


GREEN EUROPE

NEWSLETTER ON THE COMMON AGRICULTURAL POLICY



**MECHANISMS OF THE
COMMON ORGANIZATION OF
AGRICULTURAL MARKETS
- CROP PRODUCTS**

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189

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- Series B: Descriptive bulletin. Irregular. Contains bibliographical references on a specified subject. Each new updating cancels the previous one.
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- l'édition A: Bulletin analytique hebdomadaire signalant des actes, des communications et des documents des institutions ainsi que des articles de périodiques. Les textes retenus et analysés par le Service Central de Documentation (SCAD-IX/C/1) concernent les activités des institutions et tous les domaines qui s'y rattachent.
- Le Service de documentation du Parlement Européen collabore à la sélection des articles de périodiques.
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**MECHANISMS OF THE
COMMON ORGANIZATION OF
AGRICULTURAL MARKETS
– CROP PRODUCTS**

Manuscript finished in December 1981

In response to many requests, GREEN EUROPE NEWSLETTER is publishing - in two separate issues - short descriptions of the machinery of the common organizations marketing the leading agricultural products in the EEC.

The presentation is descriptive and no attempt is made to analyse in economic terms this machinery, which, it must be remembered, has been built up as a result of Community decisions many of which represent compromise arrangements between the differing approaches and interests of the Member States.

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INTRODUCTION

For marketing purposes, almost all the European Community's agricultural production comes under what are known as "common organizations". Since the Community's arrangements for sheepmeat entered into force in October 1980, the only important products still not accounted for are potatoes and alcohol, and some years have already been spent on discussion of these two sectors.

Applied on a uniform basis throughout the Community for each product, the management rules have special features varying according to the characteristics of the various products. There are four main types of common organization, covering altogether more than 95 % of agricultural production.

- More than 70 % of the products are covered by arrangements providing guarantees, in one form or another, as regards disposal and prices. For the main cereals, sugar, milk products, beef/veal, and, since 1980, sheepmeat, an intervention system is operated : whenever market prices fail to match a given price, intervention agencies must buy in, at that price, all quantities offered by storers. The agencies sell them again when the market recovers or try to find another outlet, for example, by export. For other products - pigmeat, certain fruits and vegetables, table wines - market support is based, in practice, on more flexible measures, like storage aid, withdrawals by producers' groups, and distillation aids.
- About 25 % of production - other fruits and vegetables, flowers, wine other than table wine, eggs and poultry - is covered by arrangements based essentially on external protection. The arrangements are confined, in these cases, to protection of Community production from fluctuations on the world market by instruments such as customs duties, or levies, which are, as it were, variable duties. Some duties and levies are charged only during certain periods of the year.
- Supplementary aids are granted to a number of products : durum wheat, olive oil, certain oilseeds, and tobacco. These aids, confined to products of which the Community consumes more than it produces, enable consumer prices to be kept relatively low while ensuring a minimum income to producers. They may be combined with certain forms of price or disposal guarantees.

- Flat-rate aids paid by the hectare or by quantity produced are paid for only a few products the volume of production of which is not large : cottonseed, flax, hemp, hops, silkworms, seeds, and dried fodder.

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But however diversified the mechanisms of the common organizations for the various products, the objectives, the fundamental principles and management are all based on a single approach.

The objectives are :

- improved productivity,
- equitable incomes for farmers, mainly achieved through the sale of their productions,
- market stability and reliable supplies for the markets,
- reasonable consumer prices.

The following principles are those underlying the common organizations :

- a single market is set up, i.e. products may be moved unhindered within the Community. Customs duties, equivalent charges or subsidies distorting competition are not allowed. This also entails the introduction of common prices, the harmonization of administrative, health protection and veterinary regulations, common quality standards, and stable currency parities;
- the Community preference is an essential corollary of single markets. It means that the Member States give preference to Community production and protect themselves together, at the common external frontier, against sharp price fluctuations on the world markets and low-price imports;
- common financial responsibility is the practical expression of solidarity between the various regions of the Community and enables the common organizations to be operated as such. The key instrument for this is the European Agricultural Guidance and Guarantee Fund (EAGGF).

For certain agricultural products of which surpluses build up easily -

mainly milk products and sugar - the principle of the financial "co-responsibility" of producers has been introduced in various forms.

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As the market organizations have been gradually introduced, the prices fixed for the agricultural products have become common prices. Each year, on the basis of proposals from the Commission, the Council of Ministers fixes common prices for the following season. The type of price is, of course, not the same for each product and also depends on the kind of guarantee it is desired to ensure.

Some prices are fixed with the main objective of controlling the Community's internal market (target prices, guide prices, intervention prices, etc.) while others have the main aim of ensuring Community protection and preference vis-à-vis external markets (threshold prices, sluicagate prices, etc.).

In the absence of a single European currency, the prices are denominated in ECUs, the common unit of account, which, if it is to be used properly, presupposes stable parities between the Member States' currencies. Because no such stability has been achieved in practice, price levels are in fact not the same in the various Member States.

Following the currency difficulties which have occurred since 1969, the authorities have had to introduce "monetary compensatory amounts" (MCAs) to offset, between the various Member States, the impact on the common prices of variations in currency exchange rates. By means of this device, the principle and system of common prices, and with them the principle of the single market, can be kept intact, so that as and when the relationships between the currencies become more stable it will be possible to revert automatically to a more fully integrated market. The European Monetary System (EMS), set up in 1979, has enabled the MCAs then existing to be reduced quite sharply.

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Under the agricultural policy, a single system for trade across the common external frontiers has been introduced. This system has replaced all the schemes operated by the Member States, including quantitative restrictions. Its aims are :

- to protect Community agricultural prices against imports at lower prices, and
- to enable Community operators to participate in world trade, but of course international obligations are at the same time complied with.

The main instruments used for the implementation of the external trade arrangement are only three in number : import levies and/or customs duties, and export refunds.

The levies, related to the prices to be maintained within the Community, are designed to neutralize price fluctuations on the world market, and thus to stabilize the EEC markets. The levy is a variable charge and its role cannot be compared with that of the customs duty. If products from non-member countries are offered for import at the common frontier at prices falling short of those fixed by the Community, a levy bridges the gap.

If world supply prices exceed the threshold prices, the Community also has power to charge levies on its own exports in order to prevent European agricultural products being drained out on to the world markets and in order to ensure reasonable prices for Community consumers.

The export refunds are theoretically "refunds" of the import levies. They are designed to bridge the gap between the internal Community prices and world market prices, so that Community agricultural products can in fact be sold on world markets.

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The Commission manages the unified agricultural markets under the basic regulations and the implementing regulations adopted by the Council of Ministers. Management decisions taken by the Commission are referred beforehand to management committees. These committees, made up of representatives of the Member States, but chaired by a Commission official, have been set up for the various groups of agricultural products covered by common arrangements.

Advisory committees, bringing together representatives from the various interests concerned (producers, processors, dealers, paid workers, consumers), also assist the Commission in the management of the agricultural markets.

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I. THE COMMON ORGANIZATION OF THE MARKETS IN CEREALS

A. General picture of the cereals sector

As a basic product, cereals have a key position in the common organization of the agricultural markets as a whole.

This fact affects the prices of cereals, which tends to guide or influence the overall level of agricultural prices.

During the 1980/81 marketing year, about 124 million tonnes of cereals (not including rice) were harvested in the Community; this is about 12 to 13 % of world production (1.137 million tonnes) and is also an absolute record.

70 million tonnes of cereals were grown in 1960, but by 1968 output had risen to 80 million tonnes.

The main reason for this increase is an improvement in yields per hectare.

In 1980, the total area under cereals was nearly 27 million hectares, or about 29 % of utilized agricultural area (UAA). Over the last three years, there has been little change in this figure.

Of the 124 million tonnes of Community cereals, 54 million tonnes are wheat, about 80 to 85 % of which can be considered as of breadmaking quality. About 70 million tonnes of other cereals are grown. For purposes of comparison, we may note that the world harvest of feed grains is about 770 million tonnes. The Community grows 41 million tonnes of barley, 17 million tonnes of maize, 3 million tonnes of rye and 7.5 million tonnes of oats.

A large proportion of the cereals grown is fed directly to livestock on the same farm.

The EEC's degree of self-sufficiency in cereals exceeded 100 % for the first time in 1980/81.

Exports, at 21 million tonnes, exceeded imports, totalling 14 million tonnes.

The main reason why the Community imports and exports large quantities

of cereals although it is fully self-sufficient, is that more wheat is grown than is needed. In addition, it does still need some extra quantities of quality wheat, but, in particular, is heavily dependent on imports of feed grains, including an average annual quantity of 12 million tonnes of maize ("corn")

Nor should it be forgotten that the Community also imports about 25 million tonnes of protein- and starch-rich animal feed, mainly soya, manioc and corn gluten feed, (a maize product), which replace both home-grown wheat and feed grains.

If imports of these products were not counted, the EEC would have imported in 1980/81 much larger quantities of cereals than it exported.

B. Cereals : the machinery of the common organization

Because of its importance, the common organization of the markets in cereals was one of the first to be set up, as early as in 1962. It has since been adapted and amplified, the latest main changes having been made in 1975.

The common organization covers products processed from cereals as well. It is based on the principle of freedom of movement on the internal market, which had previously been guided only through the price system. However, the steady increase in expenditure for the disposal of cereals, resulting from a higher rate of self-sufficiency, has led the authorities to contemplate curtailing the present price and disposal guarantees, which have so far been virtually unlimited.

1. Prices

- a) The main factor in the price system is the single intervention price for common wheat, barley and maize. From 1982/83 onwards, in accordance with decisions taken by the Community's Council of Ministers on agricultural prices, the intervention price for rye will also be at this level.

The intervention agencies must buy in at the intervention price all cereals offered to them throughout the marketing year provided they meet minimum quality criteria.

b) The second factor in the price system is the reference price applicable to wheat of breadmaking quality. Since 1981/82, this reference price has been fixed for an average quality. Previously it had been fixed, by derogation, solely for a minimum quality.

The price is above the intervention price for feed grains (feed wheat, barley, maize). The aim is to prevent feed wheat, which, because of its high yields, enjoys an advantage over wheat of breadmaking quality, from obtaining the same price as the latter.

The reference price for wheat of breadmaking quality is not an absolute guarantee but a factor in the construction of the target price, which is designed to provide a sufficient margin for wheat of good quality of Community origin. This ensures that this wheat obtains on the internal market, from the various users, adequate quality-related remuneration. The Commission may intervene whenever market prices for wheat of breadmaking quality fall appreciably below the reference price.

c) The price system taken as a whole - the above two factors being the main part - constitute what is known as the "silo" (1).

The principle underlying concept of the silo that it is considered that in the main surplus area (Orléans-Ormes, in France) market prices may exceed the intervention price by 2 % for barley, 6 % for wheat, 10 % for maize, i.e. the wheat and maize market prices correspond to their value as feed, as related to the market price for barley and, for wheat, are 4 % higher, and 8 % higher for maize.

d) Other important factors in the price system :

- the target price : this price gives, for the various types of cereals, the level of price regarded as appropriate for the Community's deficit area (Duisburg, Germany). It is fixed so as to ensure harmonious disposal of Community cereals production and thus to contribute to the achievement, through the market, of an appropriate income for growers.

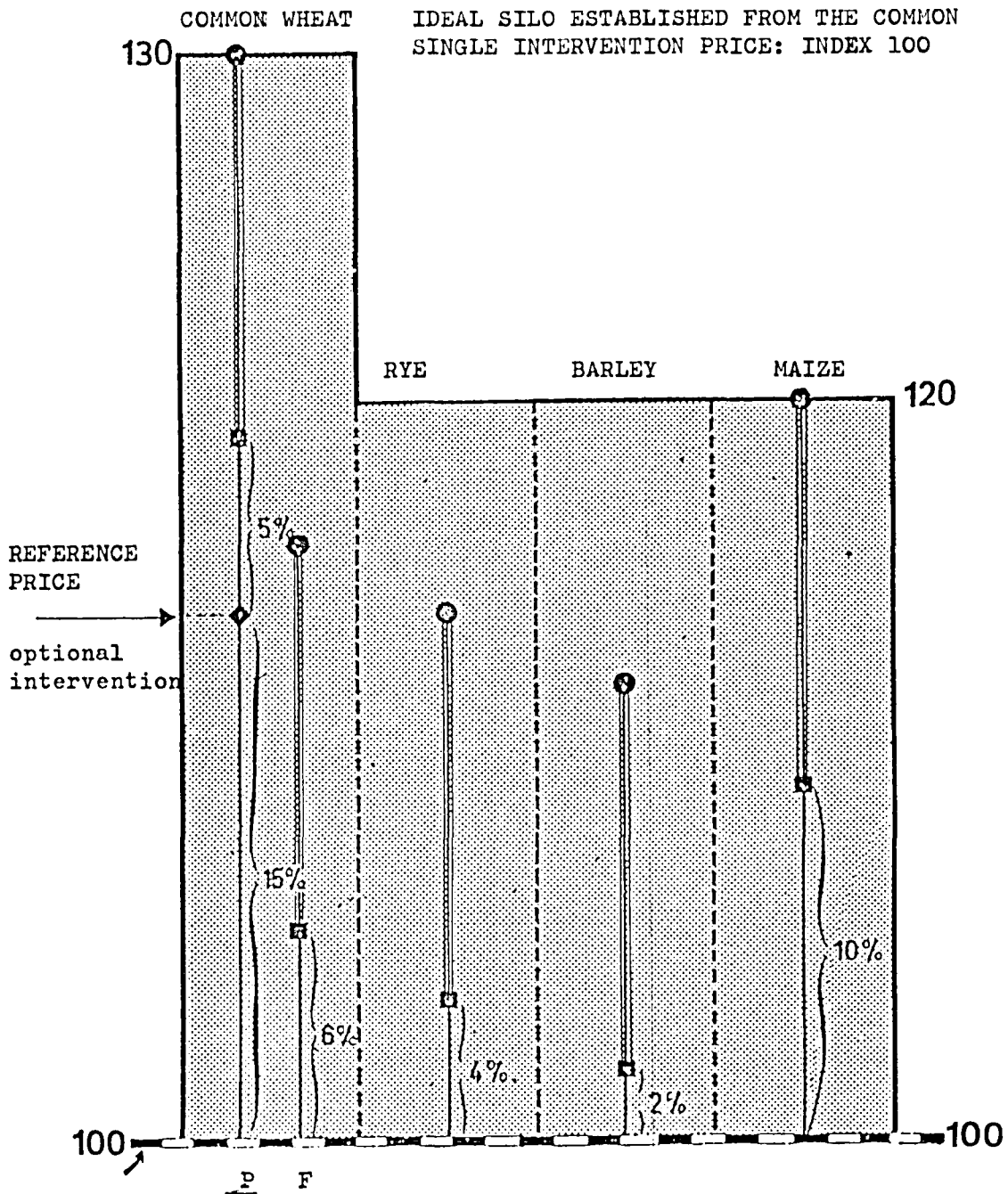
- the threshold price : this price is derived from the target price and is applicable at the external frontier of the EEC on imports. It is fixed so that cereals imported from non-member countries cannot be offered on the Community's internal market at a price below the target price.

(1) See the diagram showing the "silo" on the following page

It is a Community preference device ensuring priority for the disposal of home grown cereals.

- For the intervention, target and threshold prices of all the cereals and for the reference price of wheat of breadmaking quality, monthly increases are fixed : the carry-over increases. These are designed to prevent pressure on the market during the early months after the harvest and to ensure a smooth flow of supplies for as long as possible throughout the year.

COMMON ORGANIZATION OF THE MARKETS IN THE GENERAL SECTOR



PERMANENT INTERVENTION

LEGEND

- ◻ : Market price ex surplus area (Orléans/ormes)
- : Market price arrival deficit area (Duisburg)
- : Regionalization factor (freight costs Orléans/Duisburg)
- $\frac{P}{F}$: Breadmaking wheat
- $\frac{F}{P}$: Feed wheat

2. Intervention in the markets

- a) As already mentioned, the intervention agencies in the Member States must, throughout the marketing year, buy in at the intervention price all cereals offered to them meeting minimum quality standards. This is the compulsory intervention scheme, also known as "A intervention".
- b) Other measures can be taken to forestall any unduly sharp drop in prices or large-scale buying-in by the agencies. These are called "B intervention" measures.

These measures, taken at the initiative of the Commission or at the request of the Member State to support the market, comprise, in addition to direct buying in early in the season, optional and specific measures such as a storage premium.

Such premiums can be used to delay marketing and thus throttle back for a time supplies, a market support device.

- c) To support the market in wheat of breadmaking quality, the Commission has a number of possibilities. Depending on the market situation, it can, after consulting the Management Committee for Cereals, implement one or more specific intervention measures.

Normally, payment of the reference price for breadmaking wheat of average quality is not to be ensured by compulsory intervention measures but by optional measures such as, for example, the payment of a storage premium or buying-in limited in time and by volume and by region, carried out by the intervention agencies. These measures can also be applied to other qualities of breadmaking wheat than the average quality. Thus, until the 1981/82 marketing year, unlimited buying-in of breadmaking wheat of minimum quality was allowed at the beginning of the year.

- d) At the end of the year, end-of-season carryover payments for wheat, rye and maize stocks from the Community harvest can be made. The purpose of this is to prevent interruption of supplies to processors and to ensure that cereals which will still be needed in the last two months of the old year and until the beginning of the new year being sent to intervention by holders at the end of the carryover period, i.e. in May.

3. Trade with non-member countries

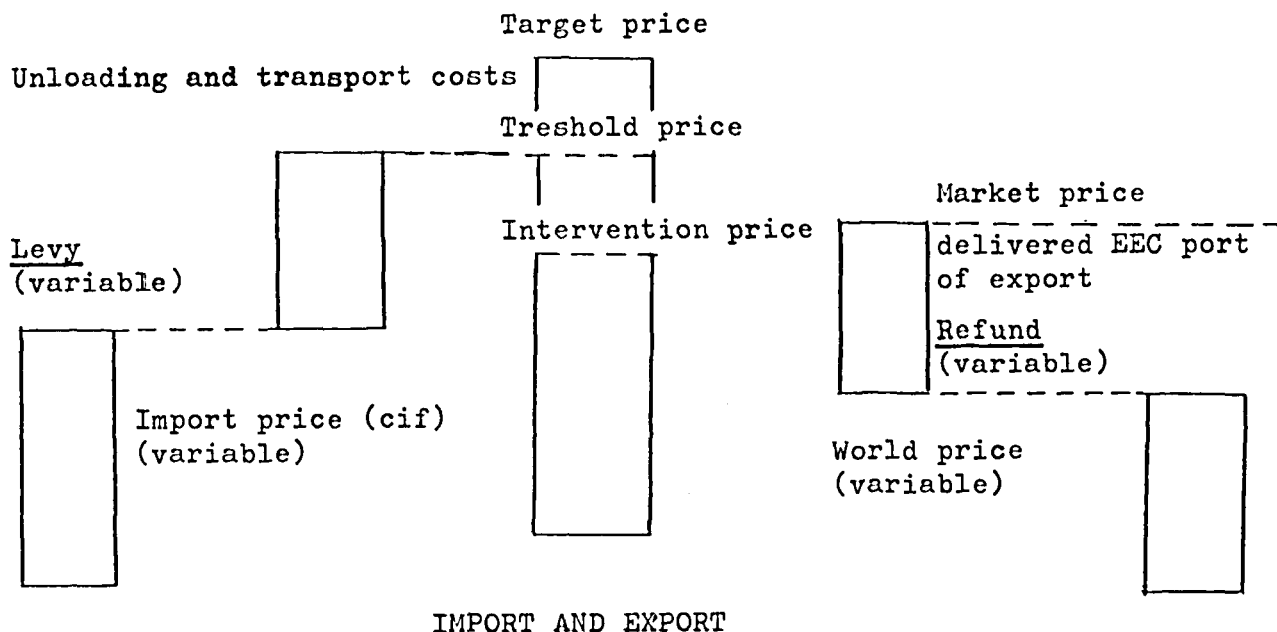
- a) To ensure that the threshold price is complied with, a levy is charged on imports of cereals from non-member countries.

The levy matches the difference between world market prices expressed as prices cif Rotterdam and the threshold prices. It is fixed every day by the Commission for the various cereals. For processed products coming under the organization of the market in the cereal sector, the levy is normally fixed only once a month. The levy on processed products includes a variable component reflecting the world market price situation for the basic product concerned (incidence of raw materials) and a fixed component which is designed to protect the Community's processing industry.

- b) As the Community now has cereals surpluses as a result of production increases, the stagnation of consumption and an increase in imports of substitutes, it depends more and more - apart from the internal intervention measures described above - on an active export policy to clear its markets.

Exports of cereals by the Community are made possible through the device known as "refunds". These payments eliminate the difference between internal market prices and world market prices, which are generally lower.

Mechanism of levies and refunds on wheat



c) Imports and exports must be licensed. Licenses are granted, however, without limitation. They can be granted with or without advance fixing of the levies or refunds. By the advance fixing device, the importer or exporter can ensure application during a certain period of the levy or refund in force on the day the license was issued.

The period of validity of advance fixing can be reduced or eliminated altogether should there be "turbulence" on the market.

4. Other provisions

In addition to the essential instruments described above, the common organization also includes a series of secondary provisions which have local or regional importance (e.g. aid to durum wheat, subsidy for rye of breadmaking quality) or sectoral importance (e.g. refund for the production of starch).

II. THE COMMON ORGANIZATION OF THE MARKETS IN RICE

A. General picture of the rice sector

In terms of volume, rice-growing in the Community is a minor activity in the agricultural sector. In 1980, the areas devoted to rice as a proportion of the total utilized agricultural area (UAA) were only about 0.2 %. In some regions, however, rice-growing is very important. For example, in the province of Vercelli, in Italy, about 70 % of the UAA is under rice.

Where the salt content of the soil is high as in the Rhône delta or in the Serrai basin (eastern Macedonia) this crop may in fact be the only one that can be grown.

In the Community more than a million tonnes of paddy rice were harvested in 1980/81. This is only just a quarter of 1 % of world production of 395 million tonnes. Italy leads by far the other countries in rice production not only in the Community but also in Europe as a whole. In 1980, the harvest there was 970.000 tonnes. By contrast, in Greece and especially in France, rice is grown on marginal land which cannot be used for anything else because of the high salt content.

Whilst Community production is a tiny proportion of world production, yields per hectare (more than 5 tonnes) are among the highest in the world. The reasons for this are a steady improvement in methods of cultivation and a developed use of methods of production in increasing yields (mineral fertilizers, new varieties, weed killers and insecticides).

All in all, the Community produces less than it consumes. Every year, more than 400.000 tonnes (not including inward processing traffic) is imported from non-member countries. None the less, Italy has surpluses which for various reasons (consumer habits, quality, etc.) cannot be marketed in the Community.

Italy's average exports (to both member and non-member countries), representing more than 400.000 tonnes, or about 3 % of world trade, substantially exceed Italy's share in world production. Italian rice exports vary - depending on the harvest - in a range from 50 to 60 % of Italian production.

B. Rice : the machinery of the common organization

The rice market organization can be considered as the junior partner of the cereals market organization. Here again, there is a price scheme plus trade arrangements.

a) Price and intervention arrangements

The price system hinges around the intervention price, which is fixed annually by the Council of Ministers for paddy rice. Since the 1980/81 marketing year, the intervention price has been fixed at a uniform level for round-grained and long-grained rice. Previously, higher prices were fixed for the various long-grained varieties, to stimulate production of them. The differentiation of prices was discontinued when growing of round-grained rice declined so sharply that even in Italy, a producing country, imports had to be brought in from non-member countries.

As for wheat, barley and maize, a target price is fixed, for the first stage of processing (husked rice). For wheat the target price is calculated from Orléans-Ormes (place of intervention), in the Department of Loiret (France), but the target price for husked rice is calculated from Vercelli (Northern Italy), the place of intervention for this product. This system of calculation should allow of movement from the main surplus area to the main deficit area. For this reason, transport costs, processing costs of husked rice and a market component, corresponding to about 11 % of the intervention price, are included. The market component enables account to be taken of changes in market prices above the intervention price.

The third part of the price arrangements is the threshold price, which, as for the other cereals, is derived from the target price in such a way as to ensure that the product imported at Rotterdam cannot be offered on the Community's internal market at a price below the target price. For this purpose, transshipment and transport costs and a trading margin are deducted from the target price.

A threshold price is fixed both for husked rice and for milled rice. They are valid for all the points of frontier passage of the Community.

On the internal market, the prices are underpinned by :

- compulsory intervention : throughout the marketing year (September to August) the intervention agencies must buy in at the intervention price all the rice offered to them. As this obligation concerns paddy, intervention occurs, in practice, only in the Community's producer States;
- optional intervention (e.g. storage) and
- an end-of-season carryover payment.

Optional intervention and the carryover payments have not so far had to be used for market support, but compulsory intervention has been used, for the last time during the 1972/73 marketing year.

b) Trade with non-member countries

The two main components of the trade arrangements are the import levy and the export refund.

1. For imports, a distinction is made between round-grained rice and long-grained rice, for the quotations on the world market differ as between the two varieties. For the rice processing stages for which the threshold price has been fixed, the levy is the difference between the threshold price and the corresponding cif price. As for the other cereals, the cif price is calculated for Rotterdam. For the other categories of rice (paddy, semi-milled), the levy is derived from the price of the corresponding product. For processed products made from rice (flour, meal, flakes, etc.), the levy includes a variable component reflecting the situation with regard to the world market price for the corresponding basic product (incidence of raw material) and a fixed component which is designed to ensure protection of the Community's processing industry.
2. As for imports, exports are guided by price arrangements. The machinery used by the Community for this purpose is the export refund, which can be used at discretion to bridge the price difference between the internal market and the world market.

In the rice sector, this instrument has proved the most effective device for the support of the market.

3. As for cereals, licences must be obtained for external trade, and the levies or refunds can be fixed in advance.

c) Nearly all the rice grown in the world is consumed in Third World countries. For this reason, an appreciable proportion of Community surpluses is sent out under food aid arrangements.

For rice imports from ACP States (mainly Surinam) and Egypt, the Community has also set up a preferential scheme in the form of a reduced levy designed to facilitate access for these countries to the Community market.

III. THE COMMON ORGANIZATION OF THE MARKETS IN SUGAR

A. General picture of the sugarbeet and sugar sector

The production of sugarbeet represents 2.6 % of agricultural production and covers 1.8 million hectares, or 2 % of the cultivated land of the Community. The area under beet has increased by nearly 3 % a year since 1973 and the yield in sugar per hectare of beet has also increased, by about 2 % per year.

The increase in beet planting, combined with a higher sugar yield, has meant a sharp increase in Community sugar production, which has reached on average about 12 million tonnes in recent years, of which 10.9 million are produced under Community price and marketing guarantees.

Consumption has been marking time at about 9.5 million tonnes and the self-sufficiency rate has in recent years been running at somewhere between 125 and 130 %. The market can therefore not be balanced without exports.

Sugar produced in excess of needs amounts, given a normal harvest, to about 2.9 million tonnes. But the Community has entered into undertakings under the Lomé Convention whereby it has agreed, since 28 February 1975, to import from certain ACP countries (Africa, the Caribbean, and the Pacific) about 1.3 million tonnes of sugar (white sugar value) by twelve months delivery period, this sugar being largely refined in the United Kingdom.

Including these imports of preferential sugar from the ACP countries (1.3 million tonnes), the Community in a normal year has 4.2 million tonnes of sugar to export on the world market.

Thus, the EEC is a major exporter on the world sugar market, on which there are wide fluctuations in available quantities and in prices, with consequent impact on its production of non-quota sugar and the subsequent export of this sugar.

About 100 sugar refineries operating about 200 factories work in this sector.

The production of isoglucose is about 185.000 tonnes (dry matter). Isoglucose is a direct industrial substitute obtained solely from maize; since the 1979/80 marketing year, (1) it has also been subject to Community arrangements with production quotas.

(1) In fact, common measures were instituted for isoglucose on 1 July 1977

B. Sugar : the machinery of the common organization

Established on 1 July 1968, the common organization of the markets in sugar has special features distinguishing it from those for the markets of other agricultural products in that there is a scheme with differentiated price and disposal guarantees with production quotas by firm. The guarantees are offset by a co-responsibility arrangement for beet growers and sugar manufacturers in respect of budget costs arising from the disposal of sugar surpluses.

These arrangements, adopted in 1967 by the Community, have a historical justification in the fact that most of the Member States which are producers were operating before that time national schemes for price arrangements and production quantity restrictions.

This production system, originally planned for seven marketing years (from 1968/69 to 1974/75), was renewed, with very little change, along the same lines for a further five years and expired on 30 June 1980.

In the meantime it became clear that common measures were needed in respect of the production of isoglucose. Beginning first with a production levy, the Community then instituted, in July 1979, a production quota system for isoglucose similar to that applied to sugar. This arrangement also expired on 30 June 1980 and was renewed for 1980/81.

In 1981, new regulations, applicable from 1 July onwards, covering the 1981/82 to 1985/86 marketing years, were adopted (1).

The new system, and more specifically the arrangements concerning production, is based mainly on the following principles :

- a) production to be related to scope for disposal and all losses due to disposal of production surpluses to be covered by financial contributions from the producers so as to achieve "budget neutrality" for this sector ;
- b) a fair income to be ensured for beet and cane growers;
- c) the Community to be able to join the International Agreement on Sugar;
- d) offsetting as between bumper crops and poor crop to be encouraged;

(1) See also "GREEN EUROPE, NEWSLETTER" N° 180.

- e) account to be taken of regional changes in production of beet and cane in the direction of specialization;
- f) conditions to be provided enabling obligations concerning preferential imports of sugar to be complied with.

The common organization of the sugar markets now covers sugar obtained from beet and cane (sucrose) and its direct industrial substitute, sugar obtained from maize (isoglucose), with, however, a special treatment for this product to take account of its special nature. Thus the Community recognizes explicitly that the market in sweeteners is a single one.

In addition to a price and trade system little of which has been changed, the new organization includes, for five marketing years (1981/82 to 1985/86), a production system based on quotas combined with differentiated guarantees. As in the past but with adaptations, provisions specific to preferential imports of sugar and general provisions have also been laid down.

1. The production quota system

The quotas in the sugar and isoglucose production arrangements are distributed, given basic quantities fixed by Member State, between the industrial enterprises. The sum of the A quotas at Community level corresponds closely to internal consumption. B quotas are also fixed. The price and disposal guarantee is differentiated depending on whether production comes under quota A or quota B.

Sugar produced beyond the A and B quotas - "C" sugar - may not be marketed within the Community. Planters and manufacturers are free to export on to the world market at world market prices.

For the entire Community, the basic quantities total 9.516.000 tonnes for the A quotas and 2.242.000 tonnes for the B quotas, for sugar, and 157.649 tonnes and 40.436 tonnes respectively for isoglucose.

Both the A quotas and the B quotas can be reviewed for the 1984/85 and 1985/86 seasons. In future, the B quota, like the A quota in the past, will be fixed for each enterprise normally for the five relevant years and no longer each year as a percentage of the A quota.

The quotas are managed - i.e. the sugar and isoglucose quotas are assigned by enterprise and changed - by the Member States in which the firms are established, but Community criteria must be complied with. The quotas (A + B) can be varied throughout the period of application within a range of 10 % of the quotas originally allocated. This percentage represents a "strategic reserve": a sugar enterprise may lose up to 10 % of its original quota in favour of one or more other sugar enterprises or isoglucose producers established in the same Member State, and vice versa.

It has, however, been decided that, as under the previous scheme, this limit will no longer be set in Italy and in the French Overseas Departments whenever quota transfers are to be made under restructuring plans. But, for the French Overseas Departments, there is an innovation in that such transfers will now be possible from enterprises established in these Departments to enterprises established in the Metropolitan France, with a ceiling on the total quantity of 30.000 tonnes of white sugar (total A and B quotas).

2. Prices and trade

a) Sugar

1. With regard to prices, there is still an intervention price for white sugar and unrefined sugar fixed annually for each marketing season for the surplus areas of the Community. Regionalized intervention prices are derived from this price for the Community's deficit regions only (Italy, United Kingdom and Ireland). This represents the guaranteed minimum income ex refinery, since the sugar can be sold at this price to the intervention agency.

A target price is also fixed. It is 5 % higher than the intervention price. One of its purposes is to enable a threshold price to be calculated which, whilst ensuring Community preference (see 2 below) and given the Community's surplus situation, will enable an intervention price to be achieved at a level ensuring a fair income for producers.

The new organization retains the old "storage costs offsetting" system, designed to ensure smooth disposal of production throughout the year on the basis of a flat-rate reimbursement of storage costs and of the payment, by manufacturers, refiners and importers of preferential sugar, of a storage levy, the one being designed to offset the other.

In addition, as before, there is a minimum storage obligation on producers reinforcing this supply guarantee.

Lastly, the buying-in guarantee available throughout the year has not been changed and the possibility of intervention, in the form of production refunds which were originally paid only for sugar used in the chemicals industry, has been extended now to isoglucose.

2. The arrangements for trade with non-member countries include a threshold price and levies or refunds.

The threshold price represents the minimum price of entry into the EEC of imported sugar and is designed to ensure Community preference for sugar produced in the EEC on the internal market.

Import levies are charged whenever the price of sugar from non-member countries offered at the Community frontier fails to match the threshold price.

Export refunds may be paid insofar as necessary for exports to non-member countries and export levies may be charged whenever the world market price exceeds the intervention price and must be charged whenever the world price exceeds the threshold price.

b) For beet

The new organization provides for a basic price for beet, fixed annually. This is used as a reference to determine a minimum price for A beet and a minimum price for B beet. The minimum price will be 98 % of the basic price for A beet and 68 % of the basic price for B beet. These minimum prices correspond to the maximum production levies on A sugar at 2 % of the intervention price of sugar and on B sugar at 2 % plus 30 % (totalling 32 %) respectively of the intervention price. The final level of beet prices will thus depend on the production levies (see paragraph 3 below). In other words, if for example, the basic production levy were zero, the prices of A and B beet would be the same as the basic price for beet.

The price which the producer receives for non-quota "C" sugar depends on the world market price and does not depend on Community regulations but on contracts concluded with those concerned.

3. The financial responsibility of producers

A key innovation in the new organization of the market is that producers are now responsible for all costs engendered by the disposal of all the surpluses they produce. For the first time since 1963, the date of the introduction of the first common organization of the sugar markets, it is now provided that producers not only of B sugar and B beet but also of A sugar and A beet must make a financial contribution, i.e. including producers who previously had enjoyed 100 % guarantee in respect of prices and disposal.

This is an innovation as a result of which the sugar sector should not involve heavier charges to the budget than it generates revenues accruing to it. Henceforth, normally, a production levy not exceeding 2 % of the intervention price will be payable on all production (A + B) for the disposal of surpluses. If the financial losses are not covered in their entirety by the yield from the levy, a second levy, this time only on B production, will be charged, up to a maximum of 30 % of the intervention price, i.e. a total of 32 % on the production of B sugar.

Isoglucose will be treated in the same way, but only up to that part of the levy still chargeable to the manufacturer in the two cases (A and B).

A final point ensuring "budget neutrality" is that any negative balances resulting from the above ceilings and any positive balances resulting from the charging of export levies (when there is a world market shortage) are carried over from one marketing year to the next.

In this connection, if a negative balance were not covered by the yield on the two production levies, it has been decided that the maximum of 30 % of the B sugar levy could be raised to 37.5 % of the intervention price for the following marketing year (i.e. that the production of B sugar could thus carry in full a charge of 39.5 % of the intervention price).

4. Preferential imports of sugar

To underpin traditional trade flows, particularly in respect of sugar produced in certain African, Caribbean and Pacific countries (in accordance with undertakings entered into by the Community when the three new countries joined), a differential levy had been introduced on all preferential imports of unrefined sugar which were not to be refined in a pure

refinery (as opposed to sugar processing, which first produces white sugar directly from beet and which can, in addition, refine crystallized unrefined sugar). This levy will be gradually phased out.

5. National aids

France is authorized to go on paying, for the next five marketing years, national adaptation aids in respect of sugar cane and sugar production in the French Overseas Departments, in view of the special conditions prevailing there.

Italy has been authorized to pay national adaptation aids for beet growing and sugar production in the central and southern areas of Italy up to the present level, but in the northern regions these aids must be phased down over the next five marketing years each year by an amount of 2 % of the relevant intervention price.

6. General measures

These measures are mainly concerned with rules of procedure stipulating that the Community may adopt any special provisions needed to enable commitments arising from membership of the International Agreement on Sugar, if the Community joins, to be properly complied with.

IV. THE COMMON ORGANIZATION OF THE MARKETS IN OILS AND FATS AND PROTEIN SEEDS

A. OILS AND FATS

In 1979 the total use of unrefined oils and fats in the Community was about 10 million tonnes, broken down as follows :

- 5.2 million tonnes of unrefined vegetable oils and fats,
- 3.1 million tonnes of unrefined animal oils and fats,
- 1.6 million tonnes of butter.

Community production was as follows :

- 1.2 million tonnes of vegetable oils and fats,
- 2.1 million tonnes of animal oils and fats,
- 1.9 million tonnes of butter.

The degree of self-sufficiency in oils and fats (not including butter) was 40 % in 1979, but in respect of vegetable oils and fats the proportion was only 22 %.

I. OLIVE OIL

1. General picture of the olive oil sector

Most of the production of olive oil in the ten countries is accounted for by Italy and Greece with a modest contribution from France. In terms of volume, average production of these three countries is 450.000 tonnes for Italy, 250.000 tonnes for Greece and 1.500 tonnes for France, or an annual total of about 700.000.

In a normal year, the Community produces about 47 % of world production of olive oil. However, because of peculiar features of olive tree production (alternate bearing), the production of olive oil may fluctuate very widely from one year to the next.

The areas under olive trees total about 2.8 million ha (2.280.000 ha in Italy, 520.000 ha in Greece and 38.000 ha in France), or about 28 % of total world acreages used for this purpose.

These areas change little. Estimates put the Community total of olive trees (including those growing wild) at 307 million stems (185 million in

Italy, 117 million in Greece and 5 million in France).

1.200.000 families in Italy, 500.000 families in Greece and 40.000 families in France grow olives.

Production is concentrated in regions where often there is no other work available : in general these are dry areas where other farming is impossible, so that the maintenance of the tree numbers is an important matter, from the environmental point of view, as well as the economic point of view.

Olive-growing is thus often the main, and sometimes the sole source of income of the growers.

2. The machinery of the common organization : olive oil

The olive oil market is exposed to keen competition from other oils available at much lower prices. In order to reconcile the interests of the producers - by ensuring a price yielding a fair income - with the need to maintain competitive prices on the consumer market, the common organization of the olive oil market, set up in 1963, included from the outset the payment of an aid to producers to bridge the gap. This costly system is not very efficient and has been replaced by a new olive oil market organization system which started operation with the 1978/79 marketing year.

a) Internal price and aid arrangements

The Council of Ministers fixes the following prices annually :

1°) Producer target price

The price to the grower deemed desirable in view of two objectives : ensure him a fair income and maintain the volume of Community production.

2°) Market representative price

Fixed at a level allowing of the normal disposal of oil produced, taking account of the prices of competing products. A general rule of thumb is that a price ratio between 2 and 2.5/1 as between olive oil and seed oil allows of the disposal of the former.

3°) Intervention price

This is the price at which the intervention agencies must buy in all quantities of olive oil of a given quality offered to them. It therefore constitutes a guarantee for growers.

Two aids are also available :

- The production aid is uniform throughout the EEC and is granted only in respect of olive trees planted before 1 November 1978. It is paid to growers and therefore "tops up" the income they gain from the market;
- Consumption aid is granted for olive oil produced in the EEC when the producer target price minus the production aid exceeds the olive oil market representative price. This aid, granted to olive oil packaging plants, is designed to allow of greater disposal of Community olive oil produced by achieving a better price ratio as between olive oil and competing seed oils.

b) Trade with non-member countries

A threshold price is fixed for olive oil imported from non-member countries so that the selling price of the imported produce will, when crossing the EEC frontier, be at the level of the representative market price.

Whenever the price of olive oil imported from non-member countries is below the threshold price, a levy is charged matching the difference.

When the Community market price exceeds world market prices, the difference between these prices can be made up in respect of exports by a refund. Without the refund, traditional export flows, for example to the United States, could not be maintained.

c) Other instruments : The register of olive cultivation

Because of the need for data on the potential for olive and olive-oil production in the Community and in order to improve the operation of the Community aid scheme, it was decided in 1975 to establish a register of olive cultivation in the Member States producing olive oil. The register is financed by a deduction from the production aid.

II. OILSEEDS

1. General picture of the oilseeds sector

Community regulations cover the oilseed and oil fruits sector and oils and fats of vegetable origin or extracted from fish or sea mammals. Among

these, the most important products for the Community, dealt with below, are colza, rape, sunflower, flax, castor and cotton seeds.

These products are increasing in importance to the Community, not only in respect of the oils, for which the Community has a deficit of 78 %, but also with regard to oilcake, i.e. protein, for which the Community deficit is no less than 95 %.

1°) Colza and rape seed

The areas sown with colza and rape seed are by far the largest of the areas under oilseed. The total is steadily growing. The figure for 1980/81 was about 750.000 ha, or 40 % more than the year before.

Community production in 1980/81 was in the order of two million tonnes of which one million was produced in France.

Community seed is crushed mainly in Germany, which, with 750.000 tonnes of Community seed placed under supervision at oil mills, is well ahead of France (650.000 tonnes) and the United Kingdom (380.000 tonnes).

The approximate production of oil is estimated at 800.000 tonnes and that of oilcake at 1.100.000 tonnes.

Imports in 1980/81 were about 300.000 tonnes of seed. Following the increase in production of Community seed, the volume of imports has been lower in the last two seasons.

The main problem in this sector arises in connection with disposal of the oils : part of the production of colza and rape oil is regarded as a by-product of the production of oilcake, the demand for which is very heavy.

Imports of cake are running at an annual average of about 250.000 tonnes.

2°) Sunflower seed

Grown on about 200.000 hectares in France and in Italy, sunflower is a plant which is steadily increasing in importance in the Community.

During the 1980/81 marketing year, production was 320.000 to 330.000 tonnes, with an increase in area sown of 25 % and an increase in production of 37 % over the preceding year.

Most Community seed is crushed in the Federal Republic of Germany. Community production of oil is 125.000 tonnes and that of cake about 140.000 tonnes.

During the 1980/81 year, 810.000 tonnes of sunflower oil were imported.

Imports of sunflower cake were about 500.000 tonnes. There is therefore a great deal of scope for the expansion of sunflower production in the European Community.

3°) Soya beans

Compared with an import total of 10 million tonnes of beans and 7 million tonnes of cake, Community production of soya, at 15.000 tonnes, is practically negligible. Varieties are not yet adapted to our regions, but research continues. A production total of 100.000 tonnes should be reached within a few years.

4°) Castor seed

Only 15 hectares are used for cultivating castor seed in the Community. In the Community this crop is still at an experimental stage, confined to the South of Italy.

Community demand is about 75.000 tonnes, corresponding to about 160.000 tonnes of seed.

5°) Flax seed

Flax is grown in three Member States, Belgium, France and the Netherlands.

The area under fibre flax (50.000 hectares) and oil flax (4.000 to 5.000 hectares) yields a total of about 60.000 tonnes of seed. Crushing is carried out mainly in the same three countries and yields about 20.000 tonnes of oil. Community demand for oil being 120.000 tonnes, the shortfall is made good by imported seed or oil.

6°) Cotton seed

The areas under cotton seed in the Community (ten countries) are about 130.000 hectares, yielding about 25.000 tonnes of oil.

Imports, about 20.000 tonnes, give Community utilization of cottonseed oil of about 45.000 tonnes.

The oil is used mainly as table oil or for margarine.

2. Oilseeds : the machinery of the common organization

The Community being far from self-sufficient in seed, oil or oilcake, extremely liberal import arrangements were made in 1966 : as a result, these products can be brought into the Community without quantitative restriction of any kind and there is no levy. Only customs duties are charged, and these have been fixed at zero for seed and cake, but at 5 to 15 % for oils, depending on the degree of processing (from unprocessed to refined).

However, it is also Community policy to support the internal market so that Community production can be stepped up and fair incomes for growers ensured : prices prevailing on the world market for these products are well below production costs and prices within the Community.

The support arrangements for the various products are as follows :

1° Colza and rape seed and sunflower seeds

- a) A target price : price fixed at a fair level for seed producers, having due regard to the need to maintain the volume of Community production.
- b) An intervention price : price ensuring for producers the sale of their products at a level as near the target price as possible, taking into account market variations.

Growers can sell their seed at this price to an intervention agency.

- c) A crushing aid for such seed enabling processors - in the absence of import levies on these products imported from non-member countries - to crush seed produced in the European Community in at least the same conditions as that imported.

The aid matches the difference between the target price and the world market price and is fixed at least once a week.

2°) Soya beans, castor seed and cottonseed

These three sectors have identical arrangements.

- a) A norm (1) price : price fixed at a fair level for growers, having due regard to the Community's supply needs.
- b) A minimum price : price ensuring that growers will be able to dispose of their seed at a price as near the norm price as possible.
- c) An aid : matching the difference between the norm price and the world market price. This aid is paid to the first buyer (for soya) or the the de-seeding or grinding firm (for cotton and castor) provided that a contract between the purchaser and the producer ensures the payment of the minimum price to the latter.

(1) In some of the legislation the norm price is referred to as the "guide" price.

3°) Flax seed

- a) A norm price fixed at a fair level for producers, having due regard to the Community supply needs.
- b) An aid matching the difference between the norm price and the world market price applied to a standard seed yield per acre. The aid is paid to the flax scutcher in respect of fibre flax and to the grower in the case of seed flax.

B. OILSEEDS

1. General picture of the oilseeds sector

As already mentioned, the Community produces far less protein than it needs. The rate of self-sufficiency is only about 5 %, and large quantities must be imported, mainly for animal feed, especially in the form of soya beans or cake.

After the supply difficulties which arose on the world market in proteins in 1973, the EEC attempted to improve its position by expanding Community production.

One of the steps contemplated was the creation of a common organization for dried fodder (1974), another the introduction of special measures for peas and field beans.

1.1 Dried fodder

This sector includes dried potatoes or potato meal, the products of grasses dried artificially by heating, the products of legumes dried artificially by heating or sun-dried, and lucerne and grass-juice concentrates.

The area under fodder crops for drying is about 150.000 hectares, yielding about 1.6000.000 tonnes of dried fodder.

The main producer is France, with 800.000 to 900.000 tonnes.

Community imports are running at about 400.000 tonnes, which brings EEC consumption to about 2 million tonnes.

The main problem for this sector is the cost of fuel.

1.2 Peas and field beans

These are products traditionally used as animal feed, either processed in compound feed or fed directly to livestock on the farm.

The quantities sold to the compound cattle feed industry - the only products qualifying for Community aid - were 230.000 tonnes in 1980/81 for peas and 100.000 tonnes for field beans.

This corresponds to areas sown of 90.000 ha and 40.000 ha respectively.

2. Protein products : the machinery of the common organization

The support arrangements for the various products are as follows :

2.1 Dried fodder

a) Grass, legumes and their concentrates

- a guide price : fixed at a level which is fair for processors and which should normally be achieved on the Community's internal market.
- a flat-rate aid : fixed so as to improve the supply of proteins to the Community.
- a complementary aid : calculated on the basis of the difference between the guide price and the world market price for dried products. The two aids are paid to the processing industry per tonne of product.

b) Dried potatoes

A flat-rate aid paid to processors is designed to improved supplies in the Community and it is the only instrument used in this field.

2.2 Peas and field beans

- a) An activating price : fixed by reference to the value of the proteins contained in soya cake so that peas and field beans can be used in animal feed in normal conditions of competition with soya cake, whilst ensuring a fair income for producers.
 - b) A minimum price : a price guaranteeing to producers that they can sell their products at a price as near as possible to the activating price.
 - c) An aid : calculated on the basis of the difference between the activating price and the world market price for soya cake. This aid is paid to the compound feed processors provided they guarantee by contract the minimum price to the farmer.
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V. THE COMMON ORGANIZATION OF THE MARKETS IN WINE (1)

A. General picture of the wine sector

Vineyards account for less than 3 % (2.6 million ha) of the Community's UAA, but, with a total harvest of 177 million hl in 1979, the Community is by far the leading world producer of wine (47 %). In 1979/80, exports exceeded 8 million hl, but these were mainly of quality wines which are normally easily marketed. Imports were nearly 5.5 million hl.

The average harvest has been 150 million hl in recent years, but the actual totals fluctuate widely because of the very wide differences in yields from year to year. The two bumper harvests of 1973 and 1974 were the direct cause of the serious crisis which occurred at the time, entailing a sharp increase in EAGGF expenditure, mainly for special distillation measures. For one of the main problems underlying the difficulties in the wine sector is that of withdrawal from the market (by distillation) of a major quantity of table wines of modest or poor quality which cannot be sold for direct human consumption or for industrial purposes. Big harvests in 1979 and 1980 again led to a crisis situation.

In the last few years, there has been a noticeable decline in the consumption of wine in the Member States in which a great deal of wine is drunk (France and Italy). This has not been offset in the Community by an increase in consumption in the other Member States. Whilst production in the EEC has been tending to increase (by an average of 1 % per year), consumption has been declining on average by 0.6 % per year. The figure for direct consumption is about 125 million hl and industrial use is about 15 million hl.

The rate of self-sufficiency varies between 95 and 125 % depending on the harvest.

Stocks are high, particularly of table wines.

B. Wine : the machinery of the common organization

A provisional common organization of the wine market was established in 1962. A fully-fledged common market in wine began operation with the 1970/71 marketing year.

(1) See also "GREEN EUROPE, NEWSLETTER", N° 172.

Quality and place of origin are of great importance for wine, much more than for most other agricultural products.

As a result, the market organization distinguishes between various categories :

1. The wine categories

Wine, for Community purposes, is a product obtained exclusively from the total or partial alcoholic fermentation of fresh grapes, whether or not crushed, or grape musts.

The Community regulations distinguish several categories, two of which are of essential importance :

- table wine : is wine produced in the Community from specified vine varieties having an actual alcoholic strength by volume of not less than 9 % and a total alcoholic strength by volume normally of not more than 15 %.

- quality wine produced in specified regions (known as quality wine psr) is wine from a specified area subject to strict rules with regard to vine varieties, cultivating methods, vinification methods, minimum natural alcohol content, maximum yield per hectare and the analysis and assessment of the organoleptic features.

2. The wine-growing zones

The Regulations define seven wine-growing zones in the EEC. The application of certain provisions can be varied according to zone or confined only to certain zones. This is the case, for example, for alcoholic strength, methods and level of enrichment (1) and certain distillation measures.

3. Table wines

Only table wines are subject to the price and intervention arrangements of the common organization. For this purpose, table wines are classified according to the following types :

a) Red table wines

- type R I : actual alcoholic strength by volume of not less than 10 vol and not more than 12 % vol.

(1) Increase in the alcoholic content when, as a result of poor weather, the wine does not reach the required minimum content.

- type R II : actual alcoholic strength by volume of not less than 13 % vol and not more than 14 % vol.
- type R III : red table wine from vine varieties of the "Portugieser" type.

b) White table wines

- type A I : actual alcoholic strength by volume of not less than 10 % and not more than 12 %.
- type A II : white table wine from vine varieties of the Sylvaner or Müller-Thurgau type.
- type A III : white table wine from vine varieties of the Riesling type.

4. Prices

Each year, the EEC Council of Ministers fixes guide prices and activating prices (or intervention limit prices) for the six types of table wine.

The guide prices are fixed on the basis of the average of the real prices to the producer recorded during the two previous years, whilst the activating prices (which may not exceed 95 % of the guide price) result :

- from the market situation, notably prices,
- from the need to ensure stable prices whilst avoiding the build-up of surpluses,
- from the quality of the wine harvest.

In general, activating prices are fixed at between 90 and 92 % of the guide price for the corresponding type of wine.

Representative price :

For each type of wine, the Commission establishes on a weekly basis the average price to producers recorded on each of the representative markets. A Community representative price is calculated from these average prices. Certain intervention measures can be implemented only if the representative price for a given type of table wine falls below a certain percentage of the guide price.

5. Intervention

a) Private short-term storage

Aids are granted to producers who undertake to stock table wine for at least three months.

These aids are granted whenever the representative prices are below the level of the activating price.

b) Private long-term storage

Aids are granted for a nine-month period.

Community aid is granted whenever the data in the EEC's wine forward supply estimate show that overall availabilities exceed total foreseeable needs by more than four months' consumption.

c) Distillation

- Preventive distillation

If, between 1 September and 15 December, the Community authorities find that the volume of wine under storage contracts exceeds 7 million hl, distillation operations may be proposed by the Commission. The aim is to clear poor quality wines from the market at the beginning of the season.

- Special price support guarantees for long-term storage ("garantie de bonne fin")

At the end of the marketing year, wine held under long-term storage contracts can be distilled whenever the representative prices have remained for three weeks below the activating price. In this case, producers who have had the wine distilled qualify for a price guarantee of 91.5 % of the guide price for red wines and 90 % of the guide price for white wines.

- Distillation of wine suitable for producing certain wine spirits

This is designed to prevent the formation of a crisis situation in particular areas. It applies, for example, to the region of Charantes, where brandy is produced.

- Compulsory distillation of by-products of winemaking ("prestations viniques")

To prevent, in the interests of quality, the overpressing of grapes, producers must send to distillation a quantity of by-products of wine-making (grape marcs and lees) corresponding to 10 % of the quantity of alcohol contained naturally in the products used for the production of wine.

- Additional distillation ("superprestations viniques")

This arrangement can be activated in cases of surplus harvests by an increase in the requirement to deliver alcohol beyond the 10 % mentioned above.

- Distillation of wine from table grapes, also compulsory, designed to prevent the marketing of wines of poorer quality resulting from surpluses on the table grapes market.

- Exceptional distillation

Where policy with regard to storage and all the other measures fail to restore prices, the Council has discretion to approve exceptional distillation measures.

d) Minimum price

If, despite the implementation of all the other intervention measures, including exceptional distillation, the market price persists for three consecutive weeks below 85 % of the guide price, a "minimum price" can be fixed for the type of table wine concerned. A new distillation operation is then launched at this price.

When this happens, the marketing of wines of this type below the minimum price is prohibited.

6. Trade with non-member countries

Imports of wine from non-member countries are unrestricted except for a customs duty varying according to the nature of the product.

In addition, reference prices derived from the guide price are fixed for the main products in the wine sector. They represent an instrument of protection at the Community's external frontier.

The relevant products may not be imported from non-member countries below this price.

If the reference price is not reached, a countervailing charge is applied. In practice, this charge is exceptional since the main countries supplying the EEC have given undertakings to comply with the reference price.

In order to facilitate exports of table wine, export "refunds" can be paid. They may be varied according to intended use or destination.

7. The five-year action programme

To cope with chronic difficulties on the market in table wines, an action programme for the gradual establishment of equilibrium on the wine market (1980/81 - 1986/87) was launched in 1980. Its main aims are

- an improvement in the quality of table wines,
- a reduction in surpluses, which are nearly always of poor quality wine,
- the possibility of offering on the markets wine at reasonable prices.

Action is taken :

a) in respect of consumption

- recommendation to the Member States to reduce excise duties on wine,
- encouragement of an increase in outlets for wine products (mainly use of grape must for the preparation of grape juice and for the enrichment of wine),
- stimulation of sales of Community wines abroad.

b) In respect of production

Monitoring of production with regard to quantity and quality.

- Aids to structural improvement of vineyards and use of improving vine varieties.
- Aids to grubbing up for vineyards in areas not well suited to wine-growing :
 - Conversion premium for the temporary suspension of wine-growing for eight years
 - Premium for definitive cessation of wine-growing
 - Supplementary premium for elderly wine-growers .

VI. THE COMMON ORGANIZATION OF THE MARKETS IN FRUIT AND VEGETABLES

A. General picture of the fruit and vegetables sector

The production of fruit and vegetables for consumption fresh or processed in the Community accounts for about 12 % of final agricultural production. The total is 20 million tonnes per year of fruit and about 25 million tonnes of vegetables.

Production is heavily concentrated in certain regions, most of which are in the South. Italy provides about 50 % of total production of fruit in the EEC and more than 40 % of vegetables. France's contribution is 17 % for both categories. Germany produces 16 % of the fruit and Greece produces 13 % of the vegetables.

In the EEC this kind of farming is largely carried out on small holdings. Certain products take a large share of total production : apples account for more than a third of fruit production and tomatoes roughly a quarter of the production of vegetables.

The Community has a high rate of self-sufficiency for vegetables taken as a whole (about 95 %) whilst for fruit (not including citrus fruit), the rate is about 80 %, through only about 40 % for citrus fruit. However, actual quantities produced fluctuate widely from one year to the next.

Given the wide variety of products and the seasonal nature of production, trade in fruit and vegetables with non-member countries is intensive. The Community imports about 4 million tonnes of fresh fruit per year, of which more than half are oranges, and about 800.000 tonnes of fresh vegetables.

Large quantities of fruit and vegetables produced in the EEC go to processing (10 to 15 % for pears and peaches; 60 % for tomatoes).

The production of processed products is about 8 to 8.5 million tonnes. Major items are tomato products, preserved mushrooms and peaches and orange and lemon juices. In recent years production of these items has soared.

The EEC also imports large quantities of processed products (more than 2 million tonnes per year).

B. Fruit and vegetables : the machinery of the common organizations

There are two market organizations. The first concerns fresh fruit and vegetables, the second processed products.

§ 1. Fresh fruit and vegetables

This common organization is based on :

1. compulsory standardization of products,
2. producers' groups,
3. price and intervention arrangements,
4. rules for trade with non-member countries,
5. special arrangements for citrus fruits.

1. Standardization

This consists in a set of Community rules defining quality and presentation criteria.

It covers about 30 types of fruit and vegetables and is compulsory for products being sent fresh to the consumer, from the packaging stations to the retail stage. It is also compulsory for products intended for export and for products being imported.

The standards have been worked out in the light of the requirements set out in O.E.C.D. (1) instruments. Generally there are three quality standards (Extra, I and II) and only products qualifying for these categories may be marketed.

For certain products (oranges, lemons, table grapes, strawberries, cherries, tomatoes, cauliflower, cucumbers, Brussels sprouts, etc), a quality III class has been established to meet the needs of consumers and the economic interests of producers. This class is used only if a supply situation arises on the EEC market making this necessary, but it is never allowed in trade with non-member countries.

Standards have been introduced in order to enable products of insufficient quality to be eliminated from the market, to guide production in such a way as to meet the increased requirements of consumers and to facilitate trading relations on the basis of fair competition.

(1) Organization for Economic Cooperation and Development

2. The producers' groups

The work of producers in groups is one of the major aspects of the common organization of the markets in fruit and vegetables.

Community rules entrust to the groups a number of tasks within the market organization namely :

- implementing production arrangements,
- joint packaging and marketing of produce,
- stabilizing prices at the production stage,
- promoting the concentration of supply in order to improve the quality of products and adapt the volume of production to market requirements.

To facilitate the creation and operation of the producers' organizations, Community regulations include a starting-up aid for the first years of the life of the group, the aid being based on the volume of production marketed.

3. Price and intervention arrangements

These arrangements cover nine products which are important from the point of view of the incomes of Community producers (peaches, pears, apples, table grapes, oranges, mandarins, lemons, tomatoes and cauliflower). Their purpose is to maintain sound market conditions by the withdrawal from the market of products exceeding market capacity.

The basic prices fixed in the Community for these products indicate the level of prices which the producers should normally obtain on the markets, having due regard to the interests of consumers.

They are fixed for pilot products, i.e. corresponding to quality class I, to a given variety and packaging and, where appropriate, with specific dimensions.

Buying-in prices are also fixed at Community level. They are fixed at a certain percentage of the basic price :

- between 40 and 45 % for cauliflower and tomatoes,
- between 50 and 55 % for apples and pears,
- between 60 and 70 % for the other products covered by the arrangements.

Like the basic prices, the buying-in prices are fixed for pilot products.

Intervention operations are carried out in two ways :

- when the member producer of a producers' group fails to find a customer for his products, the group can withdraw the products from the market. It pays the member producer a withdrawal price. The actual withdrawal prices are derived from the buying-in prices on the basis of coefficients, taking account of the actual variety, quality and packaging of the product, and including an additional amount of 10 % of the basic price.

The withdrawal prices are fixed at a relatively low level and therefore constitute a compensation rather than a guarantee for the producer.

- Producers who are not members of groups do not qualify. However, a Member State may apply, in certain circumstances (in particular whenever the price of the pilot product fails to match, on the market, for a certain period, the buying-in price) for the declaration of a "serious state of crisis". In this case, producers who are not members of groups may offer the products for which they have failed to find a market to the intervention agencies. The agencies must buy them in at a price derived from the buying-in price, as for member producers, but the addition of 10 % of the basic price is not made.

Products withdrawn from the market by producers' organizations or bought in by the agencies of the Member States are disposed of, as far as possible, in one of the following ways - distribution to charity organizations or to schoolchildren, use as animal feed, distillation, etc. - but this is done in such a way as to avoid hampering normal sales of the relevant products.

Monetary compensatory amounts (MCAs) are paid or charged in intra-Community trade in fresh fruit and vegetables.

4. Trade with non-member countries

- Exports :

Aid schemes operated in the Member States have been replaced by a Community scheme for refunds, payable, however, on only a limited number of products (apples, oranges, lemons, table grapes, peaches, etc.).

- Imports :

As for the other agricultural products, the arrangements for fresh fruit and vegetables from non-member countries are unrestricted. However, for certain products the Member States have been authorized to retain the seasonal quantitative restrictions which they had applied before the Community import arrangements were made.

Community preference is ensured by :

- the duties set out in the Common Customs Tariff,
- reference prices for imports of the most sensitive products,
- where appropriate, protective measures.

The reference prices apply to the same products to which the intervention arrangements apply, except cauliflower. Other products are also covered - cherries, cucumber, aubergines, courgettes and plums. The reference prices are calculated on the basis of production costs in the EEC. They are applied only during the period of the year during which the marketing of the relevant product is on a large scale. Whenever, during this period, a product subject to the reference price arrangements is imported into the EEC at a price below the reference price, a countervailing charge is made. The charge matches the difference between the reference price and the entry price, i.e. the selling price of the product imported on the Community market minus the customs duty.

5. Special arrangements for citrus fruit

- For citrus fruit, the marketing of which had sometimes proved difficult, the Community established in 1969 an aid scheme partly to encourage conversion of orange and mandarin orchards to more popular varieties and partly to improve the structures of the processing industries and of marketing channels through the creation or improvement of packaging and storage stations.
- At the same time, an aid scheme for oranges and mandarins consigned from the grower state to another Member State was introduced. This was extended to clementines and lemons in 1975. The aid, known as a "penetration premium", paid only on products of quality classes "Extra" and "I", is fixed annually by the Council when it fixes the

agricultural prices.

- Also in 1969, an aid scheme for orange processing was also introduced, consisting in the payment to processors of financial compensation provided they pay the producer a minimum price fixed for the raw material. The financial compensation and the minimum price are fixed annually by the Commission.

Similar arrangements were made in 1977 for lemons.

§ 2. Processed fruit and vegetables

1. The EEC internal market

Processing aids are paid for certain products derived from fruit and vegetables grown in the Community. The aid is paid to processors who, by contract, undertake to pay the growers of fresh products a minimum price fixed by the Commission.

The purpose of these arrangements is to render Community products more competitive by enabling them to be sold at prices matching those of imported products.

The aid scheme - introduced in 1978 - now applies to tomato products, peaches in syrup, prunes made from dried Ente plums, and pears and cherries preserved in syrup. For the last two products, only limited quantities qualify. Since 1981/82, an aid has also been paid for dried grapes and dried figs produced in the Community. For these two products, the scheme is also based on a contractual system guaranteeing a minimum price to the grower, but, in addition to the processing aid, a storage aid is also paid to storing agencies.

As in the case of fresh fruit and vegetables, no monetary compensatory amounts (MCAs) are chargeable or payable in intra-Community trade.

2. Trade with non-member countries

- Imports

In general, imports are unrestricted.

The most sensitive products are, however, subject to import licences. These are tomato products, tinned peas and green beans, tinned mushrooms and mushrooms in brine, raspberry products, frozen strawberries, crushed strawberries and prunes.

For about 50 other products, there is an import supervision scheme for products from State-trading countries. The imports are supervised on the basis of the import documents issued by the Member States.

For preserved cultivated mushrooms, a new scheme has been operated since 1 October 1981 including an amount additional to the import duty, except for a certain quantity for which only the duty is charged.

For mushrooms in brine or vinegar, a protective clause (quantitative restrictions) is applied.

- Exports

As far as needed to permit exports, refunds are paid for certain products. The products qualifying in 1981 were cherries in sulphur-based solution, whiteheart cherries preserved in sugar, common nuts and pure orange juice (i.e. without addition of other substances).



VII. THE COMMON ORGANIZATION OF THE MARKET IN HOPS

A. General picture of the hops sector

About 6.700 producers grow between 40.000 and 45.000 t of hops in the European Community each year, accounting for between 35 and 40 % of world production. This relatively small quantity is concentrated in a few areas, mainly in Germany and the United Kingdom. The Community exports about 40 % of the hops grown, and this makes it the world leader in this field. The situation in the Community therefore is heavily dependent on the wide variations occurring on the world market.

B. Hops : the machinery of the common organization

Because of the nature of the market and because hops are used only for brewing beer, the market organization, set up in 1971, is relatively simple. It comprises at the present time :

1. A flat-rate aid payable per hectare sown. The amount is fixed annually, before June for the harvest of the previous year, on the basis of the Community situation in respect of area and varieties planted, prices, quantities marketed on the free market and under multiannual contracts with brewers, and medium-term market forecasts.

Since the 1977 harvest, the aid has been differentiated not according to each variety of hops grown, but by groups of varieties : aromatic, bitter and others. This enables the aid to contribute to encouraging the growing of the hop varieties in greatest demand from Community brewers and on the export market.

2. Since the regulations were changed in 1977, specific measures can now be implemented whenever there is a danger of surpluses building up and prices collapsing. The measures may affect production potential (for example, schemes for grubbing-up or converting to varieties in more demand can be financed from EAGGF guidance funds), the volume of supply and marketing conditions.
3. The basic regulation gives a major role to hop producers' groups in respect of :

- joint adaptation of production to market requirements and its improvement, notably by switching to more appropriate varieties and restructuring of plantations;
- concentration of supply by marketing the entire production of the members ;
- rationalization of production by the exploitation, jointly where appropriate, of the resources of technical development, including mechanization of production in order to improve profitability;
- the payment to members of their shares of flat-rate aid. The groups may also decide to retain all or part of the aid due to their members and use it for measures designed to stabilize and improve marketing.

The Member States recognize the producers' groups on the basis of criteria set out in the basic regulation. Aids may be paid to encourage the constitution and facilitate the establishment and operation of these groups during a start-up period. Almost all hop growers in the Community are now members of groups or other associations which are soon to be accorded recognition.

4. The licensing of hop cones and derived products (powders and pellets, extracts) grown in the Community was provided for in the 1971 regulations, but was implemented only in 1977. The system provides for the issue of a licence, under the control of the competent authorities in the Member States, certifying that the product possesses the minimum qualitative characteristics established by Community regulations, and indicating the place of production, the year of harvesting, and the variety.

The aim of the licensing system is to safeguard the position of Community hops on the world market and to provide an official guarantee of origin and quality for Community brewers.

With a few exceptions, unlicensed hops or hop products may not be offered for sale in the Community or for export.

The licensing rules also apply to products such as extracts made in the Community from imported hop cones.

5. Trade with non-member countries

There are no restrictions on trade with non-member countries. The regulations prohibit charges with effect equivalent to customs duties and the application of any quantitative restriction or measure of equivalent effect. Imports are, however, subject to the Common Customs Tariff.

The Community licensing system applies to imports of hops and derived products. Only hops having qualitative characteristics at least equivalent to the minimum marketing limits set for hops harvested in the Community may be imported.

VIII. THE COMMON ORGANIZATION OF THE MARKETS IN TOBACCO

A. General picture of the tobacco sector

The production of raw tobacco in the Community (ten countries) exceeds 300.000 t. The main areas of growth are Italy and Greece, each producing more than 100.000 t, and this quantity is, in the case of Greece, 6 % of final agricultural production.

More than half of the needs of the Community processors must be covered by imports. The result is that the enlarged Community, importing about 500 to 530.000 t, accounts by itself for more than half of world imports.

In the Community, tobacco is grown on family farms : the average area per planter does not exceed 0.80 ha and about 230.000 planters account for 175.000 ha. More than 400.000 workers are taken on each year for cultivation work and first processing operations. Because of its high degree of regional concentration, tobacco production is of great importance for the economic and social development of certain regions of the Community.

B. Raw tobacco : the machinery of the common organization

The organization of the markets in raw tobacco, set up in 1970, has three fundamental bases :

1. A price and intervention scheme;
2. Arrangements for trade with non-member countries;
3. Arrangements for control of the market.

1. Prices and intervention

The norm and intervention price system encourages the contractual disposal of Community tobacco on terms which are preferential vis-à-vis the production of non-member countries.

- a) The norm price for raw tobacco is fixed annually at a level ensuring adequate remuneration to growers, having due regard to the guidance to be given to production on the basis of developments in the demand pattern and to the rational management and economic viability of the

enterprises concerned.

- b) The intervention price for raw tobacco is 90 % of the norm price. It represents the minimum price at which growers are certain of being able to dispose of their tobacco. The intervention agencies must buy in at this price all tobacco offered by growers who have failed to find customers on the market at this price.
- c) The derived intervention price is a price which may be fixed for baled tobacco. It is calculated on the basis of the intervention prices for raw tobacco plus processing costs.
- d) In order to encourage the marketing of tobacco under contracts, a premium is granted to purchasers who buy leaf tobacco directly from Community growers and who process it into baled tobacco.

To qualify for the premium, those concerned must have entered into growing contracts with planters or have bought leaf tobacco at auctions.

As the norm price is normally higher than the price of comparable tobaccos imported from non-member countries, the premium is a specific incentive guaranteeing the free conclusion of contracts on the tobacco market and enabling growers to reach prices near to the norm price.

The norm price and the intervention price and the premiums are fixed at differing levels for 26 varieties of raw tobacco.

2. Trade with non-member countries

Once a common organization had been set up, external trade could be completely liberalized, i.e. all quantitative restrictions at the Community's external frontiers could be discontinued.

The customs duty on raw tobacco having been "bound" in GATT, imports into the Community of raw tobacco from non-member countries are now subject only to this duty.

Preferential tariffs are applied to raw tobaccos from the ACP countries (zero duty) and the countries qualifying for the Generalized Preferential System (reduced duty).

In order to enable the EEC to participate in world trade in raw tobaccos, the difference between the prices prevailing on the world market and Community prices can be bridged, where necessary, by an export refund. The refund is kept, however, within the limits set by the incidence of the Common Customs Tariff.

3. Control of the market involves action to prevent a build-up of stocks which would be difficult to dispose of commercially.

- a) A first set of rules is designed to limit the quantities of baled tobacco sent to intervention by first processors.

The quantities sent to intervention exceeding a certain threshold (25 %) of the total quantities treated by each enterprise are bought in at the derived intervention price minus 10 %.

- b) A second set of rules concerns the quantities taken in by the intervention agencies by variety or group of varieties and the total quantity of Community production for which it has been decided to grant a premium.

In both cases, whenever certain fixed percentages or quantities are exceeded, the Commission sends a report to the Council with specific measures for adoption.

4. Other provisions

- a) Specific action with regard to structures may be implemented, including varietal conversion programmes.

- b) The conclusion of growing contracts is encouraged with a view to stabilizing relationships between producers and processors and to the achievement of a "general cooperation agreement" under which production can be closely adapted to the needs of the processors and of trade.

MAIN FEATURES OF THE COMMON ORGANIZATIONS OF THE MARKETS

- CROP PRODUCTS -

CEREALS

Prices	Intervention	Marketing	Aids
<p><u>Common wheat</u></p> <ul style="list-style-type: none"> - Target price (based on wheat of bread-making quality) - Intervention price (common for non-bread-making wheat, barley, rye and maize) - Reference price for bread-making common wheat (is used to activate special intervention measures) 	<ul style="list-style-type: none"> - Compulsory intervention (Intervention A) - Special intervention measures (Intervention B) <ul style="list-style-type: none"> • Storage premium • Buying-in by the intervention agency at the reference price • Buying-in by the intervention agency by the tendering procedure - Carryover payment 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : <ul style="list-style-type: none"> a) <u>Imports</u> : unrestricted <ul style="list-style-type: none"> - threshold price - price cif Rotterdam adjusted by the coefficient of equivalence reflecting quality differences - levy (difference between threshold prices and price cif) - licences with or without advance fixing b) <u>Exports</u> : <ul style="list-style-type: none"> - refunds - licences with or without advance fixing 	<p>Refunds on the production of common wheat starches</p>

CEREALS (cont'd 1)

Prices	Intervention	Marketing	Aids
<p><u>Durum wheat</u></p> <ul style="list-style-type: none"> - Target price - Intervention price 	<ul style="list-style-type: none"> - Compulsory or optional intervention (see common wheat) - Carryover payment 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - threshold price - price cif (application of the coefficient of equivalence) - levy (difference between threshold price and price cif) - licences with or without advance fixing b) Exports : <ul style="list-style-type: none"> - refunds - licences with or without advance fixing 	<ul style="list-style-type: none"> - Production aids (aids by the hectare)

CEREALS (cont'd 2)

Prices	Intervention	Marketing	Aids
<p><u>Barley, Rye, Maize</u></p> <ul style="list-style-type: none"> - Common target price for barley, rye and maize - Single intervention price for the main cereals used in animal feed 	<ul style="list-style-type: none"> - Compulsory or optional intervention (see common wheat) - Carryover payment for rye and maize 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - special price - price cif (application of coefficients of equivalence) - levy (reduction of the levy for imports into Italy of maize, barley, oats and sorghum) - licenses with or without advance fixing b) Exports : <ul style="list-style-type: none"> - refunds - licenses with or without advance fixing 	<p>Refunds to producers of maize starches</p>

CEREALS (cont'd 3)

Price	Intervention	Marketing	Aids
<p><u>Millet, oats, buckwheat, sorghum</u></p> <ul style="list-style-type: none"> - No common prices fixed for the internal market 		<ul style="list-style-type: none"> A. <u>Internal arrangements:</u> Unrestricted B. <u>Trade arrangements :</u> <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - threshold price (linked to the threshold price for barley - price cif (adjusted to the average of the coefficient of equivalence expressing the differences of quality) b) Exports : <ul style="list-style-type: none"> - refunds 	
<p><u>Rice</u></p> <ul style="list-style-type: none"> - Target price for husked rice - Single intervention price for paddy 	<ul style="list-style-type: none"> - Compulsory or optional intervention (see "Common wheat") - Carryover payment 	<ul style="list-style-type: none"> A. <u>Internal arrangements :</u> Unrestricted B. <u>Trade arrangements :</u> <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - price cif - threshold price - levy - licence with or without advance fixing b) Exports : <ul style="list-style-type: none"> - refunds - licences with or without advance fixing 	<p>Refunds for broken rice used :</p> <ul style="list-style-type: none"> • for the manufacture of starches • for brewing beer

SUGAR

Prices	Intervention	Marketing	Aids
<ul style="list-style-type: none"> - Target price - Intervention price ex refinery for white sugar and raw sugar - Basic price for beet - Quota arrangements (price guarantee system, but no production limit) 	<ul style="list-style-type: none"> - Compulsory intervention for white sugar and raw sugar - Storage (compensation, levies and refund of costs) - Production refunds for sugar and isoglucose used by the chemical industry 	<p>A. <u>Internal arrangements</u> : Unrestricted</p> <p>B. <u>Trade arrangements</u> :</p> <p>a) Imports : unrestricted</p> <ul style="list-style-type: none"> - price cif - threshold price - levy - licences with or without advance fixing <p>b) Exports :</p> <ul style="list-style-type: none"> - refunds, where appropriate levies - licences with or without advance fixing 	<ul style="list-style-type: none"> - Community aids for the marketing of sugar produced in the French overseas departments to European regions of the Community as intervention - National aids authorized by the Council for Italy and France (Overseas Departments) (Aids for the adaptation of sugar growing).

OILS AND FATS

Prices	Intervention	Marketing	Aids
<p><u>Olive oil</u></p> <ul style="list-style-type: none"> - Producer target price - Representative market price - Intervention price 	<ul style="list-style-type: none"> - Compulsory intervention 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : a) Imports : unrestricted <ul style="list-style-type: none"> - price cif - threshold price - levy - licences with or without advance fixing b) Exports : <ul style="list-style-type: none"> - refunds - licences with or without advance fixing 	<ul style="list-style-type: none"> - Production aids - Consumption aids

OIL AND FATS (cont'd 1)

Prices	Intervention	Marketing	Aids
<p><u>Oilseeds</u></p> <ul style="list-style-type: none"> - Target price (guide price for castor seed and soya beans) - Intervention price (minimum price to the producer for castor seed and colza seed) 	<ul style="list-style-type: none"> - Compulsory intervention (except for castor and colza seed) 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - customs duty for seeds - no licences b) Exports : <ul style="list-style-type: none"> - refunds (in practice paid only to colza exporters) - licences with or without advance fixing 	<p>Production aids</p>
<p><u>Oilseed oils</u></p> <ul style="list-style-type: none"> - No common prices 		<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : Imports : <ul style="list-style-type: none"> - customs duties ad valorem, where appropriate compensatory amount. 	

WINES

Prices	Intervention	Marketing	Aids
<ul style="list-style-type: none"> - Guide price - Average price to producer called "representative price" - Price activating intervention (may not exceed 95 % of the guide price) - Minimum price, where appropriate (where the representative price remains below 85 % of the guide price for three weeks) 	<ul style="list-style-type: none"> - Aids to private storage - Distillation 	<ul style="list-style-type: none"> A. <u>Internal arrangements</u> : Unrestricted B. <u>Trade arrangements</u> : <ul style="list-style-type: none"> a) Imports : unrestricted <ul style="list-style-type: none"> - free-at-frontier price - reference price - specific customs duties where appropriate countervailing charge - licences without advance fixing b) Exports : <ul style="list-style-type: none"> - refunds on exports to certain countries - licences without advance fixing 	<ul style="list-style-type: none"> - Aids for structural improvements - Grubbing-up aids: <ul style="list-style-type: none"> • conversion premium • cessation premium • premium for wine-growers over a certain age.

FRESH FRUIT AND VEGETABLES

Prices	Intervention	Marketing	Aids
<p>- Basic prices - Buying-in prices - Withdrawal prices</p> <p>Products concerned</p> <ul style="list-style-type: none"> • Tomatoes • Cauliflower • Apples • Pears • Peaches • Table grapes • Oranges • Lemons • Mandarins 	<p>- Possible intervention :</p> <ul style="list-style-type: none"> • Withdrawal by producers' organizations • Buying in by intervention agencies <p>For products for which there is a basic price and a buying-in price, the buying-in or withdrawals are financed by the Community.</p> <p>The producers' organizations may withdraw other products, but at their own expense.</p>	<p>A. <u>Internal arrangements</u> : unrestricted</p> <ul style="list-style-type: none"> - application of EEC quality standards <p>B. <u>Trade arrangements</u> :</p> <p>a) Imports : unrestricted</p> <ul style="list-style-type: none"> - normal arrangements : <ul style="list-style-type: none"> • ad valorem customs duties • reference prices,* as appropriate counter-vailing charge <p>(*for tomatoes, peaches, grapes, pears, lemons, apples, oranges, mandarins, plums, cherries, cucumber, aubergines and courgettes)</p> <ul style="list-style-type: none"> • no licences <ul style="list-style-type: none"> - Special arrangements : <ul style="list-style-type: none"> • ACP quota • Preferential customs tariffs for Mediterranean countries <p>b) Exports :</p> <ul style="list-style-type: none"> - refunds: in particular for the following products: oranges, mandarins, table grapes, peaches and tomatoes - no licences. 	<ul style="list-style-type: none"> - Aids for the setting up and operation of producers' organizations - Aids for restructuring of citrus fruit growing - Marketing premium for oranges, mandarins, clementines and lemons, granted to consignments from a producer Member State to another Member State.

PROCESSED FRUIT AND VEGETABLES

Prices	Intervention	Marketing	Aids
<p>Fixing of a minimum price under contracts between producers and processors for products qualifying for a processing aid.</p>		<p>A. <u>Internal arrangements</u> : Unrestricted - application of national quality standards</p> <p>B. <u>Trade arrangements</u> :</p> <p>a) Imports : unrestricted</p> <ul style="list-style-type: none"> • customs duties • levy in respect of added sugar, for products containing added sugar • possible introduction of a floor price arrangement • licences (for certain products) <p>b) Exports :</p> <ul style="list-style-type: none"> - refunds - no licences 	<ul style="list-style-type: none"> - Processing aid system (aid paid to processors who have paid the producers a price at least matching the minimum price) - Aids to the processing of oranges and lemons.

HOPS

Prices	Intervention	Marketing	Aids
No common prices fixed		<p>A. <u>Internal arrangements</u> :</p> <p>Unrestricted</p> <p>However, marketing of hops is subject to compulsory licensing procedure</p> <p>B. <u>Trade arrangements</u> :</p> <p>a) Imports : unrestricted</p> <ul style="list-style-type: none"> - customs duties - certificates of equivalence (quality, characteristics) must be produced by the non-member countries <p>b) Exports :</p> <p>Exports of hops are subject to a compulsory licensing procedure.</p>	<ul style="list-style-type: none"> - Flat-rate aid by the hectare to producers - Aid for the setting up of producers' groups.

TOBACCO

Prices	Intervention	Marketing	Aids
<ul style="list-style-type: none"> - Norm price - Intervention price 	<p><u>Compulsory intervention</u></p> <ul style="list-style-type: none"> • At full price for quantities sent to intervention up to 25 % of total quantities dealt with by each enterprise • At intervention price minus 10 % for all quantities exceeding the 25 % limit. 	<p>A. <u>Internal arrangements</u> :</p> <p>Unrestricted</p> <p>B. <u>Trade arrangements</u> :</p> <p>a) Imports : unrestricted</p> <ul style="list-style-type: none"> - Mixed customs duties bound in GATT - No licences <p>b) Exports :</p> <ul style="list-style-type: none"> - refunds - no licences 	<p>Purchasers' premiums.</p>

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<u>No.</u>		<u>Language :</u>
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166	Milk : problem child of european agriculture	DA, DE, EN, FR, IT, NL
167	EEC agriculture : the world dimension	DA, DE, EN, FR, IT, NL
168	European agriculture 1979	DA, DE, EN, FR, IT, NL
169	European agriculture into the nineteen-eighties	DA, DE, EN, FR, IT, NL
170	Agriculture and the problem of surpluses	DA, DE, EN, FR, IT, NL
171	EEC food imports : the New Zealand file	DA, DE, EN, FR, IT, NL
172	Wine in the eighties	DA, DE, EN, FR, IT, NL, EL
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