European Community NEWS

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1991/92 AGRICULTURE PRICE PACKAGE ADOPTED

The EC Council of Agricultural Ministers have reached agreement on the 1991/92 agricultural prices and related measures. The agreement includes most of the proposals put forward by the EC Commission, in particular those relating to the sectors experiencing most market imbalance, i.e. milk, beef and cereals.

Mr. Ray MacSharry, Commissioner responsible for Agriculture and Rural Development, congratulated the Ministers for their constructive and realistic approach in adopting a package of measures which would help to improve market stability in a number of problem sectors and also ensure that spending on agriculture by the Community would respect the agreed budgetary restraints in 1991 and 1992. The agreement he said will allow the Community to embark on the important task of reforming the Common Agricultural Policy (CAP) on the basis of proposals which the Commission will put forward in detail shortly.

Main elements of agreed package

1. **Milk:** Reduction in production quotas of 2 percent

- voluntary buy-out scheme financed by the Community budget at a level of 10 European Currency Units (ECU) per 100Kg each year for five years. The milk bought up under this scheme could be used by member states to fulfill their obligations regarding the 2 percent compulsory production quota reduction. Member states are allowed to decide the level of payment to farmers for the buy-out scheme, the amount of milk they will buy up and the use to which they will put those bought up quantities. EC reimbursement can be up to a level of 3 percent of each member states' global production quotas.

- the buying-in price for butter into intervention is to be fixed by the Commission to take account of quantities offered and the state of the market. The buying-in price will not be lower than 90 percent of the intervention price.

2. **Beef:** Less government intervention

Intervention through the normal tender system will now open when the Community weighted market price is equal to or less than 84 percent of the intervention price and the regional market price is less than 80 percent (present trigger levels are 88 percent and 84 percent respectively).

The intervention safety net system has been maintained, but at a reduced level. All offers to intervention will be accepted if the Community weighted market prices are less than 78 percent (80 percent at present) of the intervention price when:

(a) in at least three member states (or regions) representing 60 percent of total Community production for bulls' or steers' prices fall below 75 percent of the intervention price or;

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(b) when in one member state (or region) the market price for bulls or steers falls below 72 percent of the intervention price.

3. **Cereals**: Higher producer co-responsibility levy and set-aside

- the basic co-responsibility levy will be increased to 5 percent (3 percent at present).

- a special land set-aside scheme will be introduced as an interim measure. Producers participating in this scheme must set-aside 15 percent of the land given to cereals and other supported crops in 1991 when planting for the 1992 production year. Producers intending to participate in this scheme must submit crop plans by July 31 or submit plans and request participation in the scheme by December 15, 1991. Participants will have the 5 percent levy reimbursed and also receive the Community element of the present set-aside scheme. The national contribution to the scheme is optional.

4. **Sugar**: No price reduction.

5. **Oilseeds**: Price reduction of 1.5 percent and a reduction of 50 percent in the bonus for double zero oilseeds. In order that the present oilseed regime be brought into line with the General Agreement on Tariffs and Trade (GATT) panel conclusions, the Commission has undertaken to present proposals to the Council by July 31, 1991 on the basis of which the Council will take a decision by October 31, 1991.

6. **Protein crops**:

- price reduction of 1.5 percent;
- maintain monthly increments in minimum prices;
- 20 percent reduction in aid over two years.

7. **Wine**: Present guide and distillation support prices are maintained.

8. **Tobacco**: price and premiums are to be reduced by 0 percent, 6 percent and 13 percent depending on the variety.

9. **Sheepmeat**: basic price reduction of 2 percent together with an increase to 4 ecu/ewe in the supplementary ewe-premium which is granted in disadvantaged areas (present level if 1.5 ecu/ewe), both of those conditions apply from the beginning of the 1992 marketing year.

10. **Pigmeat**: The Commission will examine the possibility of applying the private storage aid system more selectively.

11. **Agri-monetary**: The monetary gap for the United Kingdom, Germany and Netherlands has been eliminated.

In the case of Greece, 75 percent of the monetary gap has been eliminated and the number of green rates has been reduced.

For Spain, the Commission's proposal regarding the monetary gap has been maintained and the number of green rates is to be reduced.

It should be noted that in the absence of an opinion from the Parliament the Council was not in a position to decide the regulations relating to cereal prices.

Ecu = $1.21 on May 15, 1991

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