

No. 24/1979

July 5, 1979

1979 - 80 AGRICULTURAL PRICES AND PROGRAM APPROVED

EC Agriculture Ministers have reached agreement on a price package for the current marketing year which will yield an average 1.5 per cent increase for all categories except for dairy produce. Against the advice of EC Vice President Finn Olav Gundelach, Commissioner responsible for Agriculture, the Ministers rejected a Commission proposal to tax milk production in order to reduce dairy surpluses throughout the Nine.

Mr. Gundelach expressed annoyance at the Council of Agricultural Ministers' refusal to tackle the surplus problem by introducing his proposed tax. In fact, he specifically dissociated the European Communities Commission from the final agreement - the practical result of this is to put down a 'marker' for the future: it will not prevent the new price regime going into effect.

"The Council showed it totally lacked the will to tackle the serious problem of farm surpluses and their budgetary consequences," the Commissioner commented at the end of the Luxembourg negotiations.

Later a full meeting of the EC Commission endorsed Mr. Gundelach's remarks and in its own statement said it deplored the fact that the EC Ministers had failed to take steps to remedy the problem of dairy surpluses which are already at an 'alarming' level.

The total cost of the settlement will be \$1.9 billion more than the Commission, which had called for a complete price freeze during the marketing year, wanted to pay.

To meet this, the Commission introduced a supplementary budget this week and in the fall will again ask the Council of Ministers to take measures against the structural imbalance in Europe's dairy market. The Commission will urgently consider measures to be taken to reduce expenditure in the management of the Common Agricultural Policy.

The main features relating to the agricultural prices for the 1979/80 marketing year are as follows:

- a 1.5% increase in prices, except for the price of milk;
- dismantling of the positive monetary compensatory amounts by 1 point in the Federal Republic of Germany and by $\frac{1}{2}$ point in the Benelux countries, save for milk products;
- the fixing of the rate of the co-responsibility levy in the milk sector at 0.5% as from 1 October 1979;
- the devaluation of the green rate for the Italian lira by 4.6 (already decided upon in March), for the pound sterling by 5% and for the French franc by 1.5%;
- an extension until March 31, 1980 of the ECU into the common agricultural policy.

MILK AND DAIRY PRODUCTS

The Council agreed not to alter the price of milk and milk products for the 1979/80 marketing year and to fix the co-responsibility levy rate at 0.5% as from October 1.

As regards the future arrangements for the co-responsibility levy, the Council agreed that if the action program did not yield the expected results, the Commission would propose measures to strengthen the agreement. Subject to the above, and to subsequent decisions on the most effective method of implementing the future agreement, the following measures will be adopted.

1. If the total quantity of milk delivered to dairies in 1979 were more than 2% above the quantity delivered in 1978, the normal rate of the co-responsibility levy would be raised by 1% of the target price in 1980/81. If subsequently, during this period, these conditions no longer existed, the normal rate of the levy would apply again.
2. From 1980/81, any producer who did not increase his milk deliveries to dairies would not be subject to the normal rate of levy and would pay only the previous rate, which would encourage producers to avoid increasing output.

Butter subsidies

The Council decided that a subsidy of 46.7 ECU per 100 kg of butter of Community origin would continue to be paid during the 1979/80 marketing year in the United Kingdom and that this subsidy would be financed entirely by the Community, with a corresponding reduction in the special levy.

It also decided that other Member States could opt either for a short-term measure financed completely by the Community (disposal of butter from intervention stocks and subsidized private stocks at a price of 90 ECU per 100 kg up to a given limit), or for a general butter subsidy (financed 75% by the Community, up to a maximum contribution of 50 ECU per 100 kg).

Aids for processing

The Council decided that the suspension of aids for the processing of milk and milk products would apply to butter and to milk powder, subject to the provisions of the Commission proposal, and that it would adopt a text to this effect, the final version of which would have to be worked out by the Special Committee on Agriculture.

School milk

The Council decided to increase Community support for the school milk scheme to 100% of the target price from September 1, 1979.

BEEF AND VEAL

The Council also agreed to a 1.5% price increase in this sector, thus raising the guide price for adult bovines to 1,545.80 ECU and the intervention price to 1,391.20 ECU.

The slaughtering premiums for certain adult bovines and the calving premiums are extended for the 1979/80 marketing year.

The Council took note of a statement by the Commission to the effect that it:

- did not intend in the 1979/80 marketing year to suspend intervention purchasing of particular categories of beef in Ireland while the average market price level in that Member State remained below 85% of the guide price, on the understanding that this situation would be reconsidered before the 1980/81 marketing year;
- intended to decide, under this Management Committee procedure, that a limited quantity of beef and veal should be released from intervention stocks for processing into canned and cooked beef, and that monetary compensatory amounts would be charged, but not paid, on this beef released from intervention stocks;

AID FOR DURUM WHEAT

The Council agreed on a new Regulation on aid for durum wheat, the amount being calculated on the basis of the acreage.

It also fixed the list of regions eligible for the aid in question and fixed the amount of that aid at 77.31 ECU per hectare.

FRUIT AND VEGETABLES

The Council recorded its agreement on an extension for one year and a 1.5% increase in the marketing premium for lemons and also increased by 1.5% the basic prices and buying-in prices for cauliflowers, tomatoes, peaches, lemons, pears, table grapes, apples, mandarins and sweet oranges, and certain amounts applying in this sector.

Pending the opinion of the European Parliament, the Council agreed on a Commission proposal that, where supplementary import charges are applied on imports of fruit and vegetables, these charges should be abolished only after they have actually been in force for 2 days.

Council Decisions from June 18, 1979 to June 21, 1979 - Agricultural prices 1979/1980

Product	Price or amount	Amount fixed 1978/79 u.a./ton	1979/80		
			u.a./ton	Green E.C.U/ton	% increase over last marketing year
1	2	3	4	5	6
Durum wheat	Target price	224,27	229,43	277,37	+2,30
	Single intervention price	203,01	206,06	249,12	+1,50
	Aid	63 ua/ha	63,95	77,31	+1,50
Common wheat	Target price	162,39	166,61	201,42	+2,60
	Common single intervention price	121,57	123,39	149,17	+1,50
	Reference price for bread-wheat	136,96	139,01	168,06	+1,50
Barley	Target price	147,23	151,28	182,89	+2,75
	Common single intervention price	121,57	123,39	149,17	+1,50
Rye	Target price	155,12	159,23	192,50	+2,65
	Single intervention price	130,25	132,20	159,82	+1,50
Maize	Target price	147,23	151,28	182,89	+2,75
	Single intervention price	-	-	-	-
	Common single intervention price	121,57	123,39	149,17	+1,50

Product	Price of amount	Amount fixed 1978/79	1979/80		
			u.a./ton	Green E.C.U./ton	% increase over last marketing year
Rice	Target price-husked rice	301,26	316,20	382,28	+4,96
	Single intervention price- paddy rice	174,98	180,80	218,58	+3,33
Olive oil	Production target price	1.915,40	1.944,13	2.350,36	+1.50
	Market target price	-	-	-	
	Intervention price	1.411,40	1.432,57	1.731,91	+1.50
	Production aid	431,10	437,57	529,00	+1.50
Sugar	Minimum beet price	25,94	26,33	31,83	
	Target price white sugar	352,50	357,80	432,60	
	Intervention price white sugar	334,90	339,90	410,90	
Oilseeds	Target price				+ 1.50
	-Colza and rape seed	296,70	301,15	364,08	
	-Sunflower seed	323,20	328,05	396,60	
	Basic intervention price				
	-Colza and rape seed	288,20	292,52	353,64	
	-Sunflower seed	313,80	318,51	385,06	
	Guide price				
	-Soya seed	321,70	326,53	394,76	
	-Flax seed	324,30	329,16	397,94	
	-Castor seed	420,00	426,30	515,38	
Fixed rate aid (per ha)					
-Cotton seed	108,70	110,33	133,38		
Dried fodder	Fixed rate aid	5,00	5,08	6,14	
	Guide price	103,00	104,55	126,40	
Peas and Beans	Activating price	285,00	289,28	349,73	
	Minimum price	175,00	177,63	214,75	

Product	Price of amount	Amount fixed 1978/79 u.a./ton	1979/80			
			u.a./ton	Green E.C.U./ton	% increase over last marketing year	
Flax and hemp	Fixed rate aid (per ha) -Fiber Flax -Hemp	202,55 183,96	205,59 186,72	248,55 225,74		
Seeds	Aid (per 100kg) -Monoecious hemp -Fiber flax -Linseed -Grasses -Legumes	10,50 14,50 11,50 10 - 38 4 - 28				
Table Type wine:	RI RII RIII AI AII AIII	Guide price (per degree/hl or per hl according to type)	2,07 2,07 32,28 1,94 43,02 49,12	2,10 2,10 32,76 1,97 43,67 49,86	2.54 2,54 39,61 2,38 52,79 60,28	+1,50
Raw tobacco	Guide price Intervention price					
Fruit and vegetable	Basic price Buying-in price		Intervention prices are increased by 1,5% as also the financial compensa- tion for citrus fruits			

Product	Price of amount	Amount fixed 1978/79 u.a./ton	1979/80		
			u.a./ton	Green E.C.U./ton	% increase over last marketing year
Beef and veal	Guide price for adult bovines (live weight)	1.259,70	1.278,60	1.545,80	+ 1,50
	Intervention price for adult bovines (live weight)	1.133,70	1.150,70	1.391,20	+ 1,50
Pigmeat	Basic price (slaughter wieght)	1.226,04	1.244,43	1.504,46	+ 1,50
Silkworms	Aid per box of silk seed	55,00	56,10	67,82	
	Aid to recognized producer groups (per box)	-			