

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION REPORT TO THE COUNCIL ON DISTORSIONS OF COMPETITION IN HOTHOUSE AGRICULTURE

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INTRODUCTION - SUMMARY

1. At the 594th meeting of the Council held on 18 September 1979, the Council asked the Commission for a report on the distortions of competition which could arise from differences in the aid granted by various Member States, in particular, in the sector of hothouse horticulture. The present report is in response to that request and follows on from a report already drawn up in 1974 on the same subject (1).
2. The specific advantages which a given sector within a Member State enjoys must be gauged in relation to the general conditions under which that Member State's economy operates.

The first chapter of the Report therefore describes the general conditions in which the economy as a whole obtains its energy supplies and, in particular, the factors determining the prices of the various sources of energy.

The importance of the cost of energy in the farm sector is analysed in the second chapter of the Report.

After giving an overall picture of the situation in the farming sector from the energy point of view, the chapter analyses the horticulture sector in greater detail in accordance with the Council's request, in view of the particular importance of energy costs in this sector.

The analysis deals with the structure of the sector, the sources of energy it uses and the specific differences in the aid and the tax measures for which it qualifies as regards energy.

In this respect and in the case of horticulture in particular, it must be stressed that the analysis has been hampered by the gaps and the frequent lack of precision in the statistical data relating to such items as the size of holdings, the area of glass heated, the types of greenhouse and the fuels used.

(1) Memorandum from the European Commission to the Council of Ministers on the changed conditions of competition in certain sectors of agriculture resulting from the new situation on the energy market - SEC (74) 2200 final.

3. On the basis of the information actually obtained, the analyses show that the most marked distortions in horticulture are due to the fact that the sector uses different fuels with prices per unit of calorific value which vary according to the Member State; further distortion occurs as a result of:

- the general way in which the prices of petroleum products are determined (with, in some cases, maximum prices fixed at levels varying according to national options and, in other cases, prices being allowed to find their own level on the market);
- the special prices for natural gas available to horticulture in the Netherlands;
- indirect taxation on energy supplies, which shows substantial differences between Member States;
- regulations on the protection of the environment;
- aid for the purchase of energy supplies (excise duty refunds), for energy savings or for diversifying the sources of energy used.

In the light of the short-term situation as seen at present, aid of a transitional nature which makes it possible to begin the changeover to new sources of energy and a more rational use thereof could be accepted under Articles 92 and 93 of the Treaty, for a period of up to a year. The Commission will review the situation if the conditions of competition as regards energy in horticulture change.

The Commission considers indeed that the ultimate objective of the action taken must be for the costs of production to reflect the price of energy.

Considering the fact that the special horticultural tariff for natural gas in the Netherlands results in a permanent advantage for horticulture at a time of price increases, and considering also that the existence of this tariff in its present form is affecting the development of trade in a manner contrary to the Community's interests, the Commission finds it necessary to examine this tariff in the light of Article 92 of the Treaty and apply the procedure provided for in Article 93(1).

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CHAPTER I

I. ENERGY MARKET TRENDS

1. Energy consumption since 1973

Energy consumption in the Community has slowed down since the 1973-74 oil crisis; gross primary energy consumption in 1978 was at virtually the same level as in 1973.

There has also been a change in the structure of primary energy consumption. Oil covered only 55.7% of primary energy requirements in 1978 compared with 61% in 1973.

Natural gas, on the other hand, covered 16.8% of primary energy requirements in 1978 compared with 12.1% in 1973.

This change in the structure of the energy balance sheet has resulted in a reduction in the Community's dependence on imported oil; in 1978 imported oil covered only 48.4% of gross consumption in the Community compared with 60.5% in 1973 (see Annex I, Tables 1 and 2).

2. Energy price trends

a) Petroleum products

aa) Price trend

Despite the reduction in the Community's dependence on imported crude oil there have, however, been strains on the markets and price increases.

The suspension of oil imports from Iran from late December 1978 to early March 1979 and their resumption at a level nearly 2 million barrels a day less than expected exerted a considerable strain on the oil market, especially as there was an increase in demand as a result of bad weather in the winter of 1978-79. This pressure resulted in a number of price increases; at first they were uncoordinated but subsequently (last June) applied to all the OPEC countries.

The price of marker crude rose from \$12.70 a barrel in the last quarter of 1977 to \$20 a barrel in the third quarter of 1979, an increase of almost 57% in the space of a year. Over the same period, other types of crude oil to which various surcharges apply compared with marker crude, went up to \$23.50 a barrel. All in all, in view of the structure of the Community's supply of oil from various sources, the fob price in dollars for a barrel of imported oil increased by nearly 90% between 31 December 1978 and 1 July 1979.

As can be seen from the tables below, the increases in crude oil prices have had a disparate effect on petroleum product prices and energy prices in general.

Percentage increase in prices between 15 January 1978
and 15 February 1980
(not including taxes)

	B	DK	D	F	Irl.	It.	NL	UK
Premium petrol	78	62	51	39	60	66	54	85
Regular petrol	83	65	59	43	62	71	55	89
Automotive gasoil	102	84	56	57	56	93	65	63
Light fuel oil	100	103	112	60	61	102	78	66
Heavy fuel oil	54	76	55	75	51	110	60	73

The increases are as follows if we examine a longer period, including the period analysed in the report drafted in 1974.

Percentage increase in prices between January 1973 and February 1980
(not including taxes)

	B	DK	D	F	Irl.	It.	NL	UK
Premium petrol	293	133	149	264	420	470	194	449
automotive gasoil	304	119	184	280	141	714	219	512
Light fuel oil	209	211	236	261	467.	485	128	384
Heavy fuel oil	455	442	353	611	571	969	510	720

1) January 1975

There are several factors involved in the uneven effect of crude oil price increases on petroleum product prices:

- a) First of all, the proportion accounted for by the cost of crude oil in the cost of the final petroleum products is lower the more refined the final product. The increase in the price of crude therefore has an uneven effect on the cost of the various petroleum products used in the economy.
- b) However, taking into account the different inflation rates recorded in the Member States, an examination of the increases in final product prices (see the table above), and the increases in the crude oil prices over the same period suggests that there are other factors magnifying or mitigating the effect of the increases in crude oil prices on the prices of final products.

The extent of the adjustments and the time lags involved vary from one Member State to another and give rise to very different situations depending on whether a particular Member State has maximum price rules or not, and on the amount of tax involved.

bb) Factors affecting price formation

The differences are due primarily to the general rules governing the formation of petroleum product prices. In some cases, maximum prices are set at different levels which reflect the options of the Member State concerned (Belgium, Netherlands, France, Italy and Luxembourg). In the other cases, market prices are not subject to any form of control (Denmark, Germany, Ireland and United Kingdom (see Annex 2).

The differences observed between petroleum product prices exclusive of tax in the Member States at the time of the 1974 oil crisis led the Commission to carry out an enquiry based on Articles 85 and 86 of the Treaty. This enquiry failed to establish any proof of a concerted practice or dominant position, among other reasons because of the complexity of the petroleum product market which is influenced by action by the oil companies and by governments.

On 1 October 1979 these differences were as follows (1):

Prices exclusive of tax

	:Premium petrol:	automotive gasoil:	Light fuel oil:	Heavy fuel oil:
:Italy	: 100	: 102	: 104	: 119
:Denmark	: 112	: 127	: 126	: 115
:France	: 117	: 100	: 100	: 119
:Germany	: 123	: 127	: 130	: 120
:Netherlands:	126	: 118	: 114	: 118
:Belgium	: 126.5	: 122	: 116	: 100
:Ireland	: 134.0	: 139	: 132	: 172
:U.Kingdom	: 134.1	: 137	: 119	: 125

(1) Country with the lowest prices exclusive of tax = 100

The prices policies pursued by the Member States in relation to energy are part of their short-term economic policies, and these policies have not as yet been coordinated at Community level.

Taxation

Many of the price differences observed as regards motor fuels and heating fuels in the Member States are attributable to the different excise duty arrangements for these products and the fact that vat rates vary considerably from one country to another (see Annex 7).

The following differences have been observed (1):

Excise duties

	<u>Premium petrol</u>	<u>Automotive gasoil</u>	<u>Light fuel oil</u>	<u>Heavy fuel oil</u>
:U.Kingdomn :	100	584	155	1.218
:Ireland :	114	240	100	786
:Netherlands:	140	277	181	586
:Germany :	142	823	102	693
:Belgium :	170	289	172	288
:France :	193	524	359	0
:Denmark :	198	0	0	0
:Italy :	212	100	244	100

Although the proportion accounted for by taxes in the selling prices of motor fuels and heating fuels has fallen since January 1978 in all the Community countries but two (France and Denmark), there are still considerable differences from Member State to Member State.

(1) Country with the lowest excise duty = 100
Position in October 1979

This proportion varies from 36% in the United Kingdom to 57% in Italy in the case of premium petrol, from 13% in Italy to 50% in Germany in the case of gasoil (Diesel), from 0% in Denmark (taxable persons for VAT purposes) to 14% in France in the case of light heating oil and from 0% in Denmark (taxable persons for VAT purposes) to 9% in the United Kingdom in the case of heavy fuel oil (see Annex III).

Rates of VAT on mineral oils applied in October 1979

	Premium petrol	Automotive gasoil	Light fuel oil	Heavy fuel oil
Belgium	16	16	6	6
Germany	13	13	13	13
Denmark	20.25	20.25	20.25	20.25
France	17.6	17.6	17.6	17.6
U.Kingdom	15	15	0	0
Ireland	10	10	0	0
Italy	12	12	14	14
Luxembourg	5	5	5	5
Netherlands	18	18	18	18

b) Gas

Consumption

The share of natural gas in the Community's gross energy consumption is growing. In 1973 its share was 12.1%. In 1978 it was 16.8% and it will continue to increase more rapidly than expected in the next few years.

Gas tariffs and rates

A wide variety of systems of tariffs and rates apply depending on whether small consumers (households) or large consumers (industry and power stations) are involved.

In addition, in the Netherlands there is a distinction between horticultural tariffs and industrial tariffs.

aa) Gas prices from 1973 to 1979

There have been very considerable price increases in all the Community countries as a result of alignment on the prices of petroleum products. The time-lag involved in making the adjustments is such that gas is always cheaper in a period of rising petroleum product prices. However, it should be emphasized that in most countries the authorities have attempted to fight inflation by controlling gas prices where this is allowed under the rules in force. Price freezes, restrictions on the application of certain tariff provisions, and tax exemptions are some of the measures introduced.

There are considerable differences as regards price increases and levels. For both domestic uses and industrial uses prices can vary by more than 100% between the cheapest and most expensive location in the Community for an identical type of consumption.

These differences can be partially explained by a number of factors:

- a) Gas company costs are very variable. Some companies are close to a source of supply while others are not;
- b) Access to resources may differ a great deal depending on the legal system governing the resources and according to the geological conditions;
- c) The structure of the industry is not the same in every Member State. Each country is an individual case in this respect;
- d) There are different taxation systems and the VAT rates differ from Member State to Member State;
- e) The Member States are at different stages as regards the development of their gas industries;
- f) The business policies of the gas companies are not everywhere subject to the same commercial constraints as regards the marketing of gas.

bb) Tariffs (see Annex 3)

Household tariffs

In general, the simple two-part tariff is the most common.

This consists of a monthly, quarterly or yearly standing charge, irrespective of the amount consumed, and a single commodity rate for the amounts actually used.

There are also variations on this system:

- 1) two-part tariffs in "stages" (fixed charge, different commodity rate, differs according to the "stages" of consumption);
- 2) no fixed charge, commodity rate differs according to the different "stages" of consumption;
- 3) single-part tariff with a commodity rate in proportion to offtake.

Industrial tariffs

There is a wide range of systems of tariffs and rates in this sector:

- 1) individual contracts, particularly for large consumers, with rates varying from customer to customer according to the offtake terms;
- 2) simple two-part tariff (with single commodity rate);
- 3) two-part tariff in "stages" with decreasing rates;
- 4) simple two-part tariff with rates varying with the season (prices are higher in winter than in summer);
- 5) two-part tariff in "stages" with decreasing rates and an hourly or daily standing charge which applies to the maximum contracted hourly or daily offtake;
- 6) single-part tariff (no standing charge) with commodity rates which vary according to main classes of consumption;
- 7) single-part tariff (no standing charge) with a basic commodity rate which is reduced in stages according to the quantity consumed.

c) Others

Of the other forms of energy, electricity should be mentioned. There are considerable differences as regards price levels and changes. In the domestic sector, there are differences between countries of the order of 100% for individual types of consumption. Two sets of factors are likely to influence the level of prices and hence explain the differences mentioned above. Some concern production costs, e.g. the structure of the installed generating capacity (hydro, thermal, nuclear), the cost of fixed capital, operating costs (technical structure, fuel prices, staff costs), transmission and distribution, and financing arrangements.

The others concern the difference between production and distribution costs and selling prices.

Tax differences should also be noted.

CHAPTER II

ENERGY IN AGRICULTURE ·

A. IN AGRICULTURE GENERALLY

Full data on the amount of energy consumed by agriculture in the Community as a whole are not available for the years after 1972/73.

According to surveys carried out in 1974 (1), the total consumption of energy-generating products by agriculture in 1972/73 reached 18.5 million TOE (2), in other words, around 2% of the Community's total energy consumption. Petroleum products (71%) represent agriculture's main source of energy, followed by electricity (19%), gas fuels (9.4%) and coal (0.4%).

In 1973, the consumption of petroleum products by agriculture accounted for around 1.4% of the total consumption of such products, while the consumption of natural gas by agriculture (mainly in the Netherlands) accounted for around 1% of the total consumption of gaseous products.

It is assumed that the Community's consumption of petroleum products is falling as a result of the changeover from petroleum products to natural gas in the Netherlands, France and Belgium during the past few years.

The fuel used in tractors and farm machinery, which are mainly diesel powered, accounts for most of the petroleum products consumed in agriculture.

The heating fuels (petroleum products or natural gas) used in hothouse horticulture account for around 0.7% of the Community's total gross energy consumption.

(1) Cf. Commission Memorandum to the Council - SEC(74)2200 Final
(2) TOE: tonne oil equivalent

Petroleum products are also used in the heating of livestock housing, in drying processes and in the operation of dairies (1).

Of course, in order to appreciate fully the energy needed for agricultural production, one should not forget the sizeable quantities consumed in the transportation of agricultural products and the energy consumed by the food industry (1).

The cost of energy in agriculture as a whole

As shown in the table below, energy only accounts for a small proportion of overall agricultural costs.

	Cost of energy in relation to total agricultural costs	Cost of energy in relation to total agricultural costs excluding the cost of hired or family labour
Germany	3.8%	5.2%
France	3.8%	5.9%
Italy	2.2%	4.6%
Netherlands	2.1%	2.8%
Belgium	2.1%	3.1%
Luxembourg	2.7%	4.0%
United Kingdom	3.7%	5.2%
Ireland	1.4%	2.6%
Denmark	2.1%	2.8%

Source: Farm Accountancy Data Network, average for 1974, 1975 and 1976.

- (1) By way of example, table No 3 of Annex 8 gives a breakdown of the energy used in French agriculture (taken from a study carried out by Mr. F.Houiller, "Les problèmes d'énergie et l'agriculture", based on a survey carried out by the Statistical Service of the Ministry of Agriculture.)

The fact that energy accounts for only a small proportion of total farming costs means that increases in the price of energy have only a limited effect on the costs of the agricultural sector.

The estimated increase, for the year ended 15 December 1979, in the costs (except for the cost of hired or family labour) resulting from increases in the price of energy varies from 0.8 to 2% according to the country. Including the increase in the cost of indirect energy consumption, the increase varies from 1.7 to 3%.

The cost varies however according to the type of enterprise, the sector with the highest energy costs being northern Europe's hothouse horticulture.

B. HORTICULTURE

1. Specific problems inherent to hothouse cultivation

It is very difficult to make a judgement as to the conditions of competition in this sector.

Despite the structure surveys carried out for the year 1975, comparable statistics are lacking.

Data showing what proportion of greenhouse cultivation is heated are available only for a few products. Nothing is known about the structure of hothouse production, the technical characteristics of hothouses or the systems and types of heating used.

Nevertheless this information is indispensable in order to assess the situation accurately. The direct consumption of energy of a greenhouse varies considerably according to:

- its location (in northern or southern regions),
- the products grown,
- the technical characteristics of the hothouse, and
- the number of production cycles completed in the course of an accounting year.

The incidence of the cost of energy also varies according to the magnitude of the other costs involved in a given type of production.

Differences in the cost of energy between holdings in a given region and between countries are therefore quite large.

The cost of energy accounts for between 17 and around 56% of running costs, not including wages and depreciation.

Production figures for vegetables grown in hothouses

By weight

Comparable statistics are only available for three categories of horticultural products: tomatoes, lettuces, cucumbers and gherkins.

However, these three categories account for most of the horticultural production under glass.

Ornamental plants and flowers also represent a sizeable proportion, but no comparable statistics were available for these.

The statistics available concerning the total weight of the four products referred to earlier (tomatoes, lettuces, cucumbers and gherkins) show that 23% of the Community's tomato production, 24% of its lettuce production and 72% of its cucumber and gherkin production is grown in hothouses (1978 figures; source: SOEC).

But these percentages vary considerably from country to country (1978 figures).

Tomato, lettuce, gherkin and cucumber production grown in hothouses as a percentage of the Member State's total production

	Tomatoes	Lettuces	Gherkins and cucumbers
Netherlands	100%	76%	91%
Ireland	100%	60%	100%
Denmark	100%	79%	70%
United Kingdom	100%	20%	100%
Belgium	94%	55%	34%
Germany	71%	10%	48%
France	14%	24%	73%
Italy	10%	2%	16%

Each country's share of the Community's hothouse production is as follows
(1978 production figures)

	Tomatoes	Lettuces	Gherkins and cucumbers
Italy	32%	3%	4%
Netherlands	31%	36%	65%
United Kingdom	12%	12%	11%
Belgium	10%	18%	3%
France	9%	26%	11%
Ireland	3%	1%	
Germany	2%	3%	4%
Denmark	1%	1%	2%

Areas under hothouse cultivation

As the definition of greenhouses varies considerably between Member States, statistics concerning the areas under hothouse cultivation should be treated with caution.

According to the SOEC survey of the structure of agricultural holdings, which was based on the figures for 1975, the areas under hothouse cultivation in the Community were as follows:

: 1975 EEC structure survey(1) : Area under hothouse vegetables and :	
: ornamental plant cultivation in ha :	
: Germany	: 1.332 (2)
: France	: 1.751
: Italy	: 3.449
: Netherlands	: 6.568
: Belgium	: 1.214
: Luxembourg	: 2
: United Kingdom	: 1.116
: Ireland	: 62
: Denmark	: 605

The surveys carried out by the trade in 1978 show substantial variations from these figures, as indicated in the table below:

: Figures supplied by the	: Area under hothouse cultivation in :	
	: 1968 :	
: trade	: Flowers	: Vegetables
: Germany	: -	: -
: France	: 1.017	: 1.100
: Italy	: 1.380	: 850
: Netherlands	: 3.383	: 3.695
: Belgium	: 514	: 2.519 (2)
: United Kingdom	: 575	: 1.300
: Ireland	: 26	: 302
: Denmark	: 560	: 240

(1) SOEC survey of the structure of farm holdings.

(2) Heated and unheated greenhouses.

(3) Relates to several production cycles.

Implications

The above figures and the statistics for exports (Tables 9, 10 and 11 of Annex 6 show that:

- the Netherlands accounts for 65% of the gherkins and cucumbers, 36% of the lettuces and 31% of the tomatoes produced under glass in the Community;
- the Netherlands exports 81% of the tomatoes and 76% of the gherkins it produces;
- the Federal Republic of Germany alone takes 78% of the tomatoes and 88% of the gherkins and cucumbers exported by the Netherlands;
- since 1974, the Netherlands' exports to Germany have developed as follows:

tomatoes	:	+ 0.6%
cucumbers	:	+ 11%
flowers	:	+ 15%

During the same period, the trend of exports from Italy was as follows:

flowers	:	+ 16%
tomatoes	:	+ 66%
cucumbers and gherkins	:	+107%

However, these figures relate to smaller quantities; in 1978 Italy's exports of cucumbers and gherkins were equivalent to only 14% of the Netherlands' exports to the Federal Republic of Germany, 5% of its exports of tomatoes and 13% of its exports of flowers.

There are also signs, in most of the countries, of a changeover from vegetable crops to flowers and ornamental plants, which will mean higher incomes.

2. Prices paid by growers for hothouse heating fuels

a) The use of different fuels as between Member States

The fuels used in horticulture and their price per unit of calorific value varies according to the Member State (1):

natural gas	Netherlands
light fuel oil	Federal Republic of Germany, France, Ireland and Luxembourg
heavy fuel oil	United Kingdom
heavy and light fuel oil	Denmark, Belgium and Italy

On the basis of the fuel equivalent to 1000 cubic meters of natural gas, the respective price levels are as follows:

	<u>February 1980 indices</u>		
	<u>Gas</u>	<u>Heavy fuel oil</u>	<u>Light fuel oil</u>
Netherlands	100	141	
Belgium		133	274
Denmark		145	253
Italy		148	247
United Kingdom		156	
France			231
Ireland			246
Germany			278

Distortions therefore do exist, especially between growers who consume natural gas, heavy fuel oil and light fuel oil.

(1) Comparable data for consumption broken down according to the type of fuel are not available.

(2) Country with the lowest price = 100 - see Annex 4.

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b) Rates charged for gas in the Netherlands

The Netherlands is the only Member State with large deposits of natural gas. The Netherlands' Government has encouraged the use of this source of energy in horticulture, mainly for environmental reasons, as an alternative to the widely used heavy fuel oil which was responsible for a high degree of air pollution.

In order to make the changeover more attractive, the two following measures were taken:

- at the administrative level, State subsidies were granted in order to facilitate the necessary investment;
- as between growers and the gas distribution company, an agreement was concluded with a view to stabilizing the price of natural gas. When last reviewed, the agreement provided for a regular increase of one cent per cubic metre on 1 April and 1 October of each year.

In practice, however, it was not possible to hold to this principle fully. At the beginning of 1979, parity with heavy fuel oil had been achieved, but with the increases in the price of fuel oil which took place from July 1979 onwards, the gap between the two widened. October 1979 saw a bigger increase, designed to take account of the rise in the prices of heavy fuel oil during a period of reference. In view of the rise in heavy fuel oil prices and, in particular, the considerable increases during the last few months, the average price of natural gas has remained below that of heavy fuel oil in recent months; the impact of this is shown in the table attached (Annex 9).

Since the autumn of 1979, talks have been under way between the Landbouwschap and Gasunie (the distribution company) with a view to arriving at a more flexible arrangement whereby the prices of the two resources of energy could be brought closer together.

In April 1980 an agreement was reached which provides for an increase in the horticultural tariff of 9 cent per m³ spread over 2 years (3 cent 1.4.1980 and 1.4.1981; 1,5 cent 1.10.1980 and 1.10.1981). There is also a revision clause to cover the situation of a high increase in the cost of fuel.

Therefore the question again arises as to whether horticulture in the Netherlands is receiving State aid as defined in Articles 92 and 93 of the Treaty.

In this respect, consideration should be given to the following:

NV Nederlandse Gasunie, a company under private law, with 40% of its capital held by Staatsmijnen, 10% by the State, 25% by Shell and 25% by Esso, is in charge of the transportation and sale of the country's natural gas to distribution companies and major industrial consumers, and concludes freely negotiated contracts under private law with natural gas buyers.

A decision on Gasunie's tariff or prices requires a three-quarters majority. The votes are allocated as follows: Esso (1), Shell (1), the State (1), Staatsmijnen (2). The State and NV Staatsmijnen therefore cannot outvote Shell and Esso.

However, the distribution company must submit its tariff to the Ministry of Economic Affairs for approval.

According to information supplied by the Netherlands' Government, the prices of natural gas in the Netherlands during the second quarter of 1979 and the first quarter of 1980 were as follows:

1. Small consumers (deliveries of up to 170 000 m³ per year):

	<u>1979</u>	<u>1980</u>
Price per cubic meter	ct 25	ct 29
"vast recht" per year	Fl 57	

2. Large consumers (deliveries of more than 170 000 cubic meters)(1):

	<u>1979</u>	<u>1980</u>
Price per cubic meter under the old contracts	17.5	
Price per cubic meter under the new contracts	20.8	24.9

3. Horticulturists (2)

a) for the first 15 000 cubic meters delivered	<u>1979</u>	<u>1980</u>
price per cubic meter	ct 25	29
b) thereafter		
price per cubic meter	ct 15.9	20.4

Assuming a year's consumption of 250 000 m³ (horticulturist A) the cost would be as follows:

15 000 cubic meters per year	ct 29	ct 435 000
235 000 cubic meters per year	ct 20.4	ct 4 794 400
<hr/>		
250 000 cubic meters per year	ct 20.9	ct 5 229 400

Assuming a year's consumption of 100 000 m³ (horticulturist B) the cost would be as follows:

15 000 cubic meters per year	ct 29	ct 435 000
85 000 cubic meters per year	ct 20.4	ct 1 734 000
<hr/>		
100 000 cubic meters per year	ct 21.7	ct 2 164 000

The industrial tariffs in force are 29 ct per cubic meter for quantities smaller than 170 000 cubic meters per year and 22.8 ct per cubic meter for quantities greater than 170 000 cubic meters per year.

(1) Average contract price : the prices vary from 21.8 to 28 cts. per m³ according to the contract

(2) Tariff from 1.4.1980.

Depending on whether he consumes more or less than 170 000 cubic meters per year, the prices charged to a horticulturist must be compared with:

- those charged to small industrial consumers

29 ct per cubic meter (industry)	21.7 ct per cubic meter (horticulturist B)
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- the prices charged to large industrial consumers

24.9 ct per cubic meter (industry)	20.9 ct per cubic meter (horticulturist A)
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As stated earlier, the tariffs in force take into account the prices of competing forms of energy, in particular those of heavy fuel oil, the latter standing at 341.42 Fl per tonne on representative markets in February 1980. When converted into the equivalent for 1 000 cubic meters of gas (1 tonne = 1 283 cubic meters, C. Groningen), the corresponding price of 26.61 ct per cubic meter is obtained.

However, the gas tariff is index linked to the average price quoted on the market for heavy fuel oil as recorded by an independent service of the Netherlands Statistical Office for deliveries of heavy fuel oil, viscosity 3 500 sec. (RWI), of not less than 10 200 tonnes per year.

Gasunie's tariff must take into account the value of the gas in the region where it is to be consumed, the prices of competing forms of energy in the region concerned, the specific end-use of the gas and possibly also the price which the customer might have been prepared to pay for an alternative form of energy in the same area.

(1) On the basis of an annual consumption of 100 000 cubic meters.
 (2) On the basis of an annual consumption of 250 000 cubic meters.

c) Indirect taxation specific to horticulture under glass

aa) Excise duty (see Annex 4)

Tax measures and relief related to excise duty can be summarised as follows:

- two Member States impose no excise duty: Denmark on light and heavy fuel oils and the Netherlands on natural gas;
- excise duty is applied to horticulture at the standard rate in one Member State, France, where deliveries of light fuel oil to growers are subject to a tax of 13.83 Fl/hl;
- deliveries for horticulture are exempt from excise duty under the tax provisions of three of the Member States: Italy, Ireland and the United Kingdom.

ab) It should be noted also that two Member States, Belgium and Germany, have taken special measures and are refunding some of the excise duty paid on deliveries of light fuel oil to horticulture; in the case of Germany, however, the arrangement has so far applied only to 1979, no further measures having yet been taken.

Two Member States, Belgium and the Netherlands, fully refund the excise duty on the heavy fuel oil supplied to horticulture.

bb) Value Added Tax

Except where it is non-deductible (see table below), value added tax is competitively neutral, even if the rate differs from country to country.

Differences in the rate can, indeed, have an impact on the prices for the final product received by greenhouse horticulturists, but it was not possible to calculate this impact for the purposes of this report.

Rates of V.A.T. applicable on 1 January 1979 on energy-generating petroleum products and natural gas supplied to agriculture

	Germany	France	Italy	Netherlands	Belgium	Luxembourg	Denmark	Ireland	United Kingdom
Regular petrol	13	17.6 ⁽¹⁾	5	18	16	5	20.25	10	15
Diesel fuel oil	13	17.6 ⁽¹⁾	6	4	16	5	20.25	10	15
Heating oil	13	17.6 ⁽¹⁾	6	4	6	5	20.25	0	0
Heavy fuel oil	13	17.6	6	4	6	5	20.25	0	0
Light fuel oil	13	17.6 ⁽¹⁾	6	4	6	5	20.25	0	0
Natural gas	13	17.6	6	4	6	5	20.25	0	0

(1) non-deductible

in %

d) Aid

Most Member States give aid by refunding, or granting exemption from, the excise duty on the purchase of heating fuels for hothouses (see page 26).

In 1979 aid for the purchase of heating fuels was granted to Berlin by the German Government under the heading of compensation for the economic disadvantages caused by the division of Germany (Article 92.2(c)).

For 1980 the Federal Republic of Germany has also provided for aid in the form of a cash grant corresponding to a 12% interest rebate on the value of the light fuel oil used between 1 January and 31 December 1978 for quantities above 5 000 litres.

In some countries, in particular in Italy, there are arrangements for obtaining operating loans at low rates of interest, some of which are used to purchase heating fuels for greenhouses.

Some Member States have introduced general systems of aid with a view to energy savings, in the context of research and development programmes, or subsidies for the use of insulating materials or new heating techniques.

Two Member States have provided for specific aid for the diversification of the sources of energy used in horticulture, involving, in particular, the changeover to heating fired by natural gas in the Netherlands (the changeover is now complete) and to gas, coal and other forms of energy in Germany.

The sector also receives assistance in the form of investment aid under provisions specifically related to agriculture, or under general systems of aid, or again under general economic measures to encourage investment.

CHAPTER III

III. From this first look at the situation it can be stated that distortions of competition in horticulture are due to the fact that different forms of energy, with different costs per unit of calorific value, are used in the Member States.

The choice of the form of energy used is dictated by economic considerations (as in the case of natural gas in the Netherlands, heavy fuel in the United Kingdom and Belgium, etc.) or by environmental legislation, as appears to be the case of light fuel oil in the Federal Republic.

The Situation is made worse by distortions resulting from:

- a) the general way in which the prices of petroleum products are determined (with, in some cases, maximum prices fixed at levels varying according to national options and, in other cases, prices being allowed to find their own level on the market);
- b) indirect taxation (excise duty and VAT);
- c) a special tariff for natural gas supplied for horticulture under glass in one Member State;
- d) subsidies granted for the purchase of heating fuels, for energy savings, for diversification into other forms of energy, or for investment.

Distortions resulting from differences in the costs of production

The costs of production vary as between Member States. A country's natural advantages or a holding's geographical and economic position can lead to differences between countries and regions. Such differences cannot be considered as a distortion of competition.

When the common agricultural policy and in particular the structure policy thereof was devised, account was taken of the natural differences between agricultural regions and the need gradually to make the necessary adjustments and rationalization in order to overcome these disadvantages.

The common agricultural structure policy and a specific scientific research policy aimed at producing cheaper forms of energy are instruments which could in future help to mitigate the negative effects of increases in the cost of energy.

Overall differences between the economies of the various Member States

The difference between the general ways in which the prices of petroleum products are determined (with, in some cases, maximum prices fixed at levels varying according to national options and, in other cases, prices being allowed to find their own level on the market) gives rise to an overall distortion between the various Member States' economies. If all the holdings in a given country are the subject of such distortion in relation to the economy of other Member States as a whole, in other words, in relation to all their competitors, the Community's economic provisions become applicable, in particular, Chapters 1 and 2 of Title II of the Treaty concerning the conjunctural policy (Article 103) and the balance of payments (Article 104).

Distortions of a specific nature

Where a difference between the provisions laid down by law, regulation or administrative action in Member States is found to distort the conditions of competition in a sector, the Council may, acting on a proposal by the Commission, issue the Directives necessary in order to remove the differences (Article 101).

The Commission is of the opinion that a specific distortion falls within the meaning of Article 101 of the Treaty when:

- a) a sector bears a heavier or lighter burden than the average for the economy in which it is situated,
- b) the additional burden or relief does not apply to the corresponding sector of other Member States,
- c) this (relative) additional burden or relief is not offset by provisions having an opposite effect.

In compliance with this principle, Article 101 cannot apply to the distortions in horticulture which result from the fixing of prices for petroleum products at different levels. It would, in particular, be arbitrary to take in isolation one of the general conditions in which the holdings of a Member State operate (for instance the price of fuels) which handicaps production in a Member State by comparison with other Member States, while ignoring the fact that other general conditions affecting production (for example, social security payments, direct taxation, conditions of credit result in that production enjoying a more favourable position than its competitors.

Indirect taxation (excise duty)

Most Member States grant exemption from, or refund, partly or fully, the excise duty on mineral oils intended for the heating of greenhouses.

On 9 August 1973, the Commission addressed to the Council a proposal for a Directive on the harmonization of excise duties on mineral oils (1). This Directive would still allow Member States to maintain the exemptions or reductions in the rate which they apply at the date when the directive enters into force in the inshore fishing and agriculture sectors (Article 10).

(1) OJ No C 92, 31.10.1973.

Article 19 of the draft Directive provides that the Commission shall submit to the Council before 1 July 1974 (the date obviously no longer applies, as the Council has yet to act on the draft) proposals concerning a common excise duty scheme to be applied to mineral oils used in the agriculture sector.

Preparatory work done in 1974 to put these proposals into final form came to nothing. The opinions expressed by the government representatives on a working group chaired by the Commission differed considerably as to whether attempts should be made to find a common scheme in this field. The reasons put forward were, in particular, that the cost of administering such a scheme would outweigh the potential benefit to the farmers, that the effect as regards competition between farmers in the various Member States would be negligible and that it was important that isolated measures in the agriculture sector should be avoided.

In view of this negative attitude, the Commission had to stop work on the proposals for the special excise duty scheme for agriculture originally planned, pending a decision by the Council on the basic Directive. The fact is that consideration of the Directive by the Council (Group on Financial Questions) was halted in March 1975, at Article 8 of the draft and has not resumed since.

Exemption from, or refunds of, excise duty constitute aid within the meaning of Articles 92 and 93 of the Treaty. The Commission has not taken exception to these practices in view of the comparable conditions in the Member States.

Special natural gas tariff

As early as 1974 the special natural gas tariff in the Netherlands was examined by the Commission in order to determine whether it constituted aid within the meaning of Articles 92 and 93 of the Treaty.

The Commission is of the opinion that a preferential tariff comes within the scope of Articles 92 and 93 of the Treaty if it fulfils the three following conditions:

1. it must be to the advantage of certain enterprises or certain productions;
2. it must have been laid down by the public authorities;
3. it must give rise to State compensation to the distributing company or to lower State revenue.

As shown in the analysis which begins on page 21, the special tariff applied by Gasunie in respect of greenhouse horticulturists is lower than that applied to industrial consumers in the Netherlands. To the Commission's knowledge, no other Member State applies a special tariff for gas used as heating fuel by a branch of activity. It should be noted, however, that the Netherlands exports natural gas to Member States at prices below the tariff applied to horticulture in the Netherlands (1), although the transactions concerned are not comparable.

The two other criteria are, to a certain extent, inter-connected. Insofar as the State could be said to have imposed the Gasunie tariff, does the resulting lower income for Gasunie constitute aid?

The State holds 50% of Gasunie's shares and therefore has a strong influence on the running of the company and its pricing policy, although it does not have a sufficient number of votes to impose a tariff against the will of its partners. Under an agreement with Gasunie, the Ministry of Economic Affairs reserves the right to approve the selling prices and conditions of supply to public distributors in the Netherlands. The Commission has found no valid argument which could lead to the conclusion that the fixing by Gasunie of a preferential tariff for horticulturists is dictated by commercial promotion considerations.

(1) Horticultural tariff based on a consumption of 250 000 cubic meters per year: 68.3 ECU per 1 000 cubic meters; average export price of the gas applicable until April 1980: 56.6 ECU per 1 000 cubic meters. However, the quantities of the contracts concerned are in no way comparable.

The quantities of gas delivered, which determine the advantages granted by Gasunie to certain large consumers are smaller in the case of horticulturists than in the case of large industrial consumers, despite the fact that prices to horticulture are below the average of those for industry (1).

In view of the foregoing and considering the fact that the special horticultural tariff for natural gas results in a permanent advantage for horticulture at a time of price increases, and considering also that the existence of this tariff in its present form is affecting the development of trade in a manner contrary to the Community's interests, the Commission finds it necessary to examine this tariff in the light of Article 92 of the Treaty and apply the procedure provided for in Article 93(1).

Aid for the use of light fuel in Germany

The Commission was also called upon to give its opinion on a draft aid programme notified by Germany, aimed at introducing for 1980 aid of 12% for light fuel oil used in horticulture during 1978. On the basis of an overall assessment of the situation as regards energy prices, the Commission is of the opinion that the aid can be considered compatible with the common market by way of the exception provided for in Article 92(3)(c), subject to certain conditions, which can be used as guidelines for other similar measures.

The conditions are that:

- the aid must enable horticulturists to adapt to the new situation prevailing on the market for energy-generating products, to remain in activity during the period concerned and to change over to less costly forms of energy,
- the aid must be accompanied by other structural measures at national or regional level for changing over to alternative heating systems,
- the aid must be limited to one year and must not amount to more than 30% of the increase recorded between January 1978 and 1980, in the price (excluding tax) of the fuels used.

The Commission considers that the measure must be transitional in nature and therefore limited to one year.

The Commission will review its position if a change occurs in the conditions of competition in the Community as regards energy in horticulture. The Commission remains firmly attached to the principle according to which the price of energy must be fully reflected in the costs of production.

(1) The tariff changes effective from 1.1.1980 have not changed this situation.

IV. CONCLUSION

1. Differences in the cost of the energy used by horticulturists are above all due to the fact that the Member States use different fuels in horticulture, with costs per unit of calorific value which vary by a ratio of one to three.
2. In the light of the information available the Commission is applying the procedure provided for in Article 93.1 of the Treaty regarding the natural gas tariff for horticulture in the Netherlands.
3. In the present situation it is important for Member States to help bring about a new approach to the use of energy in this sector with a view to bringing about energy savings and to using types of energy which are less costly per unit of calorific value.
4. In the light of the short-term situation as seen at present, aid of a transitional nature which makes it possible to begin the changeover to new sources of energy and a more rational use thereof could be accepted under Articles 92 and 93 of the Treaty, for a period of up to a year. The Commission will review the situation if the conditions of competition as regards energy in horticulture change.
5. The Commission considers that the ultimate objective of the action taken must be for the costs of production to reflect the price of energy.

ANNEXES

A N N E X 1

ENERGY BALANCE SHEETS

ANNEX I

ENERGY BALANCE SHEET FOR THE COMMUNITY FOR 1973

	Inland production	Net imports	Gross consumption
	%	%	(MTOE)
Solid fuels	194.1	25.5	219.6
Oil	11.8	587.6	592.5
Natural gas	114.2	3.6	117.8
Nuclear	12.5	-	1.4
Other	3.8	14.5	27.0
	346.7	631.2	971.0
	100	100	100

ENERGY BALANCE SHEET FOR 1978

	Inland production		Net imports		Gross consumption	
		%		%		%
Solid fuels	172.8	39.8	25.6	4.8	203.2	20.9
Oil	64.5	14.9	470.0	88.8	541.7	55.7
Natural gas	135.1	31.1	30.8	5.8	163.4	16.8
Miscellaneous	28.3	6.5	-	-	28.3	2.9
Other	32.7	7.5	2.7	0.5	35.4	3.6
	433.4	100	529.1	100	972.0	100

A N N E X 2

SELLING PRICES OF PETROLEUM PRODUCTS

DEVELOPMENT OF CERTAIN ENERGY PRICES

The prices indicated in the annexes are order-of-magnitude figures and should therefore be interpreted with all due caution.

They relate to maximum prices in the case of those countries where maximum price systems are in force (Netherlands, Belgium, Italy and France), and reflect the market situation in the case of the other Member States.

The prices indicated take no account of rebates, special terms, etc., e.g. rebates which may be granted for farming or certain types of farming.

Conversion rates used

100 units (national currency) = EUA

Belgium

Denmark

Germany

France

ORIGINAL MISSING ????

Ireland

Italy

Netherlands

United Kingdom

Premium Gasoline (petrol)

in national currencies - Taxes/duties excluded/1000 l.
Index: 1978 = January 1979

	B		DK		D		F		Irl		It		NL		UK	
	Index	Ind.	Dec.	Ind.	DM	Ind.	FF	Ind.	£	Ind.	Lira	Ind.	Ind.	Ind.	£	Ind.
15.01.1978	5.788	100	967,91	100	381,34	100	954,20	100	92,87	100	143,930	100	409,71	100	82,90	100
15.12.1978	6.850	118,34	1.066,69	110,20	403	105,67	882,60	92,49	88,39	95,17	143,930	100	485,98	118,61	88,55	106,81
1.10.1979	8.330	143,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	143,80	173,46
8.10.1979	8.330	143,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	143,20	172,73
15.10.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	575,42	139,71	142,80	172,25
22.10.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	142,42	171,79
29.10.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	142,00	171,29
5.11.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	141,66	170,88
12.11.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	140,89	169,95
19.11.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	140,50	169,48
26.11.1979	8.620	148,92	1.360	140,50	505	132,42	1.137,20	119,18	148,35	159,74	189,332	131,54	572,42	139,71	140,50	169,48
3.12.1979	8.620	148,92	1.360	140,50	505	132,42	1.162,70	121,85	148,35	159,74	189,332	131,54	589,37	143,95	140,90	169,48
10.12.1979	9.040	156,19	1.360	140,50	511	134,00	1.162,70	121,85	148,35	159,74	189,332	131,54	589,37	143,85	142,80	172,26
17.12.1979	9.040	156,19	1.400	144,60	514	134,79	1.162,70	121,85	148,35	159,74	189,332	131,54	589,37	143,85	142,80	172,26
7.01.1980	9.990	172,60	1.400	144,60	514	134,79	1.324,30	138,79	148,35	159,74	238,439	165,66	610,07	148,90	144,70	174,55
14.01.1980	9.990	172,60	1.450	149,80	514	134,79	1.324,30	138,79	148,35	159,74	238,439	165,66	610,07	148,90	146,60	176,83
21.01.1980	9.990	172,60	1.450	149,80	550	144,22	1.324,30	138,79	148,35	159,74	238,439	165,66	610,07	148,90	154,30	186,12
28.01.1980	10.330	178,47	1.570	162,20	570	149,47	1.324,30	138,79	148,35	159,74	238,439	165,66	610,07	148,90	154,30	186,12
4.02.1980	10.330	178,47	1.570	162,20	575	150,78	1.324,30	133,79	148,35	159,74	238,439	165,66	632,11	154,28	153,70	185,40
11.02.1980	11.020	190,39	1.610	166,33	580	152,09	1.324,30	138,79	148,35	159,74	238,439	165,66	632,11	154,28	150,50	181,54

Indicator - Consumer Prices 1978/79

Automotive Gasoil

in national currencies -- Taxes/duties excluded/1000 l.
Index : 100 = January 1978

	B.		DK		D		F		Irl		It		NL		UK	
	Bfrs	Ind.	Dkr	Ind.	DM	Ind.	FF	Ind.	£	Ind.	Lit	Ind.	Fl	Ind.	£	Ind.
15.01.1978	4.648	100	930,02	100	377,29	100	716,30	100	96,24	100	118.870	100	357,83	100	94,80	100
15.12.1978	5.425	116,71	903	97,09	379,61	100,61	699,40	97,64	93,03	96,66	117.115	98,50	353,43	98,77	93,77	98,05
1.10.1979	7.800	167,81	1.555	167,20	506	134,11	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
8.10.1979	8.190	176,20	1.555	167,20	506	134,11	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
15.10.1979	8.190	176,20	1.555	167,20	506	134,11	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
22.10.1979	8.190	176,20	1.555	167,20	506	134,11	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
29.10.1979	8.190	176,20	1.555	167,20	506	134,11	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
5.11.1979	8.380	180,29	1.555	167,20	507	134,37	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	142	149,78
12.11.1979	8.380	180,29	1.555	167,20	507	134,37	936,90	130,80	148,72	154,53	187.230	157,50	520,38	145,42	141,37	149,12
19.11.1979	8.380	180,29	1.555	167,20	507	134,37	936,90	130,80	150,35	156,22	187.230	157,50	520,38	145,42	141,37	149,12
26.11.1979	8.380	180,29	1.555	167,20	507	134,37	936,90	130,80	150,35	156,22	187.230	157,50	520,38	145,42	141,37	149,12
3.12.1979	8.240	177,28	1.555	167,20	507	134,37	962,40	134,35	150,35	156,22	187.230	157,50	540,72	151,11	141,80	149,57
10.12.1979	8.330	179,21	1.555	167,20	517	137,03	962,40	134,35	150,35	156,22	187.230	157,50	540,72	151,11	143,70	151,58
17.12.1979	8.330	179,21	1.645	176,88	524	138,89	962,40	134,35	150,35	156,22	187.230	157,50	540,72	151,11	143,70	151,58
7.01.1980	9.030	194,28	1.645	176,88	524	138,89	1.124,00	156,92	150,35	156,22	229.334	192,92	563,60	157,50	147,10	155,17
14.01.1980	9.370	201,59	1.695	182,25	531	140,74	1.124,00	156,92	150,35	156,22	229.334	192,92	563,60	157,50	147,10	155,17
21.01.1980	9.370	201,59	1.695	182,25	565	149,75	1.124,00	156,92	150,35	156,22	229.334	192,92	563,60	157,50	154,80	163,29
28.01.1980	9.370	201,59	1.695	182,25	585	155,05	1.124,00	156,92	150,35	156,22	229.334	192,92	563,60	157,50	154,80	163,29
4.02.1980	9.370	201,59	1.710	183,86	590	156,37	1.124,00	156,92	150,35	156,22	229.334	192,92	589,87	164,84	154,80	163,29
11.02.1980	9.760	210,41	1.760	187,24	592	156,90	1.124,00	156,92	150,35	156,22	229.334	192,92	589,87	164,84	156,90	159,17

Indicator - Consumer Prices 1978/79

Heating gasoil

in national currencies - Taxes/duties excluded/1000 l.
Index: 100 = January 1978

	B		DK		D		F		Irl		It		NL		UK	
	Bfrs	Ind.	Dkr	Ind.	D%	Ind.	FF	Ind.	£	Ind.	Lit	Ind.	Fl	Ind.	£	Ind.
15.01.1978	4.135	100	760,53	100	256,60	100	661	100	89,90	100	110.984	100	296,30	100	79,60	100
15.12.1978	4.484	108,44	736,70	96,87	290,20	113,09	627	94,85	75,16	92,90	109.345	98,52	293,30	98,98	78,10	98,1
1.10.1979	6.820	164,93	1.380	181,45	480	187,06	867,81	131,28	130,39	161,17	175.809	158,40	462,80	156,19	114,50	143,8
8.10.1979	7.110	171,94	1.380	181,45	478	187,06	867,81	131,28	130,39	161,17	175.809	158,40	462,80	156,19	114,50	143,8
15.10.1979	7.110	171,94	1.380	181,45	478	187,06	867,81	131,28	130,39	161,17	176.012	158,59	462,80	156,19	114,50	143,8
22.10.1979	7.110	171,94	1.380	181,45	478	187,06	867,81	131,28	130,39	161,17	176.747	159,25	462,80	156,19	116,00	145,7
29.10.1979	7.110	171,94	1.380	181,45	483	188,23	867,81	131,28	130,39	161,17	176.747	159,25	462,80	156,19	116,00	145,7
5.11.1979	7.300	176,54	1.380	181,45	485	189,01	867,81	131,28	130,39	161,17	181.361	163,41	462,80	156,19	116,00	145,7
12.11.1979	7.300	176,54	1.380	181,45	493	192,12	867,81	131,28	130,29	161,17	182.090	164,06	462,80	156,19	116,00	145,7
19.11.1979	7.300	176,54	1.380	181,45	500	194,85	867,81	131,28	130,39	161,17	182.298	164,25	462,80	156,19	117,00	146,9
26.11.1979	7.160	173,15	1.380	181,45	503	196,02	867,81	131,28	130,39	161,17	182.298	164,25	462,80	156,19	117,00	146,9
3.12.1979	7.160	173,15	1.380	181,45	510	198,75	894,1	135,26	130,39	161,17	182.301	164,25	482,80	162,94	118,00	148,2
10.12.1979	7.250	175,33	1.380	181,45	517	201,48	894,1	135,26	130,39	161,17	182.301	164,25	482,80	162,94	118,00	148,2
17.12.1979	7.250	175,33	1.480	194,60	519	202,26	894,1	135,26	130,39	161,17	182.301	164,25	482,80	162,94	118,00	148,2
7.01.1980	7.950	192,26	1.480	194,60	533	207,72	1.055,7	159,71	130,39	161,17	223.670	201,53	502,80	169,69	124,00	155,7
14.01.1980	8.290	200,48	1.530	201,17	545	212,39	1.055,7	159,71	130,39	161,17	223.670	201,53	502,80	169,69	124,00	155,7
21.01.1980	8.290	200,48	1.530	201,17	545	212,39	1.055,7	159,71	130,39	161,17	223.670	201,53	502,80	169,69	132,00	165,8
28.01.1980	8.290	200,48	1.530	201,17	545	212,39	1.055,7	159,71	130,39	161,17	223.670	201,53	502,80	169,69	132,00	165,8
4.02.1980	8.290	200,48	1.545	203,14	543	211,61	1.055,7	159,71	130,39	161,17	223.670	201,53	528,80	178,46	132,00	165,8
11.02.1980	8.700	210,39	1.595	209,72	543	211,61	1.055,7	159,71	130,39	161,17	223.670	201,53	528,80	178,46	132,00	165,8

Indicator - Consumer Prices 1976/79

Annex 2

Heavy fuel oil

in national currencies - Taxes/duties excluded/M.T.

Index : 100 = January 1978

	B		DK		D		F		Irl		It		NL		UK	
	Bfrs	Ind.	Dkr	Ind.	DM	Ind.	FF	Ind.	£	Ind.	Lit	Ind.	Fl	Ind.	£	Ind.
15.01.1978	3.057	100	563	100	297,16	100	422,50	100	66,62	100	73,139	100	213,07	100	49,05	100
15.12.1978	2.728	89,23	488	86,68	196,38	94,79	425,10	100,61	62,91	94,43	75,623	103,39	180,92	84,91	46,30	94,30
1.10.1979	3.490	114,16	740	131,43	262	126,47	608,10	143,93	100,64	151,06	118,907	162,57	283,22	132,92	71,30	145,36
8.10.1979	3.490	114,16	740	131,43	263	126,95	608,10	143,93	100,64	151,06	117,871	161,16	283,22	132,92	70,50	143,73
15.10.1979	3.490	114,16	740	131,43	263	126,95	608,10	143,93	100,64	151,06	116,852	159,76	283,22	132,92	70,60	143,93
1.11.1979	3.711	121,39	740	131,43	263	126,95	608,10	143,93	100,64	151,06	116,852	159,76	283,22	132,92	71,40	145,56
1.11.1979	3.711	121,39	740	131,43	263	126,95	608,10	143,93	100,64	151,06	116,441	159,21	283,22	132,92	71,60	145,97
1.11.1979	3.711	121,39	740	131,43	268	129,36	658,10	143,93	100,64	151,06	115,791	158,31	283,22	132,92	71,80	146,38
1.11.1979	3.711	121,39	740	131,43	271	130,81	658,10	143,93	100,64	151,06	116,963	159,91	283,22	132,92	71,90	146,58
1.11.1979	3.901	127,60	740	131,43	271	130,81	658,10	143,93	100,64	151,06	119,129	162,88	283,22	132,92	72,00	146,78
1.11.1979	3.901	127,60	740	131,43	271	130,81	658,10	143,93	100,64	151,06	122,027	162,88	283,22	132,92	72,00	146,78
1.12.1979	4.076	133,33	740	131,43	287	138,54	718,10	169,96	100,64	151,06	124,155	169,75	298,22	139,96	73,00	148,82
1.12.1979	4.291	140,37	740	131,43	287	138,54	718,10	169,96	100,64	151,06	126,716	173,25	298,22	139,96	73,00	148,82
1.12.1979	4.291	140,37	820	145,64	297	143,37	718,10	169,96	100,64	151,06	131,172	179,35	298,22	139,96	73,00	148,82
7.01.1980	4.701	153,78	820	145,64	315	152,06	800,00	189,35	100,64	151,06	152,973	209,15	313,22	147,00	79,50	162,08
14.01.1980	4.701	153,78	990	175,84	315	152,06	800,00	189,35	100,64	151,06	153,232	209,50	313,22	147,00	79,50	162,08
1.01.1980	4.701	153,78	990	175,84	315	152,06	800,00	189,35	100,64	151,06	154,477	211,21	313,22	147,00	85,00	173,29
1.01.1980	4.701	153,78	990	175,84	315	152,06	740,00	175,14	100,64	151,06	155,442	212,52	313,22	147,00	85,00	173,29
1.02.1980	4.701	153,78	990	175,84	322	155,43	740,00	175,14	100,64	151,06	153,741	210,20	341,42	160,23	85,00	173,29
1.02.1980	4.738	154,98	990	175,84	320	154,46	740,00	175,14	100,64	151,06	150,410	205,64	341,42	160,23	85,00	173,29

5

A N N E X 3

NATURAL GAS TARIFFS IN THE MEMBER STATES

Tariff structures in each Member State

Federal Republic of Germany

Household tariffs

As there is an open market and a large number of companies sell gas for domestic purposes, tariffs vary from one town to another, but, in general, simple two-part formulae (a standing charge plus a uniform commodity rate for all the gas consumed) apply, with the result that the price per unit decreases as the quantity of gas consumed goes up.

Industrial tariffs

Strictly speaking, there is no published tariff in the Federal Republic for gas supplied to industrial and similar users. The prices which the smaller consumers are charged are laid down in standard contracts or implied tariff agreements (quasi tariffs) incorporating revision clauses, whilst those charged to the larger consumers are laid down in individual contracts negotiated between the parties concerned. Industrial consumers in the same town may be supplied either by the local distributors or directly from the long-distance transmission companies, and the price differs accordingly. The factors governing price formation include the quantity of gas supplied and "modulation" (load ratio). Thus a decreasing scale of prices is applied according to the volume of consumption and the regularity of the daily or hourly demand contracted.

Belgium

Household tariffs

These tariffs are of the two-part type in "stages" (fixed charge plus variable rates which decrease according to the quantities consumed). Prices are indexed, and indexing is subject to negotiation and periodic revision.

Industrial tariffs

A distinction should be made between small industrial consumers who are supplied by the local distributors and large industrial consumers who are supplied by the importing company.

In the case of the former, the tariffs are of the two-part type in "stages" and a modulation (load ratio) factor is included. In the case of the latter, supply contracts for quantities in excess of 8 000 Gcal per year are concluded directly between the parties concerned.

The industrial prices laid down in these contracts are made up of three components:

1. the basic price which takes into account the hourly and daily coefficients of regularity (modulation or load ratio);
2. a coefficient for reducing the price according to the volume consumed;
3. an index which reflects the frontier purchase price, the price of certain types of steel sheet and the consumer price index.

Denmark

Household tariffs

Households are supplied at various tariffs known as "subscription" tariffs, which are made up of three components:

1. an annual standing charge;
2. a commodity rate per m^3 ;
3. a monthly index which reflects the cost of the raw materials used for gas production and is applied to the commodity rate per m^3 .

Industrial tariffs

The industrial tariff which is applied to consumption levels between 100 and 10 000 Gcal per year is made up of three components:

1. an annual standing charge which varies according to the installed capacity of the plant and includes the meter rental;
2. a rate per m^3 which decreases in stages according to quantity;
3. an index which reflects the cost of the raw materials used for gas production and is applied to the rate per m^3 .

These tariffs apply to annual quantities of up to 250 000 m^3 , i.e. 1 000 Gcal. Special contracts offering more favourable terms are concluded with one or two larger firms.

FranceHousehold tariffs

Generally speaking there is a two-part formula for domestic tariffs, with a standing charge (subscription) which includes meter rental.

Industrial tariffs

Two-part tariffs similar to those applied to households are available for small factories, commercial premises and workshops (100 - 1 000 Gcal per annum). These tariffs include a standing charge or annual subscription fee which includes the meter rental and is the same throughout the country and a commodity rate which varies from town to town.

Large industrial consumers buying at least 10 000 Gcal per annum, are supplied under contract tariffs comprising:

- a) a standing charge which is the same throughout the whole of a zone supplied with the same gas;
- b) a standing hourly charge determined by the agreed maximum hourly offtake;
- c) a standing daily charge determined by the agreed maximum daily offtake;
- d) a commodity rate with three stages of depression.

A distinction is made between the tariffs applied to customers connected to the distribution network and the tariffs applied to those linked directly to the long-distance transmission on grid; in the latter case the unit price is slightly lower.

IrelandHousehold tariffs

Three tariffs exist in Dublin:

1. prepayment (coin meter);
2. ordinary domestic tariff;
3. two-part domestic tariff.

The prepayment tariff applies to users who consume two Gcal per annum, the ordinary domestic tariff to those who consume four Gcal per annum and the two-part tariff to the central heating of individual dwellings (20 Gcal per annum). There is no block central heating in Dublin.

Industrial tariffs

Two tariffs are available for non-domestic customers:

1. an industrial tariff consisting of a basic commodity rate which is reduced in stages according to the quantity consumed;
2. a commercial two-part tariff consisting of a commodity rate per therm and a standing charge related to boiler size. The commodity rate is reduced in stages according to the quantity consumed.

Italy

Household tariffs

In view of the way in which the Italian gas industry is organized domestic tariffs vary from town to town. However, the general structure remains broadly similar.

As a general rule, the consumer price levels for natural gas depend on the prices at which SNAM supplies the urban distribution companies. These prices are determined according to two formulae, each of which takes the following factors into account:

1. workers' wages;
2. wholesale prices;
3. fuel oil prices.

Industrial tariffs

A distinction should be made between small industrial users consuming up to 700 000 m³ per annum (approximately 6 400 Gcal), who are supplied by local distributors, and large industrial consumers who are supplied directly by SNAM.

Small consumers (commercial premises and workshops) are charged tariffs which differ from town to town and even according to the use they make of the gas.

The tariff structure is similar to that for domestic heating and is based mainly on either single or graduated standard charges, possibly with a charge for meter rental.

In the case of the larger industrial consumers, on the other hand, a uniform tariff system is applied throughout the country. The basic tariff covers non-interruptible supplies for all uses with the exception of chemical synthesis (80% of sales). Annual contracts lay down maximum and minimum consumption levels, with a penalty clause operative where the maximum is exceeded or the minimum is not reached, but the "modulation" of offtake (load ratio) is not taken into account in the calculation of the price. This tariff system is extremely simple and covers three classes of consumption (≤ 3 million m^3 /year; 3 to 25 million m^3 /year; > 25 million m^3 /year) with differentiated prices on a decreasing scale. For interruptible supplies (ENEL power stations only), prices are aligned on those for heavy fuel oil.

Grand Duchy of Luxembourg

Household tariffs

These tariffs are made up of the meter rental which varies according to the size of the installation, one or two monthly standing charges and a commodity rate. The tariff components are updated twice a year on the basis of the cost of living index and the frontier price of natural gas.

Industrial tariffs

The tariff for small factories (100 Gcal per year) has a two-part structure similar to that for domestic heating, whereas higher rates of consumption are charged on the basis of three-part formulae which include the maximum authorized daily or hourly offtake. There is an additional charge for meter rental which varies according to the rating of the installation.

Netherlands

Domestic tariffs

Tariffs vary according to the annual rate of consumption only and are not usually affected by the use to which the gas is put or the occupation of the subscriber. The tariff categories have now been reduced to two (0-600 m³ and 600-170 000 m³). There are simple two-part tariffs for individual consumers.

Block heating systems using over 20 000 m³ a year may benefit from a two-part graduated tariff which is cheaper. The first 600 m³ are charged at the first category rate, but further amounts are charged at a lower rate. An additional charge is made for each dwelling and there is also a minimum charge.

Industrial tariffs

Small industrial or commercial consumers using up to 170 000 m³ a year come under the same tariff system as domestic consumers. Customers who use more than this amount are generally supplied by local distribution companies for amounts up to 2 000 000 m³ a year and directly by Gasunie over this amount. They are subject to special tariff systems according to their contracts. The tariff for growers producing crops under glass is also negotiated with Gasunie.

It consists of two parts. The first 15 000 m³ of gas are charged at the domestic rate. Above 15 000 m³ the tariff is comparable to that for industrial users consuming more than 170 000 m³.

United Kingdom

Household tariffs

Three tariffs are available to domestic consumers. Two of these are credit tariffs (General Credit and Gold Star) which consist of a standing charge irrespective of the amount used and a commodity rate per therm of gas used.

The other tariff available in each zone is the prepayment tariff (with a coin meter) which is cheaper for very small consumers using less than 20 to 25 therms (0.5 Gcal) a quarter).

Industrial tariffs

A distinction should be made between small and large consumers, the dividing line being 100 000 therms (2 500 Gcal) a year.

Any non-domestic consumer burning less than 2 500 Gcal a year can buy gas according to the published schedule of charges. There are at present two main commercial and industrial tariffs.

The Commercial Heating Tariff is available to commercial and industrial consumers who burn gas mainly for space or water heating. It consists of a standard charge based on the rated output of the installation and a commodity charge. The General Credit Tariff used by households is also available to non-domestic consumers. As already explained, this tariff comprises a relatively small standing charge and a fairly high but decreasing commodity charge.

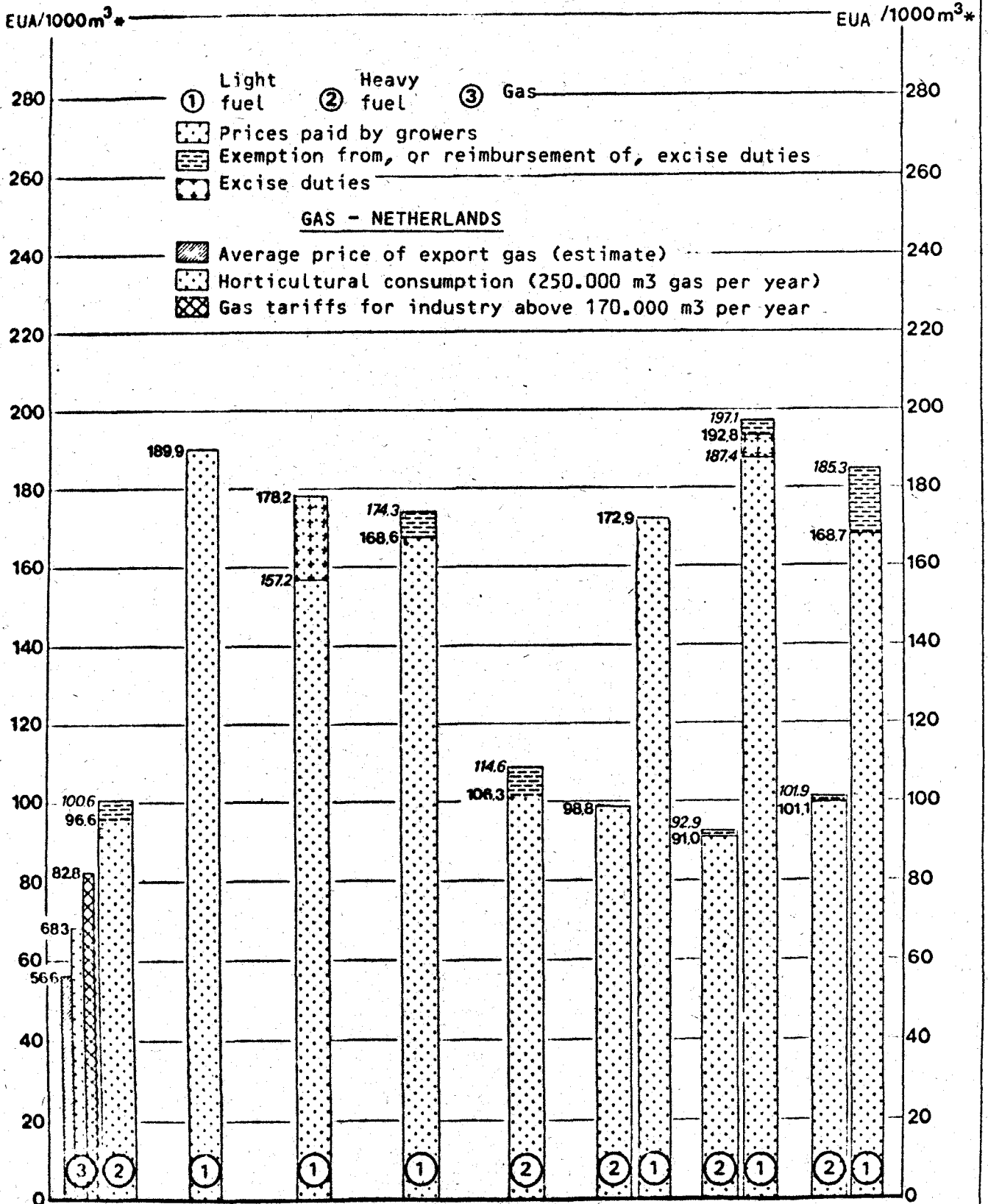
There is also a third tariff - the Power Generation Tariff. This is the obligatory tariff for consumers who use gas for private power generation. It consists of a standing charge based on the rating of the equipment and a commodity charge.

Gas for industrial consumers burning more than 2 500 Gcal a year is sold under individual contracts and prices vary from customer to customer according to circumstances.

A N N E X 4

COMPARISON OF PRICES PAID BY FARMERS FOR:

- PETROLEUM PRODUCTS
- NATURAL GAS



ANNEX 5

BREAKDOWN OF TOMATO, LETTUCE, GHERKIN AND CUCUMBER

GLASSHOUSE PRODUCTION

AREAS CULTIVATED UNDER GLASS

TOMATO PRODUCTION

Annex 5

Country	Year	1973	1974	1975	1976	1977	1978
Belgium	a :	19 200	8 100	7 500	8 940	7 800	7 380
	b :	101 200	122 000	126 900	140 060	122 200	115 620
Germany	a :	14 334	11 470	13 113	13 200	13 136	8 600
	b :	17 526	17 879	19 271	19 800	19 940	21 000
France	a :	511 739	498 220	527 771	499 660	499 660	609 740
	b :	57 282	75 673	88 912	81 340	81 340	99 260
Italy	a :	3 001 000	3 306 000	3 129 400	2 773 710	3 065 900	3 280 000
	b :	150 000	183 040	181 450	195 290	238 100	373 000
Luxembourg	a :	150	130	130	200	100	100
	b :	-	-	-	-	-	-
Netherlands	a :	-	-	-	-	-	-
	b :	363 200	371 700	346 900	373 000	367 000	365 000
Denmark	a :	-	-	-	-	-	-
	b :	19 543	18 823	19 690	21 000	19 000	18 000
Ireland	a :	-	-	-	-	-	-
	b :	24 288	24 305	25 626	25 000	28 000	29 000
U.K.	a :	-	-	-	-	-	-
	b :	117 354	120 500	121 600	130 000	126 000	135 000
EEC total	a :	3 546 423 (81 %)	3 824 520 (80 %)	3 677 914 (80 %)	3 295 710 (77 %)	3 586 596 (78 %)	3 905 820 (77 %)
	b :	850 393 (19 %)	933 920 (20 %)	930 349 (20 %)	985 490 (23 %)	1 001 580 (22 %)	1 155 880 (23 %)

N.B. : a = open grown

b = in heated glasshouses

Source: SOEC 1979 crop production

CHERKIN AND CUCUMBER PRODUCTION

Annex 5
in tonnes

Country	Year	1973	1974	1975	1976	1977	1978
Belgium	a	47 000	35 000	43 750	31 680	40 260	29 040
	b	22 400	26 800	22 500	16 320	20 740	14 960
Germany	a	41 207	24 851	29 110	23 920	28 080	24 440
	b	23 325	24 005	27 313	22 080	25 920	22 560
France	a	17 917	17 957	21 000	21 330	21 330	21 330
	b	52 232	51 121	55 835	57 670	57 670	57 670
Italy	a	84 540	88 560	89 300	92 930	93 070	91 860
	b	12 500	14 820	16 910	20 070	17 930	18 140
Luxembourg (1)	a	-	-	-	-	-	-
	b	-	-	-	-	-	-
Netherlands	a	39 700	23 200	33 300	31 590	34 110	34 380
	b	298 000	315 400	332 200	319 410	344 890	347 620
Denmark	a	10 037	5 398	4 691	5 100	6 000	4 500
	b	12 925	10 176	10 762	11 900	14 000	10 500
Ireland (cucumbers only)	a	-	-	-	-	-	-
	b	480	531	1 012	900	1 100	1 000
United Kingdom (" ")	a	-	-	-	-	-	-
	b	30 481	42 800	46 900	52 000	52 000	60 000
EEC total	a	240 401 (35 %)	194 966 (29 %)	221 151 (30 %)	206 550 (29 %)	222 850 (29 %)	205 550 (28 %)
	b	452 343 (65 %)	485 653 (71 %)	513 432 (70 %)	500 350 (71 %)	534 250 (71 %)	532 450 (72 %)

N.B. : a = open grown
b = in heated glasshouses

Source: SOEC 1979 crop production

(1) data not available

LETTUCE PRODUCTION

Annex 5

Country	Year	1973	1974	1975	1976	1977	1978
Belgium	a	54 200	58 100	46 800	43 200	44 550	40 050
	b	61 000	67 500	56 700	52 800	54 450	48 950
Germany	a	68 595	67 835	67 523	63 900	66 288	71 650
	b	6 236	6 601	7 352	7 100	8 688	8 000
France	a	224 294	211 312	225 549	199 120	223 440	221 160
	b	59 266	69 243	71 532	62 880	70 560	69 840
Italy	a	330 700	339 400	343 900	361 360	395 280	359 890
	b	-	5 530	4 750	6 640	6 720	7 110
Luxembourg	a	500	500	400	400	200	200
	b	-	-	-	-	-	-
Netherlands	a	34 200	31 200	29 500	29 040	28 800	30 480
	b	99 800	94 300	96 000	91 960	91 200	96 520
Denmark	a	884	762	644	525	903	966
	b	1 604	1 593	2 397	1 975	3 397	3 634
Ireland	a	1 182	1 188	822	800	1 920	1 800
	b	850	961	1 232	1 200	2 880	2 700
United Kingdom	a	156 877	143 200	115 000	112 000	145 600	38 400
	b	28 145	30 700	29 100	28 000	36 400	34 600
EEC total	a	871 432 (77 %)	853 497 (76 %)	830 138 (76 %)	810 345 (76 %)	906 981 (77 %)	864 596 (76 %)
	b	256 901 (23 %)	276 428 (24 %)	269 063 (24 %)	252 555 (24 %)	274 295 (23 %)	271 354 (24 %)

N.B. : a = open grown

b = in heated glasshouses

Source: SOEC 1979 crop production

61

61

A N N E X 6

INTRA-COMMUNITY TRADE IN FLOWERS, FLOWER BUDS, TOMATOES
AND CUCUMBERS

Product: Flowers and flower buds (SITC 292.71)

Tonnes

Exporting Member States	Importing Member States	Years	Germany	France	Italy	Netherlands	Belgium	United Kingdom	Ireland	Denmark	EUR 9
Germany	Germany	1974	X	15	24	130	8	2	1	1	181
		1975	X	21	23	258	16	2	1	7	328
		1976	X	18	25	828	27	8	-	3	909
		1977	X	12	11	315	30	50	-	9	127
		1978	X	21	5	246	41	60	-	69	442
France	France	1974	1839	X	40	476	553	299	3	2	3212
		1975	1898	X	24	665	609	230	2	3	3431
		1976	1779	X	17	451	495	164	139	3	2913
		1977	1930	X	22	358	497	139	99	1	2953
		1978	1621	X	15	185	435	99	99	1	2362
Italy	Italy	1974	10154	342	X	359	67	58	-	45	11645
		1975	11336	464	X	566	96	175	1	69	12767
		1976	9942	486	X	258	80	363	4	90	11321
		1977	10877	622	X	498	87	318	5	65	12472
		1978	11631	661	X	712	131	562	2	70	14169
Netherlands	Netherlands	1974	78119	3339	206	X	2366	212	45	66	85095
		1975	64308	3968	308	X	2534	217	40	285	91906
		1976	93222	5951	405	X	3539	308	31	446	99225
		1977	87110	6051	204	X	4410	347	20	565	97167
		1978	89349	8152	270	X	5682	939	35	644	103581

Product: Fresh or chilled tomatoes (SITC 054.40)

Intra-Community trade 1974-78
(based on imports)

Tonnes

65

Exporting Member States	Importing Member States	Years	Germany	France	Italy	Nether-lands	Belgium	United Kingdom	Ireland	Denmark	EUR 9
Germany	—	1974		1	-	70	1	-	-	-	72
		1975		49	-	205	37	-	-	1	292
		1976		15	-	299	14	-	-	-	328
		1977		20	-	590	12	20	-	-	642
		1978		26	-	118	7	4	-	42	197
France	—	1974	1092		122	329	370	286	-	9	2208
		1975	1267		344	492	501	158	-	10	2772
		1976	11183		195	291	599	227	-	-	2425
		1977	2122		100	292	641	712	-	-	3867
		1978	4492		176	356	1051	622	-	-	6597
Italy	—	1974	6993	3731		5	120	13	-	37	10899
		1975	9137	4976		43	80	7	-	20	14263
		1976	10891	4610		31	146	29	-	23	15730
		1977	12917	6319		53	143	22	-	19	19473
		1978	11656	2932		48	202	51	-	65	14854
Netherlands	—	1974	232026	22203	-		1434	28308	455	1330	286656
		1975	196313	24227	56		3795	31355	583	913	257322
		1976	207724	41550	41		4104	27922	302	1744	285623
		1977	221701	30672	28		3569	27262	302	2537	296386
		1978	234479	23156	21		3943	35504	342	3520	301075

Annex 6

66

Belgium	1974	12730	12115	-	293			70	-	9	25248
	1975	13096	13536	-	531			-	-	-	27665
	1976	14178	10442	-	877			-	8	-	25505
	1977	16237	11354	-	232			199	-	2	28024
	1978	20266	8405	-	244			137	11	-	29003
United Kingdom	1974	-	11	-	206				67	-	284
	1975	-	2	-	144		1		35	-	182
	1976	-	8	-	215		6		45	-	274
	1977	6	1830	-	562		1		2334	-	4733
	1978	14	1444	-	576		-		3404	-	5438
Ireland	1974	-	-	-	-		6	10102		-	10108
	1975	-	-	-	-		-	6833		-	6833
	1976	-	-	-	-		-	7215		-	7215
	1977	-	-	-	-		-	9858		-	9858
	1978	-	-	-	-		-	5011		-	5011
Denmark	1974	263	8	-	21		-	-	-		292
	1975	919	-	-	1		-	-	-		919
	1976	964	-	-	5		-	-	-		965
	1977	202	-	-	3		-	-	-		207
	1978	3	-	-	-		-	-	-		6
EUR 9	1974	254003	38101	122	925	1931	35778	35778	522	2295	335767
	1975	231283	42791	400	1415	4415	39382	39382	618	945	310249
	1976	236939	56765	236	1713	4870	39393	39393	452	1757	338135
	1977	252854	50204	128	1733	4765	45172	45172	2042	2857	363185
	1978	270850	35572	197	1345	5202	41429	41429	3737	3527	362279

Intra-Community trade 1974-78
(based on imports)

Annex 6

Product: Cucumbers and gherkins (07.01.82+83 NIMEXE)

Tonnes

Exporting Member States	Importing Member States	Years	Germany	France	Italy	Netherlands	Belgium	United Kingdom	Ireland	Denmark	EUR 9	
Germany	Germany	1974										
		1975										
		1976		69		987						1246
		1977		180		298		20			170	574
		1978		190		481		7 8	39 2		50 160	843
France	Germany	1974	1130		2	373	8	7			1520	
		1975	1396		7	551	23	12			1989	
		1976	1126		9	942	51				2128	
		1977	1415			465	5	28			1915	
		1978	2223			180	62	23			2488	
Italy	Germany	1974	15956	2339		971	3				19280	
		1975	18027	2191		1768	15	2		1	22007	
		1976	20024	2301		839	2			22	23248	
		1977	24039	2679		652	48	1		6	27426	
		1978	33111	2751		443	10			28	36343	
Netherlands	Germany	1974	21042	6480			2399	11223	26	3342	233917	
		1975	20550	12664			2617	9738	42	3034	237732	
		1976	20500	14000			3036	9331	41	2112	240604	
		1977	21005	12500			3070	9532	15	5000	254079	
		1978	23200	14000	1		4074	8948	51	7100	265500	

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Belgium	1974	13034	353																21516
	1975	16611	642																29811
	1976	14512	231																21290
	1977	12035	379																18676
	1978	12286	207																15935
United Kingdom	1974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1976	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
	1977	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36
	1978	9	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136
Ireland	1974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1976	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1977	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72
	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67
Denmark	1974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1976	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1977	56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56
	1978	1759	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1759
EUR 9	1974	240578	9308	2	9585	2428	11324	42	3389	276656									
	1975	244482	15932	7	15550	2660	9334	59	4252	292776									
	1976	243933	18640	9	9238	3107	8403	46	5305	288681									
	1977	242678	16096	-	8673	3108	8983	46	5245	305429									
	1978	230356	17446	1	4553	2153	8093	196	7503	321501									

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A N N E X 7

VAT AND EXCISE DUTY RATES ON MINERAL OILS

Taux de TVA et des accises sur les huiles minérales appliqués au 1.2.80 dans les Etats Membres de la Communauté
 MWST- und Mineralsteuersätze am 1.2.80 in den Mitgliedstaaten der Gemeinschaft
 VAT and Excise duty rates on mineral oils in application at 1.2.80 in the Member States of the Community

a = densité moyenne à 15°C b = taux TVA légal en monn.nat. c = accise en monn.nat.par t d = accise en UOE par t e = taux TVA
 mittlere Dichte bei 15°C Gesetzl.St.satz in nat.Währg. Min.Steuer je t in Nat.Währg. Min.Steuer je t in ERE MWST-Satz
 average density at 15°C legal rate in nat.currency ex.duty per t in nat.currency ex.duty per t in EUA VAT rate

Produit-Erzeugnis-Product B D DK F GB IRL I L NL

I. Essence normale

Normal benzine	a) 0.732	0.733	0.730	0.723	0.740	0.729	0.714	0.732	0.735
Regular grade petrol	b) 846 FB/hl	44 DM/hl	182 0/L	132.58 F/hl	0.081 E/L	0.4341E/gl	34.638 Lit/565 FL/hl	48.00hfl/	
	c) 11557	600.27	2482.94	1833.75	109.46	130.99	485126	7719	653.04
	d) 285.18	240.59	318.51	313.68	173.93	193.76	419.16	274.62	258.50
	e) 16x	13x	20.25x	17.6x	15x	10x	12x	5x	18x

II. Essence super

Superbenzin	a) 0.746	0.758	0.754	0.749	0.745	0.746	0.734	0.746	0.744
Premium grade petrol	b) 846 FB/hl	44 DM/hl	182 0/L	141.26 F/hl	0.081 E/L	0.4341E/gl	34.638 Lit/565 FL/hl	48.00hfl/	
	c) 11340	580.47	2413.79	1885.98	108.72	128.00	471907	7574	645.16
	d) 279.83	232.66	309.45	322.61	172.75	189.33	407.73	230.23	255.38
	e) 16x	13x	20.25x	17.6x	15x	10x	12x	5x	18x

III. Gasoil (carburant)

Dieselmotortreibstoff	a) 0.829	-	0.830	0.830	0.836	0.835	0.833	0.829	0.832
Diesel oil	b) 280 FB/hl	49.65DM/100 kg	0/30 0/L	74.55 F/hl	0.092 E/L	0.1773E/gl	2505 Lit/145 FL/hl	18.46hfl/	
	c) 3378	496.50	0/361.45	898.19	110.05	46.70	30072	1749	221.87
	d) 83.30	196.25	0/49.54*	152.23	178.75	69.40	25.98	43.13	79.95
	e) 16x	13x	20.25x	17.6x	15x	10x	14x	5x	18x

IV. Gasoil (chauffage)

Fuel-oil domestique	a) 0.829	-	0.830	0.836	0.836	0.836	0.835	0.829	0.832
Heizöl EL	b) 45 FB/hl	2 DM/100 kg	0/30 0/L	13.82 F/hl	0.0066E/L	0.02 E/gl	2505 Lit/25-38 FL/	3.26 hfl/h	
Gasöl (heating)	c) 543	20	0/361.45	165.31	7.89	5.26	30000	301-458	39.18
	d) 13.40	8.02	0/46.34*	28.28	12.54	7.78	25.92	7.43-11.30	14.22
	e) 6x	13x	20.25x	17.6x	0x	0x	14x	5x	18x

Produit-Erzeugnis-Product	B	D	DK	F	GB	IRL	I	L	NL
V. Fuel-oil lourde Heizöl schwer Heavy fuel oil	a) - b) 10 FB/ 100 kg c) 100 d) 2.47 e) 6%	- 1.50 DM/ 100 kg 15 6.01 13%	- 0/34 Ø/kg 0/340 0/43.59*	- 0.00/ 100 kg 0 00 0	0.960 0.0066€/L 6.88 10.93 0%	0.960 0.02 €/gl 4.58 6.77 0%	- 100 Lit/ 100 kg 1000 0.86 14%	- 10 FL/100 kg 100 2.47 5%	- 1.40 hf 100 kg 14 5.08 18%
VI. Huiles lubrifiantes Schmieröle Lubricants	a) - b) 10 FB/ 100 kg c) 100 d) 2.47 e) 16%	- 49.65 DM/ 100 kg 496.50 199.00 13%	- 0 0 0 20.25%	- 0 0 0 17.6%	0.897 0.0066€/L 7.36 11.69 0%	0.897 0.02 €/gl 4.90 7.25 10%	- 18000- 20000 Lit/100 kg 180000-200000 155.52-172.80 14%	- 10 FL/100 kg 100 2.47 5%	- 0 0 0 18%

TERE/UCE/EUA am/au/on 3/9/79	=	FB	DM	dkr	FF	£ St.	£ irl.	Lit	FL	htl
		40.5247	2.49498	7.50030	5.84594	0.62935	0.673057	1157.39	40.5247	2.75528

* La taxe est ristournée aux assujettis de TVA si la TVA sur l'achat du produit pétrolier est déductible
 Die Steuer wird an MWSt - Pflichtige erstattet, wenn die MWSt auf das eingekaufte Mineralölprodukt abzugsfähig ist
 The tax is refunded to persons liable to VAT if VAT on the purchased hydrocarbon oil product is deductible

A N N E X 8

ENERGY SITUATION IN THE FRENCH FARM SECTOR

(as an example)

1977 consumption of energy-generating products by agriculture and agricultural processing industries(x) Annex 8

	heating and diesel oil	petrol	heavy fuel oil	all petroleum products	electricity	propane or butane	coal	wood	total
agric. holdings (professional purposes) of which heating (1)	2 599	301	175	3 075	592	110	17	43	3 837
powering engines (2)	318	0	174	492	262	110	17	43	926
powering commercial vehicles	2 188	42	0	2 280	329	0	0	0	2 609
	92	209	0	302	0	0	0	0	302
CUMA and ETA (3)	300	0	0	300	0	0	0	0	300
cooperatives and dehydrating and drying factories	700	0	0	700	-	-	-	-	700
farming branch (4)	3 599	301	175	4 075	592	110	17	43	4 837
agricultural processing sector	350	-	2 600	2 950	1 100	400	150	-	4 600
agricultural holdings (domestic purposes)	1 106	0	34	1 140	689	186	187	1 910	4 124

(expressed in thousands of TOE)

(x) direct consumption only

(1) premises used for stock-farming, glasshouses and drying plants - (2) mainly tractors and self-propelled machinery

(3) CUMA = Coopérative d'utilisation de machine agricole; ETA = Entreprises de Travaux Agricoles - (4) farming branch = agricultural holding (professional purposes) + CUMA and ETA + cooperatives and dehydrating and drying factories

Total energy consumption in agriculture (production and households) Annex 8

Energy-generating product	Unit	Amount	TOE	% of total
Electricity	millions of KWH	5 769.5	1 280 834	16.09
Town gas	millions thermal u.	95.2	9 520	0.12
Propane or butane	thousands of tonnes	269.6	297 955	3.74
Coal	thousands of tonnes	306.5	204 452	2.57
Wood	thousands of m3	13 952.7	1 953 378	24.34
Heavy fuel oil	thousands of tonnes	209.3	209 321	2.63
Heating oil	millions of litres	4 186.3	3 495 620	43.91
Diesel oil	millions of litres	250.3	209 029	2.63
Petrol	millions of litres	409.7	301 152	3.78

	agricultural consumption		Consumption for agricultural production
	TOE	% of total	as % of tot.consump. in agriculture
Electricity	591 985	15.43	46.22
Propane or butane	110 275	2.87	37.01
Heavy fuel oil	174 498	4.55	83.36
Heating oil	2 390 237	62.29	68.38
Diesel oil	209 029	5.45	100.00
Petrol	301 152	7.85	100.00
Other	60 158	1.57	2.77
Total	3 837 337	100 00	48 15

Source: Ministry of Agriculture Statistics.

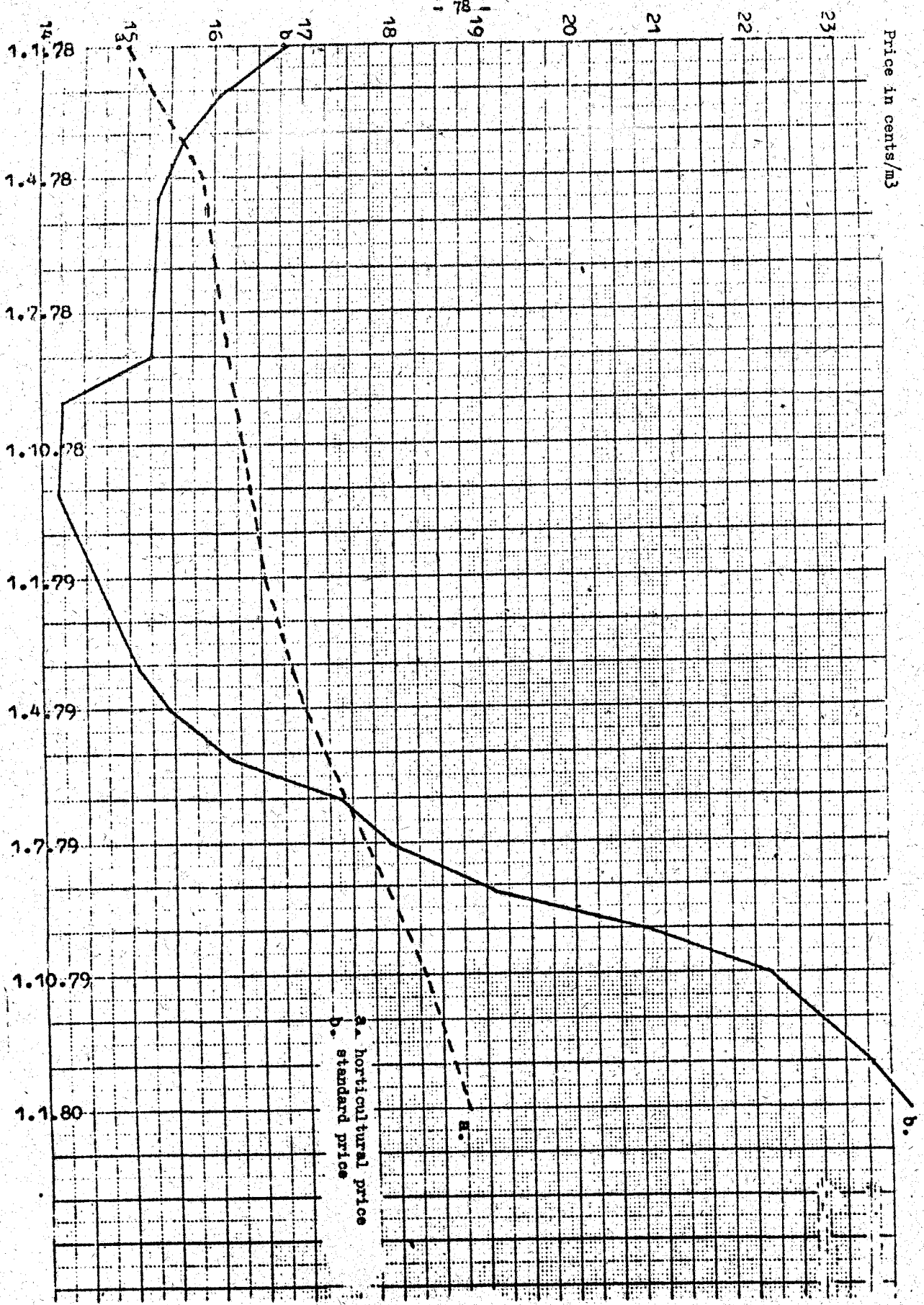
Breakdown of agricultural consumption	
Heating of premises used for stock-farming	10.67
Heating of glasshouses	10.69
Heating of dryers	2.76
Tractor consumption	57.81
Commercial vehicle consumption	7.88
Engine consumption	10.20
Consumption of holding	100.00

Type of farming	Number of holdings as a percentage	Total agricultural consumption		Average per holding in TOE
		in TOE	in %	
Mixed farming	8.31	614 149	16.00	6.13
Arable land, cattle	4.48	240 925	6.28	4.01
Cattle, arable land	10.35	398 584	10.39	3.04
Dairy cattle	20.22	602 163	15.69	2.19
Beef cattle	10.85	288 415	7.52	2.12
Beef & dairy cattle	6.15	275 581	7.18	3.41
Horticulture	3.42	465 682	12.14	10.19
Fruit	2.71	67 314	1.75	2.15
Quality wine growing	3.73	73 589	1.92	1.50
Other wine growing	8.37	99 211	2.59	0.96
Pigs	1.21	89 694	2.34	5.12
Poultry	1.45	122 355	3.19	5.76
Total for all types of farming	100.00	3 837 337	100.00	3.00

Utilized agricultural area (UAA)	Agricultural consumption			Agricultural consumption
	TOE	Average per holding in TOE	% of total	Total consumption %
less than 5 ha	615 588	1.82	16.04	41.40
5 - 10 ha	241 007	1.28	6.28	31.65
10 - 20 ha	507 445	2.01	13.22	40.14
20 - 50 ha	1 261 262	3.53	32.87	50.00
more than 50 ha	1 212 033	8.42	31.59	62.68
Total	3 837 337	3.00	100.00	48.15

ANNEX 9

TREND IN GAS PRICES IN THE NETHERLANDS



- a. Gas price in cents per m^3 , exclusive of tax, in accordance with the supply contracts concluded between N.V. Nederlandse Gasunie and high-consumption hothouse horticulturists.

The price is at present 29 ct/ m^3 (in 1978: 23 ct/ m^3 ; in 1979: 25 ct/ m^3) for the first 30 000 cubic meters.

From 1 October 1979, each cubic meter in excess of 30 000 m^3 has cost 17.4 cents (1 January 1978: 13.9 ct; 1 April 1978: 14.9 ct; 1 October 1978: 15.4 ct; 1 April 1979: 15.9 ct).

The price of gas is calculated at these rates on the basis of an average consumption of 250 000 m^3 by the high-consumption hothouse horticulturists. The prices calculated do not include the fixed duty payable under the terms of the contract. In view of the sharp rise last year in the price of oil, negotiations are currently being held between N.V. Nederlandse Gasunie and the hothouse horticulturists on the possibility of also implementing larger, regular increases in the price of natural gas. Moreover, the rate for the first 30 000 cubic meters is expected to rise to 32 ct/ m^3 on 1 July 1980.

- b. Standard price of gas in cents per m^3 . This price is calculated on the basis of the maximum price for heavy fuel oil delivered to consumers and excluding tax, in accordance with the decree by the Minister of Economic Affairs concerning the price of petroleum products. The calculation is based on the calorific equivalence: 1 000 kg of heavy fuel oil, viscosity 3 500 sec. Redwood I = 1 283 m^3 of natural gas.

The market price for oil may, of course, be lower than this legal maximum price.

The maximum price used for the calculation is fixed for heavy fuel oil with a 2% sulphur content; it is Fl 33 per tonne higher than the price of the heavy fuel oil with a 3.5% sulphur content commonly used elsewhere. This means that the calculated standard gas price is at least 2.5 cents higher than it would have been had it been calculated on the basis of the high sulphur content fuel oil.

COMPARISON OF HORTICULTURAL AND STANDARD GAS PRICES

	(a)	(b)
	(Horticultural gas price)	(Standard gas price)
1. 1.78	14.99	16.82
4. 2.78		16.05
3. 3.78		15.66
1. 4.78	15.87	
21. 4.78		15.35
1. 8.78		15.27
2. 9.78		14.26
1.10.78	16.31	
4.11.78		14.18
1. 1.79	16.55	
3. 3.79		15.11
31. 3.79		15.45
1. 4.79	16.99	
3. 5.79		16.15
2. 6.79		17.36
1. 7.79		17.93
4. 8.79		19.09
1. 9.79		20.26
1.10.79	18.31	22.15
1.12.79		23.31
1. 1.80	18.79	24.48
2. 2.80		26.68

The consumption-weighted average horticultural and the average standard gas prices were as follows:

1. 1.78 - 1.10.78	15.57 ct/m ³	15.84 ct/m ³
1.10.78 - 1.10.79	16.69 ct/m ³	15.09 ct/m ³