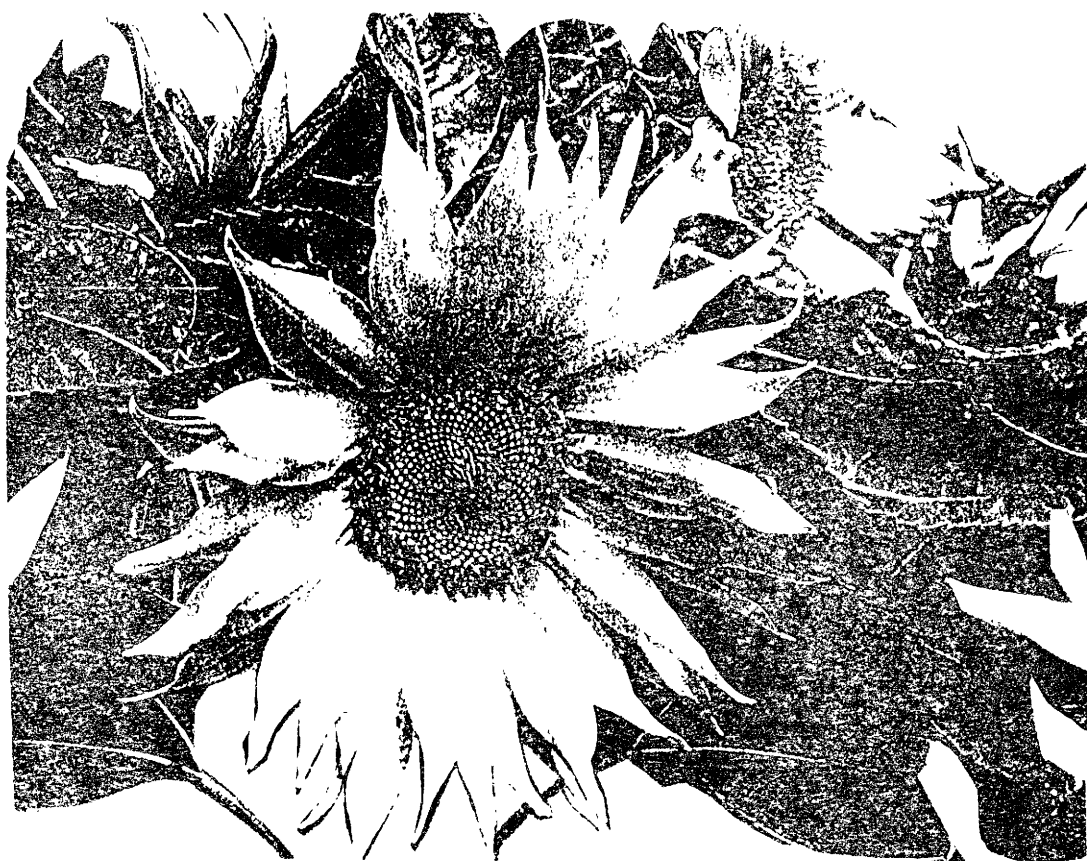


COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL FOR AGRICULTURE

5.1

CAP WORKING NOTES 1992



OIL
and
OILSEEDS

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I N T R O D U C T I O N

The information in this document is arranged in three parts:

- the "analysis" part describes the market situation and the mechanisms of the market organization for oils and fats, taking account of the significant changes resulting from the reform of the common agricultural policy;
- the "statistics" part gives most of the tables appearing for the product in the annual report on the agricultural situation in the Community;
- lastly, the "explanatory memorandum" of the Commission's annual agricultural price proposals provides an indispensable illustration of Community policy.

* * *

DESCRIPTION OF THE MECHANISMS
OF THE COMMON ORGANIZATION OF THE
MARKETS IN OILS AND FATS (*)

A. OLIVE OIL

The olive oil market organization began operation on 10 Novembre 1966. The basic regulation is Regulation No 136/66/EEC, as last amended by Regulation (EEC) No 356/92. It covers the following products: olives, olive oil, whether crude or refined, and olive residues.

The marketing year runs from 1 November to 31 October.

Expenditure on olive oil accounted for 6.1% of total EAGGF Guarantee spending in 1991.

1. ECONOMIC BACKGROUND

Community production in a normal year accounts for about 80% of world production. The estimate for 1991/92 is about 1 664 000 t.

To make olive oil more competitive, a system of consumption aid was introduced with effect from 1 April 1979. The aid applications for 1991/92 will concern a total of about 1 250 000 t.

Since the accession of Greece, Spain and Portugal, the Community has been self-sufficient in olive oil. However, 46 000 t are imported from Tunisia under a cooperation agreement. Exports will amount to about 170 000 tonnes for the Community of Twelve in 1991/92.

2. OPERATION OF THE MARKET

2.1. Price arrangements

Each year the following types of price are fixed for olive oil:

(*) Extract from "Preliminary draft general budget 1993"
Commission, subsection B1, chapter 12.

- (a) The production target price (Council): This is the price considered desirable with the aim of providing a fair income for producers, having regard to the need to maintain the volume of Community production.
- (b) The representative market price (Council): Its level must enable the olive oil produced to be sold under normal conditions, having regard to the effect of the prices of competing products on the price of olive oil. This price is subject to adjustment by the Commission during the marketing year if there are substantial changes in the factors taken into consideration for fixing it.
- (c) The intervention price (Council): This is the price at which the intervention agencies have to buy the quantities of standard-quality olive oil offered by producers.
- (d) The threshold price (Commission): This is fixed so that the selling price of imported olive oil at the Community frontiers is the same as the representative market price.

2.2. Specific market instruments

2.2.1. Import and export arrangements

Where the cif price of olive oil imported from non-member countries is less than the threshold price, an import levy equal to the difference between the two prices is charged.

However, a special procedure for fixing the levy has been put in place. Whenever offers recorded on the world market are not such as to give a proper indication of the real market trend, the levy can be fixed by tendering procedure.

A refund is granted on exports to make up the difference between the Community market price and the world price where the latter is lower. Refunds may also be fixed by tender.

2.2.2. Storage

Community olive oil is bought in at the intervention price by the intervention agencies in the last four months of the marketing year. It may be decided that recognized producer groups will be allowed to conclude storage contracts for the oil they market, when the market price is close to the intervention price.

2.2.3. Production aid

This is fixed by the Council. Its purpose is to help producers attain a fair income. The maximum quantity for which aid is paid at the full amount is set at 1 350 000 t for the Community of Twelve. The aid is reduced proportionately if that quantity is exceeded. Since the 1990/91 marketing year, this reduction has also been applied to the intervention price, within the limit of 3%.

The following are eligible:

- olive-growers who produce on average at least 500 kg of oil on the basis of the quantity of oil actually produced;
- other olive-growers, on the basis of the number and production potential of the olive trees they cultivate, and of their yields at a standard rate, on condition that the olives grown have actually been crushed.

However, a certain percentage fixed by the Council is deducted from the aid, to finance the establishment of a register of olive cultivation in each of the producer Member States pursuant to Regulation (EEC) No 154/75. Small producers receive more aid than other producers.

2.2.4. Consumption aid

This is granted in respect of olive oil packaged in the Community in containers with a net content of less than 5 litres when the production target price minus the production aid exceeds the representative market price. It is equal to the difference between the two amounts.

Consumption aid was introduced in Spain and Portugal with effect from 1 December 1990.

2.2.5. Production refunds

These are granted to facilitate the sale of olive oil to the canning industry.

B. OILSEEDS

I. RAPE, SUNFLOWER AND SOYA

The rape and sunflower market organization began operation on 1 July 1967 and the market organization for soya on 1 November 1974. The two organizations have been combined and are currently governed by Regulation (EEC) No 3766/91. The marketing year runs from 1 July to 30 June.

Expenditure on these crops accounted for 11.2% of total EAGGF Guarantee spending in 1991.

1. ECONOMIC BACKGROUND

Community production of rape in 1991/92 amounted to 7.4 million t, sunflower production to 4.2 million t and soya to 1.5 million t. In 1990/91, production of these oilseeds totalled 6.2 million t, 4.1 million t and 2.1 million t respectively.

For the purpose of consumption, oilseeds are processed into two products, one being the production of oil for human consumption, the other being oilcake for animal feeding.

2. OPERATION OF THE MARKET

From the 1992/93 marketing year, prices on the Community market have been completely liberalized and all institutional prices have been abolished. Imports are not subject to levies or customs duties and exports are not entitled to refunds.

3. ASSISTANCE TO PRODUCERS

3.1. Aid scheme

Producers are granted direct payments per hectare, based on the yields recorded in their region over the period from 1986/87 to 1990/91. Aid payments are reduced by 1% for every 1% by which the maximum guaranteed areas are exceeded.

- rape EUR 12: 2 377 000 ha
- sunflower Spain: 1 411 000 ha
- sunflower Portugal: 122 000 ha
- sunflower EUR 10: 1 202 000 ha
- soya EUR 12: 509 000 ha.

Payments are adjusted in line with fluctuations in the reference price recorded, where these exceed 8% of the projected reference price, fixed at ECU 163 per tonne.

3.2. Reform

The proposal for the reform of the common agricultural policy includes amendments to the aid scheme for oilseeds, introduced in 1992/93. The most important change is compulsory set-aside on the same basis as the scheme proposed for the other field crops.⁽¹⁾

II. OTHER OILSEEDS

1. FLAX SEED

The special measures for flax seed (fibre and oil) are governed by Council Regulation (EEC) No 569/76, as last amended by Regulation (EEC) No 4003/87. The marketing year runs from 1 September to 31 August.

Expenditure on linseed amounted to ECU 76 million in 1991.

1.1. Economic background

In 1991 flax seed production occupied 121 000 ha, a substantial increase in relation to 1990 (+78 500 ha).

Community production of flax seed (oil and fibre) amounted to 60 500 tonnes and 208 000 tonnes respectively in 1991, i.e. a total of 268 500 tonnes.

1.2. Operation of the market

1.2.1. Price arrangements

Each year the Council fixes a guide price at a level which will provide a fair income for the producer while taking account of Community requirements.

Each year the Commission fixes:

- (a) the average world price;
- (b) the indicative yield for the different production areas and the characteristics of the flax produced (seed or oilseed).

(1) For more detailed information on the aid scheme decided on in the context of the reform, see the section entitled "Reform of the common agricultural policy".

1.2.2. Specific market instruments

Production aid for flax seed is equal to the difference between the guide price and the average world price. It is granted for production within the limit of the respective indicative yields of the flax produced.

2. HEMP SEED

The special measures for hemp seed are governed by Council Regulation (EEC) No 3698/88. The marketing year runs from 1 September to 31 August.

Expenditure on hemp seed amounted to ECU 1.3 million in 1991.

2.1. Economic background

In 1991 Community production of hemp seed totalled 5 700 tonnes.

2.2. Operation of the market

2.2.1. Price arrangements

Each year the Council fixes a flat-rate aid (in ECU/tonne) at a level which will ensure a fair income for producers while taking account of the Community's supply requirements.

Each year the Commission fixes the indicative yield, differentiated where necessary for the different homogeneous production areas.

2.2.2. Specific market instruments

The flat-rate aid for the production of hemp seed is granted within the limits of the indicative yield(s).

Trend of appropriations (*)

(ECU)

Article	Heading	Appropriations 1992	Appropriations 1991
B1-120	Refunds on olive oil	52 000 000	107 000 000
B1-121	Production aid and schemes related to production of olive oil	899 000 000	1 290 000 000
B1-122	Consumption aid and schemes related to consumption of olive oil	773 000 000	594 000 000
B1-123	Storage measures for olive oil	- 17 000 000	65 000 000
B1-124	Other intervention for olive oil	52 000 000	51 000 000
B1-125	Refunds on oil seeds	25 000 000	29 000 000
B1-126	Production aid for oil seeds	3 749 000 000	3 905 000 000
B1-127	Storage measures for oil seeds	18 000 000	p.m.
B1-128	Other measures for oil seeds	p.m.	p.m.
TOTAL OF CHAPTER B1-12 (Oils and fats)		5 551 000 000	6 041 000 000

(*) Extracted from "Final adoption of the general budget of the European Communities for the financial year 1992"

- OJ L 26, 3.2.1992.

Reform of the common agricultural policy (*)

On 21 May 1992 the Council of Ministers reached political agreement on far-reaching changes to the common agricultural policy (CAP). The agreement began to be put into practice on 30 June, with the formal adoption of the first implementing regulations.

One of the main changes introduced by the reform concerns the system of aids to be paid to producers of arable crops which will be applied from 1993/94 in the case of oilseeds.

Aid for producers of arable crops

Producers of cereals, oilseeds and protein plants may receive payments to compensate for the price reductions in these sectors, provided they withdraw from cultivation part of their land, set from 1993/94 at 15% of the reference areas as defined below. Compensatory payments are on a per hectare basis and regionalized on the basis of yields over the period 1986/87 - 1990/91.

In defining the areas eligible for the premium, the Member States will calculate base areas equal to the average areas sown to cereals, oilseeds and protein plants during 1989, 1990 and 1991 plus areas fallowed under a publicly funded scheme.

In the case of the base areas, the Member States may calculate either individual reference areas by producer or regional reference areas.

Unless eligible for the simplified scheme described on the next page, each producer is required to withdraw land from cultivation to qualify for compensatory payments.

Withdrawal will amount to 15% of the individual base area in those Member States where the base area is allocated by producer.

(*) The text which follows is made up mainly of long extracts from "The Reform of the Common Agricultural Policy" - CAP Working Notes 1992

In those Member States where the base area is regional, withdrawal will amount to 15% of the areas for which the producer submits an application for aid (cultivated land plus withdrawn land). If the total applications in a region exceed the base area, they will be reduced proportionately to the excess and an extra percentage of land to be withdrawn, without compensation, will be applied for the next marketing year.

There will be a simplified scheme for small producers, i.e. those whose area is smaller than that required to produce 92 tonnes of cereals, given the yields in the region (EEC average: 20 hectares).

Under this scheme:

- withdrawal of land will be subject to no conditions;
- a single aid per hectare will be paid in respect of all crops at the rate for cereals in the region.

It should be noted that set-aside applies to the whole of the base area and not to each crop taken individually and that each hectare withdrawn receives aid at the rate for cereals (unless it is a supplementary set-aside as a result of a previous overrun).

It will also be possible to cultivate the areas set aside provided that the crop is not for human or animal consumption (e.g. biological fuel). All the possibilities available will be contained in implementing rules.

Oilseeds

The market arrangements for oilseeds were amended in December 1991⁽¹⁾. From 1993/94 they will be incorporated, with some adjustments, in the common system for arable crops. Since reference areas are laid down for all crops, in general the rules and compensatory payments system should not favour one product at the expense of another.

However, one important difference between cereals and oilseeds has been introduced since oilseeds will no longer have guaranteed prices but only per hectare aid fixed at Community level and then regionalized to take account of average yields in the past.

(1) Regulation (EEC) No 3766/91, OJ No L 356, 24.12.1991.

The Council decided on aid of ECU 359 per hectare when the reform becomes operational in 1993/94. This amount will be paid in two instalments, one at the beginning of the year and the other at the end, and may be adjusted in the light of changes in world market prices.

In practice, if the average world prices for the three main oilseeds (rape, sunflower and soya) remain within 8% of the projected reference price of ECU 163 per tonne, no adjustment will be made. However, if they vary in either direction by more than that percentage, compensation per hectare will be adjusted accordingly.

The Member State will have the option of applying regionalization, based on average aid of ECU 359 per hectare, using either average regional cereal yields or average oilseeds yields.

Since base areas are established for all arable crops, land withdrawn from cultivation may have been used for either cereals or oilseeds.

THE SITUATION OF THE MARKETS (*)

Olive oil

World production is about 1 800 000 tonnes, of which the Community accounts for 80 % (about 1 450 000 tonnes). The other main producers are Turkey and Tunisia (80 000 tonnes each), Syria (55 000 tonnes) and Morocco (35 000 tonnes). Production varies considerably from one year to another, but generally the world market closely mirrors that of the Community.

Estimated Community production in 1990/91 was 1 194 400 tonnes as against 1 512 297 tonnes in 1989/90 from a virtually unchanged area. Figures currently available suggest an area of 4.4 million ha (1.17 million in Italy, 1.9 million in Spain, 0.7 million in Greece and 0.5 million in Portugal), equivalent to 66 % of the total area under cultivation in the world and 3.3 % of the Community's UAA. Some estimates put the number of cultivated and abandoned olive trees at 422 million (177 million in Spain, 99 million in Italy, 120 million in Greece, 22 million in Portugal and 4 million in France). Some two million families are engaged in olive cultivation.

In 1989/90 Community consumption was 1 400 000 tonnes (75 % of world consumption) and estimates at the end of September 1990 suggest that it should have remained at about this level in 1990/91. Particularly as a result of the introduction of consumption aid in April 1979, the bulk of Community uptake (650 000 tonnes in the Community of Ten) is in the form of small containers, although consumption on the farm remains considerable. At the beginning of the 1990/91 marketing year, intervention stocks stood at 66 500 tonnes and are expected to have fallen to under 30 000 tonnes by the end of the year.

Greece and Spain are the main suppliers and, although Italy both produces and exports, it remains the main purchaser. Apart from exceptional cases, imports are restricted to the Tunisian quota of 46 000 tonnes. Exports, which have been increasing since 1981, were up to about 150 000 tonnes in 1989/90 as against 120 000 tonnes in 1988/89. Despite a dynamic policy in relation to external markets, export levels are expected to be lower in 1990/91, amounting to about 100 000 tonnes, mainly as a result of lower output and competition from other vegetable oils. Some very small quantities were supplied by the Community as food aid to certain traditional consumer countries.

Developments in Community policy: A stabilizer was introduced from the 1987/88 marketing year with a MGQ of 1.35 million tonnes. When output exceeds the MGQ, plus, where applicable, the carryover from the previous year, production aid is reduced

(*) Extracted from "The agricultural situation in the Community. 1991 report".

proportionately. Although the co-responsibility mechanism came into operation during the first year, reducing aid by 31 %, the MGQ was not reached in subsequent years and the latest figures suggest that this will also be the case in 1990/91. The effect of the end of the transitional period for Spain and Portugal on 31 December 1990 with the resulting complete liberalization of the market for seed oil has led the Council, on a proposal from the Commission, to take measures to maintain the balance on the olive-oil market in the coming years.

Thus, consumption aid has been introduced in Spain and Portugal at a level ensuring that consumption in those countries will be maintained or increased.

The stabilizer mechanism has been extended to cover the intervention price (which will be reduced by a maximum of 3 % if the MGQ is exceeded) in order to prevent any upward trend in production. Small producers will receive increased production aid and are not subject to the effects of the stabilizer.

Despite the promising results during the first marketing year following the expiry of 'standstill', particular attention will have to be paid during the coming months to the trends in aggregate figures, particularly those for olive-oil consumption.

Finally, the Commission has decided to step up efforts to promote the consumption of olive oil through special financial measures in Spain and Portugal and by an extension of the promotion campaign to the entire Community.

Olive-oil production in the Community

(1 000 t)

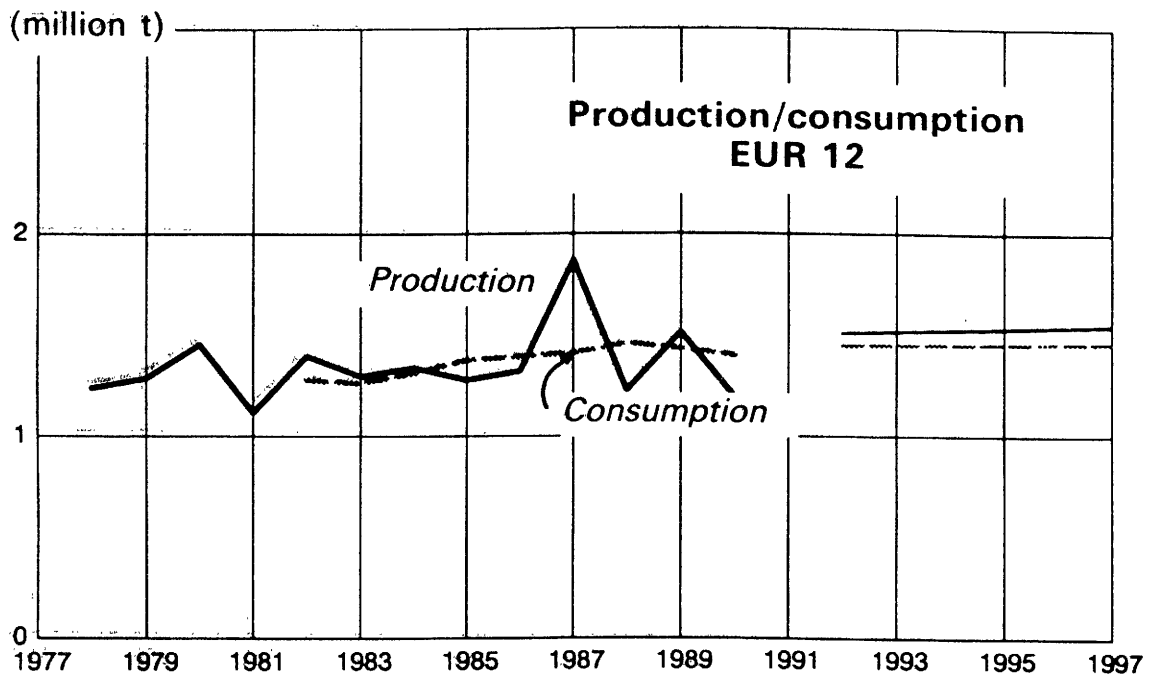
Member State	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91 (forecast)
Italia	347.8	656	383	742.5	437.1	585.0	216.0
France	2.1	1.6	1.5	3	1.4	2.8	1.0
Ellada	248	345.6	246.4	321.7	334.9	316.4	237.6
España	758.9	428.8	529	770	406.5	573.0	702.0
Portugal	53	34	44.8	38	28.1	35.1	37.8
Total EC	1 409.8	1 466	1 204.7	1 875.2	1 143.2	1 512.3	1 194.4

**Area planted to olives in the Community
and the number of trees**

Member State	Hectares	Number of trees
España	1 935 000	177 million
Italia	1 176 000	99 million
Ellada	706 800	120 million
Portugal	500 000	22 million
France	40 000	4 million

Climatic factors lead to sharp variations in annual yield but production is expected to top the MGQ and to reach 1 450 million tonnes in 1996. Consumption seems to be less affected than in the past by price competition from other vegetable oils. It appears to be primarily influenced by variations in the price of olive oil, by changes in consumers' incomes and by promotion efforts.

Olive oil



Oilseeds

Oilseeds are used for the production of cake for animal feed and of oil. This means that the economics of the sector is determined by developments in the prices of seeds, oils and cake. Seed oils can be consumed without further processing or as prepared oils and fats such as margarine. They may be used as animal feed, for human consumption or for technical purposes.

The European Community is a net importer of oilseeds, vegetable oils and cake. The annual volume of such imports is largely determined by the relative prices of seeds, cake and competing products (cereals, corn gluten feed, etc.) for animal feed and the opportunities for exporting oils and cake outside the Community.

Average supply balance for the Community (1988-90)

(million t oil equivalent)

	Production	Consumption	Imports	Exports	Self-sufficiency (%)
Rapeseed	2.1	1.6	0.2	0.7	132
Sunflower	1.6	1.5	0.2	0.3	108
Soya	0.3	1.8	2.2	0.7	17
Vegetable oils (1)	5.6	8.9	5.1	1.9	63

NB. World production: about 50 million tonnes.

(1) Rapeseed, sunflower, soya, olive oil, cotton, linseed, groundnut, sesame, palm, palm kernel and coconut

Average supply balance for the Community (1988-90)

(million t cake equivalent)

	Production	Consumption	Imports	Exports	Self-sufficiency (%)
Rapeseed	3.0	3.6	0.7	0.1	84
Sunflower	2.1	3.2	1.1	0.0	66
Soya	1.4	19.9	19.6	1.1	7
Cake (1)	7.1	31.5	25.7	1.3	22

NB. World production: about 120 million tonnes.

(1) Rapeseed, sunflower, soya, cotton, linseed, groundnut, sesame and palm kernel.

During the 1990/91 marketing year, total crushing of oilseeds in the Community remained steady at a level of 24 million tonnes, with a shift from the crushing of soya towards rapeseed and sunflower:

(i) soya beans: 12.2 million tonnes (down 0.8);

- (ii) rapeseed: 6.0 million tonnes (up 0.3);
- (iii) sunflower seed: 4.4 million tonnes (up 0.6).

This trend is due, on the one hand, to more plentiful production within the Community and, on the other, to an increase in imports of soya cake at the expense of beans, particularly during the first half of 1991.

This increase mainly benefited the most competitive suppliers (Argentina and Brazil), who continue to gain market share, in both absolute and relative terms, at the expense of the USA.

Community imports

(1 000 t)

	1985	1986	1987	1988	1989	1990
<i>Soya beans</i>						
USA	7 532	9 591	10 256	7 821	5 883	6 383
Brazil and Argentina	5 037	2 985	3 255	3 331	3 885	5 242
<i>Soya cake</i>						
USA	2 112	2 792	3 109	1 380	529	253
Brazil and Argentina	8 932	7 689	6 667	7 329	8 005	9 522

Source: Eurostat.

Overall, dollar prices for oilseed products on the world market fell slowly during the course of the 1990/91 marketing year, because:

- (a) the increase in world production of seed other than soya beans was greater than the fall in production of the latter;
- (b) demand in the Soviet Union (largest importer after the Community) fell off markedly.

The improved quality of rapeseed, which means that cake meets the needs of the compound feedingstuffs industry better, has made a significant contribution towards consolidating demand in the Community for this type of seed and cake. The Commission is retaining until the end of the 1991/92 marketing year the maximum glucosinolate⁽¹⁾ content of rapeseed qualifying for the double low premium at 35 micromoles per gram. It has noted the sustained efforts of farmers, research workers and seed producers to keep the glucosinolate content to a minimum: the percentage of production which achieved the 35 micromoles/gram level was 68 % in 1988/89, 92 % in 1989/90 and 99 % in 1990/91 (excluding the former GDR).

⁽¹⁾ Sulphur-based compounds which, as they break down, affect the digestive process of certain animal species, especially those with single stomachs.

After falling for two successive years, Community production of oilseeds in 1990/91 regained the level almost reached in 1987/88, i.e. 12 million tonnes, in place of 10.5 million tonnes in 1989/90 (excluding the former GDR).

Rapeseed production in the five new *Länder* (0.4 million tonnes per year on average for 1988-90) has been integrated without difficulty into the common organization of the market, placing Germany first among the Member States producing rapeseed, ahead of France.

In 1991/92 the acreage devoted to oilseeds is estimated to fall to 4.9 million ha, excluding the former GDR (5.3 million ha in 1990/91); production is expected to stabilize at 12 million tonnes, excluding the former GDR, and reach 12.9 million tonnes including the new *Länder*. It is clear that the stabilizer mechanism, which was strengthened following the European Council in 1988, has stabilized the area sown and checked the steady upward trend in production.

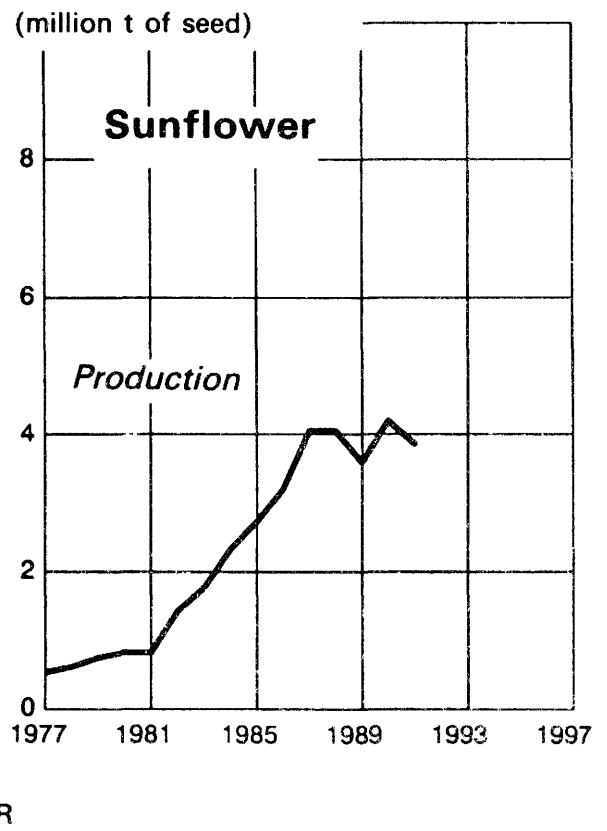
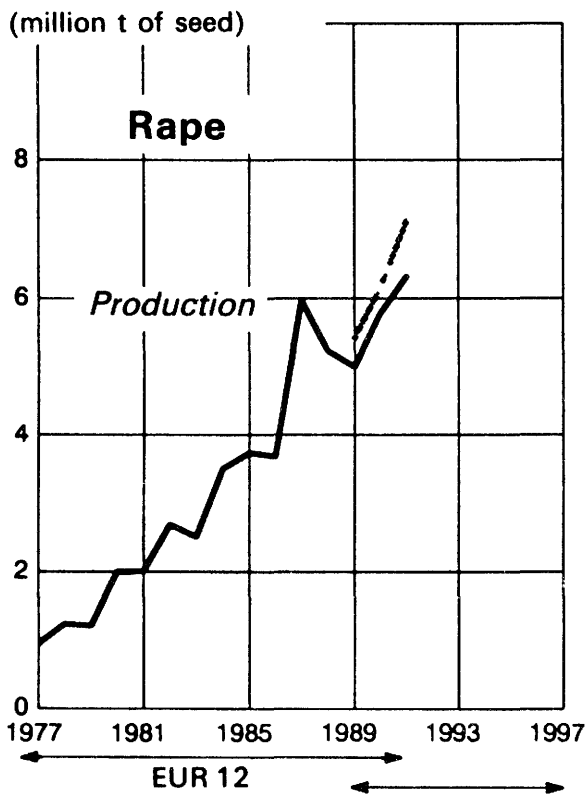
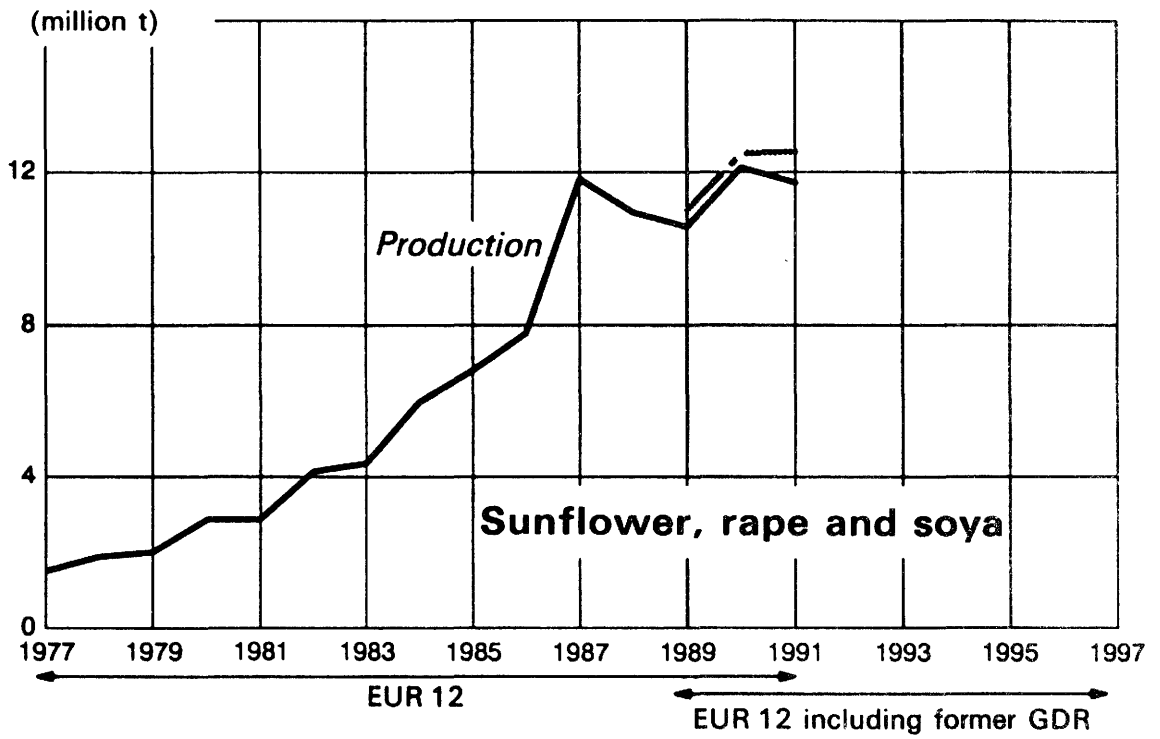
This mechanism, combined with the Council's decision to lower institutional prices by 1.5%, has led to renewed automatic cuts in institutional prices for rapeseed and sunflower seed for 1991/92, compared with 1990/91, as follows:

- (i) 8.1 % of the intervention price for rapeseed;
- (ii) 16.9 % of the intervention price for sunflower seed.

For soya the minimum price applicable for 1991/92 is not yet known due to the postponement to the end of January of the official production estimate.

In 1991 the Council approved the Commission's proposal introducing a new support mechanism for producers of soya beans, rapeseed and sunflower seed. The purpose of this new mechanism is to give effect to the conclusions of the GATT panel on oilseeds, which the Council accepted. It is based on the granting of aid per hectare on a regional basis, paid directly to the producer. The price of Community seed will depend directly on the world price.

Oilseeds



PRICE PROPOSALS - EXPLANATORY MEMORANDA (*)

OLIVE OIL

Prices and aids

In the context of a general freeze on prices the Commission proposes to maintain the target price for olive oil at the same level as in 1991/92.

As was envisaged in the proposal for consumption aid for 1991/92 (COM(91) 366 final) the Commission considers that in the light of market developments in the sector it is appropriate in future to fix both the production aid and the consumption aid at the same time and this year to make some transfer from one aid to the other. The Council, when it agreed on an ECU 7 reduction in consumption aid for 1991/92 announced its agreement to this policy, adding that the change should have no effect on the budget, in the light of the said reduction.

The Commission proposes an increase in the production aid paid to large producers of ECU 12/100 kg and a reduction in the intervention price also of ECU 12. This change will have no effect on the income of producers who market their oil. In the case of small producers who consume a large proportion or, in certain cases, all their output, on the farm the reduction of the intervention price will have less, or in some cases, no effect on revenue. Bearing this and the general policy of favouring small producers in mind, the Commission considers that there should be some increase in the aid paid to small producers but a smaller one than is proposed for commercial producers. Thus the increase in the aid proposed for small producers is ECU 6/100 kg, which will reduce the difference between the aid for small producers and that for large producers to about ECU 8/100 kg.

As regards consumption aid, the Commission proposes a reduction of ECU 8/100 kg. Taking into account the reduction in the intervention price, this will enable the representative market price to be reduced by ECU 4/100 kg. This reduction, taking the representative market price back part of the way towards the level prevailing in 1990/91, reflects the change in market circumstances. With 1991/92 production having recovered sharply from the depressed level

(*) Extract from "Commission proposals on the prices for agricultural products and on related measures 1992/93 - Explanatory memoranda" [COM(92) 94 final - Vol 1]

of 1990/91, an increase in consumption in the current campaign may be expected but the 1992/93 campaign is likely to begin with stock levels of a higher level than at the beginning of this year.

In addition to the existing institutional criteria, it is also proposed that deductions from aid (for measures to improve quality, aid for professional organizations and promotional measures) be set on the basis not only of the tasks allocated but also on the basis of the amendments proposed to the aid and appropriations accumulated over previous years.

With regard to consumption aid in Spain, the reduction in aid for the Community of Ten will result in a smaller increase in Spanish aid in accordance with the rules on alignment laid down in Article 2 of Regulation (EEC) No 3416/90.

With regard to Portugal, there should be slight changes to the current level of aid to consolidate the level of consumption in the country.

An increase in production aid will be affected in the Iberian peninsula through the normal alignment machinery.

All the Commission's proposals for the 1992/93 marketing year are summarized in the table. For comparison, the data on which production aid and consumption aid in the sector were based during the 1990/91 and 1991/92 marketing years are also shown.

Related measures

In accordance with the abovementioned proposal of October 1991, the Commission proposes to the Council that Regulation No 136/66/EEC be amended so that:

- all institutional prices and aids for olive oil are set simultaneously in the price package,
- when the representative market price (and consumption aid) are set, less weight be given than in the past to the movement of seed oil prices.

OILSEEDS

The council has already taken the necessary decisions on the support arrangements for oilseed producers.

Olive oil price proposals

(ECU/100 kg)

Type of price or amount	90/91	91/92	92/93
1. Target price for olive oil	322,01	322,01	322,01
2. Intervention price EUR-10	215,87	215,87	203,87
- Spain	175,12	185,31	184,63
- Portugal	207,58	209,65	199,95
3. Representative market price for olive oil	190,28	197,28	193,28
4. Threshold price	189,11	194,20	189,98
5. Production aid for olive oil			
- Spain	39,61	45,85	55,10
- Portugal	35,46	42,53	52,61
- Community of Ten	70,83	70,83	82,83
6. Production aid to olive growers whose average production is less than 500 kg olive oil per marketing year			
- Spain	44,36	51,81	60,76
- Portugal	40,21	48,49	58,27
- Community of Ten	81,62	81,62	87,62
7. Consumption aid applicable			
- Spain	42,93	45,67	45,75
- Portugal	47,92	49,42	48,25
- Community of Ten	60,90	53,90	45,90
8. Amounts withheld on production aid			
- quality improvement	2,0	2,0	1,6%
- aid to producer organisations and associations thereof	1,5	1,5	1,2%
9. Amount withheld on consumption aid			
- promotion measures	4,0	1,0	0,7%
- aid to trade organisations	1,4	1,4	2,0%

Council decisions (*)

On 21 May 1992, the Council, on the basis of a compromise put forward by the Presidency, adopted the 1992/93 agricultural prices. This agreement is closely linked to the agreement on the reform of the common agricultural policy, which was also adopted by the Council at the same meeting, 18-21 May, on the basis of a compromise proposed by the Presidency and accepted by the Commission.

The compromise contains a number of changes to the Commission's initial proposal.

OLIVE OIL

As part of its general freezing of prices, the Council has decided to keep the olive oil target price at the same level as in 1991/92.

Compared with the Commission proposals, the amount of production aid for the Community of Ten is increased by ECU 1.5/100 kg and the intervention and representative market prices have been reduced by the same amount. The amount of production aid granted to small producers in the Community of Ten is increased by ECU 4.5/100 kg compared with the Commission proposals, which brings the sum to ECU 92.12/100 kg. The level of the prices and the amount of the aid in Spain and Portugal will be calculated on the basis of the Treaty rules relating to the transition period (see Table - aid to small producers : Spain ECU 61.89/100 kg; Portugal ECU 59.40/100 kg).

Article 12(1) of Regulation 136/66/EEC is amended to allow groupings of producers recognized by the Regulation to offer olive oil for intervention.

With regard to aid to consumption in Spain, the reduction in aid to the Community of Ten proposed by the Commission will result in a restricted increase in Spanish aid in accordance with the alignment rules defined in Article 2 of Regulation (EEC) No 3416/90.

With regard to Portugal, the reduction in aid is minimal (of the order of ECU 1/100 kg) and should not affect the level of consumption there.

(*) Extract from "Agricultural prices 1992/1993 - Council decisions" - CAP Working Notes 1992.

OILSEEDS

The Council has already adopted the necessary decisions on support measures for oilseed producers for 1992/93 and has agreed the principles for the future oilseeds regime.

Price decisions in ECU

Product and type of price or amount (Period of application)	1991/92 Decisions		Decisions 1992/93	
	Amounts ECU/T	% change	Amounts ECU/T	% change
1.11.92-31.10.93				
Olive oil				
- Production target price	3 220,1	0	3 220,1	0,0
- Intervention price	2 158,7	0	2 023,7	- 6,2
- Representative market price	1 972,8	3,7	1 917,8	- 2,8
- Production aid	708,3	0	843,3	19,1
- Consumption aid	539,0	- 11,5	459,0	- 14,8

	Spain			Portugal		
	Amounts in ECU/T		% change	Amounts in ECU/T		% change
	1991/92	1992/93		1991/92	1992/93	
Olive oil						
- Production target price	3 220,1	3 220,1	0,0	3 220,1	3 220,1	0,0
- Intervention price	1 853,1	1 832,7	- 1,1	2 096,5	1 984,8	- 5,3
- Representative market price	-	-	-	-	-	-
- Production aid	458,5	554,7	21,0	425,3	529,8	24,6
- Consumption aid	456,7	457,5	0,2	494,2	482,5	- 1,4

STATISTICAL TABLES (*)

Supplies of olive oil

EUR 12

	1 000 t			% TAV	
	1985/86	1988/89	1989/90	$\frac{1988/89}{1985/86}$	$\frac{1989/90}{1988/89}$
1	2	3	4	5	6
EC production	1466	1143	1512	0,8	1,3
Oil imports	54	41	76	0,8	1,8
Intra-EC trade	240	247	259	1,0	1,0
Oil exports	152	133	165	0,9	1,2
Intra-EC trade	189	223	245	1,2	1,1
Change in stocks	- 34	- 262	- 17	×	×
Internal use	1448	1419	1437	1,0	1,0
of which:					
— industrial use	25	22	24	0,9	1,1
— human consumption	1423	1397	1413	1,0	1,0
Human consumption (kg/head) (1)	4,4	4,4	4,3	1,0	1,0
Self-sufficiency (%) (2)	101,2	80,5	105,2	0,7	1,3

Source: EC Commission, Directorate-General for Agriculture.

(1) Ratio of human consumption to resident population at 1 January.

(2) Ratio of total production to domestic use.

(*) Extract from "The agricultural situation in the Community. 1991 report".

Supplies of rape and colza (seed, oil, cake)
(July/June)

EUR 12

	1 000 t			% TAV	
	1986/87	1989/90	1990/91	$\frac{1989/90}{1986/87}$	$\frac{1990/91}{1989/90}$
1	2	3	4	5	6
<i>Seed</i>					
EC production	3682	4990	5715	10,7	14,5
Imports (extra-EC)	569	588	513	1,1	- 12,8
Exports (extra-EC)	0	23	1	x	- 95,6
Change in stocks	100	136	:	x	x
Availabilities	4151	5691	6227	11,1	9,4
Self-sufficiency (%)	89	88	92	- 0,4	4,5
<i>Oil and oil equivalent</i>					
EC total production:					
-- from Community seed	1436	1946	2229	10,7	14,5
-- from imported seed	222	229	200	1,0	- 12,7
Imports (extra-EC)	30	33	32	3,2	- 3,0
Exports (extra-EC)	441	807	945	40,0	17,1
Change in stocks	134	80	:	x	x
Availabilities	1113	1481	1516	5,5	2,4
Self-sufficiency (%)	129	131	147	0,5	12,2
<i>Cake and cake equivalent</i>					
EC total production					
- from Community seed	2062	2794	3200	10,7	14,5
- from imported seed	319	329	287	1,0	- 12,8
Imports (extra-EC)	836	489	483	16,4	- 1,2
Exports (extra-EC)	48	105	70	29,8	- 33,3
Change in stocks	98	92	:	x	x
Availabilities	3071	3599	3900	5,4	8,4
Self-sufficiency (%)	67	78	82	5,2	5,1

Source: Eurostat, EC Commission, Directorate-General for Agriculture

Supplies of sunflower (seed, oil, cake)
(July/June)

EUR 12

	1 000 t			% TAV	
	1986/87	1989/90	1990/91	$\frac{1989/90}{1986/87}$	$\frac{1990/91}{1989/90}$
1	2	3	4	5	6
<i>Seed</i>					
EC production	3160	3524	4207	3,7	19,4
Imports (extra-EC)	291	105	305	- 28,8	190,5
Exports (extra-EC)	3	4	3	10,1	- 25,0
Change in stocks	14	- 37	:	×	×
Availabilities	3462	3662	4509	1,9	23,1
Self-sufficiency (%)	89	96	93	2,6	- 3,1
<i>Oil and oil equivalent</i>					
EC total production:					
- from Community seed	1327	1480	1767	3,7	19,4
- from imported seed	122	44	128	- 28,8	190,9
Imports (extra-EC)	154	103	197	- 12,5	91,3
Exports (extra-EC)	115	321	267	40,8	- 17,8
Change in stocks	86	26	:	×	×
Availabilities	1402	1280	1825	3,0	42,6
Self-sufficiency (%)	95	116	97	6,9	- 16,4
<i>Cake and cake equivalent</i>					
EC total production					
from Community seed	1738	1938	2314	3,7	19,4
from imported seed	160	58	168	- 28,7	190,0
Imports (extra-EC)	1283	1175	1333	2,9	13,4
Exports (extra-EC)	12	12	7	0,0	- 41,7
Change in stocks	- 15	- 32	:	×	×
Availabilities	3182	3189	3808	0,1	19,4
Self-sufficiency (%)	55	61	61	3,5	0,0

Source: Eurostat, EC Commission, Directorate General for Agriculture

**Supplies of soya (seed, oil, cake)
(July/June)**

EUR 12

	1 000 t			% TAV	
	1986/87	1989/90	1990/91	$\frac{1989/90}{1986/87}$	$\frac{1990/91}{1989/90}$
1	2	3	4	5	6
<i>Seed</i>					
EC production	905	1980	2135	29,8	7,8
Imports (extra-EC)	12949	11028	13186	- 5,2	19,6
Exports (extra-EC)	9	4	3	- 23,7	25,0
Change in stocks	138	97	:	x	x
Availabilities	13707	13101	15318	- 1,5	16,9
Self-sufficiency (%)	7	15	14	28,9	- 6,7
<i>Oil and oil equivalent</i>					
EC total production:					
from Community seed	158	347	374	29,9	7,8
from imported seed	2266	1930	2308	5,2	19,6
Imports (extra-EC)	5	51	10	117,0	80,4
Exports (extra-EC)	780	656	672	5,6	2,4
Change in stocks	52	76	:	x	x
Availabilities	1597	1748	2020	3,1	15,6
Self-sufficiency (%)	10	20	19	26,0	- 5,0
<i>Cake and cake equivalent</i>					
EC total production					
from Community seed	724	1584	1708	29,8	7,8
from imported seed	10359	8822	10549	- 5,2	19,6
Imports (extra-EC)	10906	8913	10141	- 6,5	13,8
Exports (extra-EC)	953	785	873	- 6,2	11,2
Change in stocks	129	88	:	x	x
Availabilities	20907	18622	21525	- 3,8	15,6
Self-sufficiency (%)	3	9	8	44,2	- 11,1

Source: Eurostat, EC Commission, Directorate General for Agriculture

Area, yield and production of: (a) rapeseed, (b) sunflower seed and (c) soya beans

	Area						Yield						Production					
	1 000 ha			% TAV			100 kg ha			% TAV			1 000 t			% TAV		
	1985	1989	1990	1989	1985	1990	1985	1989	1990	1989	1985	1990	1985	1989	1990	1989	1985	1990
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
EUR 12	1287	1660	1980	6.6	19.3	29.0	30.1	28.9	0.9	-4.0	3738	4990	5715	7.5	14.5			
Rapeseed																		
Belgique, België	2	4	6	18.9	50.0	25.4	30.0	30.0	4.2	0.0	6	12	17	18.9	41.7			
Danmark	218	231	270	1.4	16.9	25.0	28.4	29.4	3.2	3.5	544	655	794	4.8	21.2			
BR Deutschland	266	429	570	12.7	32.9	30.2	33.8	30.2	2.9	-10.6	803	1450	1720	15.9	18.6			
España	10	12	24	4.7	100.0	12.2	15.0	12.5	5.3	-16.6	12	18	30	10.7	66.7			
France	474	637	693	7.7	8.8	29.9	28.3	27.8	-1.4	-1.8	1419	1803	1930	6.2	7.0			
Ireland	4	3	4	-6.9	25.0	31.1	33.3	40.0	1.7	20.1	14	10	16	-8.1	60.0			
Italia	6	16	14	27.8	-12.5	21.4	25.0	24.3	4.0	-2.8	13	40	34	32.4	-15.0			
Luxembourg	1	1	1	0.0	0.0	20.0	30.0	30.0	10.7	0.0	1	3	4	31.6	33.3			
Nederland	10	6	8	-12.0	33.3	30.3	38.3	30.0	6.0	-21.7	31	23	24	-7.2	4.3			
United Kingdom	296	321	390	2.0	21.5	30.2	30.4	29.4	0.2	-3.3	895	976	1146	2.2	17.4			
EUR 12	1813	2133	2591	4.1	21.5	14.9	16.5	16.3	2.6	-1.2	2703	3524	4207	6.9	19.4			
Sunflower seed																		
BR Deutschland	0	15	25	x	66.7	:	32.0	28.8	x	-10.0	0	48	72	x	50.0			
Ellada	50	25	19	-15.9	-24.0	17.0	17.6	15.3	0.9	-13.1	85	44	29	-15.2	-34.1			
España	989	978	1182	-0.3	20.8	9.3	9.5	11.1	0.5	16.8	915	927	1314	0.3	41.7			
France	639	912	1140	9.3	25.0	23.7	23.2	21.0	-0.5	-9.4	1513	2120	2390	8.8	12.7			
Italia	95	136	150	9.4	10.3	17.2	25.2	22.6	10.0	-10.3	162	340	340	20.4	0.0			
Portugal	40	67	75	13.8	11.9	6.3	6.7	8.3	1.6	23.9	28	45	62	12.6	37.8			
EUR 12	123	632	692	50.6	9.5	28.2	31.3	30.9	2.6	-1.3	347	1980	2135	54.6	7.8			
Soya beans																		
BR Deutschland	0	2	2	x	0.0	:	25.0	30.0	x	20.0	0	5	6	x	20.0			
Ellada	0	8	7	x	-12.5	:	30.0	30.0	x	0.0	0	24	21	x	-12.5			
España	2	11	17	53.1	54.5	22.5	24.5	24.7	2.2	0.8	5	27	42	52.4	55.6			
France	27	134	117	49.3	-12.7	20.7	22.4	20.9	2.0	-6.7	56	300	245	52.1	-18.3			
Italia	94	477	549	50.1	15.1	30.5	34.0	33.2	2.8	-2.3	286	1624	1820	54.4	12.1			

Source: EC Commission, Directorate-General for Agriculture

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