

EUROPEAN PARLIAMENT

446.66

## Working Documents

1977 - 1978

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21 March 1977

DOCUMENT 9/77

### REPORT

drawn up on behalf of the Committee on  
Agriculture

on the proposals from the Commission of  
the European Communities to the Council  
(Doc. 576/76) on the fixing of prices  
for certain agricultural products and on  
certain related measures

Rapporteur: Mr N.A. KOFOED

PE 47.781/fin.



By letter of 16 February 1977 the President of the Council of the European Communities requested the European Parliament pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets as the committee asked for its opinion.

The Committee on Agriculture appointed Mr Kofoed rapporteur on 15 February 1977.

It considered this proposal at its meetings of 15/16 February, 24/25 February, 7 March and 15/16 March 1977.

At its meeting of 15/16 March 1977 the committee adopted the motion for a resolution and the explanatory statement by fifteen votes to six, with one abstention.

The following were present: Mr Houdet, chairman; Mr Laban and Mr Liogier, vice-chairmen; Mr Kofoed, rapporteur; Mr Brugger, Mr de Clercq (deputizing for Mr Durand), Mr Corrie, Mr Delmotte (deputizing for Mr Brégégère), Mrs Dunwoody, Mr Früh, Mr Fuchs (deputizing for Mr Ney), Mr Guerlin, Mr F. Hansen, Mr Howell, Mr Hughes, Mr de Keersmaecker (deputizing for Mr Creed), Mr Klinker, Mr de Koning, Mr Martens, Mr Mitchell, Mr Schyns (deputizing for Mr Pucci) and Mr Scott-Hopkins.

The opinion of the Committee on Budgets **will be published separately.**

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement :

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(77) 100 and 150 final),
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 576 /76),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 9 /77),
- having regard to the Report on the Agricultural Situation in the Community in 1976 (Doc. 556/76),
- having regard to the Communication from the Commission of the European Communities to the European Parliament and the Council on the stocktaking of the Common Agricultural Policy (Doc. 529/74),
- having regard to the Commission's Memorandum on the improvement of the Common Agricultural Policy (Doc. 251/73),
- having regard to the fact that the prices policy should contribute to ensuring fair incomes to producers, reasonable prices to consumers, and to maintaining market equilibrium,
- having regard to the structural imbalances existing in certain markets,
- whereas it has become evident that in certain sectors price policy alone, cannot bring about market equilibrium and reduce regional disparities in incomes,
- whereas an effective structural policy is an essential complement to prices policy,
- whereas effective market organisations and market management policies are essential to price policy, and ought to give greatest freedom of choice and ensure supplies to consumers,
- whereas the lack of common economic and monetary policies has made more difficult the re-establishment and unity of the common agricultural market, and has led to a number of problems which cannot be attributed to the agricultural sector,

- whereas differing rates of inflation, due in part to currency fluctuations, have distorted the structure of costs,

A. Price proposals and monetary measures

1. Believes it equitable that the Commission, in drawing up the agricultural prices, bases its proposals on the principle of ensuring an income for modern undertakings comparable to income in the industrial sector, while taking into account cost developments in each country, the situation in the agricultural sectors and the general economic situation; is of the opinion that the 'objective method' is difficult to apply for the 1977/78 marketing year, in view of the monetary instability in certain countries, the considerable divergencies in rates of inflation and the unequal trends in market prices and production costs in the Member States;
2. Considers an average increase of 3% to be manifestly insufficient and takes the view that an average price increase of at least 5% is needed to bring incomes from modern agricultural holdings up to a **fair** level;
3. Emphasises that the economic and monetary policies of the Member States are jointly responsible for increases in consumer prices and of critical importance to the stability of the agricultural markets, and does not think that the common agricultural policy can be held responsible for the effects of those policies;
4. Draws attention once again to the fact that, owing to the instability of the exchange rates, the Community agricultural policy is unable to function, and urges the Commission and the Council to take appropriate action;
5. Recommends that (in view of variations in cost, brought about by currency fluctuations) adjustments must be made to the figure obtained by this objective method, principally by means of adjustments to 'green' currency rates;
6. Stresses that, in making such 'green' rate adjustments, consideration must be given to problems in particular countries, and in particular the high rates of inflation in certain of the countries with revalorized currencies; also stresses the fact that the United Kingdom must realign its prices; and considers, furthermore, that the 'green' rate for the £ Irish should be immediately devalued in full;
7. Insists on the early adoption and implementation of the Commission's proposal for a regulation relating to the fixing of representative exchange rates in the agricultural sector as a solution to the problems arising from mca's until stability returns to the economic and monetary situation;

8. Stresses that price policy can have only a limited impact on modifying production patterns within the Community, emphasizes the importance of effective structural policy to achieving the aims laid down in Article 39 of the Treaty of Rome, as well as the need to grant temporary aid to farms which have so far not had the means to modernize and further stresses the importance of production planning and discipline;
9. Wishes to underline that increases in common prices will have only a limited effect on consumer prices, which reflect to a greater extent the monetary and fiscal policies of Member States and the efficiency of the processing and marketing sectors;
10. Notes the considerable increase in national aids and subsidies to maintain agricultural incomes during the previous year, and expresses concern as to their impact on the common agricultural policy if such aids were to be maintained or extended in forthcoming years; requests therefore the Commission to monitor carefully such developments and to present periodically to the European Parliament detailed information on trends;
11. Welcomes the fact that the Commission's proposals contain improved information on their effects on budgetary expenditure for 1977 and 1978;
12. Welcomes, furthermore, the marked improvement in the quality of the information supplied by the Commission for the discussion of the price proposals, and in particular the updating of figures on income trends in agriculture; notes, at the same time, that further improvements are required in certain areas, for example on the numbers of persons occupied, full-time and part-time, in the agricultural sector; and calls for the elaboration of a Community index for agricultural input prices;

#### B. Vegetable products

13. Believes that the Commission's proposals for the cereal sector will ensure greater flexibility of the market and hence a sounder balance between the various kinds of cereals;
14. Requests that, in view of the large stocks of durum wheat of poor quality, stricter quality standards should be established for **durum wheat taken into intervention**;
15. Recalls that the Council had promised to retain without change the list of areas benefiting from aid to durum wheat, at least for the two marketing years following 1976/1977<sup>1</sup>; is therefore surprised that the Commission is now proposing that these regions be reduced in number; requests therefore that the list be retained without change and that the aid be suitably increased to compensate for higher production costs and the cost of seed;

<sup>1</sup> See press release issued at meeting of Council of Ministers of Agriculture 2/3 March 1976

16. Believes that measures should be adopted so as to encourage rice producers to produce long grained varieties, which are preferred by consumers within the Community markets in the North;
17. Requests that the premium for raw tobacco be increased by at least 3% for all varieties excepting those (Beneventano and Nostrano) for which there is a persistent imbalance between demand and supply;
18. Recalls the Commission's intention to submit, with the minimum of delay, a report on the abolition of production refunds in the cereals and rice sector<sup>1</sup>;
19. Refers to the negative opinions expressed by the European Parliament on the present support system for olive oil and welcomes the fact that the Commission intends to fulfil requests of the European Parliament<sup>2</sup> and the Council to submit proposals to modify the market organization;
20. Believes that the Commission should draw up a programme to ensure more efficient production and use of proteins, including: more interest in the cultivation of soya as a green fodder in conjunction with feed maize; encouragement to use liquid skimmed milk directly on farms; measures to improve grassland husbandry techniques; and programmes to develop high protein cereal and legume varieties;
21. Believes that, in order to maintain an equilibrium in the sugar sector, it is of the utmost importance that sugar produced from fructose be covered by the same discipline imposed by the common organisation of the market for sugar, in particular with reference to national investment aids; and recalls the Council's agreement<sup>1</sup> to abolish from 1 August 1977 refunds on maize intended for the manufacture of high fructose syrup;
22. Believes that, in calculating production levies in the sugar sector, account should be taken of the effect on the Community market of preferential imports;
23. Approves the Commission's proposal to reduce the maximum quota for sugar from 35% to 25%, on condition that isoglucose, an industrial product, is no longer allowed to benefit from an unfair competitive advantage;
24. Believes that, for fruit and vegetables, there should be introduced quality criteria for produce intended for processing and the processed products; that measures should be taken to encourage the use of approved contracts between producers and the processing industry, and that the hierarchy of the processing refunds be better adapted to different varieties;

<sup>1</sup> PE 45.601, Council meeting 19/20 and 27 July 1976

<sup>2</sup> Report by Mr de Koning, Doc. 522/75.



25. Calls for a report to the European Parliament and the Council on the results of the grubbing-up measures for the fruit sector, so as to establish whether the payments provided for are sufficient, and whether further measures should be implemented;
26. Calls for the system of reference prices to be modified in such a way that they are no longer tied to intervention prices, the aim being to prevent production for the sole purpose of intervention and to improve the operation of the system as regards the regulation of imports;
27. Believes that the problems of income for fruit and vegetable producers, in the Mediterranean regions of the Community particularly, cannot be solved by price policy alone, but depend on an adjustment of the market organization: and calls for an immediate investigation into the consequences of the Mediterranean policy as regards the production and marketing of agricultural produce in these same regions;
28. Believes it essential that adequate Community protection should be extended to the wine sector, on which the incomes of millions of producers depend, in particular by the adoption of a Community intervention price;
29. Finds it unacceptable that, in spite of the recommendations made by the Commission of the European Communities and in spite of the crisis in the wine sector, some Member States continue to obstruct imports of Community wine with very heavy excise and other taxes;

C. Milk and dairy sector

30. Considers that the structural surpluses of skimmed milk powder and butter should be combated primarily by means of structural measures;
31. Calls upon the Council, therefore, to adopt the Commission's proposals, as amended by the European Parliament<sup>1</sup>, to achieve a balance in the milk market, including those proposals which encourage the consumption of milk and dairy products, and welcomes the measures proposed by the Commission that are designed to make the programme of action more flexible;
32. Believes that the Commission should examine ways of encouraging financially the use of skimmed milk directly by other producers in the animal sectors; and emphasises that, over a period of several years, the initially heavier cost of such methods may be less onerous to the Community budget than the costs of storage which include the necessity, periodically, to write down the value of stocks;

<sup>1</sup> Doc. 414/76

33. Asks the Commission once again to organise supplies of milk powder for food aid more effectively and to make every possible effort to recover the lost markets for dairy products in third countries as soon as possible.
34. Emphasises the social problem represented by the small dairy farmer, and believes that the most important proposals in this sector are those encouraging the early retirement of farmers and the cessation of milk producing;

#### D. Meat and poultry sectors

35. Considers it necessary to modify the organisation of the market in beef in order to allow for more flexible reaction to the cyclic market situation;
36. Believes that the Commission should come forward with a proposal to re-introduce beef subsidies intended to achieve a more orderly marketing and improve winter beef supplies;
37. Believes that the proposed increase in the basic price for pig carcasses should enter into force on 1 April 1977 and should remain in force for an 18 month period as an exceptional measure;
38. Believes that the Commission's proposals for dealing with the structural problems in the poultry farming sector are insufficient and should be strengthened;
39. Recalls the Commission's intention to introduce proposals to strengthen producer responsibility in the poultry and egg sectors and requests that such proposals be forwarded with the minimum of delay;

#### E. Structural policy

40. Considers that a balanced price policy is not possible without an effective structural policy;
41. Notes that the effect of the economic recession has been to retard structural reform;
42. Calls upon the Commission, therefore, to ensure a proper coordination of Regional and Social Policies, so as to provide alternative sources of employment in rural areas, which is an essential pre-condition for a restructuring of the agricultural sector;
43. Urges the Council to adopt the Commission's proposal to increase aid provided under the reform directives, to take into account inflation;
44. Requests the Commission to come forward with proposals to increase the present ceiling of 325 m u.a. for the Guidance Section, and calls for the utilization, when necessary, of the Mansholt Reserve;

45. Welcomes the fact that the Council has taken a positive decision on the Commission's proposal to improve structures in the processing and marketing sectors, and has agreed to decide on the proposal on producer groups before 30 June 1977, and urges that the Council speed up its consideration of proposals for afforestation and for aid to young farmers;
46. Requests the Commission to draw up a detailed study on the effectiveness of structural policies in reducing the structural imbalances in the agricultural markets, and with particular reference to the milk and dairy sector;

**F. Other measures**

47. Calls for the early creation of market organisations for alcohol, sheepmeat and potatoes.

EXPLANATORY STATEMENTIntroduction

1. The Commission's proposal for 1977/78 is for an overall increase of 3.0% in agricultural prices, differentiated according to costs in each Member State, by means of adjustments to the green rates.

The Commission proposes more homogeneous price increases by sector than in previous years, with the exception of the milk sector, in which a 0.5% increase is proposed (after the co-responsibility levy<sup>1</sup> proposed is taken into account).

The Commission also proposes a limited number of connected measures modifying the market regulations.

2. In order to evaluate the Commission's price proposals, five elements should be taken into consideration :

- i) the general economic situation and in particular the fight against inflation;
- ii) the need to take into account cost increases for agricultural farmers and to maintain the relationship between agricultural and non-agricultural incomes;
- iii) the need to seek a balance between the interests of producers and consumers;
- iv) the need to seek to improve market balances between and within individual sectors, and to minimize the cost to the Community of disposing of surpluses beyond stock requirements;
- v) the proposals currently before the Council, and in particular those relating to measures :
  - (a) to reduce the surpluses in the dairy sector; and
  - (b) to modify the mechanism for adjusting green currencies.

<sup>1</sup> It should be pointed out that, since the levy will be used to improve the market situation in the milk sector, it is not considered by the Commission as a tax to be deducted from the price increase.

## I. THE ECONOMIC SITUATION

### The general prospects

3. The Community is still suffering from the consequences of an exceptional recession. A very slow improvement was achieved in 1976 and economies are expected to develop, but with no great acceleration, in 1977. The overall increase in domestic production is expected to be about 4%.

Efforts to maintain incomes and limit inflation continue to dominate. This results in an unwillingness on the part of a number of Member State governments to countenance any measures which will increase inflationary tendencies.

At the same time, the recession has led to a slowing down in consumption. No important increases in the sales of agricultural produce are anticipated, except through exports; export markets for agricultural products, however, will be increasingly difficult except for certain cereals.

4. The Commission, therefore, has had the task of seeking to safeguard producer incomes in the face of inflation, while at the same time maintaining a balance between production and stagnating consumption.

### The agricultural situation in 1976

5. During 1976, the effects of inflation continued to be felt in the agricultural sector, with production costs increasing faster than in 1975. To the effects of inflation was added the extra cost of feedstuffs due to the drought. These increases were most pronounced in countries with depreciated currencies : Italy 27%; U.K. 25%; Ireland 20%. For agricultural machinery prices increased less rapidly than in 1975.

6. In terms of production and prices, the major factor was the unprecedented drought which affected particularly maize, barley, potatoes, spring wheat and feed crops in the north and west of the Community. Horticultural and arable production decreased by about 5% in relation to 1975, while animal production increased by 2%. However, while production decreased in certain sectors, this led to a corresponding increase in prices : for vegetables 20.9% as against 11.1% in 1975, and for animal sectors 12% as against 15.4% in 1975.

The overall result is that value added in agriculture increased by 10.5% in nominal terms in 1976, or 1% in real terms per person employed.

7. World prices have been gradually increasing from their low point in 1974/75, except for rice, sheepmeat and dairy products. World sugar and tobacco prices are relatively stable, while there has been a slight improvement in world beef prices, and a moderate increase for cereals due to re-stocking.

1975/76 % change

	Intermediate consumption	Final production
Germany	+ 13.1	+ 7.7
France	+ 16.2	+ 7.6
Italy	+ 20.1	+ 21.0
Netherlands	+ 17.9	+ 13.4
Belgium	+ 18.7	+ 10.5
Luxembourg	+ 20.9	+ 0.8
United Kingdom	+ 22.0	+ 23.0
Ireland	+ 23.2	+ 16.0
Denmark	+ 13.1	+ 9.7

ANTICIPATED % CHANGE IN NOMINAL VALUES OF THE ECONOMIC ACCOUNTS FOR AGRICULTURE  
FOR 1976 AS COMPARED WITH THE PREVIOUS YEAR

	BELG	DEN	FR	GER	IRE	IT	LUX	NETH	UK
Final production	+ 10.5	+ 9.7	+ 7.6	+ 7.7	+ 17.5	+ 21.0	+ 0.8	+ 13.4	+ 23.0
of which : crop production	+ 12.0	+ 2.4	+ 8.4	+ 7.6	+ 19.2	+ 15.2	- 9.9	+ 21.1	+ 23.0
livestock prod.	+ 9.8	+ 12.1	+ 6.9	+ 7.7	+ 17.2	+ 29.9	+ 3.6	+ 9.5	+ 18.0
- Intermediate consumption	+ 18.7	+ 13.1	+ 16.2	+ 13.1	+ 23.9	+ 20.1	+ 20.9	+ 17.9	+ 22.0
= <u>Gross value added at market prices</u>	+ 1.9	+ 6.7	+ 2.5	+ 2.8	+ 14.2	+ 21.4	- 12.0	+ 9.2	-
+ Subsidies	- 29.2	+ 7.5	- 0.2 <sup>1</sup>	+ 5.1	+ 8.3	+ 13.2	+ 35.9	+ 33.3	-
- Taxes linked to production	+ 9.9	-	+ 25.6	+ 3.6	+ 36.6	+ 21.2	-	+ 9.7	-
= <u>Gross value added at factor cost</u>	+ 0.8	+ 6.7	+ 1.5	+ 2.9	+ 13.4	+ 21.0	- 9.5	+ 9.2	+ 23.0

Source : Eurostat, Doc. D/SX/21, 17.1.1977, "Forecasting of relative change in the value added of agriculture per person employed in 1976."

<sup>1</sup> Does not include FF3.8 thousand million subsidies, due to uncertainty as to timing of payments.

## Germany

8. The increase in the income of the farmer and his family per family ALU for the 1975/76 marketing year has been estimated at about 19%. This is well above the annual average growth rate of 9.7% for the period 1968/69 to 1974/75.

9. There are a number of difficulties in establishing an estimate of gross value added for 1976. There occurred a clear drop in crop production (cereals 14%, vegetables 18%, fruit 19%, potatoes 8%, sugar beet 6%). This decrease, however, is largely cancelled out by the higher selling prices : the value of the cereals crop will be only 2.7% lower, while higher prices and yields will more than compensate the reduced crop for potatoes and sugar beet.

Animal products in quantity are expected to exceed 1975, with higher prices for pork, milk, poultry and eggs.

Final production will be, therefore, 7.7% more than in 1975.

Intermediate consumption increased by 13.1%, the lowest in the Community (together with Denmark).

## France

10. In 1975 there was a change in gross agricultural income in money terms of +9.2%, and in real terms of -3%, taking into account a significant reduction in the volume of production (-4.2%), major rises in the prices of goods and services purchased by farmers (+23%), the increase in total intermediate consumption prices (+8.3%), and an increase of 12.8% in agricultural wages. The drop in real terms amounts to 0.3%, taking into account the 2.7% per year reduction in the number of farmers.

11. Production by volume decreased by 2.5% in 1976, with all cereals, especially spring sown, most seriously affected; anticipated price rises are between 13% and 16%. For vegetables, a 20% fall in volume was more than compensated by average prices more than doubling. The fruit harvest proved satisfactory, prices 14% down and production 37% up. Prices for quality wines are up by 35%.

Cattle supplies were greatly affected by the drought, which led to violent fluctuations in supply and prices; supplies as a whole have been above those for 1975 and prices 5% above. Pig production is expected to be similar to 1975, with prices 10% above. Dairy production is expected to be down on 1975, with prices as much as 9% higher.

For intermediate consumption, volume increased moderately, as with the prices : fertilizer prices remained stable in contrast to the upward trend for animal feedingstuffs and services.



Gross value added at market prices showed an increase of only 2.5%.

### Italy

12. In 1975 there was an increase of 2.5% in real terms over 1974 in gross marketable production. Prices of agricultural products rose 15 - 16% in money terms. Prices of inputs increased by 10% in money terms. The gross value added in money terms rose by 15% (4% in real terms), while the income per farmer (including depreciation) rose by 11% in money terms and 5% in real terms.

13. Estimates for the first seven months of 1976 reveal that increases of 21.4% in the value of production failed to compensate for an increase in costs of 24.1%, leading to a drop in value added of 2.2%.

A general fall in production occurred in the crop sector, with the exception of fruit, and a further increase in livestock production. Durum wheat and hybrid maize declined, despite a greater area given over to these crops, as did olive oil, wine products and citrus fruits.

Prices generally remained high, partly due to inflation, mca's and the import measures decided in May 1976.

### Netherlands

14. The favourable trend of agricultural incomes in the Netherlands in 1975 (the net value added increased by about 40% over 1974/75, which was a bad year) is the result of an improvement in incomes on most types of holding and in most regions apart from mixed farms on peaty and sandy soil and holdings specialising in flowers and fruit.

15. In 1976 the final value of production is expected to increase by 13%, and intermediate consumption by 18%, mainly due to energy costs and an increased volume of feedingstuffs. Revised estimates put gross value added as an increase of 9%.

16. Results vary greatly by sector. As a result of the drought, yields for field crops, vegetables and fruit, except wheat and sugar beet, were lower than in 1975; production of ornamental shrubs and plants is expected to increase, due to an increased cultivated area.

Meat and milk production will increase by 3%.

Prices in the vegetable sector are expected to increase by 20% and by 8% in the animal sector.

## Belgium

17. According to the accountancy data available for some groups of holdings, it is estimated that there was a major improvement in agricultural income (+ 45%) in 1975 for pig farms, cattle farms and horticultural holdings, and a slight decrease for general agricultural holdings.

18. The value of intermediate consumption in 1976 increased by 19%, mainly due to the need for animal feedingstuffs caused by the drought; this is virtually double the increase in the value of final production.

Vegetable production was down (sugar - 8%, potatoes - 25%, leguminosae - 55%), while prices increased (sugar + 3.1%, potatoes + 81%, leguminosae + 53%); cereal production was higher, a greater proportion being used on the farm.

Milk production increased by 10% in the first six months and then remained at levels comparable to 1975. Meat production generally increased by 2 - 4%, except for fully grown bovine animals. Egg production also declined.

Prices again improved : milk + 6.3%; bovine animals + 2.7%; pigs + 9.9%; poultry meat + 12.3%.

In view of the unfavourable relation between the rise in production and costs, value added at market prices increased by only 1.9%. At factor cost, gross value added increased by 0.8%, and in real terms decreased by 7.5%, or 4.9% by person employed.

## Luxembourg

19. Total agricultural income in 1975 increased by 6.1%, and the agricultural income per holding increased by 11%.

20. The effect of the drought was an overall 1% decrease in value in 1976, with increased prices largely compensating decreased value. Increases in costs of 20% (animal fodder) was only partly compensated by subsidies, so that gross value added at factor cost decreased by 9.5%.

## United Kingdom

21. According to provisional farm accountancy returns, the incomes of agricultural holdings increased considerably in 1975 over the previous unsatisfactory year. This increase occurred in almost all regions and on almost all types of holding, but the rates varied. Only cereal farms saw their income decrease.

22. Output in both 1975 and 1976 was affected by summer droughts, so that crop and milk yields were significantly below normal and shortage of fodder led to extra culling of graxing animals. Reductions in volume have largely been compensated by higher market prices (potatoes 150%, cereals 20%); for the animal sector, only milk and poultry are expected to show an increase. Intermediate consumption increased by 22% (additional feedingstuffs + 30%, fertilizers + 16%, machinery and fuel + 20%). Gross value added is expected to be 23% higher, and to increase in real terms per capita by 9%.

### Ireland

23. Agricultural income for 1975 in Ireland was 50% above that for the previous year (+ 40% to 50% for cattle farms and dairy farms; + 70% for sugar beet; + 1% for cereal farms; no change for pig farms).

24. Value of total final production is expected to increase by 17.5% in 1976. Decrease in volume of 5% in crops and 4% in livestock production is offset by increases in value, and volume increases of 19% for pigs and 7% for milk. Prices increased generally by 23% in 1976.

Intermediate consumption increased by 24% (feedingstuffs and fertilizers).

Nominal per capita income is expected to increase by 15%, or 3% in real terms.

### Denmark

25. According to the provisional figures available for 1975, the labour income per ALU increased on average by about 6% in money terms.

26. Total value of production is expected to increase by 9.7% in 1976. 2.4% for cash crops and 12.1% for animal products. Feedstuff costs are expected to rise by 23%, and on gross domestic product at factor cost by 6.7%. Per capita gross value added shows an increase of 7.1% in nominal terms and a decrease of 1.7% in real terms.

## II. THE GLOBAL PRICE PROPOSAL

### The objective method

27. Faced with the need to find a common ground between the various and often conflicting interests, the Commission, since 1962, has stressed the need to use objective criteria for the annual fixing of common agricultural prices. From 1972/73 onwards, the Commission employed an objective method to provide guidelines for the overall development of agricultural prices in the Community, by taking into account price modifications required to offset changes in producer's