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EC COMMISSION PROPOSES MODEST INCREASE IN AGRICULTURAL PRICES

The European Communities Commission last month proposed a general increase of 5.5 percent in common internal prices for most EC farm products in the 1983-84 agricultural marketing year, with several important exceptions. The proposed farm price package would raise prices for EC agricultural produce by an average of 4.4 percent in the coming season.

The general 5.5 percent increase would apply to livestock products, including milk, beef, pork and sheep meat; wine, fruits and most vegetables; and rapeseed, olive oil and rice. However, in the case of milk and rapeseed, the actual increase in the intervention price (the EC's basic price support mechanism) in 1983-84 would be limited to 3.2 percent and 4.5 percent, respectively. This is because EC farmers in 1982-83 produced these commodities in quantities larger than pre-established guarantee thresholds, triggering a downward adjustment during the following year in the magnitude of the price increase they would have otherwise received. Under the Commission's proposal, EC dairy farmers would continue to pay a 2.0 percent co-responsibility levy on their production to help finance the cost of surplus disposal.

The Commission proposed 1983-84 price increases of below the general rate of 5.5 percent for sugar, grains and tomatoes. It said its proposed increase of only 4.0 percent in sugar prices in 1983-84 was designed to encourage EC producers to decrease their sugar beet acreage again in the coming season, following a 9 percent acreage reduction in 1982. The proposal would establish a 4.0 percent basic increase in grain prices in 1983-84. However, because grain producers exceeded their guarantee threshold in 1982, the actual increase in intervention prices for EC feed grains and in reference prices for bread wheat in 1983-84 would be limited to 3.0 percent. The Commission asked for an increase of only 3.5 percent in tomato prices in 1983-84 to reduce the risk of a tomato surplus.

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The Commission proposed increases of more than 5.5 percent for some Mediterranean products or products in which the Community has a production deficit. These proposed 1983-84 price increases included 7 percent for cotton and 6.5 percent for sunflower seed.

As in previous years, the Commission also proposed adjustments aimed at the progressive dismantling of the EC's system of monetary compensatory amounts (MCA's), a system designed to counteract the effects on agricultural trade that could result from parity or central rate changes among European currencies.

The proposed 1983-84 farm price package would keep the growth in agricultural support spending below the rate of growth in the Community's overall budget. The Commission estimated that its price package would increase EC consumer food prices by only 2.0 percent, adding only 0.3 percent to the overall cost of living. The package would need the approval of the EC's Council of Ministers before it could take effect.

Table of price proposals for individual products

Product	Category of price or amount	1982/83		1983/84 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	%	Amounts	%		Amounts fixed 1982/83	Proposals 1983/84
		ECU/tonne	increase	ECU/tonne	increase		ECU/tonne	ECU/tonne
1	2	3	4	5	6	7	8	9
Common wheat	Target price	250.61	8.7	261.43	4.3		C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84	C.P.	C.P.
	Reference price for bread-wheat - average quality(b)	209.10	8.5	215.29	3.0		C.P.	C.P.
Durum wheat	Target price	339.20	8.9	355.42	4.8		C.P.	C.P.
	Intervention price	298.36	8.5	312.08	4.6	1.8.83 - 31.7.84	C.P.	C.P.
	Aid	92.85	9.0	97.96	5.5		66.14(c)	76.75(c)
Barley	Target price	228.27	8.7	238.17	4.3		C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84	C.P.	C.P.
Rye	Target price	228.27	8.70	238.17	4.3	1.8.83 - 31.7.84	C.P.	C.P.
	Intervention price	179.27	6.0	184.58	3.0		C.P.	C.P.
Maize	Target price	228.27	8.7	238.17	4.3		C.P.	C.P.
	Common single intervention price	179.27	8.5	184.58	3.0	1.8.83 - 31.7.84	C.P.	C.P.
Rice	Target price-husked rice	496.69	10.2	523.16	5.3	1.9.83 - 31.8.84	C.P.	C.P.
	Intervention price - paddy rice	290.55	12.0	306.53	5.5		C.P.	C.P.
Sugar	Basic price for sugarbeet	39.32	9.5	40.89	4.0	1.7.83 - 30.6.84	C.P.	C.P.
	Intervention price for white sugar	514.10	9.5	534.70	4.0		C.P.	C.P.

		1982/83		1983/84 proposals		Greece (a)		
Product	Category of price or amount	Amounts	%	Amounts	%	Period of application of the proposed prices	Amounts fixed	Proposals
		ECU/tonne	increase	ECU/tonne	increase		1982/83	1983/84
1	2	3	4	5	6	7	8	9
		ECU/tonne	%	ECU/tonne	%		ECU/tonne	ECU/tonne
Oil	Production target price	3 027.70	11.0	3 194.2	5.5		C.P.	C.P.
oil	Intervention price	2 179.30	11.0	2 299.2	5.5	1.11.83-31.10.84	C.P.	C.P.
	Production aid	666.00	11.0	702.6	5.5		256.50	405.20
Oilseeds:	Target price							
	- Colza and rape seed	463.90	9.0	484.50	4.4	1.7.83-30.6.84	C.P.	C.P.
	- Sunflower seed	544.40	14.0	579.80	6.5	1.9.83-31.8.84	C.P.	C.P.
	Basic intervention price							
	- Colza and rape seed	421.30	8.5(1)	440.1	4.5	1.7.83-30.6.84	C.P.	C.P.
	- Sunflower seed	497.30	14.0(1)	529.6	6.5	1.9.83-31.8.84	C.P.	C.P.
	Guide price							
	- Soya seed	527.40	14.0	561.7	6.5	1.11.83-31.10.84	C.P.	C.P.
	- Flax seed	515.00	11.0	545.9	6.0	1.8.83-31.7.84	C.P.	C.P.
	- Castor seed	663.90	11.0	663.9	0.0	1.10.83-30.9.84	C.P.	C.P.
	Minimum price soya seed	464.10	11.5	494.3	6.5	1.11.83-30.9.84	C.P.	C.P.
	Minimum price castor seed	632.30	11.0	632.3	0.0	1.10.83-30.9.84	C.P.	C.P.
Dried	Fixed rate aid	8.01	14.0	8.49	6.0	19.5.83-31.3.84	C.P.	C.P.
fodder	Guide price	168.81	14.0	178.94	6.0	1.7.83-30.6.84	162.70	174.58
	Aid for dehydrated							
	potatoes	14.89	11.0	15.78	6.0		5.73	9.08
Peas &	Activating price	476.00	13.8	517.6	8.7	1.7.83-30.6.84	C.P.	C.P.
beans	Guide price	314.00	x	334.4	6.5			
	Minimum price	274.10	12.0	291.9	6.5			
Flax	Fixed rate aid (per ha)							
and	- Fibre flax	335.02	13.0	355.12	6.0	1.8.83-31.7.84	83.76	118.37
hemp	- Hemp	304.26	13.0	322.52	6.0		76.07	107.51

(1) In 1982/83 the regionalized intervention price system was replaced by a single intervention price system. The increases of 8.5% and of 14% refer to the lowest intervention price under the old system.

Product	Category of price or amount	1982/83		1983/84 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	% increase	Amounts	% increase		Amounts fixed 1982/83	Proposals 1983/84
		ECU/tonne		ECU/tonne			ECU/tonne	ECU/tonne
1	2	3	4	5	6	7	8	9
Milk	Target price for milk	268.10	10.5	282.80	5.5	1.4.83-31.3.84))
	Intervention price))
	- for butter	3 497.00	10.0	3608.10	3.2))
	- for skimmed-milk powder	1 462.30	10.4	1508.70	3.2))
	- for cheese))
	. Grana padano))
	30-60 days	3 530.40	11.3	3642.70	3.2))
	. Grana padano 6 months	4 295.10	11.8	4431.60	3.2))
	Parmigiano-Reggiano))
	6 months	4 693.00	12.0	4842.20	3.2))
Beef and veal	Guide price for adult bovines (live weight)	1 918.70	8.5			4.04.83- 2.04.84))
	Intervention price for adult bovines (live weight)	1 962.90	11.0	2070.90	5.5))
		1 726.80	8.5))
		1 766.60	11.0	1863.80	5.5))
Sheep-meat	Basic price (carcase weight)	4 098.20	10.5	4323.60	5.5	4.4.83-2.4.84))
Pigmeat	Basic price (slaughter weight)	1 946.80	10.5	2053.87	5.5	1.11.83-31.10.84))
Silk-worms	Aid per box of silk seed	100.00	17.6	106	6.0	1.4.83-31.3.84))

Product	Category of price or amount	1982/83		1983/84 proposals		Period of application of the proposed prices	Greece (a)	
		Amounts	%	Amounts	%		Amounts fixed 1982/83	Proposals 1983/84
		ECU/tonne	increase	ECU/tonne	increase		ECU/tonne	ECU/tonne
1	2	3	4	5	6	7	8	9
Cotton	Guide price	858.80	13	918.9	7.0	1.8.83 - 31.7.84	C.P.	C.P.
	Minimum price	815.90	13	873.0	7.0		C.P.	C.P.
Table wine								
Type RI	Guide price	3.27	11	3.45	5.5		C.P.	C.P.
RII	(per degree/hl or per hl according to type)	3.27	11	3.45	5.5		C.P.	C.P.
RIII		51.03	11	53.84	5.5	16.12.83-15.12.84	C.P.	C.P.
AI		3.02	11	3.19	5.5		C.P.	C.P.
AII		68.00	11	71.74	5.5	C.P.	C.P.	C.P.
AIII		77.66	11	81.93	5.5		C.P.	C.P.
Raw tobacco	Guide price		(x)		4-7.5	1983 harvest	C.P.	C.P.
	Intervention price							
Fruit & vege- tables	Basic price		9-12 (d)		5.5(d)	1983 - 1984	(d)	(d)
					(e)			

(x) Increase of 8-16% but change in the relationship with the guide price.