



COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(97) 35 final

97/0031 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

on the improvement of the Community production of apples, pears, peaches and nectarines

(presented by the Commission)

EXPLANATORY MEMORANDUM

Subject: Proposal for a Council Regulation on the improvement of the Community production of apples, pears, peaches and nectarines

The attached proposal for a Regulation is in response to a request made by the Council at its July 1996 meeting when reforming the common organization of the market in fruit and vegetables. Its provisions are based, taking account of the experience gained, on the provisions decided in 1990 for the grubbing up of apples¹ and in 1995 for the grubbing up of peaches and nectarines². The text differs from the previous provisions in the following ways:

- in accordance with the Council's request, the operation has been extended to include pear orchards,
- the area covered by the operation is at the Council's request limited to 10 000 hectares per product group, apples and pears on the one hand and peaches and nectarines on the other hand; a breakdown is made by Member State on the basis of the surface area planted, production and withdrawals as indicated in the Annex hereto,
- to allow account to be taken of the ecological or economic situation in certain regions, the proposal allows the Member States the option of not applying the measure to all or part of their territory and of establishing further conditions for the grant of the premium,
- experience gained in the two previous operations on the grubbing up of apple trees, from 1990 to 1993 and again in the 1994/95 marketing year, shows that the requirement to effect a complete grubbing-up limits the effectiveness of the measure; furthermore, complete grubbing-up is much harder to check since it requires a thorough knowledge of the applicant's orchard; it is therefore proposed to extend the measure to partial grubbing-up but to insist on the grubbing-up of at least 0.5 hectares to avoid abuses,
- lastly, to ensure the effectiveness of the measure, it is proposed to limit it to orchards with a density equal to or greater than 300 trees per hectare, without restrictions on the age of the trees.

The detailed rules for implementing this operation will lay down in particular the level of the premium and also provisions to ensure that the budget cost of the measure is not borne by the 1997 budget.

¹ Regulation (EC) No 1200/90 (OJ No L 119, 11.5.1990, p. 63.), as amended by Regulation (EC) No 1890/94 (OJ No L 197, 30.7.1994).

² Regulation (EC) No 2205/95 (OJ No L 258, 28.10.1995, p. 1.)

ANNEX

Member State allocation of areas qualifying for the grubbing-up premium

I. Apples and Pears

In the case of the three new Member States, the areas allocated are in proportion to their orchard area compared to the Community orchard area:

Member State	Apples (ha)	Pears (ha)	Apples and pears	
			(ha)	%
Austria	6 787	466	7 253	1.5%
Finland	419	-	419	0.1%
Sweden	1 822	248	2 070	0.4%
EC 12	326 275	135 681	461 956	97.9%
EC 15	335 303	136 395	471 698	100.0%

Source: EUROSTAT (orchards/1992) for EC 12 and Member States for A (1994), FIN (1995) and S (1993)

An allocation is proposed for the rest of the Community that takes equal account of the orchard surface area, the average production for the marketing years 1991/92 to 1995/96 and aggregate withdrawals in these same years:

Member States	Orchards		Production		Withdrawals		Average		Proposal ha
	ha	%	tonnes	%	tonnes	%	%	ha	
B	16 025	3,47	552 484	4,78	201 012	5,02	4,42	433	430
DK	2 153	0,47	46 200	0,40	129	0,00	0,29	28	30
D	41 622	9,01	2 613 572	22,59	128 417	3,21	11,60	1 137	1 140
EL	18 477	4,00	387 043	3,35	463 403	11,58	6,31	618	620
E	91 606	19,83	1 292 213	11,17	377 466	9,44	13,48	1 321	1 320
F	81 612	17,67	2 313 486	20,00	1 858 948	46,47	28,04	2 748	2 750
IRL	594	0,13	8 556	0,07	2 572	0,06	0,09	9	10
I	134 539	29,12	3 052 685	26,38	607 284	15,18	23,56	2 309	2 310
LUX	726	0,16	7 263	0,06	0	0,00	0,07	7	10
NL	21 626	4,68	619 800	5,36	261 539	6,54	5,53	541	540
P	29 736	6,44	337 983	2,92	36 107	0,90	3,42	335	330
UK	23 240	5,03	338 720	2,93	63 494	1,59	3,18	312	310
EC 12	461 956	100,00	11 570 005	100,00	4 000 371	100,00	100,00	9 800	9 800

II. Peaches and nectarines

An allocation is proposed that takes account, as above, of the breakdown by producer Member State of the orchard area, average production in the marketing years 1991/92 to 1995/96 and aggregate withdrawals in the same years:

Member States	Orchards		Production		Withdrawals		Average		Proposal ha
	ha	%	tonnes	%	tonnes	%	%	ha	
B	0	0,00	1	0,00	0	0,00	0,00	0	p.m.
DK	-	-	-	-	-	-	-	-	-
D	0	0,00	20 265	0,48	223	0,01	0,16	16	10
EL	37 404	13,86	1 061 300	25,39	2 699 716	69,57	36,27	3 627	3 630
E	76 501	28,34	825 998	19,76	111 162	2,86	16,99	1 699	1 700
F	33 971	12,59	483 163	11,56	353 780	9,12	11,09	1 109	1 110
IRL	-	-	-	-	-	-	-	-	-
I	110 982	41,12	1 680 963	40,22	712 090	18,35	33,23	3 323	3 320
LUX	-	-	-	-	-	-	-	-	-
NL	0	0,00	1	0,00	0	0,00	0,00	0	p.m.
A	474	0,18	11 020	0,26	0	0,00	0,15	15	20
P	10 571	3,92	96 792	2,32	3 863	0,10	2,11	211	210
UK	-	-	-	-	-	-	-	-	-
EC 12	269 903	100,00	4 179 503	100,00	3 880 834	100,00	100,00	10 000	10 000

Proposal

COUNCIL REGULATION (EC) No /

of

on the improvement of the Community production of apples, pears, peaches and nectarines

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas a feature of the Community market for apples, pears, peaches and nectarines is a certain mismatch between supply and demand; whereas this situation justifies the re-introduction and extension to pears of the measures to improve Community production introduced for the 1990/91 to 1994/95 marketing years as regards apples and for the 1995 marketing year as regards peaches and nectarines;

Whereas the areas benefiting from this operation should be limited and the least productive orchards should be excluded from it; whereas these areas should be apportioned between the Member States on the basis of the orchard area, production and withdrawals of each Member State; whereas it should be possible to amend this apportionment to optimize the area grubbed up; whereas it is also necessary to allow the Member States to decide on the regions and conditions under which this operation shall apply so that its introduction does not disturb the economic and ecological balance of certain regions;

Whereas the premium, to be paid once only, must be established by taking account of both the cost of grubbing-up and the producer's loss of income;

Whereas the aim of the grubbing-up premium is to achieve the objectives laid down in Article 39 of the Treaty; whereas provision should be made for the measure to be financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF),

HAS ADOPTED THIS REGULATION:

Article 1

1. Apple, pear, peach and nectarine producers in the Community shall qualify, on application and under the conditions laid down in this Regulation, for a premium, to be paid once only for the grubbing-up of apple trees, pear trees, peach trees and nectarine trees.
2. The premium shall be granted for the grubbing-up of a maximum surface area of 10 000 hectares for each group of products, apples and pears on the one hand, peaches and nectarines on the other hand, divided as follows:

Member States	Apples and pears (ha)	Peaches and nectarines (ha)
Belgium	430	p.m.
Denmark	30	-
Germany	1140	10
Greece	620	3630
Spain	1320	1700
France	2750	1110
Ireland	10	-
Italy	2310	3320
Luxembourg	10	-
Netherlands	540	p.m.
Austria	150	20
Portugal	330	210
Finland	10	-
Sweden	40	-
United Kingdom	310	-

The above allocation may be amended by the Commission in accordance with the procedure referred to in Article 6 to optimize the area qualifying for a grubbing-up premium, within the maximum surface area limit laid down in the first subparagraph above.

3. The Member States:
 - shall designate the regions in which the grubbing-up premium is to be granted on the basis of economic and ecological criteria,
 - shall lay down conditions ensuring in particular the economic and ecological balance of the regions concerned.

They shall notify these regions and conditions to the Commission once adopted.

Article 2

1. The premium shall be granted subject to a written undertaking by the recipient:
 - (a) To grub up or have grubbed up, at one time, before a date laid down in accordance with the procedure referred to in Article 6, all or part of his apple, pear, peach or nectarine orchard, the grubbed-up area being at least 0.5 hectares per product group.
 - (b) To refrain from planting apple, pear, peach or nectarine trees, in accordance with the provisions laid down by the procedure referred to in Article 6.
2. For the purposes of this Regulation, and for each of the two product groups referred to in Article 1(2), "orchard" means all planted parcels on the holding with a density of 300 trees per hectare or more.

Article 3

The premium shall be fixed taking account in particular of the grubbing-up costs and the loss of income to producers carrying out grubbing-up operations.

Article 4

The Member States shall check whether recipients of the premium have fulfilled the undertakings laid down in Article 2. They shall take any further measures in particular to ensure compliance with the provisions of this scheme. They shall inform the Commission of the measures taken.

Article 5

The measures provided for in this Regulation shall be deemed intervention intended to stabilize the agricultural markets within the meaning of Article 3 of Regulation (EEC) No 729/70 of the Council of 21 April 1970 on the financing of the common agricultural policy¹, as last amended by Regulation (EC) No 1287/95². They shall be financed by the EAGGF Guarantee Section.

¹ OJ No L 94, 28.4.1970, p. 13.

² OJ No L 125, 8.6.1995, p. 1.

Article 6

The grubbing-up premium shall be determined and the detailed rules for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 46 of Council Regulation (EC) No 2200/96 of 28 October 1996, on the common organization of the market in fruit and vegetables³.

Article 7

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

³ OJ No L 297, 21.11.1996, p.1

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Proposal for a Council Regulation on improving Community production of apples, pears, peaches and nectarines

2. BUDGET HEADING INVOLVED

B 1505

3. LEGAL BASIS

Article 43 of the EEC Treaty

4. DESCRIPTION OF OPERATION

4.1 General objective

To reduce the quantities withdrawn through measures on production potential. There is a structural over-supply on the Community market which continues to be out of keeping with demand. It is therefore necessary to continue the improvement measures undertaken from 1990 to 1995 in the case of apples (Regulation (EC) No 1200/90) and in 1995 for peaches and nectarines (Regulation (EC) No 2505/95) and extend these measures to the Community orchard in pear trees. However, given the existence of the previous measures, the Council wanted to limit the current operation to 10 000 hectares per group of products, apples and pears on the one hand, peaches and nectarines on the other.

4.2 Period covered and arrangements for renewal or extension

This is a single measure which will not be renewed. It will be implemented as soon as possible, account being taken of the Council's request not to charge it to the 1997 budget.

5. CLASSIFICATION OF EXPENDITURE

Compulsory expenditure

Non-differentiated appropriations

6. TYPE OF EXPENDITURE

The proposal provides for the grant of a single grubbing-up premium to producers who, before a deadline to be fixed by the Commission having had the opinion of the Management Committee, grub up all or part of their apple, pear, peach or nectarine orchards. To ensure that the measure is not used to grub up unproductive orchards that have no effect on the market, and taking simultaneous account of the structure of the Community orchard, it is proposed to introduce a minimum grubbing-up area (0.5 hectares) and to limit the grant of the premium to those orchards with a plantation density equal or greater than 300 trees per hectare.

Provisions are proposed that allow the Member States to take account of varying regional circumstances and the minimum eligible surface area is divided between the Member States on the basis of the orchard, production and withdrawals in each State.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

The proposal lays down that the amount of the premium will be fixed by the Commission, having had the opinion of the Management Committee, taking account of the grubbing-up costs and the estimated loss of income for the beneficiaries. It is therefore not possible to calculate at this stage the expected cost of the measure without pre-empting the Commission decision. It is at most possible to produce a hypothetical estimate of the cost using the amount of the premium fixed by the Commission for the grubbing-up of peach and nectarine trees for the 1995 marketing year, i.e. ECU 5 000 per hectare grubbed up.

In this scenario, the overall cost of the measure can be estimated at:

ECU 5 000/ha x 2 10 000 ha = **ECU 100 MILLION**

7.2 Itemized breakdown of cost

(Commitment appropriations, ECU million in current prices)

Breakdown (apples - pears/ peaches - nectarines)	Budget year 1997	1998	1999	2000	2001	2002 and subs. yrs.	Total
BE (430ha/ p.m.) DK (30ha/ p.m.) DE (1140ha/ 10ha) EL (620ha/ 3630ha) ES (1320ha/ 1700ha) FR (2750ha/ 1110ha) IR (10ha/ -) IT (2310ha/ 3320ha) LX (10ha/ -) NL (540ha/ p.m.) ÖS (150ha/ 20ha) PO (330ha/ 210ha) SF (10ha/ -) SV (40ha/ -) UK (310ha/ -)							
Total (2*10 000ha)	-	102.5 *	p.m. **				102.5

* : = 100 * 1,025 (Double rate)

** : balance if necessary

8. FRAUD PREVENTION MEASURES

As in previous operations, anti-fraud provisions will be included in the detailed rules of application. They will be the same as those introduced in the past (Regulation (EEC) No 1196/90 and Regulation (EC) No 2684/95). However, Article 4 of this proposal already stipulates that the Member States must ensure that the beneficiaries comply with the undertaking they gave not to replant or extend production.

9. ELEMENTS OF COST EFFECTIVENESS ANALYSIS

9.1 Specific and quantifiable objectives; target population

In accordance with the request of the Council, the purpose of this measure is to grub up 10 000 hectares of apple and pear trees on the one hand and 10 000 hectares of peach and nectarine trees on the other hand.

This should result in the following reduction in Community production:¹

- apples: $10\ 000\ \text{ha} \times 71.1\% \times 25\ \text{t/ha} = 177\ 750\ \text{tonnes}$
- pears: $10\ 000\ \text{ha} \times 28.9\% \times 17\ \text{t/ha} = 49\ 130\ \text{tonnes}$
- peaches: $10\ 000\ \text{ha} \times 81.6\% \times 10\ \text{t/ha} = 81\ 600\ \text{tonnes}$
- nectarines: $10\ 000\ \text{ha} \times 18.4\% \times 10\ \text{t/ha} = 18\ 400\ \text{tonnes}$

If we assume that as a result of this operation Community withdrawals will drop by about 80% of these quantities, the resulting savings from the 1998/99 marketing year will be:²

- apples: $177\ 750\ \text{t} \times 80\% \times \text{ECU } 97.5/\text{t} = \text{ECU } 13.9\ \text{million}$
- pears: $49\ 130\ \text{t} \times 80\% \times \text{ECU } 92.8/\text{t} = \text{ECU } 3.6\ \text{million}$
- peaches: $81\ 600\ \text{t} \times 80\% \times \text{ECU } 128.2/\text{t} = \text{ECU } 8.4\ \text{million}$
- nectarines: $18\ 400\ \text{t} \times 80\% \times \text{ECU } 152.2/\text{t} = \text{ECU } 2.2\ \text{million}$

The outcome will be an average total saving on withdrawals of about ECU 28 million a year, a sum close to the expected cost of the measure (ECU 100 million), which will thus pay for itself in less than four marketing years.

Lastly, the final beneficiaries of the measure are the producers themselves.

9.2 Grounds for the operation

As this assistance is intended to stabilize an agricultural market, the measure is to be borne entirely by the EAGGF Guarantee Section in accordance with Regulation (EEC) No 729/70. Furthermore, as it acts directly on production potential, it will have a long-term effect on the level of withdrawals. Its attractiveness for producers depends, however, on the market situation for the products in question.

9.3 Monitoring and evaluation of the operation

The very nature of the measure allows its performance to be monitored immediately. The detailed rules of application will include the information

¹ Calculation is based on the following:

- the surface grubbed up for each product group is in proportion to the surface area of the orchards;
- the yields used are slightly smaller than the average yields which are 20 to 40 t/ha for apples, 15 to 30 t/ha for pears and 14 t/ha for peaches and nectarines.

² The withdrawal cost chosen is the average of the Community withdrawal premium valid for the 1998/99 to 2001/2002 marketing years.

**the Member States must send to the Commission in this regard so that it can
examine the results and then evaluate this operation.**

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