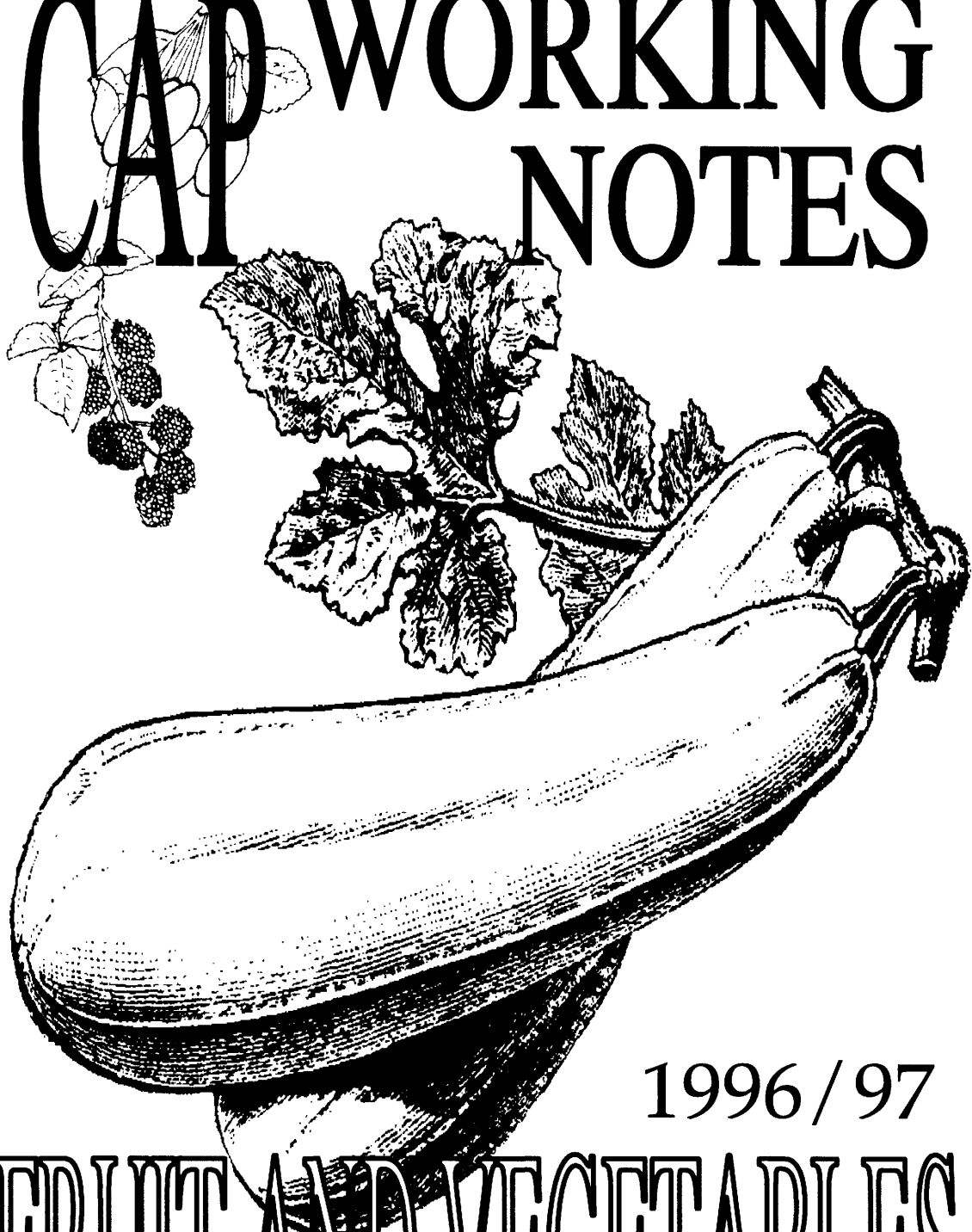




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FRUIT AND VEGETABLES

Working notes on the
Common Agricultural Policy

FRUIT AND VEGETABLES

1996/97 edition

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INTRODUCTION

This text on fruit and vegetables is one of a series produced by the Directorate-General for Agriculture of the European Commission known as "*CAP Working Notes*" which is published every year in French, English and German. These documents contain the most recently available information on the current marketing year, particularly the decisions on prices and related measures and the planned budget expenditure for the market organisation of the product in question.

The document is in two parts with a set of annexes. The first part consists mainly of the contribution made by the Directorate-General for Agriculture's Unit "Fresh and processed fruit and vegetables" to the 1996 Report *The Agricultural Situation in the European Union*. The second is taken from the working document "Section III - Commission - Sub-section B1" which accompanies the *Preliminary Draft General Budget of the European Communities for the financial year 1998*.

The manuscript for this publication was completed on 12 June 1997.

THE SITUATION OF THE MARKETS

A - Fresh fruit and vegetables

1. World situation

Apples and citrus fruit are the most important products in international trade. Expansion of world production of oranges for processing continued following the planting of new groves in some of the main non-Community producer countries.

2. Trade with third countries

The European Union is still the world's largest importer of fresh fruit and vegetables, particularly apples and citrus fruit. Although imports only account for a relatively low proportion of annual Community requirements, they play an important role in supplying the market out of season and can influence price stability in season. Imports rose by 11.5% in 1995, while exports fell by 26.5% (see Table 1).

Exports of fruit and vegetables covered by the refund scheme increased by 19% in 1995 over the 1992-1994 average, despite the introduction of the new export licence arrangements from 1 July 1995. Significant increases were recorded for apples (+123%) and tomatoes (+84%). Exports of other products fell slightly (-14% for oranges).

Imports of both fruit and vegetables increased significantly (+11.8% and +10.4% respectively). Imports of apples (+22.3%), pears (+17.4%) and citrus fruit (+7.3%) increased considerably.

3. Community prices and market

In 1995/96, the producer prices of pilot products, those for which the Council fixes basic and buying-in prices, rose in comparison with the previous marketing year, except for tomatoes (see Table 2). As regards fruit, the price of peaches increased significantly over the 1994/95 marketing year, the greatest increase being in Italy (+90.1%). Prices for nectarines also rose substantially, particularly in Italy (+108.3%). Producer prices for apricots rose in France (+107.4%), in Italy (+101.8%) and in Greece (+92.1%). Prices for grapes fell only in Portugal.

As regards vegetables, prices for cauliflowers rose 78.5% in Portugal and 24.7% in the Netherlands. Prices in the other Member States increased by between 4.3% and 15.2%. The movement in aubergine prices was very positive, with large increases in Spain (+59.7%) and in Portugal (+34.1%).

Prices for "round" tomatoes generally fell, the greatest falls being in Denmark and Italy (-30.5% and -25.6% respectively). Only in Portugal did prices increase (+7.8%).

4. Community production

At nearly 9 million tonnes, Community production of apples in 1995 fell from the 1994 level, due to sharp falls in Germany (-29.5%) and in Italy (-12.8%) (see Table 3 for the quantities produced and Table 4 for the quantities bought in). France became the largest producer of apples (25%). The quantity of apples withdrawn was 67% lower than in 1994 at 206 297 tonnes. This was to a great extent because of stable consumption and a fall in production.

Community pear production in 1996 was at nearly 3 million tonnes. Production in Italy, the main producer country, remained stable at around 1.0 million tonnes, while French production rose by 9.1 % compared with 1995. Production rose sharply in Spain (+20.4%). Withdrawals of pears fell to 49 000 tonnes, or 1.9% of production, as against 3.4% in 1994/95.

For citrus fruit, provisional figures show production down in 1996 in the main producer countries. Spain recorded falls in the production of oranges (-27.5%), lemons (-2%), and mandarins, clementines and satsumas (-12.3%).

Peach production rose in 1996 by 14.2% in Greece and by 25.9% in Spain. Italy remained the Community's largest producer of peaches (36% in 1996). Withdrawals were lower than in 1994/95. In Greece, 170 000 tonnes were withdrawn during the 1995/96 marketing year (24.4% of Greek production) as against 657 000 tonnes in the 1994/95 marketing year (66% of Greek production).

Production of apricots rose sharply in 1996 in Spain (+28.8%), France (+42.8%) and Italy (+22.5%).

Available figures for fresh vegetables in 1996 show a general rise in tomato production. Production fell in France (-7%) and Austria (-33%). Withdrawals were small, the largest withdrawals being made in France (1.8% of French production).

Cauliflower production rose slightly in 1996, particularly in Spain (+7.1%), and in Germany (+4.1%). Production fell in France (-14.1%) and in Italy (-6%). A total of 6.2% of production was withdrawn in the marketing year, 27% down on 1994/95. Of that total, 49% was in France.

Overall, the trend in withdrawals for 1995/96 was favourable (see Table 4). They amounted to 195 985 tonnes for vegetables (20% down on 1994/95) and 730 305 tonnes for fruit (64% down on 1994/95). However, the general fall in production played a large part in reducing withdrawals in 1995/96. For 1996/97, the situation should be different.

5. The main developments in legislation and policy

For the 1996/97 marketing year, the Council has maintained most of the basic and buying-in prices in force in 1995/96. Because certain intervention thresholds were exceeded in 1995/96, the basic and buying-in prices have been reduced for apples (-3%), lemons (-10%) and cauliflowers (-1%) in application of the stabilizer system.

Under the arrangements for the import of fruit and vegetables, the Commission laid down detailed rules for the application of the special "volume" safeguard provisions provided for by the Agreements concluded during the Uruguay Round multilateral negotiations (the GATT Agreements) for products covered by entry prices¹. Import volumes will be monitored using a system of licences. When the provisions are triggered, an additional import duty is imposed.

Under the new import arrangements, the Council fixed specific entry prices for cucumbers for processing, pears and apples imported for processing from the central and Eastern European countries and fresh sour cherries, to take account of the market situation for those products and the supply needs of the Community processing industry.

For the 1995 marketing year, the Council adopted a programme to reorganize the production of peaches and nectarines. A single premium of ECU 5 000 was fixed for each hectare grubbed up.

The Commission extended by one year the mechanism for controlling imports of garlic originating in China.

For 1996, the application of the minimum price was triggered for fresh raspberries for processing, the price for which was well down on previous years.

In July 1996, the Council adopted the reform of the common organization of the market (CMO) which has entered into force in January 1997.

The reform of the CMO is intended, in particular, to consolidate the previous arrangements (market orientation, decentralization, organization of supply) by applying them more flexibly and eliminating observed weaknesses (incorrect operation of certain producer organizations, subsidized withdrawals that have become structural, the poor image of quality standards and gaps in statistics). The basic price, the buying-in price and the intervention price have been abolished (see pages 24 ff).

¹ For a detailed description of the GATT Agreement see the *CAP Working Notes* special issue "GATT and European Agriculture".

B - Processed fruit and vegetables

1. World market and Community market

As in the case of fresh products, the world market in products processed from fruit and vegetables is greatly influenced by exports to the European Union but, thanks to the possibilities offered by processing and preserving, the imbalance between supply and demand in this sector is not so pronounced as in the fresh fruit and vegetable sector. However, specific problems do occasionally arise.

Although there are no complete recent data on world market prices, certain trends were seen during the 1995/96 marketing year. In the case of frozen raspberries, chronic undersupply kept prices very high, above the minimum price fixed for reduced-duty imports from Eastern Europe. The market for frozen strawberries, supplies of which continue to be very important for the food industry, began to weaken. For frozen blackcurrants, contrary to the situation for strawberries, the smaller harvest in the main producer countries resulted in firmer prices, above the minimum price. After tomato concentrate and orange juice, dried grapes are the most important product in world trade. Export of peaches in syrup stabilized.

Although final statistics are not yet available, production of peaches in syrup in 1995/96 appears to have fallen. As regards market management, the minimum price for peaches intended for processing remained stable in the 1995/96 marketing year.

Production of pears in syrup increased but, despite the maintenance of the minimum price, aid was reduced following a sharp increase in world prices for the raw material.

Processing aid for pineapples in 1995/96 was increased to compensate for the fall in prices in third countries. The minimum price remained unchanged.

2. The main developments in legislation and policy

The common organization of the market which governs this sector covers, in principle, all products processed from fruit and vegetables. However, Community support is concentrated on certain products: mushrooms (duty-free quotas), soft fruit (minimum prices for imports from countries benefiting from reduced customs duties), dried grapes (minimum price and storage and per-hectare aid), dried figs (storage aid and production aid) prunes, pineapples, peaches, pears in syrup and tomatoes (production aid). Raspberries for processing and dried grapes also benefit from specific measures to improve product quality and marketing. In the case of dried grapes, this measure was adopted by the Council in May 1994.

Processing aid in 1995/96 changed from the previous year as follows: prunes (+8.4%), pineapples (+0.74%), dried figs (0%), peaches (0%), pears (-6.4%).

The basic amount of aid per hectare for dried grapes was kept at ECU 2 785. This aid is only paid for areas under specialized cultivation which meet certain yield criteria.

The reform of the common organization of the market, adopted by the Council in September 1996, provides for a general consolidation of the previous system, except in the case of processed tomatoes for which Community aid will be paid under a system of flexible quotas. The new CMO entered into force in January 1997 (see page 24 ff).

The Council amended the aid arrangements for certain processed citrus fruits in September 1996 as part of the general reform of the CMO for fruit and vegetables. Direct aid will be paid to producer organizations for products delivered for processing under contracts concluded with processors.

Table 1
Intra-EU trade and external trade in fresh fruit and vegetables

EUR 15
(1 000 t)

1	2	3	1992 (¹)	1993 (¹)	1994 (¹)	1995	% TAV
							$\frac{1995}{1994}$
			4	5	6	7	8
Intra-EU trade (¹)	Vegetables of which:	Total	5 438	4 881	5 550	5 860	5,6
		Cauliflowers	302	243	300	270	-9,9
		Tomatoes	1 031	840	1 053	1 129	7,2
		Cucumbers	556	447	586	569	-2,8
	Fruits (²) of which:	Total	4 531	4 404	4 859	5 139	5,8
		Apples	1 330	1 288	1 321	1 556	17,8
		Pears	391	347	447	439	-1,8
		Peaches	591	491	619	521	-15,9
	Citrus fruit of which:	Total	2 694	2 504	2 784	2 834	1,8
		Oranges	1 336	1 136	1 240	1 336	7,8
		Lemons	315	316	335	343	2,4
		Clementines	693	710	834	761	-8,8
	Imports	Vegetables of which:	Total	875	838	1 019	1 125	10,4
Cauliflowers			1	2	1	1	-15,2
Tomatoes			357	392	465	483	4,0
Cucumbers			57	38	52	55	6,2
Fruits (²) of which:		Total	2 572	2 171	2 243	2 579	15,0
		Apples	851	556	561	686	22,3
		Pears	295	242	229	269	17,4
		Peaches	17	9	11	13	18,4
Citrus fruit of which:		Total	1 590	1 480	1 609	1 728	7,3
		Oranges	877	782	843	865	2,5
		Lemons	122	89	158	177	12,2
		Clementines	76	99	94	109	15,8
Exports		Vegetables of which:	Total	799	992	1 151	874	-24,1
	Cauliflowers		37	39	49	29	-39,6
	Tomatoes		147	211	279	240	-14,1
	Cucumbers		50	60	75	42	-44,5
	Fruits (²) of which:	Total	752	1 011	1 226	1 014	-17,3
		Apples	160	364	406	421	4,1
		Pears	59	60	89	82	-8,3
		Peaches	122	104	180	99	-45,0
	Citrus fruit of which:	Total	930	1 364	1 563	1 009	-35,4
		Oranges	610	841	1 031	612	-40,7
		Lemons	142	261	228	172	-24,6
		Clementines	82	135	187	140	-25,1

Source: Eurostat.

(¹) Based on goods entering.

(²) Citrus fruit not included.

(³) For tax reasons, the Canary Islands are still included under non-member countries.

(⁴) EUR 12.

TAV = Annual variation

** = Estimate

: = Not available

- = Nil

x = Not applicable

Table 2
Producer prices of certain types of fruit and vegetables

1	2	ECU/100 kg					% TAV	
		1992/93	1993/94	1994/95	1995/96	1995/96	1994/95	7
		3	4	5	6	6	7	7
Apples 'Golden Delicious'	Belgique/België	17,90	19,97	28,97	34,69	19,7		
	Danmark	17,78	19,18	:	41,00	x		
	BR Deutschland	25,13	29,76	38,19	46,36	21,4		
	Elláda	35,89	45,28	52,53	54,90	4,5		
	España	14,51	26,26	31,74	30,28	-4,6		
	France	21,94	28,38	37,30	36,98	-0,9		
	Ireland	:	:	:	:	x		
	Italia	21,35	26,87	33,05	37,82	14,4		
	Nederland	21,68	25,18	35,97	41,24	14,7		
	Österreich**	36,86	30,09	:	26,42	x		
	Portugal	25,32	29,18	41,44	38,80	-6,4		
	Suomi/Finland	:	:	:	:	x		
	Sverige**	18,32	20,83	28,70	:	x		
	United Kingdom	40,61	30,19	44,29	38,36	-13,4		
Pears	Belgique/België	40,96	39,66	45,00	51,69	14,9		
	Danmark	25,27	19,80	:	34,39	x		
	BR Deutschland	27,34	32,56	32,12	44,94	39,9		
	Elláda	53,88	60,02	68,87	87,98	27,7		
	España	27,03	42,08	31,85	49,38	55,0		
	France	32,65	41,06	41,16	45,40	10,3		
	Italia	27,33	43,42	43,92	46,13	5,0		
	Nederland	43,58	36,33	57,28	58,68	2,4		
	Österreich**	50,08	36,85	:	:	x		
	Portugal	28,34	32,45	27,10	56,77	109,5		
	Sverige**	27,08	31,03	36,67	:	x		
	United Kingdom	40,61	30,19	44,29	38,36	-13,4		
	Peaches	Elláda	36,40	35,13	32,92	44,52	35,2	
		España	30,05	31,51	38,09	53,77	41,2	
France		45,85	61,13	51,67	72,76	40,8		
Italia		41,41	65,52	37,27	70,84	90,1		
Portugal		:	45,26	43,88	49,28	12,3		
United Kingdom		40,61	30,19	44,29	38,36	-13,4		
Nectarines	España	47,48	39,60	48,42	75,90	56,8		
	France	68,06	60,38	68,73	97,93	42,5		
	Italia	75,75	61,55	46,40	96,63	108,3		
	Portugal	61,60	:	55,00	66,73	21,3		
	United Kingdom	40,61	30,19	44,29	38,36	-13,4		
Apricots	Elláda	52,00	43,16	45,01	86,48	92,1		
	España	53,44	40,70	47,41	62,02	30,8		
	France	55,91	94,28	55,32	114,73	107,4		
	Italia	46,30	48,22	46,86	94,58	101,8		
	Portugal	37,08	48,62	30,48	52,26	71,5		
Table grapes	Elláda	36,20	52,43	53,30	58,80	10,3		
	España	47,05	37,21	51,72	67,88	31,2		
	France	55,79	66,68	79,41	88,40	11,3		
	Italia	34,96	26,94	30,93	42,33	36,9		
	Portugal	:	39,95	51,59	49,96	-3,2		

(continued)

Citrus fruit:	Oranges	Elleída	20,55	29,43	32,97	36,22	9,9
		España	19,53	26,98	33,45	39,31	17,5
		Italia	21,26	23,41	32,46	38,36	18,2
		Portugal	26,05	24,79	32,05	35,18	9,8
	Mandarins	Elleída	26,58	27,86	30,13	34,23	13,6
		España	45,78	45,62	49,04	76,33	55,6
		Italia	29,39	30,64	37,11	45,14	21,6
		Portugal	36,31	30,63	26,13	40,54	55,1
	Lemons	Elleída	33,39	28,90	36,75	35,59	-3,2
		España	33,90	36,54	45,77	67,27	47,0
		Italia	38,25	29,66	33,68	38,08	13,1
		Portugal	22,71	25,25	38,23	29,52	-23,3
Clementines	Elleída	32,53	38,35	34,94	57,90	65,7	
	España	42,07	44,01	39,73	58,12	46,3	
	France	37,09	33,82	36,21	50,12	38,4	
	Italia	21,21	..	..	..	x
Satsumas	Portugal	42,26	38,64	26,48	36,52	37,9	
	España	27,66	25,37	28,04	41,25	47,1	
	Portugal	30,62	33,88	39,69	35,32	-11,0	
	
Cauliflowers	Belgique/Beigie	43,92	45,28	64,99	67,77	4,3	
	Danmark	..	..	..	49,24	x
	BR Deutschland	26,40	24,55	32,16	34,89	8,5	
	Elleída	41,91	35,90	43,43	47,19	8,7	
	España	22,71	20,32	23,55	24,78	5,2	
	France	24,82	18,41	30,38	31,85	4,8	
	Italia	..	..	..	54,76	x
	Nederland	26,72	20,31	26,57	28,67	7,9	
	Osterreich**	41,18	39,57	53,46	66,66	24,7	
	Portugal	41,01	37,95	..	..	x
	Suomi/Finland	30,37	32,25	26,04	46,48	78,5	
	Sverige**	..	..	..	..	x
	United Kingdom	59,21	58,87	57,08	..	x	
	..	19,80	18,78	24,55	28,28	15,2	
	'Round' tomatoes	Belgique/Beigie (1)	44,97	43,39	51,99	47,27	-9,1
		Danmark (1)	68,42	81,42	87,42	60,80	-30,5
		BR Deutschland (2)	37,18	36,52	59,08	52,95	-10,4
		Elleída (1)	29,46	27,51	43,00	39,44	-8,3
		España (2)	33,07	30,65	43,29	36,85	-14,9
France (2)		45,53	42,62	51,96	46,30	-10,9	
Ireland (1)		48,53	50,56	58,12	54,63	-6,0	
Italia (2)		32,31	23,89	28,99	21,56	-25,6	
Nederland (1)		43,43	41,67	58,29	49,07	-15,8	
Osterreich**		60,00	59,53	..	..	x
Portugal (2)		19,26	25,25	21,03	22,68	7,8	
Suomi/Finland		..	..	..	..	x
Sverige		..	..	..	..	x
United Kingdom (1)		53,52	55,68	67,47	58,75	-12,9	
Aubergines		España	40,81	20,92	22,23	35,51	59,7
	France	39,55	26,45	69,20	84,40	22,0	
	Italia	111,45	20,53	79,58	80,64	x	
	Nederland	..	7,55	..	..	1,3
	Portugal	..	54,81	60,90	81,65	34,1	

Source: European Commission, Directorate-General for Agriculture.

(1) Tomatoes grown under glass.

(2) Open-grown tomatoes.

Table 3
Area, yield and harvested production of fruit, citrus fruit and vegetables

	Area					Yield					Harvested production				
	1 000 ha					100 kg/ha					1 000 t				
	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. <i>Fruits (excl. citrus)</i>															
A.1. All fruit															
EUR 15**															
Belgique/België	15	15**	16			445	468**	452			651	709	705		
Danmark		8					77					58			
BR Deutschland	56					821	485**				4 864	2 975	3 245	2 869	
Elliáda							87**				2 300	2 206**	2 318		
España	1 178	1 133				43	39				5 031	4 363	4 264		
Francia	246	247	247	238	- 3,7	171	138	155**			4 216	3 414	3 820		
Irlanda															
Italia		2**									8 620	7 679	7 949		
Luxemburgo	0	0									15	8	12	8	
Niederland	26	26	26	25	- 4,3	270	302**	269**			706	789**	705		
Österreich**	167	158**	154			40	39**	38**			409	512	461	520	
Portugal	6	6	6	8	23,3	30	26	22	18		673	616**	581		
Suomi/Finland**		2					57				17	15	14	14	
Sverige**												33			
United Kingdom	42	41	38	35	- 7,7	131	130	109**	105		555	526	420	371	
EUR 12	1 730**	1 630**									27 631**	23 343**			
A.2. Apples															
EUR 15**															
Belgique/België	9	9	9			553	551	551			482	493	502	508	1,3
Danmark		2					181					40			
BR Deutschland	36	36	36	36	0,0	876	470	563	397		3 123	1 677	2 007	1 416	
Elliáda	16	15**				250	215**				397	331	329	320	
España	46	46	45			234	184	168			1 069	837	751	781	
Francia	70	71	70	64	- 8,6	346	294	308	322		2 411	2 079	2 166	2 073	
Irlanda															
Italia	1	79	77			137	137	292			8	8	9		
Luxemburgo	0	0	0	0	- 40,8	976	484	929	965		2 394	2 143	2 233	1 947	
Niederland	17	17	16	15	- 7,2	336	359	322	350		10	5	9	6	
Österreich**	5	5	5	5	- 1,4	427	584	526	603		570	597	530	535	
Portugal	25	25	25			113	105	85			232	318	287	324	
Suomi/Finland**	0	0	0	0	11,4	68	66	53	58		281	264	212		
Sverige**		2					96				2	2	2	2	
United Kingdom	20	19	18	16	- 11,9	193	186	168	152		386	358	304	241	
EUR 12	322**	319**									11 131	8 832	9 052	7 827	

(continued)

	Area					Yield					Harvested production				
	1 000 ha					100 kg/ha					1 000 t				
	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A.7. Apricots	67	67	:	:	:	99	84	:	:	:	653	554	628	:	:
EUR 15**	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
BR Deutschland	0	0	:	:	:	238	201	228	496	117,7	2	2	2	4	117,7
Ελλάδα	5	5	:	:	:	200	193	:	:	:	92	88	79	47	- 41,1
España	26	26	25	:	:	77	82	81	:	:	199	210	200	143	- 28,5
France	19	19	19	19	- 1,1	88	41	82	56	- 32,6	167	78	155	103	- 33,8
Italia	16	16	16	:	:	112	104	112	:	:	175	164	180	:	:
Österreich**	0	0	0	0	65,4	833	492	453	674	48,8	13	8	7	17	146,0
Portugal	1	1**	1	:	:	67	60	73	:	:	5	4	5	:	:
EUR 12	67**	67**	:	:	:	98	83	:	:	:	640	546	621	:	:
B. Citrus fruit:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
B.1. All citrus fruit	:	:	:	:	:	:	:	:	:	:	10 107	8 853	9 392	:	:
EUR 15**	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
Ελλάδα	57	58**	:	:	:	214	191	:	:	:	1 222	1 098	1 116	:	:
España	268	270	268	:	:	196	177	189	:	:	5 240	4 777	5 076	:	:
France	3	3	3	3	0,0	89	119	91	88	- 4,3	24	33	26	25	- 4,3
Italia	:	:	:	:	:	:	:	:	:	:	3 400	2 728	2 931	:	:
Portugal	27	26	26	:	:	81	83	94	:	:	221	217	243	:	:
EUR 12	:	:	:	:	:	:	:	:	:	:	10 107	8 853	9 392	:	:
B.2. Oranges	310	310	:	:	×	201	166	:	:	×	6 222	5 155	5 634	:	×
EUR 15**	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
Ελλάδα	38	39	:	:	×	261	227	:	:	×	1 005	879	875	820	- 6,3
España	143	141	136	:	×	205	178	198	:	×	2 926	2 510	2 698	2 440	- 9,8
France	0	0	0	:	×	-111	114	150	148	- 0,8	2	2	1	1	- 0,8
Italia	109	110	111	:	×	194	145	158	:	×	2 112	1 591	1 871	:	×
Portugal	20	20	20	:	×	89	86	94	:	×	177	173	189	:	×
EUR 12	310	310	:	:	×	201	166	:	:	×	6 222	5 155	5 634	:	×

(continued)

B.3. Lemons	EUR 15**	100	96	:	:	:	:	:	163	158	:	:	:	:	:	1 619	1 523	1 274	:	x
Eiláda		13**	13	:	:	:	:	:	95	110	:	:	:	:	:	119	137	141	135	- 4,1
España		46	44	:	44	:	124	:	162	138	:	124	:	:	:	743	611	546	438	- 19,8
France		0	0	:	0	:	:	:	0	0	:	:	:	:	:	0	0	0	:	x
Italia		39	38	:	38	:	151	:	193	200	:	151	:	:	:	746	765	576	:	x
Portugal		2	1	:	1	:	86	:	53	87	:	86	:	:	:	11	10	11	:	x
	EUR 12	100**	96	:	:	:	:	:	163	158	:	:	:	:	:	1 619	1 523	1 274	:	x
B.4. Mandarins	EUR 15**	32	34	:	:	:	:	:	119	107	:	:	:	:	:	388	365	423	:	x
Eiláda		6**	6**	:	:	:	:	:	68	53	:	:	:	:	:	40	31	58	56	- 3,4
España		8	11	:	12	:	144	:	143	121	:	144	:	:	:	121	135	171	150	- 12,3
France		0	0	:	0	:	:	:	0	0	:	:	:	:	:	0	0	0	:	x
Italia		13	13	:	12	:	124	:	148	132	:	124	:	:	:	194	167	152	:	x
Portugal		5	4	:	4	:	72	:	64	72	:	97	:	:	:	33	32	42	:	x
	EUR 12	32**	34	:	:	:	:	:	119	107	:	:	:	:	:	388	365	423	:	x
B.5. Clementines	EUR 15**	73	77	:	:	:	:	:	:	:	:	:	:	:	:	1 396	1 309	1 611	:	x
Eiláda		0	0	:	:	:	:	:	:	:	:	:	:	:	:	44	34	25	24	- 3,4
España		52	54	:	58	:	217	:	196	197	:	217	:	:	:	1 027	1 072	1 249	1 095	- 12,3
France		2	2	:	2	:	98	:	193	137	:	98	:	91	:	20	29	22	21	- 7,2
Italia		19	21	:	21	:	152	:	157	84	:	152	:	:	:	305	174	315	:	x
	EUR 12	73	77	:	:	:	:	:	:	:	:	:	:	:	:	1 396	1 309	1 611	:	x
B.6. Satsumas	EUR 15**	16	17	:	:	:	:	:	:	:	:	:	:	:	:	378	429	369	324	- 12,2
Eiláda		0	0	:	:	:	:	:	:	:	:	:	:	:	:	4	5	4	4	- 3,4
España		16	17	:	16	:	225	:	238	256	:	225	:	:	:	374	424	365	320	- 12,3
	EUR 12	16	17	:	:	:	:	:	:	:	:	:	:	:	:	378	429	369	324	- 12,2
B.7. Other citrus fruit	EUR 15**	:	:	:	:	:	:	:	106	70	:	82	:	:	:	103	67	78	:	x
Eiláda		0	0	:	:	:	:	:	297	244	:	:	:	:	:	11	11	13	:	x
España		3	3	:	3	:	179	:	191	95	:	179	:	:	:	49	25	48	:	x
Italia		:	:	:	:	:	:	:	:	:	:	:	:	:	:	43	31	17	:	x
	EUR 12	:	:	:	:	:	:	:	106	70	:	82	:	:	:	103	67	78	:	x

(continued)

	Area					Yield					Harvested production				
	1 000 ha					100 kg/ha					1 000 t				
	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV	1992	1993	1994	1995	% TAV
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
C. Vegetables															
C.1. All vegetables	EUR 15														
Belgique/Belgie	55	57	56	:	x	:	:	:	:	:	1 375	1 530	1 438	:	x
Danmark	:	:	:	:	x	:	:	:	:	:	:	196	:	:	x
BR Deutschland	:	:	78	84	8,1	:	:	:	:	:	:	2 233	2 442	:	9,4
Elláda	132	129	125	:	x	:	:	:	:	:	3 781	4 012	4 151	:	x
España	454	426	425	:	x	:	:	:	:	:	10 457	10 183	10 554	:	x
France	332	315	318	320	0,7	:	:	:	:	:	5 601	5 713	5 832	6 018	3,2
Ireland	:	:	:	:	x	:	:	:	:	:	225	:	:	:	x
Italia	503	494	487	:	x	:	:	:	:	:	12 542	12 143	12 485	:	x
Luxembourg	0	0	:	:	x	:	:	:	:	:	2	2	2	2	-1,4
Nederland	78	76	78	75	-3,5	:	:	:	:	:	3 881	3 760	3 643	395	41,0
Österreich**	:	:	:	:	x	:	:	:	:	:	243	252	280	:	x
Portugal	:	:	:	:	x	:	:	:	:	:	187	183	237	233	-1,6
Suomi/Finland**	7	7	8	10	23,8	:	:	:	:	:	195	210	210	210	0,0
Sverige**	6	6	6	6	0,0	:	:	:	:	:	3 670	3 847	3 350	3 230	-3,6
United Kingdom	170	162	149	151	1,4	:	:	:	:	:	:	:	:	:	x
	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x
EUR 12	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x
C.2. Cauliflowers	EUR 15														
Belgique/Belgie	5	5	5	5	-2,9	181	220	196	179	-8,7	97	119	106	94	-11,3
Danmark	:	1	:	:	x	:	105	:	:	:	:	9	:	:	x
BR Deutschland	6	6	6	6	-3,8	237	257	252	262	3,8	150	151	156	156	-0,2
Elláda	3	3	3	3	0,6	189	196	191	196	2,7	61	67	65	67	3,4
España	15	14	14	16	7,6	199	199	201	203	1,6	302	275	288	315	9,3
France	47	47	47	46	-2,1	107	123	113	124	9,5	505	576	529	567	7,2
Ireland	1	:	:	:	x	:	108	130	:	:	13	:	:	:	x
Italia	34	34	34	34	1,7	188	181	189	197	4,0	638	613	638	675	5,7
Nederland	3	3	3	3	-21,0	219	186	185	:	:	66	60	62	:	x
Österreich	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x
Portugal	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x
Suomi/Finland**	0	0	0	1	16,6	119	99	104	96	-7,3	5	4	4	5	8,1
Sverige**	0	0	0	0	0,0	161	136	136	136	0,0	5	5	5	5	0,0
United Kingdom	25	25	23	23	0,4	160	164	178	174	-2,2	392	406	402	394	-1,9
	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x
EUR 12	:	:	:	:	x	:	:	:	:	:	:	:	:	:	x

(continued)

C.3. Tomatoes	EUR 15												
	1	227	:	:	:	:	:	:	:	:	:	x	
			1	1	3 666	3 242	3 888	19,9	330	347	309	343	10,8
			0	0	2 445	782	896	x	15	15	24	31	x
			37	32	684	748	896	14,6	30	24	24	31	27,0
			56	57	455	547	509	- 15,9	1 669	1 813	1 861	1 891	- 3,6
			12	11	474	498	491	- 1,4	2 647	2 806	3 062	2 706	- 11,6
			0	0	667	676	803	8,1	777	756	799	803	0,5
			0	0	x	x	:	x	12	:	:	:	x
			118	115	466	448	505	5,2	5 483	5 157	5 575	4 860	- 12,8
			2	1	4 332	4 518	:	x	652	607	561	:	x
			0	0	620	604	1 120	29,6	8	9	15	25	74,3
			0	9	542	615	:	x	640	509	879	:	x
			0	0	2 529	2 837	2 607	- 8,1	30	31	35	31	- 9,6
			0	0	2 713	2 951	2 951	0,0	18	19	19	19	0,0
			0	0	2 645	2 954	3 207	8,6	126	113	109	115	4,6
			:	227	:	:	:	x	:	:	:	:	x
	EUR 12												
			18	18	313	319	318	x	573	586	569	:	x
	C.4. Aubergines	EUR 15											
			3	3	274	273	284	- 4,3	80	78	83	78	- 5,8
			4	4	323	339	323	x	136	137	118	:	x
			1	1	293	297	308	1,7	25	27	27	27	0,8
			10	10	293	293	296	x	303	308	305	:	x
			0	0	3 547	3 446	3 673	- 4,3	29	35	34	:	x
		18	18	313	319	318	x	573	585	569	:	x	
EUR 12													
		:	18	:	:	:	x	:	:	:	:	x	

Source: Eurostat.

Table 4
Quantities of fruit and vegetables bought in

	1	2	1 000 kg					% of harvested production	
			1992/93	1993/94	1994/95	1995/96	1994/95	1995/96	7	8
	3	4	5	6	7	8			
Apples		EUR 15							
	100 465	73 713	16 602	200			3,3	0,0	
	0	129	0				0,0		
	54 143	46 383	26 408	267			1,3	0,0	
	160 149	95 949	96 376	76 166			30,3	23,8	
	144 273	52 541	64 981	30 693			9,0	3,9	
	849 317	455 000	372 600	92 773			17,2	4,5	
	709	440	585	287			6,5		
	314 429	102 382	25 910	2 559			1,2	0,1	
	104 188	127 169	13 518	407			2,0	0,1	
	11 231	9 970	1 102	1 853			0,5		
	22 219	24 354	10 647	1 092			3,2	0,5	
	1 761 123	988 030	628 729	206 297			6,8		
Pears		EUR 12							
	2 218	4 932	2 507				1,6	0,0	
	1 333	656	1 172	55			0,0	0,0	
	19 594	3 506	1 922	502			2,6	0,8	
	37 938	6 436	47 604	11 344			8,8	2,4	
	131 226	6 576	21 929	22 814			6,4	7,2	
	2 144	9 366	6 448	5 643			0,7	0,6	
	1 977	6 714	2 432	4 355			1,5	2,4	
	47	1 389	7 723	1 578			6,7		
	196 712	763	519	2 903			1,9	8,1	
	40 338	91 247	49 194				3,4		
Peaches		EUR 12							
	0	223	0	0			0,0	0,0	
	597 684	580 788	657 409	169 734			66,1	24,4	
	38 356	35 043	21 253	3 006			2,5	0,5	
	92 243	25 557	47 162	39 840			14,2	11,9	
	159 914	47 950	73 100	11 901			6,0		
	2 114	993	338	418			0,4		
	890 311	690 554	799 262	224 899			22,7		
Nectarines		EUR 15							
	114 587	88 472	103 580	29 839			77,9	31,1	
	3 895	3 655	3 347	1 616			0,0		
	164 963	17 173	35 399	19 577			18,0	9,6	
	340 974	157 091	191 523	73 148			8,7		
							21,4		

(continued)

Table grapes	EUR 15	Eliáda España France Italia	0	15 662	18 279	1 613	:	:	:	:
			90	2 940	679	:	:	0,0	0,6	
			3 701	257	1 254	91	:	0,2	0,0	
			0	0	0	354	:	1,5	0,1	
	EUR 12		3 791	18 859	20 212	:	:	0,0	:	
								1,2	:	
Apricots	EUR 15	Eliáda España France Italia	5 393	32 218	16 422	5	:	20,5	0,0	
			710	6	34 009	3 121	:	17,1	2,2	
			492	52 838	4 221	88	:	2,7	0,1	
			14 351	711	280	4	:	0,2	:	
	EUR 12		20 946	85 773	54 932	:	:	8,8	:	
Oranges	EUR 15	Eliáda España France Italia Portugal	234 434	151 368	106 036	80 487	:	0,0	9,8	
			88 126	92 727	63 632	19 483	:	2,4	0,8	
			283 825	67 519	91	752	:	9,1	75,2	
			626	578	48 625	82 293	:	0,0	:	
			443	608	2 275	1 207	:	1,3	:	
	EUR 12		607 454	312 800	220 659	184 222	:	7,8	:	
Mandarins	EUR 15	Eliáda España Italia	2 722	2 647	3 386	1 432	:	0,0	2,6	
			0	0	137	:	:	0,3	0,0	
			4 544	3 666	974	3 324	:	0,0	:	
	EUR 12		7 266	6 313	4 497	:	:	2,5	:	
Lemons	EUR 15	Eliáda España France Italia	1 610	89	424	24	:	0,0	0,0	
			82 205	61 007	6 016	4 209	:	1,0	1,0	
			116	58	16	5	:	0,0	:	
			647	328	20	179	:	0,0	:	
	EUR 12		84 578	61 482	6 476	4 417	:	1,0	:	
Clementines	EUR 15	Eliáda España France Italia	987	64	207	42	:	0,0	0,2	
			29 755	12 336	37 470	41 793	:	3,2	3,8	
			8 891	2 773	1 656	2 648	:	7,5	12,6	
			18 531	6 260	1 314	7 844	:	0,0	:	
	EUR 12		58 164	21 433	40 647	52 327	:	3,4	:	
Satsumas	EUR 15	Eliáda España	0	7	0	:	:	0,0	0,0	
			4 030	3 571	589	1 210	:	0,1	0,4	
	EUR 12		4 030	3 578	589	:	:	0,1	:	

(continued)

1	2	1 000 kg						% of harvested production	
		1992/93	1993/94	1994/95	1995/96	1994/95	1995/96	7	8
		3	4	5	6				
Cauliflowers		EUR 15							
	Belgique/België	1 958	626	967	:	0,9	0,0		
	BR Deutschland	6 506	2 533	10 203	10 880	0,0	7,0		
	Elláda	739	1 635	0	44	0,0	0,1		
	España	2 154	8 815	8 858	11 702	3,3	3,7		
	France	108 094	65 551	147 877	70 271	28,0	12,4		
	Ireland	307	369	752	77	0,0	:		
	Italia	2 076	17 770	17 858	34 165	0,0	5,1		
	Portugal	261	291	349	10	0,0	:		
	United Kingdom	18 713	11 089	7 455	4 874	2,0	1,2		
		140 808	108 679	194 319	132 023	13,5	:		
Tomatoes		EUR 15							
	Belgique/België	6 543	5 444	7 531	:	2,4	0,0		
	BR Deutschland	3 312	99	59	191	0,2	0,6		
	Elláda	3 169	5 006	2 977	794	0,2	0,0		
	España	49	2 613	9 996	40 844	0,3	1,5		
	France	25 528	11 964	6 644	14 351	0,8	1,8		
	Ireland	120	88	97	211	0,0	:		
	Italia	175 792	5 852	13 820	254	0,2	0,0		
	Nederland	41 181	18 894	8 958	192	1,7	:		
	Portugal	0	130	138	1 809	0,0	0,0		
	United Kingdom	3	0	0	:	0,0	0,0		
		252 697	50 090	50 220	58 626	0,4	:		
Aubergines		EUR 15							
	Elláda	0	5	1	380	0,0	0,5		
	España	0	54	280	459	0,0	:		
	France	148	325	97	228	0,4	0,8		
	Italia	0	0	3	4 269	0,0	:		
		148	384	381	5 336	0,1	:		

Source: European Commission, Directorate-General for Agriculture.

COMMON ORGANISATION OF THE MARKET

A - Fresh fruit and vegetables

1. Products covered

This chapter covers:

- the following vegetables, fresh or refrigerated (chapter 7 of the Combined Nomenclature):

tomatoes; onions, shallots, garlic, leeks and other alliaceous vegetables; cabbages, cauliflowers, curly kale, kohlrabi and similar edible brassicas; lettuce and chicory; carrots, turnips, beetroot, salsify, celeriac, radishes and similar edible roots; cucumbers and gherkins; shelled and unshelled pulses; other vegetables with the exception of fruits of the genus *Capsicum* or of the genus *Pimenta* other than sweet peppers, olives and sweet corn,

- the following fruits (chapters 8 and 12 of the Combined Nomenclature):

citrus fruits; table grapes; melons including water melons and papayas; apples, pears and quinces; apricots, cherries, peaches, nectarines, plums and sloes; nuts and nut mixtures (including dried ones), with the exception of coconuts, Brazil nuts, cashew nuts, areca nuts and cola nuts; plantains (fresh or dried); pineapples, avocados, guavas, mangoes, mangosteens (fresh or dried); fresh figs, other fresh fruit; locust beans.

2. Mechanisms of the common market organisation

On 28 October 1996 the Council adopted Regulation (EC) No 2200/96 on the common organization of the market in fruit and vegetables². It entered into force on 1 January 1997 and repeals Regulation (EEC) No 1035/72, which had been in force since 1 June 1972 and itself replaced Regulation No 23 of 4 April 1962 on the progressive establishment of a common market in fruit and vegetables. The market organization includes the following instruments:

- a system for the classification of products by reference to common standards,
- a system for the recognition of producer organizations and Community financial assistance to such organizations for setting up operational funds,
- rules on interbranch organizations and agreements,
- intervention arrangements,
- arrangements for trade with third countries,
- arrangements for national and Community checks.

² OJ L 297 of 21.11.1996.

2.1. Common standards

Standards ('Extra' Class, Class I and Class II qualities; size; packaging) are set for the products listed in Annex I to the basic Regulation which are to be supplied fresh to the consumer³. In defining these standards, the Commission takes account of the UN/ECE standards recommended by the Working Party on perishable product standardization and quality, set up by the UN's Economic Commission for Europe.

The standards apply to all stages of marketing, including the retail stage. Some derogations, either automatic or on the initiative of the Member States, are however allowed for first sale in the region of production, products to be used for processing, direct sales to consumers on the producing holding and, subject to a Commission decision, certain products consumed locally.

Compliance with standards is checked by sampling at all stages of marketing.

2.2. Producer organizations and operational funds

Producer organizations may be formed, on the initiative of producers, to ensure that production is planned and adjusted to demand, to promote concentration of supply and marketing, to reduce production costs and stabilize producer prices, and to promote the use of environmentally sound cultivation techniques, production methods and waste management practices.

Under certain conditions, relating to their composition and operating rules, producer organizations may be recognized by Member States under the common organization of the market. In particular, organizations may be recognized only if they have at least a minimum number of producer members and cover a minimum volume of marketable production, to be determined by the Commission after consultation with the Management Committee. Only recognized producer organizations are eligible for the Community assistance referred to in paragraph 2.4.

Under certain conditions Member States may grant start-up aid to new producer organizations, or organizations not recognized under Regulation (EEC) No 1035/72, which implement an action plan over a period not exceeding five years to enable them, at the end of that transitional period, to fulfil the conditions for recognition.

Community financial assistance may be granted to producer organizations which set up an operational fund maintained by financial contributions from its members. Such funds are to be used to finance market withdrawals (as a supplement to the Community withdrawal compensation for the products referred to in Annex II to the basic Regulation⁴, or to pay withdrawal compensation for other products) or to finance operational programmes approved by the Member States. The Community financial aid is to be equal to the amount

³ See Annex 3.

⁴ See Annex 4.

of member contributions up to a limit of half the actual expenditure of the fund (see also paragraph 2.7). There is a ceiling on the proportion of the fund that may be spent on financing withdrawals.

2.3. Interbranch organizations and agreements

Where its structures warrant it, a Member State may recognize as interbranch organizations any organizations which represent a significant share of the production of and/or trade in and/or processing of fruit and vegetables in one or more specific regions and have been set up on the initiative of their members and carry out operations of which an exhaustive list is given in the basic Regulation. Applications for recognition are to be notified to the Commission, which may object within a time limit of two months from that notification. The agreements, decisions or concerted practices of the interbranch organizations are to be notified to the Commission which may object to their implementation. Finally, rules laid down by an interbranch organization may, under certain conditions, be extended to all operators in the regions concerned.

2.4. Intervention arrangements

Without prejudice to the abovementioned possibility of allocating a proportion of operational funds to financing withdrawals, Community intervention arrangements have been established for the following products: cauliflowers, tomatoes, aubergines, apricots, peaches, nectarines, lemons, pears (other than perry pears), table grapes, apples (other than cider apples), satsumas, mandarins, clementines, oranges, melons and water melons.

Producers receive Community withdrawal compensation for products withdrawn from the market and conforming to standards; the amount of the compensation, indicated in Annex V to the basic Regulation, is to be reduced (except for melons and watermelons) in stages over a five-year transitional period and then to remain constant from the 2202/03 marketing year⁵. The quantity of a given product for which Community withdrawal compensation may be granted is limited to a percentage, to be reduced in stages over the transitional period, of the quantity of each product marketed by the producer organization concerned.

	1997/98	1998/99	1999/00	2000/01	2001/2002	As from 2002
Melons and watermelons	10%	10%	10%	10%	10%	10%
Citrus fruits	35%	30%	25%	20%	15%	10%
Apples and pears	50%	45%	40%	30%	20%	8,5%
Others	50%	45%	40%	30%	20%	10%

Individual producers who are not members of a producer organization may make withdrawals via a producer organization, for which they will receive a lower level of compensation and have to contribute to administrative costs.

⁵ See Annex 5. The basic price, the buying-in price and the intervention price have been abolished.

The destination of the products withdrawn, to be determined by the producer organizations, must be such as not to obstruct normal outlets for the products concerned and must not be detrimental to the environment, in particular water or the countryside. The products may be distributed free of charge to various approved institutions, used for non-food purposes or animal feed, transformed into alcohol, used for compost or bio-degraded using processes approved by the Member State concerned.

Budget item 1-1501 (see Annexes 1 and 2) is intended to cover EAGGF Guarantee Section expenditure on Community withdrawal compensation and transport, sorting and packaging costs for products distributed free of charge under the conditions laid down in the basic Regulation. It also covers expenditure on financial compensation granted to producer organizations under the former common market organization for their withdrawal operations and buying-in in crisis situations as well as for the disposal of products thus withdrawn⁶.

Table 5
Factors used to calculate appropriations for 1998

	1997/98 Quantities (1000 t)	1998/99 Quantities (1000 t)	Anticipated expenditure (ECU million)
Cauliflowers	155	155	14,3
Tomatoes	85	85	5,4
Aubergines	3	3	0,2
Peaches	650	635	92,8
Nectarines	180	165	29,1
Apricots	30	30	5,4
Pears	115	100	11,5
Grapes	50	50	5,3
Apples	620	605	65,9
Melons/Watermelons	400	400	16
Lemons	25	25	3,3
Oranges	260	260	37,3
Mandarines	5	5	0,8
Clementines	45	45	5,7
Satsumas	2	2	0,2

2.5. Arrangements for trade with third countries

The new arrangements resulting from the Marrakech Agreements entered into force at the beginning of the 1995/96 marketing year in the case of imports and on 1 June 1995 in the case of exports⁷.

⁶ As to the old CMO, see *CAP Working Notes* "Fruit and Vegetables 1995".

⁷ For a detailed description of the GATT Agreement see the *CAP Working Notes* special issue "GATT and European agriculture".

The common customs tariff applies to imports. Tomatoes, cucumbers, artichokes, courgettes, oranges, clementines, mandarins, lemons, table grapes, apples, pears, apricots, cherries, peaches, nectarines and plums, which used to be covered by the "reference price" arrangements were the subject of "tariffication" under the Uruguay Round. For each product there are several tariffs depending on the "entry price" of the goods at the time of import. This means that the import levy varies according to the value of each lot imported. Regulation (EC) No 3223/94 of 21 December 1994 lays down the detailed rules for the application of these arrangements and the method for calculating the entry price of each lot imported. This calculation is based, at the choice of the importer, on the fob price of the products in the country of origin, the re-sale value under the conditions of the customs code or a "standard import value" calculated daily by the Commission by product and by origin on the basis of the prices of the imports concerned on representative import markets.

To the extent necessary to allow an economically significant level of exports, the difference between international trade prices and prices in the EU may be covered by a refund. Refunds are fixed taking into consideration the situation or anticipated trends in fruit and vegetable prices on the EU market and of availability and prices applied in international trade. In fixing the amounts for standard refunds and the quantities to which refunds may be applied, it is also necessary to take account of GATT agreements, which provide for quantitative ceilings⁸ of 897 700 tonnes for 1997 and 853 600 tonnes for 1998, taking account of the carry-over of 10 800 tonnes from 1996 to 1997. The value ceilings corresponding to the forecast expenditure under item *I-1500* are ECU 71 million for 1997 and ECU 68 million for 1998.

2.6. National and Community checks

The basic Regulation requires Member States to take the necessary measures to ensure compliance with Community rules on the market in fruit and vegetables. It also provides for the creation of a special corps of inspectors for the fruit and vegetable market, made up of Commission officials and, if appropriate, agents appointed at the Commission's request and with the agreement of the Member State concerned. Under the direction of the Commission, this corps participates in national checks, carries out Community checks, assesses national inspection arrangements, gathers information and develops collaboration and the exchange of information between the national inspection bodies.

2.7. Specific or special measures

Item I-1502: Producer organizations' operational funds

Item *I-1502* (see Annex 1) covers the Community financial assistance provided for in Articles 15 and 16 of the basic Regulation for the operational funds established by producer organizations. This assistance is equal to the amount of the financial contributions of the members of the organization up to a ceiling of half the fund's actual expenditure; the ceiling may be raised to 60% for transnational or interbranch operations. There are further ceilings:

⁸ The GATT ceilings for the n/n+1 marketing year apply to budget n+1.

- for each producer organization, of 4% of the value of its products marketed,
- on the total amount of financial assistance, of 2% of the total turnover of all producer organizations.

To ensure compliance with the latter limit, an advance of 2% is paid and the remainder of the assistance is granted only when the total amount of assistance applied for is known. From 1999, the above ceilings of 4% and 2% will be raised to 4.5% and 2.5% respectively.

Item 1-1504: Specific measures

The basic Regulation provides that where the general instruments of the common market organization prove inadequate or inappropriate for products which are of major local or regional importance in economic or ecological terms and face lasting difficulties on the Community market, in particular because of strong international competition, specific measures to improve the competitiveness of those products and promote them may be adopted by the Commission after consultation with the Management Committee.

No measure of this sort has yet been adopted. However, proposals for such measures may be made during 1997.

Item 1-1504 also covers the special temporary aid of ECU 15/100 kg provided for by the Council for hazelnuts harvested during the 1997/98, 1998/99 and 1999/2000 marketing years by producer organizations which implement during 1997 a quality improvement plan within the meaning of Regulation (EC) No 1035/96 or an operational programme within the meaning of Regulation (EC) No 2200/96 (Annex 6).

Item 1-1505: Measures to improve production

Item 1-1505 is intended to cover expenditure resulting from the grubbing up of apple, pear, peach and nectarine trees proposed to the Council by the Commission in February 1997 in application of the declaration entered in the Council minutes when the new common organization of the market in fruit and vegetables was adopted. A maximum of 10 000 hectares of apple and pear trees and 10 000 hectares of peach and nectarine trees are eligible for grubbing-up aid under this measure. The necessary appropriation was estimated on the basis of the amount of aid granted for grubbing up peach trees for the 1995 marketing year (see also Annex 7).

Item 1-1507: Nuts

Nuts, i.e. almonds, hazelnuts (see also Annex 6), walnuts, pistachios and locust beans, are covered by specific measures laid down by Regulation (EEC) No 789/89. The sector is suffering from the fact that it is considerably behind other producer countries – in terms of both technical production conditions and marketing conditions.

The basic Regulation (EC) No 2200/96 provides that the rights acquired by producer organizations under these specific measures should be maintained until they are exhausted. Item *1-1507* therefore covers financing of the balance of two types of intervention:

- quality and marketing improvement plans are cofinanced by the EAGGF at a rate of 45%. This financial contribution is paid for a period of ten years for each plan. The 1997 budget provides ECU 101 million and the 1998 PDB provides ECU 100 million. These amounts cover the financing needed for the plans approved.
- revolving funds for producers' organisations which have presented a quality and marketing improvement plan are cofinanced at a rate of 45%. This specific aid is granted once only, subject to the balance being financed by the Member State (10%) and the producers' organisation (45%). ECU 2 million are provided for both 1997 and 1998.

1-1509: Other interventions

Item *1-1509* covers:

- expenditure relating to special measures for the transport of certain fresh fruit and vegetables originating in Greece, in accordance with Regulation (EEC) No 3438/92. This Regulation makes provision for a special temporary allowance to be granted for consignments of fresh fruit and vegetables originating in Greece transported by refrigerated lorry or railway wagon to Member States other than Italy, Spain and Portugal, to compensate for transport costs incurred as a result of the conflict in the former Yugoslavia. The appropriations for 1997 and 1998 constitute the balance of funding for this measure, which was terminated in 1996.
- expenditure incurred under Regulation (EEC) No 3816/92, the object of which is the restructuring of the fresh fruit and vegetables sector in France, Italy and Greece following termination of the transitional measures laid down by the Act of Accession of Spain and applicable until 31 December 1995. EU participation in the financing of an action programme amounts to 75% of the expenditure borne by the Member States concerned, for a period of three years, and subject to an overall limit of ECU 100 million (see Annex 8).

B - Processed fruit and vegetables

Chapter 1-15 of the preliminary draft budget also covers the following processed fruit and vegetables: frozen and dehydrated vegetables, canned products, frozen, dried and canned fruit, fruit pastes, fruit juices and other products.

Common organisation of the market in products processed from fruit and vegetables came into force in 1968. Since 1 January 1997 it is governed by Council Regulation (EEC) No 2202/96.

Council Regulation (EEC) No 525/77 established a system of production aid for tinned pineapples, and Council Regulation (EEC) No 1991/92 established a special scheme for raspberries intended for processing.

Lastly, the system of production aid for processed citrus fruit was amended under the 1996 reform and the aid now takes the form of aid to producer organisations [Council Regulation (EC) No 2202/96].

1. Import and export arrangements

On the import side, a minimum border price has been set for certain processed products, particularly processed cherry products and dried grapes. Similar action is taken on an *ad hoc* basis for certain soft fruits (processed or intended for processing) originating from certain Eastern European countries.

In order to facilitate exports of products processed from fruit and vegetables, refunds may be granted to compensate for the difference between the domestic price and the world market price, in accordance with the provisions of Articles 13, 14 and 14a of the basic Regulation. The limits imposed by the GATT agreements establish quantity ceilings⁹ of 190 300 tonnes for 1997 and 183 200 tonnes for 1998, taking account of the carry-over from 1996. The value ceilings, which correspond to anticipated expenditure under item 1-1510, are ECU 10.6 million for 1997 and ECU 11 million for 1997 at a quantity ceiling of 168 700 tonnes.

2. Processing aid arrangements

In 1978, as part of its overall Mediterranean policy, the Council decided to establish an aid scheme for fruit and vegetable processing, covering tomato-based products, peaches and pears in syrup and/or natural fruit juice, prunes, dried figs and dried grapes. This aid became necessary as a result of the gap in price levels between EU products and imported products, the aim being to provide the producers of fresh products with an adequate income in the form of a minimum price which processors would undertake to pay producers in exchange for receiving aid. Before the start of each marketing year, the Commission fixes a minimum price for each product (management committee procedure), taking account of the minimum price for the previous marketing year, the trend in the basic fresh product price, and the need to ensure normal sales of the fresh product to the various destinations.

⁹ The GATT ceilings for marketing year $n/n+1$ apply to the budget for year $n+1$.

The Council decided that, with effect from the 1990/1991 price package, support for dried grapes would no longer be provided through processing aid, but through specific amounts of aid per hectare instead (see also Annex 9).

Item 1-1511: Production aid for processed tomato products

The basic Regulation (EC) No 2201/96 maintains with adjustments the system introduced by Regulation (EEC) No 668/93 limiting production aid on processed tomato products granted to processors in the Member States. From the 1997/98 marketing year, the maximum quantity of processed tomato products that may qualify for aid is equivalent to 6 836 262 tonnes of fresh tomatoes, broken down as follows for 1997/98 and the four following marketing years:

- tomato concentrate: 4 585 253 tonnes,
- tinned whole peeled tomatoes: 1 336 119 tonnes,
- other products: 914 890 tonnes.

From the 2001/02 marketing year, the overall quota is to be apportioned among the three product groups on the basis of the average quantities produced during the five preceding marketing years and fetching at least the minimum price.

Each year the quantity of fresh tomatoes set out above is apportioned among the Member States on the basis of the average quantities produced during the three preceding marketing years and fetching at least the minimum price. However, the breakdown for 1997/98 and 1998/99 was fixed in the basic Regulation itself.

Within the Member States, the quantity of fresh tomatoes available is divided among the processors in proportion to the average quantities produced during the last three marketing years and fetching at least the minimum price.

Requirements for appropriations for *item 1-1511* for the 1997 and 1998 financial years are based on the following assumptions.

	Fresh products (tonnes)	Finished products (tonnes)	Average aid (ECU/tonne)	Appropriations (ECU million)
Quota for 1997	6 596 787	2 597 880	134.8	332.7
Quota for 1998	6 836 262	2 642 779	137.34	363.0 ¹

¹ ECU 367 million with effect of dual rate.

Item 1-1512: Production aid for fruit-based products

The appropriation under item 1-1512 is intended to cover the cost of aid for the processing of peaches, pears, plums and figs under Article 3 of the basic Regulation. Since its introduction, guaranteed aid is granted subject to quantity limits currently fixed at 102 805 tonnes for Williams and Rocha pears in syrup and/or natural juice and 582 000 tonnes for peaches in syrup and/or natural juice. If these figures are exceeded, production aid for the next marketing year is reduced.

Table 6
Quantities and rates used to forecast expenditure under item 1-1512

	Budget 1997		PDB 1998	
	Quantity (1000 t)	Aid rate (ECU/t)	Quantity (1000 t)	Aid rate (ECU/t)
Peaches	582.0	86.6	582.0	86.6
Pears	102.8	193.2	102.8	180.9
Prunes	41.0	761.5	50.0	825.1
Dried Figs	18.0	335.5	15.0	335.5

Item 1-1513: Production aid and intervention for processed dried grape products

In the course of the 1990/91 – 1993/94 marketing years, the production aid system for dried grapes was gradually replaced by a system of fixed aid per hectare of harvested specialised area. The maximum guaranteed area for raisin, sultana and muscatel type grapes is 53 000 hectares. If the specialised areas used for dried grape production exceed the maximum guaranteed area, aid per hectare is reduced.

Storage aid for processed dried grape products is also provided for.

Owing to the decline of the European dried grape market, the economies of certain regions, in particular the island of Crete, have been jeopardised. The inferior quality of Community dried grapes compared with imports is the main reason for this situation, justifying the introduction of measures to improve quality. The EU finances between 70% and 100% of the cost of applying specific measures relating to the quality and promotion of dried grapes implemented by representative groups in the sector. These measures, covered by Council Regulation (EEC) No 399/94 of 21 February 1994, started in 1997. Details can be found in the financial statement (Annex 9).

Table 7
Calculation factors for expenditure forecasts under item 1-1513
(1997 and 1998 financial years)

	Budget 1997		PDB 1998	
	Calculation factors	Expenditure (ECU million)	Calculation factors	Expenditure (ECU million)
Sales losses		2.6		2.0
Storage aid		0.9		0.8
Aid per hectare	43 000 ha x ECU 2 785/ha	119.8	43 000 ha x ECU 2 785/ha	122.5
Aid per hectare for phylloxera	5 500 ha x ECU 3 917/ha	21.5	6 700 ha x ECU 3 917/ha	26.2
Quality improvement		3.6		2.7
Processing aid		token entry		token entry
Total¹		148.4		154.2

¹ Not including dual rate effect (see Annex 2).

Appropriations under *item 1-1513* thus cover several types of expenditure:

- processing aid,
- losses on sales owing to the resale of quantities purchased at the minimum buying-in price at a lower price,
- storage aid,
- aid per hectare,
- aid per hectare for the grubbing-up and replanting of trees in the context of measures to combat phylloxera,
- quality improvement measures.

Scheduled expenditure for the 1997 financial year is higher than in 1996, mainly because of an increase in areas eligible for aid per hectare in the context of measures to combat phylloxera.

Item 1-1514: Production aid for tinned pineapple

The object of production aid established by Regulation (EEC) No 525/77 is to maintain competitive prices for the industry, compared with those applied by the main producing third countries, and to ensure that producers of fresh pineapples are paid a fair price. Aid is granted to processors who undertake to pay producers at least the minimum price fixed each year. The appropriations requested under *item 1-1514* for the 1998 financial year are higher than for 1997. Forecasts suggests that a quantity of 7 000 tonnes is likely to be the subject of aid amounting to ECU 1 668.7 per tonne in 1998, as against 5 000 tonnes at a rate of ECU 1 656 per tonne in 1997.

Item 1-1515: Compensation to encourage processing of citrus fruits

The appropriations entered in *item 1-1515* are intended to cover the compensation for the processing of certain citrus fruits under the arrangements introduced by Regulation (EC) No 2202/96, replacing Regulations (EEC) No 1035/77 and No 3119/93 from the 1997/98 marketing year. The aim of the arrangements is to encourage the disposal of certain varieties and certain products ill adapted to the market for fresh products in order to ensure they are processed into juice or segments under economically satisfactory conditions. The arrangements cover lemons, grapefruit and pomelos, oranges, mandarins and clementines processed into juice and clementines and satsumas processed into segments. It provides for aid to producer organisations delivering products to processors under contracts. The aid is set in the basic Regulation itself.

The stabiliser system applies to the aid. Processing thresholds are fixed by product or group of products and any overrun, to be assessed on the basis of the last three marketing years including the current year, results in a 1% reduction in the aid per tranche of the overrun.

The appropriations for this aid are based on assumed requirements for each of the products concerned and taking account of the compensation fixed by the Council. The overall result is ECU 187.3 million in 1998, 1.8% up on 1997.

Table 8
Amount of aid

	1997/98	1998/99	1999/00	2000/01	2001/02	As from 2002/03
Lemons	9,36	9,31	9,25	9,21	9,15	9,10
Grapefruit	9,36	9,31	9,25	9,21	9,15	9,10
Oranges	10,03	9,98	9,94	9,89	9,85	9,80
Mandarines	11,31	10,86	10,42	9,98	9,54	9,10
Clementines	8,90	8,95	8,99	9,03	9,07	9,10
Satsumas	7,34	7,69	8,04	8,40	8,75	9,10

Item 1-1516: Production aid for processed raspberries

Council Regulation (EEC) No 1991/92 established a special scheme of measures for raspberries intended for processing. It includes the following aids:

- the Guarantee Section of the EAGGF provides financing at a rate of 50% for flat-rate aid granted by Member States to recognised producers' organisations which have submitted a programme to improve the competitiveness of the sector producing raspberries for processing,
- programmes approved receive Community aid amounting to 40% of the expenditure incurred.

The sum judged necessary to cover this expenditure under item 1-1516 in 1998 is ECU 1 million, as it was for 1997 (see Annex 10).

Item 1-1517: Asparagus

The basic Regulation provides that for products which are of major local or regional importance in economic or ecological terms and face strong international competition, specific measures to improve the competitiveness of those products and promote them may be adopted by the Commission after consultation with the Management Committee.

The appropriations under item 1-1517 are also intended to cover temporary specific aid of ECU 500/ha for a maximum of 9 000 hectares for three years with a view to facilitating, in the case of asparagus for processing, the launching of these measures (see Annex 11).

Item 1-1519: Other intervention

This item is intended to cover any other expenditure relating to processed fruit and vegetables. A token entry has been made for 1998.

D - Promotion measures

Community financing is available for measures to promote certain fruits. Such measures cover apples and citrus fruit (Annex 12), nuts (Annex 13) and grape juice (Annex 14). Similar measures have also been decided for table olives¹⁰.

¹⁰ See the *CAP Working Notes* on olive oil and table olives.

ANNEX 1

Fruit and vegetables – Appropriations authorised for 1997 and appropriation requirements for 1998

<i>(ECU)</i>				
Article Items	Heading	Appropriations authorised 1997	Appropriation requirements 1998	Variation (%)
1-150	Fresh fruit and vegetables	810 500 000	1 132 000 000	39,7
1-1500	Export refunds	71 000 000	68 000 000	-4,2
1-1501	Compensation for withdrawals and buying-in and for free distribution operations	301 300 000 ¹	320 000 000	6,2
1-1502	Operational fund (producer organisations)	97 200 000	282 000 000	190,1
1-1504	Specific measures (Hazelnuts)	11 600 000	14 000 000	20,7
1-1505	Measures to improve production	pm	93 000 000	
1-1507	Nuts	103 000 000	102 000 000	1,0
1-1508	Bananas	189 500 000	212 000 000	11,9
1-1509	Other intervention	36 900 000	41 000 000	11,1
1-151	Processed fruit and vegetables	851 100 000	863 000 000	3,3
1-1510	Export refunds	10 600 000	11 000 000	3,8
1-1511	Production aid for processed tomato products	368 200 000	367 000 000	-0,3
1-1512	Production aid for fruit-based products	106 800 000	117 000 000	9,6
1-1513	Production aid and intervention for processed dried grape products	145 800 000	156 000 000	7,0
1-1514	Aid for tinned pineapple	7 800 000	12 000 000	53,8
1-1515	Compensation to encourage processing of citrus fruits	206 000 000	189 000 000	-8,3
1-1516	Aid for processed	1 000 000	1 000 000	-
1-1517	Specific measures (Asparagus)	4 900 000	10 000 000	104,1
1-1519	Other interventions	pm	pm	-
1-159	Other	pm	pm	-
TOTAL		1 661 600 000	1 995 000 000	19,4

¹ Including an appropriation of ECU 1 900 000 entered in Chapter B0-40.

² Formerly item 1-1503

ANNEX 2

Key elements for the determination of appropriations required in 1998

Technical-economic elements for the forecasting of expenditure in 1998	Appropriation requirements 1998 (ECU)
1-150 Fruit and vegetables	1 132 000 000
1-1500 Export refunds CMO ceiling: 853 000 tonnes	68 000 000
1-1501 Compensation for withdrawals and buying-in and for free distribution operations Withdrawals: ECU 293 000 000; withdrawals (non-associated producers): ECU 24 000 000	320 000 000
1-1502 Operational fund (producer organisations)	282 000 000
1-1504 Specific measures (Hazelnuts)	14 000 000
1-1505 Measures to improve production Apples, pears: 10 000 ha x 4 600 ECU/ha Peaches, nectarines: 10 000 ha x 4 600 ECU/ha	93 000 000
1-1507 Nuts Amounts earmarked for conversion: ECU 100 million. Revolving funds: ECU 2 million	102 000 000
1-1508 Bananas 1997: anticipated marketed quantities: 780 000 tonnes; to pay: ECU 120 million 1998: anticipated marketed quantities: 800 000 tonnes; to pay: ECU 69 million (advance payments)	212 000 000
1-1509 Other intervention: see financial statements (Annex 8)	41 000 000
1-151 Processed fruit and vegetables	863 000 000
1510 Export refunds CMO ceiling: 168 700 tonnes	11 000 000
1-1511 Production aid for processed tomato products [2 642 779 tonnes (quantity of finished products) x 95%] x ECU 137.34/t (aid rate)	367 000 000
1-1512 Production aid for fruit-based products Peaches: 582 000 tonnes (quantity) x ECU 86.6/t (aid rate) Pears: 102 800 tonnes (quantity) x ECU 180.9/t (aid rate) Prunes: 50 000 tonnes (quantity) x ECU 825.1/t (aid rate) Dried figs: 15 000 tonnes (quantity) x ECU 335.5/t (aid rate)	117 000 000
1-1513 Production aid for processed dried grape products Loss on sales: ECU 2.0 million Storage aid: ECU 0.8 million 44 000 ha (dried grape area) x ECU 2 785/ha (aid rate) = ECU 122.5 million 6 700 ha (phylloxera treatment area) x ECU 3 917/ha (aid rate) = ECU 26.2 million	156 000 000
1-1514 Production aid for tinned pineapple Quantity: 7 000 tonnes Aid rate: ECU 1 668.7/tonne	12 000 000
1-1515 Compensation to encourage processing of citrus fruits Oranges: 1 189 000 tonnes (quantity) x ECU 99.5/t (aid rate) Lemons and grapefruits: 450 000 tonnes (quantity) x ECU 92.9/t (aid rate) Mandarins: 72 500 tonnes (quantity) x ECU 112.2/t (aid rate) Satsumas: 177 500 tonnes (quantity) x ECU 72.9/t (aid rate) Clementines: 70 000 tonnes (quantity) x ECU 88.5/t (aid rate)	189 000 000
1-1516 Production aid for processed raspberries: flat-rate estimate	1 000 000
1-1517 Specific measures (Asparagus)	10 000 000
1-1519 Other intervention	pm
1-150 Others	pm
TOTAL	1 995 000 000

Note: The differences between the appropriations requested and the figures based on technical and economic factors stem from the dual rate coefficient, reflecting the difference between the agricultural conversion rate and the budget exchange rate.

ANNEX 3

Products which are to be supplied fresh to consumer and are subject to standards

Almonds	Celery	Peaches and nectarines
Apples and pears	Cherries	Peas for shelling
Apricots	Citrus fruit	Plums
Artichokes	Courgettes	Spinach
Asparagus	Cucumbers	Strawberries
Aubergines	Garlic	Sweet peppers
Avocados	Hazelnuts	Table grapes
Beans	Kivis	Tomatoes
Brussels sprouts	Leeks	Walnuts
Cabbage	Lettuce, curly and escarole chicory	Water melons
Carrots	Melons	Witloof chicory
Cauliflowers	Onions	

ANNEX 4

List of products eligible for Community withdrawal compensation under Article 23 (3)

Cauliflowers	Table grapes
Tomatoes	Apples (other than cider apples)
Aubergines	Satsumas
Apricots	Mandarins
Peaches	Clementines
Nectarines	Oranges
Lemons	Melons
Pears (other than perry pears)	Water melons

ANNEX 5

Community withdrawal compensation

(ECU/100 kg)

Marketing years	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	As from 2002
Cauliflowers	9,34	8,88	8,41	7,94	7,48	7,01
Tomatoes	6,44	6,12	5,80	5,47	5,15	4,83
Apples	10,69	10,32	9,94	9,56	9,18	8,81
Grapes	10,69	10,15	9,62	9,08	8,55	8,02
Apricots	18,90	17,95	17,01	16,06	15,12	14,17
Nectarines	17,39	16,52	15,65	14,78	13,91	13,04
Peaches	14,65	13,92	13,18	12,45	11,72	10,99
Pears	10,18	9,82	9,46	9,10	8,75	8,39
Aubergines	5,29	5,02	4,76	4,49	4,23	3,97
Melons	4,00	4,00	4,00	4,00	4,00	4,00
Water melons	4,00	4,00	4,00	4,00	4,00	4,00
Oranges	14,33	14,26	14,20	14,13	14,07	14,00
Mandarins	16,15	15,52	14,89	14,26	13,63	13,00
Clementines	12,74	12,79	12,84	12,90	12,95	13,00
Satsumas	10,49	10,99	11,49	12,00	12,50	13,00
Lemons	13,37	13,30	13,22	13,15	13,07	13,00

ANNEX 6

Special temporary aid for hazelnuts

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
-	-	14.3	14.3	-	-

1. Budget heading

B1 - 1504

2. Title of operation

Special temporary aid for hazelnuts

3. Legal basis

Article 55 of Regulation (EC) No 2200/96

4. Description of operation

4.1. General objective

To help the hazelnut industry cope with a particularly unfavorable economic situation.

4.2. Period covered and arrangements for renewal and extension

This measure is limited to the three marketing years 1997/98, 1998/99 and 1999/2000.

5. Classification of expenditure

5.1. Compulsory expenditure.

5.2. Non-differentiated appropriations.

6. Type of expenditure

Income aid. 100% Community financing.

7. Financial impact

7.1. Method of calculating the cost of the operation

- link between individual costs and total cost.

The unit aid is ECU 15/100 kg for three marketing years.

- Community hazelnut production may be estimated at 124 000 tonnes on a production area of around 106 000 hectares. The percentage of that total area which is covered by a quality improvement plan or an operational programme can be put at 60%, with an average yield of around 1.5 t/ha. Under these conditions, the total cost of the measure may be estimated as follows:

- production: 106 000 ha x 60% x 1.5 t/ha = 95 400 t
- expenditure: 95 400 t x ECU 150/t x 3 marketing years = ECU 42.9 million.

8. Fraud prevention measures

The detailed rules of application, to be put in place in 1997, will specify the specific monitoring rules for this measure, taking account of existing controls for 'quality improvement plans' and checks being devised for 'operational programmes' and for the intervention measures provided for under the new COM. The specific rules must give priority to checks of quantities produced.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

Since temporary income support is involved, the aim is above all 'defensive', i.e. it seeks to avoid any deterioration in the existing situation. In other words, the aim is to prevent the disappearance of Community producers, which would result in the abandonment of production in areas where there are few possibilities of conversion.

The target population comprises the members of the producer organisations concerned.

9.2. Grounds for the operation

This measure constitutes the implementation of a decision taken 'in principle' by the Council in July 1996 when the final agreement was reached on the reform of the COM for fruit and vegetables.

The decision seeks to provide a response to the shaky situation on the Community market for hazelnuts, as shown by the Community's meagre self-sufficiency rate (50%). This is due in particular to imports from Turkey benefiting from the continual decline in the Turkish lira.

9.3. Monitoring and evaluation of the operation

Given the 'defensive' objective pursued, the impact of the measure can be gauged through the change in areas cultivated. According to the latest estimates, the Community hazelnut production area covers approximately 106 000 hectares (compared with 111 167 hectares in 1993 and 108 794 hectares in 1992), including around 3 300 hectares in Greece, 66 300 hectares in Italy, 33 000 hectares in Spain, 2 500 hectares in France and 1 000 hectares in Portugal.

The monitoring of the operation will depend on the information forwarded by the Member States on changes in that area.

ANNEX 7

Measures to improve production - apples, pears, peaches and nectarines

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998	
Commitments	Payments	Commitments	Payments
-	-	93.0	93.0

1. Budget heading

B1 - 1505

2. Title of operation

Measures to improve production - apples, pears, peaches and nectarines

3. Legal basis

Proposal for a Council Regulation presented by the Commission on 13 January 1997

4. Description of operation

4.1. General objective

Reduction in quantities delivered for withdrawal by action on production potential

4.2. Period covered and arrangements for renewal and extension

This is a one-off measure for which there is no provision for renewal.

5. Classification of expenditure

5.1. Compulsory expenditure.

5.2. Non-differentiated appropriations.

6. Type of expenditure

100% Community financing

7. Financial impact

7.1. Method of calculating the cost of the operation for 1998

The unit amount of the premium is to be set by the Commission, taking account of the costs of grubbing-up and the estimated loss of income of the recipients. Assuming the average premium to be ECU 4 600 per hectare grubbed up, the overall cost of the operation can be put at:

ECU 4 600/ha x twice 10 000 ha = ECU 93 million.

7.2. Itemised breakdown of cost

(ha)

Member State	Apple trees/ pear trees	Peach trees/ nectarine trees
Belgium	430	p.m.
Denmark	30	p.m.
Germany	1 140	10
Greece	620	3 630
Spain	1 320	1 700
France	2 750	1 110
Ireland	10	-
Italy	2 310	3 320
Luxembourg	10	-
Netherlands	540	p.m.
Austria	150	20
Portugal	330	210
Finland	10	-
Sweden	40	-
United Kingdom	310	-
TOTAL	10 000	10 000

8. Fraud prevention measures

The fraud prevention measures will be set out in the detailed rules of application to be laid down. However, Article 4 of the proposal already provides that the Member States are to ensure that recipients observe their undertakings not to replant or extend areas.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

In accordance with the Council's request and taking into account similar measures carried out in the past, the objective of the operation is the grubbing-up of 10 000 hectares of apple and pear trees and 10 000 hectares of peach and nectarine trees.

Community production should accordingly be reduced as follows¹¹:

apples: 10 000 ha x 71.1% x 25 t/ha = 177 750 t
pears: 10 000 ha x 28.9% x 17 t/ha = 49 130 t
peaches: 10 000 ha x 81.6% x 10 t/ha = 81 600 t
nectarines: 10 000 ha x 18.4% x 10 t/ha = 18 400 t.

Assuming that Community withdrawals fall by around 80% as a result of this operation, as from the 1998/99 marketing year savings will amount to¹²:

¹¹ The calculation is based on the following assumptions:

- the area grubbed up is proportional to the area of land under the various fruit trees;
- yields taken into account are slightly lower than the average yields, which are 20-40 t/ha for apples, 15-30 t/ha for pears and 14 t/ha for peaches and nectarines.

¹² The cost of withdrawals used is the average Community amount applying for withdrawals for the 1998/99 to 2001/02 marketing years.

apples: 177 750 t x 80% x ECU 97.5/t = ECU 13.9 million
pears: 49 130 t x 80% x ECU 92.8/t = ECU 3.6 million
peaches: 81 600 t x 80% x ECU 128.2/t = ECU 8.4 million
nectarines: 18 400 t x 80% x ECU 152.2/t = ECU 2.2 million.

Overall savings on withdrawals will thus amount to an average of ECU 28 million a year. The estimated cost of the measure (ECU 93 million) will thus be covered in less than four marketing years.

Lastly, the final beneficiaries of the measure will be the producers themselves.

9.2. Grounds for the operation

The Community area under fruit trees continues to produce a structural surplus, supply being ill-adjusted to demand. Measures undertaken in 1990-95 to restore sound conditions must thus be continued on apple-producing holdings while those taken in 1995 must be continued in the case of peach and nectarine holdings; they must also be extended to holdings producing pears.

Furthermore, through its direct effect on production potential, the operation has a long-term effect on withdrawals. However, its attractiveness for producers depends on the situation on the market in the products in question.

9.3. Monitoring and evaluation of the operation

By virtue of its very nature, the operation's results can be gauged immediately. The detailed rules of application will specify the information to be forwarded by the Member States to the Commission on this point, so the latter can assess the results achieved and conduct an evaluation of the operation.

ANNEX 8

National programmes for the restructuring of the fruit and vegetables sector

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
35	35	41	41	17	17

1. Budget heading

B1 - 1509

2. Title of operation

National programmes for the restructuring of the fruit and vegetable sector.

3. Legal basis

Regulation (EEC) No 3816/92.

4. Description of operation

4.1. General objective

Aid for the restructuring of the fresh fruit and vegetables sector in France, Italy and Greece to take account of the impact of the lapsing of the transitional period for Spain and Portugal.

4.2. Period covered and arrangements for renewal or extension

The period covered is limited to three years from the date of approval of the programmes.

5. Classification of expenditure

5.1. Compulsory expenditure

5.2. Non-differentiated appropriations.

6. Type of expenditure

The Community contribution amounts to 75% of the expenditure borne by the Member State.

7. Financial impact

7.1. Method of calculating the cost of the operation

Within an overall limit of ECU 120.7 million under detailed programmes forwarded by the Member States

Total expenditure under programmes already approved amounts to ECU 80.91 million in France and ECU 26.67 million in Greece. In Italy, the corresponding amount in the draft programme is ECU 48.30 million.

As a consequence, the overall cost of the operation to the Community is as follows:
 $(80.91 + 26.67 + 48.30) \times 75\% = \text{ECU } 116.91 \text{ million.}$

7.2. Itemised breakdown of cost

(million ECU)

Member State	1997 budget	1998 PDB	Variation (%)
Greece	12	10	-17
France	23	17	-26
Italy	-	14	-
TOTAL	35	41	+17

8. Fraud prevention measures

The Member State implementing the action programme carries out checks to ensure that programme measures funded are correctly implemented. The checks comprise:

- administrative and accounting checks on the costs funded,
- checks, particularly on-the-spot checks, to ensure that implementation of measures is consistent with the provisions of the contract or agreement.

Member States inform the Commission of the checks that are planned.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

Objectives

The restructuring of the *French* fruit and vegetables sector is being carried out through subprogrammes geared to:

- developing research into improving product quality, harvesting and preservation techniques through national and regional programmes of research and trials,
- organising market studies,
- adapting fruit varieties to market requirements,
- reinforcing marketing and sales structures,
- providing specific support for the production of southern tomato varieties under glass.

The *Greek* programme aims at:

- restructuring structures for growing figs, walnuts, chestnuts and pistachios (extending cultivation areas and aid for the Vardata experimental station),
- improving the organisation of markets and controls (aid for groups of asparagus and kiwifruit producers, modernisation of producers' groups, establishing of border stations to monitor quality and plant health, construction of 20 weighbridges by the Ministry of Agriculture to improve checks on market withdrawals.

The *Italian* programme is being considered by the Commission departments.

Target population

The target population consists of various operators in the fresh fruit and vegetables sector, particularly producers, though trade and research centres are also included so the sector is covered more comprehensively.

9.2. Grounds for the operation

Removal of the compensation mechanism for trade between Spain and the other Member States has had repercussions throughout the fruit and vegetables sector, particularly in France, Greece and Italy.

The Council felt it was necessary to make provision for economic support for the fruit and vegetables sector and distribution chain in the three Member States concerned. The Commission agreed with this assessment of the situation and submitted a proposal to the Council. In avoiding short-term support and by introducing structural measures, the proposal aims to achieve a permanent improvement in the competitiveness of the sector in question.

9.3. Monitoring and evaluation of the operation

The decisions approving the French and Greek programmes provide that:

- Each Member State concerned is to prepare an annual report on implementation of the programme and to submit it to the Commission by 1 June each year.
- A report setting out the programme results is to be drawn up by each Member State concerned and submitted to the Commission within four years of the start of financial assistance from the EU. This report must describe the extent to which the objectives set out in Article 2 of Regulation (EEC) No 3816/92 have been achieved.

In August 1996 the French authorities sent the Commission a report on the introduction and execution of the programme in 1995. The report can be summed up as follows:

- As regards research, 15 national programmes of trials, lasting one year and renewable, were set up, as was a national trial and demonstration network, with a view to defining technical and economic references in line with local soil and climatic conditions;
- Studies were approved, the projects being undertaken at the instigation of both trade groups and the authorities;
- The measures to modernise the area under fruit trees were launched under the direct supervision of the authorities;
- Projects to strengthen marketing and sales structures were agreed between the recipients and the authorities. The aid took the form of advances covered by securities and convertible into grants for the purpose of increases in enterprises' capital, required by restructuring or development programmes. A check was conducted to ensure that no public aid was granted to the same enterprises under the same programme;
- The programme for the modernisation of glasshouses for growing vegetables was set up under a circular issued by the authorities;
- A check was conducted in respect of all the measures funded to ensure that no other Community financial contribution had been applied for or obtained.

A reminder regarding the requirement to forward an annual report on the implementation of the programme was sent to the Greek authorities, so far to no avail.

ANNEX 9

Specific measures for dried grapes - Quality improvement

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
3.2	3.2	2.7	2.7	- 16	- 16

1. Budget heading

B1 - 1513

2. Title of operation

Specific measures for dried grapes

Quality improvement

3. Legal basis

Council Regulation (EC) No 399/94.

4. Description of operation

4.1. General objective

To remedy the marketing difficulties affecting Community, and mainly Greek, production of dried grapes.

4.2. Period covered and arrangements for renewal or extension

This is a one-off operation. The period of implementation is not limited by the regulations in force and will thus depend on that of the projects approved by the Commission. The general time limit for the presentation of the projects was 30 March 1995. The lengthiest period for any of the projects proposed and currently under consideration by the Commission covers a period of four and a half years from the start of actual implementation. As this was to take place sometime in 1997, the operation should end in 2001 at the latest. Currently there is no provision for renewal.

5. Classification of expenditure

5.1. Compulsory expenditure

5.2. Non-differentiated appropriations

6. Type of expenditure

Community part-financing, generally amounting to 70% of the cost of the operation. It may rise to 90% in the case of occupational training.

7. Financial impact

7.1. Method of calculating the cost of the operation

When Regulation (EC) No 399/94 was adopted, the Council agreed that the Community financial contribution to the operation should amount to ECU 12.2 million, including the financing of promotional measures and market surveys, not dealt with herein, estimated at ECU 1.5 million.

The total cost of the projects presented to the Commission is ECU 14.4 million and the planned Community contribution is ECU 10.7 million. That cost and the contribution break down as follows.

Operation	Total estimated cost	Maximum Community contribution	
	ECU	%	ECU
A. SULTANAS			
<i>I. Occupational training measures</i>	2 731 332	90	2 458 199
of which:			
1. Training of dried-grape producers and trainers	1 974 688		
2. Training of personnel in storage and processing centres	319 442		
3. Additional training measures	437 202		
<i>II. Measures to improve transport and storage conditions</i>	6 095 378	70	4 266 765
of which			
1. Small plastic crates	3 969 039		
2. Quality control laboratory	128 328		
3. Measures for factories	1 998 011		
<i>III. Measures for the development of more efficient technical processes</i>	301 972	70	211 380
of which:			
1. Dried-grape moisture measurement	64 164		
2. Application of alternative methods to combat insects in dried-grape stores	96 646		
3. Improvement of natural treatment processes for dried grapes	141 162		
<i>IV. Programme assessment study</i>	64 164	90	57 748
Total for sultanas	9 192 846	-	6 994 092
B. CURRANTS			
<i>I. Occupational training measures</i>	298 466	90	268 619
<i>II. Purchase of plastic crates</i>	4 507 210	70	3 155 047
<i>III. Purchase of lifting equipment</i>	320 821	70	224 575
<i>IV. Programme assessment study</i>	64 165	90	57 749
Total for currants	5 190 662	-	3 705 990
GRAND TOTAL	14 383 508	-	10 700 082

7.2. Itemised breakdown of cost

(ECU million)

Breakdown	1997	1998 (PDB)	1999	2000	2001	Total
Currants	0.6	1.6	2.9	1.6	0.3	7.0
Sultanas	2.6	1.1				3.7
TOTAL	3.2	2.7	2.9	1.6	0.3	10.7

8. Fraud prevention measures

The detailed rules for the application of these measures provide in particular for:

- a ceiling on interim payments amounting to 70% of the total Community contribution, the balance being payable only after completion of the measures provided for in the contract;
- automatic cancelling of the contract should it not be complied with or where there are serious failures to meet undertakings entered into when the contract was signed;
- an obligation on the Member States to conduct technical, administrative and accounting checks;
- the possibility for the Commission to conduct on-the-spot checks;
- reimbursement of amounts unduly paid, plus interest.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

Among the principal causes of difficulties in disposing of Community dried grapes there is in particular the lack of competitiveness due to insufficient quality and inadequate product treatment conditions. The proposed measures are thus geared to these points, targeting the occupational training of all persons in the industry, from producers to processing plant personnel, the improvement of product transport and storage conditions and, lastly, applied research covering grape treatment and processing.

By virtue of their actual content, the proposed measures will directly or indirectly affect all Greek dried-grape producers.

9.2. Grounds for the operation

The operation is needed to improve the quality of Community dried grapes and the conditions under which they are treated and processed. It forms an integral part of the other Community measures for dried grapes.

9.3. Monitoring and evaluation of the operation

The detailed rules for the application of this operation provide for an obligation to include:

- an interim report on the performance of the contract with quarterly invoices submitted for reimbursement;
- a report assessing results achieved to date and the use which may be made thereof with applications for payment of the balance.

The two projects currently being considered also contain a proposal for a programme assessment study, to be conducted after the programme has been completed and funded by the overall budget for the projects.

ANNEX 10

Special scheme for raspberries intended for processing

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
1	1	1	1	0	0

1. Budget heading

B1 - 1516

2. Title of operation

Measures for raspberries intended for processing.

3. Legal basis

Council Regulation (EEC) No 1991/92.

4. Description of operation

4.1. General objective

To overcome the market difficulties encountered by Community production of raspberries intended for processing in the face of international competition, particularly from the countries of central Europe.

4.2. Period covered and arrangements for renewal or extension

The measure covers a period of eight years from the 1992/93 marketing year, i.e. from 1 July 1992 to 30 June 2000.

5. Classification of expenditure

5.1. Compulsory expenditure

5.2. Non-differentiated appropriations

6. Type of expenditure

50% part-financing of the one-off grant for strengthening producer organisations

The programmes to improve competitiveness are to be financed as follows:

- Community aid: 40%,
- Member State: 25%
- Private (producer organisations): 35%.
-

7. Financial impact

7.1. Method of calculating the cost of the operation

Link between individual costs and total cost

Aid for the implementation of programmes to improve competitiveness (aid being granted): of a total of 2 500 hectares, the areas concerned and the costs are estimated as follows:

- mechanisation of harvesting, 25% of the total area, with one machine (ECU (A) 90 000) per 20 ha;
- aid for adapting plantations, 90% of the total area and expenditure of ECU (A) 6 769/ha;
- other measures (technical advice, advisory services, development of new products, market study), flat-rate amounts.

7.2. Itemised breakdown of cost

<i>(ECU '000)</i>	
	1997 PDB
Mechanisation	610
Adapting plantations	1130
Technical advice	140
Advisory services	350
New products	270
TOTAL	2500
Maximum EC aid	1000

8. Fraud prevention measures

The provisions in force provide that each year the Member States are to send the Commission a report on progress in implementing programmes approved and the results of checks conducted.

The competent authorities are to conduct periodical checks (at least once every three years) to see that recognised producer organisations work properly.

Periodically, the competent authorities are to monitor progress in the implementation of approved programmes.

The Member States are to take the necessary measures to penalise any serious failure to fulfil undertakings or obligations under the Regulation.

9. Elements of cost-effectiveness and analysis

9.1. Specific and quantified objectives: target population

The objective is to improve the competitiveness of the sector producing raspberries for processing and to strengthen the role of the producer organisations. The following measures are to be taken to achieve that end:

- a one-off grant payable to recognised producer organisations which have submitted a programme to improve competitiveness,
- aid for implementing the programme.

This should enable the structural shortcomings observed in production and marketing to be remedied.

The target population comprises all fruit producers who are members of producer organisations which have applied for recognition.

9.2. Grounds for the operation

The operation is intended to provide a lasting solution to the problems of competitiveness affecting this sector. In the past, the Commission has had to take protective measures in response to rises in soft fruit imports from central Europe.

9.3. Monitoring and evaluation of the operation

By 31 January each year, the competent authority is to submit an annual report to the Commission on progress in implementation of the programmes approved and on the results of checks carried out, and to send it all useful information concerning any difficulties encountered during implementation. The last report received from Scottish Soft Fruit Growers Ltd relates to 1995. It provides an update of progress made and of the estimated budget for the programme.

ANNEX 11

Temporary aid measure for asparagus for processing

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
5	5	10	10	100	100

1. Budget heading

B1 - 1517

2. Title of operation

Temporary aid measure for asparagus for processing

3. Legal basis

Article 10(1) and (3) of Regulation (EC) No 2201/96

4. Description of operation

4.1. General objective

To improve competitiveness in the sector producing asparagus for processing

4.2. Period covered and arrangements for renewal and extension

The measure comprises two sections:

- the financing of specific programmes to improve competitiveness, extending from 1997 to 2001 or 1998 to 2002, depending on the programme;
- the financing (100%) of the flat-rate aid for the first three years following the entry into force of the specific programmes.

•

5. Classification of expenditure

5.1. Compulsory expenditure.

5.2. Non-differentiated appropriations.

6. Type of expenditure

Financing by the Community of 40% to 60% (depending on the measure) of actual expenditure incurred under specific programmes.

7. Financial impact

7.1. Method of calculating the cost of the operation

Link between individual costs and total cost

- Total expenditure incurred over whole period:
Flat-rate aid: 9 000 ha x ECU 500/ha x 3 years = ECU 13.5 million

- Specific programmes:
 ECU 43.2 million (production value) x 30% (maximum allowed under the implementing Commission Regulation) = ECU 13 million

7.2. Itemised breakdown of cost

(ECU million)

	Aid	Programmes	Total
1997	2.7	0.97	3.7
1998 PDB	6.3	3.56	9.9
1999	4.5	2.59	7.1
2000		2.59	2.6
2001		2.27	2.3
2002		0.97	1.0
Total	13.5	13.00	

8. Fraud prevention measures

Provisions will be included in the rules of application still to be adopted, in line with those to appear in the specific measures which this measure is to accompany.

9. Elements of cost-effectiveness analysis

As temporary income aid is involved, the main aim is 'defensive' with the objective of preventing any deterioration in the existing situation. In other words, the aim is to prevent the disappearance of Community producers, which would lead to the abandonment of asparagus production, an activity employing a large workforce.

9.1. Specific and quantified objectives; target population

- To improve the suitability for processing of products harvested and to tailor their characteristics to the requirements of the processing industry;
- To develop new processes with a view to improving quality and reducing production costs;
- To develop new products;
- To carry out economic and market studies;
- To promote consumption.
-

9.2. Grounds for the operation

This operation represents the implementation of a decision taken 'in principle' by the Council in July 1996 when final agreement was reached on the reform of the COM for fruit and vegetables.

The aim is to provide a response to the observed weakness of the Community sector producing asparagus for processing, which is facing strong international competition, in particular from China, Taiwan, Chile and Peru.

9.3. Monitoring and evaluation of the operation

In view of the 'defensive' objective pursued, the impact of the operation can be gauged in terms of changes in the area cultivated and in production. According to the latest estimates

available, Community production of asparagus for processing accounts for 9 000 hectares and a total production of around 30 000 tonnes.

Monitoring of the operation will be based on information available in the Member States on the change in the area cultivated and in production.

ANNEX 12

Promotion measures: apples and citrus fruit

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
8.0	8.0	7.9	7.9	-1.2	-1.2

1. Budget heading

ex-B1 - 3800

2. Title of operation

Promotion measures for apples and citrus fruit

3. Legal basis

Regulations (EEC) No 1195/90 and No 1201/90.

4. Description of operation

4.1. General objective

To increase the consumption and use of apples and the consumption of citrus fruit.

4.2. Period covered and arrangements for renewal or extension

Permanent operation - annual programmes.

5. Classification of expenditure

5.1. Compulsory expenditure

5.2. Non-differentiated appropriations

6. Type of expenditure

- 60% Community part-financing for the promotion of fresh apples and citrus fruit.
- 50% Community co-financing for the promotion of processed apples.
-

7. Financial impact

7.1. Method of calculating the cost of the operation

Budgets presented by the national bodies

7.2. Itemised breakdown of the cost

The Commission has already financed programmes costing ECU 6.6 million for the 1997 financial year. Measures covering apples account for 71% and those covering citrus fruit for 29%.

The breakdown is as follows:

Measures targeting young people	23 %
Measures targeting housewives	18 %
Public relations	8 %
Dissemination of information	40 %
Research	8 %
Assessment	3 %
TOTAL	100 %

8. Fraud prevention measures

Indirect management of contracts, with accounting checks and on-the-spot checks carried out by the national bodies responsible for monitoring operations and, if necessary, by the Commission. Provision for penalties and possible recovery.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

- To improve the image of traditional fruits, especially among young people;
- To diversify consumption by acquainting consumers with new varieties and new uses, through various types of action depending on the Member State concerned:
 - publicity campaigns,
 - campaigns organised in schools,
 - production and distribution of promotional literature,
 - information and incentives for consumers in purchasing situations,
 - participation in consumer fairs,
 - press relations,
 - tastings;
- Product development, through various forms of assistance depending on the Member State concerned:
 - work on varietal diversification,
 - transmission of the results of this work to producers,
 - quality controls at sales points,
 - subsequent commercial test on new varieties;
- The target population essentially consists of young people, divided into age groups, and housewives.

9.2. Grounds for the operation

The need to re-establish the imbalance which has developed between supply and demand (structural surpluses) by acting to encourage demand in terms of both quantity (consumption incentives) and quality (better understanding of consumers' tastes).

Information measures intended to make consumers aware of the beneficial effects of fruit (apples and citrus fruit) are general in scope and suited to the whole of the Single Market.

9.3. Monitoring and evaluation of the operation

Media campaigns are followed by ex-post evaluation to measure the improvement in the image of apples and citrus fruit among the target consumers.

Each measure must be assessed by the appropriate means (surveys, implementation reports, tests, etc.).

The results of the fourth annual campaign confirmed that there has been an improvement in the product's image and in awareness of the various varieties.

Current contracts require quarterly reports on the work undertaken as well a general report (summarising measures carried out and assessing the results).

ANNEX 13

Promotion measures: grape juice

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
6.5	6.5	7.0	7.0	+ 7.7	+ 7.7

1. Budget heading

ex-B1-3800

2. Title of operation

Measures to promote grape juice

3. Legal basis

Article 46(4) of Council Regulation (EEC) No 822/87

4. Description of operation

4.1. General objective

To increase the consumption throughout the Community of grape juice obtained from Community raw materials in order to reduce the quantity of wine sent for distillation.

4.2. Period covered and arrangements for renewal or extension

Permanent measure - annual programmes

5. Classification of expenditure

5.1. Compulsory expenditure

5.2. Non-differentiated appropriations.

6. Type of expenditure

100% Community financing

7. Financial impact

7.1. Method of calculating the cost of the operation

Budgets presented by national bodies

7.2. Itemised breakdown of cost

(ECU million)

Member State	1997 budget	1998 PDB	Variation (%)
Germany	2.12		
France	1.70		
Netherlands	0.62		
Spain	1.50		
Austria	0.30		
Reserve	0.26		
Total	6.50	7.0	+7.7

7.3. Operational expenditure on studies, expert meetings, etc., included in Part B

There is no expenditure of this type for this operation.

8. Fraud prevention measures

Monitoring of measures by the Member States' inspection agencies, supplemented, where necessary, by accounting and on-the-spot checks by the Commission.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population.

The aim of the campaign is to make grape juice consumption part of consumers' daily habits by enhancing the product's image and stressing its nutritional features (calcium, potassium and magnesium content).

Final target population:

households with children (housewives less than 50 years old)

Intermediary target population:

persons distributing or recommending the product (journalists, dieticians, etc.)

9.2. Grounds for the operation

The wine sector is faced with a structural problem of wine overproduction. Before the operation started, processors' supplies of raw materials came largely from outside the EC. Since then, there has been a rise in consumption of around 20% based on Community raw materials and an equivalent fall in the wine surplus.

9.3. Monitoring and evaluation of the operation

The standard contract provides for quarterly reports on work carried out and a final report (summary of work achieved and assessment of results).

The contract also provides for an external assessment.

The results of assessments carried out in 1995/96 show that consumption as compared with 1994 has risen in Germany (+5%), France (+15%) and the Netherlands (+5%). In Spain, consumption has remained steady despite a very steep rise in prices.

ANNEX 14

Promotion measures: nuts

(ECU million)

Appropriations authorised 1997		Appropriations requested 1998		Variation (%)	
Commitments	Payments	Commitments	Payments	Commitments	Payments
1.0	1.0	1.0	1.0	0	0

1. Budget heading

ex-B1-3801

2. Title of operation

Promoting the consumption of certain types of nuts of Community origin.

3. Legal basis

Article 14e of Regulation (EC) No 1035/72

4. Description of operation

4.1. General objective

To promote the consumption of nuts of Community origin on the EU's internal market.

4.2. Period covered and arrangements for renewal and extension

Permanent measure - annual programme.

5. Classification of expenditure

5.1. Compulsory expenditure.

5.2. Non-differentiated appropriations.

6. Type of expenditure

50% Community part-financing

7. Financial impact

7.1. Method of calculating the cost of the operation

Detailed budgets presented by national bodies

7.2. Itemised breakdown of cost

	<i>(ECU million)</i>	
	1997 budget	1998 PDB
Walnuts	0.6	1.0
Walnuts, hazelnuts, almonds and pistachios	0.4	-
TOTAL	1.0	1.0

8. Fraud prevention measures

Direct management of contracts, with accounting checks and on-the-spot checks by the Commission.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

- To develop and extend programmes to encourage and promote fresh and dried walnuts in certain regions of the Community;
- To improve information on nuts generally and knowledge of the markets in the new Member States;
- To disseminate results of research on improving the competitiveness of European walnuts (drying, cracking/shelling);
- To improve the quality of European walnuts and their identification compared with competing products;
- To increase consumption of dried walnuts in Europe to more than 400 g per person and of nuts of Community origin in general.

Final target population: present and potential consumers.

Target: average income.

Intermediary target population: specialised distributors.

9.2. Grounds for the operation

Community action is justified by the lack of available resources at regional level and the shortcomings in the organisation of production, as well as the need for major promotion measures in the face of international competition (United States, Turkey, China, India).

9.3. Monitoring and evaluation of the operation

Internal assessment of promotion measures through ex-post evaluation of campaigns.

Quantification of products sold before, during and after campaigns.

The last assessment report shows that measures to promote fresh and dried walnuts have produced very positive results in terms of increasing sales in supermarkets and hypermarkets targeted by promotional campaigns (+21%).

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