(3) The values shown in this column are expressed in agricultural ECU. The total amount in budgetary ECU is 11.850 million ECU.

(*) Bought in at the "minimum bread-making quality" price.

(**) Bought in at the single intervention price.

Table 5

COMMON WHEATQuantities covered by EAGGF-financed measures

EUR 10

('000 t)

	1981	1982	1983	1984	1985
A.1. Production (1)	50.232	49.728	55.720	55.192	70.189
2. Stocks at end of preced. year (2)	4.930	2.968	6.887	6.820	6.463
3. Resources (1+2)	55.162	52.696	62.067	62.012	76.652
B. EAGGF measures					
1. Intervention	1.305	4.875	3.119	6.341	5.900
2. Exports qualifying for a refund					
a) totale	10.526	9.250	11.878	11.161	11.612
b) of which: quantity taken from intervent.	(2042)	(1145)	(1120)	(2375)	(3485)
3. Other disposal measures	n.a.	395	574	803	961
4. Total less: exports from intervention	11.831	14.520	15.571	18.305	18.473
	2.042	1.145	1.120	2.375	3.485
5. Grand total	9.789	13.375	14.451	15.930	14.988
C. B 5 / A 1 (%)	19,5	26,9	25,9	28,9	21,3
B 5 / A 3 (%)	17,7	25,4	23,1	25,7	19,6

(1) The production figure for a given calendar year i is taken as the quantity harvested in year $i - 1$.

(2) Public stocks at 30 November of year $i - 1$.

Table 6

BARLEY

Quantities covered by EAGGF-financed measures

EUR 10

('000 t)

	1981	1982	1983	1984	1985
A.1. Production (1)	41.352	39.442	41.362	36.137	44.193
2. Stocks at end of preced. year (2)	1.082	848	1.681	1.673	1.636
3. Resources (1+2)	42.434	40.290	43.043	37.810	45.829
B. EAGGF measures					
1. Intervention	949	1.563	1.289	1.759	4.258
2. Exports qualifying for a refund					
a) total	5.288	2.483	3.673	5.551	6.445
b) of which: quantity taken from intervent.	(1228)	(473)	(1625)	(880)	(1705)
3. Other disposal measures	-	-	-	-	961 (1)
4. Total less: exports from intervention	6.237 - 1.228	4.046 - 473	4.962 - 1.625	7.310 - 880	10.703 - 1.705
5. Grand total	5.009	3.573	3.337	6.430	8.998
C. B 5 / A 1 (%)	12,1	9,0	8,1	17,8	20,4
B 5 / A 3 (%)	11,8	8,9	7,7	17,0	19,6

- (1) The production figure for a given calendar year *i* is taken as the quantity harvested in year *i - 1*.
- (2) Public stocks at 30 November of year *i - 1*.
- (3) Quantity for which the refund for the manufacture of starch and quellmehl (1981/82, etc.) was paid.

Table 7

BUTTER

Quantities covered by EAGGF-financed measures

EUR 10

('000 t)

	1981	1982	1983	1984	1985
A. Production	1.954	2.109	2.288	2.116	2.047
B. Stocks carried over from preceding year	240	147	306	853	1.026
C. Resources (A+B)	2.194	2.256	2.594	2.969	3.073
D. EAGGF measures					
1. Intervention	295	513	899	732	715
a) Public storage	13	150	636	507	491
b) Private storage	282	363	261	225	225
2. Subsidized disposal on the internal market	514	568	504	631	547
- taken from intervention	(96)	(29)	(38)	(190)	(155)
3. Butter exports	292	258	219	219	201
- taken from intervention	(32)	-	-	(117)	(150)
Butteroil	112	72	94	81	124
4. Food aid	52	44	17	49	29
Total	1.361	1.455	1.733	1.712	1.616
less quantity taken from intervention	- 128	- 29	- 38	- 307	- 305
Grand Total D	1.233	1.426	1.695	1.405	1.311
E. D / A (%)	57	68	74	66	64
D / C (%)	56	63	65	47	43

Table 8

SKIMMED MILK (1)

Quantities covered by EAGGF-financed measures

EUR 10

('000 t)

	1981	1982	1983	1984	1985
A. Total availabilities at dairies	45.862	48.919	53.060	48.977	n.d.
B. Stocks carried over from preceding year	4.554	5.423	9.009	11.660	9.020
C. Total availabilities (A + B)	50.416	54.342	62.069	60.637	n.d.
D. EAGGF measures					
1. Intervention	2.660	5.123	9.582	4.287	2.720
2. Subsidized disposal on internal market	21.780	22.957	29.216	30.393	24.892
3. Exports	5.511	3.872	2.112	3.432	3.377
4. Food aid (from intervention storage)	1.022	616	256	1.071	409
Total	30.973	32.568	41.166	39.183	31.398
E. D / A (%)	67,5	66,6	77,6	80,0	n.d.
D / C (%)	61,4	59,9	66,3	64,6	n.d.

(1) Expressed as skimmed milk equivalent (conversion coefficient: 11,0).

Sources : A. Availabilities: 1985 Yearbook of Agricultural Statistics (SOEC).
 B. Reports on intervention in the milk sector (VI/D/1).
 NIMEXE.

Table 9

BEEF VEAL

Quantities covered by EAGGF-financed measures

EUR 10

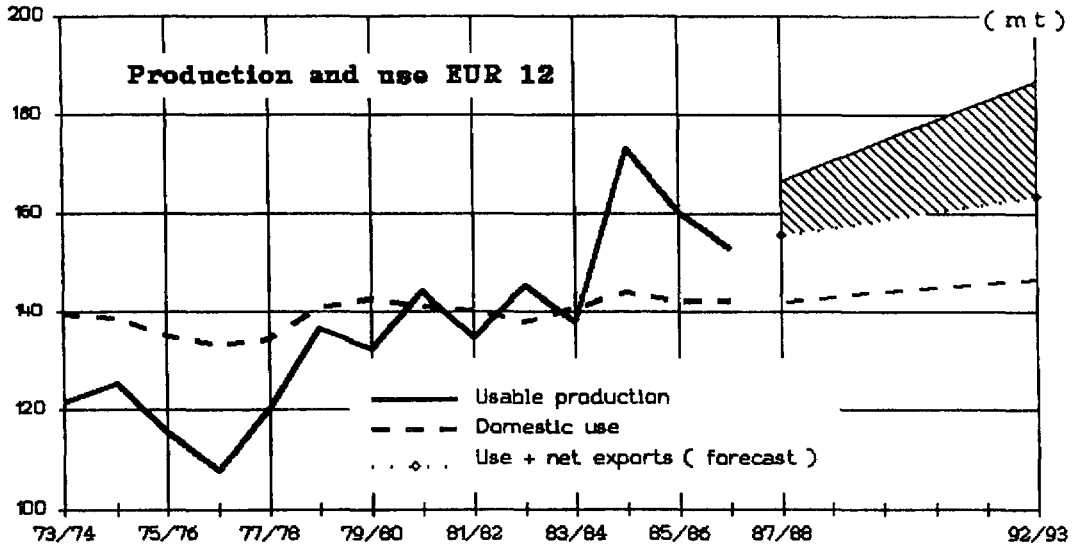
('000 t/'000 head)

	1981	1982	1983	1984	1985
A.1. Production	7.013	6.681	6.928	7.522	7.394
2. Public stocks at the end of preceding year	360	210	230	410	660
3. Availabilities (1+2)	7.373	6.891	7.158	7.932	8.054
B. EAGGF measures					
- Public storage	355	260	355	375	330
- Private storage	p.m.	p.m.	p.m.	p.m.	p.m.
2. Exports	662	489	603	791	805
3. Other disposal measures:					
(total)					
a) Premium for suckler cows (number of animals)	4.897	5.065	5.120	5.463	5.500
b) Calf premium (number of animals)	2.600	4.950	4.940	5.650	4.230
c) Beef cattle slaughter premium (UK) (number of animals)	2.585	2.261	3.595	3.043	2.965
B (1 + 2) / A 1 (%)	14,5	11,1	13,8	15,5	15,4
B (1 + 2) / A 3 (%)	13,8	10,7	13,4	14,7	14,1

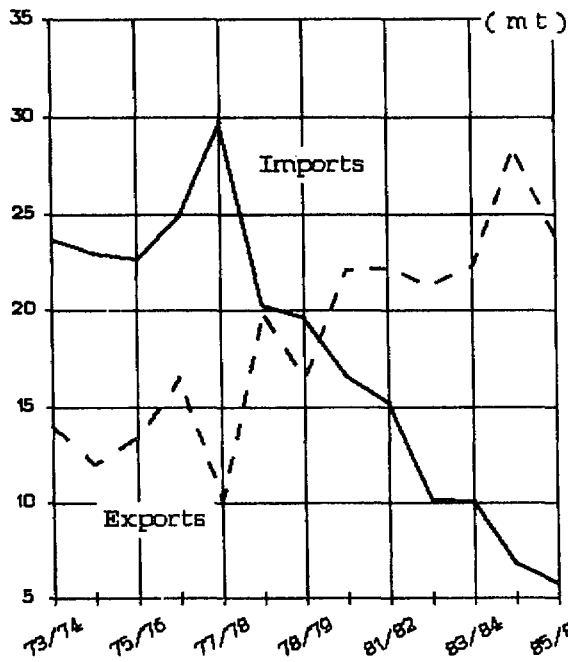
Sources : VI/D/2.

SOEC/SPEL (Sectoral Production on Income Model for European Agriculture).

CEREALS

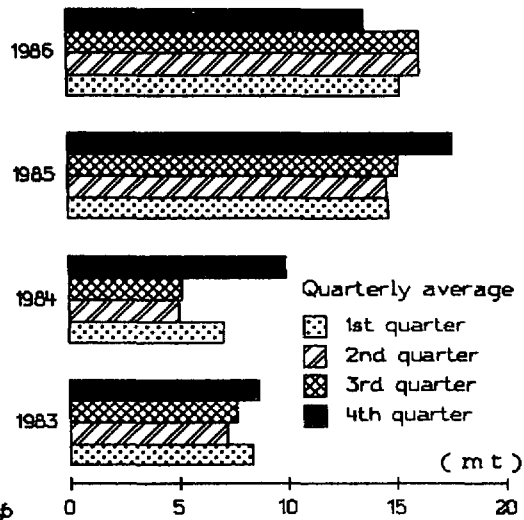


The hatched area between 1987 and 1992 indicates the cumulative volume of surplus cereals in that period, estimated at about 100 m t (inclusive of 1986 carryover stocks).

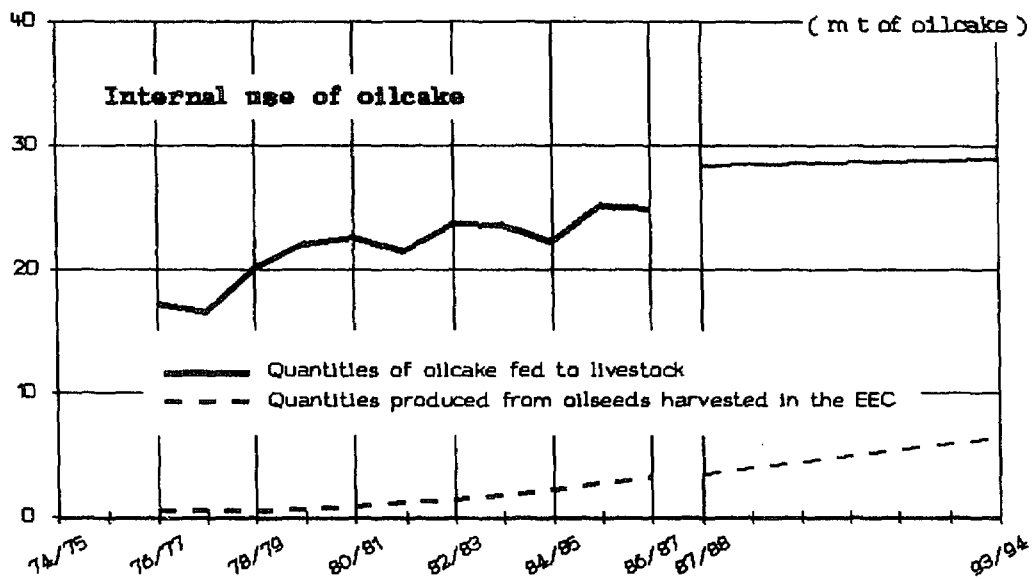
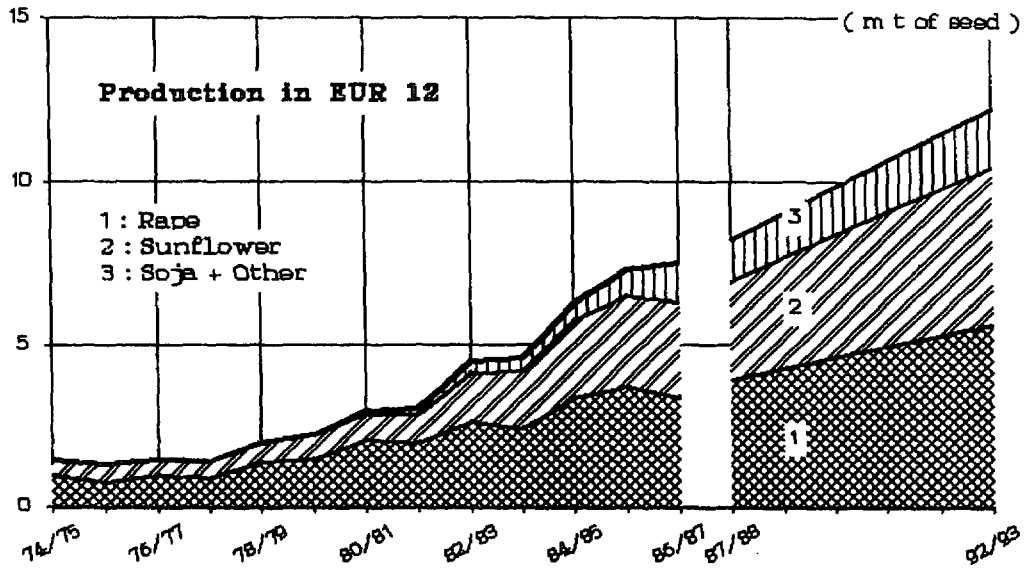


1973/74-1980/81 EUR 9 since 1981/82 EUR 10

Intervention stocks EUR 10/12



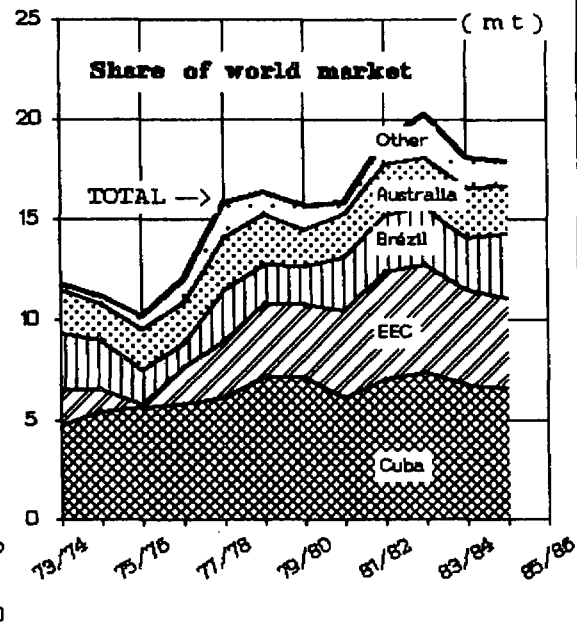
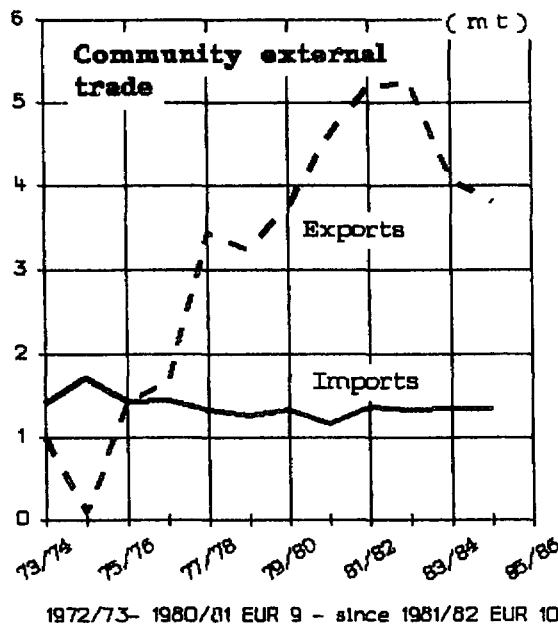
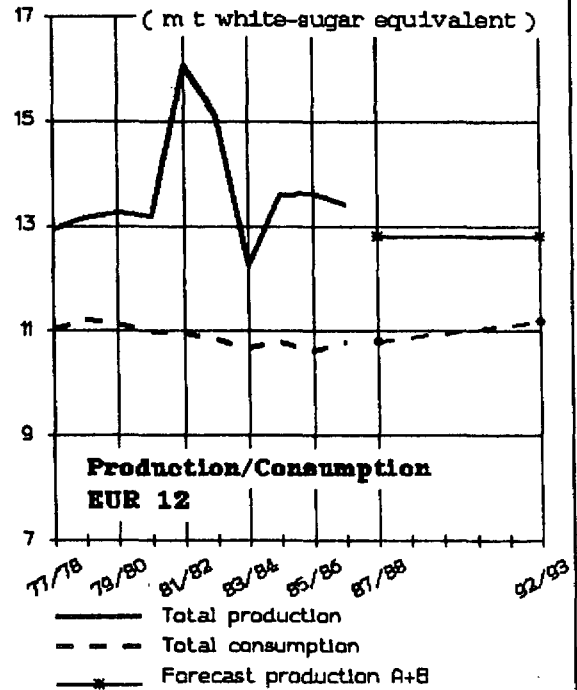
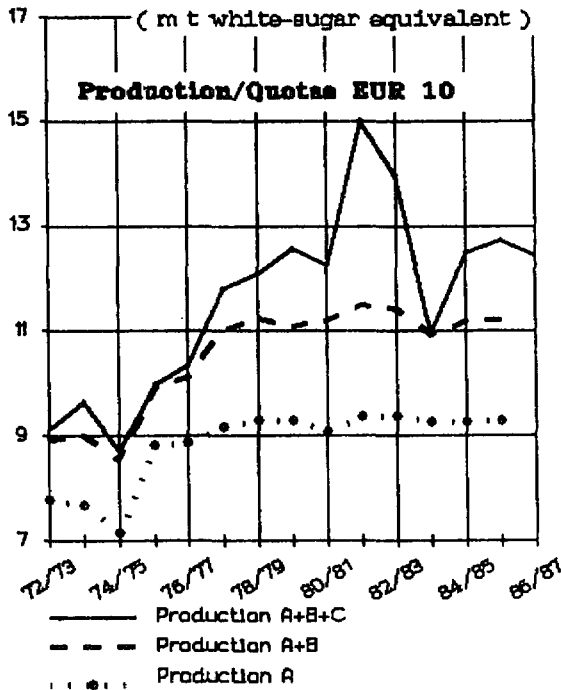
OILSEEDS



Degree of self-sufficiency in oilcake %

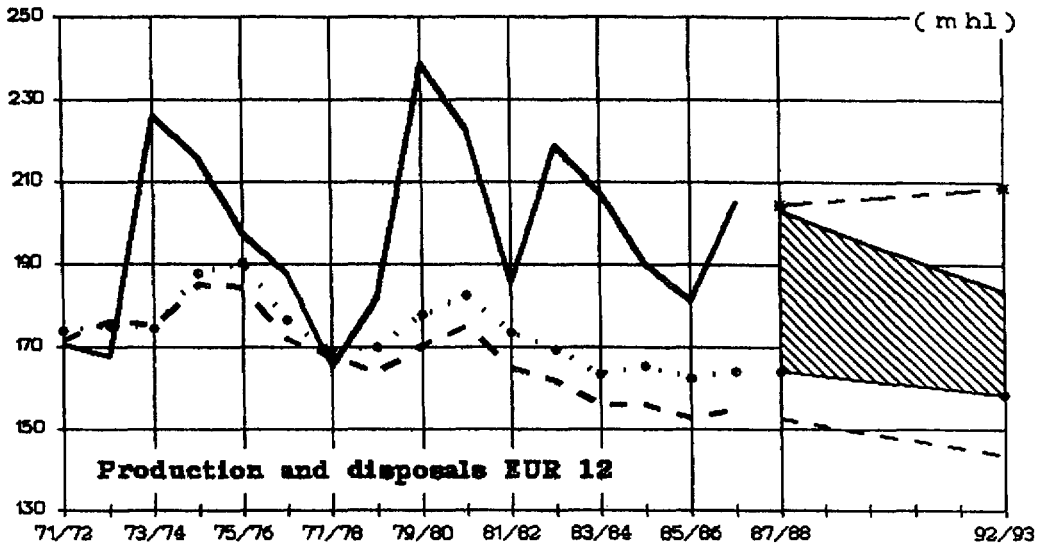
	76	77	78	79	80	81	82	83	84	85	86	87	93
EUR 10	3	4	3	3	4	6	6	8	9	11	13	-	-
EUR 12	-	-	-	-	-	-	-	-	-	-	-	13	22

SUGAR

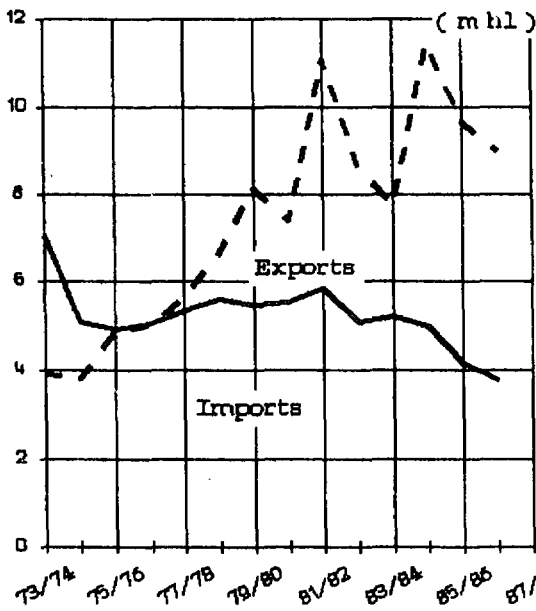


1972/73- 1980/81 EUR 9 - since 1981/82 EUR 10

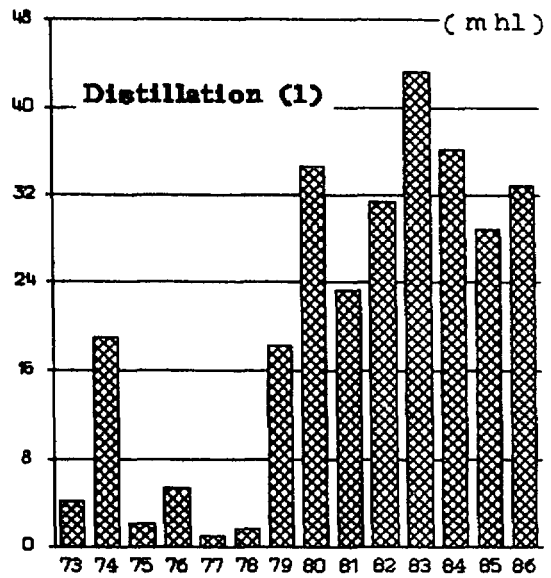
WINE



— Usable production
 - - - Internal disposals
 . . . Disposals + net exports
 —*— Tend in production
 — Anticipated prod. following 1985 measures
 Internal disposals, excluding quantities distilled following payment of aid.
 The hatched area from 1987 to 1992 indicates surplus wine which will have accumulated = 200 million hl.

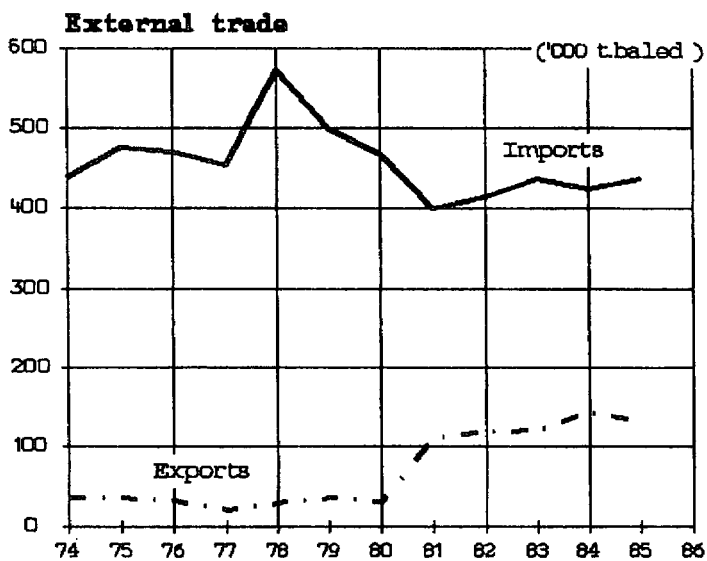
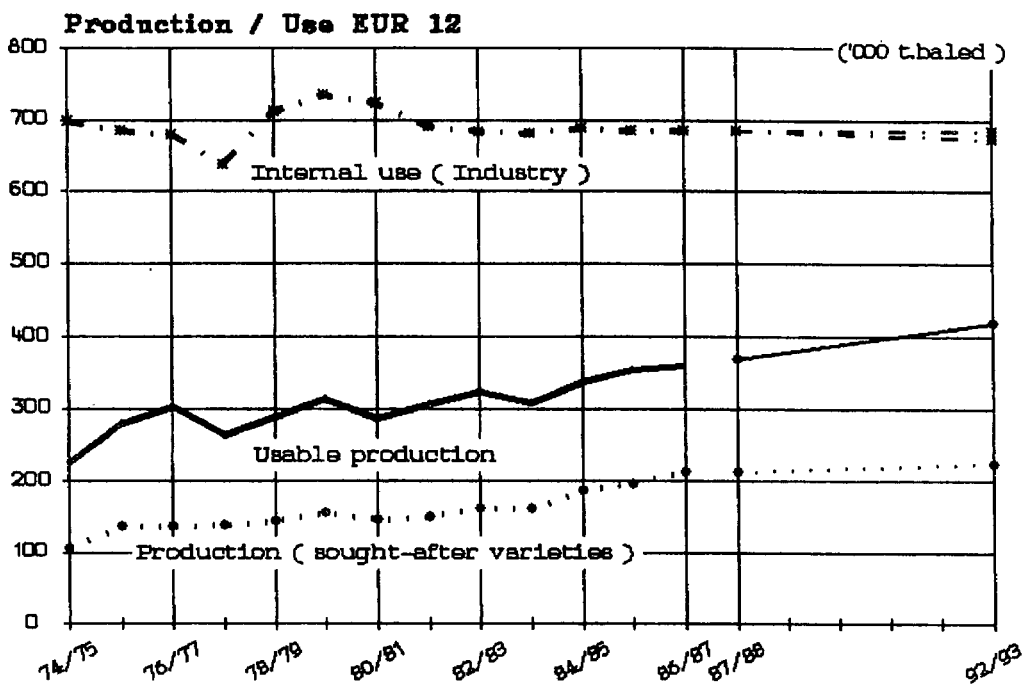


1973/74-1980/81 EUR 9 - since 1981/82 EUR 10



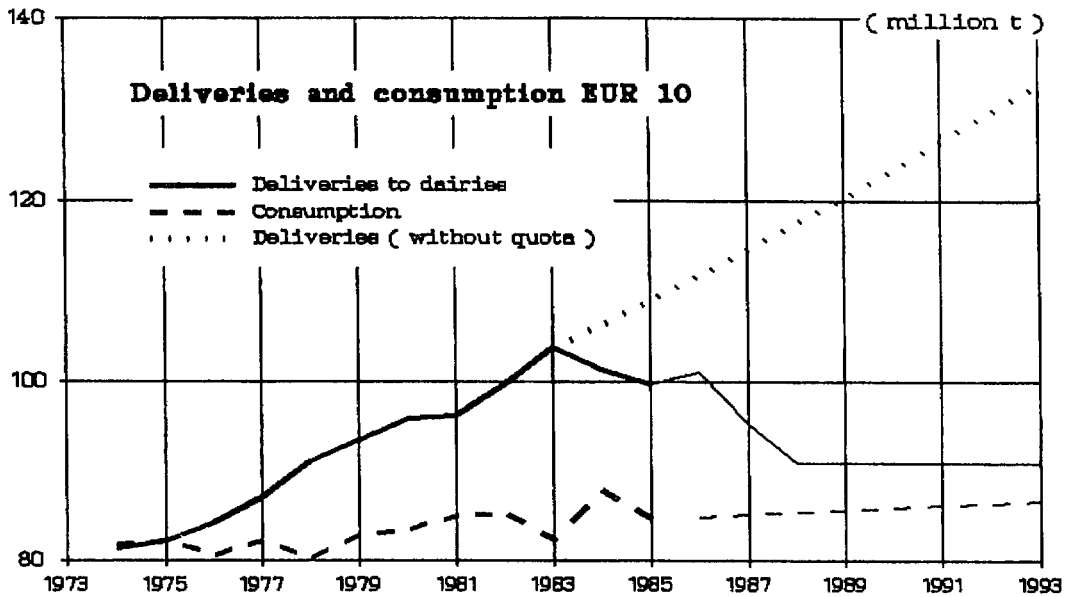
(1) Distillation qualifying for Community intervention

TOBACCO



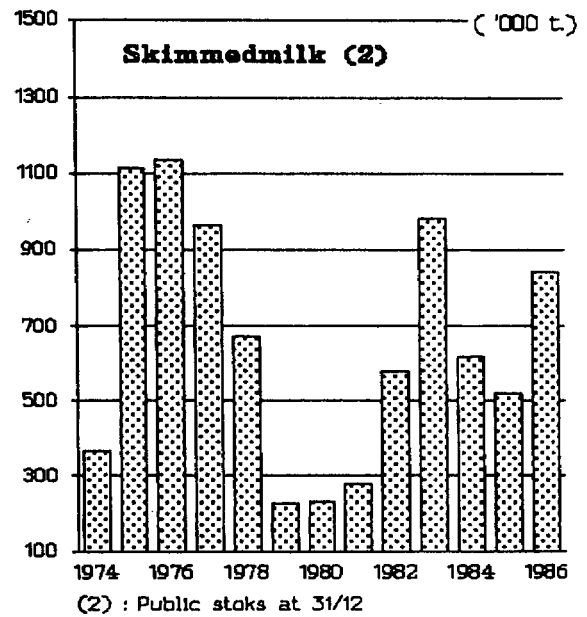
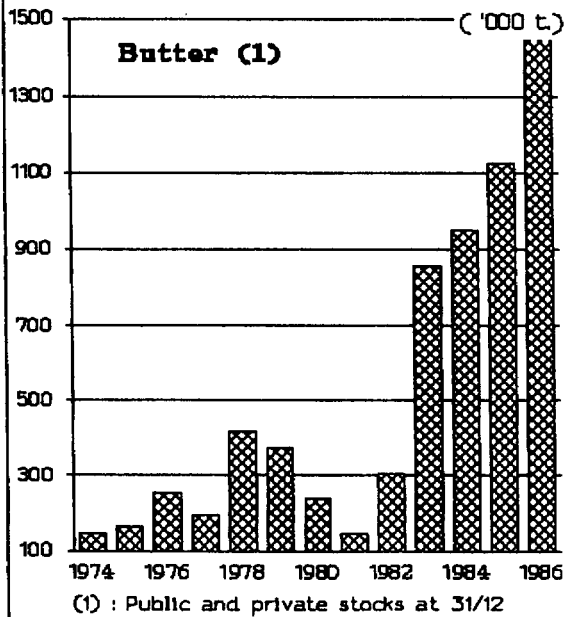
1974/75-1979/80: EUR 9 - since 1980/81: EUR 10

MILK

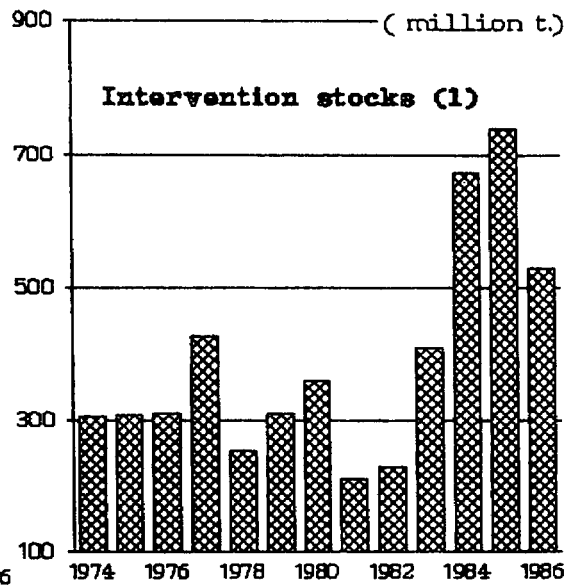
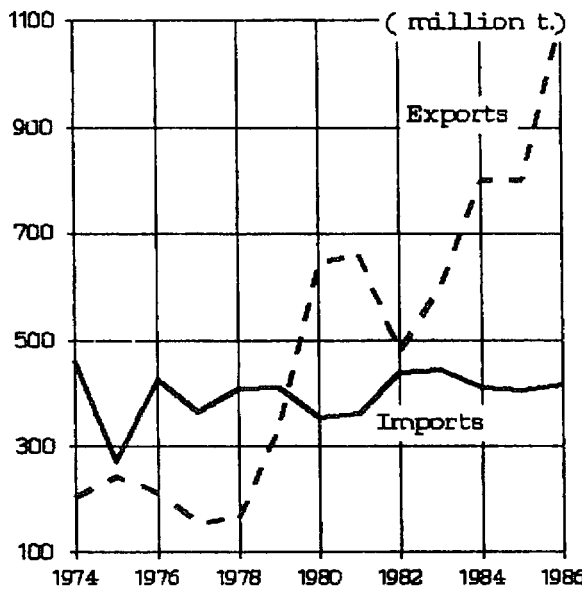
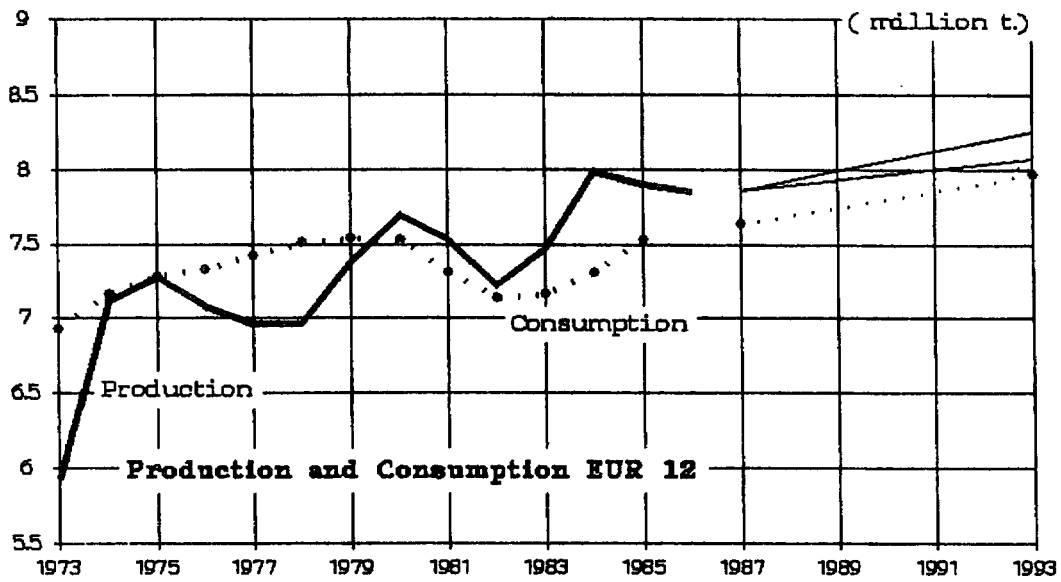


Consumption has been calculated on the basis of an overall milk balance in milk equivalent terms (by reference to butterfat content)

Stocks



BEEF/VEAL



(1) Expressed as carcase equivalent

EUROPEAN COMMUNITY

NEWSFLASH

GREEN EUROPE

