COMMISSION OF THE EUROPEAN COMMUNITIES
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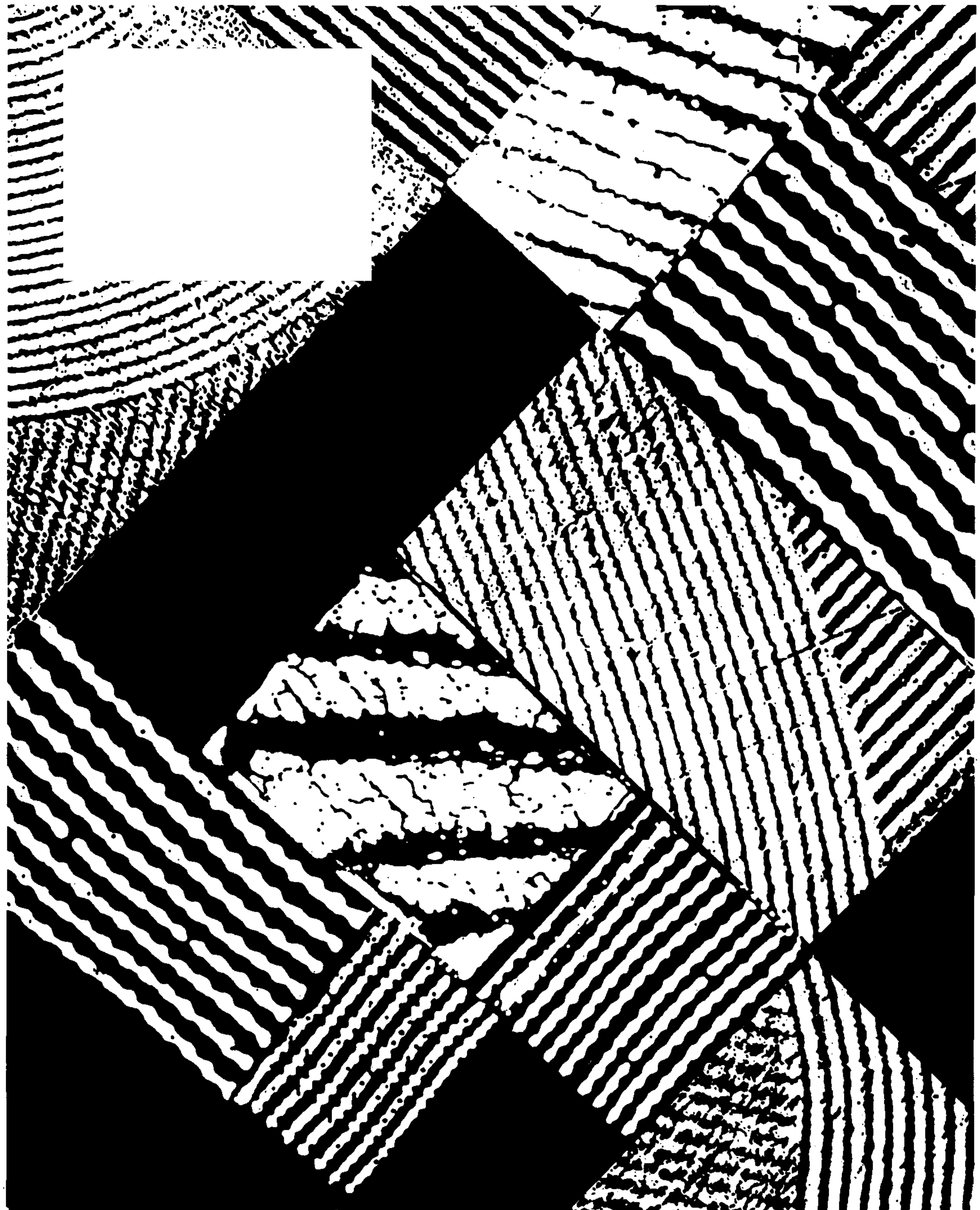
Restoring equilibrium on the agricultural markets



GREEN EUROPE

1/88

FOREWORD

This issue in our "Green Europe" series breaks new ground. The form has been altered, and we have adopted a more graphic presentation of the cover, differentiating each issue more clearly. A new numbering, on an annual basis, is to be used in the review, which in future will also include the texts so far published as "Newsflashes".

As to substance, the role of our publication remains unchanged: that of reaching the informed public with major official texts and monographs on questions relating to the Common Agricultural Policy (CAP) and rural society in general.

For the first number in this new series, we have chosen a text the importance of which will not escape our readers: it reviews the interrelated group of schemes set up in connection with the reform of the CAP. These are schemes which are bound to mark the future of European agriculture and change the lives of many of Europe's farmers.

RESTORING EQUILIBRIUM
ON THE AGRICULTURAL MARKETS

Stabilizers
Farmland set-aside
"Extensification"
Reconversion
Early retirement

Drafting department - DG VI.01

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RESTORING EQUILIBRIUM ON THE AGRICULTURAL MARKETS

PREFACE

When the Common Agricultural Policy was being worked out in the early sixties, farming in the six countries, hamstrung by antiquated structures, was, overall, relatively inefficient. The EEC as it then was was heavily dependent on imports for most basic food products. This formed the background against which the CAP was devised. Since that time, major changes have occurred as a result of which there has been a gradual alteration in the relationship between supply and demand. The main developments have been:

* Sixties: decline in production deficits,
* Seventies: self-sufficiency and transition to a net exporting situation for a number of main items,
* Eighties: build-up of surpluses and increasing difficulties due to the disequilibrium between supply and effective demand for many items, leading to a heavy drain on the Community's budget.

In fact, this pattern of change is by no means peculiar to Europe, for the rapid progress achieved in farming techniques which is the main reason for it has not been confined to the old continent but has occurred in most food-producing countries. But another factor aggravating the crisis in agriculture has been the recent deterioration in the general economic context, one effect of which has been inevitably to curtail demand for agricultural products.

Reviewing Community agriculture, the Commission urged as early as 1985 that the Common Agricultural Policy be adapted. Following wide-ranging consultation of the other Community institutions and the farming organizations, it then recommended a number of priorities designed to promote better balance of the markets and adjustment of Community agriculture to current economic constraints:

* a drive to achieve better equilibrium as regards the surplus items,
* diversification of production and improvement in quality,
* greater attention to be paid to the social and environmental equilibria of rural society.

Approaching the first of these priorities, the Community embarked upon a price policy corresponding more closely to real conditions on the markets. It adjusted the buying-in arrangements, since selling food to the agencies had tended to become an outlet in its own right, just as much as the market itself. The Commission's view is that buying-in should resume its original role as a safety net.

The Commission also tightened up farmers' co-responsibility arrangements, to make farmers more fully aware of problems relating to disposal of surpluses. It also introduced a quota scheme to accommodate specific difficulties as regards milk.

To achieve fuller control of surplus production and the resulting drain on the budget, the Community introduced the "stabilizers"[1] mechanism, a description of which is the main purpose of this publication. The mechanism consists of production thresholds - the "maximum guaranteed quantities" (MGQs) - for a number of products; where farmers exceed the thresholds, the guaranteed payments are phased down pro rata.

Supporting the new arrangements, the Community adopted a set of supplementary measures:

- farmland set-aside;[1]
- extensification of production;[1]
- production conversion;[1]
- early retirement.[1]

These are schemes which should help to restore sound conditions on the market whilst at the same time facilitating the changes entailed by the course correction being made to the Common Agricultural Policy.

This set of adjustments, also described in this brochure, only concerns certain aspects of the CAP, and the policy itself will apply in the future as in the past on the basis of the principles set out in Articles 39 to 47 of the Treaty of Rome, as regards both the markets and social conditions and structures. The adjustments dovetail into a reform operation designed to enhance the efficiency of Community action by more systematic and consistent attention to the factors which affect agriculture and its context. The need for a more systematic coverage of the various factors is one which is fully accommodated in the current reform of the structural Funds. Also, against this background, the Commission has recently adopted three communications:

- the future of Rural Society (COM(88)501);
- Environment and Agriculture (COM(88)338);
- Community strategy and action programme in the forestry sector (COM(88)255).

1 Stabilizers, OJ L 110, 22.4.1988.
Set-aside, Regulation (EEC) No 1094/88
Extensification, Regulation (EEC) No 1760/88
Conversion, Regulation (EEC) No 1760/88
Early retirement, Regulation (EEC) No 1096/88.

I. INTRODUCTION

The guidelines adopted by the European Council held in Brussels on 11, 12 and 13 February 1988, and the decisions taken by the Council of Ministers following on from this meeting, largely concern agriculture, in particular:

- arrangements ensuring that the Community will have sufficient and stable "own resources" of its own, with a definition of stricter procedures as regards budgetary discipline;
- the introduction of new stabilizers, so as to cover all the market organizations, and stricter arrangements for existing stabilizers;
- the doubling of appropriations allocated to the structural Funds by 1993 and the setting up of schemes designed to support farmers in their efforts to adjust to current economic circumstances and to new conditions on the market.

These decisions involve far-reaching change in the legislative framework within which the Common Agricultural Policy is implemented; they are designed to make European agriculture more competitive and to restore balance between supply and demand.

Thus an important step has been taken along the road to the reform of the CAP. The purpose is to achieve a more rational relationship between across-the-board market and price support schemes - which have dominated the scene in the past - and structural or income support schemes underpinning the weaker farms: in the Community, nearly 80% of farmers account for a bare 20% of production. They can expect little in the way of really significant support from legislation which, as has so far been the case, distributes practically all the available resources purely in terms of volume of production. But it is a fact that despite their modest contribution in terms of production, the operations of these farmers are often essential if socio-economic equilibria in certain regions are to be maintained and if the environment is to be conserved.

II. BUDGETARY DISCIPLINE

Under new arrangements adopted by the Council, the annual rate of increase in EAGGF guarantee expenditure is not to exceed 74% of the annual GDP growth rate in the Community. In budgetary jargon, this constraint on farm spending growth is known as the "guideline".

Under budgetary discipline arrangements, EAGGF guarantee expenditure may not be increased in real terms in the next five years by more than about 1.9%[1] per year, contrasting with increases of about 7.5% per year in real terms since 1975.

1 On the basis of current forecasts of Community GDP growth.

1988 expenditure, estimated at 27 500 million ECU (1988 prices), constitutes the yardstick against which the annual EAGGF guarantee totals are defined.

The depreciation of any new stocks must be financed within the guideline. On the other hand, the depreciation of stocks that have built up in the past will be treated outside these limits. The amounts needed for this purpose, which – at 1988 prices – will come to 1 200 million ECU in 1988 and 1 400 million ECU per year from 1989 to 1992, will be entered under another budget heading.

To cover the situations resulting from significant and unexpected movements in the dollar/ECU market exchange rate as compared with the exchange rate used to when the budget is prepared, a "monetary" reserve of 1 000 million ECU is entered every year in the budget in the form of provisional appropriations. The budgetary authority makes transfers from the reserve to the corresponding EAGGF guarantee headings or in the other direction, in amounts not exceeding this total, depending on additional costs or savings due to exchange rate changes. The transfers may be made, however, only where further costs or savings exceed a threshold set at 400 million ECU.

The guideline constraint must be accommodated every year in the Commission's price proposals. If the Commission considers that the Council's views, deviating from its own proposals, are liable to generate additional costs in, it has power to request that the final decision be taken at a special joint meeting of the Ministers of Finance and of Agriculture.

To underpin compliance with the agricultural guideline, the Commission has set up an Early Warning System to monitor EAGGF expenditure. Before the budget year starts, the Commission establishes expenditure profiles for each EAGGF guarantee chapter, based on monthly expenditure in the three preceding years. It then lays before Parliament and the Council monthly reports showing actual expenditure as compared with the relevant profile. Where the tempo of actual expenditure is liable to exceed or is even running ahead of the profile, the Commission uses management powers conferred upon it, including those held under the stabilization schemes, to redress the situation. Should such action fail, the Commission must review the operation of the agricultural stabilizers in respect of the product group in question, and, where necessary, lay before the Council proposals to strengthen their effectiveness. The Council must act on the proposals within two months.

III. STABILIZATION[1]

(a) General principles

The "stabilizers" are being made generally applicable by the adoption of maximum guaranteed quantities (MGQs) and by the introduction of built-in adjustment mechanisms where the MGQs are exceeded. The stabilizers have three key objectives:

- that of heightening farmers' awareness of the problem of glutted markets by extending their co-responsibility to cover the resulting management costs,
- that of providing farmers, on a multiannual basis, with guidance as to the trend in institutional prices for given products,
- that of providing a more reliable budgetary reference framework, at least as against the uncertainties arising from fluctuations in production within the Community.

The MGQs are adopted by the Council. In respect of most product groups, they have already been fixed for a multiannual period (three or four marketing years).

(b) The mechanisms governing the MGQs for the main products

1. Cereals

The stabilization arrangements adopted as regards cereals are based on the introduction of a guarantee threshold (maximum guaranteed quantity) fixed in respect of production. This threshold has been set for four marketing years 1988/89 to 1991/92 at 160 million tonnes (all cereals combined).

The implementing procedures are as follows:

- For all cereals, from the beginning of each marketing year, an additional co-responsibility levy of 3% of the intervention price of breadmaking common wheat is charged provisionally at the first-purchaser stage. This is in addition to the basic levy of the same amount charged for 1988/89.

  At the end of February at the latest, the Commission checks the volume of cereals production.

  If production exceeds the MGQ, by 3% or more, the additional co-responsibility levy accrues definitively to the Community budget.

If, on the other hand, the overrun is below 3%, i.e. 4.8 million tonnes, the additional levy is reimbursed, but only in part, in proportion to the degree of actual overrun.

If production falls short of the guarantee threshold, all of the additional levy is reimbursed.

- In addition, any overrun of the guarantee threshold for a given marketing year also entails a 3% reduction in the intervention prices for the following marketing year. This cut is made by the Commission before the marketing year begins. Should there be repeated overruns in successive marketing years, the intervention price cuts are cumulative. Decisions to adjust the target prices on the basis of intervention price cuts are made by the Council on the basis of Commission proposals.

The co-responsibility levy scheme includes a direct aid to small cereals farmers to offset the impact of the levy on their incomes. Under the new arrangements made by the Council, small farmers will qualify for similar compensation in respect of the additional levy. Of course, aid granted under the additional co-responsibility levy arrangement will be given only up to the amount of the levy actually paid. The overall annual cost of these arrangements to the Community may not exceed 220 million ECU.

Farmers joining the farmland set-aside programme and setting aside at least 30% of their arable land are exempted from the co-responsibility levies in respect of a quantity of 20 tonnes of cereals marketed.

<u>Notional example of the operation of the stabilizer for cereals</u>

1. Basic facts and assumptions.

Common wheat intervention price (1988/89):	= 179.44 ECU/t
Basic co-responsibility levy (3%)	= 5.38 ECU/t
Additional levy (3%)	= 5.38 ECU/t

Maximum guaranteed quantity for all cereals (EUR/12): 160 m t

Production measured before 1 March 1989:

First scenario:	158 m t
Second scenario:	162 m t
Third scenario:	165 m t

2. Application of the stabilizer.

(a) <u>1988/89</u>

- From the beginning of the marketing year, a co-responsibility levy of 3% of the intervention price (5.38 ECU/t) is payable <u>by the producers</u> on cereals on their first marketing or on sale to an intervention agency, plus an additional co-responsibility levy of 3% (5.38 ECU/t), charged provisionally.

- The Commission checks, before 1 March 1989, the level of cereals production for 1988/89. Three scenarios can be taken as hypotheses:

  (i) no overrun (e.g. 158 m t);
  in this case:

  - all of the additional 3% levy is reimbursed to the farmers;

  - no impact on the intervention price for 1989/90;

  (ii) overrun smaller than 3% (e.g. 162 m t);
  in this case:

  - some of the additional levy is reimbursed. In the example, since the overrun is 1.25%, 3.14 ECU/t is reimbursed (3% - 1.25% = 1.75% of the intervention price of breadmaking common wheat);

  - the Commission reduces the intervention prices agreed by the Council for 1989/90 by 3% (i.e. a a reduction of 5.38 ECU/t; where the institutional prices are frozen, the intervention price for common wheat for 1989/90 will therefore be 174.057 ECU/t);

  (iii) overrun exceeding 3% (e.g. 165 m t);
  in this case:

  - the additional levy is not reimbursed;

  - the Commission cuts by 3% the intervention prices agreed by the Council for 1989/90 (where the institutional prices are frozen, the price will therefore be 174.057 ECU/t).

(b) 1989/90

As regards the additional co-responsibility levy the same rules will be applied as for 1988/89. Where the maximum guaranteed quantity is overrun, the intervention prices for 1990/91 will again be cut by 3% (where the institutional prices are frozen, they would thus be cut to 168.84 ECU/t).

2. Sugar

The current arrangements involve production quotas, and the cost of support is financed entirely[1] by levies on the farmers.

The procedure is as follows:

- there is a basic levy of 2% of the white sugar intervention price, which applies to all production covered by quotas (A quota and B quota),
- there is a second levy applying only to the B quota, set each year within a range between 30% and 37.5% of the intervention price.

However, in some marketing years, the yield from the levies has fallen short of requirements and exceptional levies have had to be imposed on a case-by-case basis by the Council.

The new arrangements are designed to ensure that decisions are taken more promptly to cover the complete financing of outlets by levies on the growers <u>during each marketing year</u>, whatever happens to prices on the world market.

The authority to determine, for each marketing year the levy applied to the B quota (within the 30% to 37.5% range) has been delegated to the Commission for implementation under the management-committee procedure. This amount is fixed on the basis of forecasts for the year (consumption, production and likely world market trends).

Where the yield from the levies on A and B sugar falls short of total support expenditure, the new rules provide for automatic application (under the Commission/management-committee procedure) of a further levy. This is imposed as follows:

- the levy is fixed as soon as the available figures make it possible to calculate the exact budget needed to ensure full coverage of expenditure for the marketing year,
- the levy is charged to the refineries in proportion to the payments they have made in respect of the two ordinary levies for the relevant marketing year.

As self-financing of the 1987/88 marketing year is not covered by the new scheme, a special "elimination" levy has been applied, for that marketing year, according to the same procedures.

1 With the exception of costs arising in connection with the export of quantities matching imports under the preferential arrangements made for certain Lomé Convention countries and for India.

The "elimination" levy approved to cover the 1981/82 to 1985/86 deficit, i.e. 400 m ECU - of which 160 m ECU will already have been eliminated during 1986/87 and 1987/88 - will still be charged at a rate of 80 m ECU per marketing year until 1990/91.

3. Oilseeds and protein plants

For these products, the stabilizer scheme involves the establishment of maximum guaranteed quantities for the following products:

- rapeseed, sunflower seed and soya beans,
- peas and field beans, and sweet lupins.

The figures approved by the Council for the next three marketing years (1988/89 to 1990/91) are as follows:

- Rapeseed	EUR 10:	4.5 m t;	Spain:	12 900 t;
			Portugal:	1 300 t;
- Sunflower	EUR 10:	2.0 m t;	Spain:	1 411 200 t;
			Portugal:	63 600 t;
- Soya	EUR 12:	1.3 m t		
- Peas and field beans	EUR 12:	3.5 m t.		

Each year, the procedure has two stages.

Early in the marketing year (before the end of the second month), the Commission makes an estimate of production for the current marketing year. Where estimated production exceeds the maximum guaranteed quantity, the production aid is reduced for all quantities marketed during that marketing year. The price guaranteed to the grower (the buying-in price) is reduced by the same amount. This cut is calculated on the basis of a coefficient by which the target prices are multiplied (guide price for protein crops). The coefficient is calculated on the basis of the degree of excess.

For each 1%[1] excess, the reduction coefficient will be:

- 0.45% for 1988/89,
- 0.50% for 1989/90 and 1990/91.

At the end of the marketing year, if the actual level of production should entail a reduction in the aid different from that which had been made on the basis of the estimates, the discrepancy - positive or negative - is carried over to the aid for the following marketing year. This adjustment is added to any adjustment resulting from the application of the mechanism during the marketing year.

1 As an example, for soya: production falling short of 1 313 00 t (1% of 1 300 000 = 13 000 t) would not entail any reduction. On the other hand, production between 1 313 000 t and 1 326 000 t would entail a

The actual reduction in prices and aids resulting from the operation of the stabilizers in one year is not perpetuated in subsequent marketing years.

Notional example of the operation of the stabilizer for rapeseed

Basic figures

Maximum guaranteed quantity for rapeseed:	4.5 m t.
Target price set by the Council	450 ECU/tonne
Intervention price	400 ECU/tonne
Aid	200 ECU/tonne

Example

Production recorded 5 300 000 tonnes

Overrun: $\frac{5\ 300\ 000}{4\ 500\ 000} = 1.1777$, i.e. 17%

Penalty calculated:

17% x 0.45 = 7.65% of the target price:

Reduction in aids and prices:

Target price:	450 x 7.65 = 34.4 ECU/t
	450 - 34.4 = 415.6 ECU/t
Intervention price:	400 - 34.4 = 365.6 ECU/t
Aid	220 - 34.4 = 185.8 ECU/t

Reduction (%):	target price	7.65%
	intervention price	8.6%
	aid	15.6%

4. Olive oil

The maximum guaranteed quantity (MGQ) for olive oil is 1 350 000 t.

Where actual production recorded after the end of the marketing year falls short of the MGQ, the discrepancy is added to the MGQ for the following marketing year. The unit aid to eligible production for the marketing year is paid in full.

On the other hand, where actual production recorded after the end of the marketing year exceeds the MGQ - where appropriate, including a quantity carried over from the preceding marketing year - the unit aid to production for the past marketing year is reduced in proportion to the excess.

However, the unit aid to be paid to growers whose average production does not exceed 300 kg is not affected by this reduction.

5. Wine

The adjustments made to the wine market organization are designed to foster adaptation of supply to demand and adjustment of production potential towards this target.

The purpose of the first set of measures is to penalize the highest yields by strengthening compulsory distillation as a deterrent:

- Where the total quantity for compulsory distillation does not exceed 10% of quantities marketed (normal disposals), the buying-in price for table wines sent for compulsory distillation is 50% of the guide price (previously this price had been ensured for a total quantity to be distilled not exceeding 12.5 m hl, which corresponded to about 12.5% of normal disposals),

- the buying-in price for the quantities for compulsory distillation exceeding 10% of normal disposals is to be steadily reduced each marketing year to 7.5% by 1990/91. The rate of reduction to be applied from now until 1991/92 will be determined, each marketing year, according to the Commission/management-committee procedure. From 1990/91 onwards, the buying-in price will be based on a weighting between the prices paid for the quantities distilled within the 10% limit (50% of the guide price) and the prices paid for the quantities exceeding 10% of normal disposals (7.5% of the guide price).

Notional example of calculation of buying-in price for compulsory distillation

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Guide price (GP) 35 ECU/hl

Before 1990/91:

The quantity for compulsory distillation exceeds disposals by:

(a) Less than 10%:
price for compulsory distillation:
50% of GP = 0.5 x 35 = 17.5 ECU/hl

(b) 25%:
price for compulsory distillation for quantities (15%) exceeding by more than 10% normal disposals: 30% of the guide price (hypothesis) = 10.5 ECU/hl.

Average price for entire quantity to be distilled:

$$\frac{10 \times 17.5 + 15 \times 10.5}{25} = 13.30 \text{ ECU/hl}$$

From 1990/91

The quantity to be distilled exceeds disposals by:

(a) less than 10%:
price for compulsory distillation
0.5 x 35 = 17.5 ECU/hl

(b) 25%:
price for distillation for the 15% excess beyond 10%
0.075 x 35 = 2.62 ECU/hl

Price for entire quantity to be distilled:

$$\frac{10 \times 17.5 + 15 \times 2.62}{25} = 8.57 \text{ ECU/hl}$$

A second set of measures has been introduced to tighten up the arrangements for definitive abandonment, comprising:

- extension of the scheme to all areas under vines (including quality wines),
- an increase in the single grubbing-up premium and differentiation of the premium according to yields.
  . For areas under wine grape varieties exceeding 25 ares, the single grubbing-up premium is varied according to yield as follows:

hl per hectare	ECU
less than 20	1 200
20 - 30	2 800
30 - 40	3 500
40 - 50	3 800
50 - 90	5 250
90 - 130	7 150
130 - 160	9 200
more than 160	10 200

  . For other areas, the premiums are increased by up to 20% in relation to the amounts set.[1]

  The Commission may authorize Member States not to apply the definitive abandonment scheme in certain areas, but only up to a limit of 10% of their wine-growing potential.[2]

- exemption from the compulsory distillation scheme for wine-growers accepting these arrangements. The growers are wholly or partly exempted depending on whether they cut their table wine production potential by more than 50% or between 20% and 50%, but the reduction must be at least 50 hl,

- prompter payment of the premiums, which can in fact be made, at the grower's request, before actual grubbing up.

To complement this, it has been decided to cut the prices paid in respect of other compulsory distillation operations (1988/89 prices) to ensure consistency with the other measures adopted in respect of wine. (This concerns by-products of winemaking and wine made from dual-purpose grapes).

A last point is that the aid to relocation and the special price support guarantee for long-term storage contract holders (originally Article 12 of Regulation (EEC) No 337/79) - schemes set up to cope with short-term difficulties - are no longer suited to a market on which the imbalance between supply and demand has assumed a structural character. Nor are they consistent with the arrangements which have just been made with the purpose of adjusting winegrowing potential. The Commission has therefore stated that it plans to discontinue the relocation aid and gradually reduce the volume of wine qualifying for the special price support arrangement for long-term storage contract holders, with a view to ultimate elimination of this facility.

1 Regulation (EEC) No 777/85.

6. Tobacco

The action taken in respect of tobacco is designed to stabilize overall production and foster conversion to more popular varieties. The Council has adopted an overall maximum guaranteed quantity for this purpose, but, has also established maximum guaranteed quantities by variety.

The overall maximum guaranteed quantity is 385 000 tonnes of leaf tobacco for each of the 1988, 1989 and 1990 harvests. Within this overall total, the maximum guaranteed quantities for the varieties or variety groups will be determined from year to year in the light of the production and market situations for the varieties and the specific requirements of certain "sensitive" Community regions.

The maximum guaranteed quantities (in tonnes) by variety approved for the 1988 harvest are the following:

Group I

3 Virgin D	8 300
7 Bright	38 000
31 Virgin E	11 000
33 Virgin P	3 200
17 Basmas	30 000
18 Katerini	23 000
26 Virgin EI	3 500

Group II

2 Bad. Burley	10 000
8 Burley I	42 000
9 Maryland	3 000
25 Burley EI	11 000
28 Burley fermented)	28 000
32 Burley E)	
34 Burley P	1 750

Group III

1 Bad. Geuderth.	12 000
4 Paraguay	28 000
5 Nijkerk)	
6 Misionero)	
27 Santa Fe)	2 000
29 Havanna E)	
10 Kentucky	10 000
16 Round tip)	250
30 Round Scafati)	

Group IV

13 Xanti-Yaka	)	
14 Perustizia	)	27 000
15 Erzegovine	)	
19 Kaba Koulak classic	)	
20 Kaba Koulak non-classic	)	40 000
21 Myrodata	)	
22 Zychnomyrodata	)	

Group V

11 Forchh.-Havanna	)	
12 Beneventano	)	20 000
23 Tsebelia	)	
24 Mavra	)	33 000

Where the maximum guaranteed quantities are exceeded, the norm and intervention prices and premiums are reduced pro rata to the percentage of the overrun. Thus, for each 1% overrun of the maximum guaranteed quantity there will be a 1% reduction in the intervention price and the premium. The norm price is to be reduced by an amount corresponding to the amount of the reduction of the premium. However, any such reduction may not exceed 5% for the 1988 harvest or 15% for the 1989 and 1990 harvests.

7. Cotton

Since Greece joined the Community, cotton has been supported by a production aid scheme designed to underpin growers' incomes whilst ensuring supplies for processors at world market prices. There is therefore no levy on imports from non-member countries. The aid amount is reviewed from time to time on the basis of the difference between a guide price, set annually by the Council, and the world market price.

Since its inception, but especially in 1987, the scheme for cotton has been adapted on a number of occasions, both as regards the maximum guaranteed quantities and the methods used to deal with overruns. The maximum quantity was also increased when Spain joined.

The arrangements in force since the beginning of 1987/88 are as follows:

- before the beginning of each marketing year, the Council sets a maximum guaranteed quantity for the marketing year. This may not exceed 752 000 tonnes of unginned cotton for the Community as a whole;

- before each marketing year begins, the Commission makes an estimate of the Community production of unginned cotton on the basis of harvest forecasts. Where the forecast exceeds the maximum guaranteed quantity for the relevant marketing year, the aid is cut by an amount equivalent to 1% of the guide price for each 15 000 t[1] of overrun. The mechanism is activated for each 15 000 t "slice" or part thereof. However, for 1987/88, 1988/89 and 1989/90, the cut in aid may not exceed 15%, 20% and 25% of the guide price respectively;

- at the end of each marketing year, the Commission reviews actual production of unginned cotton for the past marketing year; where there is a discrepancy between estimated production and actual production, the maximum guaranteed quantity for the following marketing year is:

  . increased by the difference, if actual production falls short of estimated production,

  . reduced by the difference in the opposite case.

However, for the purposes of calculating this difference, the actual production and estimated production referred to are subject to a maximum consisting of the maximum guaranteed quantity plus 225 000 tonnes (i.e. 977 000 tonnes altogether) for 1987/88, 300 000 tonnes for 1988/89 and 375 000 tonnes for 1989/90, respectively.

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1 0.5% of the guaranteed maximum quantity.

Notional example of the operation of the stabilizer for cotton
(1987/88)

1) Basic data

Maximum guaranteed quantity:	752 000 tonnes
Production estimated at end August 1987:	828 850 tonnes
Overrun of maximum guaranteed quantity:	76 850 tonnes

Actual production established at end August 1988 (hypothesis):

1st scenario: 800 000 tonnes
2nd scenario: 840 000 tonnes
3rd scenario: 700 000 tonnes
4th scenario: 1 000 000 tonnes
5th scenario: estimated production: less than 752 000 t
actual production: not more than 752 000 t
6th scenario: estimated production: more than 977 000 t
actual production: not less than 977 000 t

Guide price (1987/88): 96.02 ECU/100 kg

2) Operation of the stabilizer

a) Calculation of the cut in production aid from 1.9.1987

$$\frac{\text{Total overrun}}{15\ 000\ \text{t}} = \frac{76\ 850\ \text{tonnes}}{15\ 000\ \text{tonnes}} = (5\ \text{"slices" of } 15\ 000\ \text{t} + 1\ 850\text{t: i.e. } 6\ \text{"slices"})$$

Reduction in the aid of 6% of the guide price =

0.06 x 96.02 = 5.761 ECU/100 kg

b) Adjustment of the maximum guaranteed quantity for 1988/89

1st scenario: + 28 850 (828 850 - 800 000)
2nd scenario: - 11 150 (840 000 - 828 850)
3rd scenario: + 76 850 (828 850 - 752 000)
4th scenario: -148 150 (752 000 + 225 000 - 828 850)
5th scenario: -
6th scenario: -

8. Fruit and vegetables

8.1. Fresh fruit and vegetables

Stabilization arrangements as regards fresh fruit and vegetables apply to the following products:

- fresh tomatoes
- oranges
- lemons
- satsumas
- mandarins
- clementines
- nectarines
- peaches

The arrangements can be extended to other types of fruit or vegetable which are subject to the price and intervention scheme where market conditions for a given product entail heavy intervention. For fresh fruit and vegetables, the stabilization measures are based not on the volume of production, as for most other product groups, but on the quantity that may be withdrawn from the market. For this purpose, an intervention threshold is set before the beginning of the marketing year for the products concerned. Overruns entail cuts in the basic prices and buying-in prices applicable for the following marketing year. The reduction, varying according to product, may not exceed 20%. Such a reduction in prices for a given marketing year is not taken into account in subsequent marketing years for the fixing of basic and buying-in prices. The reductions therefore cannot be cumulated.

Under the Act of Accession, Spain and Portugal enjoy special arrangements during the transitional period.

The following table shows the main features of the stabilizers for the various fresh fruit and vegetable products for EUR 10:

Product	Intervention threshold	Penalization of overruns (applicable to the marketing year following that in which the quantity was overrun)	Limitation on reduction
Fresh tomatoes	EUR 10: 390 000 t	1% cut in basic and buying-in prices for each 10 000 t "slice" or part thereof	20%
Oranges and lemons	The thresholds will be calculated according to the following percentages in relation to the average production for the fresh market in the last five years: 1988/89 : 15.0% 1989/90 : 13.5% 1990/91 : 12.0% 1991/92 : 10.0%	1% cut in basic and buying-in prices for each 20 000 t excess "slice" for oranges and 6 600 t for lemons	20%
Satsumas, clementines and nectarines	Thresholds have been set at 10% of the average production for consumption fresh of the last five marketing years for which figures are available	1% cut in basic and buying-in prices per excess "slice" of 5000 t for satsumas 2000 t for clementines 2500 t for nectarines	20%
Mandarins	The intervention thresholds are fixed at the following percentages of average production for consumption fresh of the last five years for which figures are available 1987/88 : 65% 1988/89 : 50% 1989/90 : 35% 1990/91 : 20% from 1991/92 : 10%	1% cut in basic and buying-in prices for each excess "slice" of 2 500 t	20%
Peaches	The thresholds are calculated according to the following percentages in relation to average production of peaches for consumption fresh of the last five years 1988/89 : 20% 1989/90 : 17% 1990/91 : 15% 1991/92 : 12%	1% cut in basic and buying-in prices per excess "slice" of 18 000 t	20%

In all the cases mentioned, the threshold overrun is assessed on the basis of intervention during the relevant marketing year.

8.2. Processed fruit and vegetables

Processed fruit and vegetable products which are now subject to stabilization mechanisms are the following:

- processed tomato products,
- dried grapes,
- Williams pears preserved in syrup,
- peaches in syrup.

The Council has also agreed to examine, before the 1989/90 season starts, the Commission's proposal for the introduction of a stabilizer for pineapple juice and tinned pineapple, in the light of a report the Commission is to submit on the subject of production in the French overseas departments.

The stabilization arrangements operating in this area are of two types, and vary from product to product:

(a) establishment of a guarantee threshold, with overruns entailing production aid cuts in the following marketing year,

(b) introduction of a system restricting the aid to certain quantities fixed in advance, an arrangement equivalent to a production quota system.

The first alternative applies to dried grapes and was used for processed tomatoes until 1985, when it was decided to replace it temporarily (until 1990/91) by a quota scheme.

The second arrangement is now used for processed tomatoes, Williams pears and peaches in syrup.

For the Commission, the system restricting the production aid remains transitional and the "quotas" ensuring a right to produce even for the least efficient growers are not necessarily an incentive to efficiency and specialization, either as regards production or as regards processing.

The table below lists the main procedures for operation of the stabilizers for processed fruit and vegetables.

Product	Guarantee threshold			Production quota (limitation of the aid for the current marketing year)		
	Level	Penalization of overruns (for following marketing year)	Remarks	Level	Penalization of overruns	Remarks
Processed tomatoes	EUR 10 – concentrates 2 905 694 t[1] – peeled: 1 268 628 t[1] – other 525 678 t[1] – total 4 700 000 t[1]	Aid reduction for the following marketing year on the basis of the threshold overrun and in proportion to the overrun of each of the quantities fixed. The overrun is calculated on the basis of average quantities produced during three preceding marketing years for which the aid must be fixed. However, during the period of application of the production aid limitation scheme, the quantities to be referred to for purposes of determining any threshold overrun are those having attracted aid and not all quantities produced.	No aid reduction limitation.	Same quantities as those for the guarantee thresholds but broken down by producing Member States as follows (in t of fresh tomatoes) concentrated: F : 283 691 t GR : 967 003 t I :1 185 000 t peeled: F : 58 628 t GR : 25 000 t I :1 185 000 t 1 268 628 t other: F : 50 087 t GR : 21 593 t I : 453 998 t 525 678 t These quantities are equitably distributed by the Member States among processing firms on the basis of the quantities produced by each of them during the 1985/86 and 1987 marketing years. For Spain and Portugal, the quantities have been set as follows: concentrated: Sp : 370 000 t P : 682 945 t peeled: Sp : 209 000 t P : 9 600 t other: Sp : 88 000 t P : 2 192 t	For each processing firm, the aid to be paid for its production, within the quantities assigned to it, is reduced on the basis of any overrun of the total of these quantities as compared with the fixed quantity. A 2% premium is paid to processors having concluded processing contracts with the POs[2]. This percentage must exceed a threshold set annually by the Council on the basis of total quantities processed.	One of the three transfer possibilities can be authorized for processing firms: – 20% of the peeled tomato quantities allocated to a firm to the quantities which have been allocated to it for tomato concentrates and other tomato products. – 5% of the quantities of concentrate to the other products. – 5% of the other products to concentrates.

1 Volume of processed fresh tomatoes.

2 Producers' organizations.

(cont'd)

Product	Guarantee threshold: Level	Guarantee threshold: Penalization of overruns (for following marketing year)	Guarantee threshold: Remarks	Production quota (limitation of the aid for the current marketing year): Level	Production quota: Penalization of overruns	Production quota: Remarks
Dried grapes	Currants: 70 000 t Sultanas: 93 000 t Moscatel: 4 000 t	Reduction in the minumum price to the producer for the following marketing year on the basis of overruns of each of the thresholds (1% overrun = 1% reduction). The overrun is calculated on the basis of average quantities produced during the three marketing years preceding the marketing year for which the minimum price to be paid to the producer must be fixed. As regards moscatel grapes, the Community will not contribute to storage or disposal costs for products unsold at the end of the marketing year.				
Williams pears				102 305 t	For each processing firm, the production aid is confined to a proportion of total production calculated on the basis of the overrun (e.g. if Community production of Williams pears in syrup is 110 000 tonnes, the quantity attracting the aid for each processing firm will be 93% $\left(\frac{110\ 000}{102\ 300}\right)$ of production). The unit level of the aid remains unchanged.	
Peaches in syrup				EUR 10: 502 000 t	Reduction in the aid for the following marketing year which is based on a three-year production average.	

9. Milk

Since the inception of the market organization, the arrangements have been changed a number of times.

In April 1984, the Council introduced a production quota system.[1]

This mechanism is based on an overall quota broken down in to:

- a reference quantity for deliveries to dairies (by farmer or by dairy);
- a reference quantity for direct sales by farmers.

Where reference quantities allocated are overrun, an additional levy must be paid[2] by producers. It is 100% of the milk target price for "deliveries" to dairies, and 75% of this price for "direct sales". The levy applies only to quantities exceeding the quota. Despite the scheme, the persistence of milk production at levels well beyond needs compelled the Commission to proposed a set of measures designed to restore order. Adopted by the Council in 1986 and 1987, they have three main aspects:

- reduced reference quantities, some being temporary reductions, and a more severe additional levy;
- adjustment of the intervention mechanisms;
- implementation of a programme to run down stocks, particularly of butter, with a view to eliminating the intervention stocks that have built up over preceding marketing years.

  The Council's decisions yielded milk production cuts of about 9.5% as compared with 1986/87.

  The additional levy on quantities delivered or bought in exceeding the reference quantity has been renewed until 1992 as results obtained from the quotas have failed to achieve the original objective of adapting supply to demand by the end of the five-year period.

  For the next three years of operation of the additional levy scheme (from 1 April 1988 to 31 March 1992), the overall guaranteed quantity is as follows:

1 Cf. "Milk: the quota system", Green Europe, No 203, Brussels, 1984.

2 Since 1977 the arrangements have included a co-responsibility levy of 2%

('000 tonnes)

	Deliveries	Direct sales
Belgium	3 121 861	380 809
Denmark	4 735 540	0 970
Germany	22 753 310	93 100
Greece	520 890	44 620
Spain	4 560 500	677 500
France	24 964 980	747 780
Ireland	5 121 600	15 520
Italy	8 534 060	1 082 520
Luxembourg	257 050	0 970
Netherlands	11 619 630	92 150
United Kingdom	14 869 687	383 563

NB: These figures do not allow for the temporary reduction in the reference quantities (delivery) of 5.5% from 1988/89 onwards.

The Council's decisions on the intervention mechanisms empower the Commission to curtail buying-in on the basis of the following criteria:

- suspension from time to time of buying-in of skimmed-milk powder (SMP), in respect of which the basic Regulation always limits buying-in to the period from 1 March to 31 August of each year. Also, the end of the buying-in period can be brought forward if quantities reach 100 000 tonnes. However, when there is suspension, private storage aids for SMP can be granted;

- suspension of buying-in of butter as soon as the quantities sold to the agencies from 1 March 1987 onwards exceed 180 000 tonnes, which in fact happened at the end of June 1987.

  Since then, conventional intervention has been suspended and replaced by a tendering procedure for buying-in. Intervention may be started again if and when market prices reach or fall below:

  . 92% of the intervention price if the stocks constituted since 1 March 1987 remain below 250 000 tonnes,

  . 90% if the stocks constituted since 1 March 1987 exceed 250 000 tonnes.

10. **Beef/veal**

Although there is as yet no stabilization scheme for this product group, action to restore order on the market was taken on a temporary basis in December 1986.

The transitional intervention arrangements for beef[1] are no longer open-ended throughout the Community.

Certain qualities, categories and presentations are still eligible, but only where the market price for the Community is below 91% of the intervention price and only in those Member States or in those regions in which the market price is below 87% of the intervention price.

The buying-in price does not correspond to the intervention price but is calculated on the basis of an average plus 2.5% of the market prices in the Member States eligible for intervention. This buying-in price may, however, not fall short of the market price in the Member States having the highest market price. These two clauses were introduced to bring the buying-in price closer to the market price while ensuring that market prices do not spiral downwards. The new arrangements have led to a reduction in buying-in prices of about 15% below those paid in 1986. None the less, the quantities bought in have remained very large. As a result, from 1988/89 onwards, the two clauses mentioned above may be suspended in certain conditions, particularly on the basis of the differences between market prices in the various Member States.

The Commission has already announced other adjustments in this field. It is planning the introduction of buying-in arrangements drawing on the approach now used for butter (buying-in by tender).

11. Sheep and goats

The Council has set a maximum guaranteed level. For the ewe flock, this is 63.4 million head. Because of the variable premium peculiar to Great Britain, the arrangement includes, within this quantity, a specific threshold (18.1 million head) for that region.

On each 1% overrun of the guarantee threshold, the basic price used for the calculation of the ewe premium and the derived prices (intervention price and guide level used for the calculation of the variable premium) will be cut by 1% for the relevant marketing year (without cumulative effect). The goat premium has been altered in the same proportions.

IV. ACTION AS REGARDS FARM STRUCTURES

On 25 April 1988, the Council adopted a Regulation introducing a system of arable land set-aside and modifying the aid schemes for production extensification and conversion.[2] On the same date, the Council also adopted a Regulation for the early retirement of farmers.

1 Veal is generally not bought in.

2 The beneficiary cannot combine all three alternatives in respect of the same land.

As devised, these schemes are designed to cover a number of objectives:

- their aim is to facilitate the effort that has to be made to adjust supply to demand, without replacing market schemes introduced for this purpose,

- they provide support, in terms of income, to farmers who have to contend with difficulties during the adjustment period, because of the downward pressure on prices,

- they encourage farmers to allow more fully for concerns pertaining to the protection of the environment when choosing what products to grow or to raise.

1. Set-aside

Each Member State must implement this scheme. On the other hand, no farmer will be forced to take it up. The Member States may bar access to the scheme in certain regions or areas where there is a danger of depopulation or in which continued production in present conditions is needed to protect nature. For Spain, the exceptions can also be granted for particular socio-economic reasons. Portugal has been authorized to postpone application of the scheme until the end of 1994.

Farmers interested must undertake to comply with the constraints of the scheme for at least five years, but there is a facility allowing for cancellation after three years. The arable land set aside must represent at least 20% of the farm's arable land used to grow products coming under EEC market organizations. Farmers setting aside at least 30% of their arable land will be exempted from the co-responsibility levies on 20 tonnes of cereals.

The premiums are determined by the Member States on the basis of income losses so as to ensure that the scheme is effective, but avoids overcompensation. The amounts are in a range from 100 ECU per hectare per year to 600 ECU/ha/year (700 ECU in exceptional cases).

The EAGGF's contribution to the Community scheme is graduated as follows:

50% for the tranche from 100 to 200 ECU/ha/year,
25% for the tranche from 200 to 400 ECU/ha/year,
15% for the tranche from 400 to 600 ECU/ha/year.

The Community's contribution is thus higher in the areas in which the premiums (corresponding to income losses) are lowest.

The Community's contribution to the cost of the scheme will be charged in equal shares to the two EAGGF sections.

At the discretion of the farmer, land set aside can be,

- left fallow (but may be used as part of a crop rotation scheme),
- planted with trees, or
- used for non-farming purposes.

Land left fallow must be kept in good heart.

The Member States may authorize the use of land set aside for extensive stock farming (green fallow) or for the production of chickpeas, lentils and vetch. But where farmers do this, the aids will be cut by about 50%. This authorization arrangement is to be tried out for three years.

2. Extensification

This scheme covers all products. But the Member States will have discretion to restrict it to beef/veal and wine until 31 December 1989. A quarter of the cost can be claimed back from the EAGGF.

"Extensification" means a reduction by at least 20% of the output of the relevant product for five years or more. The cut in output of a given product group may not be offset by increases in another, unless the farm is increased in size. For beef/veal, the arrangements may stipulate that the number of livestock units must be cut by at least 20%. For wine, it is the yield which must come down by 20%. It will be for the Member States:

- to determine the amount of aid on the basis of income lost,

- to determine the reference period serving as basis for assessing the volume of production to which the reduction rate is applied.

For milk, the reduction is calculated on the basis of the reference quantity allocated to the farm. This reference quantity may not be increased during the period during which the farmer is drawing extensification aids.

3. Conversion of production

The aim of this scheme is to encourage farmers to diversify, at least in part, into the production of items of which the Community does not already carry surpluses. A quarter of the cost can be claimed back from the EAGGF.

4. Early retirement

The early retirement Regulation is optional for the Member States, each being free either to implement all its clauses throughout the country or only some throughout the country or in only part of the country, or indeed not to use it at all.

The purpose is to ensure a stable source of income for farmers who are getting on in years and either do not wish to or cannot embark on the process of adaptation needed to cope with changed market conditions. Where approval of early retirement is combined with a requirement to assign the farmland to non-agricultural uses - which is provided for in one of the two options in the regulation - the scheme may also help to improve the equilibrium of the markets. Where, on the other hand, the land released will serve to enlarge other farms, which is allowed in the second option under the regulation, the effect could well be to help improve agricultural structures.

The beneficiaries must be "main-occupation" farmers over 55 giving up farming of whatever kind for good.

Under the option described as "abandonment of production", the land released must be left uncultivated for at least five years and until the normal retirement age. Such land can be fallowed, afforested or used for non-agricultural purposes. The areas concerned may be brought in to a land consolidation scheme designed to achieve a more rational farming pattern.

Under the option described as "restructuring", farmers using land released by others' early retirement arrangements to enlarge their farms must have been "main-occupation" farmers and must undertake to ensure that output of surplus products will not increase.

Under both options, where a farmer qualifies for early retirement aid, his workers and family helps may also qualify.

Farmers participating in this scheme will receive an annual allowance. The amount that may be claimed from the EAGGF will be 3 000 ECU.

Where production is abandoned, the farmer will also receive a supplementary annual premium per hectare of an eligible amount of 250 ECU/ha (300 ECU/ha in cases of afforestation). The amount may be increased to 350 ECU/ha (400 ECU/ha in cases of afforestation) where a premium is taken rather than the annual allowance; this increase may not, however, in terms of eligibility, exceed the amount received for the annual allowance.

The aids granted will qualify for Community co-financing for up to ten years. But eligibility will always cease when the beneficiary reaches the age of 70.

For permanent farm workers and family helps, the eligible annual allowance is 2 000 ECU per person in paid employment, with a limit of two allowances per farm, for not more than ten years. Any aids granted will cease to be eligible for Community co-financing when the beneficiary has passed normal retirement age.

The rate of the Community's financial contribution depends upon the option chosen:

- In the "abandonment of production" option, up to 50% of the eligible expenditure effected by the Member States can be claimed from the EAGGF Guidance Section,

- under the "restructuring option", the rate of reimbursement of eligible expenditure effected by the Member States is to be varied on the basis of a composite indicator three-quarters of which is accounted for by the gross domestic product per inhabitant and one-quarter by the share of non-agricultural employment in total employment:

. the rate of reimbursement will be 50% in regions where the indicator falls short of 75% of the Community average,

. it will be 25% in regions in which the indicator is somewhere between 75% and 85% of the Community average,

. in other regions, the aids will not attract Community co-financing,

. for this option, the Commission has issued a decision providing a Community list of eligible regions,

. the regions qualifying for a reimbursement rate of 50% are:

Italy:	Compania, Molise, Pulia, Basilicata, Calabria and Sicily,
Ireland:	the entire country,
Greece:	the entire country,
Portugal:	the entire country,
Spain:	the entire country, except those regions mentioned below, for which the reimbursement rate will be 25%.

The "25%" regions are:

Italy:	Abruzzi, Sardinia,
United Kingdom:	Northern Ireland,
Spain:	the Basque country, Rioja, and the Balearic Islands.

However, after two years, the financial arrangements under this Regulation will be reviewed by the Council, on the basis of a proposal from the Commission.

Annex

Stabilizers in force

Product	1987/88 marketing year			1988/1989 marketing year
	Quotas or quantities fixed	Market situation	Exceeded	Maximum guaranteed quantity
Cereals		Output: 154.5 m t	–	Maximum guaranteed quantity 160 m t
Sugar	A quota: 10.539 m t B quota: 2.289 m t	Output: A quota: 10.223 m t B quota: 2.161 m t C sugar: 821 000 t Total (output + carryovers) 14.476 m t	No	A quota: 10.539 m t B quota: 2.289 m t
Isoglucose	A quota: 241 000 t B quota: 50 000 t	Output = quotas	No	A quota: 241 000 t B quota: 50 000 t
Rapeseed	Maximum guaranteed quantity EUR 10: 5 900 000 t Spain: 10 000 t Portugal: 1 300 t	Output EUR 10: 5 900 000 t Spain: 10 000 t Portugal: 0 t	2 400 000 t (40%, but 10% buffer) No No	Maximum guaranteed quantity EUR 10: 4 500 000 t Spain: 12 900 t Portugal: 1 300 t
Sunflower	Maximum guaranteed quantity EUR 10: 1 700 000 t Spain: 1 200 000 t Portugal: 53 500 t	Output EUR 10: 2 800 000 t Spain: 1 045 000 t Portugal: 28 000 t	1 100 000 t (64.7%, but 10% buffer) No No	Maximum guaranteed quantity EUR 10: 2 000 000 t Spain: 1 411 200 t Portugal: 63 600 t
Soya	Maximum guaranteed quantity EUR 12: 1 100 000	Output EUR 12: 1 900 000 t	800 000 t (72.7%, but 10% buffer)	Maximum guaranteed quantity EUR 12: 1 300 000 t
Olive Oil	Maximum guaranteed quantity EUR 12: 1 350 000	Estimated output early March '88 1 520 000 t	± 170 000 (12.6%)	Maximum guaranteed quantity EUR 12: 1 350 000 t
Peas and field beans	–	Output: 3 900 000		Maximum guaranteed quantity EUR 12: 3 500 000 t
Wine	–	EUR 12 208 335 000 hl	–	For 1988/89 and and 1989/90, if the total quantity to be distilled exceeds 10% of normal disposals, the buying-in price for the quantities exceeding this threshold will be set at a percentage of the guide price making it possible to ensure harmonious transition between the prices for 1987/89 (40% of the guide price) and the prices already fixed for 1990/91 onwards (7.5% of the guide price). Up to a quantity to be distilled of 10% of normal disposals, the buying-in price would be 50% of the guide price, even if the threshold is overrun.
Tobacco	–	386 000 t of leaf tobacco	–	Overall maximum guaranteed quantity (broken down by variety group) EUR 12: 385 000 t of leaf tobacco
Cotton	Maximum guaranteed quantity EUR 12: 752 000 t	Estimated output EUR 12: 828 850 t Actual output EUR 12 (provisional): 873 000 t	121 000 t (16%)	Maximum guaranteed quantity 752 000 t

Product	1987/88 marketing year			1988/1989 marketing year
	Quotas or quantities fixed	Market situation	Exceeded	Maximum guaranteed quantity
Fresh fruit and vegetables	Intervention threshold fresh tomatoes EUR 10: 390 000 t Mandarine EUR 10: 169 650 t 65% of production Clementines EUR 10: 25 520 t 10% of average production intended for consumption fresh	No overrun No overrun No overrun		intervention threshold fresh tomatoes EUR 10: 390 000 t Mandarine 50% of average output intended for consumption fresh EUR 10: 148 299 t Clementines 10% of average production intended for consumption fresh EUR 10: 23 650 t Spain: 61 464 t Satsumas 10% of average output intended for consumption fresh EUR 10: 270 t Nectarines 10% of average production intended for consumption fresh EUR 10: 37 272 t Peaches 20% of average production EUR 10: 358 417 t Oranges and lemons 15% of average production intended for consumption fresh EUR 10: Oranges 301 972 t Lemons 69 590 t Spain 69 590 t
Processed fruit and vegetables	Tomatoes: 1. Guarantee threshold EUR 10 concentrated: 2 987 650 peeled: 1 307 150 other: 405 000 total: 4 700 000	± within the limits of the thresholds as regards 1987 production, but overrun of the threshold if three-yearly output is referred to, as provided for for the application of the guarantee threshold, as follows: concentrated: 16.75% peeled: 0 other: 28.61%		Tomatoes 1. Guarantee threshold: maintained at level of thresholds already in force but effects neutralized for the next two marketing years
	2. System restricting aid to certain quantities: same quantities as those of the thresholds, but broken down by producing Member State and referring to three groups of finished products	see above		2. System restricting the aid: maintenance of the system in force with alteration of the breakdown of the overall quantities between the three groups (inclusion of Spain and Portugal in the system) Concentrates: F: 283 691 t GR: 967 003 t I: 1 665 000 t Sp: 370 000 t P: 682 945 t Peeled: F: 58 628 t GR: 25 000 t I: 1 185 000 t Sp: 209 000 t P: 9 600 t Others: F: 50 087 t GR: 21 593 t I: 453 998 t Sp: 88 000 t P: 2 192 t
	Dried grapes 1. Guarantee threshold EUR 10 Currants 70 000 t Sultanas 93 000 t	Within the limits of the thresholds		Dried grapes 1. Guarantee threshold Currants: 70 000 t Sultanas: 93 000 t Moscatel: 4 000 t

Product	1987/88 marketing year			1988/1989 marketing year
	Quotas or quantities fixed	Market situation	Exceeded	Maximum guaranteed quantity
	Other products System restricting aid EUR 12: – Williams pears: 102 305 t – Whiteheart cherries: 28 272 t – Sour cherries: 51 282 t	 ± within the limits) no processing) needed in) 1987/88	 no overrun	Other products System restricting aid Williams pears: 102 305t Whiteheart cherries and sour cherries: aid discontinued and replaced by a minimum import price peaches in syrup limitation of the aid to a level corresponding to the average of the quantities produced during the last three marketing years (502 000 t)
Milk	Overall guaranteed quantity net of quota suspension (including Community reserve) EUR 12 (excl. Portugal) 98 379 000 t	(Foreseeable overall overrun of about 1 m t on the basis of figures available early March '88)		95 339 736 Community reserve
Sheepmeat	–	–		Maximum guaranteed level for ewe flock 63 400 000 head, of which: Great Britain: 18 100 000 EUR 11 and Northern Ireland: 45 300 000

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