



EUROPEAN COMMISSION

Situation and Outlook

2000
2000

Cereals
Oilseeds
Protein crops

Working Documents

DIRECTORATE-GENERAL
FOR AGRICULTURE

European Commission
Directorate General for Agriculture (DG VI)

CAP 2000
Working Document

<p>Situation and Outlook Cereals, Oilseeds and Protein Crops</p>

July 1997

FOREWORD

In late 1995 the European Commission presented its Agricultural Strategy Paper¹ in which it outlined the major challenges European agriculture and its rural areas would be facing at the turn of the century and the implications these might have for future policy developments.

In its working programme for 1997, the Commission announced its intention to present, after the conclusion of the Intergovernmental Conference, a communication on the financial framework from 2000 onwards, to be accompanied by “a very careful look at the future of the Communities policies, in particular the common agricultural policy and structural policies”.

In the light of these orientations, the Directorate-General for Agriculture (DG VI) has undertaken a number of studies, which examine in detail the current situation and the longer term outlook for some of the main agricultural markets, developments in rural areas, and in world markets. These studies are being published as working documents under the common heading *CAP 2000*.

A general overview of agricultural market trends and long term projections of supply and demand for the main commodities is presented in “Long Term Prospects, Grains, Milk and Meat Markets”, accompanied successively by more detailed sector analyses in “Situation and Outlook” reports for the beef, dairy and grain markets and their organisations. A study on rural development under the *CAP 2000* heading will follow.

¹ “Study on alternative strategies for the development of relations in the field of agriculture between the EU and the associated countries with a view to future accession of these countries” (Agricultural Strategy Paper), a communication (CSE(95)607 of 29.11.1995) presented by the Commission to the Madrid European Council in December 1995

EXECUTIVE SUMMARY	1
1. General overview.	1
2. The present COP regime	1
3. Assessment of the reform.	2
4. Long term prospects	3
I. GENERAL OVERVIEW	4
1. Definition of the COP sectors and relations between them.	4
2. The role of the COP sectors in the agricultural economy.	4
3. Area	5
4. Farm structures	6
5. Geographic distribution	7
6. Production, consumption and trade	8
6.1 Cereals	8
6.2 Oilseeds and oilseed products	9
6.3 Protein crops	10
6.4 Linseed	10
7. The cereals world market	10
II. DESCRIPTION OF THE PRESENT COP REGIME	12
1. Principles of the 1992 reform of the COP sector	12
2. Price support	12
3. Compensatory payments	13
3.1 Aid rates	13
3.2 Regionalisation plans	14
4. Area-based supply management	16
4.1 Eligible land	16
4.2 Base areas	16
4.3 Set-aside	18
4.4 Maximum guaranteed areas for oilseeds	20
4.5 Durum wheat	20
5. Integrated administration and control system (IACS)	22
III. ASSESSMENT OF THE REFORM	23
1. Overview of requests for COP payments between 1993/94 and 1996/97	23
1.1 Take-up of the COP regime	23
1.2 Implementation of base areas	23

1.3 Breakdown between the <i>general</i> scheme and the <i>simplified</i> scheme	25
1.4 Set-aside	26
1.5 Implementation of the MGA regime for oilseeds	26
1.6 Implementation of the durum wheat <i>supplement</i>	27
2. Market balance.	27
2.1 Cereals	27
2.2 Oilseeds	30
2.3 Protein crops	32
3. Incomes	32
4. Environment.	33
5. Budget.	34
6. Controls	36
7. New problems	36
7.1 Complexity	36
7.1.1 Set-aside	37
7.1.2 Penalties	37
7.1.3 Production regions and aids within the production regions	37
7.2 Inconsistency	38
7.2.1 Maize aids in the simplified scheme	38
7.2.2 Durum wheat	39
7.2.3 Intervention price	39
7.3 Problems of public image	39
7.4 Risk of market imbalance	40
7.4.1 Cereals	40
7.4.2 Oilseeds	41
7.4.3 Protein crops	42
IV. LONG-TERM PROSPECTS	43
1997/98 - 2005/06	43
1. Working assumptions	43
1.1 Policy:	43
1.2 Areas	43
1.3 Yields	45
1.4 Market prices	45
1.5 Inflation rate and GDP growth	45
1.6 Exports and imports:	45
1.7 Stocks:	46
2. Forecasts	47
2.1 Cereals	47
2.2 Oilseeds	49
2.3 Protein crops	50
ANNEX 1.	51
THE PRE-1992 PERIOD.	51
1. Regulation.	51
1.1 Cereals.	51

1.2 Oilseeds and protein crops.	52
2. Evolution of production (EUR- 12).	53
2.1 Cereals	53
2.2 Oilseeds	56
2.3 Protein crops	58
3. Evolution of consumption	58
3.1 Cereals	58
3.2 Oilseeds and protein crops	59
4. Assessment of the period 1962-1992.	59
4.1 Production	59
4.2 Consumption	59
4.3 Trade	60
4.4 Budget	61
4.5 Incomes	61
4.6 Regional effects	62
4.7 Environment	63
4.8 International relations	63
5. Conclusion.	64
ANNEX 2	65
MAPS, TABLES AND GRAPHS	65

Executive summary

1. GENERAL OVERVIEW.

The COP products (Cereals, Oilseeds and Protein crops) have been under a common support scheme since the 1992 reform of the Common Agricultural Policy.

Their part in final agricultural output is about 11%. Their share in aggregate farm income is estimated at 21%.

The COP sectors (including set-aside) absorbed 42% of EAGGF expenditure in 1996. Subsidies represented about 59% of total Farm Net Value Added for that year.

The total area used for the cultivation of these products was 53.5 million ha in 1996/97, about 42% of the EU Utilised Agricultural Area.

According to the data collected from the support scheme, 2.75 million holdings produced cereals, oilseeds or protein crops in 1996, of which 0.75 million corresponded to professional (general scheme) producers.

While COP production is important in all Member States, there is, of course, a significant degree of specialization and concentration: 20 regions out of a total of 127 account for nearly half the cereals produced and in a number of regions, cereals production accounts for more than 20% of total regional agricultural production. France, Germany, the U K, Spain and Italy are the main producer countries.

The rate of self-sufficiency in the EU is estimated at 118% for cereals, 44% for oilseeds and 80% for protein crops.

In the world context, the EU is the third most important cereals producer with a share of 13%. The EU accounts for 18% of world exports for wheat and 11% for coarse grains.

2. THE PRESENT COP REGIME

The 1992 reform, which shaped the present COP regime, is based on three main principles:

- Reduction of price support
- Compensatory payments
- Supply management

Cereals intervention prices were simplified to one intervention price for all cereals and reduced by approximately a third. Institutional prices for oilseeds and protein crops were abolished.

To compensate for the reduction or abolition of institutional prices, crop-specific per hectare payments, based on historic regional yields, were established in favour of COP producers. Only in the case of oilseeds are payments adjusted partially according to the evolution of market prices.

Supply management is based on the definition of land that is eligible for compensatory payments, base areas which cannot be exceeded, and the obligation for producers in general to set aside part of their eligible land.

The set-aside rate has become the main instrument of supply management and is adapted every marketing year in response to the market situation.

For oilseeds, cultivated areas cannot exceed the Maximum Guaranteed Areas as laid down in the Uruguay Round Agreement.

3. ASSESSMENT OF THE REFORM.

The 1992 reform has been successful in restoring market balance in the cereals sector and in increasing producer incomes.

Cereals intervention stocks, which were 32 million tonnes in 1992/93, fell to 2.4 million tonnes by the end of the 1996/97 marketing year. Total internal consumption of cereals has increased by about 20 million tonnes, reversing the downward trend of previous years. Export subsidies have been much lower than before the reform, and for certain periods, export taxes were applied as world prices were higher than internal prices. High world prices were, in part, the result of the reduction in the exportable surplus of the EU.

Total oilseeds production has stabilized at a level slightly lower than prior to the reform, while protein crops production has decreased.

However, new problems have arisen with the implementation of the reform. They can be classified into four different categories:

- complexity (an excessive number of types of set-aside, penalties, production regions and aid rates)
- inconsistency (unjustified differences in treatment for similar situations, same "high" intervention price for all cereals,...)
- public image (negative redistribution effect, lack of requirements regarding good cultivation practices), and
- risk of imbalance (cereals production continues to increase while internal consumption could be subject to adverse influences and exports are limited by the GATT Agreement).

4. LONG TERM PROSPECTS

Medium term forecasts for the COP sectors point to a significant accumulation of cereals intervention stocks. Thus, for 2005, wheat intervention stocks are forecast to rise to 45.5 million tonnes and coarse grains intervention stocks to 12.5 million tonnes. Oilseeds production is forecast to increase moderately to almost 13 million tonnes and protein crops production is likely to remain stable at around 4.5 million tonnes.

These forecasts are based on certain specific assumptions, principally in relation to areas, yields and exports.

COP areas are assumed to correspond to total base areas and to respect the normal set-aside rate of 17.5% as well as the maximum guaranteed areas for oilseeds.

Cereals yields are assumed to develop in line with the 1983-95 trend and oilseeds yields are projected to increase moderately.

Exports are put at the limits set by the U.R. agreement, i.e. no unsubsidised exports are expected.

I. General overview

1. DEFINITION OF THE COP SECTORS AND RELATIONS BETWEEN THEM.

The expression COP products derives from the 1992 CAP reform which brought the following products under a common support scheme:

- Cereals, including cereals used for silage;
- Oilseeds: rapeseed, sunflowerseed and soyabeans;
- Protein crops: field peas and beans, and lupins.

Linseed was incorporated in the scheme in the 1994/95 marketing year.

These products can be cultivated on the same type of land and require the use of more or less the same equipment. In general, any of the COP products can be **substituted by some other COP product or products, depending on regional conditions.**

Cereals and oilseeds are used to a greater or lesser extent for both human consumption and animal feed (industrial use is relatively less important) while protein crops are used principally for animal feed.

In relation to human consumption, there is no clear relationship among the three kinds of products and they can be considered broadly speaking as independent (with the exception of oils produced from maize and oilseeds). However, in animal feed, they compete as potential ingredients in the different products. Therefore, their relative prices are very important in determining the quantities of each product that are used by the feed industry.

2. THE ROLE OF THE COP SECTORS IN THE AGRICULTURAL ECONOMY.

In 1995, their share in final agricultural output was about 11 % , of which:

- Cereals: 9.1 %
- Oilseeds (including linseed) : 1.2 %

Silage and on-farm used cereals are not included in final agricultural output since they are used directly within the agricultural sector (they are not final products).

An analysis of the estimated figures for specialised cereals farms within the Farm Accountancy Data Network (FADN) indicates that the share of the COP sectors in total agricultural employment can be estimated at 18%.

At the EUR-12 level, specialised cereals farms had a Farm Net Value Added per Annual Work Unit (FNVA/AWU), including the aids, 8% higher than the average for

the agricultural sector as a whole in 1993, and 14% higher in 1994. For 1995 and 1996, provisional estimates are, respectively, 16% and 31% higher.

If the estimate for the COP's share in total agricultural employment is correct, and the comparison between FNVA/AWU for all farms and specialised cereals farms is valid for the whole COP sector, it can be estimated that its contribution to the aggregate farm income is about 21% on average.

The sector absorbed 42 % of EAGGF-Guarantee expenditure in 1996.

The contribution of subsidies within the total Farm Net Value Added in specialised cereals farms for EUR-12 is estimated at:

- 45 % in 1993,
- 56 % in 1994,
- 65 % in 1995, and
- 59 % in 1996.

3. AREA

In the 1996/97 marketing year (planting in autumn 1995 and spring 1996) the total area sown to cereals, oilseeds and protein crops reached 53.5 million ha (42 % of total EU Utilised Agricultural Area). This included:

- 47.6 million ha of cultivated land (excluding non-food oilseeds on set-aside land), of which:
 - 36.9 million ha of grains cereals,
 - 4.8 million ha of food oilseeds,
 - 0.2 million ha of linseed,
 - 1.2 million ha of protein crops, and
 - 4.4 million ha of silage, mainly maize.
- 6 million ha of set-aside land, of which:
 - 3.7 million ha obligatory set-aside (rate of 10%),
 - 0.4 million ha five year set-aside, and
 - 1.9 million ha voluntary set-aside.

Oilseeds for non-food use were cultivated on 0.7 million ha of the land in set-aside.

4. FARM STRUCTURES

Cereals are a basic agricultural product. A great variety of holdings are involved in their cultivation, ranging from specialised animal farms (cereals for on-farm use) to specialised crop farms (cereals for sale).

According to data collected in the 1993 structural survey², cereals holdings in the EU-15 numbered 3.4 million in that year (out of a total of 7.8 million agricultural holdings). On those farms, the average cereals area amounted to 10.4 ha and represented 40 % of the utilised agricultural area. Wide variations appear between Member States. The highest average cereals area is to be found in the United Kingdom (41 ha), followed by Denmark (22 ha); the smallest were in Italy, Greece and Portugal (from 4.4 ha to 2.5 ha), reflecting the generally smaller farm structure in these three countries. A regional view is presented in a *map in annex*: in particular, it highlights the very large cereals holdings in the new German Länder (more than 100 ha of cereals per farm in general).

For those countries for which the 1995 structural survey data are available, some increase in the average cereals area per farm is evident, e.g. in Germany from 15 to 17 ha. For France, see box below. *Tables in annex* present, first, the results of the 1993 survey and, second, where possible, the results of the 1995 survey.

A complementary view of the sector is provided by the data collected through the COP support regime. The *annexed table* presents the 1996 data³, splitting them into two broad size categories, the “general” scheme and the “simplified” scheme (the latter referring to the threshold of 92 t of cereals production capacity, cf chapter II). The number of holdings is put at 2.75 million, of which 0.75 million concern the “general” scheme. The average COP area per farm is 18.4 ha. The average cereals area per farm is 14.2 ha, which is significantly higher than the 10.4 ha indicated by the 1993 structural survey. Notwithstanding the different analytical frameworks, this may indicate a trend towards further concentration of cereals production in many (if not all) Member States, in the past few years.

The following box highlights the rapid evolution of specialised cereals farms in France between 1991 and 1995.

² The description of farm structures relies on the surveys made periodically in the Member States and coordinated by Eurostat. The latest available results for all Member States are for 1993.

³ These data cover only those areas and those producers who have applied for COP payments, i.e. they do not take into account the areas under cereals which are not declared, or which are declared by beef producers to justify related headage premia.

French specialised cereals farms

Over the period 1991-95, the number of specialised cereals farms declined by 15 %, reaching 93 000 in 1995. Their average size (UAA) increased by 25 %, from 74 to 92 ha; virtually the whole increase was achieved by renting. Taking into account the set-aside areas, the cultivated area increased by 12 %. Nearly all additional areas were devoted to cereals (+ 11 %), oilseeds (+ 23 %) and protein crops (+ 18 %). Together with the set-aside areas, the share of the COP areas within the UAA increased by 3 points to 83 %, pointing to a higher degree of specialisation.

(Source: French structural survey and FADN)

5. GEOGRAPHIC DISTRIBUTION

The main COP producer countries within the EU are France and Germany, followed at a distance by the United Kingdom, Spain and Italy. France is the main producer of wheat, maize, sunflower and protein crops; Germany is the main barley and rye producer; Italy is the main soyabean producer. France and Germany compete for the lead in rapeseed production.

In terms of quantities, **nearly half of EU cereals production (48.4 %)** is accounted for by **20 regions (out of 127)**. **Twelve of them have a share higher than 2 %** (*cf. map in annex*):

- Denmark (considered as one region in this analysis);
- Bayern, Niedersachsen and Nordrhein-Westfalen in Germany;
- Centre, Picardie, Champagne-Ardennes, Poitou-Charentes and Midi-Pyrénées in France;
- South-East in the United Kingdom;
- Castilla-Leon and Castilla-la Mancha in Spain.

Expressed in value terms, **nearly half of EU cereals output (49.5 %)** is also concentrated in **20 regions, fifteen of which have a share higher than 2 %** (*cf. map in annex*). In this case, on-farm used cereals are not included since they are used as an input in the agricultural sector. This indicator therefore reflects the regional weight of cereals for sale.

It is also instructive to analyse **regional specialisation** in cereals production, i.e. the share of cereals output within agricultural output (*cf. map in annex*). While the EU average is 9 % (*cf. § 2*), cereals production is considerably higher in a number of regions, with a share higher than 20 %: the French North-East, the Midi-Pyrénées, the Eastern half of England, Sachsen-Anhalt and Thüringen, Marche (IT) and Castilla-Leon.

6. PRODUCTION, CONSUMPTION AND TRADE

6.1 Cereals

Since the beginning of the 1980s, cereals production has exceeded total consumption and consequently the EU has become a net exporter of cereals.

For 1996/97, the estimate of the cereals balance sheet is as follows:

Million tonnes						
	Common wheat	Durum wheat	Barley	Maize	Other cereal	Total
Beginning stocks (1,7,96)						
Markets	8.5	0.6	5.5	3.6	2.1	20.3
Intervention	0.5	0.0	1.4	0.0	0.7	2.6
Total	9.0	0.6	6.9	3.6	2.8	22.9
Usable production	90.0	7.8	52.0	33.5	17.3	200.6
Import	1.1	0.6	0.0	2.2	0.4	4.3
Utilisation	74.1	7.9	41.7	31.9	16.2	171.8
-Human, seed & industrial	37.2	6.8	9.5	7.0	4.2	64.7
-Ultra peripheral islands	0.3	0.0	0.2	0.4	0.0	0.9
-Animal feed	36.6	1.1	32.0	24.5	12.0	106.2
Available balance	26.0	1.1	17.2	7.4	4.3	56.0
Export (1)	16.1	0.5	8.9	1.9	1.2	28.6
Ending stocks (30,6,97)						
Markets	9.4	0.6	7.5	5.5	2.1	25.1
Intervention	0.5	0.0	0.8	0.0	1.0	2.3
Total	9.9	0.6	8.3	5.5	3.1	27.4

(1) Grains equivalent. 1,7 million t. of processed products are included in maize exports.

The main features of this balance sheet are :

- **Usable production** is estimated at **200.6 million t.** (total production: 202 million t.)
- Imports: 4.3 million t.
- **Consumption** is forecast at **171.8 million t.** of which:
 - 106.2 million t. for animal feed, and
 - 65.6 million t. for human consumption, seed and industrial uses.

Exports are forecast at **28.6 million t.**, a share of about 16% of world cereals exports. This quantity is lower than the limit authorised by the Uruguay Round Agreement (31.9 million t).

- **Ending stocks** would be **27.4 million t.**, of which:
 - 25.1 million t. private stocks, and
 - 2.3 million t. intervention stocks.

The rate of self-sufficiency implied in this balance sheet is 117 %.

6.2 Oilseeds and oilseed products

The EU is traditionally a net importer of oilseeds and oilseed products, with the exception of rape oil. For 1996/97, the balance sheet for the oilseed sector is as follows:

1000 tonnes

	Rapeseed	Sunflowerseed	Soya	Total
Grains				
Production	7007	4131	1018	12156
Imports	1000	1675	13000	15675
Exports	100	75	40	215
Stocks variation	0	0	0	0
Availabilities	7907	5731	13978	27616
Self-sufficiency (%)	89	72	7	44
Oils				
Total production	3203	2439	2523	8165
of which				
- from Community seeds	2803	1735	183	4721
- from imported seeds	400	704	2340	3444
Imports	10	137	1	148
Exports	1000	700	536	2236
Stocks variation	0	0	0	0
Availabilities	2213	1876	1988	6077
Self-sufficiency (%)	127	93	9	78
Meals				
Total production	4483.92	3251.36	10934.04	18669.32
of which				
- from Community seeds	3923.92	2313.36	794.04	7031.32
- from imported seeds	560	938	10140	11638
Imports	900	1800	11500	14200
Exports	75	12	1000	1087
Stocks variation	0	0	0	0
Availabilities	5308.92	5039.36	21434.04	31782.32
Self-sufficiency (%)	74	46	4	22

This balance sheet is estimated on the basis of no variation in stocks: this implies that consumption is equal to availabilities. The rate of self-sufficiency is then calculated comparing production to availabilities. For oils and meals, self-sufficiency is calculated taking into account only seeds of Community origin.

The only product in this sector for which the EU has a self-sufficiency rate of more than 100 % is rape oil.

The rate of self-sufficiency for oilmeals is especially low: only 22%.

6.3 Protein crops

Production of protein crops is estimated at 4.4 million t., of which 3.7 m. t. field peas, and 0.7 m. t. beans.

Imports are estimated at 1.2 million t. and exports at 0.1 million t.

The rate of self-sufficiency is 80%.

6.4 Linseed

The linseed balance-sheet includes the seeds produced as a by-product of the production of flax.

Consumption reaches 0.7 million t., production is only about 0.2 million t. and exports are negligible. The difference between consumption and production (0.5 million t.) is made up by imports.

7. THE CEREALS WORLD MARKET

Over the period 1993/1994-1996/1997, total world cereals production (excluding rice) has averaged 1,382 million t., of which 549 million t. wheat and 833 million t. coarse grains.

The main producers are: USA 20%, China 18%, UE 13 %, India 7%, Canada 4%, Australia 2% and Argentina 2%.

China is the leading wheat producer with a share of about 19%. The EU comes second with about 16%. The USA represents about 11%.

Production of coarse grains is dominated by the USA with about 28 % of world production, followed by China with 15% and the EU with 11%.

International trade in cereals has stabilised around 180 million t. (13% of production), of which 90 million t. are wheat and another 90 million t. coarse grains.

Five main exporters account for 90% of all wheat exports:

- the USA 33%,
- Canada 20%,
- the EU 18%,
- Australia 12%, and
- Argentina 7%.

As regards imports, there are a significant number of importing regions, a big proportion of which are developing countries (accounting for two thirds of total imports). Most important are China (main importer), South Korea, Japan, Brazil and Egypt.

Exports of coarse grains are dominated by the USA with around two thirds of all exports. Other exporters are the EU (11%), Argentina (7%) and Canada (5%). Maize makes up over 70% of these exports, followed by barley (17%).

Import demand is more concentrated than for wheat: South East Asia accounts for almost 50% of total imports, and Northern Africa and the Middle East make up another 25%.

II. DESCRIPTION OF THE PRESENT COP REGIME

1. PRINCIPLES OF THE 1992 REFORM OF THE COP SECTOR

Following the Commission's proposal for a radical reform of the COP sectors in 1991, the Council reached a political decision in May 1992 and formally adopted the legal framework on 30 June 1992 (Regulations Nr 1765/92 and 1766/92).

The reform was based on three main principles:

- **the reduction of price support,**
- **wider use of compensatory payments, and**
- **direct supply management.**

A fourth, **partial modulation of support according to farm size** was also introduced, though in a more limited way than had been proposed by the Commission. This element of the Commission's proposal was aimed at correcting the distribution of support in favour of small producers: it was intended to address the situation whereby 20 % of farmers received 80 % of the support.

The main features of the instruments developed under the 1992 reform are outlined below. The results of the Uruguay Round Agreement (1994) are included also.

2. PRICE SUPPORT

In 1992, it was decided to reduce the **intervention price for cereals** by an average of one third, from 150 ECU (A)/t⁴ to 100 ECU (A)/t, and to apply the same intervention price to all eligible cereals (breadmaking wheat, durum wheat, barley, maize, rye, sorghum). The reduction was to take place in three steps starting in 1993/94 and ending in 1995/96.

The final level of the intervention price was influenced by the change in agri-monetary rules in 1995 (abolition of the switch-over mechanism) and set at 119.19 ECU (A)/t on 1 July 1995. The difference between the projected 100 ECU (A)/t and the actual 119.19 ECU (A)/t corresponds basically to the loss of value of the agricultural ECU so that, in the non-depreciated national currencies, the actual reduction was roughly the intended one third.

It was simultaneously decided to gradually reduce the **threshold price for cereals** and to fix it at 155 ECU (A)/t in a permanent regime. Following the Uruguay Round Agreement, this was abolished in 1995/96. Border protection through variable levies was converted into a tariff, and was limited by the condition that the duty-paid import

⁴ ECU (A): agricultural ECU

price could not, in permanent regime, be greater than 155 % of the effective intervention price.

The **target price** for cereals, which over a period of several years, had lost its economic significance, was formally abolished in 1995/96.

The **oilseeds regime** (rapeseed, sunflower, soyabean) had already been reformed in 1992/93, one year in advance of the overall reform, due to the conclusions of the first GATT oilseeds panel. Institutional support prices had been abolished.

For **protein crops** (peas, beans and sweet lupins), institutional support prices were abolished in 1993/94.

For **linseed**, the indicative price was abolished in 1994/95.

As before, oilseeds (including linseed) and protein crops do not benefit from any border protection, with the exception of a small duty for peas.

3. COMPENSATORY PAYMENTS

3.1 Aid rates

To compensate for the reduction or abolition of institutional prices, crop-specific per hectare payments were established in favour of COP producers, based in principle on historic regional yields, and paid in general on condition that producers set aside a defined percentage of the land for which aid is requested (with the exception of "small" producers, see § 4.3). Set-aside land is also compensated. For the three main oilseeds, annual payments are partially adjusted in accordance with the evolution of market prices.

For cereals, compensatory payments were introduced in step with price cuts, over the period 1993/94 to 1995/96. For oilseeds and protein crops, as well as for the set-aside compensation, there was no transition period.

COP producers who are also beef producers, and potentially eligible for the suckler cow premium or the special bovine premium, can alternatively choose to declare these crops as forage areas for the calculation of their density factor. Invariably they choose the most profitable regime - COP or beef- depending on their particular situation.

The following table shows the compensatory payments applicable since 1995/96:

Level of compensatory payments

Land use	Institutional amount	Regionalisation
cereals (grain and silage)	54.34 ECU A/t	multiplied by the regional cereals reference yield, with possible differentiation for maize and/or irrigated areas
oilseeds (rapeseed, sunflower, soybean)	433.5 ECU A/ha*	adjusted by the regional reference yield of cereals or oilseeds
protein crops	78.49 ECU A/t	multiplied by the regional cereals reference yields
linseed (non textile)	105.1 ECU A/t	idem
durum wheat	358.6 ECU A/ha 138.9 ECU A/ha	flat-rate supplementary aid in the "traditional" regions same for "semi-traditional" regions
set-aside	68.83 ECU A/t	multiplied by the regional cereals reference yields

* this amount is reviewed in the course of the marketing year (January) to take into account a possible gap between the reference price (196,80 ECU/t) and the observed price, with a franchise of 8 %.

Producers of potatoes for starch use benefit from a payment equal to 1.6×54.34 ECU (A) for each tonne of starch produced, without any obligation to set aside land.

3.2 Regionalisation plans

Member States are responsible for drawing up their regionalisation plans, under the Commission's control. They have to define *production regions* (also commonly called *yield regions*) to which they have to assign a reference yield calculated as the average yield of the period 1986-90 excluding the highest and lowest years. *Yield regions* correspond to or are included in the *base area* regions (cf § 4.2).

Overview of the current regionalisation plans (reference yields)

The regionalisation plans reflect the structural disparities between Member States. In general, plans are simpler in Northern countries with less climatic variation and more homogeneous yields than in Southern countries, where yield variability is much higher.

Denmark, Austria and Luxembourg have only one reference yield for their whole territory.

Others have adopted a more detailed breakdown.

I. Agronomic regions in:

- the Netherlands (2 regions: clay soils, sandy soils);
- Greece (2 regions: north, south);
- Finland (3 regions);
- Sweden (5 regions for cereals, 5 regions for oilseeds);
- Belgium (13 regions)
- Italy (256 cereals regions and 147 oilseeds regions, representing the geographical differentiation of each province into mountain, hill and plain).

II. Administrative and/or agronomic in:

- the United Kingdom: 5 oilseeds regions, with differentiation of Less Favoured Areas (LFAs) in Scotland; 7 cereals regions, with differentiation of LFAs in Northern Ireland, Wales and Scotland;
- in Germany: 27 cereals regions, made up of 13 complete Länder and 3 Länder divided respectively into 10-2-2 regions; 18 oilseeds regions, made up of 14 complete Länder and 2 Länder each divided into 2 regions;
- France: 107 cereals regions, comprising 76 whole départements and 9 départements divided into small agricultural regions; 2 oilseeds regions.

III. Administrative and agronomic in Spain: each of the 400 "comarcas" have a reference yield for *secano* areas, i.e. without irrigation possibilities, and *regadio* areas, i.e. with irrigation possibilities, differentiated into maize and other COP.

IV. Agronomic in Portugal: 6 irrigated regions and 6 non-irrigated regions.

Moreover, six Member States (Germany, France, Ireland, Italy, Spain, Portugal) make a distinction between maize and other cereals in some regions, and two (France, Greece) make a distinction between irrigated and non-irrigated crops.

The fundamental rule which Member States had to observe in drawing up their regionalisation plans was the respect of historic average yields. However, in the light of the complexity of the regionalisation plans prepared by Member States to meet their different agronomic circumstances, it became apparent that the average yield used to make payments might not correspond to the average national yield used as the basis of the regionalisation plan. This could occur if there was a migration of the planted area from low yield regions to high yield regions. To counter this risk, a correction mechanism was agreed in 1993. The effect of this mechanism is that if the average yield used for payments in a particular Member State rises, there is an automatic reduction in the yields in that Member State's regionalisation plan. For the

purpose of this mechanism, the yields emerging from the 1993 regionalisation plans were taken as fixed points of reference⁵.

4. AREA-BASED SUPPLY MANAGEMENT

4.1 Eligible land

The concept of *eligible land* (article 9 of Regulation 1765/92) was included in the regime to avoid formerly non-arable land benefiting from the COP regime. It was feared that use of such land could increase production, budgetary costs or pressure on the environment. For this reason, aid may not be requested for land which was devoted to permanent grassland, permanent crops, forestry or non agricultural uses on 31 December 1991.

As this rule was considered too rigid, three types of derogation were later introduced.

- 1) The first relates to plots bearing pluri-annual crops (like asparagus, artichokes, raspberries, ...) normally rotating with annual crops and plots committed to land restructuring. This land can become eligible provided that the total eligible land does not increase significantly.
- 2) The second relates to specific situations where producers are forced by public intervention to cultivate previously ineligible land. This must not lead to eligible land increasing by more than 0.1 % of Member State base areas.
- 3) The third relates to reorganisation of land use within a given holding (e.g. replacing an old orchard by an annual crop). Total eligible land shall remain unchanged within the holding ("one for one" rule).

The implementation of Article 9 in the different Member States indicates a limited use of the derogations.

4.2 Base areas

The *base area* concept was included in the regime both as a budget stabiliser and a production stabiliser. Member States have to divide their territory into one or several *base regions*, where they establish the average area devoted to cereals, oilseeds, protein crops and subsidised set-aside within the period 1989-1991. In theory,

⁵ There are some differences between these yields and the previously published yields in the original reference period 1986/87 to 1990/91. These are due to a number of statistical factors:

- the new regime covers cereals used for silage, in particular maize. Maize has a higher yield than other cereals but the yield of silage maize had not been included in previous statistics of average cereals yields
- specific problems in establishing historic yields in Portugal and the former Eastern Germany;
- the revision of statistical data in Luxembourg and Ireland;
- the need to take account of irrigation investment decisions taken between the reference year and the reform;
- the calculation method, which excludes in each region the highest and the lowest years.

Member States could opt also for individual base areas based on the period 1989-91 (as the Commission initially proposed), but none of them does so.

Base areas may differentiate between maize and other COP, with complex reallocation rules between both. Base areas may also differentiate between irrigated and non irrigated crops. For the differentiation of irrigated crops, a Member State can alternatively define *irrigation ceilings*, with slightly different rules.

Overview of current base areas	
The total of EU <i>base areas</i> is 53.5 Mio ha.	
I.	Denmark, Finland, Sweden, Luxembourg and Austria have a single <i>base area</i> .
II.	Greece has two <i>base areas</i> and two <i>irrigation ceilings</i> , corresponding to the <i>yield regions</i> .
III.	Italy, Ireland and the Netherlands have two country-wide base areas, for maize and other COP.
IV.	Belgium has one national <i>base area</i> and maize is differentiated in four <i>yield regions</i> in part of the country.
V.	France has four <i>base areas</i> : <ul style="list-style-type: none">– one for irrigated maize covering 8 départements;– one for maize covering 12 départements (including the last 8 for non irrigated maize);– two for the other COP, with a differentiation between irrigated and non irrigated crops;– in addition, France has two <i>irrigation ceilings</i> for soya corresponding to the two oilseeds <i>regions</i>.
VI.	The United Kingdom has five <i>base areas</i> : England (with differentiation of maize), Northern Ireland, Wales (with differentiation of maize), Scotland LFAs and Scotland non-LFAs.
VII.	Portugal has three <i>base areas</i> : Azores, Madeira and continental territory, each one differentiated between irrigated and non irrigated; maize is differentiated in Madeira and on the continent.
VIII.	Germany has 18 <i>base areas</i> , corresponding to the 16 Länder and maize is differentiated in two of them (Bayern, Baden-Württemberg).
IX.	Spain has 2 <i>base areas</i> : secano and regadio; the regadio <i>base area</i> is differentiated between maize and the other COP.

Each year, Member States compare each *base area* with the relevant areas for which aid has been requested. If there is an overshoot:

- in the current year, the aided area per producer is reduced proportionately;
- in the following year, the region's producers who participate in the *general scheme* (cf § 4.3) have to undertake an *extraordinary set-aside* according to the percentage of overshoot, without any compensation.

The total Community base areas have never been overshoot and overshooting of the total of national base areas has also been rare. The main cases of such base areas overshoots have been of two types. First, problems linked to a faulty distribution of the national historical total areas between base areas and second, climatically induced

changes when non COP products, like cotton, could not be produced because of drought and were replaced by COP products. There were also problems in relation to the adaptation of the former East Germany to livestock and cropping patterns appropriate under the CAP. When these problems were clearly transitional in nature, application of the normal measures which follow base area overshoots was ameliorated by transitional measures. To deal with remaining problems where the detailed operation of the base area rules risked going beyond their original objectives, a number of detailed changes have been introduced.

In particular, 85 % of voluntary set-aside is not taken into account in the calculation of the aided area, given that this set-aside is additional to the set-aside needed to ensure production control, and Member States have been permitted to focus the measures arising from the overshoot of a national base area on sub base areas responsible for this overshoot. This latter provision may lead some Member States who currently have several base areas to opt for a single national base area (except in cases where separate base areas are required as a condition of benefiting from special provisions for irrigated land or devoted to maize). At the same time, a possibility has been granted to the Commission to derogate from the base area rules for climatic reasons. Finally, it was decided for 1996/97 and has also been agreed in principle for 1997/98 that, as the normal obligatory set-aside has been set at a very low level because of the short supply situation, it would not be appropriate to apply extraordinary set-aside. None of these adaptations, however, weaken the fundamental commitment to a fixed base area or undermine the objective of the reform in terms of production control.

4.3 Set-aside

Each COP producer who wishes to receive compensatory payments has to choose (every year) between a *simplified scheme* and a *general scheme*.

Under the *simplified scheme*, his request may not exceed an area corresponding to 92 t of cereals in his *yield region* (i.e. 20 ha on EU average). He then has no set-aside obligation and gets the cereals payment for all the eligible COP areas (i.e. a non crop-specific payment).

Under the *general scheme*, he has to set aside a defined percentage of his declared areas and receives crop-specific payments, including a set-aside compensatory payment.

This flexibility was envisaged as a simplification measure and one which would favour small (COP) producers. The 1991 Commission proposal went further, by limiting set-aside compensation per farm to the area not exceeding the regional equivalent of 230 t of cereals (i.e. 50 ha on EU average). This was rejected by the Council following strong opposition from those Member States with the largest farm structures.

The reference rate for set aside is currently 17.5 %. Up until the 1995/96 marketing year, i.e. the 1995 crop year, the set-aside rate was differentiated between rotational set-aside (over a period of 6 years) and non rotational set-aside, to take into account the difference of "*slippage*". (In general, non rotational set-aside is less effective than rotational set-aside in reducing crop production, because farmers tend to fallow the less fertile plots of their holding). The single rate, introduced from 1996/97 onwards, represents a major simplification. It was fixed at 17.5 % as this represented the

mid-point between the original rate for rotational set-aside (15 %) and the general rate for non rotational set-aside (20 %).

The set-aside rate has been adapted each year, taking into account the forecast market developments, as described in the following table.

Evolution of the nominal set-aside rates

Marketing year	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	reference
rotational set-aside	15	15	12	10	5	5	17.5
non rotational set-aside	-			10	5	5	17.5
- other than UK, DK		20	17				
- UK, DK (derogation)		18	15				

Farmers are allowed flexibility in the management of their set-aside obligation:

- They may use the set-aside land to grow **non-food crops**, i.e. crops whose main final destination is a non-food/non-feed use, and still receive the corresponding compensatory payments (except for sugarbeet and other similar crops). In the case of oilseeds (rapeseed, sunflower, soyabean), which are the main raw materials concerned by this scheme (for technical uses and bio-fuels), the *Blair House Agreement* of 1992 (cf § 4.4) requires that the quantity of oilseed by-products produced on set-aside land and destined for feed/food use does not exceed 1 million tonnes of soyameal equivalent.
- In the regions concerned, producers may also take part in the **20-year set-aside** scheme (Regulation 2078/92) or the **afforestation** scheme (Regulation 2080/92) and count these areas for their set-aside obligation. They then receive the payment laid down in these regulations, which however cannot be higher than the normal set-aside compensation.
- Producers may **voluntarily** set aside more than their obligation and still receive the corresponding compensatory payments. However, their set-aside area cannot in general exceed the planted COP area (Member States are allowed to fix more restrictive limits and some have done so).
- Finally, producers may in certain cases **transfer** their set-aside obligation to other producers. This is briefly described below.

Transfer of set-aside obligation

Case no. 1: a producer who would be forced to decrease his herd size in order to respect his set-aside obligation and the environmental constraints attached to it, can transfer this obligation. No increase of the set-aside rate is applied.

Case no. 2: a producer can transfer a set-aside obligation to a maximum of one other producer, within a maximum distance of 20 km. The set-aside rate is then increased by 3 points. Member States are free not to apply this option.

Case no. 3: Member States can allow set-aside transfers within zones where environmental goals are pursued. The set-aside rate is also increased by 3 points.

4.4 Maximum guaranteed areas for oilseeds

Following the second oilseeds panel, the EU and the USA agreed in December 1992 on a *memorandum of understanding on oilseeds* ("Blair House Agreement"), which was then included in the Uruguay Round Agreement and incorporated into the basic regulation 1765/92, as follows.

A *reference area* for oilseeds (rapeseed, sunflower, soyabean) was established, as the average of the 1989-91 areas, at the level of 5,128 mio ha for EU-12, extended to 5,482 mio ha for EU-15. This *reference area* was distributed between Member States. Each year, these references are used to calculate national *maximum guaranteed areas* by reducing them by the compulsory set-aside rate. However, the reduction shall not be less than 10 %.

Each year, the areas for which crop-specific oilseeds aid is paid are compared to the *maximum guaranteed areas*. In the event of an overshoot at EU level, aid reductions are made proportionate to that overshoot. These reductions are concentrated on those Member States which have contributed to the overshoot by overshooting their *national maximum guaranteed areas*. Aid reductions are carried forward to the following marketing year until, at EU level, the total oilseeds area respects the *maximum guaranteed area*.

4.5 Durum wheat

Before the 1992 reform, durum wheat benefited from a per hectare payment in *traditional zones* and from a higher intervention price than other cereals. To take account of this previous payment, and to compensate for the price alignment at the lower common level, a *supplement to the compensatory payment* was decided in favour of *traditional zones*, at a level of 358.6 ECU (A)/ha.

The areas benefiting from this *supplement* are allocated to individual producers. Rights are based, in principle, on the best year out of 1988, 1989, 1990 and 1991. They can be transferred only in the event of land transfer (by sale or renting).

After 1992, several concessions were granted to the producing Member States:

- 1) 1992 was added as a possible reference year in Spain, together with a national maximum eligible area of 550 000 ha, increased to 570 000 ha from 1995/96 onwards.
- 2) 1989 was added as a possible reference year in Portugal (the previous regime was applied only in 1991 in this Member State), together with a national maximum eligible area of 30 000 ha, increased to 35 000 ha from 1995/96 onwards.
- 3) Umbria (Italy) was added to the *traditional zones*, with a maximum of 5 000 ha.
- 4) Two French départements (Ardèche, Drôme) and one French région (Midi-Pyrénées) were added to the *traditional zones*, with a maximum of 63 355 ha).
- 5) Pannonia (Austria) was added to the *traditional zones*, with a maximum of 5 000 ha.

Finally, 50 000 ha of "semi-traditional" areas were conceded to France with a reduced *supplement* of 138,9 ECU (A)/ha.

Administrative problems in managing individual rights led the Commission to propose switching from individual ceilings to national maximum guaranteed areas (COM(96) 361 final of 30.07.1996). In those Member States where they do not yet exist, the national MGAs would be fixed at the 1995/96 level, except for Italy, for which an additional 30 000 ha would be added to the 1996/97 figure (the estimated remaining 5-year set-aside previously under durum wheat and expected to come back into production). As yet, the Council has not reached an agreement on this proposal.

**Overview of the main differences between the 1991 Commission proposals
and the 1992 Council decisions - Present state of play**

Issue	Commission 1991 proposal	Council 1992 decision	Present state of play
Final cereals intervention price	90 ECU A/t	100 ECU A/t	100 became 119.19 (new agri-monetary regime)
Final cereals threshold price	110 ECU A/t	155 ECU A/t	abolished (tariff + 155 % rule)
Eligible cereals	Cereals for grain	Include cereals for silage	Still valid
Maize payment	No differentiation of maize	Possible differentiation	Still valid
Protein crops payment	50 ECU A/t	65 ECU A/t	65 became 78.49 (new agri-monetary regime)
Set-aside management	Only rotational	Option for non rotational at a higher rate	Single set-aside rate
Compensation for set-aside	Not paid beyond a COP area equivalent to 230 t. Same level as cereals	No limit Same level as cereals	Still no limit. 27 % higher than the cereals payment
Base areas	Only individual, no need for extraordinary set-aside	Regional base areas, introduction of extraordinary set-aside	Still valid but derogations regarding extraordinary set-aside

5. INTEGRATED ADMINISTRATION AND CONTROL SYSTEM (IACS)

After the 1992 move to generalize direct payments to producers, it was decided that an **Integrated Administration and Control System (IACS)**, should be developed, to be

implemented in Member States by 31.12.96. The aim of the IACS is to facilitate the farmers' declarations and enable efficient management and control of the system by the administration. IACS covers both crop (including rice and grain legumes) and animal (mainly cattle and sheep) sectors.

The integrated system provides for each farmer presenting annually a single request for area payments, which then becomes the central element for the purpose of administration and control. Plots of land (as well as animals) are identified and registered, to enable individual controls and cross-checking between holdings. Data are integrated in computerized data bases, at national or regional level.

Remote sensing has been strongly encouraged by the Commission and is extensively used to facilitate individual controls. In many cases, it makes on-the-spot visits unnecessary.

III. ASSESSMENT OF THE REFORM

1. OVERVIEW OF REQUESTS FOR COP PAYMENTS BETWEEN 1993/94 AND 1996/97

Now that it has been functioning for four marketing years, 1993/94 to 1996/97, the last two representing the permanent regime, some useful conclusions can be drawn by analyzing COP payment requests. Communications from Member States and the IACS databases offer very rich sources of statistical information, which supplement available (Eurostat) information on farm structures and land use. A full evaluation of this material has not yet been made and only certain key aspects are highlighted below.

1.1 Take-up of the COP regime

The following table compares the areas for which COP/set-aside payments have been requested with the land effectively used for the eligible crops and set-aside, as determined in the usual statistical way.

TAKE-UP OF THE COP REGIME

		(000 ha)				
		1993/94	1994/95	1995/96	1996/97	1997/98 (forecast)
Areas for which payments requested	EUR 12	45.870	47.545	47.302	48.124	48.300
	EUR 15			51.282	52.194	52.400
Land used for COP and set-aside	EUR 12	49.739	49.839	49.218	49.524	49.501
	EUR 15			53.140	53.588	53.571
Take-up of the COP regime	EUR 12	92,2%	95,4%	96,1%	97,2%	97,6%
	EUR 15			96,5%	97,4%	97,8%

The take-up of the COP regime is increasing, from 92.2 % in 1993/94 to 97.4% in 1996/97. In 1997/98, it could reach 98 %. In other words, nearly all areas potentially eligible under the COP regime effectively participate in the scheme.

1.2 Implementation of base areas

The following table also starts from the areas for which COP payments have been requested and analyzes the degree of saturation of base areas at EU level, i.e. whether the EU total of base areas has been under- or overshot.

SATURATION OF BASE AREAS

		(000 ha)				
		1993/94	1994/95	1995/96	1996/97	1997/98 (forecast)
Areas for which payments requested	EUR 12	45.870	47.545	47.302	48.124	48.300
	EUR 15			51.282	52.194	52.400
Total of base areas	EUR 12	48.826	49.032	49.032	49.032	49.032
	EUR 15			53.563	53.563	53.563
Saturation of base areas (under- or overshoot)	EUR 12	93,9%	97,0%	96,5%	98,2%	98,5%
	EUR 15			95,7%	97,4%	97,8%

At EU level, COP areas are getting closer to the total of base areas, from 93.9 % in 1993/94 to 97.4 % in 1996/97.

At regional level, overshoots of *base areas* have been becoming more frequent. In 1996/97, for example, total acreage exceeding *base areas* was 1.13 mio ha and particularly high rates of overshooting occurred in six Member States:

- Spain: 35 % for regadio other than maize in the *general scheme* and 23 % in the *simplified scheme*; 12 % for Castilla-Leon secano;
- The United Kingdom: 32 % for maize in England;
- Portugal: 92 %, 20 %, 5 % for regadio bases;
- Germany: 12 % and 6 % for maize bases, and 5% for Brandenburg and Sachsen;
- France: 9 % for non irrigated maize in the *general scheme*;
- Greece: 8 % for one irrigated ceiling.

Overshoots are tending to become permanent in some *base regions* (e.g. regadio other than maize in Spain, maize bases in Germany, new German Länder, most bases in France, Scotland other than LFAs).

1.3 Breakdown between the *general* scheme and the *simplified* scheme

BREAKDOWN BETWEEN THE *GENERAL* SCHEME AND THE *SIMPLIFIED* SCHEME

	1993/94 EUR 12	1994/95 EUR 12	1995/96 EUR 15	1996/97 EUR 15
Number of applications (000)				
- General scheme	485 20.3%	567 23,7%	707 26,0%	757 27,5%
- Simplified scheme	1.895 79,6%	1.830 76,3%	2.013 74,0%	1.999 72,5%
Total	2.380 100%	2.397 100%	2.720 100%	2.756 100%
Areas under application (000 ha)*				
- General scheme	30.112 70,1%	33.288 73,7%	37.055 74,9%	38.783 76,5%
- Simplified scheme	12.814 29,9%	11.876 26,3%	12.440 25,1%	11.900 23,5%
Total	42.926 100%	45.164 100%	49.495 100%	50.683 100%

* Excluding areas under the beef regime and 5-year set-aside

After growing in number in 1993/94 and 1994/95, applicants seem to have reached a plateau of around 2.8 million, out of a total of 7.8 million agricultural holdings in EUR.

The proportion of producers choosing the *general scheme* has increased continuously, reaching 27.5 % of applicants in 1996/97. This increase reflects the general growth of farm size. However, the producer's annual choice can be influenced by the rate of set-aside (the lower the rate, the more attractive the *general scheme*).

In terms of area, the proportion of these producers is much greater: 76.5 % in 1996/97. In terms of subsidies paid, it reached around 77 %.

1.4 Set-aside

The following table shows how the institutional rates of set-aside translate in practice, on average, on holdings which have chosen the *general scheme*.

SET-ASIDE RATES

	(%)			
	1993/94 EUR 12	1994/95 EUR 12	1995/96 EUR 15	1996/97 EUR 15
Nominal rate (rotational)	15	15	12	10
Rate for non rotational*	-	20	17	10
Effective average rate	15,5	18,0	18,5	15,8

* derogation in DK and the UK: 18 % in 1994/95 and 15 % in 1995/96

The effective rate of set-aside tends to be significantly higher than the nominal rate. In the first years of the reform, this was mainly due to the progressive switch from rotational set-aside to non-rotational set-aside (the latter representing 61 % of set-aside in 1995/96). Currently, it is due to the phasing-out of the old 5-year regime and to the growing importance of voluntary set-aside, which has partly neutralised the reduction of the nominal rate. Voluntary set-aside reached 1 921 000 ha in 1996/97, i.e. one third of total set-aside.

1.5 Implementation of the MGA regime for oilseeds

OILSEED AREAS UNDER THE COP REGIME (EXCLUDING "NON-FOOD" OILSEEDS)

	(000 ha)					
	1993/94 EUR 12	1994/95			1995/96 EUR 15	1996/97 EUR 15
		<i>Spain/sunfl</i>	<i>Port/sunfl</i>	<i>EUR12/oth</i>	EUR 12	
Reference area		1.411	122	3.966		5.482
Set-aside rate	15%	15%	15%	15%		12%
Set-aside rate for MGA	-	15%	15%	15%		10%
Max Guaranteed Area	not applied	1.199	104	3.371		4.824
"General" oilseeds (after base area reduction)	4.922	1.258	125	3.697	5.080	4.528
Rate of overshoot		4%	20%	9%		none
"Simplified" oilseeds	512	-	-	35	35	167

In 1994/95, the EU reference area and the MGA were split into Spain/sunflower, Portugal/sunflower and EUR-12/other oilseeds in Spain and Portugal, as a residual measure of Spain and Portugal's transition period. Proportional aid reductions were applied in those Member States where national MGAs were exceeded.

In 1995/96 and 1996/97, the MGA was not exceeded at EU level, for various reasons:

- national measures taken by Germany and Spain to reduce the risk of exceeding the national MGA;
- the attractiveness of growing cereals due to their market price;
- in 1995/96, the risk of carrying forward the 1994/95 penalties to 1995/96 in the event of a fresh overshoot of the MGA.

1.6 Implementation of the durum wheat *supplement*

AREAS REQUESTED FOR THE DURUM WHEAT SUPPLEMENT (IN TRADITIONAL ZONES)

(000 ha)

	1993/94	1994/95	1995/96	1996/97 (provisional)	Commission MGA proposal
Greece	546	595	590	547	597
Spain	622	582	623	628	570
France	166	173	190	204	190
Italy	1.231	1.404	1.545	1.580	1.610
Portugal	13	18	21	26	35
Total	2.578	2.774	2.969	2.985	3.002

Most of the increase over the four years occurred in Italy, following the phasing out of the old 5-year set-aside scheme. If all eligible applicants took up their right to apply, the total area benefiting from the *supplement* could theoretically reach 4.4 million ha. The total of national MGAs as proposed by the Commission (COM(96) 361 final, see § 4.5) is 3 million ha.

2. MARKET BALANCE.

2.1 Cereals

Cereals production was down in each of the three marketing years following the reform. For EUR-12, the average of the three years 1993-1995 was 163 million t., to be compared with 168 million t. in 1992 (a bad year) and 181 million t. in 1991.

In 1996/97, however, total cereals production for EUR-12 reached a record 188 million t. To this figure must be added the production of the new Member States, to reach a figure of 202 million t. for EUR-15.

Marketing year	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Production EUR-12(mio t)	181	168	165	162	163	188
Production EUR-15(mio t)				174	175	202

The main factor leading to the reduction in the first three years was **set-aside**, but low yields also played an important role.

Compulsory **set-aside** has become the main tool for regulating the cereals market through variations in its rate. The set-aside rate was reduced from 15% for rotational set-aside in 1993/94 and 1994/95 to 12% in 1995/96, 10% in 1996/97 and 5% in 1997/98.

The area set aside, including all types of set-aside, was:

- 6.3 million ha in 1993/94 (EUR-12),
- 7.3 million ha in 1994/95 (EUR-12),
- 7.5 million ha in 1995/96 (EUR-15), and
- 6 million ha in 1996/97 (EUR-15).

The cereals most affected by the reduction in cultivated land were barley and, to a lesser extent, wheat and maize.

The low yields in 1994 and 1995 resulted largely from the weather, and in particular the drought in Spain and Portugal. However, they were partly the effect of the restrictive price policy applied since the Eighties, and the decrease in cereals prices caused by the reform.

In this context, the high yields in 1996/97 seem to be somewhat extraordinary.

The average cereals yield in EU-15 was the following:						
Marketing year:	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Yield (t/ha):	5	4.69	5.09	5.01	4.94	5.46

Internal wholesale prices for cereals have been higher than the intervention price for the whole period since the reform, particularly for the 1995/96 and 1996/97 marketing years. It is estimated that they were 7% higher than the intervention price in 1993/94, 14% in 1994/95, 24% in 1995/96 and 14% in 1996/97.

As aids were calculated on the assumption that, on average, wholesale prices would be 5% higher than the intervention price, it can be said that producers were overcompensated for the reduction in institutional prices.

It can be estimated that 11% of the aids in 1993/94 (excluding set-aside and special durum wheat aids), 30% in 1994/95, 42% in 1995/96 and 21% in 1996 were overcompensation. In absolute amounts, this represents 500 million ECU in 1993/94, 2000 million ECU in 1994/95, 4000 million ECU in 1995/96 and 2000 million ECU in 1996, a total of 8500 million ECU.

This overcompensation is estimated by comparing market prices and intervention prices. It does not take into account the positive impact of agrimonetary changes.

Consumption of EU cereals in the animal feed sector and in the processing industry in EUR-12 has increased by some 20 million t. between 1992-93 and 1996/97. This increase is to be compared to the previous trend of a 2 million t. annual decrease, over the period 1985-1992.

In compound feed, the rate of incorporation of cereals rose from 35% before the reform to 44% in 1996/97, representing an increase of 11 million t. On-farm use has also increased substantially, from 45 million t. in 1992/93 to 50 million t. in 1996/97.

High world market prices for cereals substitutes, caused by high world market prices for cereals, and high prices for oilseeds, have played an important role in the very favourable development of cereals consumption in the EU.

Both developments, in production and consumption, have led to a **decrease in public stocks** of cereals from 33 million t. at the end of the 1992/1993 marketing year to a level of 3 million t. at the end of the 1995/96 marketing year. In spite of the big crop, end intervention stocks in 1996/97 are estimated at only 2.3 million t.

This development within the Community has been an important factor in the **evolution of world markets**. These were characterised by high prices and a very low level of stocks at the end of the 1995/96 marketing year.

World ending stocks (million t.):	1992/93	1993/94	1994/95	1995/96
- Wheat	134	141	110	95
- Coarse grains	148	110	120	90

For wheat, world ending stocks in 1992/93 were 24% of consumption. In 1995/96, they were only 17%.

For coarse grains, world ending stocks in 1992/93 were 18% of consumption. In 1995/96, they were only 11%.

World ending stocks are forecast to remain tight at the end of the 1996/97 marketing year: 17% of consumption for wheat and 13% for coarse grains. (Source: Cereals International Council)

Although this situation must be partly attributed to unfavourable weather conditions in several countries, it is clear that the Community, by reducing its surpluses, has contributed significantly to the low level of world stocks, and therefore to the high level of world prices for the last two marketing years.

A very rough estimate of the reduction of the Community's surpluses gives a figure of about 150 million tonnes over the four year period since the implementation of the reform.

This estimate is based on:	
1) production:	24 million ha of cereals set-aside at a yield of at least 3.4 t/ha (2/3 of normal yield)= 82 million t
2) consumption:	- halt to the trend loss of 2 million t/year (2+4+6+8)= 20 million t. - increase on 1992/93:+5+9+15+20=49 million t
Total:	82 + 20 + 49 = 151 million tonnes

In the summer of 1995, high world prices led the European Commission to impose a tax on exports of some cereals, with a view to guaranteeing the supply of the European market at prices lower than those very high world prices. After a return to export refunds for all cereals, a tax was reintroduced for wheat and wheat flour in the Spring of 1997.

2.2 Oilseeds

Since the reform started in 1992/93, the level of total oilseeds production in EUR-12 has been, on average, slightly less than the 12 million tonnes that were the average for the three years preceding the reform. Oils for food fell by about 1.5 million t. but this was almost balanced by a 1.4 million t. increase of oilseeds for non-food.

The three new Member States added some 0.6 million tonnes on average in 1995/96 and 1996/97.

Marketing year:	(average 1989-91)	1992/93	1993/94	1994/95	1995/96	1996/97
Production (EUR-12, mio t):						
food	12.0	11.5	10.4	10.3	9.4	10.2
non-food			0.5	1.4	2.1	1.4
TOTAL	12.0	11.5	10.9	11.8	11.6	11.7

Total areas in EUR-12 (including food and non-food oilseeds) increased from 5.4 million ha in 1991/92 to 5.8 million ha in 1994/95, and then fell to about 5.3 million ha in 1995/96 and 1996/97. The increase in the early years is due mainly to the favourable transition measures in Spain and Portugal, which finished at the end of the 1994/95 marketing year.

The new Member States have added an average of about 0.3 million ha.

The evolution of yields is noteworthy. In effect, since the implementation of the reform started in 1992/93, they have been lower than previously:

Marketing year:	(average 89-91)	1992/93	1993/94	1994/95	1995/96	1996/97
Yield (t/ha):						
-rapeseed	2.98	2.61	2.83	2.49	2.68	2.62
-sunflowerseed:	1.67	1.49	1.09	1.53	1.48	1.65
-soyabeans:	3.25	2.92	3.09	2.91	2.96	3.07

The radical character of the reform, which aligned producer prices to world market prices (a decrease of about 50% in the first year), has been a major influence on yields. The development of non-food oilseeds, which have lower yields than food oilseeds, have also played a part.

With the exception of the first year of implementation of the reform, 1992/93, the world price has been higher every year than the reference price of 197 ECU/t. It was even above the franchise of 8% that is added to the reference price before the aid is adjusted. As the franchise was assumed to be neutral over time, it can be said that producers have benefited from some overcompensation.

Marketing year:	1993/94	1994/95	1995/96	1996/97
World price (new ECU A/t):	233	224	222	224

This produced a reduction in the aid of:

- 10% in 1993/94,
- 5% in 1994/95,
- 4% in 1995/96, and
- 5% in 1996/97.

2.3 Protein crops

After an increase in production in the first year of implementation of the reform (1993), the level of production in EUR-12 decreased in the following years.

Protein crops production in EUR-12:

- 1993/94: 5.7 million t
- 1994/95: 5.1 million t
- 1995/96: 4.2 million t
- 1996/97: 4.2 million t.

This is explained by the evolution of areas and yields.

Areas increased globally in the first years of the reform because aids were at their definitive level from the beginning while the market price, influenced by the market price of cereals, followed a more gradual evolution.

Average yields in EUR-12 fell from 4.25 t/ha in 1993/94 to 3.75 t/ha in 1996/97. This is largely due to the reduction in areas in France and the UK, the most important producers, and the increase in the share of new producers such as Spain and Germany, where yields are lower.

The new Member States have produced slightly less than 0.2 million tonnes per year on average.

3. INCOMES

According to estimates based on the FADN, the change in farm net value added (including aids) per annual working unit (FNVA/AWU) in real terms for specialised cereals farms in EUR-12 was +12% in 1993, +15% in 1994, +8% in 1995 and +19% in 1996.

For the same group of farms, the share of subsidies in total Farm Net Value Added was 45% in 1993, 56% in 1994, 65% in 1995 and 59% in 1996.

The Sectoral Production and Income Model for Agriculture in the European Union (SPEL), used by Eurostat, gives a detailed estimate of the evolution of gross value added per sector at the EUR-12 level. According to this, the reform has contributed to a positive evolution of the gross value added (including aid) per cultivated area in the cereals and oilseeds sectors but has led to a fall in the pulses sector. However, the product coverage of this estimate for "pulses" is bigger than the definition of protein crops eligible for aids. The shift of production from high yield to low yield areas also explains in part the fall in gross value added per ha.

For cereals, gross value added (including aid) per cultivated ha increased by 22 % in real terms between 1992 and 1995.

For **oilseeds**, the fall in prices was more than offset by the increase in direct subsidies, to the extent that gross value added per ha increased by 27 % in real terms between 1991 and 1994.

In the case of **protein crops**, between 1992 and 1995, gross value added per ha (including aid) fell by 29 % in real terms. But as already mentioned, geographical redistribution goes a long way to explaining this result.

Although it has to be taken into account that producers under the general scheme are obliged to set aside part of their land in order to receive aid, and that the gross value added of this set aside land (including aid) is in general lower than that of the cultivated land, it can be estimated that, globally, the reform has contributed positively to the evolution of incomes in these sectors.

An important aspect of the aids introduced by the reform is that they provide a **kind of insurance** against risks, such as floods and droughts, since they are paid irrespective of the volume of production. From the point of view of stability of incomes, they are therefore more effective than a policy based exclusively on prices.

From a territorial point of view, the reform has avoided further uncompensated price cuts, thus curbing the concentration of production in the most fertile regions and giving a chance to less favoured areas. Moreover, the quasi-compulsory feature of the set-aside scheme for "professional" producers has concentrated efforts on the large-scale cereals regions and alleviated the burden for regions with smaller farm structures.

However, the compensation of price cuts without regard to farm size has prevented the redistribution of support between farm categories and regions, making very clear that **most support is directed towards a minority of farms.**

4. ENVIRONMENT.

Lower crop prices should in principle induce farmers to adjust their use of fertilisers and plant protection products. A fall in the unit use of fertilisers was in fact observed in 1993: -5 % for nitrogen, -7 % for phosphates, -10 % for potash. But the 1992 reform is only one element in a more general process which started in 1988 with the stabilisers. In reality, the decline in fertiliser use had already been under way for several years, while recently it has stabilised or even increased slightly. A general conclusion to be drawn is that farmers are certainly being encouraged more than in the past to moderate their use of inputs.

Irrigation has a long tradition in many regions, where it can be the only way to ensure viable levels of production. However, recent developments give rise to particular concern. The regionalisation plans for COP payments generally differentiate irrigated areas (or, in a similar way, maize), enabling higher payments for these areas. The areas eligible for "irrigated" payments can take into account investments made up to 1993. In this context, producers were encouraged to fully utilise their "right" to irrigate. This led to the persistence of very intensive techniques, mainly for maize, and to environmental pressure in several regions.

Set-aside, although intended primarily as a supply control measure, has the potential to provide environmental benefits through improvements in soil and water quality, creation of habitats for birds, game and other wildlife. In many Member States, comprehensive management rules have been drawn up to take advantage of these possible benefits and to preserve landscapes: these include in particular the establishment of a green cover and restrictions on the use of agri-chemicals. However, potential benefits are not always fully exploited. Moreover, they are of course reduced when the set-aside rate is decreased and can be offset by the growing of non-food crops.

As a secondary effect of the price reduction for cereals, and thus for feed in general, the **livestock sector** is influenced towards more intensive practices, mainly with respect to the rearing of pigs, poultry and cattle. This increases pressure on water resources, air and soil. Conversely, the reduction of cereals prices may improve the competitiveness of livestock farming in regions growing cereals, compared to regions like Brittany, Northern Germany, the Netherlands and Flanders which have easier access to imported feedingstuffs but are short of areas on which to spread animal waste. In the long run, this could encourage a reduction of animal numbers in the latter regions and support the environmental regulatory measures there (E.E.C. nitrate directive, directive on drinking water).

To sum up, **the effect of the 1992 reform on the environment is mixed**. Some positive elements can be identified: the more rational use of fertilisers and pesticides resulting from price decreases, the possible environmental benefits of set-aside (if well managed), incentives for the long-term improvement in the territorial distribution of livestock rearing. But there are also negative elements, mainly the encouragement given to irrigated crops through the regionalisation of COP payments, as well as the relative advantage given to intensive livestock farming through lower feed prices and subsidised silage.

5. BUDGET.

For the COP sectors, budgetary expenditure increased from **10.2 billion ECU in 1992 (EUR-12) to 16.4 billion ECU in 1996 (EUR-15)**. Since the reform, it has risen in the cereals sector while it has gone down in the oilseeds sector.

For **cereals**, expenditure on refunds fell from 3.1 billion ECU in 1992 to 1.1 billion ECU in 1995 and 0.3 billion ECU in 1996.

Public storage expenditure dropped from 2.5 billion ECU in 1992 to only 36 million ECU in 1995 and minus 46 million ECU in 1996 (in actual fact, leading to a situation of more profits from sales from intervention than costs for purchases into intervention). For other interventions (such as aids for the production of starch) expenditure was 431 million ECU in 1992 and 305 million ECU in 1996.

Per ha aids, however, which were only 456 million ECU for durum wheat and 287 million ECU for set-aside in 1992 (including payments by both the Guidance and the Guarantee sections of the EAGGF), amounted to 10.5 billion ECU for cereals (including supplementary aids of 1.1 billion ECU for durum wheat) and 2.3 billion ECU for set-aside in the 1996 budget (1995/96 marketing year).

For oilseeds, budgetary expenditure was 3.5 billion ECU in 1991 (the year before the reform of this sector), falling to 2.4 billion ECU in 1996. This is to some extent due to the favourable evolution of world prices, and to the limits imposed on areas, but also to the fact that the present system of direct per ha payments facilitates more transparency, and better control of expenditure than the old system based on payments to the crushing industry.

For protein crops, budgetary expenditure was 555 million ECU in 1992 and 523 million in 1996.

For linseed, expenditure in 1996 was about 100 million ECU.

It can be said, **globally**, that the level of expenditure for the three sectors is now under more effective control than before the implementation of the reform, and that the external factors which so affected its evolution in the pre-1992 period have become much less important.

In the cereals sector, the reformed policy has reduced internal prices and contributed to the rise in world prices, thus limiting expenditure for refunds and for depreciation of the quantities bought into intervention. At the same time, purchases into intervention have fallen significantly, reducing all the expenditure related to public stocks.

In the oilseeds sector, although aid is still dependent on world prices, expenditure has been limited by their positive evolution. This is, in part, an indirect effect of the reform, as the rise in world cereals prices partly caused by the reform has helped to boost oilseed prices, both reducing the area sown to them, and increasing the demand for oilmeal at world level.

Finally, expenditure on the protein crops sector depends exclusively on the areas sown to them and their geographical distribution.

For the **future**, expenditure on per ha aids in EUR-15 is forecast to be about 16.5 billion ECU for the whole COP sector per year. The breakdown of this expenditure by land use depends on the rate of obligatory set-aside and on the evolution of areas for the different crops.

6. CONTROLS

Effective control is necessary for the success of the reform. Up to now, no special difficulties have been encountered in implementing the integrated control system, as Member States have made great efforts to guarantee its effective implementation. Nevertheless, certain improvements must be made.

Article 9 of Regulation 1765/92 poses a special problem. It declares ineligible for the per ha aids those areas which, at the 31 December 1991, were used for permanent grass, permanent crops, forest or non-agricultural purposes. As time goes by, it becomes more difficult to verify the use of a given piece of land on that date.

In addition, article 9 has given rise to a large number of exceptions, to take special circumstances into account. The problem is how to avoid the expansion of eligible

areas (which could mainly consist of new areas, used for compulsory set-aside to avoid the reduction of cereals production, or for voluntary set-aside only for the sake of the aid) and, at the same time, allow for the dynamic evolution of land use, in particular regarding the abandoning of other uses due to market imbalance (wine, fruit,...). Especially important is the continuous need, for environmental reasons, to avoid the conversion of permanent grass into arable crops with a view to claiming aid.

7. NEW PROBLEMS

New problems have appeared with the implementation of the reform. They fall into four different categories:

- complexity,
- inconsistency,
- public image, and
- risk of imbalance.

7.1 Complexity

There is general agreement that the reform has become too complicated and that **a good deal of simplification is necessary.**

Complexity very often originates from concessions, made at the request of Member States, aimed at adapting the regulations to specific situations by giving producers more options. In these cases, complexity is the price to be paid for flexibility.

The question is whether it would be possible to reach satisfactory results in a different, simpler manner more in line with the principle of subsidiarity.

7.1.1 *Set-aside*

Before the reform, only five year set-aside on a voluntary basis existed. The reform ended this set-aside and introduced several new types:

- rotational,
- non-rotational,
- voluntary,
- extraordinary,
- afforestation set-aside, and
- environmental set-aside.

If the land is used for non-food production, this classification is further complicated by the fact that it is eligible for the aid depending on the plant cultivated.

The possibility of transfers between producers also contributes to the complexity of set-aside.

However, in 1996, an important degree of simplification was achieved by setting rotational and non-rotational set-aside rates at the same level. Starting with the 1997/98 marketing year, the distinction between them was permanently suppressed.

7.1.2 *Penalties*

A large number of penalties are applicable to a given producer in certain circumstances.

For example, this is the list of possible causes of penalties for a plot sown to soya in France:

- excess irrigated ceiling
- excess area oilseeds in the current year
- excess area oilseeds in the previous year(s)
- excess COP base area in the same year
- excess COP base area in the previous year (extraordinary set-aside)
- excess global yield.

All these could apply simultaneously, and further complications could arise concerning the order in which the area excesses are taken into account.

Moreover, sanctions could still apply in the context of the integrated control system.

7.1.3 *Production regions and aids within the production regions*

The number of production regions in some countries seems excessive in terms of facilitating a clearer understanding of the scheme. The complexity is aggravated by the large number of different aids available in each region.

An extreme case of different possible aid levels within a region is the following:

- all cereals
- irrigated cereals
- non-irrigated cereals
- irrigated maize
- non-irrigated maize
- a panoply of aids for set-aside:
 - *68.83 ECU/t as the general aid,
 - *48.3 ECU/t for voluntary set-aside in excess of the limits for fully paid voluntary set-aside,
 - *0 ECU/t for sugarbeet non-food set-aside (and some other minor products),and,
 - *different levels for afforestation and environmental set-aside
- irrigated oilseeds
- non-irrigated oilseeds
- irrigated protein crops
- non-irrigated protein crops
- linseed
- supplementary aid for durum wheat.

In the same region, there can also be other per ha aids for products not included in the COP scheme:

- chick peas, lentils and vetches
- flax
- rice.

Moreover, producers may have fields in different production regions.

It seems clear that such a high number of different aids could make it difficult for producers to be aware of all the possibilities, and to adjust their plans to the most profitable combination of products. At the same time, it is difficult for policymakers to adjust the level of so many aids in order to achieve specific targets.

7.2 Inconsistency

Some aspects of the present regulations are to some extent inconsistent, for example:

7.2.1 Maize aids in the simplified scheme

In the simplified scheme, aid within maize base areas is calculated on the basis of the total cereals yield. Within irrigated ceilings (where maize is mainly produced), however, it is calculated on the basis of the irrigated cereals yield, which is higher. This difference in aid has no economic justification and amounts to treating similar situations differently.

7.2.2 *Durum wheat*

- Due to the way the **individual rights to produce** were calculated in 1992, the area covered by them is significantly higher than the area normally sown to durum wheat in Italy, Greece and France. This could give rise to a significant increase in areas at any given time, with the subsequent problems of excess production and increased expenditure.
- The Commission has already tabled a proposal to correct this situation by establishing Maximum Guaranteed Areas per country, but the Council has not yet adopted a decision.
- Total aid per hectare amounts, under normal market conditions, to over two thirds of the estimated total revenue per hectare. **Such aid** makes it profitable for certain producers to sow just for the sake of the aid, with no concern for quantity or quality. This is especially worrying in the case of durum wheat, since it receives a supplementary aid precisely on the basis of its quality compared to other wheat.

7.2.3 *Intervention price*

If the intervention price is going to lead market prices, it is incoherent to have the same price for all cereals, independent of yields and of demand. Only an intervention price conceived of as a safety net should be set at the same level for all cereals.

The present price seems too high to be only a safety net and might cause an increase in the production of low quality cereals, which could end up in intervention or having to be exported with high rates of refund.

Rye, in particular, represents only about 3% of total cereals production, but made up 44% of total intervention stocks at the end of 1996/97.

7.3 **Problems of public image**

The per hectare aids, as decided by the Council, include some aspects which the general public can find hard to accept. These are mainly:

- a) They have a **negative redistribution effect**, since the biggest landowners continue to receive most aid due to the fact that aids are paid per hectare, and the average aid under the general scheme is higher than that under the simplified scheme (where the cereals aid applies to all products).

In this respect, the reform has made more transparent what was previously less visible: the biggest farmers are the biggest recipients of income transfers whether these are achieved by direct aids or price support.

The negative redistribution effect is amplified when market prices are substantially higher than the intervention price, since aids then compensate producers for a non-existent reduction in prices.

- b) The public has difficulty in understanding why aids are given for not cultivating the land (especially since set-aside land has an aid rate higher than land cultivated with cereals) or without requiring good cultivation practices.
- c) They were introduced as compensation for a reduction in prices, and therefore should be seen as temporary adjustment aids aimed at helping producers adapt to the new situation.

This raises doubts as to how long they can be justified, if producers are not subject to providing any specific service to society in exchange for eligibility for aids.

7.4 Risk of market imbalance

7.4.1 Cereals

The positive results of the first years of the reform could be put in jeopardy if cereals production continues to increase and total use (including exports) does not follow the same trend.

Without specific preventative measures, an increase in production is very likely because of the continuous increase in yields.

In the long run, it could be aggravated by the increase in yields which risks making cereals production more attractive than oilseeds production, because the oilseeds receipts per ha are limited by the very slow increase in yields and by the adjustment of aid once the market price exceeds the reference price by more than 8% .

As subsidised exports are limited by the Uruguay Round Agreement, an increase in internal use and unsubsidised exports are the only means to avoid the accumulation of intervention stocks, if cereals production continues to increase. Neither seems likely to develop to a significant extent with the present level of the intervention price.

Internal use of cereals, in particular, will not develop if the internal cereals price makes them uncompetitive vis a vis other feeding stuffs. Three factors could contribute to such a situation:

- a) the agrimonetary evolution up to 1995. The switchover mechanism, in operation until 1995, increased the value of the agricultural ECU in national currencies. This prevented the institutional cereals prices in national currencies from ever reaching a level as low as that foreseen in 1992, thus diminishing their permanent gains in competitiveness as compared with initial expectations.
- b) a depreciation of the dollar against the ECU. This would make imported cereals substitutes and protein meals cheaper compared to cereals, as in 1994/95. In the future, there will be a risk that a low dollar/ECU exchange rate could make EU cereals uncompetitive, given the fact that the intervention price limits the possibility for cereals prices to adapt in response to those of their imported substitutes.
- c) low world prices of cereals substitutes and protein rich products.

To prevent cereals production from increasing, **obligatory set-aside** is the main instrument in the hands of policy-makers.

This instrument has, however, certain limitations that reduce its effectiveness.

The first is the date on which its level is set.

To allow producers enough time to make their production plans, the rate of set-aside should be set as soon as possible, preferably before the summer of the year preceding the crop.

But, to use it as an instrument to adjust production levels in accordance with the outcome of the harvest, policy-makers need to delay the decision as long as possible so that the volume of the current harvest can be reliably estimated.

A compromise between the needs of producers and policy-makers is likely to produce unsatisfactory results. For instance, the rate for the 1997/98 crop was set in July 1996 at a level of only 5%: this date proved to be premature, as the forecast for the 1996/97 crop was at the time some 15 million tonnes lower than present estimates. In the end, however, this did not prove to be a major problem as the risk of sizable offers to intervention did not materialise and ending intervention stocks remain at a very low level.

Additional difficulties arise in connection with the long procedure to set the rate: Commission proposal, Parliament opinion and adoption by the Council.

A second limitation is that voluntary set-aside might weaken the effectiveness of modifications of the rate of obligatory set-aside if producers, for whatever reason, switched simultaneously into voluntary set-aside or out of it. Thus, it would become difficult to determine, through political decision, the total area under set-aside and therefore the level of production. This may have happened in 1996/97.

Another source of imbalance could be extraordinary set-aside, which could cause big shifts between base areas and crops (maize-other cereals, mainly) or schemes (general-simplified), thus contributing to making the cereals market more unstable.

Given that the main objective is the balance of the cereal market, the non food use of the areas set aside has been of secondary importance in the discussions about the rate of obligatory set-aside. This could hamper industrial developments in this direction.

7.4.2 Oilseeds

The risk of instability in the oilseeds sector is not negligible due to the **carryover of penalties** from one year to the next, in the event of even a slight overshoot.

While the risk of a penalty for excess area in the current year is something that producers can probably accept without large-scale modifications to their choice of

crops, the additional penalty for excess area in the previous year could cause significant reductions in the areas sown to oilseeds.

However, this risk of instability has been greatly reduced by the regulation allowing Member States to set individual limits to the areas sown to oilseeds when an overshoot is likely (which, incidentally, adds complexity to the scheme).

As already mentioned, in the long run cereals are likely to become more profitable than oilseeds and this could cause a reduction in the area sown to oilseeds.

7.4.3 Protein crops

The protein crops regime is different both from that for cereals and that for oilseeds and gives lower guarantees to producers than either. This could be a potential risk for the development of protein crop production.

The least favourable situation for protein crops would be one in which cereal prices were high and oilseed prices low, because then protein crop prices, which are influenced by the soyameal price, would not be high enough to make their production competitive with cereals.

IV. Long-term prospects

1997/98 - 2005/06

In April 1997, the Commission published the document "Long term prospects for the grains, milk and meat markets". The forecasts for the COP sectors contained in that document are used here. They do not take into account developments since April, in particular, the Council decision of July 1997 concerning the set-aside rate for 1998/99 (5% instead of 17.5%). More detailed explanations are put forward as regards the hypotheses supporting those forecasts.

1. WORKING ASSUMPTIONS

1.1 Policy:

It is assumed that agricultural policy will remain unchanged over the whole period.

1.2 Areas

It is assumed that the total area cultivated with cereals, oilseeds, protein crops, linseed, set-aside plus the area declared as used for forage, will correspond to the total of the different base areas at EU level, over the whole forecast period. This implies that the sum of the overshoots of the base areas, plus the areas for which the aid is not requested, will roughly offset the undershoots of other base areas, as was the case for the last two years.

Within the base areas of 53.5 million ha, the area for which the oilseeds specific aid will be requested (i.e. cultivated within the general scheme) is assumed to respect the Blair House agreement, that is, an area of 5.482 million ha, minus the corresponding set-aside. Total oilseeds area will be equal to this, plus 100 000 ha cultivated by small producers within the simplified scheme, which are not included in the Blair House agreement because they do not give rise to oilseeds specific payments.

The area used for protein crops is projected to remain stable, at about 1.2 million ha and that for linseed at 150 000 ha.

From 1997/98 onwards, once the old five-year set-aside scheme has expired, the area used for set-aside will be composed of two kinds of set-aside: obligatory and voluntary.

For the purposes of these forecasts, obligatory set-aside is assumed to be set at the normal rate of 17.5% for 1998/99 and subsequent years. This rate should lead to an area of 1.9 million ha in obligatory set-aside in 1997/98, and 6.6 million ha over the rest of the forecast period.

Voluntary set-aside is reckoned to increase from 1.9 million ha in 1996/97 to 2.4 million ha in 1997/98, absorbing the equivalent of all the areas liberated from the five-year scheme. From 1998/99 onwards, as obligatory set-aside is set at 17.5%,

voluntary set-aside is likely to decrease to 0.5 million ha and to remain at that level for the rest of the period.

Total areas in set-aside would therefore be 4.3 million ha in 1997/98 and 7.1 million ha in subsequent years.

Total cereals area is projected to adapt to the variations in set-aside without showing any other specific trend. In particular, it is assumed that it will not diminish for the following reasons:

- the other arable crops do not seem capable of absorbing additional areas (for oilseeds, it would seem especially difficult);
- voluntary set-aside does not seem likely to develop with a rate of obligatory set-aside of 17.5%; and,
- it seems most unlikely that producers will use the land for products outside the COP scheme, or that they will simply give up using the land for agricultural purposes thus forfeiting the aids.

Within the cereals sector, it is assumed that the area sown to the different cereals will be determined by the evolution of profitability. This will result in the area under wheat increasing slowly at the expense of barley, oats and rye.

This assumption on total cereals area differs significantly from forecasts based on the trend for cereals area over the period 1976-1992. During that period, the area sown to cereals was decreasing while the total COP area (plus set-aside at the end of the period) was increasing, due to the rise in areas cultivated with oilseeds and protein crops. Those forecasts point to a reduction in area from 1998/99 onwards, in contrast with our current assumption of stability of the total area.

1.3 Yields

Cereals yields are forecast according to a linear trend estimated over the period 1983-1995. This trend should produce constant yearly increases of 110 kg/ha for soft wheat, 20 kg/ha for barley and 140 kg/ha for maize. Logically, yield increases in percentage terms should decline over the whole period.

This trend is in line with past real yields and reflects the effect on yields of several years of "restrictive" policies, in particular, since the introduction of the stabiliser in 1988 up to the end of the transition period of the reform in 1995/96.

Lower yields seem unlikely since high rates of set-aside, such as the projected 17.5%, should increase average yields, either through withdrawal from production of the least fertile land (slippage) or through rotation of the land in set-aside (as the process of fallowing increases yields).

In the case of oilseeds, while yields followed a positive trend over the 1983/91 period, they have recently declined in the wake of the reform of the sector. It seems, therefore, realistic to foresee only a modest increase in the medium-term. This is particularly true for sunflower whereas, for rapeseed, there may be some technological breakthrough in the next few years.

1.4 Market prices

Nominal market prices are assumed to drop to intervention levels during the 1997/98 marketing year for all cereals, except for maize, and subsequently to stagnate. Maize prices are assumed to fall more slowly to the intervention level.

1.5 Inflation rate and GDP growth

The inflation rate is assumed to decrease slightly from 2.6% to 2.4%, while GDP growth is forecast to increase to 2.5% and then to stabilize at that level.

1.6 Exports and imports:

The annual level of exports is assumed to correspond to the limits foreseen for subsidized exports in the Uruguay Round agreement. Thus, the assumption is that the possibility which exists in the first years of the agreement to carry forward unused subsidized export possibilities will not be used in practice (for budgetary or market reasons).

It is assumed that after the end of the period of implementation of the Uruguay Round Agreement, the same limits will continue to apply to subsidized exports.

No unsubsidized exports are envisaged. Some forecasters point to a world price for wheat that would allow the export of European wheat without subsidies. This possibility is not taken into account here for two main reasons:

a) The nature of the prices to be compared.

The more optimistic favorable price forecasts are largely influenced by the possibility of increasing demand in the Far East. This demand, if it materializes, is likely to have its largest influences on wheat of the Hard Red Winter type rather than the Soft Red Winter type to which most EU production corresponds. Furthermore, the forecasts concerned appear to assume that the EU price at the port will equate to the intervention price, whilst in practice, as intervention centers exist in the interior, port prices tend to be above intervention.

b) The low elasticity of wheat demand.

This makes the world price sensitive to variations in supply. Should the European Union start to export wheat without subsidy, the world price would probably be pressed downwards before the EU has exported significant quantities without subsidy (in the absence of severe problems for the other major exporters). Temporary export without subsidy could, of course, be possible but they would be rather the exception than the rule.

This assumption on exports implies that the European Union will not be or only to a limited extent in a position to take advantage of the expected growth in world cereals trade (+ 50 million t. according to the USDA and FAPRI between 1995 and 2005). It is likely therefore that the European Union will lose market share to other major exporters.

1.7 Stocks:

Ending private stocks are assumed to remain at around 12% of total cereals consumption (i.e. six to seven weeks of consumption) except in 1996/97. The remaining surplus is assumed to be stored in intervention.

2. FORECASTS

2.1 Cereals

Cereal area allocation in EUR-15, 1994/95 to 2005/06 ('000 ha)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Soft wheat	12832	13382	13819	14403	14121	14266	14375	14484	14810
Durum wheat	3046	3099	3203	3276	3158	3158	3158	3158	3158
Barley	10919	11014	11508	12203	10745	10636	10563	10491	10418
Maize	3851	3808	4126	4282	3782	3782	3782	3782	3782
Other cereals	4154	4197	4283	4320	4494	4458	4422	4385	4132
Total cereals	34802	35500	36939	38484	36300	36300	36300	36300	36300
Set-aside rate	15%	12%	10%	5%	17.5%	17.5%	17.5%	17.5%	17.5%

Cereal yield forecast in EUR-15 per cereal, 1994/95-2005/06 (t/ha)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Soft wheat	6,04	5,97	6,53	6,32	6,43	6,54	6,66	6,77	7,21
Durum wheat	2,71	2,18	2,52	2,72	2,74	2,76	2,79	2,81	2,90
Barley	4,00	3,97	4,53	4,12	4,14	4,16	4,19	4,21	4,30
Maize	7,70	7,61	8,17	8,17	8,31	8,45	8,59	8,73	9,30
Other cereals	3,66	3,82	4,06	3,87	3,93	3,99	4,05	4,12	4,36
Total cereals	5,01	4,94	5,46	5,25	5,32	5,40	5,49	5,57	5,89

Cereals production is forecast to reach 202 million t. in the 2001/02 marketing year, in spite of the 17.5% rate of set-aside. In 2005/06, the forecast output is 214 million t.

Cereal production forecast in EUR-15, 1994/95-2005/06 (million t.)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Soft wheat	77,5	79,9	90,2	91,0	90,8	93,3	95,7	98,1	106,8
Durum wheat	8,3	6,8	8,1	8,9	8,7	8,7	8,8	8,9	9,2
Barley	43,7	43,7	52,1	50,3	44,5	44,2	44,3	44,2	44,8
Maize	29,7	29,0	33,7	35,0	31,4	32,0	32,5	33,0	35,2
Other cereals	15,2	16,0	17,4	16,7	17,7	17,8	17,9	18,1	18,0
Total cereals	174,3	175,4	201,5	201,9	193,0	196,0	199,2	202,2	213,9

Cereals total consumption is forecast to be at 174 million t. in 2001/02 and 178 million t. in 2005/06.

Absorption of cereals in feed is projected to grow up to 105 million t. in 1997/98 and subsequently to increase very slowly to reach 109 million tonnes in 2005/06. Wheat is likely to be the only cereal to benefit from this increase, as the use of coarse grains is set to decline slightly over the period.

The expected overall increase in the use of cereals for feed takes into account the assumption that feed conversion efficiency will increase over the forecast period. The price competitiveness of cereals vis-à-vis other products will stabilise up to 2001/02, before increasing further. The high level of production in relation to internal demand will stabilise prices, while other feed prices (oilseeds) are forecast to increase. It also incorporates the projected rise in white meat production and the evolution of beef production.

Cereals consumption forecast in EUR-15, 1994/95-2005/06 (million t)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Wheat									
Feed use	32,7	35,2	36,5	37,9	38,1	38,4	38,9	40,1	42,6
Non-feed use	42	43,4	44,3	44,9	45,3	45,8	46,2	46,6	48,2
Total use	74,7	78,6	80,8	82,8	83,4	84,1	85,1	86,7	90,8
Coarse grains									
Feed use	63,8	66,2	67,6	67,2	67,3	67,3	66,9	66,3	66,5
Non-feed use	20,1	20,1	21,2	21,1	21,1	21,1	21	20,9	20,6
Total use	83,9	86,3	88,8	88,3	88,4	88,3	87,9	87,3	87,1
Total cereals									
Feed use	96,5	101,4	104,1	105,1	105,4	105,7	105,8	106,4	109,1
Non-feed use	62,1	63,5	65,5	66	66,4	66,9	67,2	67,5	68,8
Total cereals	158,6	164,9	169,6	171,1	171,8	172,4	173	174	177,9

Intervention stocks: the expected high harvest of 1997/98 should increase the intervention stocks level from 2.3 million t. at the end of 1996/97 up to 11 million t. at the end of 1997/98. From then on, the combined effect of decreasing exports because of the GATT limits, increasing yields and only slightly increasing internal demand, would be likely to cause intervention stocks to accumulate progressively reaching 14.3 million t. in 2001/02 and 58 million t. (of which 46 mio t. wheat) in 2005/06.

Total cereals balance-sheet in EUR-15, 1994/95-2005/06 (million t)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Production *	172,2	174,5	200,7	201,2	192,4	195,4	198,4	201,4	213,2
Consumption	158,6	164,9	169,6	171,1	171,9	172,4	173	174	177,9
Imports	5,5	7	3,9	4,5	5	5	5	5	5
Exports	27,4	19,6	31,2	31,7	29,9	28,1	26,4	26,4	26,4
Beginn.stock	34,3	26	23	26,8	29,7	25,3	25,1	29,2	65,4
Ending stock	26	23	26,8	29,7	25,3	25,1	29,2	35,2	79,3
- interv.stock	9,7	2,7	2	10,7	6,9	4,5	8,4	14,3	58
* usable production									
Wheat balance-sheet in EUR-15, 1994/95-2005/06 (million t)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Production	84,5	86,3	98	99,7	99,2	101,8	104,2	106,6	115,6
Consumption	74,7	78,6	80,8	82,8	83,4	84,1	85,1	86,7	90,8
Imports	1,6	2,6	1,4	1,9	1,9	1,9	1,9	1,9	1,9
Exports	16,1	11,1	18,5	19,5	18,3	17,1	15,9	15,9	15,9
Beginn.stock	14,7	9,9	9,1	9,2	8,4	7,8	10,2	15,2	45,6
Ending stock	9,9	9,1	9,2	8,4	7,8	10,2	15,2	21,1	56,4
- interv.stock	3,4	0,5	0,4	0	0	0,1	5	10,7	45,5
* usable production									
Coarse grains balance-sheet in EUR-15, 1994/95-2005/06 (million t)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Production	87,7	88,2	102,7	101,5	93,2	93,6	94,2	94,8	97,6
Consumption	83,9	86,3	88,8	88,3	88,4	88,3	87,9	87,3	87,1
Imports	3,9	4,4	2,5	2,6	3,1	3,1	3,1	3,1	3,1
Exports	11,3	8,5	12,7	12,2	11,6	11	10,4	10,4	10,4
Beginn.stock	19,7	16,1	13,9	17,6	21,3	17,5	14,9	13,9	19,7
Ending stock	16,1	13,9	17,6	21,3	17,5	14,9	13,9	14,1	22,9
- interv.stock	6,3	2,2	1,6	10,7	6,9	4,3	3,4	3,7	12,5
* usable production									

2.2 Oilseeds

Food oilseeds production should develop very slowly after a drop in 1998/99 due to the projected increase in the set-aside rate. The forecast production is 11.1 million t in 1997/98, 10.2 million t in 1998/99 and 10.4 million t in 2005/06.

Non-food areas are assumed to fall to 0.5 million ha in 1997/98 and to increase to 0.95 million ha for the rest of the period. This is roughly the maximum area compatible with the limit set by the Blair House agreement on production of non-food oilseeds in terms of soya meal equivalent. Non-food production is forecast at 1.2 million t in 1997/98, and approximately 2.4 million t. for the subsequent years up to 2005/06. This forecast is based on the assumption that Member States will grant appropriate fiscal incentives to biofuel production.

Total oilseeds production is therefore forecast at 12.3 million t in 1997/98, 12.6 million t in 1998/99 and 12.8 million t in 2005/06.

Oilseed area allocation in EUR-15, 1994/95-2005/06 ('000 ha)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Rapeseed	2832	2894	2677	2725	2890	2890	2890	2890	2860
Sunflowersee	2962	2447	2497	2426	2332	2332	2332	2332	2362
Soya beans	342	305	332	383	351	351	351	351	351
Total oilseeds	6136	5646	5506	5534	5573	5573	5573	5573	5573
- food	5520	4677	4846	5034	4623	4623	4623	4623	4623
- non-food	616	969	660	500	950	950	950	950	950
Set-aside rate	15%	12%	10%	5%	17,5%	17,5%	17,5%	17,5%	17,5%
N.B.: The above areas include area grown by small producers.									
Oilseed yield forecasts in EUR-15, 1994/95-2005/06 (t/ha)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Rapeseed	2,49	2,68	2,62	2,68	2,69	2,7	2,71	2,72	2,77
Sunflowersee	1,53	1,48	1,65	1,61	1,61	1,61	1,6	1,6	1,62
Soya beans	2,91	2,96	3,07	2,99	3	3,01	3,02	3,03	3,07
Total oilseeds	2,05	2,17	2,21	2,23	2,26	2,26	2,27	2,27	2,3
Oilseed production in EUR-15, 1994/95-2005/06 (million t.)									
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2005/06
Rapeseed	7,1	7,8	7,0	7,3	7,8	7,8	7,8	7,9	7,9
Sunflowersee	4,5	3,6	4,1	3,9	3,8	3,8	3,7	3,7	3,8
Soya beans	1,0	0,9	1,0	1,1	1,1	1,1	1,1	1,1	1,1
Total oilseeds	12,6	12,3	12,2	12,3	12,6	12,6	12,7	12,7	12,8
- food	11,1	10,1	10,7	11,1	10,2	10,2	10,3	10,3	10,4
- non-food	1,5	2,2	1,5	1,2	2,4	2,4	2,4	2,4	2,4
Set-aside rate	15%	12%	10%	5%	17,5%	17,5%	17,5%	17,5%	17,5%

2.3 Protein crops

Areas and yields are assumed to remain stable for the whole period, which would imply stability of production at about 4.5 million t.

Annex 1.

The pre-1992 period.

1. REGULATION.

1.1 Cereals.

The Common Market Organisation for cereals, created in 1962, was based on **intervention and external protection.**

Intervention consisted basically of an intervention price per cereal at which producers could sell unlimited quantities to the intervention agencies for most of the year.

External protection was based on variable levies that covered the gap between the world price and the threshold price, which was itself much higher than the intervention price. The counterpart of these levies were the refunds on exports that allowed exporters to sell at world prices cereals for which they had paid the higher internal price.

However, border protection was not extended to most cereals substitutes (and oilseeds), which could enter the Community free of duty or at very low duties.

In the 1980s, several measures were taken to curb production and to limit expenditure in the sector. The principal ones were:

- a production threshold;
- a coresponsability levy;
- a cereals **Maximum Guaranteed Quantity** of 160 million t.(EUR-12 excluding the new Länder) the overshooting of which entailed a cumulative reduction of the intervention price up to a maximum of 3% per year;
- a supplementary coresponsibility levy linked to the MGQ;
- the reduction of the period during which intervention was open; and,
- **set-aside** on a voluntary basis.

1.2 Oilseeds and protein crops.

While it obtained international acceptance for the cereals common market organisation, the European Community agreed to have a very low level of external protection for oilseeds and protein crops, from the beginning of the CAP in the 1960s.

The consolidated ad valorem duties for these products were: oilseeds 0%, oils 10%, meals 0%, protein crops 2-5%.

Given the external constraints, a system of deficiency payments accompanied by intervention was put in place for the main oilseeds, i.e. rapeseed and sunflowerseed.

After the American embargo on soya in 1974, the Community gave a high priority to developing the production of oilseeds and protein crops, to avoid having to rely overwhelmingly on imports.

For that reason, the deficiency payment was extended to soyabeans and protein crops, in this case accompanied by a minimum price.

The system was applied through the industry, which received aid from the Community budget. This aid was calculated in such a way that the industry could, on average, pay at least the intervention price or the minimum price for the European product, without incurring higher costs than if they had bought imported products.

From the middle of the 1980s, several modifications aimed at controlling production and expenditure were introduced.

By 1988, all the products within these sectors were subject to a mechanism of product-specific Maximum Guaranteed Quantities.

The overshooting of the MGQs entailed the reduction of the institutional prices for that marketing year by 50% of the percentage of the overshoot.

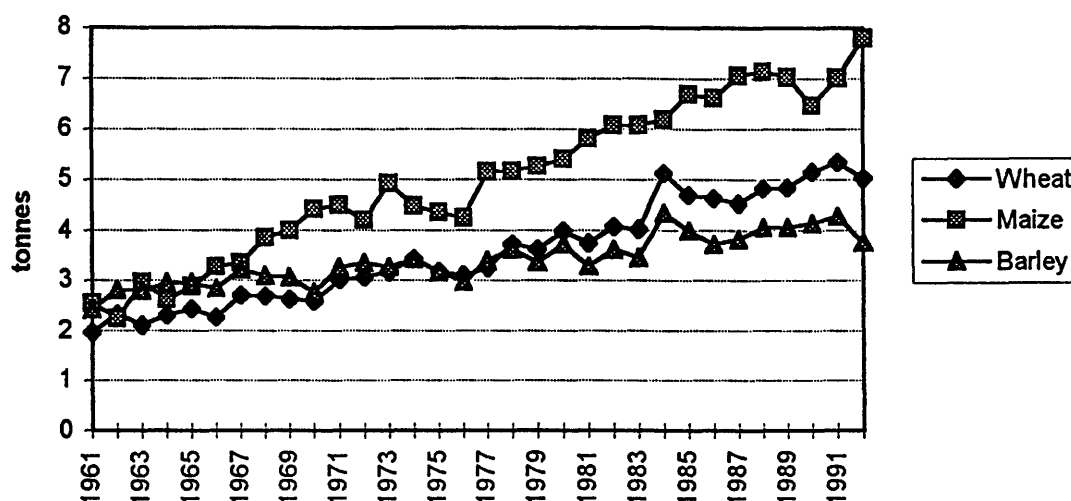
This reduction in prices implied a reduction in the aid granted to the industry and this made budgetary expenditure to a very large extent independent of the increases in production over the MGQs.

2. EVOLUTION OF PRODUCTION (EUR- 12).

2.1 Cereals

The pre-1992 policy led to increased production due to the very positive evolution of yields, primarily for wheat and maize.

Main cereals yields



Wheat yields (with an average of 2.13 t/ha in 1961 and 1962) increased between 1961 and 1992 at a trend rate of 108 kg. per year to reach a trend level of 5.21 t/ha in 1992.

Wheat yields 1961-1992	EU	USA	Canada	Australia
Trend increase (kg/year)	108	29	21	13
Trend yield 92 (t/ha)	5.21	2.6	2.09	1.53

Maize yields (with an average of 2.38 t/ha in 1961 and 1962) increased between 1961 and 1992 at a trend rate of 163 kg. per year and reached a trend level of 7.53 t/ha in 1992.

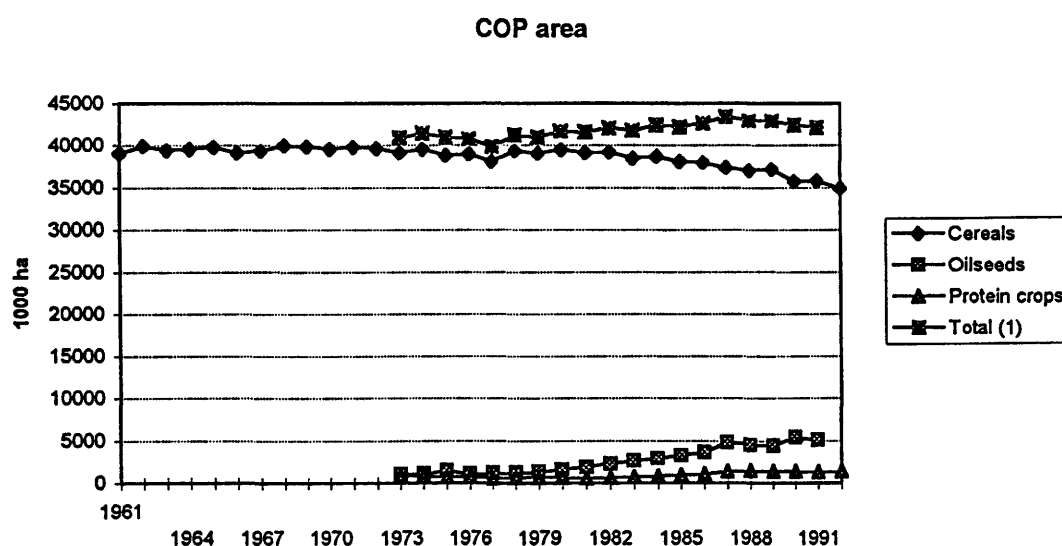
Maize yields 1961-1992	EU	USA	China
Trend increase (kg/year)	163	116	106
Trend yield 92 (t/ha)	7.46	8.2	4.04

Barley yields (with an average of 2.64 t/ha in 1961 and 1962) increased between 1961 and 1992 at a trend rate of 47 kg. per year and reached a trend level of 4.13 t/ha in 1992.

Barley yields 1961-1992	EU	Canada	FSU
Trend increase (kg/year)	47	39	19
Trend yield 92 (t/ha)	4.12	2.88	1.68

An important feature of these developments is that at the beginning of the period, barley yields were higher than wheat yields. By the beginning of the 1980s, however, wheat yields had overtaken barley yields and they continued to increase afterwards at a higher rate.

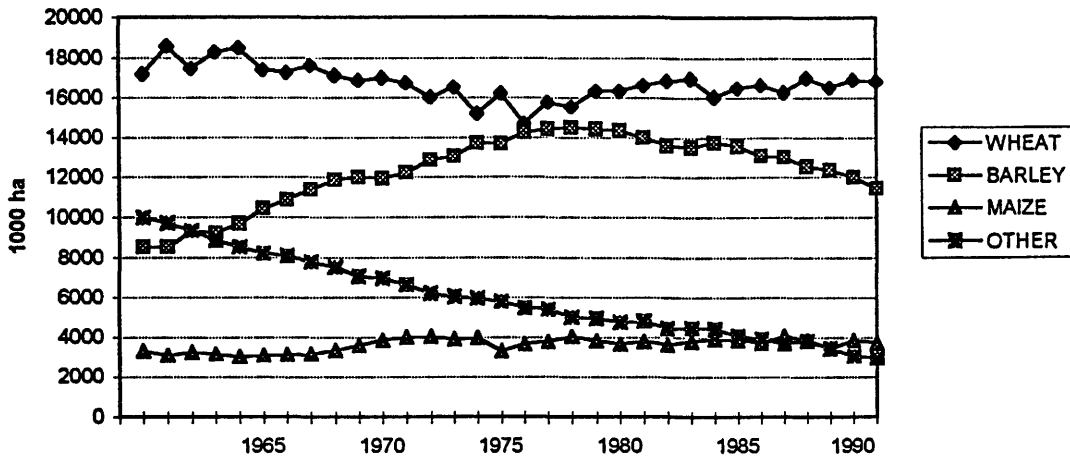
Areas cultivated with cereals were rather stable around 39-40 million ha over the 1960s and 1970s, but decreased from 1980 onwards falling to 34.9 million ha in 1992 due mainly to increased oilseeds plantings.



(1) Excluding set-aside and silage

Barley showed the greatest variation in terms of area: an increase of 6 million ha between 1962 and 1979, and a decrease of 3 million ha between 1979 and 1992.

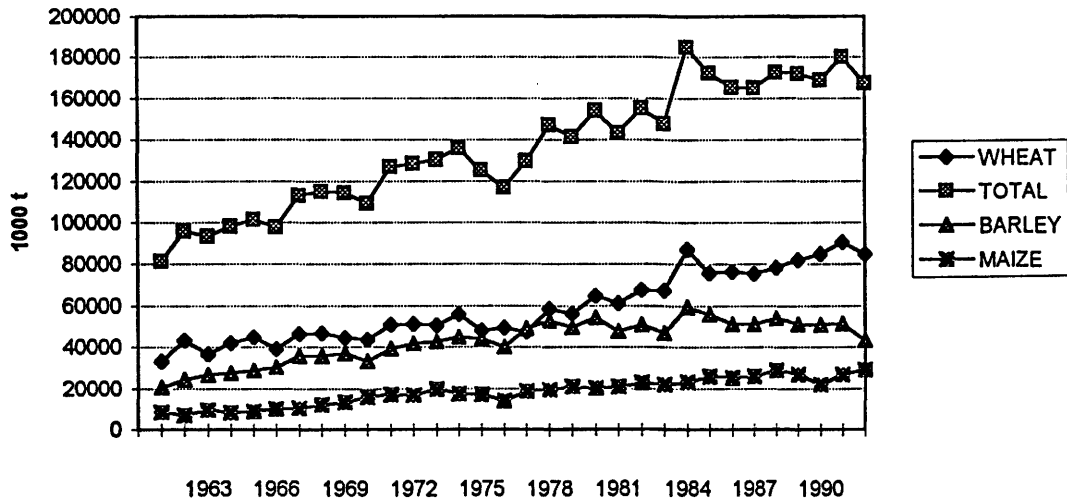
Cereals area



Cereals production increased strongly over the 1962-1992 period in EUR-12.

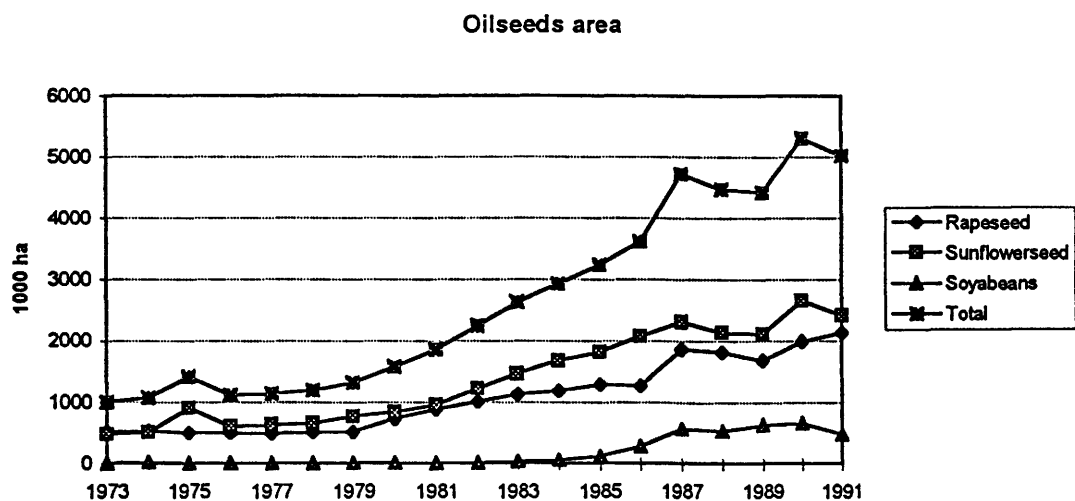
Total cereals production increased from 81.5 million t in 1961/62 to 167.2 million t in 1992/93 (a bad year), with a trend increase of 3.2 million t per year.

Cereals production

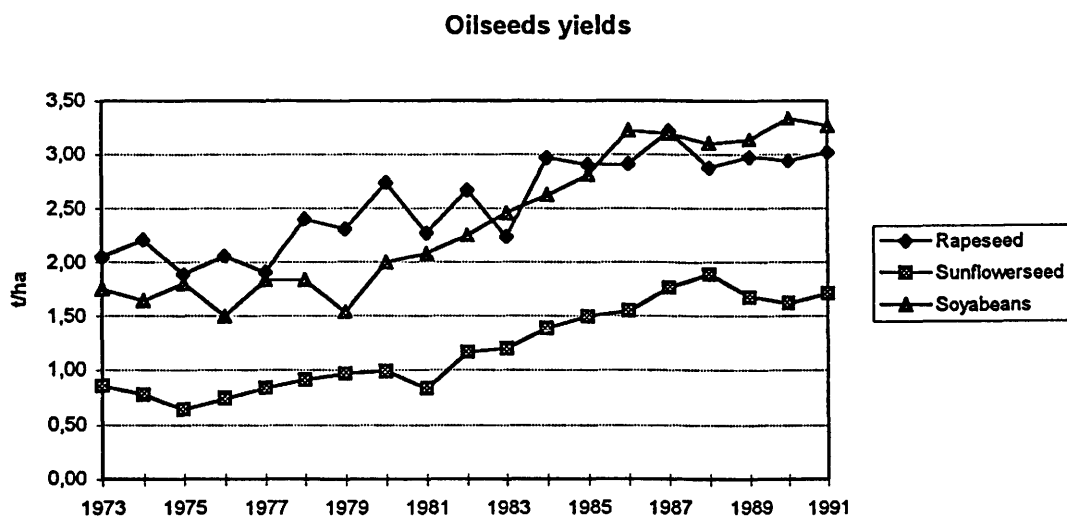


2.2 Oilseeds

The oilseeds area increased from 1 million ha in 1973 to 5.4 million in 1991 mainly due to the expansion of rapeseed and sunflowerseed areas.



Oilseeds yields also rose substantially.



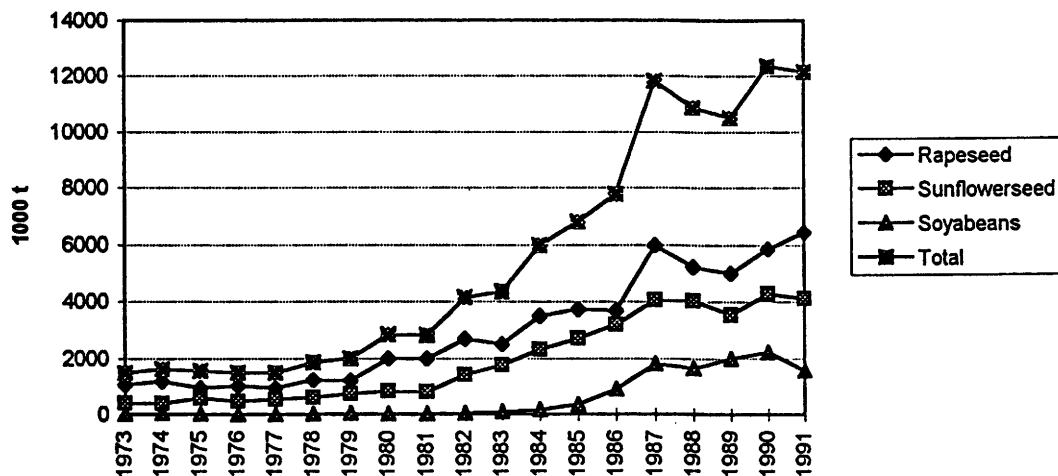
Between 1973 and 1991 (the last year before the reform of the sector) in EUR-12:

- rapeseed yields increased at a rate of 66 kg per year,
- sunflowerseed yields at a rate of 67 kg per year, and
- soyabeans at a rate of 112 kg per year.

Over the period 1983-1991, yields increased as follows in some of the main producer countries:

- rapeseed yields increased by 37% in the Community, compared to 20% in Canada and only 3% in China.
- sunflowerseed yields increased by 42% in the Community, compared to 23% in Argentina.
- soyabean yields increased by 28% in the Community, compared to 31% in the USA.

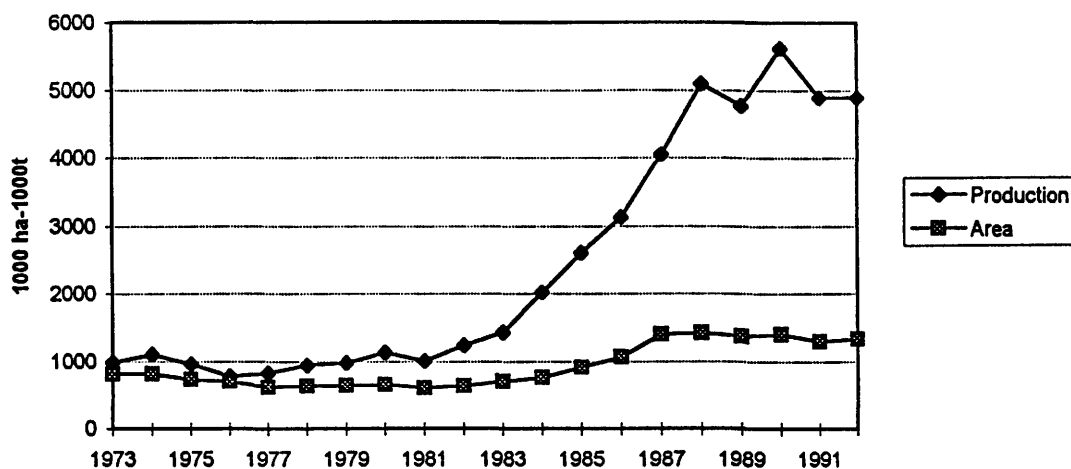
Oilseeds production



Oilseed production was 1.5 million t in 1973 and 13.1 million t in 1991, of which 7.4 million t was rapeseed, 4.1 million t sunflowerseed and 1.6 million t soyabeans.

2.3 Protein crops

Protein crops area and production



The protein crops area in EUR-12 was 0.8 million ha in 1973, increasing to 1.35 million ha in 1992. Production increased from 1 million t in 1973 to 4.9 million t in 1992.

This evolution implies a trend increase in yields of 162 kg/ha per year over the period. This was due in part to the specialisation in field-peas to the detriment of beans, and to the concentration of production on very fertile land.

3. EVOLUTION OF CONSUMPTION

3.1 Cereals

The evolution in total utilisation of cereals was determined mainly by the use of cereals as animal feed, since human consumption showed a much more stable pattern.

During the 1980s, the use of cereals in animal feed in EUR-12 increased from 86.5 million t in 1980/81 to 90 million t in 1985/86, subsequently decreasing to 75.5 million t in 1992/93 (a loss of about 2 million t per year).

Part of this evolution can be explained by the fact that between 1985 and 1992, the US \$ lost 41% of its 1985 value against the ECU (34% between 1985 and 1987). This made imported oilseeds, meals and cereals substitutes which are quoted in dollars cheaper than European cereals.

Human consumption of cereals, however, was fairly stable at around 36 million tonnes between 1981 and 1992.

3.2 Oilseeds and protein crops

In the oilseeds and protein crops sectors, demand developed in such a way that the spectacular increase in indigenous production was easily absorbed and at the same time imports of these products continued to rise.

In 1991/92, just before the reform of the sector, the imports of soya products, expressed in meal equivalent, were about 20.5 million t, some 5 million t higher than at the beginning of the 1980s.

This evolution was in part due to the relatively high internal price of cereals and the availability of cheap cereals substitutes that could be combined with these protein-rich oilseeds products to replace cereals in feed rations.

The amount of cereals substitutes used in animal feed was 39 million tonnes in 1992, of which some 17 million tonnes, mainly manioc and corn gluten feed, were imported.

4. ASSESSMENT OF THE PERIOD 1962-1992.

4.1 Production

The increase in production in the COP sectors, based on the increase in cereals yields and on the increase in area and yields for oilseeds, was spectacular.

This evolution was undoubtedly due in part to the CAP, which created the incentives and the stability to invest and to incorporate the technical progress which led to the improvement in productivity.

4.2 Consumption

Consumption was one of the most problematic aspects of the cereals sector, in this period.

The difficulties in limiting imports of products that were in competition with EU cereals in the animal feed sector led to a decrease in the consumption of cereals at a time when their production was increasing.

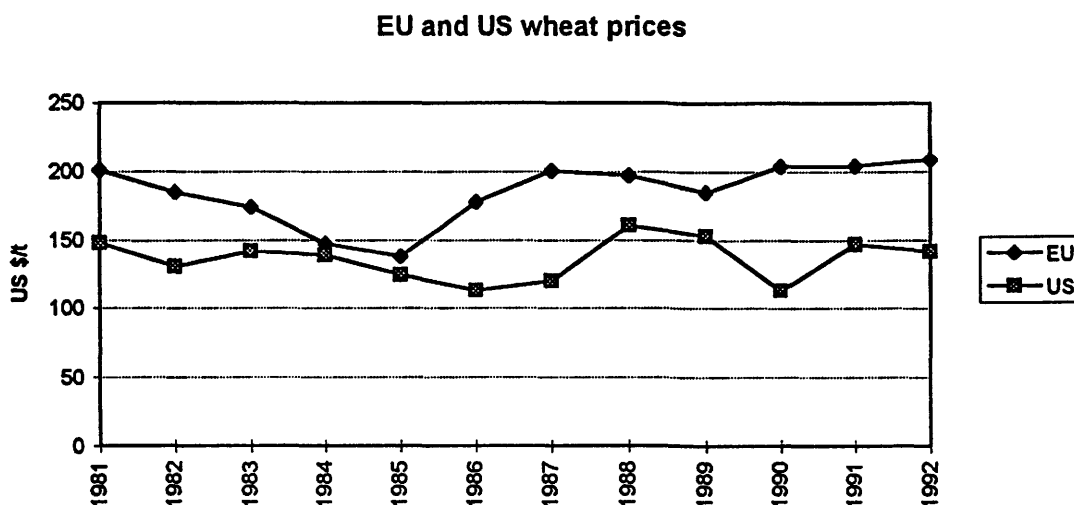
On the other hand, the total quantities of protein-rich products (mainly meals) utilised were higher than they would have been without the relatively high cereals prices. This fact led many analysts to speak of an excess consumption of proteins in the European pattern of animal feed.

Thus, in 1992/93, the proportion of feed cereals to meals in the USA was slightly higher than 6/1, while in the EU it did not reach 3/1.

This pattern of animal feed allowed the flow of imported oilseeds and meals to continue to increase in spite of the rise in European production.

4.3 Trade

The evolution of production and consumption of cereals led to the need to export increasing quantities with the help of refunds, to compensate for the gap between internal and world prices.



The rate of self-sufficiency in the cereals sector was less than 100% at the beginning of the 1980s and increased to 116% in 1983/84 in EUR-10.

In EUR-12, it was 110% in 1985-86 and increased to 120% in 1990/91.

Thus, from being a net importer of cereals in the 1970s, the E.U. had a net trade position of +32 million t in 1992 and a share of 17% of total cereals exports, with 21% for wheat and 11% for coarse grains.

The increasing quantities exported contributed to putting **pressure on world prices therefore necessitating high refunds**. Thus the average refund for wheat in 1992 amounted to 117% of the wheat world price. These refunds were to some extent transfers from European taxpayers to consumers in third countries.

The situation became more dramatic when the USA started to apply their own export programmes in 1985.

As far as exports of oilseeds are concerned, only very minor quantities of rapeseed were sold on third country markets.

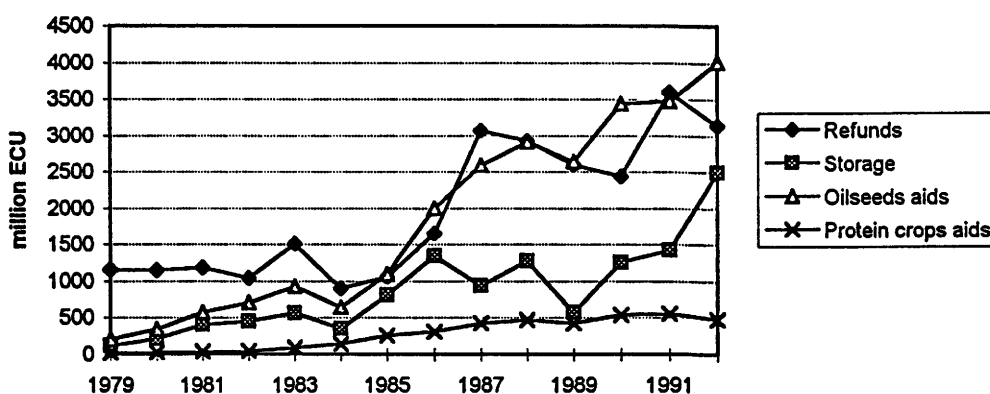
In relation to oilseeds products, the Community became more than self-sufficient for rape oil only.

4.4 Budget

The level of expenditure increased spectacularly in all three sectors:

- in the cereals sector due to purchases into intervention and the refunds needed to export surplus production;
- in the oilseeds and protein crops sectors, due to the deficiency payments system, expenditure increased in line with the increase in production and with the evolution of world prices (directly dependent on the US dollar/ECU exchange rate).

COP expenditure 1979-92



Globally, expenditure for the three sectors was 1.8 billion ECU in 1979 (EUR 9) increasing to 10.2 billion ECU in 1992 (EUR 12), an increase of 13.4% per year.

Refunds for cereals exports grew at an annual rate of 8% to reach 3.1 billion ECU, public storage expenditure at 26.4% to 2.5 billion ECU, aids for oilseeds at 25.6% to 4 billion ECU (part of it under the new scheme) and aids for protein crops at 30% to 0.5 billion ECU.

4.5 Incomes

In spite of the increase in production and in budgetary expenditure, **producers' incomes did not develop in a satisfactory manner.** The average Farm Net Value Added per Annual Work Unit (NVA/AWU) of specialised cereals farms, for instance, for the 1988-1992 period exceeded the average for the period 1983-1987 by only 3% in nominal terms.

The continuous decline in the labour force throughout the period did not have a significant impact in terms of boosting producers' incomes.

A partial explanation can be found in the use of intermediate consumption and machinery that absorbed an increasing part of producers' revenues. But the main reason for the evolution of incomes is to be found in the drop in producer prices which fell by 17% between 1983 and 1992.

Cereals specialised farms in EUR-10 (1000 ECU)									
	Price (ECU)/t	Total output	Intermediate consumption		Depreciation		I.C.+ Depr.		FNVA/AWU
a	b	c	d	e=d/c	f	g=f/c	h=d+f	i=h/c	j
1983	197,83	38,2	18,2	48%	5,3	14%	23,5	62%	10,6
1984	193,6	43,7	20,2	46%	5,5	13%	25,7	59%	13,7
1985	182,07	39,7	20,1	51%	5,7	14%	25,8	65%	10,4
1986	181,61	38,8	19,1	49%	5,8	15%	24,9	64%	11,6
1987	174,87	38,6	18,8	49%	5,8	15%	24,6	64%	11,1
1988	164,83	36,5	18	49%	5,8	16%	23,8	65%	10,4
1989	165,31	38,7	18,5	48%	6	16%	24,5	63%	11,8
1990	165,03	39,8	19,5	49%	6,4	16%	25,9	65%	12,1
1991	170,91	41,7	19,9	48%	6,6	16%	26,5	64%	13,5
1992	164,56	35,6	17,9	50%	6,4	18%	24,3	68%	11,6

As far as income stability is concerned, the CAP provided for relatively predictable and guaranteed prices (subject, however, to political negotiations), but it did not provide for any guarantee against production losses due to natural factors.

Within the group of specialised cereals farms, as represented in the FADN, the number of annual work units/farm decreased from 1.27 to 1.06 (17%) between 1985/86 and 1992/93 while the number of these farms decreased by 0.5% (EUR-12).

4.6 Regional effects

The imbalance of border protection, which allowed oilmeals and cereals substitutes to be imported with little or no duties, while domestically produced cereals were relatively highly priced, had important consequences for the geographical distribution of agriculture and related activities.

The advantage attached to using imported cheap products for animal feed contributed to the concentration of the activities of the compound feed industry and of the animal sectors most dependent on it (pig and poultry) around some coastal areas of the Community (the Netherlands, Brittany, ...), to the detriment of interior regions where cereals production should have been a factor favourable to the development of those activities.

4.7 Environment

The intensification and specialisation of production encouraged by the pre-1992 CAP had certain negative effects on the environment, due to overuse or misuse of inputs, chiefly:

- deterioration of soil quality (e.g. compacting, erosion);
- deterioration of water quality (e.g. leakage of nitrates into groundwater, flow of agrichemicals into rivers);
- deterioration of landscapes and habitats (e.g. increasing size of plots, destruction of hedges, standardisation of landscapes);

A distinction should be drawn between cereals on the one hand and soyabeans and protein crops on the other. The latter's ability to retain nitrogen from the air and to pass it on to the soil reduces the need to use mineral nitrogen during the following year, and so reduces the risk of leakages into the soil.

It should also be noted that crop farming in many areas has helped to maintain a rich cultivated landscape and semi-natural habitats. This is particularly true for extensive farming systems, which have a rich accompanying flora and fauna, the survival of which is dependent on the continuation of well-adapted farming systems. The CAP has helped to maintain these farming systems, notably in less favoured areas.

4.8 International relations

The CAP was frequently perceived by non-Community countries as both very **protectionist** and very **aggressive regarding export** markets. This prompted the United States to introduce the Export Enhancement Program to respond to what they saw as unfair subsidization by the Community. The United States also resented the expansion of the Community's oilseeds production, even though, as noted above, this had not led to a diminution in imports.

In the end, two panels set up by the GATT found against the Community and forced it to modify the oilseeds scheme. This was one of the factors leading to the 1992 reform.

The Uruguay Round of GATT negotiations which started in 1986 included among its goals, the liberalisation of world agricultural trade, the reduction of trade distorting public support to agriculture and the inclusion of agriculture within the GATT rules.

5. CONCLUSION.

The refusal to adapt internal cereal prices to the realities of the world markets, on the grounds that this would have a negative effect on producer incomes, proved in the long run to be a self-defeating strategy.

From the consumer's point of view, internal cereal prices did not decrease enough. On the contrary, the need to export increasing quantities, due to the growing divergence between consumption (decrease in animal feed) and production, widened the gap between Community and world prices. This led many analysts to consider that consumers in the Community were paying unfairly high prices.

From the taxpayer's point of view, the dramatic increase in budgetary expenditure did not seem acceptable, as the main visible result of the policy was the accumulation of surpluses in the cereals sector. Moreover, paying refunds to have consumers in non-Community countries buy cereals systematically cheaper than in the Community seemed difficult to justify.

From the producer's point of view, development in incomes was not satisfactory in spite of the continuous improvement in technical performance.

Internationally, the situation was perceived as one in which the Community increased its world market share on the basis of subsidies in the cereals sector. In the oilseeds sector, what was apparent was the increase in production fuelled by subsidies in the Community, and not the increase in the use of meals within the Community due to the high price of cereals, which boosted the flow of imports of these products.

On the whole, the CAP left the Community internationally isolated with regard to agricultural matters.

Annex 2

Maps, tables and graphs

ANNEX 2

- 1. STRUCTURE OF EU-15 HOLDINGS**
 - 1.1. Cereals holdings (1993 & 1995 structural survey)
 - 1.2. COP & Cereals holdings (FEOGA 1996 COP scheme)

- 2. MAPS**
 - 2.1. Average cereal area per cereal holding (ha)
 - 2.2. Regional cereal production in % of EU-15
 - 2.3. Regional cereal output (as % of EU-15)
 - 2.4. Regional cereal share in final agricultural output

- 3. UNION & WORLD TRADE**
 - 3.1. Total Cereals (including flour in wheat equivalent)
 - 3.2. Wheat
 - 3.3. Coarse Grains

- 4. ARABLE CROPS - AID APPLICATIONS**
 - 4.1. 1993/94
 - 4.2. 1994/95
 - 4.3. 1995/96
 - 4.4. 1996/97

- 5. ESTIMATED COP AREA**
 - 5.1. 1993/94
 - 5.2. 1994/95
 - 5.3. 1995/96
 - 5.4. 1996/97

- 6. CEREAL AREA AND PRODUCTION**
 - 6.1. 1993/94
 - 6.2. 1994/95
 - 6.3. 1995/96
 - 6.4. 1996/97

- 7. OILSEEDS AND PROTEIN CROPS AREA AND PRODUCTION**
 - 7.1. 1993/94
 - 7.2. 1994/95
 - 7.3. 1995/96
 - 7.4. 1996/97

**Structure of cereals holdings EU-15
(1993 structural survey)**

	NUMBER OF HOLDINGS (000)	TOTAL CEREALS AREA (000 ha)	AVERAGE CEREALS AREA (ha)	AVERAGE UAA OF CEREALS HOLDINGS (ha)	% CEREALS against UAA (%)
BELGIUM	35.7	309	8.7	26.1	33
DENMARK	66.4	1438	21.7	39.5	55
GERMANY	411.5	6206	15.1	36.3	42
ELLAS	348.1	1166	3.3	6.4	52
SPAIN	468.5	6320	13.5	31.9	42
FRANCE	473.7	8448	17.8	50.6	35
IRELAND	19.9	274	13.8	50.3	27
ITALY	925.0	4063	4.4	9.5	46
LUXEMBOURG	2.3	30	13.1	52.2	25
NETHERLANDS	18.9	183	9.7	34.4	28
PORTUGAL	272.1	683	2.5	9.7	26
UNITED KINGDOM	74.6	3043	40.8	109.9	37
EU-12	3116.6	32166	10.3	26.5	40
AUSTRIA (1)	120.5	809	6.7	16.2	41
FINLAND (1)	80.2	990	12.3	24.7	50
SWEDEN (1)	57.6	1100	19.1	45.7	42
EU-15	3375	35063	10.4	26.0	40

(1) 1995 structural survey

**Structure of cereals holdings EU-15
(1995 structural survey)**

	NUMBER OF HOLDINGS (000)	TOTAL CEREALS AREA (000 ha)	AVERAGE CEREALS AREA (ha)	AVERAGE UAA OF CEREALS HOLDINGS (ha)	% CEREALS against UAA (%)
BELGIUM (1)	35.7	309	8.7	26.1	33
DENMARK	62.3	1447	23.2	42.5	55
GERMANY	377.7	6499	17.2	39.9	43
ELLAS (1)	348.1	1166	3.3	6.4	52
SPAIN (1)	468.5	6320	13.5	31.9	42
FRANCE	426.6	8255	19.4	56.4	34
IRELAND (1)	19.9	274	13.8	50.3	27
ITALY (1)	925.0	4063	4.4	9.5	46
LUXEMBOURG	2.1	29	13.8	56.1	25
NETHERLANDS	19.9	194	9.7	34.1	29
PORTUGAL	241.6	658	2.7	10.7	26
UNITED KINGDOM (1)	74.6	3043	40.8	109.9	37
EU-12	3001.9	32258	10.7		
AUSTRIA	120.5	809	6.7	16.2	41
FINLAND	80.2	990	12.3	24.7	50
SWEDEN	57.6	1100	19.1	45.7	42
EU-15	3260	35157	10.8		

(1) 1993 structural survey

**Structure of COP holdings EU-15 (1)
(1996 COP Scheme)**

	ALL			PROFESSIONAL PRODUCERS			SMALL PRODUCERS		
	N° OF HOLDINGS (000)	COP AREA (000 ha)	AVERAGE COP AREA (ha)	N° OF HOLDINGS (000)	COP AREA (000 ha)	AVERAGE COP AREA (ha)	N° OF HOLDINGS (000)	COP AREA (000 ha)	AVERAGE COP AREA (ha)
BELGIUM	38.3	418	10.9	3.7	155	41.6	34.6	263	7.6
DENMARK	64.0	2009	31.4	31.7	1683	53.0	32.2	325	10.1
GERMANY	351.5	9801	27.9	126.5	8075	63.8	225.0	1727	7.7
ELLAS	286.7	1221	4.3	7.9	109	13.7	278.7	1113	4.0
SPAIN	366.2	9129	24.9	154.8	7505	48.5	211.4	1625	7.7
FRANCE	406.6	13444	33.1	192.4	11458	59.5	214.2	1986	9.3
IRELAND	17.4	318	18.3	4.0	216	53.6	13.4	102	7.6
ITALY	685.8	4700	6.9	96.0	2019	21.0	589.7	2581	4.5
LUXEMBOURG	2.1	37	18.3	0.3	15	44.7	1.7	22	13.0
NETHERLANDS	48.0	385	8.0	2.3	86	38.0	45.8	299	6.5
PORTUGAL	170.3	828	4.9	5.3	453	85.0	165.0	375	2.3
UNITED KINGDOM	63.0	4351	69.1	35.9	4088	113.9	27.1	263	9.7
EU-12	2492.7	46642	18.7	661.9	36980	54.3	1830.7	16762	9.2
AUSTRIA	116.1	1152	9.9	33.5	753	22.5	82.5	399	4.8
FINLAND	80.4	1299	16.2	32.2	846	26.2	48.1	453	9.4
SWEDEN	59.7	1590	26.7	29.8	1324	44.5	29.9	266	8.9
EU-15	2765.8	60663	18.4	766.5	46766	51.3	1999.2	17600	8.8

Source : FEOGA

(1) Excluding 5 year set-aside and COP areas used for the beef regime

**Structure of Cereal holdings EU-15 (1)
(1996 COP Scheme)**

	ALL			PROFESSIONAL PRODUCERS			SMALL PRODUCERS		
	N° OF HOLDINGS (000)	Cereal AREA (000 ha)	AVERAGE Cer. AREA (ha)	N° OF HOLDINGS (000)	Cereal AREA (000 ha)	AVERAGE Cer. AREA (ha)	N° OF HOLDINGS (000)	Cereal AREA (000 ha)	AVERAGE Cer. AREA (ha)
BELGIUM	38.3	385	10.0	3.7	124	33.3	34.6	261	7.5
DENMARK	64.0	1634	25.6	31.7	1306	41.2	32.2	328	10.2
GERMANY	351.5	7695	21.9	126.5	5970	47.2	225.0	1725	7.7
ELLAS	286.7	1181	4.1	7.9	74	9.3	278.7	1107	4.0
SPAIN	366.2	6468	17.7	154.8	4915	31.8	211.4	1553	7.3
FRANCE	406.6	9879	24.3	192.4	7907	41.1	214.2	1972	9.2
IRELAND	17.4	268	15.4	4.0	171	42.4	13.4	97	7.3
ITALY	685.8	4051	5.9	96.0	1284	13.4	589.7	2767	4.7
LUXEMBOURG	2.1	34	16.6	0.3	12	35.2	1.7	22	12.9
NETHERLANDS	48.0	385	8.0	2.3	78	34.6	45.8	307	6.7
PORTUGAL	170.3	727	4.3	5.3	339	63.7	165.0	388	2.4
UNITED KINGDOM	63.0	3275	52.0	35.9	3014	84.0	27.1	261	9.6
EU-12	2492.7	36982	14.4	661.9	26194	39.1	1836.7	16766	9.2
AUSTRIA	116.1	900	7.8	33.5	527	15.7	82.5	373	4.5
FINLAND	80.4	1056	13.1	32.2	608	18.9	48.1	448	9.3
SWEDEN	59.7	1210	20.3	29.8	949	31.9	29.9	261	8.7
EU-15	2765.8	39148	14.2	766.5	27276	36.1	1999.2	17670	8.9






Source : FEOGA

(1) Excluding 5 year set-aside and COP areas used for the beef regime

EUROPEAN UNION

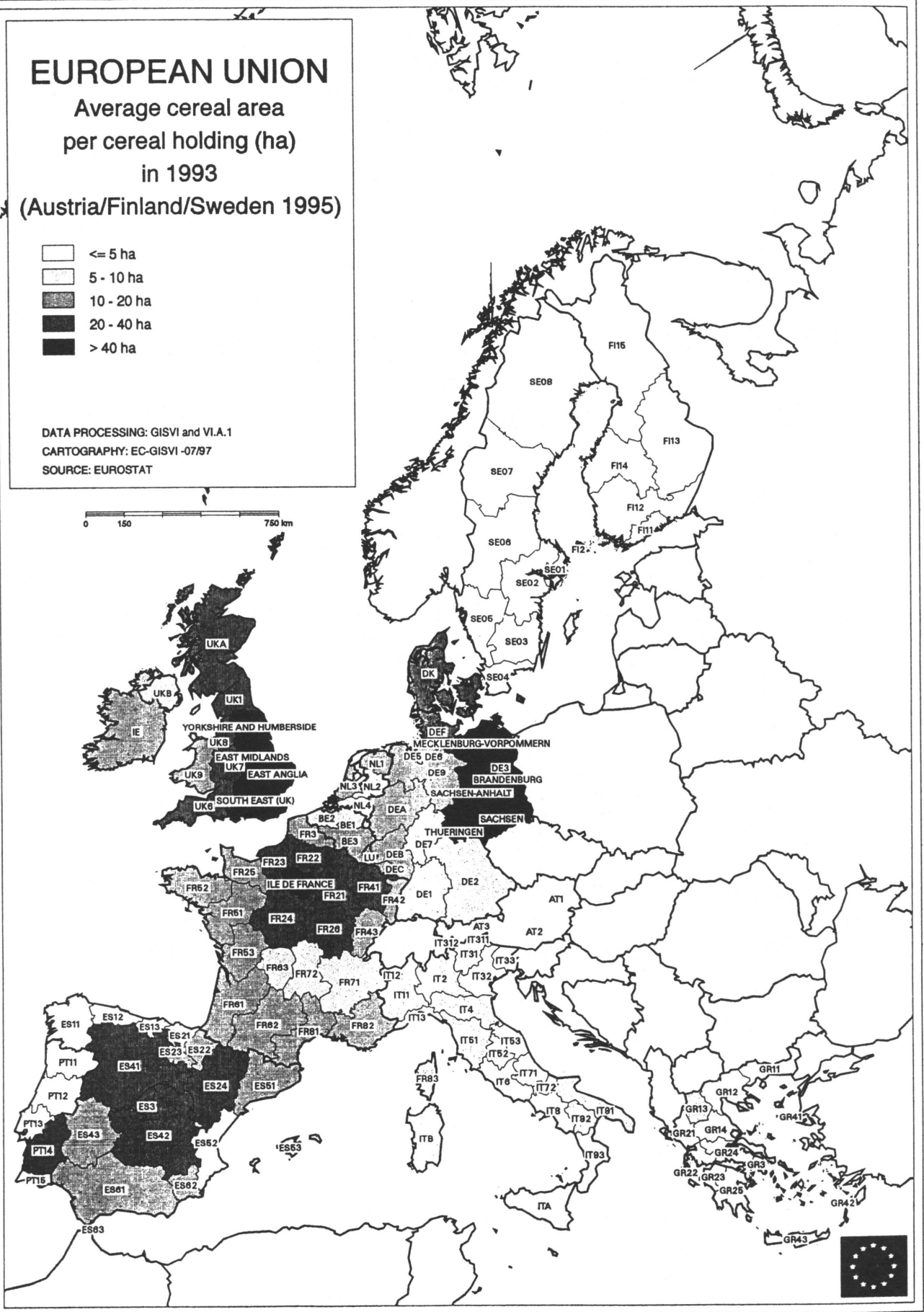
Average cereal area
per cereal holding (ha)
in 1993

(Austria/Finland/Sweden 1995)

-  <= 5 ha
-  5 - 10 ha
-  10 - 20 ha
-  20 - 40 ha
-  > 40 ha

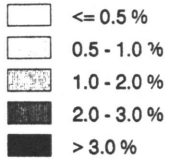
DATA PROCESSING: GISVI and VI.A.1
CARTOGRAPHY: EC-GISVI -07/97
SOURCE: EUROSTAT

0 150 750 km

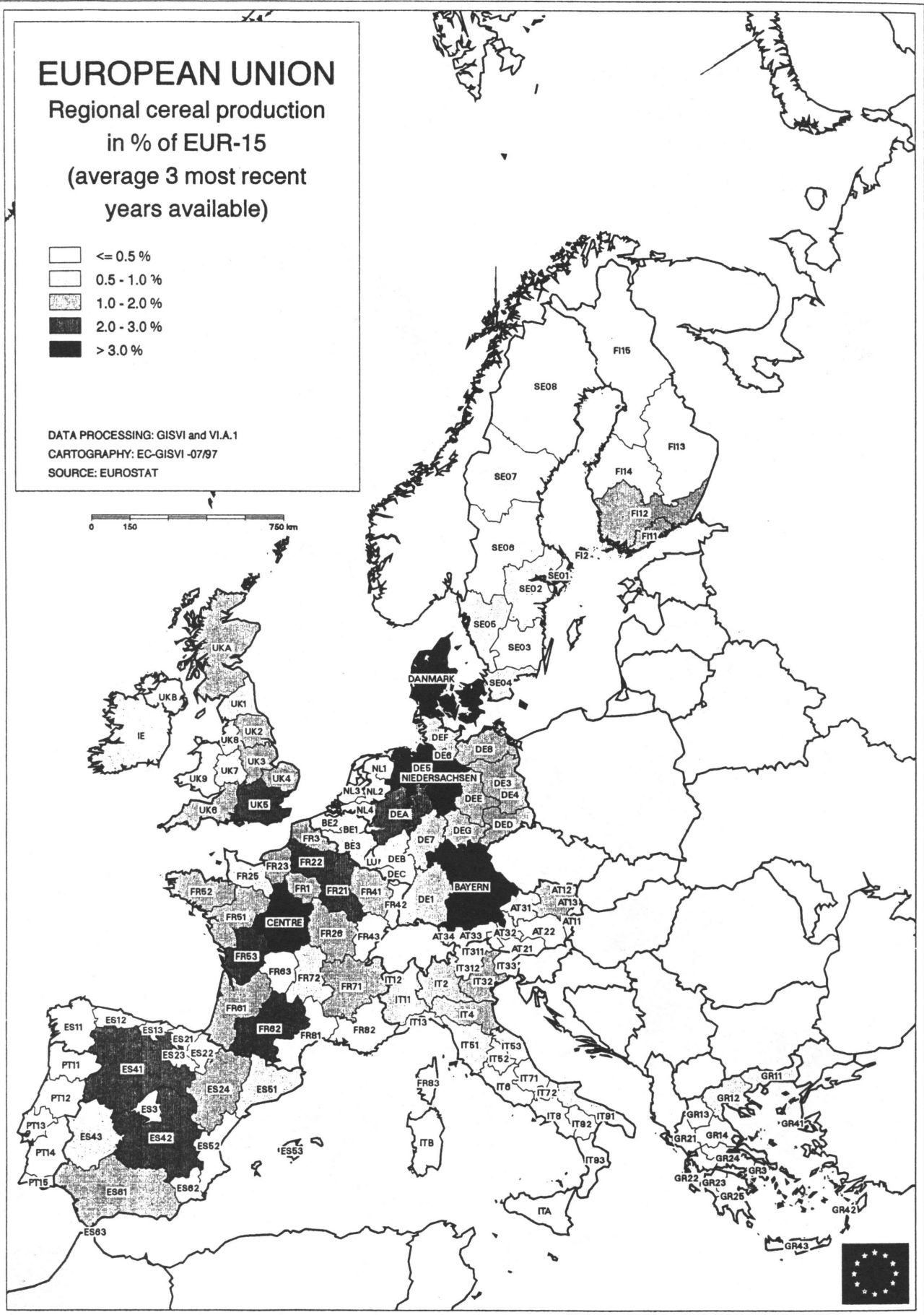


EUROPEAN UNION

Regional cereal production
in % of EUR-15
(average 3 most recent
years available)

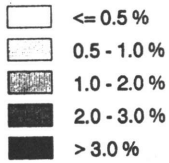


DATA PROCESSING: GISVI and VI.A.1
CARTOGRAPHY: EC-GISVI -07/97
SOURCE: EUROSTAT

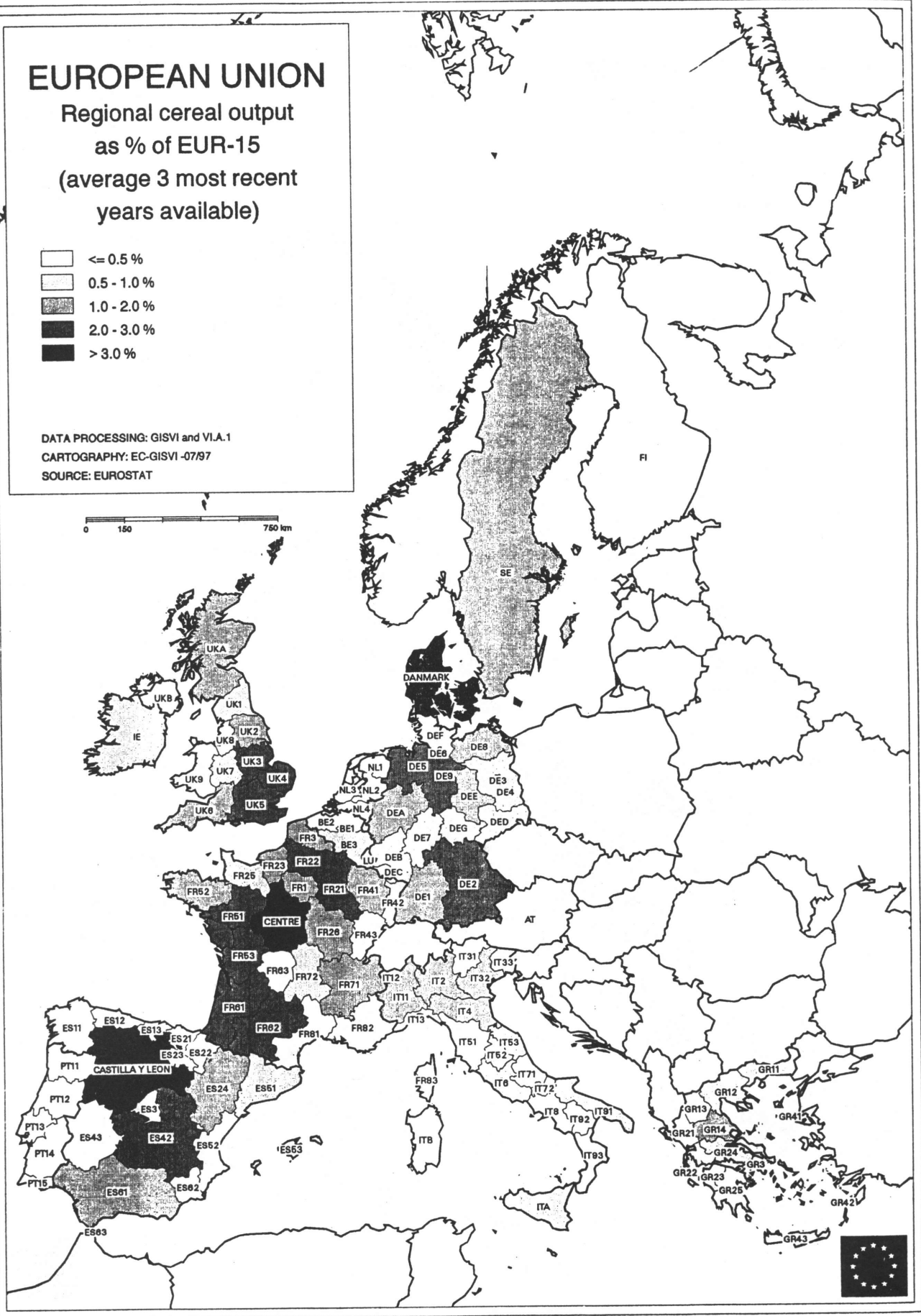


EUROPEAN UNION

Regional cereal output
as % of EUR-15
(average 3 most recent
years available)

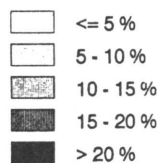


DATA PROCESSING: GISVI and V.I.A.1
CARTOGRAPHY: EC-GISVI -07/97
SOURCE: EUROSTAT



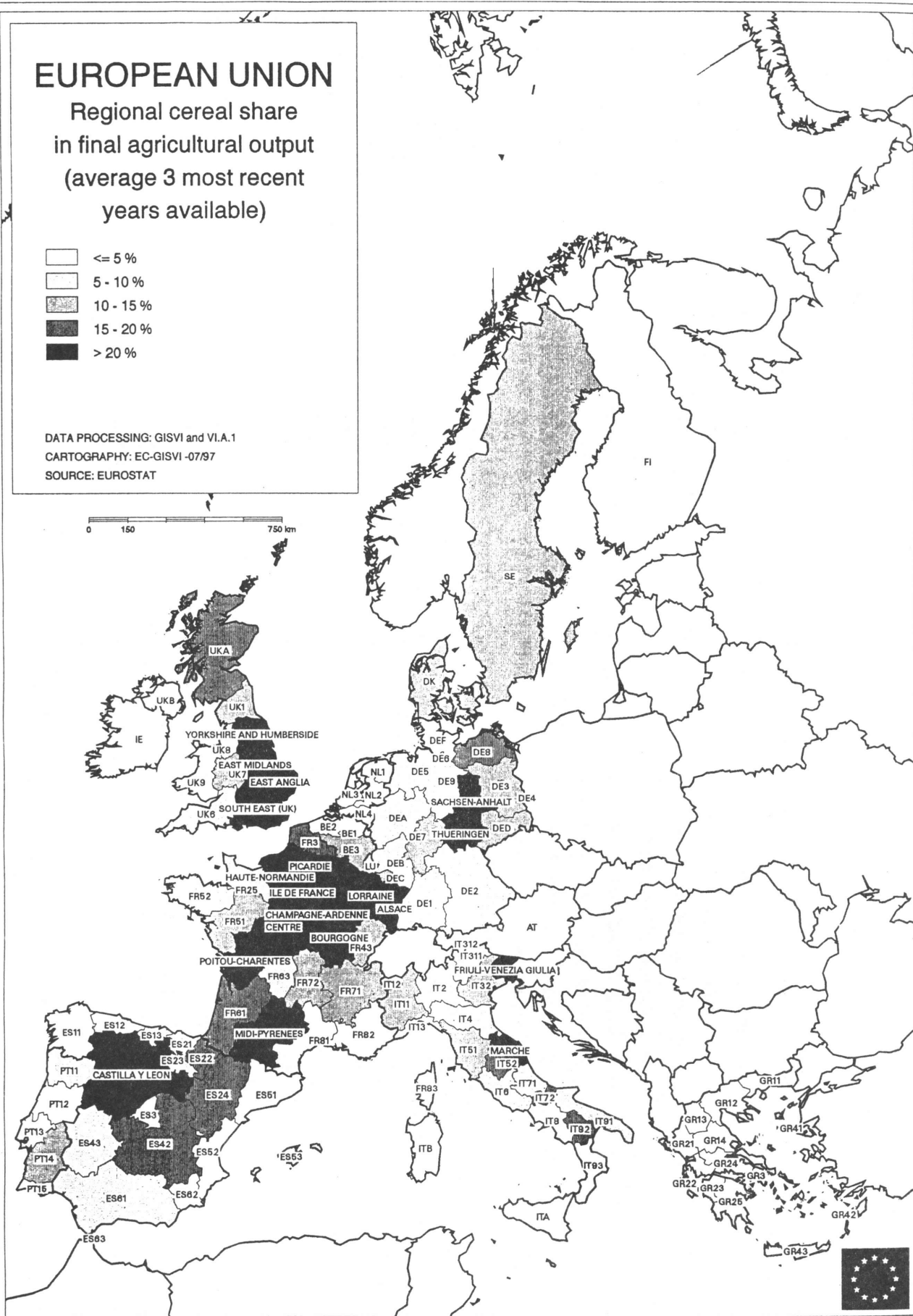
EUROPEAN UNION

Regional cereal share
in final agricultural output
(average 3 most recent
years available)



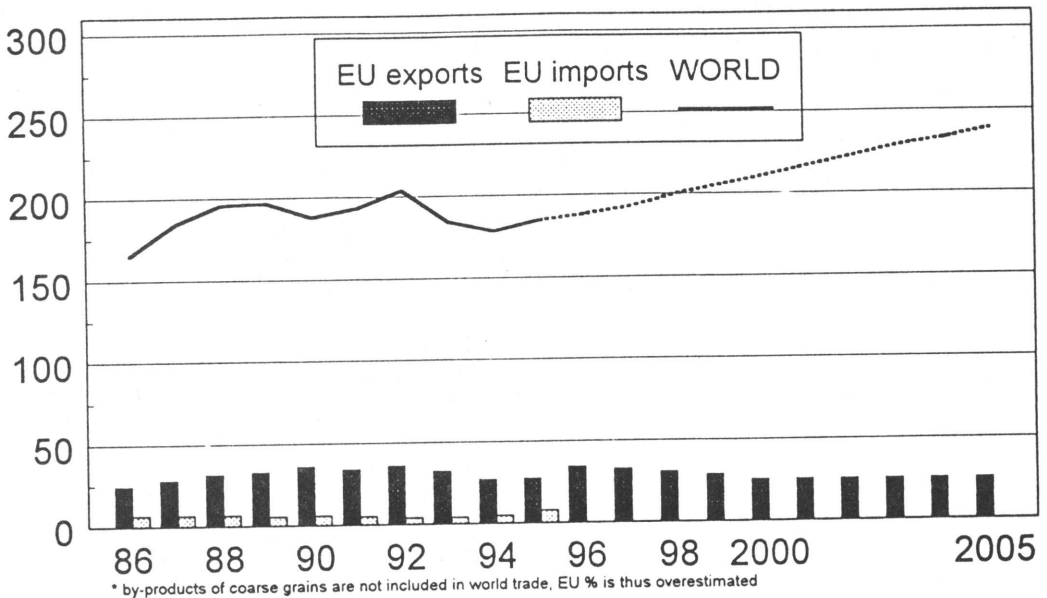
DATA PROCESSING: GISVI and V.I.A.1
CARTOGRAPHY: EC-GISVI -07/97
SOURCE: EUROSTAT

0 150 750 km



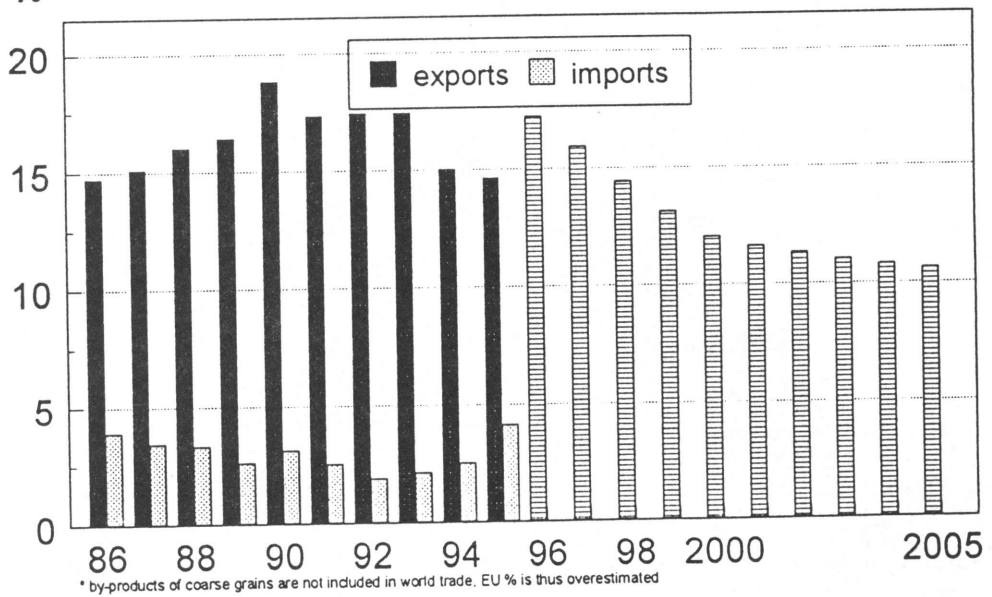
EVOLUTION OF UNION & WORLD TRADE

Miot TOTAL CEREALS (including flour in wheat equivalent) *



EVOLUTION OF UNION SHARE in WORLD TRADE

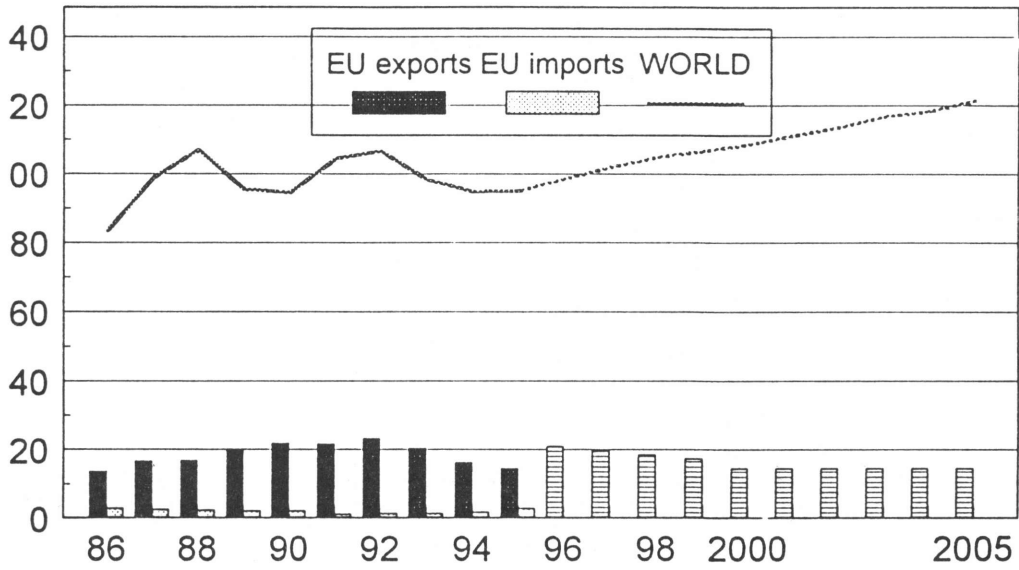
% TOTAL CEREALS (including flour in wheat equivalent) *



EVOLUTION OF UNION & WORLD TRADE

WHEAT (including flour in wheat equivalent)

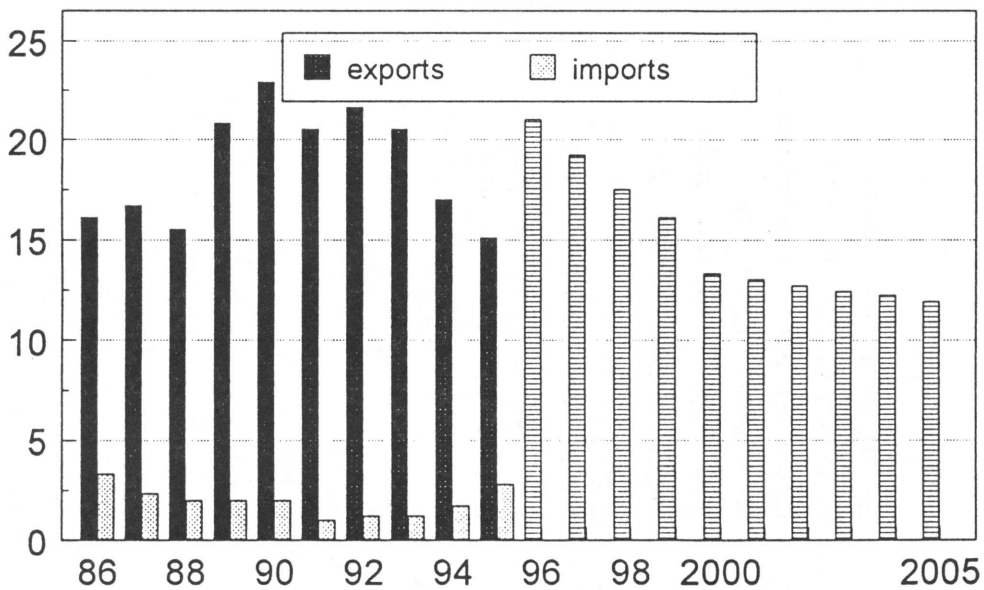
iot



EVOLUTION OF UNION SHARE in WORLD TRADE

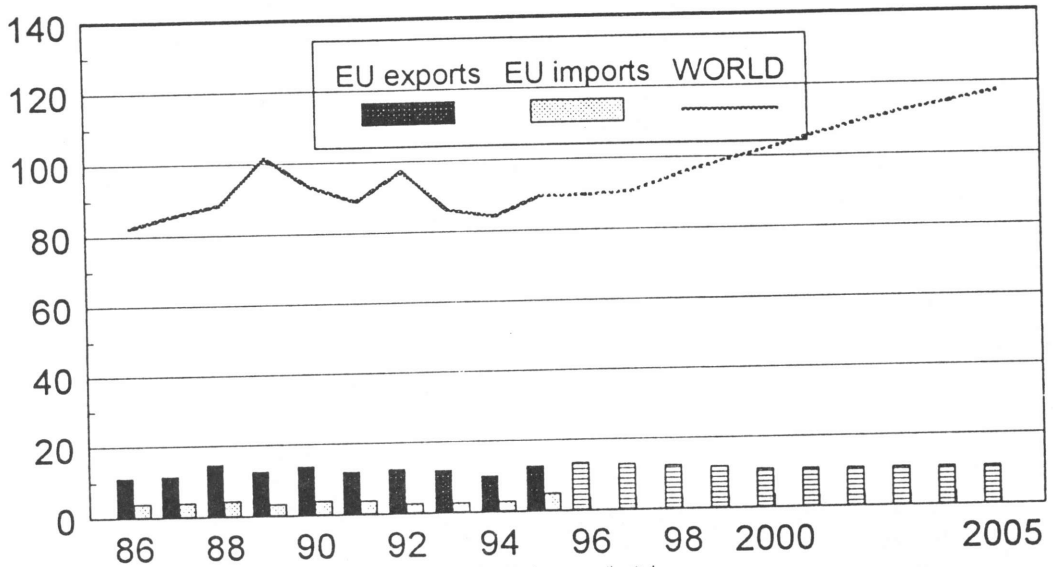
WHEAT (including flour in wheat equivalent)

%



EVOLUTION OF UNION & WORLD TRADE COARSE GRAINS *

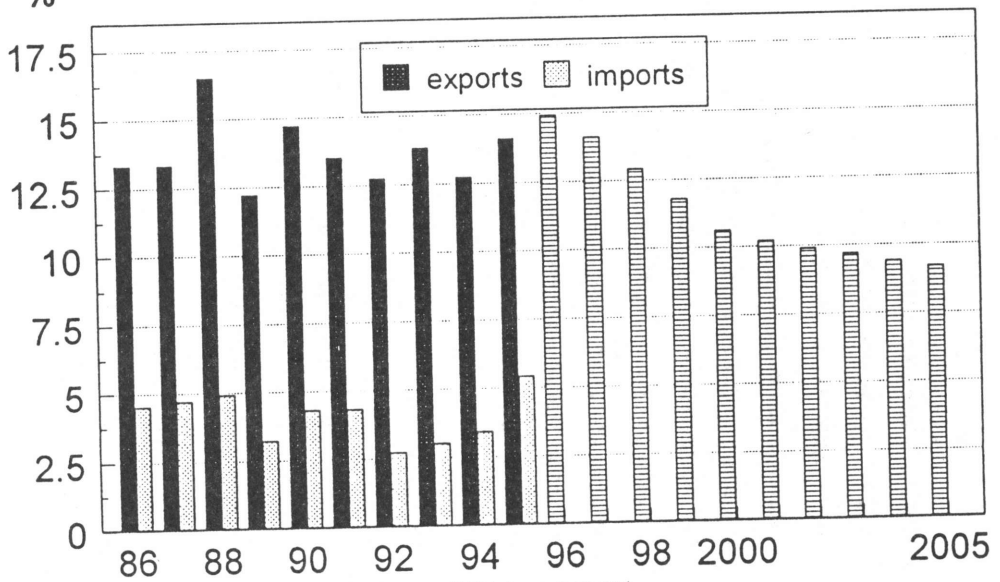
Miot



* by-products of coarse grains are not included in world trade. EU % is thus overestimated

EVOLUTION OF UNION SHARE in WORLD TRAD COARSE GRAINS *

%



* by-products of coarse grains are not included in world trade. EU % is thus overestimated

ARABLE CROPS - AID APPLICATIONS 1993/94 (unadjusted)

	B	Dk	D	Gr	Esp	Fr	Irl	It	Lux	Nl	P	UK	Total
Number of accepted applications (1)													
General scheme	2 862 6.3%	27 163 38.4%	96 156 25.2%	7 359 2.7%	84 805 19.7%	184 129 40.1%	2 877 16.6%	42 007 7.8%	308 13.9%	1 101 2.4%	3 306 6.4%	32 476 52.5%	484 549 20.4%
Simplified scheme	42 255 93.7%	43 537 61.6%	284 777 74.8%	269 798 97.3%	346 039 80.3%	274 890 59.9%	14 406 83.4%	493 965 92.2%	1 912 86.1%	45 653 97.6%	48 299 93.6%	29 436 47.5%	1 894 967 79.6%
Total	45 117 100%	70 700 100%	380 933 100%	277 157 100%	430 844 100%	459 019 100%	17 283 100%	535 972 100%	2 220 100%	46 754 100%	51 605 100%	61 912 100%	2 379 516 100%
Areas (ha) (1)													
General scheme	124 640 30.7%	1 357 617 73.4%	6 903 037 74.9%	96 804 7.3%	5 613 833 68.1%	10 417 198 80.6%	169 431 60.4%	1 212 075 32.9%	11 158 31.3%	51 444 15.4%	400 490 63.0%	3 754 278 92.3%	30 112 005 70.1%
Simplified scheme	280 847 69.3%	493 124 26.6%	2 307 933 25.1%	1 154 779 87.2%	2 635 036 31.9%	2 501 354 19.4%	111 116 39.6%	2 474 222 67.1%	24 545 68.7%	282 011 84.6%	235 450 37.0%	313 536 7.7%	12 813 953 29.9%
Total	405 487 100%	1 850 741 100%	9 210 970 100%	1 324 483 100%	8 248 869 100%	12 918 552 100%	280 547 100%	3 686 297 100%	35 703 100%	333 455 100%	635 940 100%	4 067 814 100%	42 925 958 100%
Average aided area per farm (ha) (1)													
General scheme	44	50	72	13	66	57	59	29	36	47	121	116	62
Simplified scheme	7	11	8	4	8	9	8	5	13	6	5	11	7
Total	9	26	24	5	19	28	16	7	16	7	12	66	18

(1) Excluding unaided fodder area (953 000 ha) and five year set-aside (1 649 000 ha).

ARABLE CROPS - AID APPLICATIONS 1994/95 (unadjusted)

	B	Dk	D	Gr	Esp	Fr	IrI	It	Lux	NI	P	UK	Total
Number of accepted applications													
General scheme	3 787 8.4%	30 464 43.7%	113 639 30.4%	9 145 3.1%	106 940 26.2%	194 344 38.1%	3 770 2.8%	63 463 9.6%	334 15.0%	2 352 4.5%	3 851 4.6%	34 903 22.8%	566 992 20.3%
Simplified scheme	35 315 78.0%	38 258 54.9%	260 614 69.6%	281 744 96.9%	237 802 58.2%	242 370 47.5%	12 024 9.0%	571 423 86.1%	1 727 77.8%	46 087 88.2%	75 562 90.3%	27 225 17.8%	1 830 151 65.7%
Only fodder	6 152 13.6%	0 969 1.4%	n.d.	n.d.	63 634 15.6%	73 071 14.3%	118 310 88.2%	28 597 4.3%	0 160 7.2%	3 790 7.3%	4 250 5.1%	90 685 59.3%	389 618 14.0%
Total	45 254 100%	69 691 100%	374 253 100%	290 889 100%	408 376 100%	509 785 100%	134 104 100%	663 483 100%	2 221 100%	52 229 100%	83 663 100%	152 813 100%	2 786 761 100%
Areas (ha) (1)													
General scheme	157 001 36.6%	1 565 566 79.5%	7 642 565 79.1%	141 363 10.8%	6 539 384 75.0%	11 051 200 83.4%	200 183 68.9%	1 456 798 35.7%	13 114 35.5%	84 284 22.4%	425 798 58.0%	4 010 633 93.4%	33 287 889 73.7%
Simplified scheme	272 152 63.4%	404 349 20.5%	2 024 299 20.9%	1 168 002 89.2%	2 184 700 25.0%	2 200 870 16.6%	90 259 31.1%	2 623 249 64.3%	23 803 64.5%	291 397 77.6%	308 321 42.0%	284 586 6.6%	11 875 987 26.3%
Total	429 153 100%	1 969 915 100%	9 666 864 100%	1 309 365 100%	8 724 084 100%	13 252 070 100%	290 442 100%	4 080 047 100%	36 917 100%	375 681 100%	734 119 100%	4 295 219 100%	45 163 876 100%
Average aided area per farm (ha) (1)													
General scheme	41	51	67	15	61	57	53	23	39	36	111	115	59
Simplified scheme	8	11	8	4	9	9	8	5	14	6	4	10	6
Total	11	29	26	5	25	30	18	6	18	8	9	69	19

(1) Excluding unaided fodder area (906 000 ha) and five year set-aside (1 296 000 ha).

ARABLE CROPS - AID APPLICATIONS 1995/96 (unadjusted)

	B	Dk	D	Gr	Exp	Fr	Irl	It	Lux	Nl	Os	P	SF	SV	UK	Total
Number of accepted applications																
General scheme	3 683 8.1%	31 245 47.5%	120 066 32.8%	8 249 2.9%	137 527 32.6%	190 829 39.8%	3 806 24.2%	74 447 11.0%	359 16.5%	2 158 4.4%	31 406 25.8%	4 735 4.2%	35 264 43.3%	27 909 47.1%	35 154 55.9%	708 837 26.0%
Simplified scheme	41 665 91.9%	34 476 52.5%	245 786 67.2%	275 445 97.1%	218 498 51.8%	230 643 48.1%	11 950 75.8%	603 021 89.0%	1 674 76.7%	46 494 95.6%	90 268 74.2%	108 512 95.8%	46 087 56.7%	31 076 52.4%	27 783 44.1%	2 013 378 74.0%
Only fodder	n.d.	n.d.	n.d.	n.d.	65 709 15.6%	58 450 12.2%	n.d.	n.d.	149 6.8%	n.d.	n.d.	n.d.	n.d.	292 0.5%	n.d.	n.d.
Total	45 348 100%	65 721 100%	365 852 100%	283 694 100%	421 734 100%	479 922 100%	15 756 100%	677 468 100%	2 182 100%	48 652 100%	121 674 100%	113 247 100%	81 351 100%	59 277 100%	62 937 100%	2 720 215 100%
Areas (ha) (1)																
General scheme	153 060 36.2%	1 626 989 82.0%	7 679 929 80.3%	108 418 9.1%	7 127 173 79.4%	11 020 759 84.0%	199 801 68.9%	1 729 462 38.4%	14 187 38.3%	81 726 21.6%	722 284 61.9%	474 826 58.8%	847 831 68.0%	1 269 395 83.0%	3 999 068 93.5%	37 054 908 74.9%
Simplified scheme	269 418 63.8%	357 120 18.0%	1 885 216 19.7%	1 077 139 90.9%	1 850 912 20.6%	2 102 279 16.0%	90 338 31.1%	2 771 772 61.6%	22 859 61.7%	296 025 78.4%	445 056 38.1%	332 665 41.2%	399 671 32.0%	259 591 17.0%	280 171 6.5%	12 440 232 25.1%
Total	422 478 100%	1 984 109 100%	9 565 145 100%	1 185 557 100%	8 978 085 100%	13 123 038 100%	290 139 100%	4 501 234 100%	37 046 100%	377 751 100%	1 167 340 100%	807 491 100%	1 247 502 200%	1 528 986 100%	4 279 239 100%	49 495 140 100%
Average aided area per farm (ha) (1)																
General scheme	42	52	64	13	52	58	52	23	40	38	23	100	24	45	114	52
Simplified scheme	6	10	8	4	8	9	8	5	14	6	5	3	9	8	10	6
Total	9	30	26	4	25	31	18	7	18	8	10	7	15	55	68	18

(1) Excluding unaided fodder area (930 000 ha) and five year set-aside (850 000 ha).

ARABLE CROPS - AID APPLICATIONS 1996/97 (unadjusted)

	B	Dk	D	Gr	Exp	Fr	It	k	Lux	Ni	ÖS	P	SF	SV	UK	EUR-15
Number of accepted applications																
General scheme	3 722 8.3%	31 733 48.8%	126 497 35.8%	7 941 2.8%	154 781 35.6%	192 435 40.4%	4 032 23.2%	96 032 13.5%	341 14.9%	2 253 4.4%	33 504 28.9%	5 324 3.1%	32 236 40.1%	29 752 49.6%	35 898 31.9%	756 481 25.4%
Simplified scheme	34 591 76.8%	32 219 49.6%	224 976 63.6%	278 743 97.2%	211 386 48.6%	214 190 44.9%	13 368 76.8%	589 735 83.1%	1 712 75.0%	45 768 89.7%	82 548 71.1%	164 968 96.9%	48 138 59.9%	29 922 49.9%	27 072 24.0%	1 999 336 67.0%
Only fodder	6 703 14.9%	1 034 1.6%	2 209 0.6%	n.d.	69 029 15.9%	70 070 14.7%	n.d.	24 123 3.4%	229 10.0%	2 978 5.8%	n.d.	n.d.	n.d.	305 0.5%	49 698 44.1%	226 378 7.6%
Total	45 016 100%	64 986 100%	353 682 100%	286 684 100%	435 196 100%	476 695 100%	17 400 100%	709 890 100%	2 282 100%	50 999 100%	116 052 100%	170 292 100%	80 374 100%	59 979 100%	112 668 100%	2 982 195 100%
Areas (ha) (1)																
General scheme	154 659 37.0%	1 683 058 83.8%	8 074 837 82.4%	108 615 8.9%	7 504 634 82.2%	11 457 890 85.2%	216 121 67.9%	2 018 848 43.0%	15 240 40.6%	85 651 22.3%	753 091 65.4%	452 602 54.7%	845 986 65.1%	1 323 984 83.2%	4 088 016 94.0%	38 783 232 76.5%
Simplified scheme	263 480 63.0%	325 465 16.2%	1 726 564 17.6%	1 112 686 91.1%	1 624 645 17.8%	1 985 635 14.8%	102 117 32.1%	2 681 396 57.0%	22 259 59.4%	299 195 77.7%	399 113 34.6%	375 047 45.3%	452 744 34.9%	266 439 16.8%	263 224 6.0%	11 900 009 23.5%
Total	418 139 100%	2 008 523 100%	9 801 401 100%	1 221 301 100%	9 129 279 100%	13 443 525 100%	318 238 100%	4 700 244 100%	37 499 100%	384 846 100%	1 152 204 100%	827 649 100%	1 298 730 200%	1 590 423 100%	4 351 240 100%	50 683 241 100%
Average aided area per farm (ha) (1)																
General scheme	42	53	64	14	48	60	54	21	45	38	22	85	26	45	114	51
Simplified scheme	8	10	8	4	8	9	8	5	13	7	5	2	9	9	10	6
Total	11	31	28	4	25	33	18	7	18	8	10	5	16	27	69	18

(1) Excluding unaided fodder area (868 000 ha) and five year set-aside (395 000 ha).

Estimated COP area 1993/94 - 1000 ha

Area planted to different COP products aided or not

	B/LUX	DK	D	EL	ES	FR	IR	IT	NL	PO	UK	EUR12
Cereals (non-food excl.)	342	1438	6224	1340	6378	8508	280	3841	190	700	3031	32272
Oilseeds (non-food excl.)	5	143	1090	17	2076	1352	2	249	1	98	380	5413
Linseed (1)	1	0	29	0	0	11	6	1	1	0	156	205
Protein	9	121	89	5	29	750	6	90	4	17	214	1334
Silage	164	77	1264	0	347	1487	2	565	229	40	73	4248
Total area under cultivation	521	1779	8696	1362	8830	12108	296	4746	425	855	3854	43472
Set aside												
5 years set aside	1	7	415	1	88	225	2	786	15	0	109	1649
Rotational set-aside	21	208	1050	15	872	1590	26	199	8	61	568	4618
Total set-aside	22	215	1465	16	960	1815	28	985	23	61	677	6267
TOTAL	543	1994	10161	1378	9790	13923	324	5731	448	916	4531	49739
Base area	522	2017	10002	1492	9229	13522	345	5800	436	1054	4407	48826
			(2)								(3)	

- (1) Linseed area not included in the 1993/94 base area.
- (2) 150,000 ha temporary overshoot authorized.
- (3) 24,500 ha temporary overshoot authorized.

Remarks: Figures refer to total area planted disregarding whether aid is requested or not. Area planted to non-food is excluded as it reappears under section set-aside.

Estimated COP area 1994/95 - 1000 ha

Area planted to different COP products aided or not

	B/LUX	DK	D	EL	ES	FR	IR	IT	NL	PO	UK	EUR-12
Cereals (non-food excl.)	339	1407	6245	1321	6424	8137	265	3864	200	657	3042	31901
Oilseeds (non-food excl.)	5	129	1138	21	1370	1601	5	356	1	130	414	5170
Linseed	0	1	26	0	0	5	1	0	0	0	55	88
Protein	6	106	75	4	98	672	5	84	4	1	229	1283
Silage	172	77	1208	0	360	1458	2	485	231	40	73	4106
Total area under cultivation	522	1720	8692	1346	8252	11873	278	4789	436	828	3813	42548
5 years set-aside	1	6	221	0	68	190	0	711	14	0	86	1296
Rotational set-aside	22	120	703	18	994	1112	23	203	12	59	534	3800
Others, of which voluntary	6	148	682	0	346	822	14	38	2	8	129	2195
	1	n.a.	n.a.	0	287	98	--	n.a.	n.a.	--	n.a.	(1)600
Total set-aside	29	274	1606	18	1408	2124	37	952	28	67	749	7291
TOTAL	551	1993	10298	1364	9660	13997	315	5741	464	895	4562	49839
Base area	522	2018	10156	1492	9220	13526	346	5801	437	1054	4461	49033

(1) Estimate.

Remarks: Figures refer to total area planted disregarding whether aid is requested or not. Area planted to non-food is excluded as it reappears under the set aside section.

Estimated COP area 1995/96 - 1000 ha

Area planted to different COP products aided or not

	B/LUX	DK	D	EL	ES	FR	IR	IT	NL	PO	UK	EUR-12	OS	SF	SV	EUR-15
Cereals (non-food excl)	339	1466	6510	1198	6587	8268	272	3954	201	676	3181	32652	787	978	1083	35500
Oilseeds (non-food excl)	7	120	700	21	1137	1543	4	407	2	69	360	4370	124	84	99	4677
Linseed	0	1	54	0	5	4	1	0	0	0	55	120	1	1	4	126
Protein	5	78	120	3	108	580	2	42	2	5	191	1136	26	5	13	1180
Silage	163	89	1256	3	354	1526	2	595	229	0	94	4311	94	0	0	4405
Total area under cultivation	514	1754	8640	1225	8191	11921	281	4998	434	750	3881	42589	1032	1068	1199	45888
Five year set-aside	0	5	151	0	41	137	0	471	8	0	37	850	0	0	0	850
Compulsory set-aside	24	256	1321	18	1119	1582	33	241	12	93	597	5296	125	176	322	5919
Voluntary set-aside	0	0	0	0	325	158	0	0	0	0	0	483	0	0	0	483
Extraordinary set-aside	0	0	132	0	0	150	0	0	0	0	3	285	0	0	0	285
Total set-aside	24	261	1604	18	1485	2027	33	712	20	93	637	6914	125	176	322	7537
TOTAL(1)	538	2015	10112	1243	9676	13798	314	5710	454	843	4515	49218	1157	1244	1521	53140
Base area	521	2018	10156	1492	9220	13526	346	5801	437	1054	4461	49032	1203	1591	1737	53563

(1) excluding extraordinary set-aside

Estimated COP area 1996/97 - 1000 ha

Area planted to different COP products aided or not

	B/LUX	DK	D	EL	ES	FR	IR	IT	NL	PO	UK	EUR-12	OS	SF	SV	EUR-15
Cereals (non-food excl.)	347	1577	6790	1273	6611	8791	289	3973	202	651	3344	33848	828	1075	1187	36938
Oilseeds (non-food excl.)	5	81	680	24	1197	1614	2	554	2	107	360	4626	96	61	63	4846
Linseed	0	3	86	0	21	4	1	0	0	2	48	165	2	2	7	176
Protein	2	69	150	2	113	547	0	59	1	4	174	1121	35	5	18	1179
Silage	170	89	1256	3	354	1550	2	595	229	0	94	4342	94	0	0	4436
Total area under cultivation	524	1819	8962	1302	8296	12506	294	5181	434	764	4020	44102	1055	1143	1275	47575
Five year set-aside	0	2	78	0	26	48	0	223	3	0	15	395	0	0	0	395
Compulsory set-aside	16	162	764	12	685	1117	20	208	9	45	399	3437	70	75	115	3697
Voluntary set-aside	3	58	449	2	653	288	4	16	1	30	86	1590	44	93	194	1921
Extraordinary set-aside	0	0	4	0	0	0	0	0	0	0	5	9	0	0	0	9
Total set-aside	19	222	1295	14	1364	1453	24	447	13	75	505	5431	114	168	309	6022
TOTAL(1)	543	2041	10253	1316	9660	13959	318	5628	447	839	4520	49524	1169	1311	1584	53588
Base area	521	2018	10156	1492	9220	13526	346	5801	437	1054	4461	49032	1203	1591	1737	53563

(1) excluding extraordinary set-aside

Cereal Area and Production EU 12 - 1993/94

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12
Soft Wheat	Area	212	619	2385	329	1379	4292	79	889	118	238	12298
	Yield	7.13	7.00	6.59	2.62	3.03	6.60	6.80	4.61	8.77	1.69	6.01
	Production	1512	4333	15717	862	4178	28327	537	4098	1035	402	12886
Durum Wheat	Area			10	583	651	222		1410		12	2889
	Yield			4.79	1.90	1.21	3.99		2.89		1.58	2.40
	Production			48	1108	788	886		4075		19	6929
Barley	Area	80	710	2201	167	3541	1621	181	425	40	62	10192
	Yield	5.74	4.75	5.00	2.63	2.74	5.54	5.30	3.84	6.30	1.60	4.21
	Production	459	3373	11005	439	9702	8980	959	1632	252	99	42942
Maize	Area	19		331	198	265	1846		927	10	170	3766
	Yield	8.86		8.02	8.73	6.17	8.05		8.66	9.08	3.75	7.91
	Production	168		2655	1729	1635	14860		8028	91	638	29803
Oats	Area	17	31	407	43	315	226	20	144	5	92	1395
	Yield	4.66	4.49	4.77	2.15	1.37	4.26	6.39	2.59	5.95	0.81	3.40
	Production	79	139	1941	92	432	963	128	373	30	75	4746
Rye	Area	3	78	671	19	184	45		8	7	73	1094
	Yield	4.49	4.54	4.51	2.22	1.85	3.94		2.66	5.56	0.92	3.76
	Production	13	354	3026	42	340	177		21	39	67	4112
Others	Area	11		219	1	43	256		38	10	53	638
	Yield	5.91		5.24	2.00	1.79	5.06		5.95	5.50	1.47	4.66
	Production	65		1147	2	77	1295		226	55	78	2976
Total Cereals	Area	342	1438	6224	1340	6378	8508	280	3841	190	700	32272
	Yield	6.72	5.70	5.71	3.19	2.69	6.52	5.80	4.80	7.90	1.97	5.13
	Production	2297	8199	35539	4274	17152	55489	1624	18453	1501	1378	19490

Cereal Area and Production EU 15 - 1994/95

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	AUT	FIN	SWE	+3	EUR 15
Soft Wheat	212	574	2434	307	1322	4340	74	844	122	215	1810	12254	241	89	246	576	12830
Yield	6.94	6.49	6.77	3.25	2.50	6.79	7.72	4.61	8.08	1.95	7.35	6.09	5.21	3.80	5.46	5.10	6.04
Production	1471	3725	16478	998	3305	29469	571	3891	986	419	13302	74615	1256	338	1343	2937	77551
Durum Wheat			11	595	648	234		1527		21	1	3037	9			9	3046
Yield			5.32	2.86	1.55	4.43		2.85		2.05	6.00	2.70	5.06			5.06	2.71
Production			58	1702	1004	1037		4353		43	6	8203	46			46	8249
Barley	71	700	2070	162	3540	1405	170	393	44	53	1106	9713	253	505	449	1207	10920
Yield	5.70	4.92	5.27	2.93	2.10	5.44	5.36	3.74	5.22	1.82	5.37	4.01	4.69	3.68	3.70	3.90	4.00
Production	406	3444	10909	475	7416	7643	911	1468	228	96	5939	38936	1187	1858	1661	4706	43642
Maize	26	345	345	198	342	1663		910	11	177		3672	180			180	3852
Yield	8.00	7.08	7.08	10.11	6.86	7.79		8.23	7.46	4.10		7.69	7.92			7.92	7.70
Production	208	2445	2445	2002	2346	12955		7488	83	726		28253	1422			1422	29675
Oats	15	44	444	40	347	221	21	144	6	75	112	1469	62	339	367	768	2237
Yield	4.16	4.68	4.22	2.53	1.19	4.12	6.10	2.46	5.06	1.06	5.45	3.25	3.53	3.46	2.97	3.23	3.24
Production	64	206	1874	101	413	911	128	355	28	80	610	4768	219	1173	1090	2482	7250
Rye	3	89	733	18	169	44		7	6	66	7	1142	86	9	38	133	1274
Yield	4.56	4.77	4.78	2.30	1.32	3.92		2.86	4.74	0.97	6.14	3.97	4.14	2.58	4.55	4.16	3.99
Production	14	425	3504	41	223	172		20	27	64	43	4532	356	22	173	551	5084
Others	11	208	208	1	56	230		39	12	50	6	613	4		25	29	642
Yield	5.64	5.41	5.41	2.00	2.39	4.75		6.05	4.58	1.70	5.67	4.61	2.75		2.16	2.24	4.50
Production	62	1125	1125	2	134	1093		236	55	85	34	2826	11		54	65	2891
Total Area	339	1407	6245	1321	6424	8137	265	3864	200	657	3042	31900	835	942	1125	2901	34801
Yield	6.57	5.54	5.83	4.03	2.31	6.55	6.08	4.61	7.03	2.30	6.55	5.08	5.39	3.60	3.84	4.21	5.01
Production	2225	7800	36393	5320	14842	53279	1611	17811	1406	1513	19934	162134	4495	3391	4321	12208	174342

Cereal Area and Production EU 15 - 1995/96

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	AUT	FIN	SWE	+3	EUR 15
Soft Wheat	Area	220	614	2580	252	1459	4513	71	850	135	226	1859	246	101	256	603	13382
	Yield	6.91	7.30	6.92	2.93	1.76	6.59	7.30	4.40	8.65	1.05	7.60	5.14	3.76	6.07	5.30	5.97
	Production	1520	4482	17854	738	2568	29741	518	3740	1168	237	14128	1264	380	1554	3198	79893
Durum Wheat	Area			7	591	634	229		1601		26	1	10			10	3099
	Yield			5.25	2.47	0.62	4.49		2.35		1.00	6.00	5.70			5.70	2.18
	Production			37	1460	393	1028		3762		26	6	57			57	6769
Barley	Area	68	717	2090	133	3574	1386	181	395	35	53	1192	229	516	445	1190	11014
	Yield	6.20	5.40	5.65	2.81	1.45	5.54	6.05	3.67	5.77	1.09	5.80	4.65	3.42	4.03	3.88	3.97
	Production	422	3872	11809	374	5182	7678	1095	1450	202	58	6914	1065	1765	1793	4623	43677
Maize	Area	25		325	160	347	1656		928	9	184		174			174	3808
	Yield	7.90		7.09	8.70	7.32	7.70		8.09	7.04	4.00		8.50			8.50	7.61
	Production	198		2304	1392	2540	12751		7508	63	736		1479			1479	28971
Oats	Area	10	37	311	42	365	152	20	135	3	75	112	41	329	273	643	1905
	Yield	4.70	4.38	4.54	2.09	0.60	4.02	6.38	2.26	5.30	0.73	5.50	3.60	3.33	3.47	3.41	3.07
	Production	47	162	1412	88	219	611	128	306	15	55	616	148	1096	947	2190	5849
Rye	Area	3	98	856	17	160	47		8	8	62	8	77	21	39	137	1404
	Yield	3.40	5.18	5.24	2.20	1.08	4.08		2.60	5.20	0.58	5.70	4.12	2.77	5.29	4.25	4.37
	Production	10	508	4485	37	173	192		20	43	36	46	317	58	206	582	6130
Others	Area	13		341	3	48	285		37	11	50	9	10	11	70	91	888
	Yield																
	Production	66		1872	6	61	1312		221	45	59	53	29	31	293	353	4048
Total	Area	339	1466	6510	1198	6587	8268	272	3954	201	676	3181	787	978	1083	2848	35500
	Yield	6.67	6.16	6.11	3.42	1.69	6.45	6.40	4.30	7.64	1.79	6.84	5.54	3.40	4.43	4.38	4.94
	Production	2263	9024	39772	4094	11136	53313	1741	17006	1536	1207	21763	4359	3329	4794	12482	175337

Cereal Area and Production EU 15 - 1996/97

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	AUT	FIN	SWE	+3	EUR 15
Soft Wheat	226	688	2617	256	1404	4768	85	825	140	198	1935	13142	239	113	325	677	13819
Yield	8.00	6.54	7.25	2.76	3.00	7.20	8.10	4.72	9.20	2.10	8.19	6.59	4.75	3.88	6.13	5.27	6.53
Production	1808	4500	18973	707	4212	34330	689	3894	1288	416	15848	86663	1135	438	1992	3566	90229
Durum Wheat			10	630	640	268		1603		40	1	3192	11			11	3203
Yield			5.88	2.12	2.50	4.71		2.30		1.78	5.50	2.51	3.82			3.82	2.52
Production			59	1336	1600	1262		3687		71	6	8020	42			42	8062
Barley	62	783	2252	150	3534	1530	184	377	36	49	1286	10243	261	538	466	1265	11508
Yield	6.96	5.32	5.37	2.07	2.83	6.13	6.60	3.73	6.14	1.80	6.11	4.60	4.22	3.41	4.47	3.97	4.53
Production	432	4166	12093	311	10001	9379	1214	1406	221	88	7857	47168	1101	1835	2083	5019	52187
Maize	35		370	185	458	1722		992	9	185		3956	170			170	4126
Yield	7.51		7.66	9.00	8.00	8.00		9.16	8.33	4.56		8.14	8.82			8.82	8.17
Production	263		2834	1665	3664	13776		9087	75	844		32207	1499			1499	33707
94/95																	
Oats	8	20	320	30	375	141	16	123	2	73	105	1213	41	369	277	687	1900
Yield	4.49	4.50	5.09	2.00	1.62	4.16	6.57	2.37	5.00	0.90	5.77	3.37	3.59	3.50	3.90	3.67	3.48
Production	36	90	1629	60	608	587	105	292	10	66	606	4087	147	1292	1080	2519	6606
Rye	3	70	843	18	156	48		8	7	61	7	1221	52	38	32	122	1343
Yield	4.47	5.00	5.03	2.19	1.75	4.31		3.88	5.57	0.70	6.00	4.32	3.44	2.95	4.94	3.68	4.26
Production	13	350	4241	39	273	207	105	31	39	43	42	5279	179	112	158	449	5728
Triticale	12	5	354		24	200			3	40	7	645	25		57	82	727
Yield	4.95	5.4	5.83		2.85	4.87			7.00	1.35	6.14	5.13	1.92	2.95	5.44	4.37	5.05
Production	59	27	2065		68	974			21	54	43	3312	48	112	310	358	3670
Others	1	11	24	4	20	115	4	45	5	5	3	237	29	17	30	76	313
Yield	4.87	4.5	5.09	2.00	3.30	4.91	5.5	5.88	5.80	1.12	4.67	4.85	3.21	3.41	3.33	3.30	4.48
Production	5	50	122	8	66	565	22	265	29	6	14	1151	93	58	100	251	1402
Total Cereals	347	1577	6790	1273	6611	8792	289	3973	202	651	3344	33849	828	1075	1187	3090	36939
Yield	7.54	5.82	6.19	3.24	3.10	6.95	7.02	4.70	8.33	2.44	7.30	5.55	5.13	3.47	4.82	4.43	5.46
Production	2616	9182	42017	4125	20492	61079	2030	18661	1683	1587	24415	187887	4245	3735	5724	13703	201591

Production Estimates - Oilseeds and Protein crops 1993/94

(Including set aside for non-food)

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	
Rapeseed	Total area (1000 ha)	8	161	1061		10	558	2	4	1		2226	
	- food	5	143	1000		10	509	2	4	1		2054	
	- non-food	3	18	61			49					172	
	Yield (t/ha) - food	3.00	2.54	2.83		1.23	2.85	3.30	2.00	3.30		2.98	2.83
	Total production (1000 t)	24	409	3003	0	12	1590	7	8	3		1255	6300
- non-food	9	46	171	0		123					121	470	
Sunflowerseed	Total area (1000 ha)			89	17	2069	786	113		98	1	3173	
	- food			89	17	2065	786	86		98		3141	
	- non-food					4		27			1	32	
	Yield (t/ha) - food			2.62	1.32	0.59	2.09	2.20		0.79	1.95	1.09	
	Total production (1000 t)			233	22	1221	1643	0	249	0	77	2	3459
- non-food					3		59					62	
Soyabeans	Total area (1000 ha)			1		1	57	159				218	
	- food			1		1	57	159				218	
	- non-food												
	Yield (t/ha) - food			3.45		2.00	2.46	3.37				3.09	
	Total production (1000 t)			3		2	140	0	536				674
TOTAL OILSEEDS	Total area (1000 ha)	8	161	1151	17	2080	1401	276	1	98	422	5617	
	- food	5	143	1090	17	2076	1352	249	1	98	380	5413	
	- non-food	3	18	61	0	4	49	0	0	0	42	204	
	Total production (1000 t)	24	409	3239	22	1235	3373	7	792	3	77	1257	10439
	- non-food	9	46	171	0	3	123	0	59	0	0	121	532
Peas	Total area (1000 ha)	7	119	59	1	8	737	9	3		79	1023	
	Yield (t/ha)	4.60	3.76	3.02	2.00	1.38	5.10	3.07	4.45		4.10	4.69	
	Production (1000 t)	32	447	178	2	11	3759	2	28	13	324	4797	
Beans	Total area (1000 ha)	2	2	30	4	21	13	81	1	17	135	311	
	Yield (t/ha)	4.00	3.76	3.73	2.14	1.04	3.62	1.40	5.50	0.82	3.75	2.79	
	Production (1000 t)	8	8	112	9	22	47	25	113	6	506	869	
TOTAL PROTEIN CROPS	Total area (1000 ha)	9	121	89	5	29	750	90	4	17	214	1334	
	Yield (t/ha)	4.47	3.76	3.26	2.11	1.13	5.07	1.57	4.71	0.82	3.88	4.25	
	Production (1000 t)	40	455	290	11	33	3806	27	141	14	830	5666	

*Does not include a total of 27 000 ha sweet lupins.

Production Estimates - Oilseeds and Protein crops 1994/95
(Including set aside for non-food)

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	AUT*	FIN	SWE	+3	EUR15
Rapeseed																	
Total area (1000 ha)	15	171	1082		69	702	6	14	1		506	2566	71	67	128	266	2832
- food	5	129	949		67	505	5	12	1		414	2087	71	67	128	266	2353
- non-food	10	42	133		2	197	1	2	0		92	479	0	0	0	0	479
Yield (t/ha) - food	3.00	2.15	2.63		0.81	2.63	3.31	2.09	3.30		2.54	2.52	2.85	2.16	1.88	2.21	2.49
- non-food	3.00	1.82	2.63		0.80	2.50	3.30	1.35	3.30		2.60	2.50	0.00	0.00	0.00	0.00	2.50
Total production (1000 t)	45	354	2846		56	1821	18	28	5		1291	6462	202	145	241	588	7050
- non-food	30	76	350		2	493	2	3	1		239	1195	0	0	0	0	1195
Sunflowerseed																	
Total area (1000 ha)	0	0	206	21	1333	1023	0	213	0	130	0	2926	37	0	0	37	2963
- food	0	0	189	21	1297	998	0	153	0	130	0	2788	37	0	0	37	2825
- non-food	0	0	17	0	36	25	0	60	0	0	0	138	0	0	0	0	138
Yield (t/ha) - food			1.99	1.53	0.79	2.31		2.30		0.79	2.00	1.50	2.50			2.50	1.52
- non-food			1.99	0.78	0.78	2.32		2.20		1.03	1	1.83	93			93	1.83
Total production (1000 t)	0	0	410	32	1053	2363	0	484	0	103	1	4445	93	0	0	93	4538
- non-food	0	0	34	0	28	58	0	132	0	0	0	252	0	0	0	0	252
Soyabeans																	
Total area (1000 ha)	0	0	0	0	6	98	0	191	0	0	0	295	47			47	342
- food	0	0	0	0	6	98	0	191	0	0	0	295	47			47	342
- non-food	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0
Yield (t/ha) - food			2.22		1.99	2.71		3.20				3.01	2.20			2.20	2.90
- non-food			2.22		1.99	2.71		3.20				3.01	2.20			2.20	2.90
Total production (1000 t)	0	0	1	0	11	266	0	611	0	0	0	889	103			103	992
- non-food	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0
TOTAL OILSEEDS																	
Total area (1000 ha)	15	171	1288	21	1408	1823	6	418	1	130	506	5787	155	67	128	350	6137
- food	5	129	1138	21	1370	1601	5	356	1	130	414	5170	155	67	128	350	5520
- non-food	10	42	150	0	38	222	1	62	0	0	92	617	0	0	0	0	617
Total production (1000 t)	45	354	3257	32	1120	4450	18	1123	5	103	1291	11796	398	145	241	784	12580
- non-food	30	76.4	383.6	0.0	29.7	550.5	1.7	134.7	1.3	0.0	239.2	1447	0.0	0.0	0.0	0	1447
* 0W																	
Peas																	
Total area (1000 ha)	4	104	45	1	76	661	1	7	3		80	981	44	6		50	1032
Yield (t/ha)	4.60	3.60	3.34	2.00	1.00	5.12	4.00	3.30	4.50		3.40	4.40	3.00	2.24		2.91	4.32
Production (1000 t)	18	373	150	2	76	3384	2	23	14		273	4316	132	14	0	146	4462
Beans																	
Total area (1000 ha)	2	2	30	3	22	11	4	77	1	1	149	301	11			11	312
Yield (t/ha)	4.00	3.60	2.98	2.00	1.00	3.87	5.00	1.40	5.00	0.80	3.04	2.52	3.50			3.50	2.56
Production (1000 t)	7	7	89	6	22	43	21	108	5	0	451	760	37	0	0	37	797
TOTAL PROTEIN CROPS																	
Total area (1000 ha)	6	106	75	4	98	672	5	84	4	1	229	1283	55	6	10	71	1353
Yield (t/ha)	4.41	3.60	3.20	2.00	1.00	5.10	4.87	1.56	4.63	0.80	3.17	3.96	3.10	2.24	4.08	3.16	3.92
Production (1000 t)	26	380	240	8	98	3427	23	131	19	0	724	5076	169	14	40	223	5299

Production Estimates - Oilseeds and Protein crops 1996/97

(including set aside for non-food)

	B/LUX	DK	DE	EL	ES	FR	IR	IT	NL	PO	UK	EUR12	FIN	SWE	+3	EUR15
Rapeseed	Total area (1000 ha)	8	107	878		84	866	3	98	2	1	430	72	61	67	2677
	- food	5	81	642		82	652	2	91	2	1	360	64	61	63	2106
	- non-food	3	26	236		2	214	1	7	0	0	70	8	0	4	12
	Yield (t/ha) - food	3.00	2.25	2.35		1.50	3.31	3.30	1.80	3.30	1.20	3.30	2.79	2.10	1.60	2.40
- non-food	3.00	1.80	2.00		1.00	2.50	3.30	1.00	2.42		2.42	2.23	2.10	2.40	2.20	2.23
Total production (1000 t)	24	229	1981		125	2693	10	171	7	1	1357	6598	151	98	161	7007
- non-food	9	47	472		2	535	3	7	0	0	169	1245	17	0	10	1271
Sunflowerseed	Total area (1000 ha)			45	24	1124	911	269		106		2479	18			2497
	- food			38	24	1110	876	236		106		2390	18			2408
	- non-food			7		14	35	33		0		89	0			89
	Yield (t/ha) - food			2.46	1.10	1.10	2.19	2.40	2.40	0.80		1.64	2.40			2.40
- non-food			1.90	1.00	1.00	2.19	2.20	2.20			1.98	1.98			1.98	1.98
Total production (1000 t)			107	26	1235	1995	639	73		85		4087	44		44	4131
- non-food			13	0	14	77	0			0		177	0		0	177
Soyabeans	Total area (1000 ha)					5	86	227				318	14			332
	- food					5	86	227				318	14			332
	- non-food															0
	Yield (t/ha) - food					1.80	2.83	3.20				3.08	2.80			2.80
- non-food					9	243	726				979	39			39	1018
Total production (1000 t)																
TOTAL OILSEEDS	Total area (1000 ha)	8	107	923	24	1213	1863	3	594	2	107	430	104	61	67	5506
	- food	5	81	680	24	1197	1614	2	554	2	107	360	96	61	63	4846
	- non-food	3	26	243	0	16	249	1	40	0	0	70	8	0	4	660
	Total production (1000 t)	24	229	2087	26	1369	4932	10	1536	7	86	1357	11664	235	98	161
- non-food	9.0	46.8	485.3	0.0	16.0	611.7	3.3	79.6	0.0	0.0	169.4	1421	16.8	0.0	9.6	1447
Peas	Area	2	69	100		97	538	12		1		887	30	5	18	940
	Yield	4.60	3.90	3.28		0.92	4.82	3.35	3.00			3.90	3.44	1.00	2.50	2.89
	Production	9	269	328		89	2593	40	3			265	103	5	45	153
Beans	Area	0		50	2	16	9	47		4	106	234	5		5	239
	Yield	4.00		3.28	2.00	0.96	3.49	1.46		0.80	3.40	2.77	2.64		2.64	2.76
	Production	1		164	4	15	31	69		3	360	648	13		13	661
TOTAL PROTEIN CROPS	Area	2	69	150	2	113	547	59	1	4	174	1121	35	5	18	1179
	Yield	4.52	3.90	3.28	2.00	0.93	4.80	1.84	3.00	0.80	3.60	3.79	3.33	1.00	2.50	2.87
	Production	10	269	492	4	105	2625	109	3	3	626	4245	116	5	45	166