

European BACKGROUND INFORMATION Community

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February 2, 1976

AGRICULTURAL BACKGROUND NOTE

No. 2/1976

EUROPEAN COMMUNITY MEETS ON FARM PRICES THIS MONTH

The European Communities Council of Agricultural Ministers meets twice this month, on February 16-17 and 23-24, in the hope of agreeing on 1976 farm prices, one of the Community's chief supply regulating devices and the main guarantee of farm income.

The EC Commission sent the Council price proposals in December 1975. At the same time, the Commission proposed related agri-monetary measures and adjustments in the unbalanced markets for milk, beef and veal, cereals, and fruit and vegetables. In June 1975, the Commission had made proposals for changing the wine regulations to relieve pressures on France from Italian table wines.

Price Proposals

Overall farm prices should be allowed to rise by 7.5 per cent, according to the Commission. (See Annex for details.) Modern farms' income needs weighed heavily in the Commission's calculations.

Farm prices are set in units of account (UA) equivalent to \$1.20635, and national currencies are related to it in fixed amounts. However, recent world monetary fluctuations disturbed the relationships of the nine currencies to each other. The Commission therefore proposed adjustments in some member countries' "representative rates of exchange." This action would allow

- the removal of "compensatory monetary amounts" in Benelux. Since Denmark, France, and Italy will not apply compensatory monetary amounts, a single market between these six countries would result. For the past few years, agricultural sales between member countries have been subject to compensatory monetary amounts which adjusted prices according to changes in the relative values of member countries' currencies.

- a reduction in the compensatory amounts from 10 per cent to 6.5 per cent in Germany, the member country with the hardest currency.

As part of their terms of membership, the United Kingdom and Ireland will temporarily retain accession compensatory amounts.

Related Measures

To cope with imbalances between supply and demand for some products, the Commission proposed the following action on prices, market organizations, and structural adaptation.

Milk

Commission proposals include

- setting prices twice a year instead of once (see Annex)
- special marketing measures -- free or cheap milk for disadvantaged consumers, schools, and the army, for instance, and a consumer subsidy on butter. Aid for these measures would be increased from the European Agricultural Guidance and Guarantee Fund (EAGGF), the Community's price support and farm modernization financing body.
- a subsidy of UA 15 per 100 kg on powdered whole milk production
- mandatory addition of 600,000 tons of powdered skim milk to animal feeds
- aid to liquid skim milk used as animal feed, between UA 30 and UA 40 per 100 kg.
- donation of 200,000 tons of powdered skim milk as food aid in 1976, up from 55,000 tons
- aid to producers who restrict their milk deliveries.

Beef and Veal

For beef and veal, the Commission's proposals try to relieve the burden on the Community's intervention system. The Commission also proposed phasing out cattle slaughter premiums by March 1976.

Cereals

The prices of various cereals should be based on their nutritive value, according to the Commission. To help channel high yield common wheat into feedingstuffs without having to pay a denaturing premium, the Commission proposed narrowing of the price differential with other feed grains, such as barley and corn. To encourage the production of high quality bread wheat, the Commission would set a higher price than for high yield wheat and end intervention buying of high yield wheat.

Fruit and Vegetables

The Community has been producing too many apples and pears. The Commission thus proposed a grubbing premium of UA 1,100 per hectare (2.47 acres) on the types of fruit most often taken off the market: Golden Delicious apples and Passe Crassane pears. The EAGGF Guidance Section would bear half the cost of this operation, member states the other half.

NOTE TO THE USER: IN THESE TABLES, PERIODS ARE USED AS COMMAS AND VICE VERSA. IN THE DATES, THE DAY APPEARS FIRST, FOLLOWED BY THE MONTH, AND THE YEAR.

Proposed prices and amounts

The Commission proposes that the Council should fix the prices and, as the case may be the amounts for the various products as following:

Product	Category of price or amount	Amounts fixed 1975/76 u.a./m.t.	1976/77 Proposals		Period of application of the proposed prices
			u.a./m.t.	Change in % 1976/77 compared with 1975/76	
1	2	3	4	5	6
Durum wheat	Target price	207,33	218,80	5,5	1.8.76 - 31.7.77
	Single intervention price	190,53	202,00	6,0	
	Guaranteed minimum price to producers (wholesale trade)	215,45	-	-	
	Aid	24,92	-	-	
Common wheat	Target price	139,44	152,51	9,5	1.8.76 - 31.7.77
	Basic intervention price	125,93	-	-	
	Reference price for break making quality	-	134,60	-	
	Basic intervention price	-	118,66	-	
Barley	Target price	126,99	138,46	9,0	1.8.76 - 31.7.77
	Single intervention price	110,96	117,04	5,5	
Rye	Target price	138,74	149,15	7,5	1.8.76 - 31.7.77
	Single intervention price	119,76	128,74	7,5	
Maize	Target price	126,41	138,46	9,5	1.8.76 - 31.7.77
	Single intervention price	103,43	113,29	9,5	
Rice	Target price - husked rice	261,03	279,82	7,2	1.9.76 - 31.8.77
	Intervention price - paddy rice	154,87	167,26	8,0	
Sugar	Minimum price for sugar beet	22,75	24,57	8,0	1.7.76 - 30.6.77
	Target price for white sugar	320,50	348,70	8,0	
	Intervention price for white sugar	304,50	331,40	8,0	
Olive oil	Producer target price	1.850,00	1.905,50	3,0	1.11.76 - 31.10.77
	Market target price	1.499,60	1.551,40	3,0	
	Intervention price	1.427,10	1.475,60	3,0	

Product	Category of price on amount	Amounts fixed 1975/76 u.a./m.t.	1976/77 Proposals		Period of application of proposed prices
			u.a./m.t.	Increase in % 1976/77 compared with 1975/76	
1	2	3	4	5	6
Oil seeds	Guide (norm) price for soya seed	261,10	282,00	8,0	1.11.76-31.10.77
	Target price				
	- colza and rape seed	255,30	275,70	8,0	1.7.76-30.6.77
	- Sunflower seed	265,10	286,30	8,0	1.9.76-31.8.77
	Basic intervention price				
- Conza and rape seed	247,90	267,70	8,0	1.7.76-30.6.77	
- Sunflower seed	257,40	278,00	8,0	1.9.76-31.8.77	
Dehydrated fodder	Fixed rate aid	8,00	9,00	-	1.4.76-31.3.77
Cotton seeds	Fixed rate aid (per ha)	96,00	103,20	-	1.8.76-31.7.77
Flax and Hemp	Norm price for linseed	-	290,00	-	
	Fixed rate aid (per ha)	188,15 (1)	188,15(1) (115)	-	1.8.76-31.7.77
	- Flax	161,90	174,04		
Seeds	Aid (per 100 kg)				
	- Monoecious hemp	7,00	8,00	-	
	- Fiber flax	12,00	13,00	-	
	- Grasses	11 à 31	10 à 31	-	1.7.76-30.6.77
	- Legumes	5 à 25	4 à 25	-	
Table Type R I	Guide price (by degree hl or by hl according to type)	1,84	1,96	6,5	
wine Type R II		1,84	1,96	6,5	
Type R III		28,71	30,58	6,5	16.12.76 -
Type A I		1,73	1,84	6,5	15.12.77
Type A II		38,26	40,75	6,5	
Type A III		43,69	46,53	6,5	
Raw tobacco	Norm price Intervention price	(2)	(2)	± 5,0 on average	1.1.76-31.12.76

Product	Category of price and amount	Amounts fixed		1976/77 Proposal				Period of application of proposed prices	
		1975/76	u.a./m.t.	u.a./m.t.		Increase in % 1976/77 compared with 1975/76			
1	2	3		4		5		6	
Fruit and vegetables	Basic price Buying-in price	(3)		(3)		8,0 sauf pommes et poires 4,0		1976 - 1977 (3)	
Milk.(4)*	Target price for milk Guide price for skimmed milk powder Intervention prices - skimmed milk powder - butter - Cheeses - Grana-Padano 30-60 days - Grana-Padano 6 months - Parmigiano-Reggiano 6 months	149,20 - - 887,00 1946,30(1)	155,90 - - 2095,80(1)	159.00 - 905.70 2123.40	166.00 938,70 - 2210,70	2.0 * - * 2.1 * 1.3 *	4.5 * - * - 4.1 *	1.3.76- 15.9.76	16.9.76 28.2.77
Beef and veal	Guide price for adult bovine animals (live weight) Guide price for calves (live weight)	1.099,40		1187,40		8,0		1.3.76 - 28.2.77	
		1.287,40		1390,40		8,0			
Pigmeat	Basic price (slaughter weight)	1.060,00		1150,00		8,5		1.3.76-31.10.77	
Silk worms	Aid per box of silk seed	36,50		40,00		-		1.4.76 - 31.3.77	

1. Prices and amounts differentiated for the new Member States:

Flax United Kingdom aid u.a./ha fixed 1975/76 128.20
 proposed 1976/77 143.20

			<u>3.3.1975</u>	<u>fixed</u> <u>16.9.1975</u>	<u>1.3.1976</u>	<u>proposed</u> <u>16.9.1976</u>
Butter	{ United Kingdom	intervention price	1 341.90	1 436.80	1 677.40	1 739.60
u.a./m.t.		Ireland	intervention price	1 841.40	1.983.20	2 047.00

Adult bovine animals: United Kingdom and Ireland: guide price u.a./m.t. fixed 1975/76 975.50 proposed 1976/77 1098.10) 12%
 Calves: United Kingdom and Ireland: guide price u.a./m.t. fixed 1975/76 1 142.10 proposed 1976/77 1 285.70) increase

1. (a) In 1975/76 fixing of the aid for linseed and fibre flax. From 1976/77 aid solely for fibre flax.

2. Nineteen varieties of tobacco the prices for which apply to the calendar year crop.

3. Products in Annex II of Council Regulation 3052/72 and periods varying according to the product:

Cauliflowers:	1.5.1976	to	30.4.1977	Table grapes:	1.8.1976	to	31.10.1976
Tomatoes :	1.6.1976	to	30.11.1976	Apples:	1.8.1976	to	31.5.1977
Peaches	1.6.1976	to	30.9.1976	Mandarins:	16.11.1976	to	28.2.1977
Lemons:	1.6.1976	to	31.5.1977	Sweet oranges:	1.12.1976	to	30.4.1977
Pears:	1.7.1976	to	30.4.1977				

4. In this sector, in 1975/76, except for skimmed milk powder, two periods of application from 3.3.75 to 15.9.75 and 16.9.75 to 29.2.76 and in 1976/77, for all products two periods from 1.3.76 and from 16.9.76.

5. Consumers subsidy for butter of 45 u.a./100 kg (of which 9.25 u.a. payable by the EAGGF) in 1975/76 ; maintenance of this subsidy in 1976/77 solely for butter produced in the Community. Subsidy for the production of whole milk powder in 1976/77, proposed at a level of 15 u.a./100 kg. Maintenance in 1976/77 of the subsidies for skimmed milk powder for animal feeding (between 30 and 40 u.a./100 kg) and for liquid skimmed milk for animal feeding.

N.B. Aid for the 1974 hop harvest ranging from 100 to 750 u.a./ha according to variety.

With regard to fishing, different prices for each product covered by Council Regulation 2142/70. In November 1975 (guide) price proposals for products in Annex I, A and C of this Regulation, (guide) prices for products in Annex II of this Regulation, intervention prices and Community production prices for the 1976 marketing year. Intervention prices for sardines and anchovies are automatically calculated at the rate of 45% of guide prices.