

COMMISSION OF THE EUROPEAN COMMUNITIES

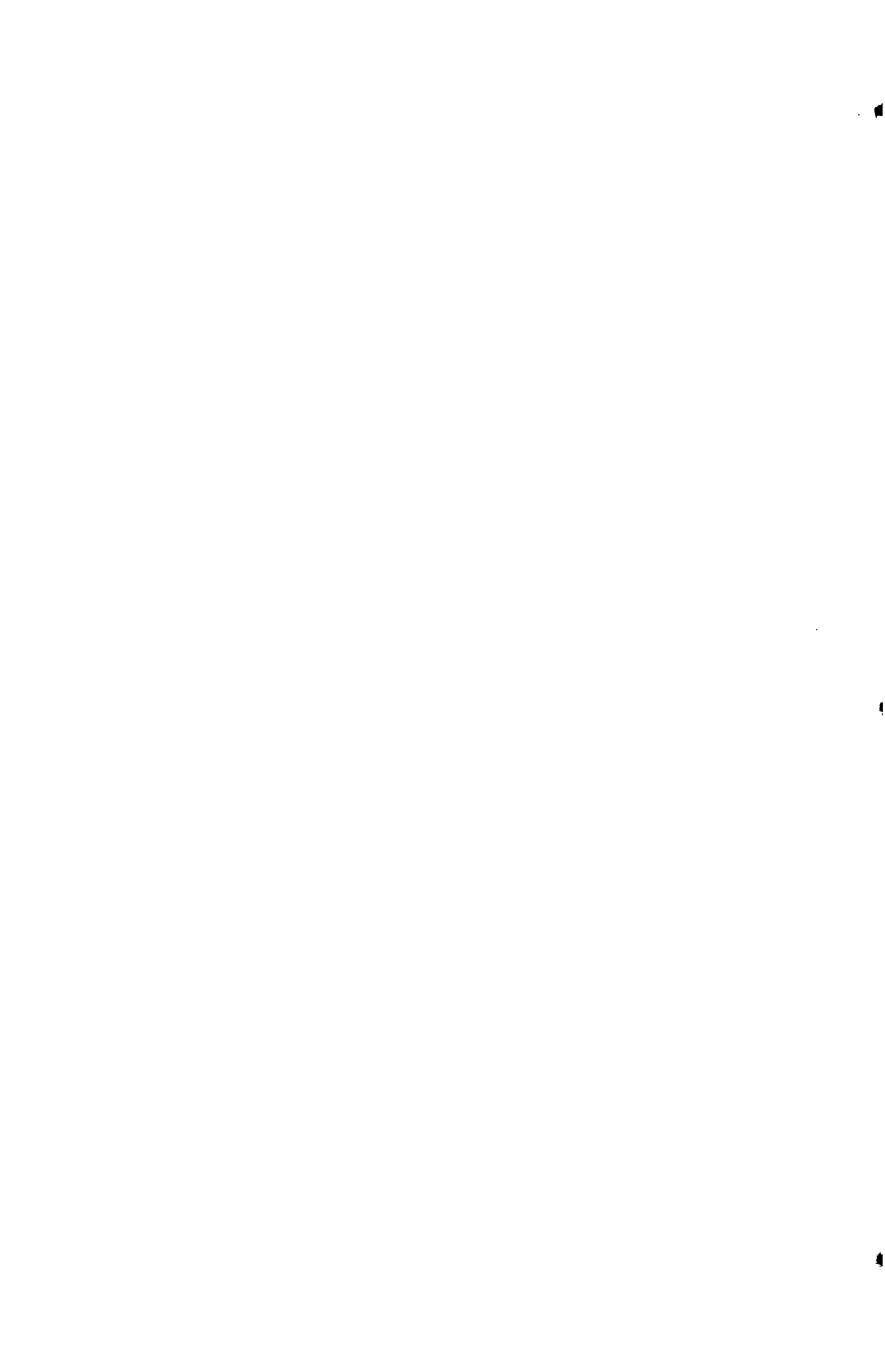
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COMMISSION PROPOSALS

on the fixing of prices for certain
agricultural products and on certain related measures

Volume I

COM(80) 10 final, Volume I



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PRELIMINARY REMARKS

The Commission herewith presents to the Council its proposals concerning the fixing of prices for certain agricultural products for the 1980/81 marketing year together with a number of related measures.

It has already presented to the Council on November 29, 1979 a series of proposals in document COM(79) 710 . The present document contains some modifications to these earlier proposals in the milk sector.

One other set of proposals relevant to this document - "Proposals on Policy With Regard to Agricultural Structures" COM(79) 122 - was presented to the Council on March 19, 1979.

The Commission is conscious of the fact that Greece will become a Member of the Community during the marketing year 1980/81 and has taken account of the enlarged Community's situation, while making the present proposals.

The attached proposals have been formulated in the light of the information contained in the 1979 Report on the Agricultural Situation in the Community (report published in January 1980 in conjunction with the Thirteenth General Report on the activities of the European Communities) and in the 1979 Report on the Situation of Agricultural Markets (COM(80) 11 final).

The legal acts relating to the price determinations for the 1980/81 marketing year and those concerned with related measures are included in Volume II of document (COM(80) 10 final).

INTRODUCTION

The fixing of agricultural prices is for the Community and in particular for the common agricultural policy a major political act.

This year again the annual price review is set against a background of difficulties.

The Community faces the problem of having to reconcile four contradictory constraints. If the market situation alone were taken into consideration, the Community would adopt a very stringent prices policy. Such an approach would also be justified by the budgetary situation, which leaves little room for any growth of expenditure. On the other hand, income trends in agriculture as compared with those in the rest of the economy, together with the need to continue dismantling positive compensatory amounts, militate in favour of recommendations to increase Community prices.

At the end of January 1980 the Budget of the Communities has not yet been adopted by the budget authority, the disagreement being mainly over the volume of agricultural expenditure, which amounts to 73.4 % of the draft 1980 Budget.

In the budgetary field, uncertainty surrounds not only the current year but, even more so, future years also. Despite the necessity which is apparent, there is in fact reason to fear that the ceiling on the Community's own resources will not be raised in the immediate future. In any case there can be no question of such an increase in 1980.

The general economic situation in the Community is also matter of concern. The main feature is worsening inflation, the average increase in prices having risen from 7.5 % in 1978 to 12 % at the end of 1979, while the unemployment rate now stands at 5.5 % of the Community's labour force.

Although the average economic growth rate remained fairly satisfactory in 1979 - there was a 3.3 % increase in GDP, leading to an increase of between 2 and 3 % in real income for workers in all sectors of the economy - in agriculture rising costs led, despite the large volume of production, to an average decrease in real income of between 1.5 and 2 %.

Moreover, the increase in energy costs will affect all economic and social activity in 1980, including agriculture.

The price of oil now, at the beginning of 1980, is almost double what it was at the end of 1978. This will put up costs in agriculture by about 3 %, half of which will be felt in 1980.

Lastly, it goes without saying that there are serious structural imbalances on some markets which threaten the very existence of the common agricultural policy. This is above all the case in the milk and milk products sector, where production is continuing inexorably to expand, while outlets are limited in physical terms or are proving prohibitive financially. Milk deliveries increased by 2.4 % in 1979, and expenditure totalled about 4.500 million EUA representing 43 % of total expenditure by the EAGGF Guarantee Section.

In addition to the problem of the milk sector, there are imbalances also in the sugar sector - despite the recent, precarious improvement in world prices and the beef and veal sector, in which intervention stocks reached a disquieting 320.000 tonnes at the end of 1979.

In response to these perils and threats, the Commission has proposed a number of measures to the Council : in 1978 for the milk and milk products sector, then, in document n° COM(79) 710 of 29 November 1979, for milk and milk products, sugar, beef and veal, rye, starches and products processed from fruit and vegetables.

So far the Commission's proposals have not been approved. However, for the 1980/81 marketing year it has already been decided to increase the co-responsibility levy by 1 % in the event of milk deliveries increasing by more than 2 % in 1979.

This absence of decisions has made the budgetary decisions more complex. It also makes the price proposals more difficult.

As regards production, 1979 was a record year for sugar and of course milk, the wine harvest was the second largest this century; there were also very good results for cereals, beef and veal and pigmeat. These records may be bad for the balance of markets and for keeping budget spending down, but on the other hand they do boost producers' incomes.

In addition, the improvement in world prices for cereals and sugar, combined with the distinct, albeit costly, reduction in the level of the skimmed-milk powder stocks, points to a decrease in expenditure in these sectors.

Lastly, it should be stressed that one of the most adverse effects on the common agricultural policy, namely the existence of high monetary compensatory diminished in 1979.

This was achieved thanks to the introduction of the European monetary system, which reduced monetary fluctuations, and thanks to an active policy of dismantling negative compensatory amounts. The difference between the highest positive monetary compensatory amount and the highest negative one is now only about 15 points, whereas this time last year it was 43.7. Not only did the overall gap narrow, but for several Member States the level of compensatory amounts dropped substantially in absolute terms during 1979. However, the difficulty of absorbing positive compensatory amounts remains an obstacle to restoring the unity of the market.

Despite the adjustment of the green currencies and the large volume of production, real agricultural incomes have dropped, while in the other sectors of the economy real incomes show an upward trend.

The Commission considers that the prices policy cannot on its own overcome the problems arising from the market situation and the need to maintain agricultural incomes, particularly those of the poorest farmers.

This is why, following on its proposals for changes forwarded on 29 November 1979, the Commission believes that the introduction of the new co-responsibility levy could be accompanied by a certain exemption from the old levy, which has been increased to 1.5 %, for producers in less-favoured areas, while the system of premiums for the non-marketing of milk could be continued.

Moreover, a moderate adjustment of the guide price for beef and veal would permit the introduction of direct aid in respect of **suckling cows**, in order to encourage a possible alternative to dairy farming.

In conclusion, the Commission considers that the adjustment of Community prices must be an increase so as to take account of the income requirements of producers and the upward trend of costs which do not yet fully reflect the rises occurring at the end of 1979, but will do so in 1980.

The adjustment must also be an increase so as to consolidate the improvement in compensatory amounts and permit a reduction of positive amounts without lowering prices in national currency, as the Council pledged at its discussions in spring 1979.

On the other hand, the price rise must be very moderate to take account of the adverse market situation and also of the general economic climate, which would not tolerate increased inflationary tensions.

Similarly, the financial difficulties, which are simply the reflection of market imbalances, rule out any excessive increase in Community prices.

Lastly, the way in which real costs and incomes have been developing, as felt by each individual farmer in his own country, i.e. in national currency, indicates that if prices were raised to only a limited extent, this could be tolerated.

Before setting out the proposed measures in detail product by product, the Commission would stress that all the elements of its proposals are interrelated. Its proposals for price increases are inextricably linked with the adoption of measures to restore market equilibrium and the dismantling of positive compensatory amounts.

The Commission would have to reconsider its position if the debates were tending towards approval of the increases but a postponement of these other measures which require an effort and courage but which are indispensable for the survival of the common agricultural policy.

A. GENERAL SURVEY

a) The economic background

1. During the last three agricultural price fixings, the Commission has sought to bring the common agricultural policy closer to market realities. Faced with an increasing production that does not reflect market demand, the Commission has constantly urged a policy of price moderation. Average common prices have risen by 3,9 %, 2,1 % and 1,3 % in the last three agricultural campaigns.

Prices of agricultural produce at the farm gate have risen more slowly than food and beverage prices; which rose in 1977 by 12,8 %, in 1978 by 7,3 % and in 1979 by an estimated 7-9 %. In this way agriculture has made a contribution to the fight against inflation.

2. Price moderation has been a counter to stagnant or declining consumption. The Commission has reinforced it by other measures to reduce prices to consumers. The last two price packages have thus contained a new scheme to lower consumer prices for olive oil, wider measures to reduce butter prices on Community markets, as well as aids for processed fruits and vegetables. In addition, actions taken in the course of market management - for example, the sale of intervention beef to processing industries - have helped to hold down food prices.
3. The Commission has strengthened the impact of price moderation on production with other measures which also limit the Community's financial responsibility for surpluses. Three years ago, it introduced the concept that producers should share the financial burden of surplus disposal. The milk-coresponsibility levy was introduced at the rate of 1,5 % and then unfortunately reduced to 0,5 %.
4. But persistent surpluses on some agricultural markets are only one of the factors that have affected the common agricultural policy in recent years. Another has been the general economic background

of slow growth, high unemployment, inflation and monetary instability. These factors together with dietary changes and the slowdown in the growth of population have depressed demand for agricultural products; they have reduced the possibilities for alternative employment; and they have put the level of agricultural incomes at risk through higher input prices.

5. The Commission has constantly argued that price policy cannot solve the problems of rural poverty. The last three years have witnessed an effort by the Commission to re-cast structural policy to suit present-day conditions.

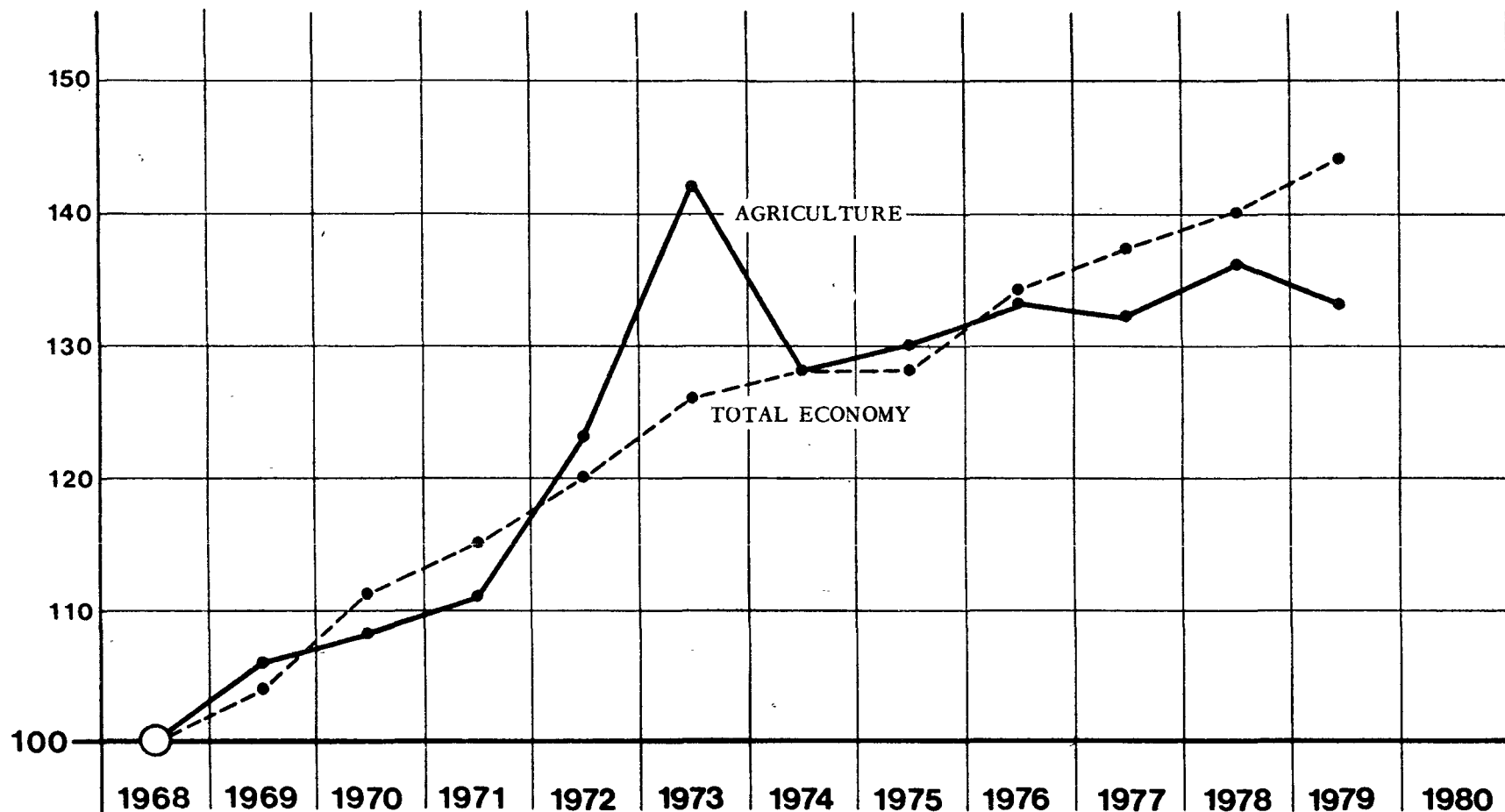
The Mediterranean package of 1977 was the first step towards concentrating financial aid on poorer farms and in poorer regions. A second step was proposed by the Commission in March 1979 (COM(79) 122). Decisions on these proposals, which include proposals for integrated regional development schemes, will help overcome low agricultural incomes.

6. A factor in the recent development of agricultural policy has been the flexibility arising from monetary compensatory amounts (MCA's). The prudent price policy has been carried through at a time of rapid cost inflation in certain member states. This has been offset in those Member States by green rate adaptations and the consequent price changes in national currency. Thus in 1977/78 price increases in national currencies varied between 3,7 % and 30,1 % (Community average : 7,8 %) in 1978/79 between 0,2 % and 13,7 % (Community average : 8,9 %) and in 1979/80 between 0,3 % and 12,0 % (Community average : 7,1 %). In this way, the common price was insulated against rapid inflation. It is significant that real common support prices in national currencies are now at almost the same level as in 1972/73.

7. These continuing strands of agricultural policy have been dictated by agricultural markets and the situation of the general economy. These conditions are still present in 1980 and still argue in favour of a policy of price moderation.
8. The situation of the general economy is still serious. Unemployment remains a serious problem and about 6 million people - 5,6 % of the available labour force - are without jobs. The growth rate of the volume of gross domestic product averaged 3,3 % in 1979, (3 % in 1978) but is slowing down mainly as a result of events on world oil markets. Inflation is still high and is accelerating - consumer prices rose by an average of 9 % over the year but prices at the end of 1979 were 12 % higher than at the end of 1978.
9. Farmers will be among the groups affected by these events in the general economy feeling reduced opportunities for alternative employment and depressed demand for their output.
10. Another unchanged factor is the trend towards higher levels of agricultural production. While, at the same time, consumption continues to be depressed. Deliveries of milk to dairies increased by 2,4 %, sugar production is a record 12,2 million tonnes, cereals production at 113 million tonnes is only slightly below last year's peak; beef production is 3-4 % up on 1978 and wine production is 15 % above the average. But in some other markets levels of production have remained more or less stable.
11. 1979 has seen a lessening of the difference between Community and world prices for most major agricultural commodities. But the future prospect is one of uncertainty following the decision of the United States to cut its expected exports to the USSR.

The conjuncture of depressed consumption and increasing production will lead to worsening surpluses. It will make it necessary to continue a policy of price moderation together with a structural policy suited to present day conditions.

DEVELOPMENT OF EEC REAL INCOME (1) PER HEAD IN THE TOTAL ECONOMY AND IN AGRICULTURE



Sources : Services of the Commission

(1) Income in the Community is represented by the development of Net Value Added at factor cost deflated by the implicit price of GDP and expressed as an index per person occupied (1967, 1968, 1969 = 100). Income in the agricultural sector is represented by the development of Net Value Added at factor cost deflated by the implicit price of GDP and expressed as an index per unit of labour input (1967, 1968, 1969 = 100).

CCE DG VI A/2-8001.09.

12. But some of the factors that allowed a vigorous price response - such as the Commission's proposal for an agricultural price freeze in the 1979/80 campaign - are no longer so evident.
13. The slowing down of agricultural cost inflation ended abruptly in 1979. One measure of this is provided by the prices of intermediate consumption which rose twice as quickly in 1979 as in 1978 (8,0 % against 3,3 %). The increase was severe in Germany and Benelux where a fall in average input prices in 1978 became a rise of as much as 7 % in 1979. The acceleration of input price rises was sharp in United Kingdom, Ireland and France. This was partly due to oil price rises which on average doubled during the year. These affected agriculture directly through higher costs of heating and diesel oil and indirectly through electricity and fertiliser costs. Some of the cost increases due to 1979 oil price increases are still in the pipeline.
14. Differences in inflation were not entirely reflected in 1979 in the evolution of exchange rates between countries. The European Monetary System was established in 1979 and the year also saw a rapid phasing out of existing negative MCA's. The monetary gap has now been considerably reduced and no Member State has the possibility of the sort of rapid price increases in national currencies that have taken place in the three previous campaigns. Therefore the scope does not exist at the present time for faster price increases for Member States facing the most rapid cost inflation.
15. The fall in real agricultural incomes that took place in 1979 (see graph page 9) is an important element in this year's price determination.

After growing rapidly in the first years of the Seventies, agricultural incomes were sharply reduced by the raw material crisis of 1974. They recovered slowly after that but have been more or less constant in the period of price moderation.

But first estimates of real agricultural incomes for 1979 show a fall of 1,7 %. The fall is registered in all Member States (except Italy and France) and is especially serious in Ireland, Denmark, Luxembourg, Germany, Netherlands, the United Kingdom, and Belgium also suffered real income reductions. It must be seen in relation to incomes in the total economy which have continued to rise except in the United Kingdom and showed an increase of about 2 1/2 % per worker in 1979.

b) The monetary situation

16. Simultaneously with the creation of the European monetary system, the ECU was introduced into the common agricultural policy on 9 April 1979.
17. In 1979 exchange rates between the Community currencies were more stable than before.

However, the German mark was revalued by 2 % and the Danish krone devalued by 3 % with effect from 25 September 1979. There was a further 5 % devaluation of the krone on 30 November. These realignments of exchange rates have been reflected in adjustments to the central rates for the conversion of all the national currencies into ECU. The central rate adjustments have in turn led to changes in the representative rates used in the common agricultural policy, and these, combined with the application of the neutral margin agreed for positive MCAs, have prevented the creation of new MCAs. However, the franchise, that is to say the neutral margin, introduced for the countries with revalued currencies has been virtually exhausted. Any future adjustment to central rates will lead to the creation of new positive MCAs.

18. 1979 also saw a more rapid dismantling of negative MCAs, in three stages : in March when the EMS was introduced, in June when the prices were fixed and in December. As regards United Kingdom MCAs, the upward movement of sterling also contributed to the reduction. Negative MCAs as of 6 February 1980 are only a fraction of those which existed at 1 January 1979.

<u>Monetary compensatory amounts at</u>	<u>1.1.1979</u>	<u>6.2.1980</u>
United Kingdom	- 27,0	0 (1)
France	- 10,6	- 3,7 (2)
Italy	- 17,7	- 2,3 (1)
Ireland	- 2,0	0
Benelux	+ 3,3	+ 1,9 (1)
Germany	+ 10,8	+ 9,8 (1)
Denmark	0	0

19. In view of the need to reduce positive MCAs, while at the same time avoiding reductions in prices in terms of national currency, the Commission considers that a further step in the dismantling of positive MCAs should be taken in conjunction with the fixing of prices. It therefore proposes a reduction of one point in the amount applicable in Germany and a 0.5 point reduction in the amount applicable in the Benelux countries.

(1) Rates applicable to most products.

(2) The rate applicable to pigmeat is 0 and MCAs are to be abolished for all products at the beginning of the new marketing year.

c) The agricultural markets

20. Several agricultural markets are still characterised by supply-demand imbalance. Structural surpluses exist in the milk sector and the milk imbalance worsened again in 1979. In the sugar sector, the gap between a higher production and a stagnant consumption is being made worse by increased competition from isoglucose and subsidised glucose. There is a conjunctural difficulty for wine, where the harvest is considerably greater than last year, and potential difficulties exist for olive oil and some tobacco varieties. Despite a comparatively low degree of self-supply in the beef market, intervention stocks are higher than last year.

The market balance for cereals is affected by another big Community harvest and by high levels of imports of competing animal feedstuffs. In addition, it could also be affected by the decision of the United States to cut its expected exports to the USSR.

The main elements of the recent market situation for some principal commodities are reviewed in the following paragraphs, (milk, sugar, cereals, meat, wine, olive oil, tobacco). Where appropriate, the conclusions which can be drawn for the objectives to follow in the medium term are also indicated.

Milk

21. Community milk production from dairy cows has risen since the early 1960's by about 1.8 % a year, mainly because of increasing yields. The increase in deliveries to dairies has been at a faster rate but this trend is likely to come into line with the trend of production in the fairly near future. In 1978 there was an exceptionally high increase in milk production and deliveries but in 1979 the earlier trend re-established itself. Total human consumption of milk and milk products, on a per capita basis, is almost unchanged and is prevented from falling by the series of special measures to aid consumption, particularly of butter-fat.

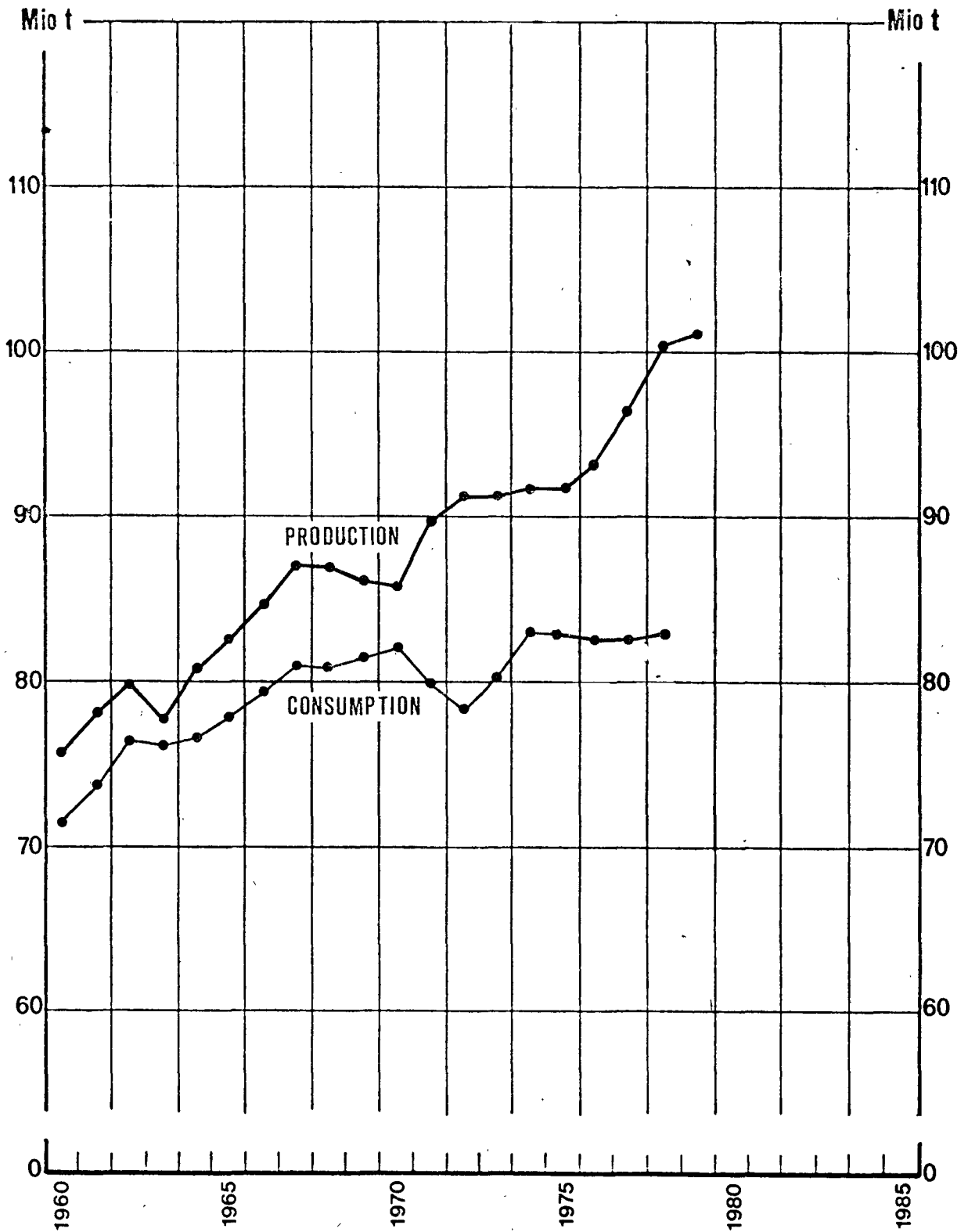
22. In 1979 the Community's milk production increase was just under 2 % and deliveries to dairies rose by about 2.4 %.

However, there were some features which indicate a slowing down in the rates of increase; production fell or was unchanged in some important milk producing areas of the Community. In those regions where yields per cow are highest, yields fell in 1979, under the combined influence of higher costs and declining investments.

The consumption of milk and of fresh milk products rose slightly - the increase being achieved for products with a lower fat content so that relatively more skimmed milk was consumed. A significant increase of skimmed milk utilization was also seen in cheese production, which increased by about 4 %. In addition, casein production increased by 12 % and there was a 6 % increase in the use of liquid skimmed milk in animal feed. Together, these outlets helped reduce skimmed milk powder production by nearly 3 %.

23. Prices to farmers were almost entirely maintained by the intervention system and the various schemes of aided disposal. The disposal schemes, which were expensive in 1979, had

COWS' MILK PRODUCTION AND HUMAN CONSUMPTION OF MILK AND MILK PRODUCTS* EUR "9"



* Whole milk equivalent (based on fat content)

good results. In particular, sales measures for skimmed milk powder for animal feed helped to reduce intervention stocks to their current level of about 218,000 tonnes, which is low. The public intervention stock of butter, now at 270,000 tonnes, is not excessive. Disposal measures including an active export policy have ensured, however, that the public stock (270,000 tonnes) and the private aided stock (79,000 tonnes) together are marginally lower than their level at the same period a year ago.

24. The world market has developed favourably since 1977, especially in 1979 when international trade expanded and the rate of increase of world milk production slowed down. This year the reduction in the skimmed milk powder stock and the other disposal measures for butter-fat have contributed towards the slight strengthening of prices in external markets and thus assisted a lessening in the rate of our export refunds.
25. Nevertheless production is still increasing and the cost of the milk sector to the EAGGF is still excessive. In 1979 this sector cost about 4,500 million EUA, accounting for about 43 % of total guarantee expenditure and being equivalent to more than 20 % of the value of final production of milk.
26. The Commission's present proposal on the support price for milk must be seen in conjunction with the major proposals for improving the market equilibrium which were set out in COM(79) 710 final. The prime objective must remain to stop the increase in milk production and to ensure that, beyond an agreed level, the cost of disposal of surpluses resulting from any increase in milk production should be borne by the producers themselves. This line of action is necessary for clear budgetary reasons but does not take anything from the guarantees in respect of recent levels of production.

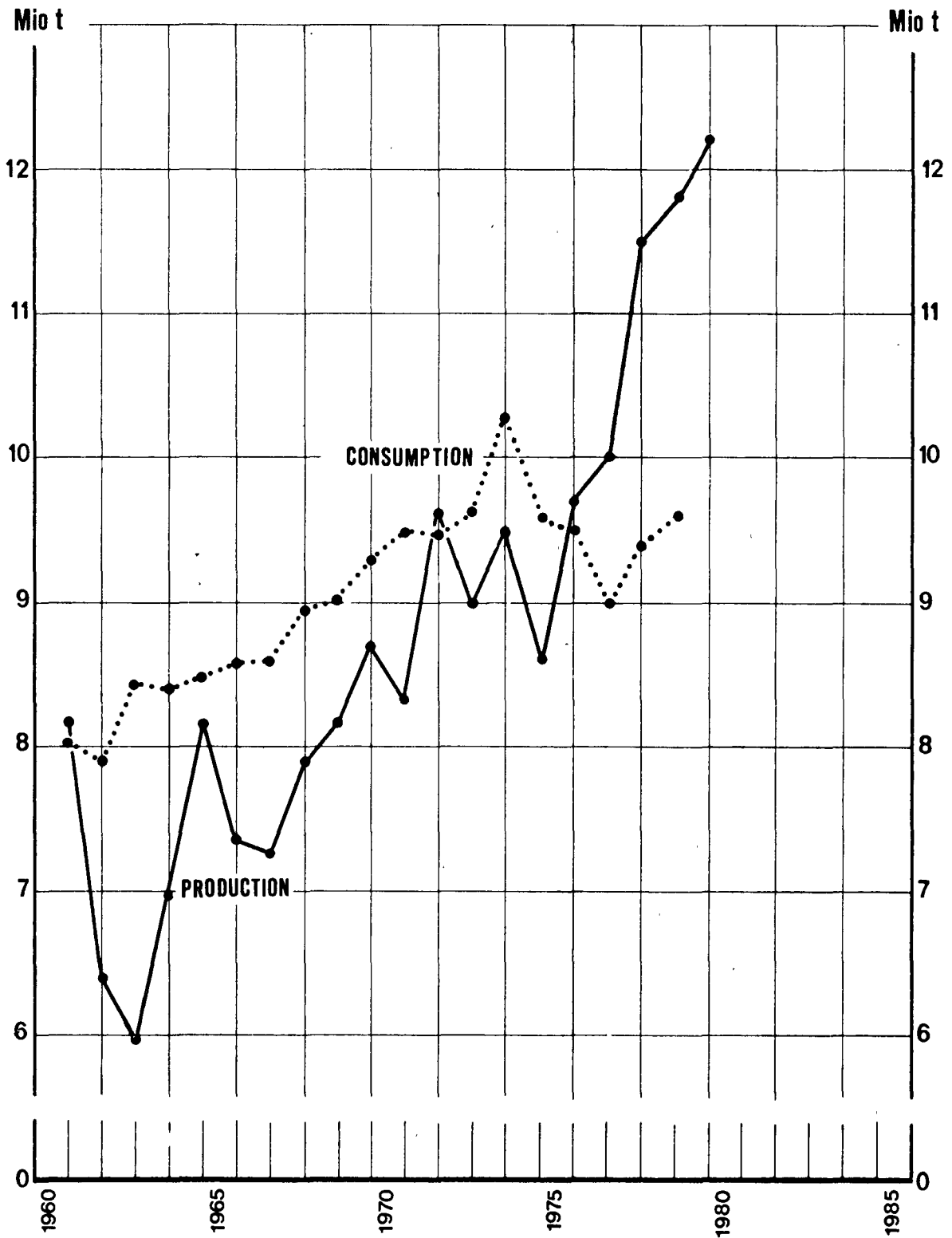
Sugar

27. Community sugar production has been rising by about 2.5 % a year since the early 1960's but there is considerable annual variation. Consumption, perhaps influenced by special factors, reached its highest level in 1973/74, just before the sharp price rise caused by world shortage, and is now well below its high point. The Community was not self-sufficient in sugar until quite recently (1975/76) but since then production benefitting from very high yields, particularly in 1978 and 1979, has exceeded human consumption. In addition, the Community has had since 1974 an obligation to import 1.3 million tonnes (white value) of preferential sugar a year from ACP countries, the OCT (Overseas Countries and Territories) and from India.

28. The 1979 Community harvest is an all-time record of about 12.2 million tonnes. Human consumption will be about 9.5-9.6 million tonnes. Support prices for producers were maintained in 1978/79 without intervention purchasing by a substantial export programme at a high unit rate of refund. In 1979/80 - for reasons which in the Commission's view are certainly of a short-term nature - world market prices have improved considerably and the gap between Community and world prices has thus closed. The current export refund is about 53 % lower than it was at about this period of the last campaign. An equilibrium can therefore be maintained in our market by an export programme at less cost.

29. EAGGF gross expenditure in the sugar sector in 1979 is expected to be about 1,005 million EUA. Against this should be set the income from the production levy, under which producers contribute to the cost of disposal, and the storage levy. This gives a net cost of the order of 545 million EUA, of which about 380 million EUA was for the export of sugar which corresponded to the import of sugar from ACP countries, the OCT and India.

PRODUCTION AND CONSUMPTION OF SUGAR* EUR "9"



* White value

30. Despite the improvement in world prices, which is a welcome feature of the market situation this year, the Commission considers that its major objectives in this sector remain indisputably valid. These objectives underlie the proposals which the Commission has already made in COM(79) 710 final and on which it hopes that the Council will take an early decision. The objectives are to ensure that, so long as a quota system continues, the total quotas correspond as nearly as possible to the demand (Community consumption and traditional exports); and that, while the cost of disposal of Community sugar corresponding to preferential imports remains a Community responsibility, the cost of other exports or disposal is borne by the producers themselves. The development of production also points to prudence in the setting of Community support prices and the Commission's proposals are made in the light of these considerations.

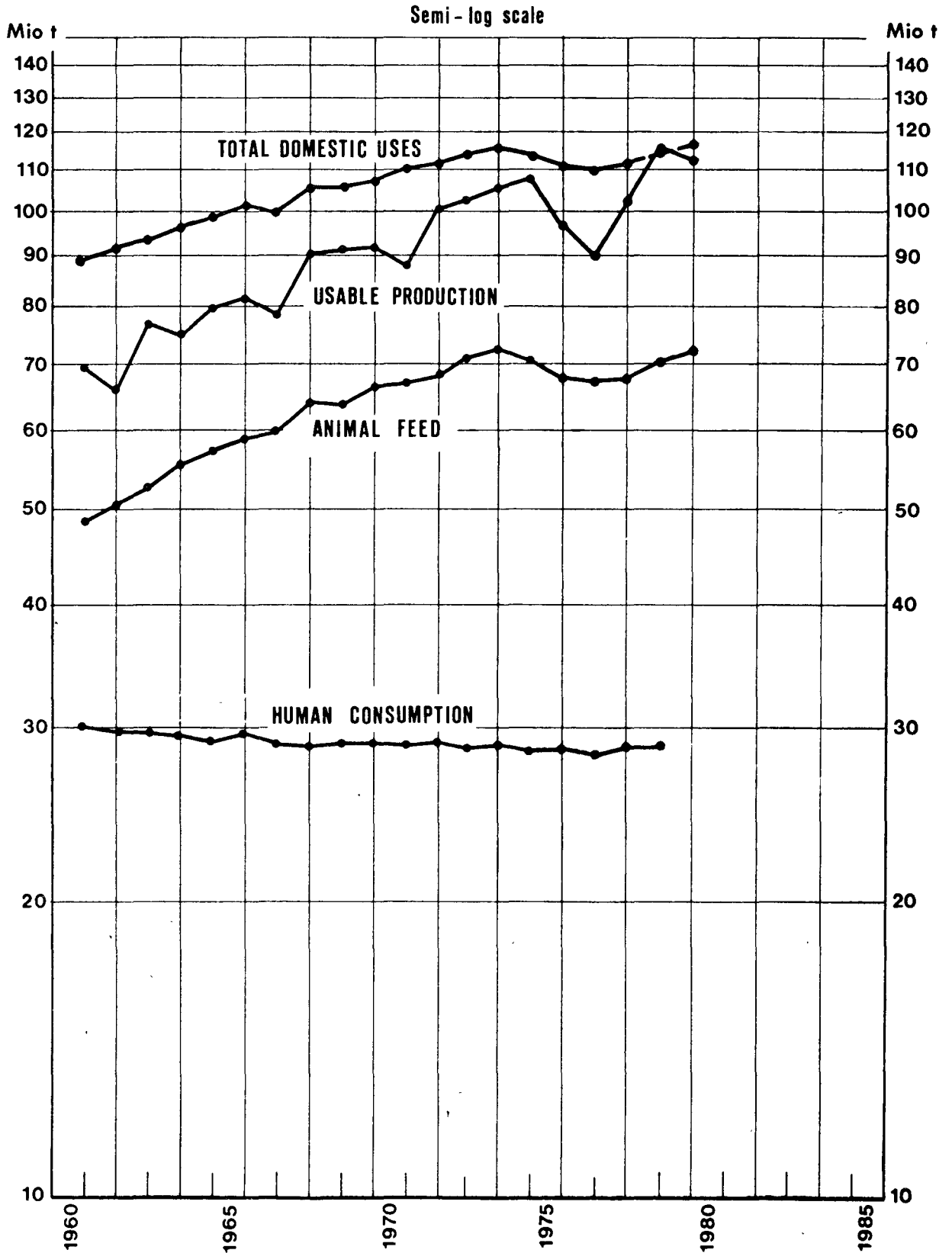
Cereals

31. Community cereals production has increased at an average annual rate of about 1.6 % in the last decade. The higher production of wheat (+ 2 % a year) is entirely the result of higher yields. Under the impact both of increased acreage and higher yields barley production has grown more quickly (+ 2.6 % a year). Human consumption of cereals remains almost unchanged.

32. The 1979 Community cereal harvest is estimated at about 113 million tonnes, slightly below last year's very large harvest. Compared with 1978 wheat decreased by 4 % and barley by 1 %. The Community's level of self-supply is again around 100 %. There will be no difficulty, however, in disposing of this year's Community production, since demand remains firm both in the internal and export markets. The gap between Community and world prices has been reduced during the year. Currently the Community's export refund for wheat is about 85 % of its level at about this period last year. The refund for barley is about 77 % of that level. This trend has been clearly established during this campaign, even though at the present time the market situation is affected by the uncertainties following the decision of the United States to cut its expected exports to the USSR as a result of the USSR's action in Afghanistan.

33. The Commission decided in 1978/79, with the agreement of the Member States, that it would be sensible to manage the market in such a way as to have a somewhat higher end of season stock. This is intended to provide a protection for the consumer against price swings, a late harvest or other risks and also to enable a more stable export policy to be pursued. This experience has been positive and it is intended to aim for a similar carry-over stock of wheat of about 6.9 million tonnes, most of which would be in commercial hands at the end of the current season. Intervention stocks are now about 1.8 million tonnes of wheat, about 500,000 tonnes of rye and are minimal for other cereals.

TOTAL PRODUCTION AND USE OF CEREALS EUR "9"



34. EAGGF gross expenditure on cereals is still running at high levels because of the size of the last two harvests. The outturn for 1979 is expected to be close to the budget figure of 1,600 million EUA. However, the net expenditure on cereals during the 1979/80 campaign (market support and export cost less income from levies) is expected to be close to zero.
35. Despite the relatively satisfactory market situation now, there are objectives which the Community should achieve in order to improve the working of the market organisation. These objectives are, firstly, to ensure that the relationship of cereal prices makes possible the effective marketing of the large crop of Community barley; a major difficulty has been the sudden upsurge in imports of competing manioc but, following discussions between the Commission and the Thai authorities the volume of imports will be substantially lower in 1979 (about 5 million tonnes) and restraint on future supplies is under continuing discussion. Secondly, the support system should be so operated as to avoid bread-making wheat of minimum quality being bought unjustifiably into intervention. Thirdly, it is essential, over a period of time and with sufficient safeguards for producers, to bring the support price for rye into line with the support prices for other feed cereals; the Commission has made proposals to this effect in COM(79) 710 final. Fourthly, it is important in due course to bring the price of durum wheat into better relationship with the common wheat price. The Commission's price proposals are designed either to further these objectives directly or to be coherent with them.

Meat

36. A major factor in the meat market since the 1960's has been the rapid expansion of pigmeat's share of total meat consumption. In quantity the gain in recent years has been more important than even the gain in poultrymeat.

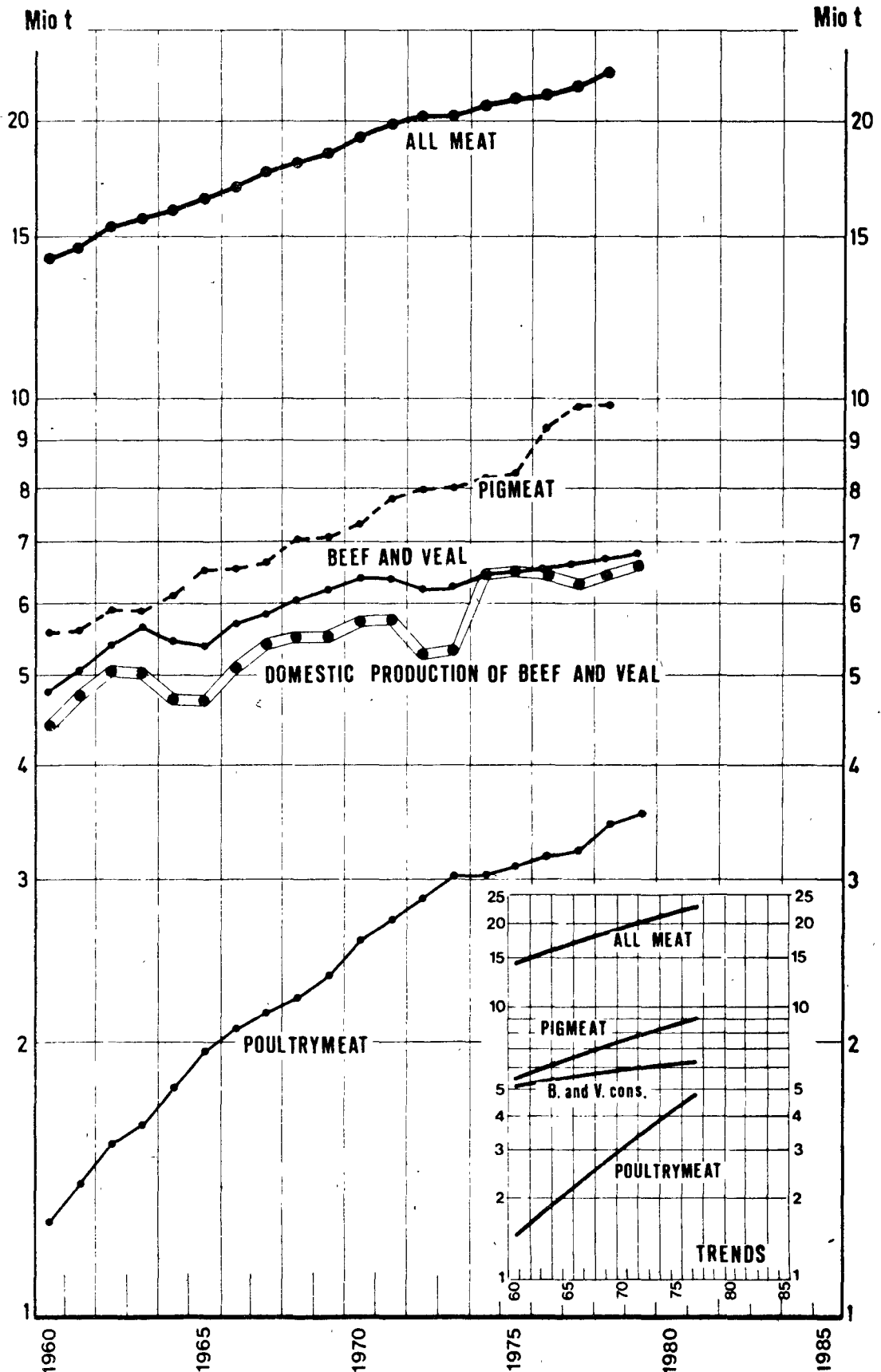
After the substantial gains of recent years the rate of increase in pigmeat production has begun to slow down. In the first half of 1979 producer prices for pigmeat and poultry were under pressure as a result of increases in production. In the autumn, however, prices began to recover and firm prices for pigmeat are forecast well into 1980. The flexible market organization and, in particular, private storage have helped to bring pigmeat prices back to a level close to the basic price without checking completely the momentum of increasing production.

37. Beef production has been rising by 1-2 % a year since the early 1970's. Consumption has increased slowly (about 1 % a year) due to pressure on consumers' incomes and the competition of pigmeat and poultry (annual growth rates of 2.5 % and 4 % respectively) and beef's share of the meat market is declining. The structure of beef production is also changing rapidly : the number of beef production units is decreasing and average herd size is increasing. About 80 % of beef produced has its origin in the dairy and dual purpose herds and the market support for beef is therefore to a large extent also support for dairy farmers. The number of cows of beef breeds has increased in the last two years but it is necessary to give attention to adequate profitability in specialized beef production as an alternative to milk production, if further problems in the milk sector are to be avoided.

38. Beef production in 1979 is estimated at 6.6 million tonnes, 3-4 % above the level of 1978, largely due to an increase in the average carcass weight. Consumption is estimated at about

MEAT CONSUMPTION EUR "9"

Semi-log scale



6.8 million tonnes. Imports, which are predominantly made under various preferential arrangements, are currently running at about 400,000 tonnes a year with a corresponding but slightly lower level of exports. Beef prices in the Community in 1979 have been weak; the average Community market price is now about 83.7 % of the guide price. Consumers have not been prepared to pay more and it is essential to take account of this in framing the future policy, if beef production is not to lose more ground to pig, poultry and mutton and lamb production. World market prices for beef have improved in the first part of 1979 but have now fallen back.

39. The Community beef market has been difficult to manage in 1979. For specific reasons (lack of fluidity in the market, variations in national buying-in prices etc.) the volume of beef purchased by the intervention agencies, about 330,000 tonnes, has been high. If no change is made in certain elements of the support system, the Commission expects that intervention purchases in 1980 will be at higher levels. The problems and the associated costs of managing the market in 1980 are likely to be more acute.

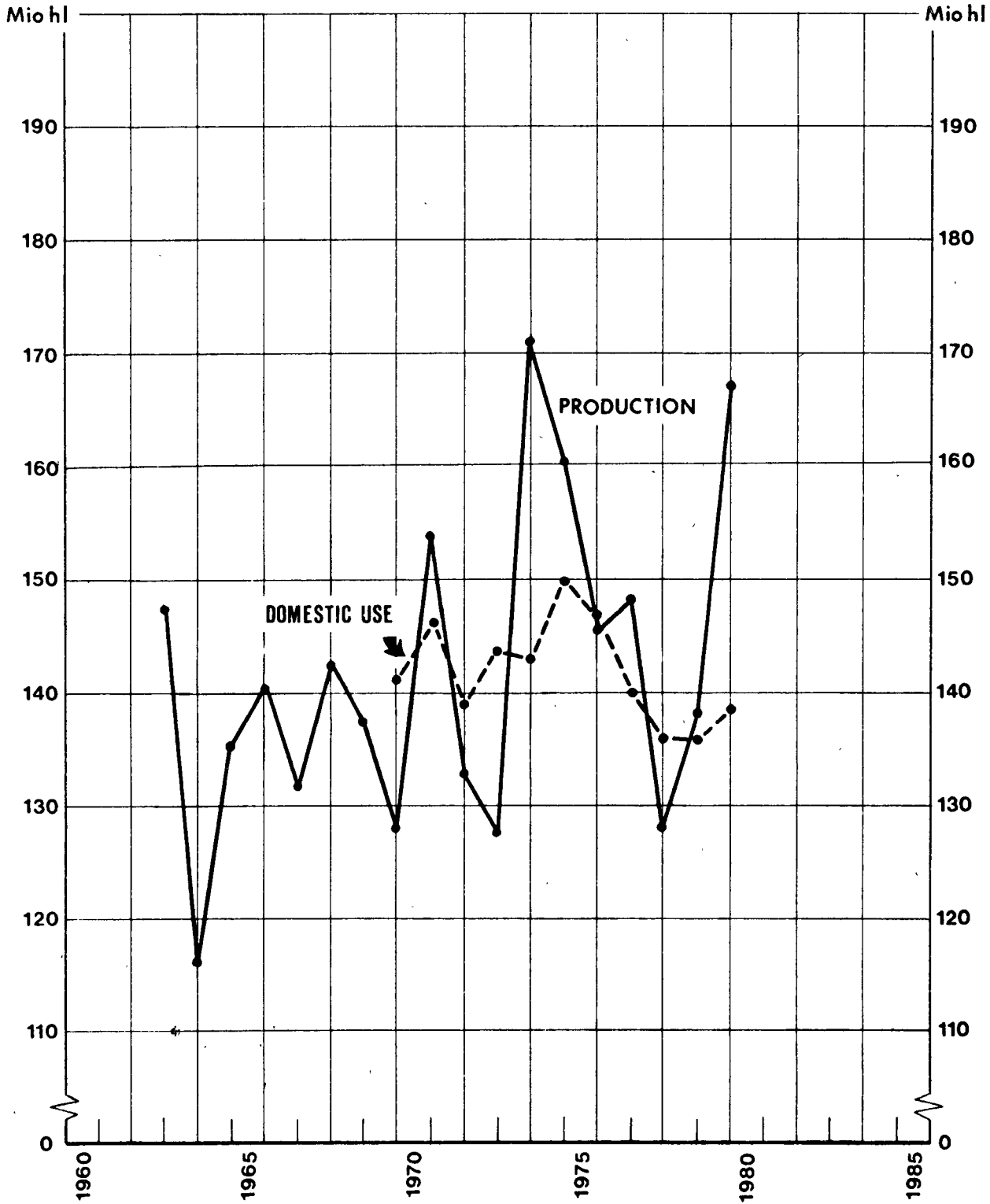
EAGGF expenditure for beef in 1979 is estimated at 708 million EUA. The trend of expenditure in this sector is once again upwards unless action is taken soon to reduce stocks and to improve the day-to-day working of the system.

40. The objectives in this sector already underlie the proposals with the Commission has made in COM(79) 710 final. The Commission is profoundly convinced that by certain changes in the arrangements equally effective support can be given to beef producers' incomes without the distortions now present in the intervention system. Its objectives, therefore, are to introduce the Community classification system, making the market more transparent and putting intervention categories and prices on a common basis; to avoid the use of intervention, where possible, at periods of the year when prices should be firm to avoid raising support prices to levels which do not correspond to reasonable market possibilities.

Wine

41. Wine production in the Community is growing at a long-term rate of 1 % a year (1960-1977) due largely to increasing yields. Year-to-year harvest variations are sometimes as great as 40 %. Consumption has been more or less stable over the last 15 years. Per capita consumption varies widely between Member States - being high in the main producing countries (France, 101 litres per head) and exceptionally low in Ireland (3 litres) and the United Kingdom (5 litres). This difference is partly due to different fiscal policies. The stability of consumption means that big harvest - like that registered in 1979 - lead to increasing surpluses.
42. Wine production in 1979/80 is estimated at 167 million hectolitres, more than 15 % above average.
43. EAGGF expenditure in the wine sector varies with the harvest. Expenditure in 1979 was more than the budget forecast of 94,4 million EUA. It is expected to be considerably higher this year.
44. The package of wine measures agreed by the Council in December will certainly aid market management by reinforcing the quality policy and by making possible a reduction of the area under vines which are least-suited to wine production. A reduction of high excise duties would also stimulate consumption.

PRODUCTION AND DOMESTIC USE OF WINE EUR "9"



N.B. The figure for domestic use does not allow for distillations which are in conformity with basic regulation

Olive oil

45. Statistical difficulties make it impossible to draw up a graph showing the precise evolution of production and consumption of olive oil. Production and consumption of olive oil are concentrated in Italy.

According to the Commission's estimations, however, the production of olive oil has slightly increased since 1960 as a result of technical improvements; the number of trees appears to have remained unchanged. There is reduced scope for an increase in production in the future.

46. During the period 1970/74, some increases in consumption of olive oil in the Community took place; this evolution is reflected in the increase in imports during these years. Since 1975, however, consumption has fallen sharply, due to an unfavourable relationship between consumer prices for olive oil and competing oils. Measures are now being taken to halt the fall in consumption through the introduction of an aid for consumption which will reduce consumer prices. It is still too soon to judge the results of this system of consumption aids. But, according to the first signs, it appears that there has been an increase in consumption. Intervention stocks are now about 49.000 tonnes following a considerable reduction in 1979.

47. EAGGF expenditure on olive oil is estimated at 391,7 UCE million UCE for 1979, 3,8 % of EAGGF guarantee expenditure.

Tobacco

48. While the Community's self-supply is only 25.%, intervention regularly takes place for some raw-tobacco qualities. The EAGGF expenditure, 212 million EUA, for this sector amounts to 2-3 % of total guarantee expenditure and represents 45 % of the value of Community produce, measured as packed tobacco. This 45 % represents the gap that exists between the Community cost price and the world market price for competing varieties.
49. Community protection is provided only by the CCT. Customs duties are nil for goods imported from several countries (Greece, Turkey, ACP) or are reduced as a result of preferential agreements (SPG) or the provisions of the GATT treaty.

d) Conclusions

50. In the light of the foregoing, the Commission recommends that the Council :

- . approve an increase in the common agricultural prices for the 1980/81 marketing year varying according to product and ranging from 2 to 3.5 %, except for milk, sugar and beef and veal, for which it is limited to 1.5 %; in the milk sector this increase affects only milk proteins and not butter;
- . agree to the dismantling of positive monetary compensatory amounts by one point in Germany and 0.5 point in the Benelux countries;

The agricultural price proposal would only have the effect of raising food expenditures by 0.8 % and total household expenditures by a little more than 0.1 %.

51. Implementation of these proposals would entail additional net expenditure of about 57 million ECU. These financial implications must however, be considered in the context of the Commission's proposals for changes in the common agricultural policy to help balance the markets and streamline expenditure (doc. COM(79) 710 of 29 November 1979). The latter proposals will in fact save some 15 million EUA, compared with the 1979 budget and 823 million EUA on the 1980 budget estimates.
52. Lastly, the Commission considers that the limitation of the proposed increase in the price for beef and veal to 1.5 % permits the introduction of a premium amounting to 60 ECU per head for the first fifteen suckling cows on farm specialising in beef production. This measure will entail additional expenditure of 210 million EUA.
53. The Commission takes this opportunity to amend, in order to clarify, certain proposals contained in the abovementioned document COM(79) 710, notably in the milk and milk products sector. The Commission stresses that the introduction of special measures to assist small dairy farmers in less-favoured areas and the suckling cow premium, which is designed to encourage beef production, will be subject to the adoption of effective measures relating to the milk co-responsibility levy.

54. In elaborating its present proposals and those contained in document COM(79) 710, the Commission has carefully re-examined the other solutions put forward for resolving the problem of imbalance on the milk market.

It considers that only the solution which it advocates - an additional levy on additional quantities - is acceptable and effective, because :

- . it leaves the choice of whether or not to produce additional quantities to the producers themselves;
- . it applies to each dairy the rule that if there is no more milk than in 1979 (minus 1 %), there is no supplementary levy to pay in 1980;
- . it ensures that, however much milk production increases, there should be no need for supplementary funds for the milk sector.

55. In conclusion, the Commission reiterates that the situation on the major agricultural markets and the budgetary difficulties facing the Community would have led to a price freeze, which only the deterioration of agricultural incomes prevented this year. However, under no circumstances can the price proposals for the 1980/81 marketing year and the related measures be financed unless an effective and permanent solution is found to the most serious problem currently facing the common agricultural policy, that is to say the milk problem. If the Council were not rapidly to adopt measures on the lines of those put forward in COM(79) 710, notably for milk, the situation would be so serious that the Commission would be obliged to revise its proposals both for prices and related measures.

Table of price proposals for individual products

Product	Category of price or amount	Amounts fixed 1979/80 Ecu/tonne	% increase per year		1980/81 proposals		Period of application of the proposed prices
			1979/80 first year (1)	1979/80 1978/79	amounts Ecu/tonne	% increase	
1	2	3	4	5	6	7	8
Durum wheat	Target price	277,37	5,2	2,3	287,77	3,75	1.8.80 - 31.7.81
	Single intervention price	249,12	4,8	1,5	254,10	2,0	
	Aid	77,31/ha	-	1,7	77,31/ha	-	
Common wheat	Target price	201,42	3,8	2,6	208,97	3,75	1.8.80 - 31.7.81
	Common single intervention price	149,17	1,9	1,5	152,15	2,0	
	Reference price for bread-wheat (minimum quality)	168,06	1,3	1,5	171,00	1,75	
Barley	Target price	182,89	4,3	2,8	189,75	3,75	1.8.80 - 31.7.81
	Common single intervention price	149,17	3,2	1,5	152,15	2,0	
Rye	Target price	192,50	4,5	2,7	5) 189,75		1.8.80 - 31.7.81
	Single intervention price	159,82	3,5	1,5	4) 5) 152,15		
Maize	Target price	182,89	4,4	2,8	189,75	3,75	1.8.80 - 31.7.81
	Single intervention price	149,17	4,0	1,5	152,15	2,0	
Rice	Target price - husked rice	382,28	4,9	5,0	398,60	+ 4,27	1.9.80 - 31.8.91
	Single intervention price - paddy rice	218,58	3,4	3,3	228,25		
Sugar	Minimum price for sugarbeet	31,83	4,1	1,5	32,31	1,5	1.7.80 - 30.6.81
	Target price for white sugar	432,60	4,4	1,5	435,46	2,8	
	Intervention price for white sugar	410,90	4,4	1,5	422,41	2,8	

Product	Category of price or amount	Amounts fixed 1979/80 Ecu/tonne	% increase per year		1980/81 proposals		Period of application of the proposed prices
			1979/80 first year (1)	1979/80 1978/79	amounts Ecu/tonne	% increase	
1	2	3	4	5	6	7	8
Olive oil	Production target price	2 350,40	4,1	1,5	2420,9	3	1.11.80-31.10.81
	Market target price	1 470,00	3,3	0,7			
	Intervention price	1 731,90	5,3	1,5	1758,0	1,5	
	Production aid	529,00	1,7	1,5	544,9	3,0	
Oilseeds	Target price						
	- Colza and rape seed	364,10	3,4	1,5	376,80	3,5	1.7.80-30.6.81
	- Sunflower seed	396,60	4,1	1,5	416,4	5	1.9.80-31.8.81
	Basic intervention price						
	- Colza and rape seed	353,60	3,4	1,5	358,9	1,5	1.7.80-30.6.81
	- Sunflower seed	385,10	4,1	1,5	390,9	1,5	1.9.80-31.8.81
	Guide price						
	- Soya seed	394,80	7,0	0,9	410,6	4,0	1.11.80-31.10.81
	- Flax seed	397,90	4,3	1,5	411,8	3,5	1.11.80-31.7.81
	- Castor seed	515,40	1,5	1,5	530,9	3,0	1.10.80-30.9.81
Fixed rate aid (per ha)							
- Cotton seed	133,38	5,9	1,5	137,38	3,0	1.10.80-31.7.81	
Dried fodder	Fixed rate aid	6,14	1,7	1,7	6,32	3,0	1.4.80 - 31.3.81
	Guide price	126,40	1,5	1,5	131,46	4,0	
Peas and beans	Activating price	349,70	1,5	1,5	363,9	4,1	1.7.80 - 30.6.81
	Minimum price	214,80	1,5	1,5	221,2	3	
Flax and hemp	Fixed rate aid (per ha)						1.8.80-31.7.81
	- Fibre flax	248,55	7,2	1,5	256,00	3	
	- Hemp	225,74	9,9	1,5	234,77	4	

Product	Category of price or amount	Amounts fixed 1979/80 Ecu/tonne	% increase per year		1980/81 proposals		Period of application of the proposed prices	
			1979/80 first year (1)	1979/80 1978/79	amounts Ecu/tonne	% increase		
1	2	3	4	5	6	7	8	
Seeds	Aid (per 100 kg)				(6)		1.7.80-30.6.82	
	- Monoecious hemp	12,7	10,7	0	12,9	1,5 on average		
	- Fibre flax	17,5	10,4	0	17,8			
	- Linseeds	13,9	6,7	0	14,1			
	- Grasses	12,1-45,9	3,2 - 3,4	0 - 0	2,3-50,3			
	- Legumes	4,8-33,9	-3,1 - 4,9	0 - 0	4,9-36,8			
- Rice	12,1	-	0	12,1				
Table wine Type	Guide price (per degree/hl or per hl according to type)	RI	2,54	4,5	1,6	2,64	3	16.12.80-15.12.81
		RII	2,54	5,4	1,6	2,62	3	
		RIII	39,61	4,4	1,5	40,80	3	
		AI	2,38	4,3	1,3	2,45	3	
		AII	52,79	4,6	1,5	54,37	3	
		AIII	60,28	4,6	1,5	62,09	3	
Raw tobacco	Guide price	(2)	2,6	1,5	(2)	2,3	1.8.80-31.12.80	
	Intervention price		on average	on average		on average		
Fruit and vegetable	Basic price Buying-in price	(3)	3,0 on average	1,4 on average	(3)	3,5 on average	1980 - 1981	

Product	Category of price or amount	Amounts fixed 1979/80 Ecu/tonne	% increase per year		1980/81 proposals		Period of application of the proposed prices
			1979/80 first year (1)	1979/80 1978/79	amounts Ecu/tonne	% increase	
1	2	3	4	5	6	7	8
Milk	Target price for milk	214,00	5,1	0	217,2	1,5	1.4.80 - 31.3.81
	Intervention price						
	- for butter	2 849,70	2,8	0	2849,7	0	
	- for skimmed-milk powder	1 157,90	8,0	0	1190,9	2,8	
	- for cheese						
	• Grana padana 30-60 days	2 794,30	5,8	0	2838,7	1,6	
	• Grana padano 6 months	3 390,90	5,9	0	3437,9	1,4	
	• Parmigiano-Reggiano 6 months	3 699,80	5,9	0	3746,8	1,3	
Beef and veal	Guide price for adult bovines ⚡ (live weight)	1 545,80	5,9	1,5	1569,0	1,5 ⚡	7.4.80 - 5.4.81
	Intervention price for adult bovines (live weight)	1 391,20	3,7	1,5	1412,1	1,5	
Pigmeat	Basic price (slaughter weight)	1 504,46	4,5	1,5	1549,59	3	1.11.80 - 31.10.81
Silkworms	Aid per box of silk seed	67,50	9,3	1,5	69,19	2,5	1.4.80-31.3.81
	Aid to recognized producer groups (per box)	-	-	-			

⚡ Suckling cow premium of 60 ECU is calculated as being equal to another 1,5 % increase in the guide price.

- (1) i.e. Annual rate of increase since the introduction of the common price
- (2) Nineteen varieties of tobacco, the prices for which apply to the calendar year.
- (3) Products in Annex II of the Council Regulation of 18 May 1972 and periods varying according to the products;

Cauliflowers	: 1.5.1980 to 30.4.1981	Lemmons	: 1.6.1980 to 31.5.1981	Apples	: 1.8.1980 to 31.5.1981
Tomatoes	: 1.6.1980 to 30.11.1980	Pears	: 1.7.1980 to 30.4.1981	Mandarines	: 16.11.1980 to 28.2.81
Peaches	: 1.6.1980 to 30.9.1980	Table grapes	: 1.8.1980 to 31.10.1980	Sweet oranges	: 1.12.1980 to 31.5.1981

- (4) Special price increase of 6.01 ECU/t is proposed for bread-making rye
- (5) To be fixed on the basis of the usual criteria and taking into account the proposals contained in document COM(79)710 final of 30.11.1979
- (6) Aids already fixed by Council Regulations (EEC) N° 1582/79 of 24 July 1979 and (EEC) N° 2879/79 of 17 December 1979. These aids also apply to the marketing year 1981/82. However, for the marketing year 1981/82, the Commission proposes an increase for the species *Phleam pratense* (7 %) and *Trifolium repens*, including *giganteum* (9 %).

NB. Aid for the 1977 hop harvest : in ECU/tonne for aromatic varieties 453 (+ 9,6%), bitter 345 (+ 17,3%) and others(-8,75%)
 Aid for 1978 : in Ecu/tonne for aromatic varieties 423 (- 6,6 %), bitter 363 (+ 5,2 %) and others 484 (- 33,24 %)

B. EXPLANATORY MEMORANDUM FOR INDIVIDUAL PRODUCTS

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CEREALS

A. PRICES

1. The common market organization for cereals is an integrated system of prices which will only operate properly if the price relations are correctly set. In such a system, the various prices are interdependent. So far as possible, the Commission seeks to further refine the key elements of this system.

The Commission's general objectives are as follows :

- a) increased market fluidity, i.e. greater freedom for market forces to operate;
- b) reduced cost of market support for the EAGGF.

Increased fluidity would come from :

- up-dating the transport costs,
- making barley more competitive on the feed grain market,
- facilitating the use on the Community market of common wheat of Community origin, whether it be for human consumption or animal feed.

Reduced costs for the EAGGF (intervention and export refunds) would automatically result from the proposed improvements.

2. Durum wheat is not included in the integrated system of prices since it is not competing with other cereals on the animal feed market. It is however in competition with common wheat for human consumption (in pasta products). For this reason the Commission has the long-term objective of reducing its price in relation to that of common wheat. This could be achieved, whilst continuing to support producers' incomes, by holding the common prices unchanged and increasing the level of direct aid.

The Commission cannot make such a proposal this year because of the immediate budgetary impact of the direct aid. It therefore proposes price increases which parallel those for other cereals, with no change in the level of direct aid.

3. As regards rye, the Commission made a proposal in the framework of "Changes in the Common Agricultural Policy to help balance the markets and streamline expenditure" (1). This involved the gradual alignment of the rye intervention price with the common single intervention price of common wheat, barley and maize.

(1) Doc. COM(79) 710 final of 30.11.1979

The Commission's price proposal for rye in 1980/81 is based on that earlier proposal. It believes, moreover, that the suggested improvements in market fluidity with the increased possibility of competition between cereals on the animal feed market will favour the absorption of rye by the market. In fact, an increase in the difference between the common single intervention price and the common target price for feed grains favours the operation of the entire Community cereals market.

4. To resume, the Commission's broad aim is to improve, as far as possible, the price relations on which the integrated system hinges. By favouring the operation of the Community market, this should reduce the need for intervention (as regards, in particular, common wheat of breadmaking quality and rye) and for exports (particularly of barley) and thereby lead to a reduction in costs for the EAGGF.
5. The 1980/81 cereals price proposals are based on Council Regulation (EEC) No 2727/75 of 29 October 1975, on the common organization of the market in cereals⁽¹⁾. The basic proposal is for an increase of 2 % in the common single intervention price. This results in an increase of 3.75 % in the common target price for maize and barley, after taking account of up-dated transport costs (January 1980) and the need to improve the competitive position of Community barley.

The proposal for common wheat, made in accordance with Article 3 of Regulation (EEC) No 2727/75 as amended by Regulation (EEC) No 1151/77⁽²⁾, involves fixing the reference price in respect of medium bread-making quality requirements by adding 15 % to the common single intervention price. A definition of medium bread-making requirements is proposed in the related measures, as required by Article 4 of Regulation (EEC) No 2727/75.

In these circumstances, the Commission undertakes to apply a reduction of 3.97 ECU/t to the reference price in the context of the special intervention measures (Article 8 of Regulation (EEC) No 2727/75). In this way, common wheat of minimum bread-making quality will receive an increase of 1.75 % as compared with its 1979/80 price (168.06 ECU/t). The resulting price level (171.00 ECU/t) should improve the competitive position of this type of common wheat and thus significantly reduce

(1) OJ No L 281, 1.11.1975, p. 1.
(2) OJ No L 136, 2. 6.1977, p. 1.

the risk of intervention. The Commission proposes no change in the definition of the minimum bread-making quality.

As regard rye, the intervention price results from the addition of 7.10 ECU/t to the common single intervention/^{price} which is itself 2 % higher. As explained in the earlier proposal (1), this will reduce by one third the difference between the rye intervention price and the common intervention price for other cereals (difference in 1979/80 = 10.65 ECU/t : in 1980/81 = 7.10 ECU/t).

Finally the Commission undertakes to fix the special price increase for rye of bread-making quality at 6.01 ECU/t (previously 5.44 ECU/t).

The proposal for durum wheat is to increase the intervention price by 2 % and the target price by 3.75 % which will improve its market fluidity. Moreover, it is proposed in the related measures to abandon for the time being the quality requirements governing the grant of direct aid. This is because of difficulties experienced in verifying the quality when making aid payments. The quality problem should rather be dealt with when intervention takes place.

Finally, taking into account the general rise in storage costs, it is proposed to increase by 2 % the monthly increments for cereals and for rice.

RICE

6. The decision has been taken in the rice sector to eliminate the gap between the prices for round and long rice in two steps.

The first step was taken in the 1979/80 marketing year. The gap between the threshold prices was reduced from 24.18 ECU/t to 12.09 ECU/t. In addition, the corrective amounts which are added to the intervention price for the different types of long rice were reduced by a half.

To compensate for this reduction, the following measures were taken :

- the 1979/80 prices for round rice fixed by the Council were increased more than were prices for other agricultural products (+ 3.3 % for the intervention price and + 5 % for the target price). As long rice prices are derived from those for round, this increase mitigated the effects of the first move toward uniformity. As a result, the intervention price for long rice (Ribe) only fell by 1.1 % whilst the threshold price

(1) Doc. COM(79) 710 final of 30.11.1979.

for long rice rose slightly by 1.5 %,

- an aid of 121 ECU/t was introduced for rice intended for seed (Council Regulation No 2878/79; OJ No L 325 of 21.12.1979).

7. The second stage of closing the gap must take place in the 1980/81 marketing year so that there will be only one intervention price, target price and threshold price for round and long rice.

At present, the gap between the intervention price for round rice and that for long (Ribe) is 9.67 ECU/t.

To eliminate this difference would lead to a reduction in the long rice price of 4.2 %. In order to avoid such a reduction it is proposed that a single intervention price of 228.25 ECU/t applicable to all types of rice, should be fixed as from the start of the 1980/81 marketing year. This would represent an increase of 4.4 % for round rice and no change for the most representative variety of long rice (Ribe). However, as long grain rice at present represents about 70 % of Community production, the weighted increase for the rice sector as a whole would be 1.3 %.

8. The target price for husked rice, which is derived from the single intervention price will, for the first time, apply to both round and long rice as from the start of the 1980/81 marketing year. In accordance with Article 4 of Regulation No 1418/76, this derivation must be based on a number of technical elements (notably transport costs) as follows :

	ECU/t	
	1979/80	1980/81
1. Intervention price Vercelli	218.58	228.25
2. Market element	24.05	25.11
3. Processing costs	35.30	36.58(1)
4. Husked Rice price at Vercelli (1 + 2 + 3 x coefficient 1.25) }	347.41	362.42
5. Transport cost Vercelli - Duisbourg	34.87	36.18
6. Target price Duisbourg (4 + 5)	382.28	398.60
- increase compared with previous marketing year }	+ 4.96 %	+ 4.27% (2)

(1) 1 ECU = 117 Lit agriculture Rate

(2) Increase for round rice. For long rice, the increase is only 1.07 %.

B. - RELATED MEASURES

1. The principal related measure is that which defines the medium bread-making quality requirements. This is formally necessary for the application of Article 3(2) in the basic cereals Regulation (EEC) No 2727/75.

This definition, which has an important place in the completion of the system, is proposed in terms of internationally recognized criteria (protein content, Zeleny index, Hagberg falling number).

It should be noted that, even though this definition of medium quality requirements is essential to the completion of the system, the Commission does not envisage changing the quality standard to be applied in the case of special intervention measures. Any measures under Article 8 of Regulation (EEC) No 2727/75 will continue to be taken in respect of common wheat having the minimum quality requirements as currently defined.

2. The second measure in this group is an amendment to the basic Regulation concerning durum wheat aid (Article 10), which will remove the obligation to make the granting of such aid conditional on a given standard of quality.

Upto now it has not been possible to develop Community quality criteria. Moreover this aid is only granted in the southern part of the Community, where quality problems are much less serious than in the North and where a significant part of production is used locally for bread or is consumed on the farm.

3. As a further consequence of the proposal to change the quality requirement applicable to durum wheat aid, it is proposed to amend Regulation (EEC) No 3103/76 ⁽¹⁾.
4. The application of a common price regime for round rice and long rice will entail the suppression of the corrective amounts applicable at intervention price and a modification of the corrective amounts at the threshold price stage. This will involve amendments to some of the provisions in the basic rice regulation.

(1) OJ No L 351, 21.12.1976, p. 1.

CEREALS

PRICE PROPOSALS FOR 1980/1981

C e r e a l	1979/80	1980/81 Proposal	Increase in %
<u>COMMON WHEAT</u>			
Common single intervention price	149.17	152.15	+ 2.0
Reference price 1. Medium quality	(171.55)	174.97	+ 2.0
2. Minimum quality	168.06	(171.00)(a)	+ 1.75
Target price	201.42	208.97	+ 3.75
<u>BARLEY AND MAIZE</u>			
Common single intervention price	149.17	152.15	+ 2.0
Common target price	182.89	189.75	+ 3.75
<u>RYE</u>			
Single intervention price	159.82	(b) and (c)	
Target price	192.50	(c)	
<u>DURUM WHEAT</u>			
Single intervention price	249.12	254.10	+ 2.0
Target price	277.37	287.77	+ 3.75
Aid per hectare	77.31/ha	77.31/ha	-

- (a) Price resulting from a reduction of 3.97 ECU/t applied to the reference price fixed in respect of the medium bread-making quality. This price would be used in the context of special intervention measures
- (b) Special price increase of 6.01 ECU/t (previously 5.44 ECU/t) is proposed for bread-making rye
- (c) To be fixed on the basis of the usual criteria and taking into account the proposals contained in document COM(79) 710 final of 30.11.1979

SUGAR

1. In 1979/80 sugar production in the Community was again a record. As in the previous year, the area under beet was reduced by growers in Denmark, the Netherlands, France and Germany, but increased in Italy, Belgium and the United Kingdom. Thanks to the excellent autumn weather the sugar yield per hectare was 13% above the normal Community yield. Production thus attained 12.2 million t, compared with 11.8 million t in the 1978/79 sugar year, and exceeded foreseeable consumption by 2.6 million t. These figures point to a self-supply rate of 127%. The total quantity available for export, allowing for imports of 1.3 million t of preferential sugar, will reach 3.9 million t, of which 1.4 million t of C sugar will be exported without refunds.
2. In contrast to the Community's sugar situation, world production in the 1979/80 sugar year will fall short of foreseeable world consumption. This prospect set off an extraordinary upswing in world market prices last autumn, and figures are now more than double what they were at that time. At the beginning of January 1980, the price applied by the ISA for raw sugar exceeded the threshold of 15 cts/lb, beyond which ISA quotas are no longer applicable.

The important question is whether this is really the beginning of a shortage, as in 1973 and 1974, or whether it marks a transition to a more normal situation unencumbered by the heavy surpluses that affected the world market between 1975 and 1979.

To answer this question one must take account not only of the production shortfall this year (estimated at 4-5 million t) but also the reasons for it, together with the stock situation. The drop in production is due in part to poor harvests owing to bad weather in several of the main producer countries (especially USSR, Cuba, India, Thailand) and in part to deliberate cuts in production as a result of the restrictions on exports imposed by the ISA (Brazil, Australia, South Africa). Stocks in 1979/80 began at a record level of 30.4 million t on 1 September 1979, which is about 34% of annual consumption.

In the present marketing year, therefore, there will be no difficulty in supplying the world market from stocks; as to future production, there is no reason to suppose that the reasons for the production shortfall in 1979/80 will persist. Furthermore, world market prices are now at a level which will stimulate future production.

3. With regard to the prices to be fixed for the Community in 1980/81, the Commission proposes the following:
- (a) an increase of 1.5% in the minimum price for beet. The reasons for limiting the increase are the high profitability of beet-growing as such and in comparison with alternative crops. This is evident from the fact that beet growers in most of the Community regions find it worthwhile to produce beet in excess of quota A with a greatly reduced price guarantee;
 - (b) an increase of 5% in the processing margin to be adopted for determining intervention prices for sugar. This increase in the margin is needed to offset the sharp increase in heavy fuel oil prices; the increase in other cost components may be regarded as covered by the improvement in sales of molasses;
 - (c) an increase of 2.8% in the intervention price and target price for white sugar, resulting from the proposals under (a) and (b);
 - (d) an increase of 0.37 to 0.45 ECU/month in the reimbursement of storage costs in order to take into account the general increase in interest rates;
 - (e) an increase of 3.87 to 6 ECU/100 kg in the threshold price for molasses to offset at least partially the increase in prices on the world market and selling prices obtaining in the Community.
4. In addition, the Commission confirms that the reference period it proposed in document COM(79)710 final can be corrected to the two best of the last five sugar years.

OLIVE OIL

1. Production target price

Article 4 of Regulation No 136/66/EEC provides that before 1 August each year, a production target price for olive oil shall be fixed for the marketing year which begins the following year. In accordance with Article 6 of that regulation, this price shall be fixed at a level which is fair to producers, account being taken of the need to keep Community production at the required level.

The production target price was fixed at 235.04 ECU/100 kg for the marketing year 1979/80. For the marketing year 1980/81, taking into account the above-mentioned criteria, and the increase envisaged for all other agricultural products, it is proposed to fix the production target price at 242.09 ECU/100 kg, which represents an increase of 3 % compared to the price fixed for the preceding marketing year.

2. Production aid

Article 5 of Regulation No 136/66/EEC provides that before 1 August each year, a production aid for olive oil shall be fixed for the marketing year which begins the following year. According to the same Article this aid, which is intended to contribute to the attainment of a fair income for the producers, shall be fixed taking into account the incidence which the consumption aid has on only part of the production.

For the 1979/80 marketing year, the production aid was fixed at 52.90 ECU/100 kg. Taking into account the importance of the production aid for the income of the olive-oil producer, **and bearing in mind the criteria mentioned above**, it is proposed to increase this aid by the same percentage as that used to fix the production target price. It is therefore proposed to fix the production aid for the 1980/81 marketing year at 54.49 ECU/100 kg.

3. Intervention price

Article 4 of Regulation No 136/66/EEC provides that before 1 August each year, an intervention price for olive oil shall be fixed for the marketing year which begins the following year.

According to Article 8 of that regulation, the intervention price shall be equal to the production target price less the production aid and less an amount which takes into account market fluctuations and the cost of transport of olive oil from production areas to consumption areas.

The amounts used when the intervention price was fixed for 1978/1979 and 1979/80 namely, 8.80 ECU/100 kg and 8.95 ECU/100 kg respectively, which gave rise to an intervention price of 170.63 ECU/100 kg and 173.19 ECU/100 kg for the two years in question, were not sufficient to ensure the necessary fluidity in the olive oil market for the period concerned. During those marketing years certain quantities were sold into intervention in Italy, the principal olive-oil producing country in the Community.

In order to ensure a greater fluidity in the olive oil market it is, therefore, necessary for the 1980/81 marketing year to increase the difference between the intervention price and the production target price less the production aid. A difference of 11.80 ECU/100 kg should permit the objective pursued to be achieved.

It is therefore proposed to fix the intervention price for the 1980/81 marketing year at 175.80 ECU/100 kg, which represents an increase in the intervention price of 1.5 %.

4. Monthly increases

Article 10 of Regulation No 136/66/EEC provides that in order to enable sales to be staggered, the market target price, the intervention price and the threshold price shall be increased each month, for a period of five months beginning 1 January, by an amount which shall be the same for all three prices.

For the 1979/80 the amount of the monthly increases was fixed at 1.37 ECU/100 kg. From 1 January 1980 these increases became applicable during seven months.

For the 1980/81 marketing year, an increase in the monthly increases of the same percentage as that used to fix the intervention price, namely 1.5 %, appears adequate.

It is therefore proposed to fix the amount of the monthly increases at 1.39 ECU/100 kg, to be applied during the seven months which begins on 1 January 1981.

OILSEEDS

A. Colza and rapeseed, and sunflower seed

1. Article 22 of Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats⁽¹⁾ provides that each year the Council shall fix the target price, the basic intervention price and the other intervention centres as well as the derived intervention prices, for colza, rapeseed and sunflower seed.
2. For the 1979/1980 marketing year the target prices for colza and sunflowerseed - which shall be fixed at a level which is fair to the producer, account being taken of the need to keep Community production at the required level - were fixed at 36.41 and 39.66 ECU/100 kg respectively. For the 1980/1981 marketing year the Commission proposes to increase them to 37.68 and 41.64 ECU/100 kg respectively, which represents an increase of 3.5 % for colza and 5 % for sunflower seed. It should be noted that Community production of both the oilseeds in question is inadequate to cover the requirements of the Community for these seeds. The Community produces 1 200 000 tonnes of colza and imports between 300 000 and 500 000 tonnes; 200 000 tonnes of sunflower seed are produced and 1 000 000 t are imported. In the context of total usage of oilseeds, of which 11 000 000 of soya, the proportion of Community production of colza and sunflower seed is even more limited. In these circumstances the Commission believes that a special encouragement should be given to their production. The incentive for sunflower seed, of which the deficit is largest and for which demand is growing, should be greater.
3. With regard to the intervention prices, the Commission believes that it is appropriate to amend the system, although the principles which have been fundamental to the system since the establishment of the common organisation of the market in oils and fats in 1967 should still be respected. The system of regionalised intervention prices that exists in the sector of colza and sunflower seed has as its objective on the one hand to ensure that the prices obtained by the producers should be as close as

(1) OJ No 172, 30.9.1966, p. 3025/66

possible to the target price, and on the other "to allow seeds to move freely within the Community (in particular from surplus areas to deficit areas) under natural conditions of price formation and in accordance with the needs of the market.

The Commission considers that the fixing of regionalised intervention prices has become superfluous, and can even impede the free circulation of the oilseeds. For this reason the Commission proposes to amend Regulation No 136/66/EEC by providing for the replacement of the system of derived intervention prices by that of a single intervention price. The difference between this latter price, to be fixed for a centre in the surplus area, and the target price, must ensure a greater fluidity of the market. Moreover, the fact that the Community is in deficit of colza and sunflower seed should, under normal market conditions, prevent that the prices obtained by the producers, particularly, where colza is concerned, in the deficit area in the North of the Community, should be too close to the level of the single intervention price.

In order to avoid that in certain regions in the Community the guaranteed return to the producer be decreased in real terms when the conversion to the new system takes place, the Commission proposes to establish the new system in two stages. For colza, since the difference between the intervention prices in the main producing area (Châteauroux) and the basic intervention price is 4.7 %, an increase of 3.5 % in the intervention price at Châteauroux and the alignment at this level of the single intervention price would have caused a decrease in the guaranteed return to producers in some regions in the Community, in particular in the North, which is unacceptable.

The same problem arises in the case of sunflower seed.

For the 1979/1980 marketing year, the basic intervention prices for colza and sunflower seed were fixed at 35.36 and 38.51 ECU/100 kg respectively. For the 1980/1981 marketing year, on the basis of the criteria outlined above, the Commission proposes to increase the basic intervention prices for colza and sunflower seed respectively to 35.89 and 39.09 ECU/100 kg, namely, an increase of 1.5 %.

It will thus be ensured that the intervention price for the 1980/1981 marketing year will not, in terms of national currency, be less in any intervention centre than the price currently in force.

The Commission proposes to maintain for the 1980/1981 marketing year the intervention centres used during the preceding marketing year and to increase the derived prices by the same percentages as those used to increase the target price, namely, 3.5 % for colza and 5 % for sunflower seed, on condition however that this method does not lead to prices being fixed which exceed the basic intervention price. For centres for which this occurs, the basic intervention price shall be used.

For the 1981/1982 marketing year the Commission proposes to progress to the final stage of the system of intervention based on a single price.

4. Article 25 of Regulation No 136/66/EEC provides that the monthly increases shall be fixed annually by the Council, taking into account average storage costs and interest charges in the Community.

For the 1979/1980 marketing year the monthly increases were fixed at 0.381 and 0.445 ECU/100 kg for colza and sunflower seed respectively. For the 1980/1981 marketing year it is proposed to increase the monthly increases to 0.394 ECU/100 kg for colza and 0.467 ECU/100 kg for sunflower seed, that is, an increase of 3.5 % for colza and of 5 % for sunflower seed. This increase should be adequate to cover the rise in costs which may have occurred in most regions of the Community.

B. SOYA BEANS

1. By its Regulation (EEC) No 1614/79 laying down special measures in respect of soya beans⁽¹⁾ the Council adopted a new system of support for the products in question which shall enter into force on 1 November 1980.
According to this system a guide price shall be fixed each year, at a level which is fair to producers, taking into account the supply requirements of the Community. When the guide price exceeds the world market price, an aid equal to this difference is paid to any purchaser who fulfils certain conditions and in particular, has paid the producer of soya beans a price which is at least equal to the minimum price.
This latter price must also be fixed annually, at a level which is as close as possible to the guide price, but which allows for market fluctuations and transport from production zones to the areas where the beans are used.
2. Under the existing system of support of soya beans, laid down in Council Regulation No 1900/74⁽²⁾, a guide price was also fixed which respected the criteria outlined above. For 1979/80, this price was fixed at 39.48 ECU/100 kg. In proposing a price for 1980/81, account has been taken of two factors in particular.
3. Firstly, as it is scarcely necessary to mention, the Community represents the second largest consumer of soya meal in the world, and its demand expands annually.
Secondly, whereas the period since this product was first the subject of a support system was marked by a relative lack of interest on the part of the producer, there is now a renewal of interest in the production of soya beans, and it appears appropriate to ensure that this continues.
It is therefore proposed to increase the guide price by 4 %, to 41.06 ECU/100 kg.
It is proposed to fix the minimum price at 37.78 ECU/100 kg. This price is equal to 92 % of the guide price, and should ensure the necessary fluidity of the market.

(1) OJ No L 190, 28.7.1979, p. 8

(2) OJ No L 201, 23.7.1974, P. 5

C. Seedflax

1. In accordance with Article 1 of Regulation (EEC) No 569/76⁽¹⁾ the Council fixes a guide price each year for linseed, in order to ensure a fair income for producers. For the 1979/1980 marketing year this price was fixed at 39.79 ECU/100 kg. It is proposed to increase it for the 1980/1981 marketing year to 41.18 ECU/100 kg (+ 3.5 %).
2. In granting it a price increase which exceeds that proposed for other agricultural products, it is hoped to revive interest in the production of linseed, since this production has decreased to a marked degree due in particular to insufficient profitability.
However, the Commission continues to believe that the lack of interest on the part of producers for this crop is in part caused by the fact that the aid system is not the most appropriate.
This increase in the price of linseed will also contribute to a fair income for producers of fibre flax.

D. Cotton seed

1. Article 1 of Regulation (EEC) No 1516/71⁽²⁾ provides that each year an aid per hectare shall be fixed for cotton seed so as to help ensure a fair income for the producer.
For the 1979/1980 marketing year the aid was fixed at 133.38 ECU/ha.
For the 1980/1981 marketing year it is proposed to increase it to 137.38 ECU/ha (+ 3 %).
2. Taking into account the current and foreseeable market situation, the relatively minor economic importance of this crop and the fact that the system of aid for cotton seed will be abolished from the 1981/1982 marketing year, it is proposed to grant for cotton seed an increase which does not diverge substantially from the average for all agricultural products.

(1) OJ No L 67, 15.3.1976, p. 29

(2) OJ No L 167, 17.7.1971, p. 1

E. Castor seed

1. Article 1 of Regulation (EEC) No 2874/77⁽¹⁾ provides for a guide price to be fixed annually for castor seed at a level which is fair to producers, taking into account the supply requirements of the Community. Article 2 of that regulation provides that a minimum price shall be fixed each year at a level which guarantees that the sales of castor seed producers shall take place at a price which is as close as possible to the guide price, taking into account market fluctuations and the cost of transport of the seed from the production areas to the processing areas. For the 1979/1980 marketing year these prices were fixed at 51.54 and 49.08 ECU/100 kg respectively. It is proposed to increase them for the 1980/1981 marketing year to 53.09 and 50.55 ECU/100 kg (+ 3 %).

2. Since this production has not yet progressed beyond the initial stage, it is too soon to draw valid conclusions with regard to the guide price. For this reason, and taking into account the supplementary aid of 12.09 ECU/100 kg to encourage development which was granted for three years by Regulation (EEC) No 1610/79⁽²⁾, it does not appear justified to diverge from the average increase proposed for other agricultural products. Insofar as the minimum price is concerned, taking into account the relatively short distance between the production area and the processing area, keeping the difference from the guide price at 5 % will permit the required fluidity of the market to be maintained.

(1) OJ No L 332, 24.12.1977, p. 1

(2) OJ No L 190, 28.7.1979, p. 4

PEAS AND FIELD-BEANS

1. Article 1 of Council Regulation (EEC) No 1119/78 laying down special measures for peas and field-beans used in the feeding of animals⁽¹⁾ provides that an aid activating price shall be fixed annually in this sector. This price shall be fixed for soya meal at a level which permits peas and field-beans to be used in animal feedingstuffs under conditions of normal competition with oilseed meals.

When the world market price for soyameal is lower than the activating price an aid equal to 45 % of the difference is granted to the manufacturer of animal feed.

Article 2 of the same regulation specifies that the granting of aid is conditional upon the producer having received a price at least equal to the minimum price - and this minimum price must also be fixed annually, and is intended to ensure a fair return to producers of peas and field-beans, allowing for market fluctuations and the cost of transport from producer to processor.

2. For the 1979/80 marketing year the minimum price was fixed at 21.48 ECU/100 kg and the aid activating price was equal to 34.97 ECU/100 kg. The minimum price proved adequate to ensure that the production continued to expand, whereas the aid resulting from the aid activating price provided a sufficient incentive to feedingstuffs manufacturers to use the expanded production. It should be noted that whereas in 1978/79, the first year of operation, the quantity of peas and fieldbeans used under the system was 150 000 t, in the first six months of 1979/80 the comparable quantity was 115 000t.

3. To maintain a satisfactory rate of expansion in this sector, it is proposed to increase the minimum price to the producer by 3 %, to 22.12 ECU/100 kg.

The aid activating price is derived from the minimum price in the sense that once the latter is determined, the former must be fixed at a level which ensures that the aid will be adequate to allow the peas and beans purchased at the minimum price to compete with oilmeals purchased at the world market price. In order to maintain the necessary equilibrium, the increase

(1) OJ No L 142, 30.5.1978, p. 8

of 0.64 ECU in the minimum price give rise to an increase of 1.42 ECU/100 kg in the aid activating price. It is therefore proposed to fix this price at 36.39 ECU/100 kg.

DRIED FODDER

1. Council Regulation (EEC) No 1117/78 on the common organization of the market for dried fodder⁽¹⁾ provides that a flat-rate aid shall be fixed annually for the products concerned, with the aim of improving the supply of protein products to the Community. A guide price shall also be fixed annually, at a level which is fair to the producers. When the world market price is inferior to the guide price, an aid shall be granted which is equal to a percentage to be determined of this difference.
2. For the 1979/80 marketing year the flat-rate aid was fixed at 6.14 ECU/per tonne; the guide price was fixed at 126.40 ECU/tonne, and the percentage of the difference between the guide price and the world market price was maintained at the level determined for 1978/79, namely :
 - 70 % for dehydrated fodder and protein concentrates
 - 40 % for the fodder products covered by the system otherwise dried and ground.
3. The preparation of the price proposals for dried fodder for 1980/81 has necessitated a particularly thorough study of this sector, because energy costs represent a significant part of the costs of production. It is undeniable that the production of dried fodder requires a higher input of energy than does the processing of most other products of agricultural origin. However, there are several other aspects of this sector which must be taken into account.

Dried fodder represents the most important protein crop of Community origin. It provides the highest yield in protein per hectare, and is the most efficient way, from the point of view of animal nutrition, to use lucerne, as well as involving the least wastage. Lucerne is a crop of particular interest to the producer agronomically, since it improves the quality of the soil, thus benefitting the crops which follow it; and the dried fodder industry absorbs the produce of approximately 170 000 ha of lucerne and grass annually. Furthermore, dried fodder represents an ideal form of animal feed.

If support were withdrawn or reduced, land currently devoted to lucerne for dried fodder would be switched to other crops, and mainly to barley, which would create other problems.

(1) OJ No L 142, 30.5.1978, p. 1

It should also be mentioned in this context that the cost of support for this product is relatively low : at its highest point since the inception of the system in 1978, the variable aid for dried fodder just exceeded 30.6 ECU per tonne; during the 1979/80 marketing year it has fallen from 13.111 ECU/tonne in April 1979 to the level of less than 4 ECU/tonne in January 1980. Therefore even at its highest level, the cost per tonne of support for dried fodder was reasonable; moreover, given the current situation on the world market, and its probable development, it seems unlikely that such a level will be reached again in the foreseeable future.

4. Moreover, economies in energy can be made in this sector, and many of the operators involved are making great efforts, and achieving considerable progress, in this respect. It therefore appears appropriate to fix prices for 1980/81 at the level which will be adequate for the enterprises which are efficient in terms of energy saving.
5. It is therefore proposed to increase the guide price by 4 %, to 131.46 ECU/tonne. For the flat-rate aid, an increase of 3 %, to 6.32 ECU/tonne appears appropriate.
6. The percentages mentioned in paragraph 2 above were fixed at their current levels in order to operate as a regulatory element : if prices on the world market fell significantly, indicating excess supplies, the fact that only a percentage of the difference between the guide price and the world market price was paid as aid would have deterred expansion. Since that time, however, supplies on the world market have contracted, whereas Community demand has increased. An expansion of production appears to be excluded, and a decrease is threatened, due to the current difficulties. It therefore appears justified to increase the percentages involved. Thus it is proposed to fix the percentages for 1980/81 at 80 % and 45 % respectively.

FIBRE FLAX AND HEMP

1. FIBRE FLAX

1. Article 4 of Regulation (EEC) No 1308/70⁽¹⁾ provides that every year a flat-rate aid for fibre flax shall be so fixed as to ensure an even balance between the volume of production required and the quantity that can be sold. For the 1979/80 marketing year the amount of the aid was fixed at 248.55 ECU/ha. It is proposed to increase it to 256.00 ECU/ha for 1980/81 (+ 3 %).
2. Taking into account the relatively satisfactory development in the income of fibre flax producers during the 1978/79 and 1979/80 marketing years on the one hand, and on the other hand, the increase proposed for the guide price for Linseed (+ 3.5 %), the Commission considers that the increase in the aid which is proposed should be sufficient to maintain the interest which the producers currently show in this production.
3. The Commission would take this opportunity to recall the declaration set out in the Minutes of the 586th session of the Agricultural Council of 18-22 June 1979, in which the Council "noted the intention of the Commission to prepare an information programme from the 1980/81 marketing year, in order to increase the demand for fibre flax in the Community".
The main problem in this sector lies in the potential imbalance in the market, and the unfavourable repercussions which would result for the producers' income, due to insufficient demand.

(1) OJ No L 146 of 4.7.1970, p. 1

• HEMP

1. Article 4 of Regulation (EEC) No 1308/70 likewise provides that every year a flat-rate aid per hectare for hemp shall be so fixed as to ensure an even balance between the volume of production required and the quantity that can be sold. For the 1979/80 marketing year, the amount of the aid was fixed at 225.74 ECU/ha. For 1980/81 it is proposed to increase it to 234.77 ECU/ha (+ 4 %).

2. Having expanded regularly up to 1979, the area devoted to hemp dropped significantly (- 22 %) that year, due to inadequate profitability. Profitability was negatively affected by the fact that users of hemp, faced with certain short-term difficulties, did not increase the producers' contract price in spite of the fact that the latter suffered an increase in production costs and difficulties regarding the sale of their seed. In order to encourage producers to provide the required volume of output, the users increased the contract price for 1980/81. The Commission considers that the objective pursued may be attained by supplementing the sale price by an equivalent increase in the aid.

WINE

1. Under Article 2 (1) of Council Regulation (EEC) N° 337/79 of 5 February 1979 on the common organization of the market in wine, a guide price is fixed annually before 1 August for each type of table wine representative of Community production.

Under Article 2 (2) of the above mentioned Regulation the guide price is fixed on the basis of average prices recorded for the type of wine in question during the two wine-growing years preceding the date of fixing and on the basis of price trends during the current wine-growing year.

Prices trends for wine in the EEC (on the basis of communications from Member States under Regulation (EEC) N° 337/79 are as follows :

Wine-growing year	R I ECU/% vol/ hl	R II ECU/% vol/ hl	R III ECU/% vol/ hl	A I ECU/% vol/ hl	A II ECU/hl	A III ECU/hl
1977/78	2.490	2.558	47.06	2.158	38.34	46.36
1978/79	2.680	2.605	57.29	2.151	47.11	58.88
1979/80 ¹	2.249	2.206	52.46	1.953	49.55	73.20

¹ from 4 September to 27 December 1979

2. For most types of wine the prices recorded during 1978/79 were up on those of the previous wine-growing year : R I (+ 7.6 %), R II (+ 1.8 %), A I (-0.3 %), R III (+ 21.7 %), A II (+ 22.9 %), A III (+ 27 %).

On the other hand, the trend for the first few months of the new wine-growing year is much less favourable. Except for types A II and A III (+ 5.1 % and + 24.3 %), quotations are well below those of 1978/79 : R I (- 16.1 %), R II (- 15.3 %), A I (- 9.2 %), R II (- 8.4 %).

Prices for the principal types of red wine are thus below the 1976/77 level : R I (97.7 %), R II (92.6 %). For white wine of type A I, the price is 102.3 % of the 1976/77 price.

3. These low prices are the result of the large quantities available following a bumper harvest (167 million hl), up by 29 million on the previous year. Since direct human consumption is expected to increase only slightly, the market in the principal types of table wine will probably remain depressed for all or part of the marketing year, even after all the intervention mechanisms have been brought into play.
4. The recent unfavourable price trend which is expected to continue over the next few months has two principal causes : firstly, the existence of a production potential slightly in excess of requirements and, secondly and much more important, a volume of production which is well above average following on three normal or poor harvests.

In the medium term, however, the implementation of the 1979-85 wine action programme adopted by the Council should lead to a balance between production and requirements and hence to more stable wine prices.

On the basis of Regulation (EEC) N° 337/79 and in the light of the foregoing, it is proposed that the guide prices for table wines be increased by 3 % for 1980/81.

FRESH FRUIT AND VEGETABLES

A. PRICES AND MARKETING PREMIUMS

1. Basic and buying-in prices

In accordance with Article 16 of Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organization of the market in fresh fruit and vegetables, the Commission is required to propose each year a basic price and a buying-in price for the products listed in Annex II to that Regulation.

Having regard to the desired increase in the general level of common agriculture prices, it is proposed for the 1980/81 marketing year that the basic and buying-in prices be increased on a linear basis so that resulting intervention prices show by comparison with those of 1979/80, an increase of 3.5% over the whole marketing year. For apples, however, and with the aim of arriving at a uniform price for the months of January-May inclusive, it has not been possible to respect this linear principle, the average increase remaining however at 3.5%.

The buying-in price rests, compared with the basic price, within the limits laid down in Article 16(3) of Regulation (EEC) No 1035/72.

The increase proposed, whilst avoiding a too heavy loss of income for producers in a disturbed market situation, is not of such a nature as to lead to the creation of structural surpluses within the Community, intervention prices being set at a level well below normal market prices.

2. Marketing premiums for oranges, mandarins, clementines and lemons

Article 7 of Council Regulation (EEC) No 2511/69 of 9 December 1969, laying down special measures for improving the production and marketing of Community citrus fruit requires that the amount of the marketing premium for oranges, mandarins and clementines, as well as, up to the end of the 1979/80 marketing year, lemons, be fixed taking account of the preceding level of the amount itself and of the trend in basic and buying-in prices for the product concerned.

For the 1980/81 marketing year, it is proposed to increase the amount of the marketing premium by 3.5% for oranges, mandarins and clementines, and to continue the grant of a marketing premium for lemons, increasing it, also, by 3.5% (see related measure below).

B. RELATED MEASURES

It is proposed to continue grant of a marketing premium for fresh lemons in the 1980/81 marketing year.

This premium, since its introduction with effect from October 1975, has clearly had a beneficial effect on Italian exports to other Member States, particularly in respect of the proportion of Category I products within the overall total exported by Italy, as the following table shows:

Exports to the Community (in tonnes)

: Year	: Total quantity	: Category I	: Category II	:
:-----:	:-----:	:-----:	:-----:	:
: 1973/74	: 76.900	: 42.000	: 34.200	:
: 1974/75	: 108.100	: 43.500	: 64.300	:
: 1975/76	: 105.400	: 91.700	: 13.400	:
: 1976/77	: 106.400	: 96.700	: 9.700	:
: 1977/78	: 85.300	: 82.900	: 2.400	:
: 1978/79	:	:	:	:
:	:	:	:	:

Maintenance of this premium during the next marketing year should permit the continuation of this favourable development.

It is however necessary, before fixing the amount of the premium, to amend Regulations (EEC) No 2511/69 and No 1035/72.

It should be noted that grant of the premium at the level proposed will lead to the maintenance of the reference prices at their present level.

TOBACCO

1. Article 2 of the basic Regulation (Regulation (EEC) No 727/70) on the common organisation of the market in raw tobacco provides that prices for leaf tobacco must be fixed by 1 August of every year for each of the varieties of Community production.

As it has done in recent years, the Commission also forwards to the Council its proposals for the fixing of premiums and derived intervention prices for the 1980 crop.

2. The trend of world production and consumption appears to have been more or less in equilibrium since 1977, with the exception of the oriental tobaccos sectors (structural imbalance between supply and demand aggravated by the existence of very large stocks in the major producer countries) and of brown tobaccos (stagnation of consumption).

Prices broadly reflect this situation and one finds :

- in the case of oriental tobaccos, a drop in prices on account of the benefits granted for the purpose of disposing of stocks;
- in the case of brown tobaccos, prices more or less stable, except those of Kentucky fire cured which are showing a sharp drop.

3. At Community level, where production covers only 25% of requirements, the market situation is broadly satisfactory in marketing terms, since offers to intervention for the 1978 crop amount provisionally to approximately 8,000 tonnes as against 9,400 tonnes for the 1977 crop and 16,193 tonnes for the 1976 crop.

The following should also be noted :

- in the case of oriental tobaccos, the Council has adopted under Article 13 the 10% reduction in the intervention price for the 1979 and 1980 crops of two varieties (Perustitza and Erzegovina) and the Commission has drawn up and funded, as of 1979, an agricultural research programme to improve the quality of production;

since these two measures have not yet had time to produce their full effect, the marketing of oriental tobaccos remains negatively influenced by the policy of low prices practised by the major producer/exporter countries, Turkey in particular;

- the three-year programme for the conversion of Beneventano ended showing a positive balance : 1979 production is cut to about 600 tonnes and intervention in respect of the 1978 crop concerned only 200 tonnes compared with 1,800 tonnes in 1977;
- on account of the substantial fall in prices in Malawi, serious disposal difficulties have appeared in the case of the Kentucky variety, in spite of the stability of production. Hence, intervention offers for the 1978 crop stand at around 2,000 tonnes as against 10 tonnes for the 1977 crop.

4. In spite of the deficit situation on the Community market and of the low uptake rate on the part of European industry, the disposal of Community production is also encountering certain difficulties on account of the fall of the U.S. dollar in relation to European currencies.

On an international market where prices are expressed in dollars, the offer prices of third countries are becoming more and more competitive in relation to Community prices.

Moreover, the tariff reductions granted by the Community under GATT and the agreements in favour of developing countries (generalized preferences and the Lomé Convention) will eventually aggravate the situation.

5. In view of the foregoing, the proposal in respect of the 1980 crop as regard prices and premiums is based on the following guidelines :
 - bigger average increase in the premium (about 3.5%) in relation to the increase in prices (about 2.3%) in order to cushion the weakening of Community preference;

- spreading the increase in prices and premiums by variety depending on the market situation and the price freeze in respect of the varieties which are showing structural imbalances between supply and demand.

Also, the Commission is proposing certain adaptations :

- a) to the reference qualities, in order to take account in particular of the trend of marketing conditions on the international market;
- b) to the processing coefficients on the basis of data resulting from experience gained at processing undertakings in the Community as a factor in determining the derived intervention price.

6. The Commission is also submitting a proposal for an amendment to Regulation 727/70 (Article 12a).

In the 1979 prices package the Council adopted a Commission proposal relating to the fine-tuning of the mechanisms provided for in Article 13 of Regulation 727/70 i.e. mechanisms which are intended to remedy situations of structural imbalance on the market.

Furthermore, the Commission has made a thorough study of the "United Kingdom Memorandum" (Council Doc. 5288/79 dated 6 March 1979) on the problems which are occurring in the tobacco sector, in order to bring about a better balance.

After also consulting trade circles within the Advisory Committee on Raw Tobacco, the Commission, while sharing the goals of the "United Kingdom Memorandum" has reached the conclusion - in agreement with the Advisory Committee - that it should concentrate its efforts first and foremost on adapting the intervention system.

The experience of recent years has revealed an anomaly in the behaviour of certain first processing undertakings which have had recourse systematically to intervention in respect of a very high proportion of their production - even in the absence, referred to above, of structural disposal difficulties.

These undertakings do not therefore react to market imperatives in terms of quantity and quality, since they are eligible for an unlimited intervention guarantee which was granted in order to provide guarantees equivalent to those which were in force under national systems. It should be noted, however, that such national guarantees were accompanied by a check on the quantity of production (cultivation monopoly).

Even if this situation does not necessarily entail the triggering of Article 13, it is the cause of substantial expenditure for the EAGGF, in view, particularly, of the long storage period and of losses recorded following the sale of these stocks by means of tendering procedures on the world market.

7. It is therefore necessary to vary the guarantee of prices granted on intervention for baled tobaccos in such a way that Community rules do not act as a brake on the necessary process of stimulating these undertakings in commercial terms. With this aim in mind, it is proposed that the market control measures contained in Article 13 - which, moreover, intervene only after the event and affect all producers - should be supplemented by preventive and selective provisions applying by variety and by crop and involving the following mechanism (Article 12a):

- 1) for each first processing and market preparation undertaking, a 10% cut in the derived intervention price fixed by the Council which will apply to quantities offered to intervention which exceed 25% of the production of that undertaking; experience of intervention gained over the last few years has demonstrated that, even in a situation of imbalance between supply and demand, vigorous, well-run undertakings do not offer to intervention quantities greater than one quarter of their production.

- 2) In order to prevent, however, this cut in the guaranteed price from being triggered at the threshold stated in the case also of an exceptional economic situation (for example, very high yields due to weather condition; major drop in world prices), the Council, acting on a proposal from the Commission, could - in respect of a given crop - decide to raise this threshold by 25%, in respect of either the entire crop or of one or more varieties only.

SEEDS

1. The market trend in seeds on the eve of the next two marketing years (80/81 and 81/82) is revealing certain supply difficulties, especially in the case of two species, namely *Phleum pratense* L. and *Trifolium repens* L. including the *Giganteum* variety. The current situation in the case of these two varieties is showing :
 - an increase in imports from third countries at prices markedly lower than those obtained for Community production, thereby provoking a fall in these prices and in the income of Community producers;
 - a consequent reduction in areas sown and a drop in the selfsupply rate in quality seeds of Community origin.

2. In 1979 the Council fixed the amount of aid for the 1980/81 and 1981/82 marketing years (Regulation (EEC) No 1582/79). However, pursuant to the second subparagraph of Article 3 (1) of Regulation (EEC) No. 2358/71 which provides for the possibility of altering the amount of the aid for the second marketing year of the period for which aid has been fixed, the Commission, after noting the risk of a disturbance of the market, is proposing that the Council should alter the amount of the aid applicable to the 1981/82 marketing year "in order to make possible timely action with regard to production".

The Commission is therefore proposing that for the 1981/82 marketing year the amount of aid for the two species concerned should be increased by 3.2 ECU/ql for *Trifolium repense* L., including the *Giganteum* variety, and by 3.7 ECU/ql for *Phleum pratense* L. respectively.

MILK

At the end of November 1979 the Commission again drew to the Council's attention in its document COM(79) 710 final the difficulties in the milk sector and proposed the action which should be taken. The market situation is characterized, in particular, by continuing increases in the volume of milk delivered to dairies of the order of 2.4 % in 1979 compared with 1978 and a likely further increase of approximately 2 % in 1980. In these circumstances, while the Commission recognizes the increases in production costs at farm and factory level which have taken place over the last year within the industry, it insists on maintaining a rigorous price policy in this sector in the knowledge that price is a central element in determining the level of output and consumption. The Commission proposes that the target price be increased by 1.5 % and that threshold prices be adjusted accordingly. This proposal is made on the assumption that the Council will adopt measures on the lines of those put forward by the Commission in COM(79) 710 final.

In determining the associated increases in intervention prices, it should be borne in mind that the present market situation is more difficult for milk fat than for skimmed milk. Bearing in mind the budgetary consequences of any price change, the Commission proposes that the intervention price for butter should remain unchanged and that the target price increase should be achieved only by a change in the skimmed milk powder intervention price. The ratio between fat and non fat in the price would thus be adjusted to approximately 45 : 55. This proposal would not give rise to any increase in the butter price for consumers. The action which has been taken recently has reduced the stock of skimmed milk powder to working levels. The Commission has concluded that the change in the intervention price for skimmed milk powder does not make necessary this year a change in the fourchette governing the establishment of aid for use of skimmed milk powder in calf feed; and that no increase in the current level of aid granted for this purpose should be proposed.

In the present difficult circumstances the Commission is anxious that the terms of purchase by public intervention agencies should not be more favourable than those normally practised on commercial transactions. It will therefore propose to the Management Committee to establish uniform minimum and maximum delays in payment for intervention products which are consistent with normal commercial practice in the milk sector.

The circumstances relating to the exclusion of inward processing for butter and skimmed milk powder (regulations (EEC) N° 3066/75 and 1961/75 as modified by regulation (EEC) N° 875/77) still remain unchanged and the Commission proposes that this exclusion should continue for the 1980/81 marketing year.

The Commission has re-examined the need for butter subsidies for which provision is made in regulation (EEC) N° 1269/79. It concludes from this examination that the general butter subsidy available to all member states (formula A) should be maintained at its present level. Both the short-term actions (Formula B) and the subsidy applying in the United Kingdom are substantially more expensive for the budget as a means of disposing of additional butter than other methods, such as export refunds or aided sales to the food-manufacturing industry.

In view of the budgetary situation the Commission makes no proposal now for the continuation of these measures. On the short-term actions it undertakes to review the situation (stocks, consumption etc.) in the early autumn and to decide at that time, in consultation with member states, whether further measures are needed this year.

All measures in this document must be seen against the background of the earlier proposals in COM(79) 710 final. The discussions on those proposals have shown that progress is possible on the co-responsibility and supplementary levies. The Commission has, therefore, reviewed its position on some related questions which have been raised in the discussion so far.

The Commission has further examined the implementation of the milk non-marketing and the beef conversion schemes, and, in order to ensure that the effect is concentrated in those areas where expansion of milk production has been strongest, it also proposes that the schemes should be facultative for member states where milk production has already decreased in 1979.

Secondly, the Commission emphasizes that the prime intention of the supplementary co-responsibility levy is to ensure that in the present critical circumstances the disposal cost of additional milk from 1980 is borne not by the budget but by producers themselves. The disposal costs have to be calculated in the light of the most recent circumstances (including, if necessary, the effect of products exported without refunds or costs to the budget).

The Commission has made clear that the proposal is principally directed not to the current situation but to the extra cost which is foreseen if milk deliveries continue to rise. Its main effect therefore, is not on producers' current revenues but only on their expectation of additional revenue in the future.

The Commission considers that the supplementary levy, being directed towards the profitability of future expansion, should apply without further exemptions or exceptions. Nonetheless, the Commission has given further study to the situation of small producers in difficult circumstances, in the light of the Council's decision last year to increase the basic co-responsibility levy to 1 1/2 %. The Commission is prepared to propose that, in respect of this basic levy, a levy-free franchise of 60,000 litres a year should apply to the deliveries of producers in the less-favoured areas, since the Community has recognized that in these areas there are already special circumstances prevailing.

Thirdly, the Commission submits a text on the supplementary levy which replaces that in COM(79) 710 final and clarifies its application to higher milk deliveries in 1980 on the lines intended.

The Commission decided on its proposals in the dairy and the beef sectors after again examining all other available options.

It also considers that a price decrease - which would have to be substantial if it were to be effective - is neither socially nor politically acceptable. A limitation of intervention possibilities would have the same effects as a price decrease.

The idea of a premium for non production of milk would involve serious problems on cost and control.

The application of a single and a linear coresponsibility levy - in replacement of the supplementary levy applied on additional quantities, as now proposed by the Commission - would immediately encounter the problem of exemptions, and in order to be effective the levy would need to be at a very high rate.

The application of the supplementary levy at the level of the farm rather than the dairy would be too difficult for the Community to administer, too inflexible and would freeze structures at the farm level.

It might be necessary to establish certain guidelines concerning the manner in which the supplementary levy is reflected in the milk price paid to individual producers, taking into account, for example, the circumstances of young farmers who are in the process of developing their dairy enterprise.

The Commission considers its proposal of a supplementary levy to be the only solution :

- . it leaves the choice of whether or not to produce additional quantities to the producers themselves;
- . it applies to each dairy the rule that if there is no more milk than in 1979 (minus 1 %), there is no supplementary levy to pay in 1980;
- . it ensures that, however much milk production increases, there should be no need for supplementary funds for the milk sector.

* BEEF AND VEAL

In accordance with Article 3(3) of Regulation (EEC) No 805/68 in the version proposed by the Commission in November 1979 in its Communication to the Council on changes in the common agricultural policy (Doc. COM(79) 710 final), the Council has to fix a guide price for standard quality slaughtered adult bovine animals and define this standard quality.

The guide price for the 1979/80 marketing year was fixed at 154.580 ECU for 100 kg liveweight (1).

In putting forward its proposals for the 1980/81 marketing year, the Commission has had the following two main objectives in view: firstly, to provide producers specializing in quality beef with a fair income and, secondly, to avoid an increase in the guide price which in the present situation on the Community market could not be reflected in the level of market prices.

The Commission considers that, in view of the market situation, it would not be desirable to propose an increase in the guide price greater than 1.5%. For this reason it proposes raising the guide price to 156.90 ECU/100 kg liveweight. This amount will be converted into the guide price for slaughtered adult bovine animals of the standard quality using the flat-rate coefficients generally used in the beef sector, taking into account the proposal for amending Regulation (EEC) No 805/68 referred to above. Nevertheless, in line with its objective to improve the income of specialized beef producers and to improve the balance between milk production and beef production, the Commission is making a new proposal to benefit the beef and veal sector. It proposes to grant a premium to producers holding nurse cows.

(1) Regulation (EEC) No 1274/79 (OJ No L 161, 29.6.1979, p. 15)

The amount of this premium, which will be restricted to the first 15 cows in the herd, will be 60 ECU/cow. As a necessary control measure, the Commission considers it justified to restrict this premium to full-time farmers who do not supply milk.

This proposal is put forward as one component of the set of measures needed in the milk and beef sectors taken together.

PIGMEAT

Prices

1. Under Council Regulation (EEC) No 2759/75 ⁽¹⁾, the Commission is required to propose a basic price for pig carcasses. The basic price is fixed taking into account the sluice-gate price and the levy applicable from 1 August each year.

For the 1979/80 marketing year the basic price was fixed at 1504.46 ECU/tonne and it was brought into force on 1 November 1979.

2. It is necessary to fix the basic price at a level at which it will help to stabilize market prices and at the same time avoid causing structural surpluses in the Community.

The overall trend of the various cost factors entering into the production of pig carcasses calls for an adjustment of the basic price for this product by + 3% for the forthcoming marketing year.

3. Consequently, to enable the price system to contribute stability to the pigmeat market by mitigating the cyclical fluctuations in production and prices, in view of the desired increase in the general level of common agricultural prices, and of the agri-monetary measures, it is proposed that the basic price be fixed at 1549.59 ECU/tonne for the 1980/81 marketing year. This price will enter into force on 1 November 1980.

(1) Council Regulation (EEC) No 2759/75 of 29 October 1975 on the common organisation of the market in pigmeat (OJ No L 282 of 1 November 1975).

SILK WORMS

1. Article 2 of Regulation (EEC) No 845/72⁽¹⁾ provides that an aid shall be fixed each year per box of silkworms used in such a way as to help ensure a fair income for silkworm rearers. For the 1979/1980 marketing year the amount of the aid was fixed at 67.50 ECU per box. For the 1980/1981 marketing year it is proposed to increase it to 69.19 ECU (+ 2.5 %).
2. It is hoped that this proposed aid, together with the price which the rearer can expect to obtain in view of the current and foreseeable market situation, will permit the objective pursued to be attained.

(1) OJ No L 100, 27.4.1972, p. 1

C. FINANCIAL REPERCUSSIONS

1. The appropriations earmarked for agricultural expenditure during 1980 under the EAGGF Guarantee Section and Chapter 100 in the Draft Budget for 1980 adopted by the Council on 16.10.1979 totalled 11.192 MEUA, of which 235.9 MEUA were entered in Chapter 100.

On the basis of constant prices and legislation, these appropriations represented an increase of 809 MEUA (about + 8 %) on the 1979 Budget (as amended by the Supplementary Budget).

2. In its efforts to curb agricultural expenditure the Commission has proposed a number of measures mainly in the following sectors : milk, sugar, beef and veal, rye, starch products and processed fruit and vegetables (COM(79) 710 final, 29.11.1979). Other decisions tending to reduce expenditure have been taken on aid and refunds, to take account of market trends.

At constant common prices, these measures - including the proposed amendments - should achieve savings of the order of 1.025 MEUA on the Draft Budget for 1980; of this amount, 516 MEUA result from the proposals in document COM(79) 710 final and 509 MEUA from other measures already adopted by the Commission in the light of market developments since September.

3. As a result of the new prices and related measures proposed by the Commission and of the latest market developments there will be some new items of expenditure in the 1980 Budget or a reduction in the proceeds from the co-responsibility levy. This additional expenditure may be estimated at 377 MEUA, broken down as follows :

- 77 MEUA for prices
- 210 MEUA for the beef premium (nurse cows)
- 25 MEUA for exemption from the co-responsibility levy for small-scale milk producers
- 17 MEUA for sugar storage costs
- 48 MEUA as a result of market developments

On the other hand, the changes proposed by the Commission in the system of special aid for butter consumption will achieve budgetary savings of the order of 155 MEUA, and the reduction in positive MCAs will save about 20 MEUA.

The proposals in this document will involve additional net expenditure of 202 MEUA.

4. The Commission estimates that the combined effect of the measures proposed or adopted should be to limit the EAGGF budget for 1980 to 10.370 MEUA, which is comparable to, indeed very slightly less than the 1979 Budget (10.384 MEUA), and 823 MEUA less than the total appropriation in the Draft Budget for 1980. Details of changes by chapter are shown in the accompanying table.

The main reduction in expenditure should be supplied by the milk sector.

Measures adopted or proposed should reduce expenditure in the milk sector by 940 MEUA on the 1980 Draft Budget and by 690 MEUA on the 1979 Budget.

The Budget cuts for 1980 should be achieved by the implementation of the new measures proposed for the co-responsibility levies and the measures adopted or proposed on the disposal of milk products.

5. Irrespective of the decisions that may be taken, these budget proposals have obviously been drawn up on the basis of the available data and the estimates feasible at the present stage, i.e. with regard to volume of production and market trends in the Community and the world.

Any change in these variables would obviously necessitate an adjustment of the estimates.

6. Cuts in EAGGF Guarantee Section expenditure will have a considerable impact on the Community budget as a whole for 1980 and future years.

Forecast expenditure for the 1980 budget exercise - EAGGF - Guarantee

in MEUA

Sectors	1979 (*)	1980 appropriations adopted by Council on 16.10.1979	change due to							New appropriation 1980
			Package No 1 (COM(79) 710)		Other decisions	Market develop- ments	Price proposals	Related measures	Total changes	
			Original	Amended						
a	b	c	d	e	f	g	h	i	j	k
Cereals and rice	1.615,6	1.774,823	- 16			- 35	- 28		- 79	1.696
Milk and milk products										
. excl. co-responsibil.	4.408,6	4.647,672	+ 16		- 465	- 125	+ 61		- 513	4.135
. co-responsibility levy	96,0	- 93,2	- 342	- 110	-	-		+ 25	- 427	- 520
. co-responsibility expenditure	147,0	155,1	-		-	-			-	155
Total milk	4.459,6	4.709,572	- 326	- 110	- 465	- 125	+ 61	+ 25	- 940	3.770
Sugar	1.004,6	1.116,641	- 14		-	- 215	+ 12	+ 17	- 200	917
Beef and veal	708,3	759,3	- 50		-	+ 240	+ 9	+ 210	+ 409	1.168
Fruit and vegetables	416,5	524,4	p.m.		-	+ 22	+ 1		+ 23	547
Wine	94,4	203,3	-		+ 12	+ 135			+ 147	350
Oils and fats	592,9	672.-	-		+ 34	- 16	+ 8		+ 26	698
Sheepmeat	taken entry	taken entry	-		-				taken entry	taken entry
Other C.M.O. sectors		819.-	-		-	+ 42 (1)	+ 12		+ 54(1)	873
Change in total exp. on C.M.O. due to deval- uation Lit and UKL					+ 50	-			+ 50	50
Total	9.614,4	10.579,036	- 406	- 110	- 369	+ 48	+ 75	+ 252	- 510	10.069
Monetary C.A.	769,2	377,6	-		- 140	-	+ 2	- 20	- 158	220
Total guarantee	0.384,1	10.956,636	- 406	- 110	- 509	+ 48	+ 77	+ 232	- 668	10.289
Chapter 100 milk sector		235,9	-		-	-		- 155	- 155	81
Grand total Chaps 6 and 7 + chap. 100	0.384,1	11.192,536	- 406	- 110	- 509	+ 48	+ 77	+ 77	- 823	10.370

(*) According to Supplementary Budget n° 3 (1) including an increase in reimbursements of interest charges in general in respect of all sectors

