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INFORMATION MEMO

Supplementary proposals for common policy
on fruit and vegetables

The Commission has submitted a draft regulation to the Council to further the common policy on fruit and vegetables. Its main object is to stabilize the market, and it is supplementary to the measures already in force concerning common rules for competition and the removal of obstacles to trade among Member States.

The Commission hopes that by 1966 this will establish a single market in fruit and vegetables, open to the outside world but maintaining certain guarantees for Community farmers. The draft contains measures to promote the activities of growers' co-operatives and to reorganize the market, together with new provisions to standardize arrangements for importing from or exporting to non-member countries.

From January 1, 1966, Regulation No. 25 (financing of the common agricultural policy) is to be applied to the fruit and vegetable market. The various forms of market intervention will thus be financed in whole or in part.

Organization of growers

Action by growers' co-operatives is considered one of the most important factors in regularizing supply in relation to demand at regional level. Measures to encourage the setting-up of such co-operatives have therefore been proposed. The main provisions may be summarized as follows:

1. The Member States will give official approval to growers' co-operatives, whose members are required to comply with certain rules on production and marketing;
2. The Member States may promote the formation and facilitate the operation of approved co-operatives by defraying part of their operating costs, provided that this assistance is provisional and degressive so as gradually to place more financial responsibility on the growers;

3. Recognition of the role of the co-operatives in market intervention, in particular a system of withdrawal prices.

For the eight products listed below, the withdrawal price may not exceed 60% of the guide price and may not be less than 120% of the minimum purchase price.

To finance these withdrawal operations, the approved co-operatives set up an intervention fund for each product; this will be included in their balance-sheets and maintained from contributions assessed on the quantities they offer for sale.

The European Agricultural Guidance and Guarantee Fund (EAGGF) is to contribute to these funds at a level above the minimum purchase price, while the Member States may make loans.

Market intervention

In order to prevent prices collapsing in the Community, the implementation of these measures should be accompanied by steps to reorganize the market applying throughout the Community. An intervention procedure is thus prescribed for eight products (cauliflowers, tomatoes, oranges, mandarins, dessert grapes, peaches, and eating apples and pears) which represent about 80% of the fruit and 35% of the vegetables grown in the Community.

Two sets of provisions are proposed. The first may be applied by decision of the Commission when the market price is lower than 80% of the guide price for three days. These measures include (a) a ban on marketing within the Community for a given period products subject to common quality standards of certain varieties, sizes or classes; and (b) subsidies to encourage processing of products that can no longer be absorbed by the market. The others are automatically set in motion when the market price is less than 60% of the guide price for three days. When this happens the intervention authorities are obliged to buy up, at the minimum purchase price, all Community products offered to them, provided they meet the common quality standards and have not been banned from marketing. The products bought by the intervention authorities must be rendered unfit for human consumption.

These purchasing operations are to be suspended as soon as the market price has stood at or exceeded 60% of the guide price for three consecutive business days.

The market price, which is calculated each business day by the Commission, is equal to the arithmetic mean of daily prices on representative first wholesaler markets in the Community. The guide price, fixed annually by the Council, will be based on the average of prices over three seasons and will be set at an appropriate level to guide production.

The provisions concerning the safeguard clause will no longer apply to these products from January 1, 1966.

Together with the draft regulation, a draft resolution has been presented, proposing that the Council decide as to the advisability of giving priority in the EAGGF to schemes submitted by approved co-operatives under the Community programme set out in the resolution, the main purpose of which is to promote the development of facilities for the storage, handling, packaging and marketing of fruit and vegetables.

Trade with non-member countries

In general, all quantitative restrictions, or measures equivalent in effect, on imports from non-member countries are to be removed.

Provision is also made for safeguard measures in respect of imports from non-member countries permitting practices whereby products can be offered on Community markets at abnormally low prices; the Member States will be authorized to impose a countervailing charge on these products - the charge to be equal for all Member States.

Products for which common quality standards have been fixed cannot be exported to non-member countries unless they reach these standards. With this measure - and the draft regulation of January 1964 on the application of common standards within the producing Member State - these standards will apply to the entire Community market.

Lastly, refunds based on price movements within the Community and on external markets that are important outlets for Community produce may be granted when these products are exported to non-member countries.

The draft regulation is based on Article 43 of the Treaty and Articles 3(2) and 11(1) of Regulation No. 23 - the leading regulation on this sector.
