

EUROPEAN COMMUNITY

# GREEN EUROPE NEWSLETTER

IN BRIEF

## Common agricultural prices 1981/1982

### Commission's proposals

February 1981

Original: FR

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Published by the Agricultural Information Service of the Directorate-General for Agriculture  
European Community Commission — 200, rue de la Loi, 1049 Bruxelles  
Supplement to the Documentation Bulletin - D/AGR/EN

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The proposals appear in full in the Document "Commission proposals on the fixing of prices for certain agricultural products and on certain related measures" (COM(81)50 February 1981.

For background and additional information see :

- "Reflections on the Common Agricultural Policy" (COM(80)800 of 5 December 1980);
- "Proposals on policy with regard to agricultural structures" (COM(79)122 of 19 March 1979) and the complementary structural measures for Ireland, the French Overseas Departments and certain less-favoured areas of the Federal Republic of Germany;
- "The Agricultural situation in the Community - 1980 Report" (December 1980);
- The situation on Community agricultural markets - 1980 Report (COM(81)58, February 1981.

The Commission's proposals in brief

The Commission of the European Communities has recently submitted to the Council proposals for :

- an increase of between 4 and 12 % in Community farm prices for the 1981/82 marketing year. For most products the proposed increases are between 6 and 10 %,
- a series of measures aimed at applying the principle of producer co-responsibility (not only in the milk and sugar sectors but also for cereals, beef and veal, olive oil, colza, tobacco and certain processed fruit and vegetables) in the disposal of quantities produced in excess of a basic quantity related to the internal and trading requirements of the Community.

These measures are based on the principles contained in the Document "Reflections on the Common Agricultural Policy" (1),

- the proposals also deal with agri-monetary aspects. The reduction in monetary compensatory amounts for the Federal Republic of Germany and the United Kingdom, and their abolition in the case of the Benelux countries, represents an effort to restore the unity of agricultural markets and reduce the stimulus that monetary compensatory amounts give to production.

The proposals are intended to counter the deterioration in farm incomes and, to take account of the situation of the various markets and the budgetary limitations.

These proposals will not increase the 1981 budget.

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(1) COM(80)800, 5.12.1980 - See also Green Europe Newsletter - In Brief - No 13 "A new start for the common agricultural policy".

The proposals form a whole, striking, as they do, a balance between the prices proposed and the other measures.

The Commission would insist that the Council takes quick decisions on the structural policy proposals which it first put forward in 1979.

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It is the first time, since the entry of Greece, that the Council of Ministers has been presented with such a package of measures. It is due to decide on them before 1 April 1981, after receiving the opinion of the European Parliament.

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This Newsletter - In Brief gives an outline of the main factors which the Commission took into consideration when drawing up the proposals, and describes and explains the main provisions envisaged.

It deals in turn with :

I. THE FACTS

1. A critical economic situation
2. Expanding agricultural production
3. Record agricultural exports
4. Real farm incomes
5. The trend of agricultural spending

II. THE PROPOSALS

1. Overall view
2. Reduction in monetary compensatory amounts
3. Expenditure
4. The main proposals with regard to some key sectors

Annex : Tables showing the price proposals in detail

## I. THE FACTS (1)

The Commission's proposals are necessarily related to a number important social and economic factors, viz. :

- the critical general economic situation,
- the increase in production, especially for certain agricultural products such as milk, at a time when consumption is stagnant and imbalance persistent on certain agricultural markets,
- the continued deterioration of farm incomes in real terms in 1980,
- Community spending, which is nearing the ceiling of the Community's own resources in their present form,
- expanding agricultural exports, which contribute to the Member States' balance of trade.

### 1. A critical economic situation

The socio-economic context of the Commission's proposals is even more difficult than in previous years.

Economic growth slowed down considerably in 1980 and all the signs are that there will be no growth at all in 1981. Inflation has increased, the balance of payments has worsened, and the numbers unemployed appreciably exceed the numbers employed full-time in agriculture. Many sectors of industry (steel, motor vehicles, textiles and shipbuilding) are facing growing problems.

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(1) In several cases, the statistics in this chapter relate to Nine Member States. Figures for Greece have been given whenever possible. The addition of the figures for Greece - which are not yet complete and harmonized - would have had only a minor impact.

	Rate of growth of GDP in real terms %	Unemployment		Rate of inflation %	Balance of payments (2)
		Number of unemployed (millions)	As a % of working population		
(1)					
1978	3.4	6	5.5	8.5	0.8
1979	3.4	6	5.6	8.6	(-) 0.5
1980	1.3	7	6.4	12.0	(-) 1.5
1980 (Decemb;)	-	8	7.0	13.3	-

(1) For Nine Member States

(2) As a % of GDP; (-) = a deficit.

The common agricultural policy has succeeded in protecting the Community's agriculture against some of the most serious consequences of this critical economic situation. It has prevented agricultural prices from falling and hence the relationship between the prices of agricultural products and those of inputs from deteriorating further. It has prevented unemployment from spreading to agriculture which it otherwise would have done as a result of the imbalance between growing production and stagnating demand. However, the fall in the number of people leaving the land to go to other sectors of the economy has slowed down the rise in productivity, despite the fact that production is in full expansion.

## 2. Expanding agricultural production

The average annual rate of growth of agricultural production in the European Community has been 2 % over the past 10 years.

This has been due to the use of new techniques and a major effort on the part of the farming population; accordingly, productivity has continued to rise, aided moreover by a decrease in the number of people employed in agriculture. This decrease has slackened : - 2.5 % in 1979 compared with - 4.8 % per annum between 1968 and 1973.

The increase in production has given consumers abundant supplies at producer prices which have risen less steeply than prices generally.

In nine of the Member States 1980 was a year of record production for most of the major products :

- 118 million tonnes of cereals were harvested and wheat production is about 30 % up on the average for recent years;
- sugar production (over 12 million tonnes) is almost at an all-time high;
- the quantity of milk delivered to the dairies has increased by more than 2.5 %, to reach 105 million tonnes;
- beef and veal production reached a record level of around 7 million tonnes;
- pigmeat and poultrymeat have also reached record figures.

% change in production (1)						
% compared with previous year	Milk (delivered to dairies)	Sugar	Cereals	Beef and veal	Pigmeat	Wine
1978	4.7	2.1	12.4	0.7	4.8	7.9
1979	2.6	4.4	- 2.2	6.4	5.0	28.1
1980 (provisional)	2.6	- 1.8	3.9	2.7	1.5	- 15.3

(1) EUR 9, based on quantities.

There has been an increase in production for all the major agricultural products, even for those which are already largely in surplus. Thus, the increase in the quantity of milk delivered to the dairies occurred despite the 2 % co-responsibility levy for 1980 and the announcement of a levy of at least 1.5 % and of a possible additional levy for the 1981/82 marketing year.

### 3. Record agricultural exports

In recent years the Community has made great efforts to increase its exports of agricultural and food products (average growth rate 12.9 % per

year), covering not only regulated products, which represent about two-thirds of exports and which doubled in value between 1973 and 1979, but also non-regulated products, the value of which increased by over 120 % over the same period.

In this way the Community, which ranks second among world exporters of agricultural products has helped Member States to balance their trade and the third world to feed their hungry peoples.

The Community's agricultural and food exports represent about 8 % of its total exports. This percentage has increased slightly in recent years, but it varies greatly from one Member State to another.

Intra-Community trade in agricultural products is more substantial than trade with non-member countries.

Agricultural and food exports as a percentage  
of total exports in 1979

	<u>Exports to</u> <u>non-member</u> <u>countries</u>	<u>Exports to</u> <u>non-member countries</u> <u>and Member States</u>
Deutschland	3.6	5.6
France	11.7	16.2
United Kingdom	6.3	7.9
Italia	5.8	8.1
Nederland	18.9	23.5
UEBL/BLEU	7.1	10.3
Danmark	26.9	38.1
Ireland	33.2	39.1
EUR 9	7.9	11.8



Market management policies pursued over the last two years have enabled greater quantities to be exported with lower refunds, because of a more sustained demand on markets which has reduced the gap between world prices and Community prices. The results were particularly favourable in the cereal and milk product sectors.

Community exports (including food aid) of certain  
products and the budgetary effort involved (1)

	<u>Unit</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980 (2)</u>
<u>Total exports of agricultural and food products</u>	MioECU	12,300	13,300	15,300	
<u>Cereals</u>					
Cost	MioECU	366	832	1,185	1,122
Quantities	1000 t	10,420	14,300	13,400	
<u>Milk products</u>					
Cost	MioECU	1,417	1,565	2,088	2,669
Quantities :					
- butter (including butteroil)	1000 t	270	277	495	
- skimmed-milk powder	1000 t	420	419	660	
- cheese	1000 t	208	219	250	
<u>Sugar</u>					
Cost	MioECU	409	640	685	396
Total quantity	1000 t	434	3,240	4,135	
Total export refunds	MioECU	2,827	3,750	4,982	5,440
Refunds as percentage of expenditure by EAGGF-Guarantee	%	41	43	48	47
Index : 1977 = 100		100	133	176	192

(1) EUR 9

(2) Provisional

Commercial exports and food aid cannot, however, by themselves solve the problem of agricultural surpluses, in particular in the milk sector.

The Community also remains the largest world importer of agricultural and food products. These imports in 1979 amounted to over 40 milliard ECU, about 2.5 times more than its exports. Its agricultural deficit is thus about 25 milliard ECU.

Imports are mainly of products :

- which the European Community is unable to produce for climatic reasons (cocoa - 5 milliard ECU; tropical fruit - 2 milliard ECU; bananas - 1 milliard ECU),
- in which it has a very large deficit (timber - 10 milliard ECU deficit; oils and fats),
- which are used in its own agricultural production (maize, soya feedcake, manioc).

Its position as the leading importing group is also due to the fact that the Community has contracted bilateral and multilateral international obligations which it has to honour. These obligations are often towards countries for whom it is vital to send agricultural exports to the Community; these are often products which are in direct competition with Community agricultural products (for example, beef from Australia and the African countries) or in which the Community itself has a surplus (for example, sugar from the ACP countries, butter from New Zealand).

The increase in agricultural production and the stagnation in domestic consumption will mean that in future the Community will be even more dependent on its exports. Therefore it should equip itself with the instruments it needs for a proper export policy, in particular arrangements for the conclusion of long-term contracts and possibly for export credits.

#### 4. The drop in farmers' real incomes

Despite greater production and increased exports, the purchasing power of farmers' incomes in the nine Member States fell again in 1980, thus confirming the reversal of the trend in real incomes per labour unit employed in agriculture which had already been observed in 1979 in the majority of Member States.

Economic conditions in general, and in particular the rate of inflation and the rise in the cost of agricultural inputs had a particularly bad effect on agricultural incomes, seeing that for three years past the policy followed with regard to agricultural prices has been one of very limited adjustments.

The rapid rise in the cost of inputs (an increase of 12 % in 1980 compared to 8.9 % in 1979 and 2.1 % in 1978) greatly exceeded the rate of growth of agricultural prices. Between 1973 and 1979 producer prices increased by 8.4 % per year, while consumer food prices increased by 10.8 % and the general inflation rate was about 11.3 % on average.

Real agricultural incomes in the Community dropped by 1.8 % in 1979 and by 8.9 % in 1980 while incomes in other sectors continued to rise, although at a slower rate (+ 1 % in 1980). The gap between the average incomes of the two groups has therefore widened since 1976, whereas between 1968 and 1975 they were moving more or less in parallel.

#### Growth in real income per labour unit (1)

	Agriculture	Economy as a whole	All employed persons
1975	130	130	139
1976	132	134	143
1977	131	135	143
1978	134	137	145
1979	132	139	146
1980	120	141	148

(1) Average 1967/68/69 = 100 - EUR 9

However, this average trend for the Community as a whole obscures widely differing trends from one Member State to another. Taken over a period exceeding ten years, real incomes increased most in the Member States where agricultural employment bulks relatively large and where farmers are poorest.

That being said, in 1980, for the first time, real agricultural incomes dropped in all the Member States, although the amount differed widely, ranging from - 5 % to almost - 20 %.

#### 5. The trend in agricultural expenditure

Expenditure by the EAGGF, Guarantee Section, that is to say expenditure on the implementation of the common organization of agricultural markets, rose from 4.5 milliard ECU in 1975 to 10.4 milliard in 1979.

During this period the annual average increase in expenditure was 23 % per year, a rate considerably above the rate of inflation and double the growth in the Community's own resources.

#### Expenditure by the EAGGF, Guarantee Section

(Milliard ECU)

	Total expenditure		Milk	Beef and veal	Cereals	Sugar (net expenditure (2))
	Gross	Net (1)				
1975	4.5	3.9	2.2	0.9	0.6	0.2
1976	5.6	4.4	2.3	0.6	0.7	0.1
1977	6.8	4.7	2.9	0.5	0.6	0.3
1978	8.7	6.4	4.0	0.6	1.1	0.5
1979	10.4	8.3	4.5	0.7	1.6	0.5
1980	11.5	9.3	4.9	1.4	1.6	0.6
1981 (3) (estimate)	12.9	10.4	4.4	1.4		

(1) Gross expenditure minus ordinary levies and sugar levies.

(2) Gross expenditure minus production levies and storage levies.

(3) Including Greece.

Considerable efforts, in particular the policy of holding down prices and strict management of markets, enabled the rate of increase at agricultural expenditure to be substantially reduced in recent years. In 1980 expenditure increased by only 10.2 % over 1979 and did not require any supplementary agricultural budget.

The budget estimate for 1981 - 12.9 milliard ECU, exceeds 1980 by only 12 %, although it include expenditure relating to the accession of Greece and the application, for the first time over a whole year, of the new organization of the market in sheepmeat. Without these two factors, the increase would have been only 8 %.

Thus, as desired by the Parliament, expenditure by the EAGGF, Guarantee Section, increased at a much slower rate than own resources over the last two years, corresponding roughly to the average inflation rate in the EEC. Its share of the total budget has therefore been reduced from 73 % in 1979 to 67 % in 1981.

	EEC expenditure (milliard ECU)	Proportion of agricultural expenditure-EAGGF guarantee (net) in the budget %	% of VAT for total EEC budget
1978	12.2	71	0.64
1979	14.3	73	0.79
1980 (Budget)	16.2	71	0.72
1981 (1) (Budget)	19.3	67	0.89

(1) Including Greece

At the same time the total Community budget continued to increase due to the development of other policies (social, regional etc.).

The budget uses an increasingly large share of own resources and is coming close to the 1 % VAT ceiling. The 1981 budget will account for 0.89 % VAT, thus leaving limited scope for manoeuvre, not only as regards the application of the common agricultural policy, but also for development and implementation of other Community measures. Each percentage point increase in agricultural prices burdens all future budgets with additional net expenditure of about 120 million ECU per year.

Related to the economy as a whole, expenditure by the EAGGF, Guarantee Section, is not substantial : less than 0.5 % of the Community's gross domestic product and less than 3 % of expenditure on food by Community consumers, ratios which have remained stable over recent years. Expenditure only amounts to about 1.8 % of the total budget of Member States.

EUR 9	Expenditure by the EAGGF, Guarantee Section (net) as a percentage	
	of EEC gross domestic product	of consumers' expenditure on food
1975	0.35	
1976	0.35	2.1
1977	0.33	2.0
1978	0.41	2.4
1979	0.47	2.8
1980 (prov.)	0.47	2.8
1981 (estim.)	0.47	2.8

Nevertheless, compared to the importance of agriculture in the economy as a whole and the value of agricultural production, expenditure on the CAP is taking a steadily increasing share. Farmers' incomes depend more and more directly on this expenditure, particularly in the milk sector.

	Proportion of agriculture in the Community's gross domestic product	Expenditure by the EAGGF, Guarantee Section, as % of the value of final agricultural production			
	%	Total (1)	Milk (2)	Beef Veal (2)	Cereals (2)
1975	4.1	5.3	8.7	7.7	7.7
1976	3.9	5.3	14.6	4.8	7.9
1977	3.7	5.4	16.7	3.4	6.4
1978	3.6	6.6	21.1	4.2	9.4
1979	3.4	7.9	22.2	4.6	12.9

(1) Net expenditure

(2) Gross expenditure

## II. THE PROPOSALS

### 1. General remarks

The Commission proposals seek to reconcile constraints which are to some extent contradictory :

- the need to adjust agricultural incomes,
- the need to reduce the permanent imbalance on certain agricultural markets and to remedy the lack of effective regulating mechanisms whereby the development of production can be matched to the needs of the internal and external markets,
- the need to hold down expenditure on agriculture and to keep the budget within certain limits,
- the dismantling of the monetary compensatory amounts, in order to restore market unity,
- the desire to expand agricultural exports and thus improve the trade balance of the Member States.

The proposals are therefore based on two essential points :

- The adjustment of the common agricultural prices taking into account the development of agricultural incomes

Imbalances on certain markets and budgetary constraints have in recent years induced a policy of restraint on agricultural prices. Agriculture has thus made a substantial contribution to the fight against inflation by putting a brake on price rises for basic foodstuffs (1). But the rapidly rising cost of inputs and the relative decline in agricultural incomes now call for some action on prices to maintain the momentum of its contribution to the activity of the economy in general. Vital interests are involved here.

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(1) The average annual increase in the prices paid to agricultural producers between 1973 and 1979 was 8.4 %, as compared with a 10.8 % increase in the food prices paid by consumers and an average inflation rate of 11.3 %.

- Measures to cope with the financial consequences of increases in production

The Commission is also proposing (in line with its document entitled "Reflections on the CAP") a number of measures and amendments which are designed to prevent unlimited marketing guarantees for certain products resulting in extremely heavy budgetary costs in the years to come. The proposals therefore include, together with the usual related measures, proposals whereby the principle of producer co-responsibility would be introduced for products other than milk and sugar, in the event of a certain level of production being exceeded.

The Commission is proposing for 1981/82 that the adjustments to the common prices expressed in ECU should range between 4 % and 12 %, with the price increase for most products ranging between 6 % and 10 %. These increases are intimately linked with the co-responsibility measures proposed.

The price adjustments proposed for 1981/82 may be compared with those for previous marketing years, as follows.

Increase in common agricultural prices  
in relation to preceding marketing year (average) in %

Marketing year	Price in ECU	Price in national currency (1)		Rate of inflation (%)
		nominal	real	
1977/78	3.9	8.2	0	8.2
1978/79	2.1	8.6	1.0	7.5
1979/80	1.2	7.5	- 2.8	10.6
1980/81	4.8	10.5	- 1.4	12.1

(1) Account being taken of adjustments to the green rates at the beginning or in the course of the marketing year.

In view of the rate of inflation the price increase proposed is a cautious one. The impact on consumer prices for food is estimated at 2.5 % compared with an inflation rate of 9.8 % foreseen for 1981.

In the two sectors where the market is still out of balance (milk, beef and veal), the proposed price increases are phased over the marketing year.



A limited increase is proposed for certain cereals so that a better price relationship is obtained between crop and livestock products.

The proposals for producer co-responsibility take various forms, according to sector, for cereals, milk, beef and veal, olive oil, colza, sugar, tobacco, and certain processed fruit and vegetables.

## 2. Reduction of the monetary compensatory amounts

Since the introduction of the European Monetary System and the adoption of the ECU for the purposes of the common agricultural policy at the beginning of 1979, there has been a rapid dismantling of the monetary compensatory amounts.

Member States with a high rate of inflation and negative monetary compensatory amounts now have very little scope for raising their prices in national currency more rapidly than the prices expressed in ECU.

The only positive monetary amounts are those still applicable to Germany. The rise in the value of the pound sterling, which is not fully integrated with the European Monetary System, has changed the markedly negative divergence of this currency in 1979 into a very positive divergence at the beginning of 1981.

### Monetary compensatory amounts

	1.1.1979	1.1.1980	16.2.1981
United Kingdom	- 27.0	- 3.5	+ 18.2
France	- 10.6	- 3.7	0
Italy	- 17.7	- 2.3	- 1.0
Ireland	- 2.0	0	0
Benelux	+ 3.3	+ 1.9 (1)	+ 1.7 (1)
Germany	+ 10.8	+ 9.8	+ 8.8 (2)
Denmark	0	0	0
Greece	-	-	0

(1) Milk products : 2.4 and 2.2 respectively

(2) Milk products : 10.8 and 9.6 respectively

The proposals represent a step toward the reunification of the agricultural markets. The reduction in the positive monetary compensatory amounts (which, by giving abnormally high support to producers, have contributed to an excessive expansion of production in the Member States which apply them) represents a decisive step towards halting the steady growth of surpluses and should thus help to reduce budgetary expenditure.

The Commission proposes that positive compensatory amounts should be discontinued in Benelux and reduced by 5 points in Germany and the United Kingdom, and that the green rates for milk should be aligned on those for other products. These reductions are needed to correct distortions in both the competition in trade and, the effective impact of prices on incomes, for producers in the different Member States.

### 3. Expenditure

In formulating its agricultural price proposals for 1981/82, the measures for implementing the co-responsibility principle and the related measures, the Commission took full account of the budgetary consequences of its plans, without attaching paramount importance thereto during its deliberations.

For a 12 month period, the financial consequences\* are at 800 million ECU, from which should be deducted the increase in "own resources" of 350 million ECU. Therefore the net impact is 450 million ECU.

For the part of the 1981/82 marketing year which affects the 1981 budget, the amounts are estimated\* as 250 million ECU increase in gross expenditure, 70 million ECU increase in "own resources", i.e. a net increase of 180 million ECU.

These sums, of 800 Mio ECU and 250 Mio ECU, are the global results of measures some of which produce increases while others cause reductions. The reductions are in essence the result of the financial contributions of producers in the dairy and cereals sectors, the limitations placed on guarantees to the sector of processed fruit and vegetable and the agri-monetary measures.

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\* Rounded figures intended to show the order of magnitude.

The 1981 budgetary provisions coupled with possible savings permit the assurance of this additional expenditure within the amounts already approved for 1981. Therefore, the proposals do not require any increase of the 1981 budget.

As regards the outlook for the 1982 budget, agricultural expenditure could be kept within reasonable limits by implementation of the proposed measures whereby producers would finance a larger share of the cost of the disposal of increased production. Thus, the rate of increase in EAGGF Guarantee Section expenditure (including a sufficient margin for the annual adjustment of prices for 1982/83) should remain about the same as the rate of increase in own resources.

#### 4. The most important proposals for certain key sectors

##### Cereals

- an increase in the intervention price of about 3 % for rye, and 6 % for the cereals except rice (10 %),
- a better balance between the prices of different cereals,
- the limitation to 4 % of the price increase for wheat of "breadmaking quality" (minimum quality),
- the continuation of the production of wheat of "breadmaking quality" needed for milling by the specification of a standard average quality and corresponding reference price,
- a co-responsibility of producers due to the establishment of basic amounts (derived from the harvests of recent years) beyond which the prices of wheat of "breadmaking quality" (minimum quality) or the intervention price (feed cereals, durum wheat) would be reduced progressively, such a reduction would in no case exceed 5 %.

##### Milk

- a 2 stage price increase : 6 % for the opening of the marketing year, followed by 2 % on the 16th September 1981,
- the application of a co-responsibility levy of 2 % as in 1980/81 and the entry into force of a supplementary levy, applied to dairies, on

milk delivered in 1981/82 (in conformity with the Council decision of June 1980 - those deliveries having increased by 2.6 % in 1980 compared with 1979, that is to say more than 1.5 %),

- the additional levy should be applied by dairies at the rate of 8.8 ECU/100 kg on the increase of milk purchased by a dairy in the 1981/82 season over the average milk purchased in the same period during 1979/80 and 1980/81. A final account will be made for dairies at the end of the season so as to calculate the definite amount of payment of the levy due for the season as a whole,
- the additional levy in 1982/83 will only be applied if milk deliveries in 1981 are 3 % or more higher than those in 1979,
- in order to restrain the development of the "industrial" production of milk, the basic levy will be tripled for farms producing more than 15,000 kg of milk per hectare of forage.

#### Beef and veal

The proposed price increase is 9 %, in 2 stages : 6 % at the beginning of the marketing year and 3 % on 7 December 1981.

The premium for suckler cows is also increased by 8 %.

The proposed measures are intended to :

- improve the operation of the intervention system, and in particular to adapt it better to seasonal changes in the market situation,
- the application, by the 1982/83 marketing year at the latest, of the Community carcass grading scale to intervention buying and, if possible, to market quotations.

In connection with the management of the market in this sector, the Commission also intends, as an application of the principle of producer co-responsibility, to restrict intervention buying to male animals and to certain periods of the year : forequarters only from May to July 1981 and hindquarters only from November 1981 to end March 1982.

### Olive oil

The production target price increase of 10 %, the intervention price increase of 6 % and a 7.5 % increase in the production aid are accompanied by co-responsibility measures which will reduce the aid for oil produced in excess of a basic quantity of 700,000 t.

### Sugar

The main points were already contained in the proposals submitted by the Commission on 30 September 1980 (COM(80)553) for the re-organization of the market in sugar :

- continuation of the quota system for 5 years : 'A' quota unchanged, 'B' quota reduced in line with production trends in certain Member States,
- greater financial responsibility to be borne by producers : a maximum levy of 2.5 % for A and B sugars and, if necessary, a maximum levy of 37.5 % on B sugar.

The proposed increase for the basic price for sugarbeet and the intervention price for white sugar are 7.5 %. Moreover, the reimbursement of the storage costs of sugar refiners are increased.

### Tobacco

The proposals provide for price increases of 4 to 10 % and an increase in the premium from 4 % to 14 %, depending on the variety.

The proposed measures are intended to encourage producers, particularly producers of Oriental varieties, to grow other varieties more suited to demand and to encourage more efficient marketing and thus reduce intervention buying. For all varieties (except the Oriental varieties and Kentucky) a form of co-responsibility will be introduced, beginning with the 1981 crop, through a reduction in the intervention price from 90 % to 85 % of the norm price.

With regard to the Oriental varieties and Kentucky, the market management measures provided for in the basic Regulation will be applied to the 1981/82/83 crops, namely : a reduction in the intervention price and the quantities eligible for intervention.

Processed fruit and vegetables

A form of financial co-responsibility for producers is proposed : aid would no longer be granted for quantities exceeding the average quantities produced in recent years : as f.i.

- tomato concentrate            450,000 t.
- peeled tomatoes                975,000 t.

Table of price proposals for individual products

Product	Category of price or amount	1980/81		1981/82 proposals		Period of application of the proposed prices	Greece (1)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1980/81 ECU/tonne	Proposals 1981/82 ECU/tonne
1	2	3	4	5	6	7	8	9
Common wheat	Target price	214,01	6,3	231,13	8	1.8.81 - 31.7.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
	Reference price for bread-wheat (average quality)	179,27	4,5	190,03	6		-	-
	Reference price for bread-wheat (minimum quality)	175,20	4,25	182,21	4		163,02	172,08
Durum wheat	Target price	294,71	6,3	311,83	5,8(2)	1.8.81-31.7.82	C.P.	C.P.
	Intervention price	260,33	4,5	271,09	4,1(2)		232,80	248,21
	Aid	79,24/ha	2,5	85,18	7,5(3)		-	-
Barley	Target price	194,32	6,2	211,81	9	1.8.81-31.7.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
Rye	Target price	197,31	2,5	211,81	7,35	1.8.81-31.7.82	C.P.	C.P.
	Intervention price	163,82	2,5	169,20	3,28		156,37	165,04
Maize	Target price	194,32	6,2	211,81	9	1.8.81-31.7.82	C.P.	C.P.
	Common single intervention price	155,88	4,5	165,23	6		C.P.	C.P.
Rice	Target price - husked rice	408,16	6,8	257,08	10	1.9.81-31.7.82	C.P.	C.P.
	Intervention price - paddy rice	233,71	6,9				C.P.	C.P.
Sugar	Minimum price for sugarbeet	33,10	4,0	-	-	1.7.81-30.6.82	C.P.	C.P.
	Basic price for sugarbeet	-	-	35,58	7,5			
	Intervention price for white sugar	432,70	5,3	465,20	7,5(8,6) <sup>(4)</sup>			

Product	Category of price or amount	1980/81		1981/82 proposals		Period of application of the proposed prices	Greece (1)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1980/81 ECU/tonne	Proposals 1981/82 ECU/tonne
		3	4	5	6		8	9
Olive oil	Production target price	2479,70	5,5	2727,70	10	1.11.81-31.10.82	C.P.	C.P.
	Intervention price	1801,20	4,0	1909,30	6		1663,00	1791,90
	Production aid	558,10	5,5	600	7,5		111,60	120,00
Oilseeds	Target price						X	X
	- Colza and rape seed	386,90	6,3	425,60	10	1.7.81-30.6.82		
	- Sunflower seed	426,30	7,5	477,50	12	1.9.81-31.8.82		
	Basic intervention price							
	- Colza and rape seed	367,70	4,0	397,10	8	1.7.81-30.6.82		
	- Sunflower seed	400,50	4,0	440,60	10	1.9.81-31.8.82		
	Guide price							
	- Soya seed	420,50	6,5	462,60	10	1.11.81-31.10.82		
- Flax seed	421,80	6,0	464,00	10	1.11.81-31.7.82			
- Castor seed	543,70	5,5	598,10	10	1.10.81-30.9.82			
Minimum price soja seed	386,90	-	416,30	7,6	1.11.81-31.10.82			
Minimum price castor seed	517,80	5,5	569,60	10	1.10.81-30.9.82			
Dried fodder	Fixed rate aid (6)	6,51	1,7	7,03	8	1.4.81-31.3.82	126,5	1,41
	Guide price	134,62	6,5	148,08	10			
Peas and beans	Activating price	375,90	7,5	418,30	11,3	1.7.81-30.6.82	X	X
	Minimum price	226,60	5,5	244,70	8			
Flax and hemp	Fixed rate aid (per ha)					1.8.81-31.7.82	-	59,30
	- Fibre flax	264,71	6,5	296,48	12			
	- Hemp	240,41	6,5	269,26	12		-	53,85



Product	Category of price or amount	1980/81		1981/82 proposals		Period of application of the proposed prices	Greece (1)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1980/81 ECU/tonne	Proposals 1981/82 ECU/tonne
1	2	3	4	5	6	7	8	9
Seeds	Aid (per 100 kg)			(7)	(7)	(7)		(7)
	- Monoecicus hemp	12,9	1,6	14,2		1.7.82-30.6.83 and 1.7.83-30.6.84	-	2,6
	- Fibre flax	17,8	1,7	19,6	10		-	3,6
	- Linseeds	14,1	1,4	15,5	on		-	2,8
	- Grasses	12,3-50,3	1,7-9,6	13,3-63,6	average		-	2,5 - 11,1
	- Leguminous	4,9-36,8	2,1-8,6	5,4-47,0			4,9-10,0	1,2 - 11,9
	- Rice	12,1	-	13,3			-	2,4
Table wine								
Type RI	Guide price	2,68	5,5	2,95	10	16.12.81-15.12.82	2,41	2,71
RII	(per degree/hl or per hl	2,68	5,5	2,95	10		2,41	2,71
RIII	according to type)	41,79	5,5	45,97	10		C.P.	C.P.
AI		2,51	5,5	2,70	7,5		C.P.	C.P.
AII		55,69	5,5	61,26	10		C.P.	C.P.
AIII		63,60	5,5	69,96	10		C.P.	C.P.
Raw tobacco	Guide price Intervention price	(8)	4,0 on average	(8)	8 on average	1.1.81-31.12.81	-	C.P.
Fruit and vegetables	Basic price	(9)	5,6 on average	(9)	8 - 10	1981 - 1982	-	(9)

Product	Category of price or amount	1980/81		1981/82 proposals		Period of application of the proposed prices	Greece (1)	
		Amounts ECU/tonne	% increase	Amounts ECU/tonne	% increase		Amounts fixed 1980/81 ECU/tonne	Proposals 1981/82 ECU/tonne
1	2	3	4	5	6	7	8	9
Milk (10)	Target price for milk	222,60	4,0	236,00 240,40	6 8	1.4.81-15.9.81 16.9.81-31.3.82	C.P.	C.P.
	Intervention price							
	- for butter	2916,00	2,3	3091,00 3144,60	6 7,8	1.4.81-15.9.81 16.9.81-31.3.82		
	- for skimmed-milk powder	1215,10	4,9	1288,00 1308,70	6 7,7	1.4.81-15.9.81 16.9.81-31.3.82		
	- For cheese							
	. Grana padano 30-60 days	2896,10	3,6	3069,90 3117,60	6 7,6	1.4.81-15.9.81 16.9.81-31.3.82		
	. Grana padano 6 months	3498,50	3,2	3708,40 3758,90	6 7,4	1.4.81-15.9.81 16.9.81-31.3.82		
. Parmigiano-Reggiano 6 months	3807,40	2,9	4035,80 4086,30	6 7,3	1.4.81-15.9.81 16.9.81-31.3.82			
Beef and veal (10)	Guide price for adult bovines (live weight)	1607,60	4,0	1704,06 1752,28	6 9	6.4.81-6.12.81 7.12.81-4.4.82	C.P.	C.P.
	Intervention price for adult bovines (live weight)	1446,80	4,0	1533,61 1577,01	6 9	6.4.81-6.12.81 7.12.81-4.4.82		
	Aid for suckling cows	20	-	21,60	8	6.4.81-4.4.82		
Sheepmeat	Basic price (slaughter weight)	3450,00	-	3657,00	6	6.4.81-4.4.82	C.P.	C.P.
Pigmeat	Basic price (slaughter weight)	1587,21	5,5	1730,06	9	1.11.81-31.10.82	C.P.	C.P.
Silkworms	Aid per box of silk seed Aid to recognized producer groups (per box)	71,21	5,5	78,33	10	1.4.81-31.3.82	58,79	62,70

- (1) Prices for which the level is different from the common price level. C.P. = Common price.
- (2) The same absolute amount as for common wheat.
- (3) Provisional, the final amount and the criteria of application to be determined in the light of the report being submitted by the Commission on this product.
- (4) The actual increase in 1981/82 will be 8.6 % because of a proposed change in the basis of the storage levy/reimbursement scheme.
- (5) The aid for cotton seed will be replaced at the beginning of the year 1981/82 by a regime defined in Protocol n° 4 attached to the Act of Accession of Greece concerning cotton.
- (6) For dried potatoes the fixed aid will be 13.41 ECU/tonne (+ 3 %). For Greece : 2.68 ECU/tonne.
- (7) The proposals refer to marketing years 1982/83 and 1983/84. The aids for 1981/82 have already been fixed (column 3). For Greece, the proposed aids are as follows :

	<u>1982/83</u>	<u>1983/84</u>
- Monoecious hemp	3.6	4.7
- Fibre flax	4.9	6.5
- Linseeds	3.9	5.2
- Grasses	3.3-15.9	4.4-21.2
- Leguminous	1.7-14.3	2.2-16.5
- Rice	3.3	4.4

- (8) Twenty six varieties of tobacco, the prices for which apply to the calendar year.
- (9) Products in Annex II of the Council Regulation of 18 May 1972 and periods varying according to the products.

Cauliflowers (+ 10 %) : 1.5.1981 to 30.4.1982	Table grapes (+ 10 %) : 1.8.1981 to 31.10.1981
Tomatoes (+ 8 %) : 11.6.1981 to 30.11.1981	Apples (+ 9 %) : 1.8.1981 to 30.6.1982
Peaches (+ 10 %) : 1.6.1981 to 30.9.1981	Mandarines (+ 9 %) : 16.11.1981 to 28.2.1982
Lemons (+ 10 %) : 1.6.1981 to 31.5.1982	Sweet oranges ( 9 %) : 1.12.1981 to 31.5.1982
Pears (+ 10 %) : 1.7.1981 to 30.4.1982	

In the case of Greece lower prices are to be fixed for tomatoes, peaches, lemons, mandarines and oranges and higher prices for pears and table grapes.

The common prices are applicable for cauliflowers and apples:

- (10) Price increase in two steps. The % price increase for the second period includes the % price increase for the first period (column 6).