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E.C. CONTINUES AGRICULTURAL REFORMS IN ANNUAL PRICE PROPOSALS

In a further effort to reform the European Community's Common Agricultural Policy, the E.C. Commission has proposed that most 1985-86 farm prices be frozen or reduced.

Farm production largely continues to outstrip demand, and "in the short term, there is no alternative to pursuing a price policy better adapted to the realities of internal and external markets," the Commission said.

The proposed measures include an unprecedented price cut of 3.6 percent for most grains, following a 1 percent cut this year. This proposal reflects the Commission's determination to narrow the gap between Community and world grain prices, Agriculture Commissioner Frans Andriessen said. Additional means to achieve this goal will also be considered. Both incomes and production have increased in this sector, largely due to improved yields.

The Commission also proposed price cuts for citrus fruits and fresh tomatoes (6 percent), colza (3.6 percent), peaches and apricots (3 percent) and sunflower seed (1.5 percent).

Prices would be frozen for meat, wine and sugar. They would increase by 1.5 percent for milk and 2 percent for olive oil and cotton. The proposed small increase in milk prices takes account of the deterioration in the economic situation of dairy farmers, whose production is now strictly limited by quotas that were introduced last year and will be maintained over the next four years.

The Commission's price measures would have no impact on the general level of consumer prices. On average, support prices for farm goods in the Community would fall in 1985-86 by .3 percent as expressed in European Currency Units (ECUs)*. (See chart on page 3.)

The price proposals, which must be approved by the E.C. Council of Ministers, are part of the Commission's continuing effort to control the Community's farm spending and to adapt its agriculture to the market

* ECU = \$.70 on January 30, 1985

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conditions of the mid-80's. The Commission projects that about 20 billion ECUs will be spent to support agricultural markets in 1985.

The strict price package should also be viewed in light of other economic factors, the Commission said. The E.C.'s inflation rate continues to fall -- it was 4.7 percent in 1984, and will be an estimated 4.1 percent in 1985. Although input costs rose, Community farm incomes in 1984 increased by about 4 percent in real terms, following a recession in 1983. Farm incomes have risen by about 7 percent compared with the average for the three years between 1979 and 1981, the Commission said.

The new measures will "give a clear signal to the Community's trading partners that the Community intends to put its house in order," Mr. Andriessen said. He noted that the United States and the Community face similar problems with agriculture: increasing production, saturated markets and budgetary constraints. He emphasized that it was in the interests of both parties to find negotiated solutions.

The disparity between supply and demand is one of the "challenges of the eighties" for European agriculture, the Commission said. The Community is self-sufficient in most of its farm products, with the population only slowly increasing. New uses for food products in the fields of biotechnology and energy, while promising, are still in the developmental stage, the Commission said. Public funds to support agriculture, both at Community and national levels, are limited, it added.

Noting that "there is no miracle solution to these problems," the Commission stressed the need to establish medium- and long-term prospects for Community farmers, while modernizing European agriculture within the framework of the principles of the E.C.'s founding Treaty of Rome. Consequently, it plans to initiate discussions with relevant professional organizations during the first half of 1985. They would cover a wide range of possibilities, but in particular would address these goals:

--To create a farm sector that is modern and productive, but at the same time respects the environment;

--To respond to the challenge of finding outlets on both internal and world markets and to the moral imperative to provide food aid;

--To integrate agriculture more fully into the total economy, aiding the rural population to improve its economic and social situation.

Consequences of 1985/86 proposals for agricultural support prices

	Average % variation in prices (1985/86 proposals compared with 1984/85 decisions)	
	in ECU (1)	in national currency (2)
	Germany	0.0
France	-0.6	+0.8
Italy	-0.6	-0.6
Netherlands	+0.4	-0.1
Belgium	0.0	0.0
Luxembourg	+0.5	+0.5
United Kingdom	-0.3	-0.3
Ireland	+0.2	+0.2
Denmark	-0.2	-0.2
Greece (3)	-0.4	+2.7
Community average	-0.3	+0.1

- (1) Prices in ECU (intervention or equivalent prices) weighted according to national agricultural production.
- (2) Prices in ECU converted into national money at special "green rates" that are applied to agricultural products.
- (3) Includes alignment of Greek prices on common prices due to accession arrangements.

1985/86 AGRICULTURAL PRICE PROPOSALS

Product	Category of price or amount	1984/85		1985/86 Proposals	
		Amounts ECU*/ton	% increase	Amounts ECU/ton	% increase
Common wheat	Target price	259.08	- 0.9	249.82	- 3.6
	Common single intervention price	182.73	- 1.0	176.20	- 3.6
	Reference price for bread wheat - average quality	213.14	- 1.0	205.52	- 3.6
Durum wheat	Target price	357.70	0.6	357.70	0.0
	Intervention price	312.08	0.0	312.08	0.0
	Aid	101.31	1.5	101.31	0.0
Barley	Target price	236.30	- 0.8	227.85	- 3.5
	Common single intervention price	182.73	- 1.0	176.20	- 3.6
Rye	Target price	238.37	0.1	227.85	- 4.4
	Intervention price	184.58	0.0	176.20	- 4.5
Maize	Target price	236.30	- 0.8	227.85	- 3.6
	Common single intervention price	182.73	- 1.0	176.20	- 3.6
Rice	Target price - husked rice	539.49	3.1	548.37	1.6
	Intervention price - paddy rice	314.19	2.5	314.19	0.0
Sugar	Basic price for sugarbeet	40.89	0.0	40.89	0.0
	Intervention price for white sugar	534.70	0.0	541.80	1.3

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Olive oil	Production target price	3162.3	- 1.0	3225.6	2.0
	Intervention price	2276.2	- 1.0	2276.2	0.0
	Production aid	695.6	- 1.0	709.5	2.0
Oilseeds	Target price				
	- Colza and rape seed	472.6	- 2.0	455.7	- 3.6
	- Sunflower seed	582.2	- 1.0	573.5	- 1.5
	Intervention price				
	- Colza and rape seed	429.2	- 2.0	413.8	- 3.6
	- Sunflower seed	532.7	- 1.0	524.7	- 1.5
Soybeans	Guide price	570.1	1.5	575.8	1.0
	Minimum price	501.7	1.5	506.7	1.0
Dried fodder	Fixed aid	8.41	- 1.0	8.49	1.0
	Guide price	177.15	- 1.0	178.92	1.0
Peas and beans	Activating price	512.4	- 1.0	520.4	1.6
	Guide price	331.1	- 1.0	331.1	0.0
	Minimum price - peas	289.0	- 1.0	289.0	0.0
	- beans	289.0	- 1.0	271.0	- 6.2
Lupins	Activating price	478.2	-	482.5	0.9
	Minimum price	317.9	-	317.9	0.0
Flax	Guide price	548.6	0.5	544.1	1.0
	Fixed aid (per ha) - Fibre flax	351.57	- 1.0	355.09	1.0
Hemp	Fixed aid (per ha)	319.29	- 1.0	322.48	1.0
Silkworms	Aid per box of silk seed	107.59	1.5	108.67	1.0
Cotton	Guide price	941.4	1.5	960.2	2.0
	Minimum price	894.4	1.5	912.3	2.0

Table wine	Guide price				
	- Type RI	3.42	- 1.0	3.42	0.0
	RII	3.42	- 1.0	3.42	0.0
	RIII	53.30	- 1.0	53.30	0.0
	AI	3.17	- 1.0	3.17	0.0
	AII	71.02	- 1.0	71.02	0.0
	AIII	81.11	- 1.0	81.11	0.0
	(per degree/hl or per hl according to type)				
Dairy	Target price for milk	274.3	0.0	278.4	1.5
	Intervention price				
	- for butter	3197.0	-10.6	3069.5	- 4.0
	- for skimmed milk powder	1658.8	10.9	1771.2	6.8
	- for cheese				
	Grana padano 30-60 days	3817.5	5.7	3906.5	2.3
	Grana padano 6 months	4727.5	7.6	4821.4	2.0
Parmigiano-Reggiano 6 months	5216.1	8.6	5310.0	1.8	
Beef and veal	Guide price for adult bovines	2050.2	- 1.0	2050.2	0.0
	Intervention price for adult bovines	1845.2	- 1.0	1845.2	0.0
Sheep	Basic price (slaughter weight)	4280.4	- 1.0	4280.4	0.0
Pork	Basic price (slaughter weight)	2033.3	- 1.0	2033.3	0.0
Fruit & vegetables	Basic price by product	-	-1 to +2	-	-6 to +1
Raw tobacco	Guide price - by variety	-	-3 to +2	-	-5 to 0.0
	Premia - by variety	-	-3 to +2	-	-5 to 0.0