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AGRICULTURAL PRICE PROPOSALS FOR 1981-82

The Commission of the European Communities has proposed an agricultural price package for 1981/1982 to the Council of Ministers. These proposals include for the first time measures relating to Greece which became a Member of the Community at the beginning of 1981.

In presenting its proposals for the 1981 price package the Commission has sought to reconcile difficult objectives. Poul Dalsager, the EC agriculture commissioner, said "the Commission was satisfied that it had attained the balance it was seeking."

In a period of economic difficulty, the price fixing has an importance that goes beyond the immediate future, since it represents the Community's commitment to the continued well being of EC's agriculture.

THE MAIN FEATURES OF THE COMMISSION'S PROPOSALS

1. The necessity to increase farm prices

Confronted with an alarming fall in real farm incomes (-8.9% on average in 1980 ranging from -4 to -20% in the different Member States) despite a bumper crop for most products and the spiralling prices of inputs (+12%), the Commission proposes an increase in farm prices, that is in the range from 6% to 12% according to products. These increases take into account a necessary budgetary restraint and specific market situations.

2. Co-responsibility for producers

The 1981/82 price proposals are based on adoption of the new principle of co-responsibility for producers in the financial cost of market support. This principle will make it possible to reconcile

budgetary restraint with the requirements of agricultural incomes and the need for more balanced markets.

3. A significant decrease of monetary compensatory amounts

With the purpose to re-establish the unity of the markets, the Commission proposes a reduction of 5 points in the positive mca's applied in Germany (6 points for the milk sector) and in the United Kingdom. It also proposes the abolition of the positive mca's in the Benelux countries.

<u>Monetary compensatory amounts</u>	<u>12.31. 1979</u>	<u>3.2.1981</u>
United Kingdom	-3.5	15.7
Germany	9.8 (1)	8.8 (1)
Benelux	1.9 (2)	1.7 (2)
Denmark, Ireland	0	0
France	-3.7	0
Italy	-2.3	-1
Greece	-	0

(1) dairy products respectively 10.8 and 9.8

(2) dairy products respectively 2.4 and 2.2

4. A slowdown in the rise of budgetary expenditure

The Commission's package takes proper account of the present budgetary constraints. After an average rise in expenditure of 23% from 1975 to 1979, 1981 will be the second successive year in which there is a slowdown in the rise of expenditure. The rise in 1980 was 10.2% over 1979 and, in 1981, appropriations are up by 12%.

This slowdown in the increase of expenditures should be underscored all the more as, in 1981, the appropriations include additional burdens. These are caused mainly by Greek accession and the full application of the new common organization of the market for lamb and mutton.

The share of European Agricultural Guidance and Guarantee Fund (EAGGF) expenditure in total Community expenditure will actually fall from 71% in 1980 to 67% in 1981.

DIFFERENTIATED PRICE INCREASES

As a result of the moderate price policy pursued by the Commission during the last two years, agriculture has already contributed in a significant way in the fight against inflation.

However, a considerable increase of agricultural prices for 1981/82 is necessary to avoid grave social and economic problems in the agricultural sector and to allow agriculture to continue contributing to the EC's economic well-being.

The Commission has paid particular attention to some specific areas, among them, cereal, beef and milk.

Cereal production and the Community market for cereals are in full expansion. The Commission proposes a prudent and differentiated price increase in order to reduce the cost of cereal exports and to favor consumption within the Community, especially for use as animal feed. These objectives must be pursued by means of a small adjustment in the price ratios between different types of cereals, and in the context of a measure of producer co-responsibility, the Commission argues

Beef and milk are responsible for 53% of agricultural market support expenditures. From the market point of view price increases should be kept to a minimum, but the Commission has to take into account the fact that these two products are tied to two-thirds of the Community's producers and often to the smaller and poorer farms.

The Commission proposes price increases in these two sectors ranging from 8% for milk to 9% for beef with a time staging of the increases.

For instance, oilseeds, rice, pork, fruit and vegetables, sugar and wine and other areas where the market conditions warrant it, the price increases are around 10%.

PRODUCER RESPONSIBILITY: A CONDITION FOR PRICE INCREASES

The Commission wants to introduce some element of financial responsibility of producers for the disposal of production in excess of an agreed quantity.

The bumper crops of 1980 put in sharp focus the necessity to reduce mounting food surpluses in a number of areas, particularly milk.

The principle of producer responsibility has already been accepted and applied by the Community to milk and sugar.

The Commission proposes to expand the application of this principle to other sectors in 1981/82, mainly cereals, beef, colza, processed fruit and vegetables, olive oil and tobacco.

Table of price proposals for individual products

Product	Category of price or amount	1980/81		1981/82 proposals		Period of application of the proposed prices	Greece (1)	
		Amounts ECU/ton (a)	% increase (b)	Amounts ECU/ton	% increase		Amounts fixed 1980/81 ECU/ton	Proposals 1981/82 ECU/ton
1	2	3	4	5	6	7	8	9
Common wheat	Target price	214,01	6,3	231,13	8	8.1.81 - 7.31.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
	Reference price for bread-wheat (average quality)	179,27	4,5	190,03	6		-	-
	Reference price for bread-wheat (minimum quality)	175,20	4,25	182,21	4		163,02	172,08
Durum wheat	Target price	294,71	6,3	311,83	5,8(2)	8.1.81 - 7.31.82	C.P.	C.P.
	Intervention price	260,33	4,5	271,09	4,1(2)		232,80	248,21
	Aid	79,24/ha	2,5	85,18	7,5(3)		-	-
Barley	Target price	194,32	6,2	211,81	9	8.1.81 - 7.31.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
Rye	Target price	197,31	2,5	211,81	7,35	8.1.81 - 7.31.82	C.P.	C.P.
	Intervention price	163,82	2,5	169,20	3,28		156,37	163,04
Maize	Target price	194,32	6,2	211,81	9	8.1.81 - 7.31.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
Rice	Target price - husked rice	408,16	6,8	257,08	10	9.1.81 - 7.31.82	C.P.	C.P.
	Intervention price - paddy rice	233,71	6,9				C.P.	C.P.
Sugar	Minimum price for sugarbeet	33,10	4,0	-	-	7.1.81 - 6.30.82	C.P.	C.P.
	Basic price for sugarbeet	-	-	35,58	7,5		C.P.	C.P.
	Intervention price for white sugar	432,70	5,3	465,20	7,5(8,6) ⁽⁴⁾		C.P.	C.P.

(a) 1 ECU = approximately \$1.15 on March 5, 1981. The ECU is affected by fluctuating exchange rates and the present strong appreciation of the dollar.

(b) metric ton

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1	2	3	4	5	6	7	8	9
Olive oil	Production target price	2479,70	5,5	2727,70	10	11.1.81-10.31.82	C.P.	C.P.
	Intervention price	1801,20	4,0	1909,30	6		1663,00	1791,90
	Production aid	558,10	5,5	600	7,5		111,60	120,00
Oilseeds	Target price					7.1.81-6.30.82	X	X
	- Colza and rape seed	386,90	6,3	425,60	10	9.1.81-8.31.82		
	- Sunflower seed	426,30	7,5	477,50	12			
	Basic intervention price					7.1.81-6.30.82		
	- Colza and rape seed	367,70	4,0	397,10	8	9.1.81-8.30.82		
	- Sunflower seed	400,50	4,0	440,60	10			
	Guide price					11.1.81-10.31.82		
	- Soya seed	420,50	6,5	462,60	10	11.1.81-7.31.82		
	- Flax seed	421,80	6,0	464,00	10	10.1.81-9.30.82		
	- Castor seed	543,70	5,5	598,10	10	11.1.81-10.31.82		
Minimum price soja seed	386,90	-	416,30	7,6	10.1.81-9.30.82			
Minimum price castor seed	517,80	5,5	569,60	10				
Dried fodder	Fixed rate aid (6)	6,51	1,7	7,03	8	4.1.81-3.31.82	126,5	1,41
	Guide price	134,62	6,5	148,08	10			
Peas and beans	Activating price	375,90	7,5	418,30	11,3	7.1.81-6.30.82	X	X
	Minimum price	226,60	5,5	244,70	8			
Flax and hemp	Fixed rate aid (per ha)					8.1.81-7.31.82	-	59,30
	- Fibre flax	264,71	6,5	296,48	12			
	- Hemp	240,41	6,5	269,26	12		-	53,85

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		Amounts ECU/ton (a)	% increase (b)	Amounts ECU/ton	% increase		Amounts fixed 1980/81 ECU/ton	Proposals 1981/82 ECU/ton
1	2	3	4	5	6	7	8	9
Seeds	Aid (per 100 kg)			(7)	(7)	(7)		(7)
	- Monoecicus hemp	12,9	1,6	14,2	10	7.1.82-6.30.83	-	2,6
	- Fibre flax	17,8	1,7	19,6	10	and	-	3,6
	- Linseeds	14,1	1,4	15,5	on	7.1.83-6.30.84	-	2,8
	- Grasses	12,3-50,3	1,7-9,6	13,3-63,6	average		-	2,5 - 11,1
	- Leguminous	4,9-36,8	2,1-8,6	5,4-47,0			4,9-10,0	1,2 - 11,9
	- Rice	12,1	-	13,3			-	2,4
Table wine								
Type RI	Guide price	2,68	5,5	2,95	10		2,41	2,71
RII	(per degree/hl or per hl	2,68	5,5	2,95	10	12.16.81-12.15.82	2,41	2,71
RIII	according to type)	41,79	5,5	45,97	10		C.P.	C.P.
AI		2,51	5,5	2,70	7,5		C.P.	C.P.
AII		55,69	5,5	61,26	10		C.P.	C.P.
AIII		63,60	5,5	69,96	10		C.P.	C.P.
Raw tobacco	Guide price Intervention price	(8)	4,0 on average	(8)	8 on average	1.1.81-12.31.81	-	C.P.
Fruit and vegetables	Basic price	(9)	5,6 on average	(9)	8 - 10	1981 - 1982	-	(9)

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1	2	3	4	5	6	7	8	9
Milk (10)	Target price for milk	222,60	4,0	236,00 240,40	6 8	4.1.81-9.15.81 9.16.81-3.31.82	C.P.	C.P.
	Intervention price							
	- for butter	2916,00	2,3	3091,00 3144,60	6 7,8	4.1.81-9.15.81 9.16.81-3.31.82		
	- for skimmed-milk powder	1215,10	4,9	1288,00 1308,70	6 7,7	4.1.81-9.15.81 9.16.81-3.31.82		
	- For cheese							
	. Grana padano 30-60 days	2896,10	3,6	3069,90 3117,60	6 7,6	4.1.81-9.15.81 9.16.81-3.31.82		
	. Grana padano 6 months	3498,50	3,2	3708,40 3758,90	6 7,4	4.1.81-9.15.81 9.16.81-3.31.82		
	. Parmigiano-Reggiano 6 months	3807,40	2,9	4035,80 4086,30	6 7,3	4.1.81-9.15.81 9.16.81-3.31.82		
Beef and veal (10)	Guide price for adult bovines (live weight)	1607,60	4,0	1704,06 1752,28	6 9	4.6.81-12.6.81 12.7.81-4.4.82	C.P.	C.P.
	Intervention price for adult bovines (live weight)	1446,80	4,0	1533,61 1577,01	6 9	4.6.81-12.6.81 12.7.81-4.4.82		
	Aid for suckling cows	20	-	21,60	8	4.6.81-4.4.82		
Mutton	Basic price (slaughter weight)	3450,00	-	3657,00	6	4.6.81-4.4.82	C.P.	C.P.
Pork	Basic price (slaughter weight)	1587,21	5,5	1730,06	9	11.1.81-10.31.82	C.P.	C.P.
Silkworms	Aid per box of silk seed Aid to recognized producer groups (per box)	71,21	5,5	78,33	10	4.1.81-3.31.82	58,79	62,70

(a) 1 ECU = approx. \$1.15 on March 5, 1981. The ECU is affected by fluctuating exchange rates and the present strong appreciation of the dollar.
 (b) metric ton.

- (1) Prices for which the level is different from the common price level. C.P. = Common price.
- (2) The same absolute amount as for common wheat.
- (3) Provisional, the final amount and the criteria of application to be determined in the light of the report being submitted by the Commission on this product.
- (4) The actual increase in 1981/82 will be 8.6 % because of a proposed change in the basis of the storage levy/reimbursement scheme.
- (5) The aid for cotton seed will be replaced at the beginning of the year 1981/82 by a regime defined in Protocol n° 4 attached to the Act of Accession of Greece concerning cotton.
- (6) For dried potatoes the fixed aid will be 13.41 ECU/ton (+ 2 %). For Greece : 2.68 ECU/ton
- (7) The proposals refer to marketing years 1982/83 and 1983/84. The aids for 1981/82 have already been fixed (column 3). For Greece, the proposed aids are as follows :

	<u>1982/83</u>	<u>1983/84</u>
- Monoecious hemp	3.6	4.7
- Fibre flax	4.9	6.5
- Linseeds	3.9	5.2
- Grasses	3.3-15.9	4.4-21.2
- Leguminous	1.7-14.3	2.2-16.5
- Rice	3.3	4.4

- (8) Twenty six varieties of tobacco, the prices for which apply to the calendar year.
- (9) Products in Annex II of the Council Regulation of 18 May 1972 and periods varying according to the products.

Cauliflowers (+ 10 %) :	5.1.1981 to 4.30.1982	Table grapes (+ 10 %) :	8.1.1981 to 10.31.1981
Tomatoes (+ 8 %) :	6.11.1981 to 11.30.1981	Apples (+ 9 %) :	3.1.1981 to 6.30.1982
Peaches (+ 10 %) :	6.1.1981 to 9.30.1981	Tangerines (+ 9 %) :	11.16.1981 to 2.28.1982
Lemons (+ 10 %) :	6.1.1981 to 5.31.1982	Sweet oranges (9 %) :	12.1.1981 to 5.31.1982
Pears (+ 10 %) :	7.1.1981 to 4.30.1982		

In the case of Greece lower prices are to be fixed for tomatoes, peaches, lemons, tangerines and oranges and higher prices for pears and table grapes.

The common prices are applicable for cauliflowers and apples:

- (10) Price increase in two steps. The % price increase for the second period includes the % price increase for the first period (column 6).