



# european community

# NEWS

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## 1993/94 AGRICULTURAL PRICES PROPOSED

The EC Commission today adopted its agricultural price proposals and accompanying measures for 1993/94. The package will be discussed by the EC Agricultural Ministers on February 9 and 10.

Introducing the proposals, Rene Steichen, Commissioner for Agriculture and Rural Development, said that it is time farmers and the agricultural sector were allowed to operate with a greater degree of certainty than has been the experience in recent years and he hoped the application of the reformed Common Agricultural Policy (CAP) would be seen as a basis for restoring that much needed confidence and stability.

With the reform of the CAP which covers the major part of agricultural production, many of the matters which would normally form part of the annual price package have already been decided. The coming marketing year, he said, must be seen as one of consolidation and implementation of policy decisions already taken. It is for this reason that the Commission has put forward a price package which is essentially a roll-over of existing legislation, except in the case of some small policy adjustments which are considered necessary at this time.

At a later stage, Mr. Steichen added, the Commission will examine the sectors which were not dealt with under the 1992 reform and will present proposals as deemed appropriate, in particular regarding the sugar and wine sectors.

Referring to the budgetary situation, Mr. Steichen pointed out that, while sufficient financial resources were available for the implementation of agricultural policy in 1993, this may not be the case for 1994. However, this situation will be kept under review and the Commission will make every effort to respect the budgetary parameters, while at the same time ensuring the smooth implementation of CAP reform. Given this budgetary situation, said Mr. Steichen, Ministers must recognise that the room for maneuver as far as additional demands are concerned is virtually non-existent, whether in the context of the price fixing discussion or other matters which may arise in the coming months.

### Current situation on agricultural markets

For the third successive year, agriculture in the Community has seen a deterioration in markets and an increase in intervention stocks, especially of common wheat, durum wheat, barley, maize and beef. By contrast, stocks of butter and milk powder have gone down.

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According to initial estimates, still provisional, farming incomes declined in 1992 by 1.6 percent, against a rise of 2.1 percent in 1991 and a drop of 2.9 percent in 1990.

The area sown to crops has changed little compared with the previous year: slightly down for cereals (but more wheat and less barley), with about the same areas under beet, potatoes, tobacco and protein crops.

The reform of the CAP has considerably reduced the importance of the stabilizer mechanisms in managing agricultural markets. Overruns of production thresholds or maximum guaranteed quantities have been recorded for some varieties of tobacco, cotton, some fruits and vegetables, and sheep. There is still a large structural surplus in the wine sector.

#### Price proposals and related measures

The general approach underlying the price proposals this year is to ensure stability on the basis of the reform decisions already taken. In some sectors such as oilseeds, protein crops and tobacco the new schemes under the reform are so comprehensive that price proposals are unnecessary.

In the case of cereals, milk and beef, the main decisions on prices and support measures have been taken and only a small number of relatively minor matters require to be dealt with in the prices package. As regards milk quotas, the Council, on the basis of a Commission proposal made in connection with the reform, has adopted a regulation on the system to be applied from April 1, 1993. However, it has still to adopt the last part of the proposal, i.e. the size of the production quotas to be applied in each Member State as from that date. Before doing so, it has asked the Commission to prepare up-to-date reports on the market situation and on the application of the quota system in Spain, Greece and Italy. These reports are to be submitted in March.

For the sectors not covered by the reform, this prices package basically carries over the current prices and support measures, except in certain cases where changes are made to the legislation as a result of decisions already adopted or announced. The main changes proposed are as follows:

Rice: In line with the policy of encouraging a switch from the japonica variety, which is in surplus, to the indica variety, it is proposed that conversion aid be granted one more time, at a reduced rate, and that the intervention price for japonica rice be cut by 4 percent.

Olive oil: It is proposed that a further amount of consumption aid be transferred to production aid, as was done last year.

Linseed: As provided for in last year's price proposals, it is proposed that this product be included in the arable crops regime. There would be a transitional scheme in 1993/94 and full inclusion the following year. No fundamental change is proposed for fibre flax, but a technical adjustment is required to offset the effect of the change proposed for linseed.

Cotton: Last year restrictions were placed on application of the cotton stabilizer; these were intended to give growers a better producer price guarantee for the marketing year concerned without prejudicing the long-term effectiveness of the system. The review of production statistics carried out following last year's decision indicates that the restrictions applied to the stabilizer were incompatible with the desired objective so it has been decided to lift them, without, however, depriving the system of any kind of ceiling.

Pork: The cereal price reductions carried out under the reform necessitate a review of the basic price for pigmeat. The price will be entirely recalculated using the parameters set out in the basic regulation, and this would mean a 25 percent reduction. However, it must be stressed that this does not mean any reduction in aid to the sector or to market prices.

Given the simplicity of this prices package and the need to inform farmers as quickly as possible of the prices to be applied this year, the Commission hopes that the European Parliament and the Council will be able to come to a quick decision on these proposals.

Financial impact

In order to give the fullest possible picture of the financial impact of the proposals and to indicate the foreseeable trend in expenditure, the Commission is also presenting a new forecast of expenditure for the 1993 budget year, taking into account market trends as assessed in January 1993.

The 1993 budget, adopted on December 17, 1992, increased appropriations for the European Agricultural Guideline and Guarantee Fund (EAGGF) Guarantee Section to ECU 34,052 million.

ECU = \$1.17 on February 4, 1993

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