

EUROPEAN COMMUNITY

GREEN EUROPE NEWSLETTER

IN BRIEF

Withdrawal of fruit and vegetables from the market

November 1979

Original FR



Published by the Agricultural Information Service of the Directorate-General for Agriculture
European Community Commission - 200, rue de la Loi, 1049 Bruxelles
Supplement to the Documentation Bulletin - D/AGR./EN

2

WITHDRAWAL OF FRUIT AND VEGETABLES FROM THE MARKET

Every year, at harvesting time, certain provisions of the common organization of the market in fruit and vegetables may result in withdrawals of products from the normal marketing network. If a number of reports are to be believed, then it must be supposed that there is deliberate and systematic "destruction" of fruit and vegetables in the European Community, whenever this situation arises.

What is it really all about ?

The Council of Ministers of the European Community, when it set up the common market organization for fruit and vegetables, decided in particular that certain products can be withdrawn from the market under certain conditions, when a surplus situation arises.

For such withdrawals from the market, a "withdrawal price" is paid which is far below production costs, and only partially covers farmers' financial and labour outlay.

Why these measures ?

A fruit and vegetable farmer who, for example, grows cauliflowers or tomatoes cannot know in advance exactly how large his harvest will be since this is mainly dependent on weather conditions.

Take the example of tomatoes cultivated for harvesting in July. In the event of a very hot spell towards the end of June, all the tomatoes ripen within a short period, meaning that the harvest will have to be completed in a very much shorter period instead of being spread over a whole month. The result is a massive temporary input into the market, exceeding the demand at the time, which causes a considerable fall in prices.

Canneries are not always in a position to buy up these surpluses since they are constrained by their supply planning

The European Community Regulations make provision for tomato growers to receive compensation, for their expenditure on planting, cultivation and harvesting. This is ensured by means of the very low "withdrawal price"

A similar situation can occur with cauliflower.

In some years, an apple producer has difficulty disposing of his produce, even free of charge.

This is by no means an extreme situation.

Even before the common market organizations existed, the situations described above occurred frequently. In some years the fruit farmers never even bothered to pick the apples from the trees ; they fell off the trees and rotted on the ground. Cauliflower that had gone to seed was ploughed under. In some Member States, there already existed at the time, for certain products, withdrawal systems similar to the one currently operated in the Community.

EEC Regulations

The difference between then and now is merely that nowadays Community Regulations partially take care of the consequences of an unsatisfactory marketing situation by granting the producer a modest return on produce for which no buyer can be found.

This possibility of withdrawal is limited to certain fruits and vegetables (cauliflowers, tomatoes, peaches, grapes, pears, apples, mandarins, oranges, lemons).

The Regulations provide that the products thus withdrawn from the market shall be intended for certain industrial uses, free distribution for welfare purposes (hospitals, schools, day nurseries, old-folks' homes etc.), for distillation and for cattlefeed. It is only where none of these uses is possible that the product is considered a total loss.

In some years where it is expected that supply will exceed demand, advance withdrawals may be authorized in order for better programming as regards utilization of the product. The object of introducing such a system of prior withdrawals is then precisely that of preventing wastage of produce by withdrawing it post hoc.

The withdrawal price which the farmer obtains for the produce in question varies according to the market situation. It may be said that, in most cases, it is between about 20 and 50% of the normal market price.

According to the Regulations, only producers who are affiliated to a recognized producers' organization may, via their organization, be eligible for the measure since, by affiliating themselves, they have agreed to improve market structures and thereby to contribute towards better balance between supply and demand.

What happened last year ?

Figures are now available for the 1978 harvest (1978/79 marketing year).

In relation to 1977 (1977/78 marketing year), there was a very sharp increase in withdrawals of apples and lemons and, to a lesser extent, of oranges and mandarins, but a drop in withdrawals of pears, peaches, cauliflowers and tomatoes.

Last year the Member States made very serious efforts to find a use as provided for by the Regulation for the products withdrawn. Thus, large quantities were distributed free, others were allocated for cattlefeed or distilled to produce alcohol.

It should be noted that the quantities which were the subject of these market withdrawals represent only relatively small percentages of the total crop.

Quantities of fruit and vegetables withdrawn from the market

Products	1977/78		1978/79 (temporary)	
	Tonnes	% of total harvest	Tonnes	% of total harvest
Peaches	59.887	3,9	34.000	2,2
Pears	41.758	2,1	26.810	1,2
Apples	2.713	0,05	366.295	5,3
Mandarins	27.696	7,5	51.702	14,2
Oranges	18.181	1,1	94.325	5,8
Lemons	1	0,0002	24.582	3,3
Cauliflowers	38.646	2,6	29.090	1,9
Tomatoes	20.579	0,5	18.089	0,4

Only a very small proportion of this produce did not find some use.

Expenditure

It cannot be said that expenditure on this type of measure is particularly high. In 1977/78 the total amount borne by the FEOGA, the European Agricultural Guidance and Guarantee Fund, came to 21.5 million u.a., which represents only 0.3% of the total expenditure of the "Guarantee" Section of the FEOGA for that year.

What about the consumer ?

Consumers find it difficult to understand why prices for fruit and vegetables on sale on the retail market often remain high even when such produce is

plentiful and do not follow the downward movement which reduces producer prices to such a low level that it entails withdrawal operations.

It must not be forgotten that the prices received by the producer represent only a relatively limited proportion of the price paid by the consumer.

Whatever the starting price may be, fixed costs are added for transport, sorting, packaging, cold storage, etc. Furthermore, since the goods involved are often highly perishable, considerable losses may occur at various stages of marketing, and this inevitably affects the final price paid by the consumer.

In conclusion, it is sometimes proposed that surplus fruit and vegetables be given to developing countries. This idea has been examined with all the thoroughness it demands. The conclusion has unfortunately had to be that it would be impossible in practice, since the problems of transport and distribution of highly perishable goods in countries where infrastructure is at a very low level appear insoluble.

The developing countries have a far greater need for cereals and milk products than for fruit and vegetables.