

## EC COMMISSION PRESENTS AGRICULTURAL PRICE PROPOSAL FOR 1992/93

The EC Commission today adopted its agricultural price proposals and accompanying measures for 1992/93. The proposals are being made against the background of the current negotiations on the reform of the Common Agricultural Policy (CAP) and the expectation that the EC Council of Ministers will reach decisions after the European Parliament's advice, in the near future. The Commission believes that in adopting a set of price proposals for the 1992/93 marketing year which maintains existing arrangements for the present stabilizers, prices and producer levies as far as possible, it will facilitate decisions on the reform process.

Announcing the price package, Ray MacSharry, EC Commissioner for Agriculture, emphasized that the proposed roll-over of existing arrangements was decided to facilitate the Council in taking early decisions on CAP reform. The Commissioner went on to say that the market situation in several sectors would normally require corrective action, but given that the means to bring this about were already available through the reform proposals, no useful purpose would be served by a different approach at this stage.

### Agricultural Market Situation

For the second consecutive year, the agricultural situation in the Community in 1991 was marked by the deterioration of markets and a sharp rebuilding of public stocks. In spite of 1991 being a relatively favorable year in terms of productivity and output, the difficulties in some markets prevented satisfactory growth in farm incomes.

Farm incomes declined for almost every type of farming (on the basis of provisional estimates, by 4.8 percent in real terms) but especially for cereals, oilseeds, milk, beef and pigmeat. This decline arose despite active Community intervention in the agricultural markets. There have been large increases in intervention stocks, in particular for cereals (which may reach 25 million metric tons by the end of the current campaign), dairy products (700,000 metric tons), and beef (800,000 metric tons).

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### Price proposals and related measures

The Commission has put forward proposals for reform designed to resolve these problems as they affect most of the major market sectors of the CAP and will make proposals for the remaining sectors at a later stage. While formal conclusions have not yet been reached on these proposals the need for fundamental reform is not in question. In order to allow the Council to concentrate its attention on policy reform the Commission has decided on price proposals which continue into 1992/93 the prices and stabilizer mechanism as they existed in 1991/92.

The most notable effects are in the cereals sector where it is proposed to continue the basic levy at 5 percent. As in 1991/92, farmers who set aside 15 percent of their arable land will have the basic levy reimbursed.

In other sectors the existing arrangements continue with few exceptions.

### Agri-monetary measures

As regards currencies maintained within a mutual margin of fluctuation of 2.25 percent, there is no longer a monetary gap.

For the other currencies (drachma, peseta, escudo and pound sterling) it was agreed in July 1988 that monetary gaps should be dismantled before January 1, 1993.

In order to limit any further dismantling which may be needed in advance of the single market i.e. on December 31, 1992, it is proposed to reduce all of the monetary gaps existing at the time of the Council decision to 1.5 points. This will have the effect of no compensatory amounts applying in practice.

### Financial implications

It is estimated that the agricultural budget for 1992 will be about \$35 billion ECU, slightly more than 1991.

ECU = European Currency Unit = \$1.24 on March 18, 1992

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1992/93 AGRICULTURAL PRICE PROPOSALS  
AS COMPARED WITH THE 1991/92 MARKETING YEAR

Product	Category of price or amount	1991/92		1992/93	
		Amounts ECU/ton	% change	Amounts ECU/ton	% change
Common Wheat	Target price	233.26	-0.41	232.76	-0.21
	Intervention price for bread wheat	168.55	0.0	168.55	0.0
	Intervention price for feed wheat	160.13	0.0	160.13	0.0
Durum Wheat	Target price	277.21	-3.54	276.71	-0.18
	Intervention price	277.70	-3.50	277.70	0.0
	Aid (ECU/hectare)	181.88	6.28	181.88	0.0
Barley	Target price	212.33	-0.45	211.83	-0.24
	Intervention price	160.13	0.0	160.13	0.0
Sorghum	Target price	212.33	-0.45	211.83	-0.24
	Intervention price	160.13	0.0	160.13	0.0
Corn	Target price	212.33	-0.45	211.83	-0.24
	Intervention price	168.55	0.0	168.55	0.0
Rye	Target price	212.33	-0.45	211.83	-0.24
	Intervention price	160.13	0.0	160.13	0.0
Rice	Target price - husked rice	546.13	0.0	545.52	-0.11
	Intervention price - paddy rice	313.65	0.0	313.65	0.0
Sugar	Basic price for sugarbeet	40.00	0.0	40.00	0.0
	Intervention price for white sugar	53.01	0.0	53.01	0.0
Olive Oil	Production target price	3,220.1	0.0	3,220.1	0.0
	Intervention price	2,158.7	0.0	2,038.7	-5.6
	Production aid	706.3	0.0	828.3	16.9
Cotton	Guide price	958.6	0.0	1,027.9	7.23*
	Minimum price	910.7	0.0	976.5	7.23*

\* Quality change

Chart does not include data for Spain and Portugal, whose prices will be aligned gradually with the Community's common prices.

