

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 486 final

Brussels, 1 October 1975

Report by the Commission to the Council  
concerning the quantities of raw tobacco of the  
1972 crop taken over by the intervention agencies

COM(75) 786 final.



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Under Article 13(1) of Council Regulation (EEC) No 727/70<sup>1</sup> of 21 April 1970 on the common organization of the market in raw tobacco, it is established that:

"Where, for a variety or a group of varieties, the quantities taken over by the intervention agencies exceed, for a particular crop, a stated percentage of production, and in any case a stated quantity, the Council shall examine the situation on the basis of a report which the Commission shall submit to it at the end of the marketing year and not later than 30 April of the calendar year following that of the crop."

The percentages and quantities in question were fixed by the Council in Council Regulation (EEC) No 1469/70<sup>2</sup> of 20 July 1970.

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Experience of the functioning of the organization of the market has shown that it was not possible for the Commission to submit the report mentioned above before the final date of 30 April of the year following that of the crop.

For the 1972 crop, intervention buying, which was limited to Italian baled tobacco, only started at the end of 1973, and the figures for the

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<sup>1</sup>OJ No L 94, 28 April 1970.

<sup>2</sup>OJ No L 164, 27 July 1970.

quantities bought in were communicated by the Italian intervention agency in March 1975 (see Annex I). They show that, for the Beneventano variety, total quantities bought in amounted to 848 metric tons of baled tobacco. This figure must be converted to quantities of leaf tobacco on the basis of the loss-of-weight coefficients used for fixing premiums, i.e. to 942 metric tons. Consequently, only the upper production limit of 20% is exceeded for that variety.

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Under these circumstances, the situation as regards production and disposal of the Beneventano variety should be examined on the basis of information at present available.

1. Trends in area under cultivation and in production (see Annex I)

The area on which the Beneventano variety is grown, which covered about 5 500 ha between 1966 and 1969, was suddenly reduced in 1970 (3 900 ha) and then remained at around 3 000 ha between 1971 and 1974.

Production trends, on the other hand, tend to fluctuate, because yields vary so considerably (10.5 to 18.1 q/ha): during the last ten years, the highest production (in 1968) was 8 000 metric tons and the lowest (in 1972) was 3 900 metric tons.

2. Structure of production (see Annexes III and IV)

The Beneventano variety, which is cultivated exclusively in the provinces of Benevento (88%) and Avellino, is characterized by:

- a very low yield (average 1970-1974 = 13 q/ha),
- cultivation on land of less than average fertility where the other varieties of tobacco and other crops cannot be grown with economically worthwhile results (the attempt to replace the Beneventano variety by the Kentucky, Badischer Geudertheimer and Paraguay varieties proved to be difficult and, in particular, unsatisfactory from the quality point of view),
- "coltivatori diretti" (small growers) (about 8 000 on very small plots), 58% of whom work with the agencies of the Monopoly and 42% with the Cooperatives,
- high labour-intensiveness (71% of production costs) compared with other varieties of tobacco.

3. Disposal of produce (see Annex II)

1973 crop

For a production of 3 887 metric tons of leaf tobacco, intervention buying amounted to 848 metric tons of baled tobacco, corresponding to 942 metric tons of leaf tobacco (24% of production). Sales to non-Italian processors amounted to about 400 metric tons, of which  $\frac{1}{4}$  were exported to non-member countries. The Italian monopoly consequently bought in quantities corresponding to 2 520 metric tons of leaf tobacco (65% of production).

It should be noted that, even if the percentage ceiling (20%) was actually exceeded, the quantitative ceiling (1 200 metric tons) was not reached because of the fall in production as compared with 1970.

1973 crop

The 1973 crop has not yet been completely marketed: intervention buying has barely started and a first estimate envisages a total of 2 750 metric tons which includes about 1 400 metric tons of Beneventano. Since the possibility of intervention is limited to two years after the harvest (31 December 1975 for the 1973 crop), this figure is not likely to change considerably in the coming six months.

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To conclude, therefore, examination of the Beneventano situation shows that:

1. As a result of a slight increase in yields (the area under cultivation remaining more or less stable), production is rising (1 000 metric tons more in 1974 than in 1973). Estimates for 1975 are 5 200/5 500 metric tons.
2. Purchases by the Italian Monopoly are showing a constant downward movement (see Annex II).
3. The quantities of Beneventano bought in from the 1972 crop exceed one of the two ceilings referred to in Article 13 of the basic Regulation.
4. Estimates of intervention buying for the 1973 crop show a marked increase (about 1 400 metric tons).
5. Intra-Community trade is growing (14% of the 1973 crop) and exports, which until now were virtually non-existent, should increase as a result of the refund granted a short while ago.
6. The structure of production (agencies of the Monopoly and Cooperatives), the substantial investments made to associate growers with the initial processing stage, and the geographical position (Benevento and Avellino), clearly emphasize the economic and social importance of this crop at regional level.

The Commission feels that, because of the very special structure of production, no drastic steps can be taken in the immediate future without giving rise to serious social consequences in the already precarious economic situation obtaining in a well-specified area (province of Benevento).

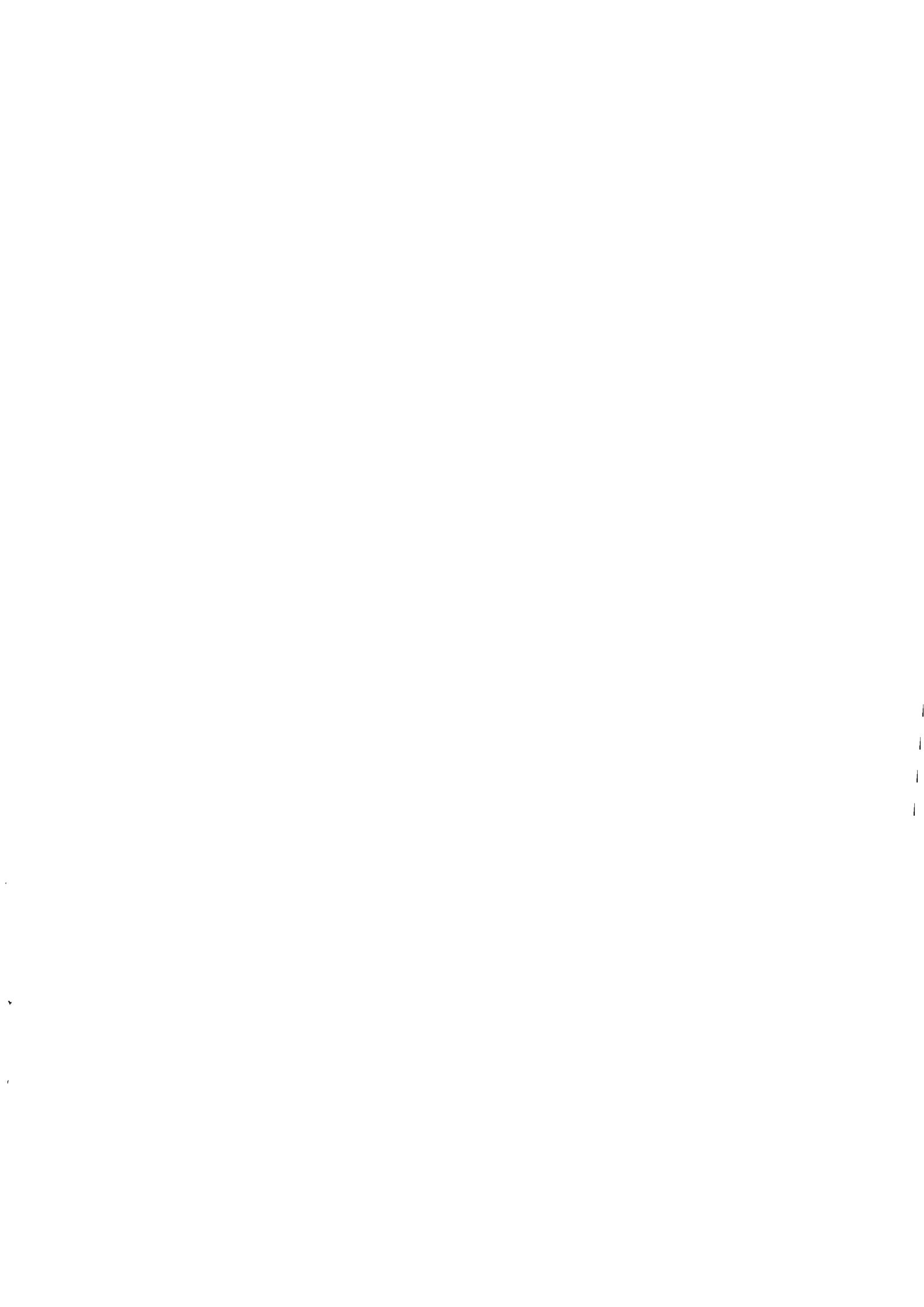
It is essential, however, firstly to discourage any increase in production, and secondly to encourage the sale of the product in order to reduce the quantities offered for intervention. It will be necessary, whilst conducting a conservative price policy, to maintain the level of the premium and to further, through refunds, the disposal of the Beneventano variety in certain non-member countries, especially African countries, which seem interested in that variety.

Obviously, however, such measures will not suffice to solve a problem whose roots lie in both the agricultural structures and the general economic system of the areas in question. The Commission consequently feels that the following should be implemented for the Beneventano variety:

- special measures provided for in Article 13 (4) of Regulation (EEC) No 727/70,
- the provisions of Article 13 (8) of Regulation (EEC) No 727/70.

Moreover, endeavours will have to be made to ensure the best possible coordination between the measures which are to be taken under both the common agricultural policy and the Regional Development Fund.

Before this can be done, a study would have to be carried out to explore the possibilities of rationalizing agricultural activities and/or retraining growers for other economic activities. Only on the basis of such a study would it be possible for the Commission to propose an objective and realistic programme which would take into account all the social and economic implications set out in this report.



## BENEVENTANO

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Area (ha)	3.235	4.722	5.425	5.863	5.636	5.390	3.894	2.868	3.075	2.802	2.900	-
Yield (qt/ha)	14,4	13,2	12,2	12,4	14,3	10,5	13,6	12,9	12,6	15,0	18,1	-
Production (t)	4.655	6.302	6.641	7.276	8.060	5.679	5.298	3.686	3.887	4.200	5.133	-

TOBACCO

A) Production and sale  
(as at May 1975)

Annex II

metric tons

Crop	No	Variety	Production (leaf tobacco)	Sales to other Member States		Sales to non- member countries		Buying-in		Purchase by the Italian Monopoly
				baled	leaf (1)	baled	leaf (1)	baled	leaf (1)	leaf
				2	3	4	5	6	7	8
	14	<u>Beneventano</u>								
1970	"	"	5.298	24	27	10	11	606	674	4.576
1971	"	"	3.686	103	114	20	23	590	656	2.893
1972	"	"	3.887	281	312	102	113	848	942	2.520
1973	"	"	4.200	583	648			1.400 (est.)	1.600 (est.)	2.248

B) Buying-in of the 1972 crop

Variety	Buying-in		Maximum quantities fixed by Reg. (EEC) No 1469/70	1972 production (leaf tobacco)	Ratio buying-in/ production
	baled tobacco	equivalent of leaf tobacco (1)			
Beneventano	848	942	1.200	3.887	24,2

(1) on the basis of weight loss coefficients used for fixing the premiums and derived intervention prices

Source: Information supplied by Member States

## Annex III

A) Structure of production (situation 1974)

	<u>Metric tons</u>	
<b>Monopoly agencies</b>		
S. Giorgio	626	
Benevento	2 354	
	<u>2 980</u>	58 %
<b>Cooperatives</b>		
Consorzio Agr. SA/VA/AV	768	
CECAS (Ente Sviluppo)	393	
Coop. Samita (Casa Muzzog.)	800	
Copp. Eurotabacco	192	
	<u>2 153</u>	42 %
<b>Total</b>	<b>5 133</b>	

B) Holdings growing Beneventano

<u>Provinces</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Benevento	6.000	5.985	6.100	6.150
Avellino	1.900	2.000	2.000	2.100
<b>Total</b>	<b>7.900</b>	<b>7.985</b>	<b>8.100</b>	<b>8.250</b>

Source: Information supplied by trade organizations

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A) Manpower element in the growing of Beneventano compared with other varieties grown in the same area

<u>Variety</u>	<u>Average price</u> qt/ha	<u>hours/ha</u>	<u>hours/qt</u>
Burley	35	1900	54,2
Maryland	32	1900	61,2
Kentucky	20	1100	55,0
Beneventano	14	1200	85,7

B) Remuneration of labour and other factors of production as a percentage of total cost of production of Beneventano and other varieties (situation 1973)

<u>Variety</u>	<u>labour (%)</u>	<u>other factors of production (%)</u>
Burley	52,5	47,5
Maryland	58,5	41,5
Kentucky	41,5	48,5
Beneventano	70,8	29,2

Source: Information supplied by trade organizations