

GREEN EUROPE

NEWSLETTER ON THE COMMON AGRICULTURAL POLICY

General description of the mechanisms of the Community Agricultural Market

Part I:

CROP PRODUCTS



**General description
of the mechanisms
of the Community
Agricultural Market**

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**CROP
PRODUCTS**

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Because of their length, the texts giving a general description of the workings of the agricultural common market are being published in two separate issues, Green Europe No 209 and Green Europe No 210.

Green Europe No 209 covers the common organization of the markets in plant products.

Green Europe No 210 deals with the common organization of the markets in livestock products, together with specialized crops, products whose markets are not subject to a common organization and products not covered by the Treaty establishing the agricultural common market (non-Annex II).

A full table of contents, giving, for information, the chapters of Volumes I and II, is included with each volume.

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1. Common organization of the markets

1. Cereals (except rice)*

1. Price system

The market is organized as follows:

- i. a distinction is made between surplus, or production, areas (Orléans-Ormes in the department of Loiret in France) and deficit, or consumption, areas (Duisburg in the Federal Republic of Germany);
- ii. a distinction is made between market prices from the surplus area and market prices to the deficit area, the difference being accounted for by transport costs, or the regionalization factor, and a market component.

1. Target price

Each year the Council fixes a target price (wholesale price free at warehouse, goods not unloaded) in the deficit area on a proposal from the Commission before the beginning of the marketing year, which runs from 1 August to 31 July of the following year.

There is a target price for common wheat and for durum wheat and a common target price for rye, barley and maize (since 1981/82).

* Basic Regulation on the common organization of the market in cereals:

Regulation (EEC) No 2727/75, as last amended by Regulation (EEC) No 1018/84.

1. Common organization of the markets

1. Cereals (except rice)

1. Price system

2. Single intervention price

The market prices (wholesale prices, free at warehouse, goods not unloaded) in surplus areas may not, should there be a glut, fall below the single intervention price at the Orléans-Ormes intervention centre. In order to support prices and guarantee producers' incomes, intervention agencies are required throughout the marketing year to acquire on behalf of the EEC the quantities offered to them at the intervention price, provided that certain quality criteria are met.

3. Reference price

A distinction is made between common wheat of bread-making quality and feed grain. There is an exception to the single intervention price rule in that for common wheat of bread-making quality a different, higher (by around 15%) reference price is fixed. While intervention is ongoing and compulsory at the single intervention price, it is optional at the level of the reference price for common wheat of bread-making quality. In practice, the reference price is never applied, except in the case of Italy.

1. Common organization of the markets
 1. Cereals (except rice)
 1. Price system
-

Market prices in surplus areas must fall within a margin above the intervention price:

- 2% for barley,
- 6% for fodder wheat,
- 10% for maize,
- 4% for rye.

For wheat of bread-making quality the market price must be approximately 5% above the reference price.

Throughout the marketing year the Commission increases in monthly steps the single intervention price, the target price and the reference price for wheat of bread-making quality; these monthly increases are determined on an annual basis by the Council when prices are fixed.

1. Common organization of the markets

1. Cereals (except rice)

1. Price system

4. Supplementary direct aid for durum wheat:

The durum wheat producer farming in certain regions of Italy, Greece and France where yields are particularly low receives an additional direct subsidy per hectare of durum wheat sown, in order to maintain the relatively low consumer prices (deficiency payment method).

5. Carry-over payment

A carry-over payment may be granted in the case of cereals which are in stock at the end of the marketing year. The maximum amount of this payment is equivalent to the difference between the intervention price at the beginning of the following year and the intervention price plus eleven monthly increases.

6. Support system for starch products

A producer refund is granted for the manufacture of starch products intended for starch users (textile, pharmaceuticals, paper, adhesives and other industries), except for the food-manufacturing industry.

1. Common organization of the markets

1. Cereals (except rice)

2. Guarantee threshold

In order to curb the expansion of production, a guarantee threshold system was established. Beyond the guarantee threshold the guaranteed price is graduated in order to ensure co-responsibility of the producers and offset the additional expense to the Community budget resulting from the threshold being exceeded. The threshold is, however, modulated according to the volume of substitute products imported.

The guarantee threshold is fixed in the light of a 1990 production target of 126 million tonnes, making it possible to fix an annual rate for the increase in the threshold, which is currently 0.66%.

1. Cereals other than durum wheat

A guarantee threshold was fixed for all cereals except durum wheat for the first time for the 1982/83 marketing year, at 119.5 million tonnes. The Council decided that if, over the last three years, average cereal production (excluding durum wheat) exceeded that threshold, the intervention price would be cut by 1% for each million tonnes in excess of the threshold in question, subject to a maximum of 5%. However, the Council also decided that if imports of cereal substitute products during the marketing year preceding the fixing exceeded 15 million tonnes, the guarantee threshold would be raised proportionately.

As the threshold fixed for 1982/83 was exceeded by more than a million tonnes, the intervention price for the 1983/84 marketing year was cut by 1%.

The threshold fixed for the 1983/84 marketing year is 120.56 million tonnes, for the 1984/85 marketing year 121.32 million tonnes.

1. Common organization of the markets
 1. Cereals (except rice)
 2. Guarantee threshold
-

As the volume of imported substitute products was 16.418 million tonnes in 1981/82, the difference of 1.42 million tonnes is to be added to the guarantee threshold for the 1983/84 marketing year to give an actual threshold of 121.978 million tonnes. Average production for the last three years was 120.93 million tonnes, i.e. lower than the actual guarantee threshold, and there is no effect on the fixing of the intervention price for the 1984/85 marketing year.

2. Durum wheat

As from the 1984/85 marketing year a guarantee threshold of 4.6 million tonnes will be applied for durum wheat.

If the average actual production over the three most recent marketing years exceeds the guarantee threshold fixed for the marketing year in question, the intervention price for durum wheat will be reduced for the following marketing year, by 1% for each 50 000 t of surplus, subject to a maximum cut of 5%.

1. Common organization of the markets
 1. Cereals (except rice)
 3. Trade arrangements
-

As world market prices, which means primarily prices on the North American market, are generally lower than Community prices, the CCT (Commons Customs Tariff) is not sufficient to protect the internal market and ensure Community preference. It has been necessary to introduce the mechanism of the agricultural levy on imports and of refunds on exports.

1. The cereal levy system

The major cereal port of the Community is Rotterdam. Cereals imported via Rotterdam are taken into consideration in the Duisburg deficit area. The selling price of these cereals on the Duisburg market is made up of the price of the cereals delivered to the port of Rotterdam, or the cif price Rotterdam (cif = cost, insurance and freight), the landing charges, the river freight charges from Rotterdam to Duisburg and the trading margin.

So as not to disrupt the market, imported cereals must not be sold in the deficit areas at below the Community price, i.e. below the target price.

If the landing and freight charges, the trading margins and the target price are known, a Rotterdam threshold price may be defined as the floor price for imported cereals. The threshold price follows the target price in its monthly increases.

1. Common organization of the markets
 1. Cereals (except rice)
 3. Trade arrangements
-

The agricultural levy is an amount fixed daily for basic cereals and flour and applied to all imports. The amount is fixed as follows:

- i. basically, the levy is the difference between the price on the world market and the price on the internal market, more precisely between the cif price of cereals imported at Rotterdam and the threshold price; the Commission determines the cif price daily on the basis of the most favourable real purchasing possibilities according to its information;
- ii. agricultural prices are expressed in agricultural Ecus; it is therefore necessary, in order to compare world market prices expressed in world market currencies with the threshold price expressed in agricultural ECUs, to use a special conversion rate known as the world market rate; this is fixed daily.

Alongside the current levy forward levies are also fixed in the form of premiums to be added to the levy.

The threshold price is fixed for specific reference qualities. The Commission has therefore established a table of equivalence for other qualities according to the country of origin.

The levies on processed cereal products are fixed monthly on the basis of the basic levies. Adjustment is made during the month should the levies on the basic products fluctuate excessively.

2. The refund system

So that Community cereals remain competitive when exported, exporters receive an export refund. The refunds tendered for cereals (common wheat and barley) from the free market are calculated as follows :

1. Common organization of the markets
 1. Cereals (except rice)
 3. Trade arrangements
-

- i. The fob (free on board at the port of shipment) price of the cereals, notably at the port of Rouen, is compared with the fob Gulf price of competing North American quality (after including a monetary compensatory amount in the Rouen fob price).

The actual refund is the difference between the two prices.

The Rouen fob price is obtained from a market price for the cereals delivered to Rouen, to which is added the fob-related costs.

- ii. Since the cereals market is a futures market a table of corrective amounts for the refunds is established for a number of dates.
- iii. Refunds may be modulated according to the export area.

A similar calculation of the refund for common wheat flour is made on the basis of Chicago and Chartres market prices.

A monthly calculation is made for refunds on processed products. This calculation is based on the adjusted average for the cereal levy over the past month, to which is added the monthly increase.

The refunds for durum wheat groats and meal and for malt are calculated on the basis of the adjusted weekly average of durum wheat and barley import levies.

1. Common organization of the markets
 1. Cereals (except rice)
 4. Intra-Community trade arrangements
-

The MCAs (monetary compensatory amounts) are calculated using the intervention prices for the products in question, without taking account of the monthly increases.

However, for common wheat the MCA is calculated on the basis of the reference price less the amount referred to in the footnote to the Regulation fixing cereal agricultural prices for the marketing years (= price applicable in the case of special intervention measures for common wheat of minimum quality).

For starch products and maize groats and meal intended for the Community brewing industry, the MCA is calculated on the basis of the price used for calculating the MCA for the product in question, less the production refund.

1. Common organization of the markets
 2. Rice*
 1. Price system
-

The rice market is based on the internal market support price mechanism, the aim being to guarantee the producers a minimum income.

The market is organized as follows:

- i. a distinction is made between surplus or production areas (Vercelli, Northern Italy) and deficit or consumption areas (Duisburg);
- ii. the market price for paddy rice (unhusked, unmilled) in the surplus area and the market price for husked, milled rice in the deficit area are taken into consideration;
- iii. the difference is made up of transport costs, the cost of processing paddy rice and a market component.

1. Target price:

Each year, on a proposal from the Commission, the Council fixes a target price for husked rice (wholesale price, free at warehouse, bulk goods before unloading) in the deficit area at Duisburg for the beginning of the marketing year, which runs from 1 September to 31 August of the following year.

- * Basic Regulation on the common organization of the market in rice:

Regulation (EEC) No 1418/76, as last amended by Regulation (EEC) No 1025/84.

1. Common organization of the markets
 2. Rice
 1. Price system
-

2. Intervention price:

The market prices (wholesale prices free at warehouse, bulk goods before unloading) for paddy rice in the deficit areas may not, should there be a glut, fall below the intervention price for paddy rice. In order to support prices, the intervention agencies designated by the Member States are obliged to purchase at the intervention price the paddy rice harvested in the Community which is offered to them.

The target price and the intervention price are the subject of monthly increases, phased over all or part of the marketing year. These increases are determined on an annual basis by the Council when the prices are fixed.

3. Carry-over payment:

A carry-over payment may be granted for paddy rice harvested in the Community and husked rice obtained from such rice which are in stock at the end of the marketing year. The maximum amount of the payment is equivalent to:

- (a) for husked rice the difference between the target price valid the last month of the marketing year and that valid the first month of the following marketing year;
- (b) for paddy rice the difference between the intervention price valid the last month of the marketing year and that valid the first month of the following marketing year.

4. Production refund:

A production refund is granted for broken rice used in the Community in starch manufacture and the brewing industry.

1. Common organization of the markets
 2. Rice
 2. Trade arrangements
-

As world market prices are lower than Community prices, CCT (Common Customs Tariff) protection alone is not enough to protect the internal market and ensure Community preference. It has been necessary to introduce the mechanism of agricultural levies on imports and refunds on exports.

1. The import levy

Imported husked rice may not be sold at a price lower than the Duisburg target price, i.e. the cif price of the most favourable offers may not be lower than a Rotterdam threshold price obtained from the target price by deducting landing charges, freight charges and a trading margin.

For each marketing year a threshold price is fixed for:

husked rice	
round-grain	milled rice
long-grain	milled rice

The threshold price is the subject of the same monthly increases as the target price.

The amount of the agricultural levy on imports is fixed weekly by the Commission. This is done as follows:

1. Common organization of the markets
 2. Rice
 2. Trade arrangements
-

i. The following are calculated for Rotterdam:

- (a) a cif price for round-grained husked rice,
- (b) a cif price for long-grained husked rice,
- (c) a cif price for round-grained milled rice,
- (d) a cif price for long-grained milled rice,
- (e) a cif price for broken rice.

The prices are calculated for bulk goods on the basis of most favourable purchasing possibilities on the world market.

ii. The levy payable is equal :

- (a) for round-grained paddy rice to the levy applicable to round-grained husked rice, adjusted according to the conversion rate;
- (b) for long-grained paddy rice to the levy applicable to long-grained husked rice, adjusted according to the conversion rate;
- (c) for round-grained husked rice to the threshold price, less the cif price for round-grained rice;
- (d) for long-grained husked rice to the threshold price, less the cif price for long-grained rice;
- (e) for round-grained semi-milled rice, to the levy applicable to round-grained milled rice, adjusted according to the conversion rate;

1. Common organization of the markets
 2. Rice
 2. Trade arrangements
-

- (f) for long-grained semi-milled rice, to the levy applicable to long-grained milled rice, adjusted according to the conversion rate;
- (g) for round-grained milled rice, to the threshold price, less the cif price for round-grained rice;
- (h) for long-grained milled rice, to the threshold price, less the cif price for long-grained rice;
- (i) for broken rice, to the threshold price, less the cif price.

2. The refund system

The refund system is similar to that applied to cereals.

1. Common organization of the markets
 3. Sugar
 1. Production quotas system
-

The sugar market is characterized by the existence of structural surpluses. In order to limit and rationalize production, the Commission has established a system of partial price support, aimed at bringing production under control.*

The Commission administers a system which comprises price and marketing guarantees differentiated according to production quotas for each undertaking. The guarantees are, in return, matched by financial co-responsibility of the beet growers and sugar manufacturers for the cost to the budget of storing and marketing sugar surpluses.

Production of sugar or isoglucose (sugar extracted from cereals) is organized in production quotas divided among the Member States. Each Member State in turn allocates, within the limits of its quota, quotas to sugar undertakings established on its territory (approximately 150 undertakings for the Community).

The full price guarantee is limited in quantitative terms to the basic quota (A quota). A reduced price guarantee - via a production levy borne by the producers - is granted for a quantity which varies annually and which is the production outside the basic quota (or B quota). This quantity is equal to a percentage of the basic quota and determined by the opportunities for disposing of the sugar in non-member countries.

Quantities produced in excess of the quotas are excluded from the organization of the market. They receive no guarantee and may not be disposed of on the internal market.

* Basic Regulation on the common organization of the market in sugar:

Regulation (EEC) No 1785/81, as last amended by Regulation (EEC) No 606/82.

1. Common organization of the markets
 3. Sugar
 1. Production quotas system
-

Production within the basic quota does not cover consumption in the Community. Production within the B quota corresponds to production equivalent in the case of sugar to the average of the highest sugar outputs recorded for three sugar marketing years in the reference periods 1975/76 to 1979/80. For isoglucose the B quota is fixed at 23.55% of the A quota. Together the two quotas normally exceed consumption within the Community. Additional quantities are outside the quota.

The quotas are reviewed annually. From year to year the cumulative value of the A and B quotas may fluctuate within a margin of tolerance of 10%, a five-year period being taken as reference.

The system provides for the full financing by producers of the costs associated with disposing of production surplus to consumption, thus making it possible to absorb the losses due to the existence of surpluses and to ensure the neutrality of the Community budget. The financing is done by a system of levies on the undertakings, passed on to the growers and collected by the Member States.

Production outside the quota is completely excluded from the support system and may not be marketed on the internal market. It is stored and exported by producers, who receive neither export refunds nor MCAs.

1. Common organization of the markets
 3. Sugar
 2. Price system
-

The marketing year runs from 1 July to 30 June of the following year.

A distinction is made between surplus and deficit areas (Italy, United Kingdom, Ireland).

1. Surplus areas

The price support system is operated at two levels:

- i. sugar beet production, and
- ii. sugar production.

The basic price for sugar beet is the full price at which the sugar beet is purchased from growers. This price is fixed annually by the Council.

It serves as a reference for determining the minimum price for basic quota beet and the minimum price for beet outside the basic quota, which are equivalent to:

98% of the basic price for basic quota beet;

68% of the basic price for beet outside the basic quota.

These minimum prices correspond to maximum levies on production, respectively on basic quota sugar equivalent to 2% of the intervention price for sugar and on sugar outside the basic quota equivalent to 2% plus 30%, i.e. 32% of the intervention price.

The final level of the beet prices therefore depends on the production levies.

These prices represent the minimum income guaranteed to producers and must be respected when purchases are made by sugar manufacturers.

1. Common organization of the markets
 3. Sugar
 2. Price system
-

The price received by the producer for sugar produced outside the quota depends on the world market price and does not, in this case, come under Community rules but contractual agreements concluded by those concerned.

The producer price for white sugar (unpackaged, ex-factory, loaded on to the means of transport chosen by the purchaser) is obtained on the basis of the price paid to the sugar beet producer, account being taken of the yield, the processing margin and the cost of delivery to the refinery, minus the revenue from the sales of molasses, given that

1 tonne of sugar beet provides 130kg of white sugar,
58kg of dry pulp,
48kg of molasses.

Each year the Council fixes an intervention price for white sugar in the surplus area, which is the guaranteed minimum income, since the intervention agencies are obliged to purchase at that price all quantities of white sugar offered to them.

There is a target price for white sugar which is approximately 5% higher than the intervention price.

Similarly, an intervention price and a target price are fixed for unrefined sugar. These prices are established on the basis of equivalent prices for white sugar, account being taken of flat-rate amounts for processing and yield.

There is a producer refund for sugar used in the chemicals industry.

2. Deficit areas

Intervention prices which are regionalized for each of the deficit areas are derived annually from the intervention price for the non-deficit areas.

The minimum prices for beet are increased by an amount equal to the difference between the derived intervention price area in question and the intervention price, an amount which is weighted by the yield coefficient of 1.30.

1. Common organization of the markets
 3. Sugar
 3. Trade arrangements
-

1. The import levy system

The trade arrangements are based on a threshold price - fixed for white sugar, unrefined sugar and molasses - which is intended to guarantee Community preference.

The threshold price for white sugar is equal to the target price in the surplus areas plus the transport costs calculated on a flat-rate basis from the area most in surplus in the Community to the furthest deficit area in the Community and a flat-rate amount to take account of the levy for the cost of disposing of non-quota sugar.

The threshold price for molasses is established so that revenue from the sale of imported molasses may not fall below the amounts received by Community undertakings.

The import levy is fixed as follows:

- (a) For white sugar:

the cif price for bags is calculated daily on the basis of the spot prices on the Paris Exchange communicated by Reuter and the most favourable future offers at Rotterdam communicated by the Member States.

The levy is roughly the difference between that price and the threshold price.

1. Common organization of the markets
 3. Sugar
 3. Trade arrangements
-

(b) For unrefined sugar:

the calculation is similar but relates to the London Exchange.

(c) For molasses:

the calculation is done weekly and relates to the Rotterdam Exchange.

Levies for processed products or those containing sugar are derived from the basic levies.

The Community has undertaken (Protocol No 3 to the Lomé Convention) to import from the ACP states a certain quantity of cane sugar per delivery period equal to approximately 1.3 million tonnes of white sugar equivalent on preferential terms, where the levy does not apply, although a co-responsibility levy intended to cover the cost of storage and disposal is retained.

2. The export refund system

Export refunds are fixed periodically by tender from the free market.

1. Common organization of the markets
 3. Sugar
 4. Intra-Community trade arrangements
-

The MCAs are calculated on the basis of an amount made up of the intervention price plus the amount levied under the system of financial co-responsibility for storage and disposal costs.

For the white sugar MCA, account is not taken of the regionalization of the intervention price. For unrefined sugar, the amount of the levy is weighted by a flat-rate yield coefficient of 0,92. For other products in this sector the MCA is derived from that for white sugar and is calculated according to their sucrose or dry matter (isoglucose) content.

The MCA for sugar intended for the chemical industry is calculated on the basis of the same price as for sugar, less the corresponding production refund.

The MCA arrangements do not apply to non-quota sugar exported to non-member countries.

1. Common organization of the markets

4. Olive oil*

1. Price system

Production and consumption are confined mainly to Italy and Greece. Production is concentrated in regions where there is generally no other economic activity, so that it is often the main or even the sole source of income for the producers.

Furthermore, it is highly desirable to maintain the number of trees planted in order to prevent desertification and deterioration of the soil.

The olive oil market is subject to competition from oil produced from oilseeds, which are offered at much lower prices.

In order to reconcile the need to provide the producers with a decent income and to keep the product competitive on the market, a system combining "deficiency payment" and price support mechanisms has been developed.

1. The representative price

For the marketing year starting 1 November and ending 31 October of the following year the Council fixes a representative market price, pitched at such level that the olive oil offered at that price can be sold, given the price of competing vegetable oils imported free of customs duties. This price is around 2 to 2.5 times the price of oil produced from oilseeds.

For the 1985/86 marketing year, the Commission adopted a price ratio for olive oil/competing oils of 2.3 to 1, compared with 2.2 to 1 for the 1984/85 marketing year, when stocks were very high.

This price may be adjusted during the marketing year if necessary (for instance, if there is a substantial variation in the market price of other oils).

* Basic Regulation establishing a common organization of the market in oils and fats:

Regulation (EEC) No 136/66, as last amended by Regulation (EEC) No 1413/82.

1. Common organization of the markets

4. Olive oil

1. Price arrangements

2. Producer target price

The Council also fixes a producer target price, pitched so as to provide the producer with a fair income and maintain his production and hence the number of trees planted.

3. Flat-rate aid to producers

In order to help provide producers with a fair income, a flat-rate subsidy for small producers (less than 100kg of oil) is fixed for the whole of the marketing year.

The subsidy fixed at the start of the marketing year may be adjusted during the year to take account of the trend of the prices for competing oils.

Various deductions are made from the producer subsidy:

- i. a deduction intended to finance the costs incurred by the activities entrusted to organizations of and their unions (2.2% for the 1984/85 marketing year);
- ii. a deduction for campaigns to promote consumption (4% for the 1984/85 marketing year).

4. Consumer aid

Any difference between the representative market price, i.e. the price which producers should obtain from the market, and the producer target price less the direct aid to producers is offset in the form of a consumer subsidy granted to the market preparation firms.

A special consumer subsidy is fixed for Greece.

1. Common organization of the markets
 4. Olive oil
 1. Price system
-

5. Intervention price

In order to provide producers with a guaranteed income, the Council fixes an intervention price, at which the intervention agencies must purchase any quantities offered to them.

6. Producer refund

There is a producer refund for olive oil used in the manufacture of certain preserves.

1. Common organization of the markets
 4. Olive oil
 2. Trade arrangements
-

1. Import levy

A threshold price is fixed for olive oil imported from non-member countries. This threshold price is such that the price of imported olive oil is on a par with the representative market price.

The threshold price follows any adjustment in the representative price during the marketing year.

A cif price is fixed in the light of the most favourable purchasing possibilities on the world market.

The levy corresponds to the difference between the threshold price and the cif price where the world market price is below the internal market price.

The Commission fixes the amount periodically.

2. Export refunds

Export refunds are fixed in order to make it possible to export to the world market.

1. Common organization of the markets
 5. Oilseeds and protein seeds
 1. Price system
-

Oilseeds are crushed in specialized plants. The oil goes for human consumption and the residue or cake, which is rich in protein, goes for animal feed.

The Community is far from self-sufficient and must therefore import a large proportion of its requirements. Accordingly the Community has removed any external protection and has had to establish a mechanism based on the "deficiency payment" in order to provide producers - who produce at prices higher than world market prices - with a fair income.

1. Rape and sunflower seeds*

- 1.1. Target prices

For the whole of the marketing year (which runs from 1 July to 30 June of the following year for rape, and from 1 September to 31 August of the following year for sunflowers) the Council fixes a target price for rape and a target price for sunflowers.

These producer prices are fixed at a level which will provide producers with an income and maintain Community production.

The target prices are increased monthly by an amount fixed by the Council.

- 1.2. Variable aid for crushing

A variable subsidy for crushing is granted to firms to bring prices in line with world market prices. This subsidy, which is fixed weekly, is the difference between the target price and the market price. It is calculated per kg in the light of the trend of market prices.

* Basic Regulation establishing a common organization of the market in oils and fats:

Regulation (EEC) No 136/66, as last amended by Regulation (EEC) No 1413/82.

1. Common organization of the markets
 5. Oilseeds and protein seeds
 1. Price system
-

1.3 Basic intervention price

The Council fixes for the marketing year a basic intervention price, which provides producers with a guaranteed income. Intervention agencies are required to purchase at that price any quantities of oil offered to them by the producers.

2. Soya beans* and linseeds**

2.1. Guide price

The Council fixes for the marketing year (which runs from 1 September to 31 August of the following year for soya beans and from 1 August to 31 July for linseed) a guide price for soya beans and a guide price for linseed. These prices are producer prices, fixed at such a level as to provide producers with a fair income.

There are monthly increases laid down by the Council.

2.2. Aids

Here the aid offsets the difference between the guide price and the world market price. It is paid either to the first purchaser or to the oilmills for soya beans and to the crushing plant for linseed.

2.3. Minimum price for soya beans

The Council fixes a minimum price for soya beans, which provides producers with a guaranteed income.

It is the minimum price which the purchaser may pay to the producer.

- * Basic Regulation providing for special measures for soya beans : Regulation (EEC) No 1614/79, as last amended by Regulation (EEC) No 1984/82.
- ** Basic Regulation providing for special measures for linseed: Regulation (EEC) No 576/76, as last amended by Regulation (EEC) No 1071/77.

1. Common organization of the markets
 5. Oilseeds and protein seeds
 2. Guarantee threshold
-

1. Rape

For 1982/83 the guarantee threshold was fixed at 2.15 million t. If average production over the last three marketing years exceeds this threshold, the target price and the intervention price applicable for the following marketing year are reduced by 1% for each 50 000 t in excess of this threshold. Since the guarantee threshold fixed for 1982/83 was exceeded by more than 50 000t, the increase in the target price and the intervention price for 1983/84 was limited to 4% (reduction in the "normal" 5.5% increase).

For 1983/84 the guarantee threshold was fixed at 2.29 million t. This threshold was exceeded by 122 000 t and so a 2% reduction was applied to the target and intervention prices applicable in this sector for 1984/85.

For the 1984/85 marketing year the guarantee threshold has been fixed at 2.41 million t.

2. Sunflowers

A guarantee threshold has been fixed for sunflower seed as from the 1984/85 marketing year. For that year the guarantee threshold is 1 million t, as for rape. If Community production exceeds the guarantee threshold, the target and intervention prices for the 1985/86 marketing year will be cut by 1% for each 50 000 t by which the threshold is exceeded, subject to a maximum of 5%.

1. Common organization of the markets
 5. Oilseeds and protein seeds
 3. Trade arrangements
-

Import arrangements

Where oilseeds and protein seeds are imported from non-member countries in such quantities and on such terms as to cause or threaten to cause serious injury to Community producers, a compensatory amount may be levied, considered as an import levy. The amount is fixed by the Commission.

Export arrangements

Export refunds may be fixed.

1. Common organization of the markets
 6. Dried fodder
 1. Price system
-

The common organization of the dried fodder market covers the following products:

- i. dehydrated fodder (dried artificially by heating) or sun-dried fodder,
- ii. the principal legumes, dehydrated or sun-dried,
- iii. protein concentrates obtained from lucerne and grass juice and the by-products obtained from manufacturing these protein concentrates.

1. Guide price

For each marketing year the Council fixes a guide price valid from 1 July to 30 June of the following year.

2. Fixed producer aid

There is a fixed subsidy per tonne to improve the level of protein supply. Subsidy is paid to the processing industries from 19 May to 31 March of the following year.

3. Supplementary aid

Supplementary aid per tonne is calculated on the basis of the difference between the guide price and world market prices. This aid is also paid to the processing industries.

1. Common organization of the markets

7. Peas and field beans*

1. Price system

For the marketing year, which runs from 1 July to 30 June of the following year, the Council fixes:

- i. an activating price,
fixed by reference to the protein value of soya cake,

in order to ensure that there is adequate competitiveness in
the cattle feed sector,
- ii. a minimum price,
guaranteeing producers a minimum income.

Aid is calculated on the basis of the difference between the activating price and the price of soya cake on the world market.
This aid is paid to producers of compound feedingstuffs.

* Regulation laying down the arrangements for peas and field beans:
Regulation (EEC) No 1431/82.

1. Common organization of the markets
 8. Textile fibres
 1. Price system
-

1. Cotton*

For each marketing year, which runs from 1 September to 31 August of the following year, the Council fixes a guide price for unginced cotton in order to support cotton production in the regions of the Community, principally Greece, where it is of importance for the agricultural economy, and in order to provide the producers in question with a fair income.

Similarly, a minimum price is fixed for unginced cotton at a level guaranteeing producers sales at a price as close as possible to the guide price.

There is a system of aid providing for the granting of direct aid for unginced cotton, the amount of which corresponds to the difference between the guide price and the world market price.

The aid is paid to the ginning plants, provided that they pay the producer at least the minimum price. The full aid is granted only for a limited quantity.

The aid is fixed monthly.

- * Protocol No 4 on cotton, which is part of the 1979 Act of Accession of Greece, and Regulation (EEC) No 2169/81.

1. Common organization of the markets
 8. Textile fibres
 1. Price system
-

2. Fibre flax and hemp*

Community rules do not provide for any system of producer guarantees nor arrangements ensuring Community preference. No customs duty is applied on imports.

For each marketing year, which runs from 1 August to 31 July of the following year, the Council establishes a fixed flat-rate aid per hectare so as to ensure a balance between the necessary volume of production and the possibilities for disposing of the production.

Fibre flax is produced in particular in the Benelux and North Western France, hemp in Italy.

3. Silkworm breeding **

For each marketing year, which runs from 1 April to 31 March of the following year, the Council fixes a flat-rate aid for each box of silkworm eggs used, in order to provide silkworm breeders with a fair income.

Silkworm breeding is concentrated in Sicily and Greece.

* Regulation (EEC) No 1308/70

** Regulation (EEC) No 843/72

1. Common organization of the markets
 8. Textile fibres
 2. Guarantee threshold
-

Under Protocol No 4 to the Act concerning the Accession of Greece, the granting of aid for cotton production is limited to a quantity determined annually for the Community. For the 1984/85 marketing year that quantity is fixed at 500 000 t. If that amount is exceeded, it will entail a reduction in the aid for all producers, in order to preclude any excessive expansion of production.

GREEN EUROPE

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