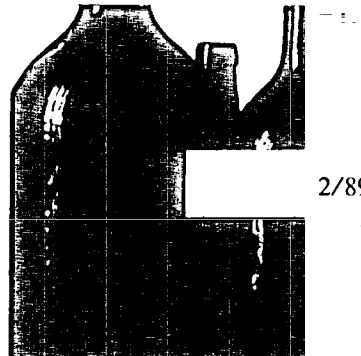
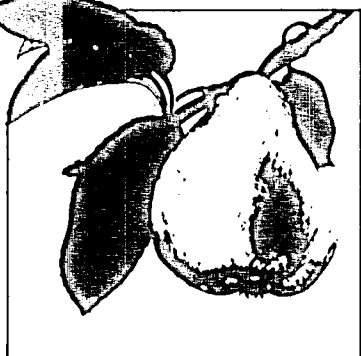
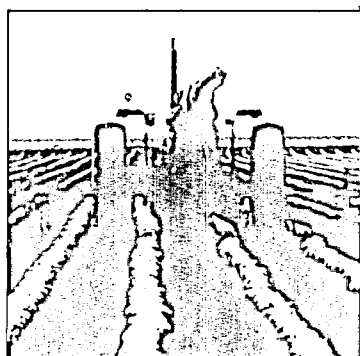
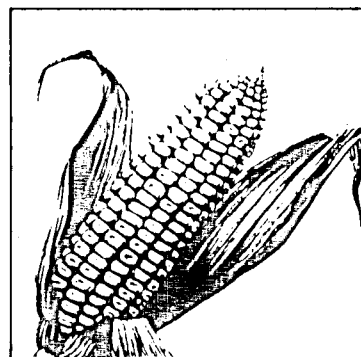
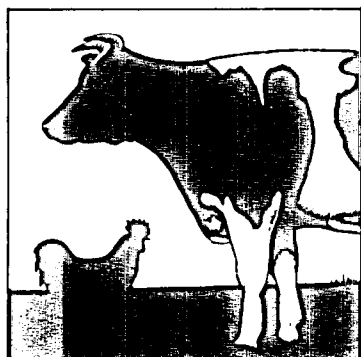
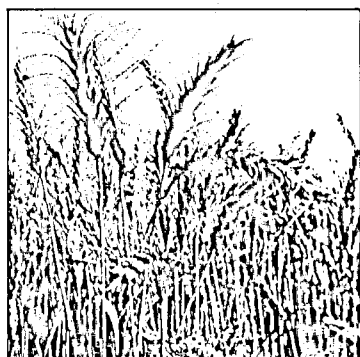
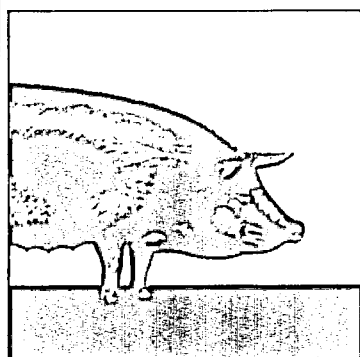
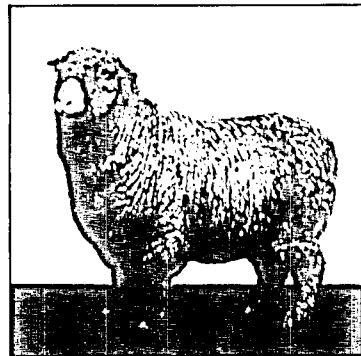
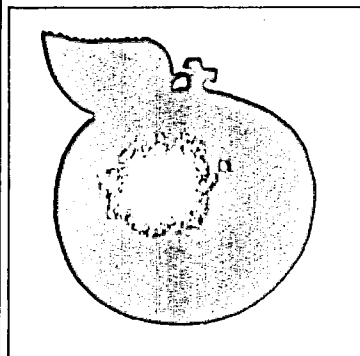




# agricultural prices 1990/1991 and related measures Commission proposals



GRAND EUROPE

**COMMISSION PROPOSALS**

**on the prices for agricultural products  
and on related measures (1990/91)**

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## INTRODUCTION

The main thrust of the 1990/91 price proposals is to continue the current trend in prices and to strengthen the action in favour of the structurally weaker family farms, especially in the less favoured areas.

Figures available for 1989 production, prices and incomes confirm a generally very satisfactory trend for Community agriculture. This means that an improvement has been registered for the second year running. It would be excessive to deduce that this results exclusively from the modifications made to the CAP. Nevertheless, recent trends, as well as previous statistics, seem to confirm that a price policy which takes into account market realities and the need for efficient management of budgetary resources, not only corresponds to farmers' best interests in the long run but, as shown by farming performances, can achieve satisfactory results also in the short run. It is important to remember that the measure of an efficient policy is that it should contribute to socio-economic progress in the sector concerned rather than progression in the budgetary requirements needed to ensure its viability. However, if the objective is to help the farming sector as a whole to evolve, it is necessary to increase the proportion of funds made available to aid those farms which, due to their economic or structural weaknesses, have the greatest difficulty in keeping up.

As far as the international context is concerned, 1989 has seen spectacular developments in most Eastern bloc countries, the final phase of the negotiations to renew the Lomé Convention as well as the continuation of the GATT negotiations. These are matters which are greatly different in nature and politico-economic significance; but all involve agriculture politically and economically. They are a reminder of the Community's increasing role and responsibility in the improvement of international relations by the promotion of trade, as well as in the struggle against under-development and the guarantee of individual freedoms. In this context, any form of strategy which relies upon an isolationist approach will have no future. It is necessary, therefore, to continue and to accelerate the efforts which are being made to improve the competitiveness of Community agriculture. This is the objective of a price policy which remains close to market realities and a socio-structural policy which is endowed with greater resources and is better adapted to a Community reality, which involves great differences at regional level. At the same time, rural development policy must take into account the contribution of farming activity in fields other than food and renewable resources production, that is to say, land management and environment protection. Rural development must also stimulate those non-agricultural activities which are most appropriate to the maintenance of a socio-economic equilibrium in the countryside and which favour the rural economy.

A. General considerations

I. General economic situation

1. In the Community, as in most developed countries, strong economic growth is continuing. For the Community as a whole GDP at constant prices increased by 3.4 % in 1989 and it will probably increase by about 3 % in 1990. Investment is expected to decelerate, but will still grow at an average rate of almost 5 %. Exports of goods and services to the rest of the world should continue their strong growth (more than 6 % in real terms), in line with the expected increase in world trade. Domestic demand will continue to decelerate (from 4.8 % in 1988 to 3 % in 1990).
2. Inflation accelerated between mid-1988 and mid-1989. This trend now appears to have been halted in most Member States. In 1990, average inflation in the Community could be reduced to about 4.5 % from 5 % in 1989. Nevertheless the Community average masks the fact that rates differ widely with certain Member States still experiencing double digit inflation (Portugal, 12 % and Greece, 15 %) and others (Netherlands, Germany, France, Denmark, Belgium and Luxemburg) with a rate of inflation below 3.5 %. In the United Kingdom, Italy and Spain inflation will be relatively high (between 5.3 % and 6.6 %). Inflation will be around 4 % in Ireland.
3. The labour market outlook is relatively good. After the record increases of 1988 and 1989, another 1.3 million jobs should be created in 1990. As a result, unemployment in the Community will continue to decrease and might fall below 9 %, compared to almost 11 % in 1986. Moreover, divergence in rates of inflation within the Community and excessive current account imbalances (deficit or surplus) in some Member States could endanger the continuation of the present expansion and of further progress towards monetary stability in the Community.

## II. The agricultural economy in 1989

4. The improvement in the agricultural situation in the Community experienced last year is continuing and even accelerating in 1989, despite some climatic anomalies (drought or heavy rains) in certain regions. The farming year may be considered as satisfactory in terms of production levels, except for some products, such as durum wheat, sunflower and wine, as well as in terms of quality. Furthermore, the market situation for several agricultural products considerably improved, often as a result of the reforms undertaken over the last few years.
5. The reduction achieved in intervention stocks in 1987 and 1988 continued in 1989, especially in the animal sector, as a result of disposal schemes, the measures taken to discourage sales to intervention, efforts made on exports, and lower production.

By the end of October 1989 cereal stocks amounted to almost 8 million t, which is 1.8 million t less than October 1988. Stocks of butter and skimmed-milk powder have practically disappeared. Beef stocks by the end of October 1989 were 120.000 t, 500.000 t less than the level of twelve months before.

Because of the reduction in quantities and the stock-depreciation measures taken in 1988, the book value of stocks has sharply decreased in 1988 and 1989. By the end of september 1989, the total book value of stocks was 1 600 million ECU compared to 10 600 million ECU in september 1987.

6. Cereals production is lower than in 1988 (- 1.2 %) because of the warm and very dry summer throughout the Community. Nevertheless, the production is higher than initially expected and the quality is generally very good. For the first time in five years, the acreage under cereals has increased slightly (+ 1 %). So, in the absence of drought, production in 1989 could have been in line with the long term trend (about 166 mio t.). The maximum guaranteed quantity was in fact exceeded by 0.3 % in 1989.

Oilseed production has substantially decreased in 1989 (- 10 %), because of the drought in the case of sunflower or the reduction of area in the case of rapeseed. Despite this the maximum guaranteed quantities fixed for this sector were again exceeded in 1989, although by less than in 1988.

Wine production is expected to increase after the fall for 1988, due to the bad weather conditions, but it is still substantially lower than the "normal" level of production.

Milk deliveries continued to decline in 1989 as a result of temporary or permanent cuts in production quotas. Nevertheless, reference quantities for 1988/89 have been exceeded in most Member States.

Production of beef and veal continued to decrease in 1989, in particular because of the phase of the beef production cycle. Pigmear production is also in a downward phase of its cycle.

7. The production figures for 1989 would seem to indicate that economic developments have been particularly unfavourable to farms in those sectors when substantial drops in production were recorded. This is not so in every case, however. On the contrary in many cases the fall in the volume of production and the parallel reduction of stocks, have entailed or reinforced the recovery of market prices, already observed in 1988, thus increasing the profitability of the types of farming concerned. In fact, as a consequence of these developments, producer prices have increased substantially in 1989 for several products, especially in the animal sector. In the milk sector, for example, prices continue to improve particularly in Northern countries, despite the reduction in the intervention price for butter.

In the beef and veal sector, prices have also been on the increase since the end of 1987, in line with the sharp drop in production. Pigmear prices have been moving upwards, mainly because of the cutbacks in pig numbers and the volume of production. Oilseed prices are moving up because of the reduction in production, and in accordance with the stabiliser mechanisms because the overrun was smaller than in 1988.

For cereals, the situation is different. Wheat prices were better than in 1988 during the first half of 1989, but fell later in the year, because of the volume of production in 1989 and because of a reduction of the support price due to the maximum guaranteed quantity being exceeded in 1988/89. The same applies to barley. Prices for maize in 1989 are in general lower than in 1988, because of the increase of production in 1988 and the consequent 3 % reduction in intervention prices for 1989/90.



According to the first estimates, producer prices in 1989 increased by 8.4 % in Germany, 6.9 % in France, 3.0 % in Italy, 6.6 % in the Netherlands, 11.3 % in Belgium, 4.5 % in Luxembourg, 8.0 % in the United Kingdom, 6.7 % in Ireland, 5.8 % in Denmark, 14.3 % in Greece, and 7.3 % in Spain (no figures are available for Portugal).

Input prices, on average, increased in 1989, but at a lower rate than producer prices. Preliminary estimates show that they increased by 4.8 % in Germany and Italy, 3.4 % in France and in Belgium, 4.6 % in the Netherlands, 2.5 % in Luxembourg, 5.4 % in Ireland, 0.2 % in the United Kingdom, 5.6 % in Denmark, 13.1 % in Greece and 2.3 % in Spain.

A comparison of the changes in farmgate prices with that in input prices shows that the so-called "price squeeze" is continuing to improve in all Member States, except in Italy. As a result, farm income rose considerably in 1989 almost in all Member States.

8. According to the first estimates made by the Commission in mid-December 1989, on the basis of data supplied by the Member States (except Portugal), average farm incomes have substantially increased in real terms in 1989 in the Community, after a slight increase in 1988. For the Community as a whole, the improvement should amount to some 7.7 % in real terms (+ 1.5 % in 1988) if agricultural incomes are measured by the net value added at factor cost per work unit, whereas the improvement would be 10.8 % in real terms (+ 1.9 % in 1988) if measured by the net income per work unit of the farmer and his family, i.e. after deduction of wages, rents and interest.

The Community average, however, masks the fact that the situation may vary considerably between Member States, sectors and, obviously, individual farms. Moreover, the 1989 figures must be seen in the light of past trends (see graphic 1 in annex). In general terms agricultural incomes in 1989, as measured by the net value added at factor cost per work unit in real terms (the only indicator currently available for each Member State), were on the increase in all Member States except Spain. In many cases, this is the second or third consecutive year that incomes improved, so the agricultural situation is now substantially better than it was two or three years ago. In some Member States 1989 saw a reversal of the downward trend which agricultural incomes had followed in the previous years.

More precisely, in the Federal Republic of Germany, agricultural incomes were substantially up in 1989 (+ 13,5 %) after a large increase in 1988 (+ 19.8 %). In Belgium, for the second year running, agricultural incomes increased steadily in 1989 (+ 15.7 %) as in 1988 (+ 9.7 %). In the Netherlands farm incomes continued to improve (+ 7.0 %) after the good results of last year (+ 4.2 %). The same applied for Greece (+ 5.3 % this year compared to 4.2 % last year) and Luxembourg (+ 17.0 % in 1989, compared to 2.8 % in 1988). Similarly, in Ireland, agricultural incomes, for the third year running, increased slightly in 1989 (+ 2.5 %), after the substantial improvement recorded in 1988 (+ 15.5 %).

In Denmark, 1989 saw a dramatic reversal (+ 25.9 %) of the downward trend which agricultural incomes had followed for the previous years, largely due to the crisis affecting the pigmeat sector. The sharp deterioration of agricultural incomes in the United Kingdom in 1988 (- 9.9 %) was also reversed in 1989 (+ 7.6 %). Similarly, in Italy, agricultural incomes increased in 1989 (+ 7.3 %), after a large decrease in 1988 (- 5.7 %). The same applied for France (+ 8.5 % in 1989, compared to a decrease of 2.2 % in 1988). For Spain, on the contrary, mainly because of the drought and the drop in crop production, agricultural incomes have remained basically stable following on last years increases.

In general, farm incomes in the livestock sectors improved in almost all Member States, as a result of a large increase in producer prices and a lower increase in input prices. This is the case for milk, for beef and for pig.

As far as crops are concerned, the situation varies more by sector and by Member State. Generally, farm incomes improved for sugarbeet, oilseeds and wine. On the other hand, incomes for cereal producers generally declined in all Member States.

As in previous years, the Commission will be releasing in March 1990 a detailed report, based on the latest available estimates, on changes in farm incomes in 1989 and over a long period in the various Member States and in the Community as a whole.

### III. Outlook for the agricultural markets

#### Community markets

9. In the case of cereals the medium-term forecasts drawn up by the Commission show that the introduction of stabilizers, combined with the other measures aimed at improving the balance between supply and demand (price restraint, relaxing of intervention, set-aside, etc.) should influence the long-term production trend. In 1995, however, production should still be more than the maximum guaranteed quantity.

As regards domestic consumption of Community cereals, the unpromising trends observed in recent years will probably continue. No increase is expected in any area, except for industrial uses, but this is insufficient to offset the fall in the use of cereals for animal feed.

10. As can be seen from graph N° 4 (in annex) the introduction of stabilisers seems to have led to a halt in the continuous progression of oilseeds production in the Community as a whole. This conclusion seems to be confirmed by the medium term forecasts for this sector.

11. As far as sugar is concerned, in principle we can expect a modest increase in beet yields and in sugar content which could be partly offset by a reduction in area. Nevertheless, if the world sugar market prices stay firm it will be profitable to produce more "C" sugar, so that total sugar production could exceed 14.3 million tonnes in 1995/96, compared with 13.8 million tonnes at present. Total internal consumption should remain stable at the present level (10.8 million tonnes).

12. Provided the measures adopted in 1988 with a view to curbing wine production are effective, table wine output in 1995/96 should be around 100-110 million hl, compared to 140 million hl in a "normal" year. This result, however, could be partly offset by the decline in human consumption. By 1995, internal utilisation could fall to 85 million hl compared to 96 million hl at present), which is 15-25 million hl less than the estimated production, or 10 - 20 million hl taking account of net exports.

13. Generally speaking, total production of the most sought after varieties of tobacco should continue to grow, while the production of more problematic varieties should decrease. The total surface area should stabilise at the present level or decrease slightly. Total production which is at present around 395.000 tonnes of leaf tobacco should stabilise at about 385.000 tonnes, which is the maximum quantity fixed for the Community under the stabilizers. Domestic use should stabilise at around 700.000 tonnes of leaf tobacco.
  
14. In the case of milk, it has been assumed that from now to 1995 milk deliveries will overrun the reference quantities, by a small fraction (0.3 %) of the total (99.5 million tonnes). On this basis it can be estimated that the Community dairy cow herd could decrease by 2 million cows. Assuming that the special disposal measures are retained, domestic human consumption of milk and milk products is expected to remain stable, over the next five years, at around 93 million tonnes (including milk other than cows milk). Without the special disposal measures, the total demand would be 10 million tonnes less than the level now forecast.
  
15. Notwithstanding the cyclical fluctuations in beef/veal production output could slightly increase and reach about 8.1 million tonnes in 1996. Consumption estimates can be put at around 8.0 million tonnes. Pigmeat production should increase slightly following an increase of consumption, and be around 13.8 million tonnes in 1995/96, at which time consumption should be around 13.5 million tonnes. Poultry production should also increase in response to domestic demand. In 1995/96 total consumption should be around 6.3 million tonnes and production around 6.6 million tonnes. The rate of increase of sheepmeat production should slow down slightly over the coming years. In 1995/96 sheepmeat production should be 1.2 million tonnes and consumption at 1.4 million tonnes.
  
16. As these forecasts show, the measures adopted in recent years in the context of the reform of the common agricultural policy (quotas, stabilizers, relaxing of intervention, etc.) have started to produce results as regards improving the balance between supply and demand. In most sectors production has slowed down considerably in recent years. It should continue at a rate which is well below the long-term trend or else stabilize at the current level.

It should not be forgotten, however, that these encouraging results are due in part to short-term factors (drought, for instance). It would also be unrealistic to believe that all the mechanisms for adjusting supply to demand which have been introduced in recent years would retain their effectiveness in the medium and long term if the effort at reform were halted.

### World markets

17. The recovery of the world for many raw materials and in particular numerous agricultural products, observed in 1987 and 1988, was of short duration. With the exception of the market for prices on sugar, the international agricultural markets as a whole have now stabilized or (in most cases) are falling, with certain markets, such as for soya beans, now back to the 1987 level.

After the increase in 1987/88, this deterioration of prices on the world agricultural markets is closely related to the almost general recovery of world agricultural production after two years marked by a sometimes drastic fall in production and world stocks, mainly due to the drought in North America in 1988. While prices for some products, such as wheat, are still firm owing to the time required to build up stocks again, everything seems to indicate that the structural surpluses existing before 1988 are once more building up on the world agricultural markets.

18. World cereal production has risen substantially in 1988/89 though it is still lower than consumption. International stocks should fall further and should reach their historic minimum levels at the end of the marketing year. Excluding exceptional weather conditions, the 1990/91 marketing year should see a return to a surplus situation, which should extend throughout the first half of the 1990s. As was pointed out, prices for wheat should remain firm until the beginning of the next marketing year in view of the exceptionally low level of American stocks, which will touch the bottom at 30 June 1990. Subsequently there should be a decline, as has already occurred for fodder cereals.
19. World production of oilseeds and protein plants having come back up to traditional levels in 1989/90 and with the production of palm oil steadily increasing, the 1988 shortfall was mostly made up. World prices have thus practically returned to the levels applying in early 1988, i.e. before the American drought. Unless exceptional weather conditions occur in the southern hemisphere (Brazil and Argentina), the downward pressure will probably continue throughout the 1989/90 marketing year.

20. In recent years there has been a balance between supply and demand, and even a shortfall in 1989/90, on the market for sugar, with consumption exceeding world production. Sugar prices, which were very low in 1986/87, have subsequently recovered substantially, in line with the increase in prices for cereals and other raw materials in summer 1988. Added to this the fact that countries like the USSR, India and China are increasingly seeking supplies on the world market while certain traditional exporters (Cuba and Brazil) are facing difficulties. These factors explain the present firm prices and indicate that there is still room for a rise in sugar prices in forthcoming months, at least until the end of 1990.
  
21. The world market for milk products continues to benefit from the major adjustments the Community has made in recent marketing years, the result of which has been the almost total disappearance of Community surpluses. In future, market prices should continue at present levels, with perhaps a slight fall for butter, which suffers increasingly from its replaceability by other vegetable oils and fats. Eventually the main threat will stem in part from the recovery in production in Oceania but mainly from the United States, which is becoming a net exporter increasingly present on the market.
  
22. Production of beef and veal, which is down in 1989/90, should decline further in 1990 before recovering in 1991/92. International prices should therefore remain high for the two forthcoming years owing to lower quantities available for export, the strong import demand from certain countries such as Brazil and the opening up of the Japanese market, in particular for production from the foot-and-mouth-free area. However, there seems to be a downward trend on the market for pigmeat and especially on that for sheepmeat.

IV. Price proposals and related measures for the 1990/91 marketing year

23. The price proposals for the 1990/91 marketing year take account of the economic background reviewed briefly in the preceding paragraphs and, in particular, Community and world market forecasts as well as the recent situation of agriculture in Europe. Their aim is to continue to pursue a policy which seeks to balance supply and demand and stimulate community farmers in the efforts being made towards rationalisation. This is a path which must be taken if the viability of Community agriculture is to be preserved in an international context which is becoming ever more competitive. Of major importance, in this context, is the role of the stabiliser mechanisms, which are now an integral part of the CAP and which have recently been extended to or refined in the beef, sheepmeat, cereals and milk sectors. By reducing support in proportion to the exceeding of the maximum guaranteed quantities (MGQ's) these mechanisms ensure that production expansion over the limits fixed by the MGQ's is subordinate to the ability of Community farmers to increase their competitiveness and produce with a lower level of institutional support.
24. The Commission is aware that, although this adjustment process benefits from a generally speaking favorable economic context, and is supported by efficient socio-structural measures, certain problems may arise. The Commission is particularly conscious of the problems related to the speeding up of the rural exodus and its effect on the vitality of rural society in many Community regions. So the Commission considers that it is both economically justifiable and socially just to ensure that a greater proportion of the EAGGF guarantee fund be used to support the smaller family farms. Action in this respect is particularly justified as this category of farms, although numerically in the majority, is marginal in terms of land use, impact on overall production, and benefits accrued from a price and market policy which distributes funds in proportion to production levels. This preoccupation lies at the roots of a large part of the related measures which accompany the price proposals.
25. While on the subject of economically weak farms, it is worth noting that the Commission has adopted the related measures for the Direct Income Aid Regime. Thus, this regime which involves Community co-financing is now operational.

26. The Commission also wishes to make clear that, given the current and foreseeable state of the markets, Community farmers should put quality before quantity. Viability cannot be achieved on the basis of production whose only outlets are intervention, highly-subsidized disposal measures, denaturing or even destruction.

A major effort in this area is required in most sectors. Some of the measures adopted in recent years and some of the proposals among the related measures for 1990/91 are in pursuit of this objective. These measures are intended, on the one hand, to discourage buying-in of a structural nature and, on the other, to assist farmers to make the necessary changeovers. In this context, the Commission undertakes to prepare a report on the quality policy for cereals. It also proposes a revision of the quality standards for peas and field beans, the introduction of grubbing premiums for mandarins and apples, continued differentiation of premiums in the tobacco sector by reference to market outlets and, in the case of beef, use of the classification grid for all carcasses.

This will all be part of an overall quality policy, pursued in the interests not only of farmers but also of consumers, who are paying more and more attention to the quality and dietetic aspects of food products.

a) Common Prices

27. The Commission considers that for the great majority of products it is desirable to propose the continued application of 1989/90 prices subject, of course, to the effects of the application of the stabiliser mechanisms. The few exceptions to this rule concern sectors in which a very specific market situation applies.

Thus, for durum wheat the price reduction is based upon the progressive move towards the price of soft wheat. This convergence of prices is in order to avoid a massive transfer of production into non-traditional regions where yields per hectare are high but quality often poor. There is a partial compensation for the price reduction in the traditional producer regions by the increase of the premium per hectare paid in these regions.



A price cut for certain varieties of tobacco is justified by either the large quantities taken into intervention or by the massive exceeding of the M.G.Q. The cuts, in this case, are partially compensated by the increase in price of the most sought after varieties which can be produced in the same regions.

In the case of citrus fruits, last year the Commission proposed a price reduction of 15 % in two stages. The need to proceed this year to a reduction of 7.5 % which corresponds to the second stage is confirmed. This proposal is justified by the market situation and the need to stimulate a reconversion to other varieties for which a programme of Community aid has existed for some time.

The 1.5 % price cut for red wine and the 1.5 % increase for white is the result of the Council's decision to fix a single target price for red wines R I and R II and white wines A I for the 1990/91 marketing year.

The proposals for Spain and Portugal are established taking into account the Treaty of Accession.

		%
<u>Cereals</u>	Common wheat of bread-making quality :	
	Intervention price	0
	Common wheat for use as feed, barley, sorghum and rye :	0
	Intervention price	0
	Maize :	0
	Intervention price	0
	Durum wheat :	0
	Intervention price	- 3.78
	production aid	6.03
	Special premium	0
	common wheat of bread-making quality	- 3.0
		- 3.0
<u>Rice</u>	Intervention price for paddy rice	0
<u>Sugar</u>	Basic price for sugarbeet	0
<u>Olive oil</u>	Target price	0
	Intervention price	0
	Production aid	0
<u>Oilseeds</u>	Rapeseed	0
	Sunflower seed	0
	Soya beans, minimum price	0
<u>Protein plants</u>	Dried fodder (guide price)	0
	Peas (minimum price)	0
	Field beans (minimum price)	0
	Sweet lupins (minimum price)	0
<u>Fibre plants</u>	Flax (aid per hectare)	0
	Hemp (aid per hectare)	0
	Cotton (guide price)	0
	Silkworms (aid per box)	0
<u>Wines</u>	Guide price : R I - R II	- 1.5
	A I	1.6
	Others	0
<u>Tobacco</u>	Norm prices	0
	Average premium	- 3.0
<u>Fresh fruit and vegetables</u>	Citrus fruit : basic price	- 7.5
	Other fruit : basic price	0
<u>Milk</u>	Target price	- 3.5
	Intervention price	0
	- butter	0
	- skimmed-milk powder	0
	- cheese	-1.7/-2.2
<u>Beef/veal</u>	Guide price for adult cattle	- 2.45
<u>Sheepmeat</u>	Basic price	0
<u>Pigmeat</u>	Basic price	- 6.6

b) Related measures

28. In its communication of July 1988 on "The Future of Rural Society" (1) the Commission stated its intention of following an approach based on greater modulation of agricultural support in the case of small family farms which were economically vulnerable and in the case of areas suffering from natural handicaps or structural weaknesses. In this context it was proposed that consideration should be given to adjusting certain mechanisms of general application to meet the needs of those categories of farmer who were particularly affected by the current changes to the market organizations.

Arrangements for the modulation of support already exist under some market organizations. Mention may be made of those targeted on specific categories of farmer (e.g. the aid for small cereals producers or the additional aid for small olive-oil producers) and those for certain sensitive areas (e.g. the exemption from the milk coresponsibility levy in less-favoured or hill-farming areas and the aid for durum wheat in traditional growing areas). The scope of such measures and the degree to which Community resources are committed thereto are limited, however.

It was against this background that in October 1989 the Commission sent a communication to the Council and Parliament setting forth guidelines for rural development schemes linked to the operation of agricultural markets (2). This formed part of an integrated approach impact on the economic development of rural regions. As far as the structural funds were concerned, important measures had already been taken or were being prepared. The communication also listed a number of specific measures coming under this same approach. These included a proposal (since adopted by the Commission) for the granting of aid to small cotton producers.

Given the widespread introduction of stabilizers and their effect on the most vulnerable producers, the Commission takes the view that greater recourse to modulation could enable market policy to make an effective contribution to rural development. This can be done without calling into question the Commission's resolve to restore balance to the markets. By targeting this approach mainly on the less-favoured and hill-farming areas, which are by definition areas with limited production and income potential, the Commission is emphasizing its determination to maintain a farming population in those areas which are structurally weak and where the care of the countryside and the protection of the environment are directly related to the presence of a viable rural society.

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(1) COM(88) 501 def. of 29 July 1988.

(2) SEC(89) 1717 def. of 20 October 1989.

29. Several of the related measures put forward for 1990/91 (see summary table in Annex 1) are formal proposals to implement the measures outlined in the Commission's communication of October 1989. The set of measures concerned comprises the following:

- the introduction of a per hectare premium for the production of certain "small" cereals, (millet, canary-seed and buckwheat) which can usefully substitute wheat and maize production in certain less favoured regions;
- the introduction of a per hectare related premium regime for small arable farmers. This regime replaces the present premium for small cereals producers;
- the extension to small farmers with mixed herds of the suckler cow premium.

Along similar lines the Commission proposes the buying of certain milk quotas with a view to their redistribution to small farmers in the less favoured areas.

30. Amongst the other related measures, can be noted those which seek to increase the efficiency of current market management measures in the fresh fruit and vegetables, dried raisins, and tobacco sectors.

c) Agri-monetary measures

31. The agri-monetary proposal for 1990/91 are mainly based on Council decisions of the part regarding dismantlement of MCA's. In this context a first reference has to be made to the automatic dismantlement system for newly created MCA's since last realignment of January 1987. Further, in July 1988, the principle was accepted to abolish all existing monetary gaps for stable currencies in four steps, the first step applied for the 1988/89 marketing year. For the currencies not respecting the narrow band in the EMS, it was agreed that the Commission should apply an adequate system for abolishment of the variable monetary gaps.
32. During the final discussions concerning the 1989/90 prices package, the Commission engaged to propose dismantling all the existing monetary gaps for the stable currencies at the beginning of the 1990/91 marketing year.

33. Taking into account these commitments, the present monetary situation and the overall objective for price policy, as well as the particular situation in the cereals sector in Germany, on the one hand and the development of the economic situation in Greece, on the other, the following dismantlement is proposed :

- complete abolishment of existing real monetary gaps in France, Ireland, Italy, Portugal, Netherlands and Germany except for cereals in Germany, where the real monetary gap will be reduced to 0,684 point;
- dismantlement of 1/3 of the real monetary gap for UK and Spain applicable at the moment of the Council decision on the 1990/91 price proposals. For Greece, a dismantlement of monetary gaps to an extent which equates to this Member States' inflation rate, less 5 points.

Details of this proposal are given in Table 2.

V. Financial Implications and budgetary context

34. Appropriations in Titles 1 and 2 of the 1990 Draft Budget amount to ECU 26.452<sup>(1)</sup> million, giving a margin of ECU 4.108 million over the guidelines laid down of ECU 30.630 million<sup>(2)</sup>.

The budgetary situation, as it appears in December 1989, suggests a requirement for credits 852 mio ECU lower than the 1990 budget.

It is estimated that the financial implications of these proposals for prices and common measures will, in 1990 be an extra expense of ECU 432 million.

Consequently these proposals, if adopted, could be financed within the title 1 and title 2 credits entered in the 1990 budget.

35. For 1991 the guideline is provisionally estimated at around ECU 33 000 million and the amount of the appropriations needed for each market organization have not yet been finally fixed.

It is estimated that the financial implications of these proposals for prices and related measures will, in 1990, be an extra expense in expenditure of ECU 690 million.

On the basis of the preliminary estimates done by the services, it would seem possible to finance these proposals well within the guideline foreseen for 1991.

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(1) Including a credit of 21 million ECU in chapter 100 for anti-fraud actions concerning EAGGF expenditure.  
(2) Including 50 % financing of set-aside expenditure by the EAGGF Guarantee Section.

## Price proposals in ECU for individual agricultural products

Product and type of price or amount (Period of application)	1989/90 Decisions (1)		Proposals 1990/91 (2)		Spain			Portugal		
	Amounts ECU/T	% change	Amounts ECU/T	% change	Amounts 1989/90(1)	In ECU/T 1990/91(2)	% change	Amounts 1989/90	In ECU/T 1990/91	% change
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1. 7.90-30. 6.91										
- Target price	241,08	- 3,68	241,08	0	241,08	241,08	0	-	-	-
- Intervention price breadmaking wheat (3)	174,06	- 3,00	174,06	0	174,06	174,06	0	-	-	-
- (Intervention price feed wheat)	165,36	- 3,00	165,36	0	165,36	165,36	0	-	-	-
Barley 1. 7.90-30. 6.91										
- Target price	219,46	- 3,75	219,46	0	219,46	219,46	0	-	-	-
- Intervention price	165,36	- 3,00	165,36	0	165,36	165,36	0	-	-	-
Maize 1. 7.90-30. 6.91										
- Target price	219,46	- 3,75	219,46	0	219,46	219,46	0	-	-	-
- Intervention price	174,06	- 3,00	174,06	0	174,06	174,06	0	-	-	-
Sorghum 1. 7.90-30. 6.91										
- Target price	219,46	- 3,75	219,46	0	219,46	219,46	0	-	-	-
- Intervention price	165,36	- 3,00	165,36	0	165,36	165,36	0	-	-	-
Rye 1. 7.90-30. 6.91										
- Target price	219,46	- 3,75	219,46	0	219,46	219,46	0	-	-	-
- Intervention price (4)	165,36	- 3,00	165,36	0	165,36	165,36	0	-	-	-
Durum wheat 1. 7.90-30. 6.91										
- Target price	306,66	- 8,44	295,99	- 3,48	306,66	295,99	- 3,48	-	-	-
- Intervention price	253,26	- 8,35	243,68	- 3,78	215,83	219,67	+ 1,78	-	-	-
- Aid (ECU/ha)	158,98	+16,00	168,58	+ 6,03	80,61	109,93	+36,37	-	-	-
Rice 1. 9.90-31. 8.91										
- Target price - husked rice	546,88	- 0,54	546,88	0	546,88	546,88	0	-	-	-
- Intervention price - paddy rice	314,19	0	314,19	0	281,52	292,41	+ 3,87	-	-	-
- Aid for Indica (ECU/ha)	300,00	- 9,09	200	-33,33	300	200	-33,33	-	-	-
Sugar 1. 7.90-30. 6.91										
- Basic price for sugar beet	40,07	- 2	40,07	0	47,16	47,16	0	42,90	42,90	0
- Intervention price for white sugar (*)	53,10	- 2	53,10	0	61,70	61,70	0	51,68	52,56	+1,7

(\*) ECU/quintal

(1) Including the effect of applying the stabilizers (Regl. 1412/89)

(2) These prices will be reduced by 3%, since the M.G.Q. was exceeded in 1989/90.

(3) For the 1989/90 marketing year, this price was increased by 3.48 ECU per tonne for a higher quality. A premium of 3.38 ECU per tonne is proposed for 1990/91\*

(4) For the 1989/90 marketing year, this price was increased by a special premium of 8.70 ECU per tonne for breadmaking quality rye. A premium of 8.44 ECU per tonne is proposed for 1990/91 (-3%).

Price proposals in ECU for individual agricultural products

Product and type of price or amount (Period of application)	1989/90 Decisions		Proposals 1990/91		Spain			Portugal		
	Amounts ECU/T	% change	Amounts ECU/T	% change	Amounts 1989/90	In ECU/T 1990/91	% change	Amounts 1989/90	In ECU/T 1990/91	% change
1	2	3	4	5	6	7	8	9	10	11
Olive oil 1.11.90-31.10.91										
- Production target price	3.225,6	0	3.225,6	0	3.225,6	3.225,6	0	3.225,6	3.225,6	0
- Intervention price	2.162,4	0	2.162,4	0	1.652,1	1.754,2	+ 6,2	2.058,7	2.079,4	+ 1,0
- Production aid	789,5	0	789,5	0	333,6	398,3	+18,8	283,8	354,8	+25,0
Rapeseed 1. 7.90-30. 6.91										
- Target price	450,2	0	450,2	0	414,5	420,5	+ 1,4	450,2	450,2	0
- Intervention price	407,6	0	407,6	0	371,9	377,9	+ 1,6	407,6	407,6	0
Sunflower seed 1. 8.90-31. 7.91										
- Target price	583,5	0	583,5	0	480,0	497,3	+ 3,6	583,5	583,5	0
- Intervention price	534,7	0	534,7	0	431,2	448,5	+ 4,0	534,7	534,7	0
Soya beans 1. 9.90-31. 8.91										
- Guide price	558,5	0	558,5	0	459,9	476,3	+ 3,6	558,5	558,5	0
- Minimum price	489,4	0	489,4	0	390,8	407,2	+ 4,2	489,4	489,4	0
Dried fodder - Guide price 1. 5.90-30. 4.91	178,92	0	178,92	0	165,68	170,09	+ 2,7	178,92	178,92	0
Peas and field beans 1. 7.90-30. 6.91										
- Activating price	447,6	0	447,6	0	447,6	447,6	0	447,6	447,6	0
- Guide price	295,2	0	295,2	0	295,2	295,2	0	295,2	295,2	0
- Minimum price - peas	257,7	0	257,7	0	257,7	257,7	0	257,7	257,7	0
- field beans	238,7	- 4	238,7	0	238,7	238,7	0	238,7	238,7	0
Lupins 1. 7.90-30. 6.91										
- Activating price	430,5	0	430,5	0	430,5	430,5	0	430,5	430,5	0
- Minimum price	289,0	0	289,0	0	289,0	289,0	0	289,0	289,0	0
Flax 1. 8.90-31. 7.91										
- Guide price (seed)	554,1	0	554,1	0	496,8	505,4	+ 1,9	554,1	554,1	0
- Fixed-rate aid (fibre) (per ha)	375,0	+ 5,6	375,0	0	207,89	263,59	+26,8	207,89	263,59	+26,8
Hemp 1. 8.90-31. 7.91										
- Fixed-rate aid (per ha)	340,0	+ 5,4	340,0	0	188,66	239,11	+26,7	188,66	239,11	+26,7
- Aid (seed)	250,0	0	250,0	0	250,0	250,0	0	250,0	250,0	0
Silkworms 1. 4.90-31. 3.91										
- Aid per box	112,0	0	112,0	0	63,76	79,84	+25,2	63,76	79,84	+25,2



Price proposals in ECU for individual agricultural products

Product and type of price or amount (Period of application)	1989/90 Decisions		Proposals 1990/91		Spain			Portugal		
	Amounts ECU/T	% change	Amounts ECU/T	% change	Amounts 1989/90	In ECU/T 1990/91	% change	Amounts 1989/90	In ECU/T 1990/91	% change
1	2	3	4	5	6	7	8	9	10	11
Cotton 1. 9.90-31. 8.91										
- Guide price	960,2	0	960,2	0	960,2	960,2	0	960,2	960,2	0
- Minimum price	912,3	0	912,3	0	912,3	912,3	0	912,3	912,3	0
Milk 1. 4.90-31. 3.91										
- Target price	278,4	0	268,6	- 3,50	278,4	268,6	-3,5	-	-	-
Butter										
- Intervention price	2.932,8	-4,5	2.932,8	0	3.147,4	3.087,8	-1,9	-	-	-
Skimmed milk powder										
- Intervention price	1.727,3	-0,75	1.727,3	0	2.188,1	2.109,1	-3,6	-	-	-
Grana Padano cheese 30-60 days										
- Intervention price	3.889,3	0	3.803,2	- 2,20	-	-	-	-	-	-
Grana Padano cheese 6 months										
- Intervention price	4.803,3	0	4.712,4	- 1,90	-	-	-	-	-	-
Parmigiano-Reggiano cheese 6 months										
- Intervention price	5.291,9	0	5.201,0	- 1,70	-	-	-	-	-	-

(1) Also taking into account the price reduction decisions which followed the 1% increase in the milk quota (-2.5% for butter and -0.75% for milk powder).

Beef/veal 2. 4.90-31. 3.91										
- Guide price for adult bovine animals (1)	2.050,2	0	2.000	- 2,45	2.050,2	2.000	- 2,45	-	-	-
- Intervention price quality R 3 cat. A	3.440	0	3.440	0	3.440	3.440	0	-	-	-
- Intervention price quality R 3 cat. C	3.440	0	3.440	0	3.440	3.440	0	-	-	-

	1990			1991						
Sheepmeat 6. 1.90- 3. 1.91										
- Basic price (carcase weight)	4.323,2	0	4.323,2	0	4.323,2	4.323,2	0	4.323,2	4.323,2	0

Pigmeat 1. 7.90-30. 6.91										
- Basic price (carcase weight)	2.033,3	0	1.900,0	- 6,6	2.033,3	1.900,0	- 6,6	-	-	-

(1) Price per tonne (liveweight).

Price proposals in ECU for individual agricultural products

Product and type of price or amount (Period of application)	1989/90 Decisions		Proposals 1990/91		Spain (*)			Portugal		
	Amounts ECU/T	% change	Amounts ECU/T	% change	Amounts in ECU/T		% change	Amounts in ECU/T		% change
	2	3	4	5	1989/90	1990/91	8	1989/90	1990/91	11
<b>Fruits and vegetables - Basic price</b>										
- Cauliflowers 1. 5.90-30. 4.91	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Tomatoes 11. 6.90-30.11.90	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Peaches 1. 6.90-30. 9.90	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Lemons 1. 6.90-31. 5.91	- ) 0	- ) 0	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5
- Pears 1. 7.90-30. 4.91	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Table grapes 1. 8.90-20.11.90	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Apples 1. 8.90-31. 5.91	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Mandarins 16.11.90-28. 2.91	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5
- Sweet oranges 1.12.90-31. 5.91	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5
- Apricots 1. 6.90-31. 7.91	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Aubergines 1. 7.90-31.10.90	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0
- Clementines 1.12.90-15. 2.91	- ) 0	- ) 0	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5
- Satsumas 16.10.90-15. 1.91	- ) 0	- ) 0	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5	- ) - 7,5
- Nectarines 1. 6.90-31. 8.90	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0	- ) 0

(\*) Not including the price gap reduction (1st reduction)

Table wine (1)	1. 9.90-31. 8.91										
- Guide price Type R I	3,27	- 2,5	3,22	- 1,5	2,64	2,81	+ 6,4	-	-	-	-
- Guide price Type R II	3,27	- 2,5	3,22	- 1,5	2,64	2,81	+ 6,4	-	-	-	-
- Guide price Type R III	52,23	0	52,23	0	42,23	45,56	+ 7,9	-	-	-	-
- Guide price Type A I	3,17	+ 2	3,22	+ 1,6	2,56	2,81	+ 9,8	-	-	-	-
- Guide price Type A II	69,60	0	69,60	0	56,24	60,69	+ 7,9	-	-	-	-
- Guide price Type A III	79,49	0	79,49	0	64,23	69,32	+ 7,9	-	-	-	-

(1) R I, R II and A I expressed in ECU/x/hl.  
R III, A II and A III expressed in ECU/hl.

(For tobacco: see next page).

Price proposals in ECU for individual agricultural products

Product, group and variety	Decisions EEC "12" 1989	Harvest 1990 - Proposals
	Price/premium/% change compared with 1988	Price/premium/% change compared with 1989
1	2	3
Tobacco	) Price 0 (1) ) Premium 0	) Price 0 (2) ) Average premium - 3,0

- (1) It was decided that, for Forchheimer Havanna, Mavra and Tsebellia from the 1989, 1990 and 1991 harvests, the intervention price/nom price ratio be reduced from 85% to 75%.
- (2) The alignment of the prices and the premiums for Hybrid Badischer Gendertheimer on those of Forchheimer Havanna, and the 15% reduction in the premiums for Mavra and Tsebellia, results in a linear reduction of about 17% for the varieties of Group V where production exceeded the M.G.Q. The consequent effect on producers' income is compensated by a comparable increase in the prices for Burley varieties.

## AGRIMONETARY PROPOSALS - PRICES REVIEW 1990/91

FIXED MCAs -

 Decision :  
 applicable :

TABLE 2

MEMBER STATE  product group	GREEN CENTRAL RATE (1)	PREVIOUS			DISMANTLE- MENT	NEW SITUATION			CONSEQUENCES	
		GREEN RATE	REAL GAP	APPLIED GAP		GREEN RATE	REAL GAP	APPLIED GAP	DEVALUA- TION	EFFECT ON PRICES
	ecu----nc	ecu----nc	point	point	point	ecu----nc	point	point	%	%
GERMANY	2.34113									
livestock product		2.35053	0.400	0.0	0.400	2.34113	0.000	0.0	0.402	-0.400
cereals		2.37360	1.368	0.0	0.684	2.35725	0.684	0.0	0.694	-0.689
others		2.36110	0.846	0.0	0.846	2.34113	0.000	0.0	0.853	-0.846
NETHERLANDS	2.63785									
cereals		2.66089	0.866	0.0	0.866	2.63785	0.000	0.0	0.873	-0.866
others		2.63785	0.000	0.0	0.000	2.63785	0.000	0.0	0.000	0.000
BLEU	48.2869									
all products		48.2869	0.000	0.0	0.000	48.2869	0.000	0.0	0.000	0.000
FRANCE	7.85183									
pigmeat, beef		7.85183	0.000	0.0	0.000	7.85183	0.000	0.0	0.000	0.000
others		7.69787	-2.000	0.0	-2.000	7.85183	0.000	0.0	-1.961	2.000
DENMARK	8.93007									
all products		8.93007	0.000	0.0	0.000	8.93007	0.000	0.0	0.000	0.000
IRLAND	0.873900									
beef		0.873900	0.000	0.0	0.000	0.873900	0.000	0.0	0.000	0.000
others		0.856765	-2.000	0.0	-2.000	0.873900	0.000	0.0	-1.961	2.000

(1) coefficient: 1.137282 (0.879289)

FIXED MCAs -

AGROMONETARY PROPOSALS - PRICES REVIEW 1980/81

Decision applicable to

MEMBER STATE Product group	GREEN CENTRAL RATE (1) scu-----nc	PREVIOUS			DISMANTLE- MENT point	NEW SITUATION			CONSEQUENCES		
		GREEN RATE scu-----nc	REAL GAP point	APPLIED GAP point		GREEN RATE scu-----nc	REAL GAP point	APPLIED GAP point	DEVALUA- TION %	EFFECT ON PRICES %	
GREECE	212.182										
Wheat		205.927	-3.037	-1.5	(4)	147.884	-1.025	0.0	-0.508	0.508	
sheepmeat, struct.		187.622	-2.368	-	(4)	151.908	1.702	-	0.873	-0.888	
Poultry		171.165	-23.963	-6.1	(4)	153.599	2.733	0.0	1.424	-1.404	
cereals, sugar		190.938	-11.091	-9.6	(4)	153.599	2.733	1.2	1.424	-1.404	
wine		190.938	-11.091	-6.1	(4)	151.713	1.524	0.0	0.780	-0.774	
olive oil		190.938	-11.091	-1.1	(4)	151.713	1.524	0.0	0.780	-0.774	
tobacco		190.938	-11.091	-	(4)	151.713	1.524	-	0.780	-0.774	
other crop products		178.287	-16.282	-	(4)	151.713	1.524	-	0.780	-0.774	
others		184.938	-26.596	-27.1	(4)	152.575	2.080	1.0	1.074	-1.082	
SPAIN (2)	148.401					153.599	2.733	-	1.424	-1.404	
Wheat		147.138	-1.538	0.0	-0.513	147.884	-1.025	0.0	-0.508	0.508	
sheepmeat		153.315	2.553	-	0.551	151.908	1.702	-	0.873	-0.888	
Poultry		155.708	4.099	0.0	1.368	153.599	2.733	0.0	1.424	-1.404	
other livestock pr.		152.888	2.288	0.0	0.782	151.713	1.524	0.0	0.780	-0.774	
wine		152.888	2.288	0.0	0.782	151.713	1.524	0.0	0.780	-0.774	
olive oil		152.888	2.288	-	0.782	151.713	1.524	-	0.780	-0.774	
rice, oilseed, fr.veg.		152.888	2.288	-	0.782	151.713	1.524	-	0.780	-0.774	
fr. flex, hemp, silk		152.888	2.288	-	0.782	151.713	1.524	-	0.780	-0.774	
other crop pr.		154.213	3.120	1.6	1.040	152.575	2.080	1.0	1.074	-1.082	
others		155.708	4.099	-	1.368	153.599	2.733	-	1.424	-1.404	
ITALY (3)	1707.11					1707.00	-0.008	0.0	-0.381	0.383	
Wheat		1700.83	-0.389	0.0	-0.383	1707.00	-0.008	0.0	-0.381	0.383	
sheepmeat		1882.00	-1.483	0.0	-1.487	1707.00	-0.008	0.0	-1.488	1.488	
cereals, oilseed, fr		1873.00	-2.039	-1.0	-2.033	1707.00	-0.008	0.0	-1.992	2.032	
fr-veg., tobacco		1890.00	-1.012	-	-1.008	1707.00	-0.008	-	-0.998	1.008	
wine		1876.00	-1.656	0.0	-1.850	1707.00	-0.008	0.0	-1.818	1.850	
olive oil		1882.00	-1.493	0.0	-1.487	1707.00	-0.008	0.0	-1.485	1.488	
others		1882.00	-1.493	0.0	-1.487	1707.00	-0.008	0.0	-1.485	1.488	
PORTUGAL (3)	200.982					200.982	0.000	0.0	-4.488	4.877	
olive oil		182.002	-4.877	0.0	-4.877	200.982	0.000	0.0	-4.488	4.877	
others		182.002	-4.877	-3.2	-4.877	200.982	0.000	0.0	-4.488	4.877	
UNITED KINGDOM (2)	0.828001					0.779048	-8.412	-4.8	-2.924	3.012	
Wheat		0.788387	-9.818	-8.1	-3.208	0.779048	-8.412	-4.8	-2.924	3.012	
sheepmeat		0.689340	-16.540	-	-6.180	0.737808	-12.380	-	-5.314	5.801	
beer		0.729831	-13.588	-12.1	-4.829	0.780140	-8.068	-7.6	-3.867	4.182	
Poultry		0.708728	-17.301	-13.2	-8.787	0.743272	-11.834	-7.1	-4.917	5.171	
olive oil		0.701383	-18.195	-8.2	-8.088	0.739321	-12.130	-2.1	-8.132	5.408	
other crop pr.		0.701383	-18.195	-16.7	-8.088	0.739321	-12.130	-10.8	-5.132	5.408	
others		0.708728	-17.301	-16.8	-8.787	0.743272	-11.834	-10.0	-4.917	5.171	

(1) Coefficients 1.137282 (0.879288) - week of reference 06/12/80 - 12/12/80  
 (2) Dismantlement of 1/3 of the real gap applicable at the moment of the Council's decision.  
 (3) Dismantlement of the real gap applicable at the moment of the Council's decision.  
 (4) Dismantlement to an extent which equates to the inflation rate, 1980 5 points, at the moment of the Council's decision.  
 (5) Dismantlement calculated on the basis of the week of reference.

Effect of Commission proposals on support prices for  
agricultural products expressed in ECU and in  
national currency

	% change in prices (1)	
	In ECU (2)	In national currency (2) (3)
Belgique/België	- 1,9	- 1,9
Danmark	- 2,3	- 2,3
B.R. Deutschland	- 1,5	- 2,0
Ellas	- 1,1	+ 7,8
España (4)	- 0,4	- 1,2
France	- 0,7	+ 0,7
Irland	- 0,4	+ 0,7
Italia	- 1,3	+ 0,1
Luxembourg	- 0,6	- 0,6
Nederland	- 1,9	- 1,9
Portugal (4)	+ 0,7	+ 5,4
United Kingdom	- 0,8	+ 4,1
EUR 12 (4)	- 1,1	+ 0,2

(1) Percentage variation between proposed support prices for 1990/91 and the support prices for 1989/90.

(2) Support price (intervention or equivalent), weighted according to the share of the various products in the value of agricultural production covered by common prices.

(3) Common prices in ECU, converted at green rates in this proposal. For the currencies not respecting the narrow band in the EMS calculation were done using the rates of the week ending on 12.12.89.

(4) Including effect of alignment of Spanish and Portuguese prices on common prices under accession arrangements.

Stabilizers and production thresholds

	1989/90			1990/91
	Quotas or MGO applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Cereals	MGO : 160 million t	Estimated production 160,5 mio t	Yes. No additional coresponsibility levy of 1.6 % for 1989/90 : 3 % reduction in prices for 1990/91.	The same as for 1989/90
Sugar	Quota A : 10,539 m t Quota B : 2,289 m t	Production (including carryovers) Quota A : 10,323 Quota B : 2,233 Sucre C : 2,318 Total : 14,874	No overrun expected	The same as for 1989/90
Isoglucose	Quota A : 240,743 t Quota B : 50,342 t	Estimated production within quotas	No overrun expected	The same as for 1989/90
Rape	MGO EUR-10 : 4,500,000 t  Spain : 12,900 t Portugal : 1,300 t	Estimated production: EUR-10 : 4,900,000 t  Spain : 12,800 Portugal : -	EUR-10 : overrun of 8.9 % resulting in a reduction of 1.40 ECU/100 kg (- 6.2 %) in the target price Spain : no Portugal : no	MGO : the same as for 1989/90
Sunflower	MGO EUR-10 : 2,000,000 t  Spain : 1,411,800 t Portugal : 75,700 t	Estimated production: EUR-10 : 2,313,000 t  Spain : 1,250,000t Portugal : 47,000t	EUR-10 : overrun of 15.7 % resulting in a reduction of 3.60 ECU/100 kg (- 6.2 %) in the target price Spain : no Portugal : no	MGO : the same as for 1989/90, except in the case of Portugal (90,000 t) (Regl.88(EEC)1100
Soya	MGO EUR-12 : 1,300,000 t	Estimated production: EUR-12 : 1,765,000 t	Overrun of 35.8 % resulting in a reduction of 10.78 ECU/100kg in the guide price for the Community of Ten (- 19.3 %) and 8.847 ECU/100 kg for Spain (- 19.3 %)	MGO : the same as for 1989/90
Peas, field beans and sweet lupins	MGO EUR-12 : 3,500,000 t	Estimated production: EUR-12 : 4,060,000 t	Overrun of 16 %; resulting in a reduction of 2.62 ECU/100 kg in the minimum prices for peas and field beans (10.2 %) for peas and 10.9 % for field beans), 2.89 ECU/100 kg for sweet lupins in Spain and 2.90 ECU/100 kg for sweet lupins for the other member states	MGO : the same as for 1989/90
Olive oil	Q.M.C. EUR-12 : 1,350,000 t	Production estimated during the six months after the end of the marketing year	No overrun foreseen	MGO : the same as for 1989/90
Wine	Optional distillation has a limit per producer. Compulsory distillation : unlimited volume. Price based on the quantity covered by the compulsory distillation scheme, as follows : 50 % of the guide price for the equivalent of 10 % of the volume used ( $\pm$ 10 million hl); 15 % of that price for the remainder.	Quantity covered by the compulsory distillation scheme: to be fixed	No overrun foreseen	

	1989/90			1990/91
	Quota or MGO applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Tobacco	Overall MGO EUR 12 : 385,000 t of leaf tobacco. Allocated by variety	Anticipated overall production : EUR 12 : 400,000 t	Overrun in the case of cer- tain varieties	Overall MGO : EUR 12:385,000 t allocated by variety and group of varieties
Cotton	MGO : 752,000 t (EUR-12)	Estimated production: EUR-12 : 1,009,119 t	Overrun of 34.2 % Reduction of aid by 17,284 ECU/100 kg	MGO : EUR 12:752,000 t
Fresh tomatoes	Intervention threshold EUR-11 : 574,500 t	Withdrawals :		The same thresh- hold as in 1989/90
Caull- flowers	Intervention threshold EUR-11 : 55,400 t	Withdrawals :		Intervention thresholds : 3 % of the average quantity produced for consumption without processing
Oranges	Intervention threshold EUR-11 : 1,240,500 t	Beginning of the marketing year : December 1989		12 % of average quantity produced in the last five years
Lemons	Intervention threshold EUR-11 : 158,300 t	Marketing year under way		12 % of average quantity produced in the last five years
Satsumas	Intervention threshold EUR-11 : 32,600 t	Beginning of the marketing year : 16 October 1989		10 % of average quantity produced in the last five years
Clémen- tines	Intervention threshold EUR-11 : 89,300 t	Beginning of the marketing year : December 1989		10 % of average quantity produced in the last five years
Nectari- tines	Intervention threshold EUR-11 : 45,800 t	Withdrawals : 79,010 t (provisional)	Overrun anticipated.	10 % of average quantity produced in the last five years
Mandari- nes	Intervention threshold EUR-11 : 112,000 t	Beginning of the marketing year : 16 December 1989		20 % of average quantity produced in the last five years
Peaches	Intervention threshold EUR-11 : 376,600 t	Withdrawals : EUR-11 : 464,970 t (provisional)	No overrun anticipated.	15 % of average quantity produced in the last five years
Apples	Intervention threshold EUR-11 : 478,000 t	Marketing year under way		Intervention thresholds : 4 % of the average quantity produced for consumption without processing (proposal)



	1989/90			Campagne 1990/91
	Quota or MCOs applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Processed tomatoes	<p>Guarantee thresholds</p> <p><u>Concentrate</u> :</p> <p>EUR-10 : 2,987,850 t</p> <p>España : 370,000 t</p> <p>Portugal : 662,945 t</p> <p><u>Peeled</u> :</p> <p>EUR-10 : 1,307,150 t</p> <p>España : 209,000 t</p> <p>Portugal : 9,600 t</p> <p><u>Other</u></p> <p>EUR-10 : 405,000 t</p> <p>España : 88,000 t</p> <p>Portugal : 22,192 t</p>		Overrun expected for Italy, Spain and Greece	
Dried grapes	<p>Guarantee threshold</p> <p>Currants : 70,000 t</p> <p>Sultanas : 93,000 t</p> <p>Moscatel : 4,000 t</p>		No overrun expected	Report to the Council accompanied by proposals
Williams pears	<p>Guarantee threshold</p> <p>EUR 12 : 102,805 t</p>		No overrun expected	Same thresholds as in 1989/90
Peaches in syrup	<p>Guarantee threshold</p> <p>EUR-11 : 502,000 t</p> <p>España : 80,000 t</p>		No overrun expected	Same thresholds as in 1989/90 Spain will be incorporated in the Community guarantee thresholds
Milk	<p>Overall guaranteed quantity (including Community reserve and temporary reduction of • 5,5 % (Italy 3,13 %))</p> <p>EUR 12 : 97,392,089 t (without Portugal)</p> <p>• Proposal to the Council</p>	Deliveries forecast down by 0.5 % compared with 1988/89	Anticipated overrun of overall quantity 500.000 t (0.5 %)	Overall guaranteed quantity (including temporary reduction) : 97,512,622 t + Community reserve
Sheepmeat	<p>Maximum guaranteed level for ewe flock</p> <p>63,400,000 head</p> <p>18,100,000 for Great Britain and</p> <p>45,300,000 for EUR-11 and Northern Ireland</p>	<p>Estimated 1989 flock:</p> <p>46,774,000 head for EUR-11 and Northern Ireland and</p> <p>19,525,000 for Great Britain</p>	<p>Estimated overrun of 3.3 % for EUR-11 and Northern Ireland and 7.9 % for Great Britain, leading to reductions in the basic prices of 3 % and 7 % respectively (with effect from 2 Jan 1989)</p>	<p>Same level as in 1989/90 but price reduction coefficients will probably be fixed in November at 10 % for Great Britain and 9 % for the rest of the Community.</p> <p>Expected overrun of 10.7 % for Great Britain and 9.5 % for EUR-11 and Northern Ireland</p>

## TRENDS IN ECONOMIC INDICES FROM 1975 TO 1988 IN REAL TERMS

- EUR 10 -

Index based on 1975 = 100

Years	Expenditures EACGF-Garantee	GNP total	Final agricult. output (2)	Employ. In agric.	Final agric. output per pers. empl. (2)	NVA agric. (1)	NVA per AWU (1)
	(1)	(2)				(1)	(1)
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	112.1	104.9	99.7	97.5	102.3	99.3	100.6
1977	126.2	107.3	103.3	94.4	109.4	95.4	99.6
1978	148.5	110.7	108.4	92.3	117.4	95.5	100.9
1979	165.9	114.5	112.6	89.9	125.3	92.2	99.5
1980	164.4	116.0	114.6	87.4	131.1	83.9	92.5
1981	146.4	116.2	114.7	85.1	134.8	84.7	96.6
1982	151.3	117.1	120.7	81.4	148.3	91.4	107.6
1983	181.9	119.0	120.7	81.1	146.8	87.0	102.6
1984	198.4	121.9	124.0	79.1	156.8	88.1	106.0
1985	206.6	124.8	123.3	77.0	160.1	82.4	101.3
1986	222.2	128.0	126.0	75.5	166.9	82.0	102.8
1987	(5) 220.1	131.1	126.4	73.2	169.9	77.9	100.7
1988	(6) 246.5	135.6	127.5	71.0	179.6	76.6	100.4

(1) In real terms (GNP deflator).

(2) In constant prices.

(3) Weighted average, for products with common prices, of support prices (intervention price or equivalent);  
In national currency real terms (GNP deflator), 1975/76 = 100.

(4) Weighted average of all products and intermediate consumption in ecu.

(5) Budget '1987' : from 1st January to 31st October 1987.

(6) Budget '1988' : from 1st November 1987 to 15th October 1988.

GNP : Gross national Product at market prices.

NVA : Net Value Added at factor cost.

AWU : Annual Work Unit.

Sources : Eurostat - DG VI.

## Public stocks at year-end

## I. Volume

('1000 t)

Product	30.11.1984	30.11.1985	30.11.1986	30.09.1987	30.09.1988	30.09.1989
Common wheat bread making variety	4.448	3.890	2.475	3.406	2.382	2.390
Common wheat feed wheat	2.015	8.012	6.085	3.417	1.756	270
Barley	1.636	4.651	3.793	4.326	3.572	3.260
Rye	441	1.108	1.148	1.055	876	1.090
Durum wheat	853	966	1.023	1.530	2.336	1.130
Maize	-	-	190	23	18	780
Sorghum	-	-	3	8	11	-
Sugar	43	-	16	-	-	-
Olive oil	167	75	283	325	408	110
Rape	58	-	-	-	38	-
Sunflower	-	-	28	-	147	-
Alcohol ('000 hl)art.39	-	501	666	1.092	2.892	3.840
Leaf tobacco	3	7	27	3	1	)
Processed tobacco	7	4	7	20	6	) 58
Baled tobacco	4	4	6	5	40	)
Skimmed-milk powder	773	514	847	722	14	5
Butter	973	1.018	1.297	1.058	221	30
Beef carcasses	468	589	452	484	559	180
Boned beef	127	214	220	207	164	60
Pigmeat	-	26	-	-	-	-

## Public stocks at year-end

## II. Value

(mio ecu)

Product	30.11.1984	30.11.1985	30.11.1986	30.11.1987	30.09.1988	30.09.1989
Common wheat bread making variety	872)	777)	541)	750)	326)	28)
Common wheat feed wheat	391)	1.614)	1.135)	659)	219)	28)
Barley	320)1.902	940)3.820	729)	856)	415)	279) 840
Rye	92)	226)	248)2.977	232)2.937	109)1.502	90)
Durum wheat	227)	264)	288)	434)	436)	175)
Maize	-	- )	35)	34)	2)	31)
Sorghum	-	- )	1)	2)	1)	-
Sugar	26	-	10	-	-	-
Olive oil	273	116	421	491	657	180
Rape	26	-	-	-	15	-
Sunflower	-	-	15	-	71	-
Alcohol art.39	-	47	65	102	136	41
Leaf tobacco	3)	7)	18)	2)	1)	)
Processed tobacco	5) 14	3) 15	5) 30	15) 24	3) 72	) 44
Baled tobacco	6)	5)	7)	6)	68)	)
Skimmed-milk powder	1.242	867	1.593	1.380	28	9
Butter	3.537	3.416	4.254	3.524	584	72
Beef carcasses	1.397)	1.509)	1.212)	1.356	1.147	268
Boned beef	435)1.732	761)2.270	783)1.995	761	445	142
Pigmeat	-	29	-	-	-	-
Total	7.035	8.751	10.580	11.360	4.663	1.595

## COMMON WHEAT

### Quantities covered by EAGGF-financed measures

EUR-10/EUR-12 from 1987

('000 t)

	1983	1984	1985	1986	1987	1988
A.1. Production (1)	55.718	55.322	70.213	60.205	64.789	64.010
2. Opening stocks (2)	6.887	6.820	6.463	11.903	10.312	7.319
3. Total (1 + 2)	62.605	62.142	76.676	72.108	75.101	71.329
B. EAGGF measures						
1. Intervention	3.119	6.341	5.900	3.263	2.096	819
2. Export refunds						
a) total (3)	14.544	15.074	15.527	12.259	15.418	14.790
b) of which : quantity taken from Intervention	1120	2375	3485	3374	4847	6.014
3. Other disposal measures (4)	574	803	961	1.304	1.560	1.856
4. Total	18.237	22.218	22.388	16.826	19.074	17.465
- less exports from Intervention	1.120	2.375	3.485	3.374	4.847	6.014
5. Grand total	17.117	19.843	18.903	13.452	14.227	11.451
C. B. 5 : A 1 en %	30,7	35,9	26,9	22,3	22,0	17,9
B. 5 : A 3 en %	27,3	31,9	24,7	18,7	18,9	16,1

(1) The production for a given calendar year i is taken as the quantity harvested in year i-1

(2) Public stocks at 30 November of year i-1

(3) Including flour

(4) Starch and quellmehl production refund (1981/82 etc.)

Sources : VI/C/1, VI/G/1, VI/G/2.

**BARLEY**Quantities covered by EAGGF-financed measures

EUR-10/EUR-12 from 1987

('000 t)

	1983	1984	1985	1986	1987	1988
A.1. Production (1)	41.353	38.257	44.256	40.808	46.918	46.976
2. Opening stocks	1.681	1.673	1.636	4.651	5.296	4.235
3. Total (1 + 2)	43.034	37.930	45.892	45.459	52.214	51.211
B. EAGGF measures						
1. Intervention	1.289	1.759	4.258	2.327	2.149	1.684
2. Export refunds						
a) total (2)	5.454	7.005	7.980	7.965	7.414	7.772
b) of which : quantity taken from Intervention	1.625	880	1.705	3.497	2.027	1.818
3. Other disposal measures	—	—	—	—	—	—
4. Total - less exports from Intervention	6.743 1.625	8.764 880	12.238 1.705	10.292 3.497	9.563 2.027	9.456 1.684
5. Grand total	5.118	7.884	10.533	6.795	7.536	7.772
B. 5 : A 1 en %	12,4	21,7	23,8	16,7	16,1	16,5
B. 5 : A 3 en %	11,9	20,8	23,0	14,9	14,4	15,2

(1) The production for a given calendar year i is taken as the quantity harvested in year i-1

(2) Including malt

Sources : VI/C/1, VI/G/1, VI/G/2.

**BUTTER**Quantities covered by EAGGF-financed measures

EUR-10/EUR-12 from 1986

('000 t)

	1983	1984	1985	1986	1987	1988
A.1. Production	2.301	2.115	2.032	2.172	1.911	1.700
2. Opening stocks (public and private)	306	853	949	1.124	1.366	958
3. Total	2.607	2.968	2.981	2.296	3.277	2.685
B. EAGGF measures						
1. Public Intervention	637	507	491	655	368	25
2. Private storage aid	261	226	225	164	221	268
3. Aid for disposal on Internal market (1)	504	631	545	406	563	659
of which : from Intervention	38	190	155	224	406	458
4. Butter and butteroil exports (2)	355	378	387	332	621	650
of which : - from Intervention	-	114	148	107	358	324
- food aid	21	59	36	37	29	47
5. Total	1.757	1.742	1.648	1.557	1.773	1.602
6. Total less quantit. from Interv.	1.719	1.438	1.345	1.226	1.009	820
C. 1. B. 6 : A 1 en %	74,7	68,0	66,2	56,4	52,8	48,2
2. B. 6 : A 3 en %	65,9	48,5	45,1	37,2	30,1	30,5

(1) Including, up to 1985, general aids for human consumption

(2) Butter equivalent to butteroil (factor 1.22).

## SKIMMED MILK

Quantities covered by EAGGF-financed measures

EUR-10/EUR-12 from 1986

('000 t skimmed-milk equivalent) (1)

	1983	1984	1985	1986	1987	1988
A. 1. Available in dairies	53.060	48.977	46.507	49.070	44.662	41.250
2. Opening stocks	6.336	10.813	6.787	5.720	8.470	5.203
3. Total	59.396	59.790	53.294	54.790	53.132	46.453
B. EAGGF measures						
1. Public Intervention	9.582	4.287	2.720	6.625	666	0
2. Aid for disposal on Internal market (2)	29.216	30.393	24.892	25.018	22.166	19.023
of which : from Intervention	5.504	6.516	2.843	2.998	1.848	4.127
3. Exports	2.112	3.432	3.377	2.937	4.290	6.820
of which : - from Intervention	256	1.071	409	309	1.883	1.007
- food aid	805	1.838	1.366	1.078	1.210	1.287
4. Total	40.910	38.112	30.989	34.610	27.122	25.843
5. Total less quantities from Inter.	35.150	30.525	27.737	31.303	23.391	20.709
C. 1. B. 5 : A 1 en %	66,2	62,3	59,6	63,8	52,4	50,2
2. B. 4 : A 3 en %	59,2	51,1	52,0	57,1	51,0	55,6

(1) Factor 11

(2) Including casein and liquid and powdered milk used as animal feed.



## BEEF AND VEAL

### Quantities covered by EAGGF-financed measures

EUR-10/EUR-12 from 1986

('000 t or '000 head)

	1983	1984	1985	1986	1987	1988
A. 1. Production	6.935	7.541	7.396	8.000	8.047	7.800
2. Opening stocks						
- public	230	408	673	748	576	790
- private (1)	25	24	157	150	148	145
3. Total	7.190	7.973	8.226	8.898	8.771	8.735
B. EAGGF Measures						
1. Public Intervention	445	496	453	578	537	500
2. Private storage aid	24	276	285	172	157	125
3. Exports	603	790	805	1.167	909	600
of which : from Intervention	X	X	X	X	X	X
4. Total	1.072	1.562	1.543	1.917	1.603	1.225
5. Total less quantit. from Interv.	X	X	X	X	X	X
6. Other disposal measures						
a) Suckler cow premium ('000 head)	5.120	5.463	5.500	5.853	6.058 <sup>2)</sup>	5.850
b) Calf premium ('000 head)	4.940	5.650	4.230	5.200	5.000	4.435
c) Slaughter premium (UK) ('000 head)	3.595	3.043	2.965	3.000	2.748	2.800
d) Special premium for adult male cattle ('000 head)	-	-	-	-	5.000	6.900
C. 1. B 4 : A 1 en %	15,5	20,7	20,9	24,0	19,9	15,7
2. B 4 : A 3 en %	14,9	19,6	18,8	21,5	18,3	14

X = not available

(1) Estimate

(2) EUR-10 + Spain

## TABLE WINE

### Quantities covered by EAGGF-financed measures

EUR-10/EUR-11 from 1986/87

(m hl)

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88
A. 1. Production of which :	171,9	168,2	147,7	142,7	200,3	188,0
2. Table wine	111,5	115,6	104,8	92,5	133,7	133,3
3. Opening stocks	41,0	41,4	57,4	51,1	59,7	61,8
4. Total table wines	152,5	157,9	162,2	143,6	193,4	195,1
B. EAGGF measures						
1. Storage contracts	68,7	69,9	17,4	14,6	18,7	15,4
2. Total distillation	22,9	37,2	29,9	29,2	39,6	52,1
- compulsory	4,2	5,1	9,8	7,0	16,3	26,0
- optional	18,7	32,1	20,1	22,2	23,3	26,1
3. Aid for using must for enrichment	1,3	1,5	1,8	1,0	1,5	1,0
4. Exports	0,9	1,0	0,9	1,0	2,4	4,2
5. Total (1)	93,8	109,6	50,0	45,8	62,2	72,7
C. 1. B 5 : A 1 en %	54,6	65,2	33,9	32,1	31,1	36,7
2. B 5 : A 2 en %	84,1	94,8	47,7	49,5	46,5	54,5
3. B 5 : A 4 en %	61,5	69,8	30,8	31,9	32,2	37,3

(1) Some wine may be covered by two types of measure

Source : VI/E/3, VI/G/1, VI/G/2

Related measures accompanying  
the price proposals for 1990/91

Cereals

- Adjustment of the special premium for bread-making common wheat and bread-making rye to take account of the automatic 3% reduction in the intervention price for 1990/91, as a result of the maximum guaranteed quantity for 1989/90 being exceeded.
- The basic co-responsibility levy is to be kept at the same percentage as for 1989/90 (3% of the intervention price for bread-making common wheat). In view of the automatic 3% reduction in the intervention prices due to the maximum guaranteed quantity for 1989/90 being exceeded, the unit amount of the basic co-responsibility levy is to be reduced slightly (ECU 5.07/t for 1990/91 from ECU 5.22/t for 1989/90).
- An increase of 6.03% in the aid for durum wheat with a view to partially offsetting the loss of income resulting from the reduction in the difference between the intervention prices for durum wheat and common wheat.
- Introduction into the common organization of the market in cereals of a premium per hectare for the production of millet, canary grass and buckwheat, with a view to developing these crops as alternatives to traditional cereals. When these subsidies are introduced, the method for calculating import levies for these products is to be amended (measure financed within the framework of market related actions of rural development).
- Introduction, from the 1991 harvest (1991/92 marketing year), of a system of aid to small producers in the field crop sector (cereals, oilseeds, protein crops) to replace the system of aid for small cereal producers. This aid is fixed at ECU 50 per hectare in the less favoured and upland areas, and at ECU 30 per hectare in the rest of the Community. In all cases, the aid is limited to a maximum area of 10 hectares of field crops per beneficiary. The aid is to be restricted to producers with less than 20 ha of utilized agricultural area (measure financed within the framework of market related actions of rural development).
- With a view to complete dismantling, the amount of compensation for the production of flint maize is to be reduced to ECU 100 per hectare.
- As a result of the automatic 3% reduction in the institutional prices for cereals after the maximum guaranteed quantity was exceeded in 1989/90, the minimum guaranteed price proposed for potatoes intended for the manufacture of starch is ECU 249.10 per tonne. The amount of the premium to producers of potato starch is to remain the same (ECU 18.70 per tonne).

### Rice

- Reduction by one third of the production aid for the various Indica varieties.

### Rape and sunflower seed and soya

- The premium applied to the target and intervention prices for double-low varieties of rapeseed is to be maintained at the 1989/90 level.
- The Commission is to be allowed to modulate aid according to the method used to incorporate seed in feedingstuffs.

### Protein crops

The standard quality for peas and field beans is to be altered.

### Dried fodder

While abiding by the quality criteria, greater tolerance will be allowed as regards eligibility of products depending on the method of drying.

### Textile fibres

- The maximum guaranteed quantity for cotton is to remain at 752 000 tonnes of unginned cotton.
- The portion of the flat-rate aid per hectare earmarked for funding promotional measures and the search for new uses of flax is to remain the same (10% of the flat-rate aid).

### Wine

- The replanting ban is to be extended to 31 August 1996.
- The possibility of granting exceptional replanting rights for quality wines is to be extended by one year.
- The financing of campaigns to promote grape juice is to be extended by one year.
- The possibility for the Commission to refuse the delivery of "neutral" alcohol to the intervention agencies during certain marketing years.
- To improve the effectiveness of the grubbing-up regime for vineyards, the entire cost of this regime will be borne by the EAGGF, Guarantee Section, for two years beginning on 1 January 1990.

Fresh fruit and vegetables

- Measures derogating from the rules governing intervention thresholds, required for Portugal's transition on 1 January 1991 to the second phase as provided for in the Act of Accession, are to be laid down.

For citrus fruit:

- a citrus fruit cultivation register is to be drawn up;
- the possibility of fixing a premium for grubbing up mandarin orchards is to be introduced;
- the conditions for recognizing new producers' organizations are to be made more stringent;
- to encourage producers to rationalize withdrawals, it is proposed that the amount of financial compensation be restricted to a percentage of the quantity marketed, the creation of withdrawal centres be permitted, the Community contribute, subject to certain conditions, to disposal costs and contacts between producers' organizations and charitable bodies be encouraged;
- the Community is to contribute (60%) to campaigns to promote consumption and improve quality.

Furthermore, for lemons:

- quantities sent for processing are to be added to quantities withdrawn to determine whether the intervention threshold has been exceeded,
- the minimum processing price is to be fixed with reference to the single withdrawal price (120% in 1990/91 and 105% in 1991/92),
- a withdrawal price is to be fixed only for Class II products put up loose.

For apples:

- the preventive withdrawal mechanism is to be made permanent (due to expire on 30 June 1990);
- the scale of basic and buying-in prices is to be altered, which will lead to a reduction in the withdrawal price;
- certain costs relating to the disposal of withdrawals for the benefit of charitable organizations are to be borne by the Community;
- the Community is to contribute (60%) to campaigns to promote consumption and improve quality;
- for a period of three marketing years, a single premium for grubbing up whole orchards less than 15 years old is to be introduced.

### Processed fruit and vegetables

- For canned peaches and products processed from tomatoes, the Spanish quantities are to be included in the Community (threshold and quota) arrangements;
- The system of production quotas for products processed from tomatoes is to be extended by one year;

As regards dried grapes:

- fixing of the threshold for currants at 68 000 tonnes;
- gradual introduction of a scheme of aid per hectare;
- parallel to this, progressive introduction of the minimum producer price and the production aid;
- Introduction of a monthly decrease in the offsetting of storage costs;
- fixing a withholding rate of 6% for producers of sultanas and currants, for promotion and actions to improve quality.

### Tobacco

- Fixing of the overall maximum guaranteed quantity at 385 000 tonnes for the 1991, 1992 and 1993 harvests, with a maximum reduction of 15% in the intervention price and the premiums if this figure is exceeded.
- Reinforcement of the contractual policy, linking entitlement to the premium to the conclusion of the European cultivation contract from the 1991 harvest.
- For the variety Badischer Geuderthelmer, reduction of the intervention price (from 85% to 75% of the norm price) for the 1989 harvest, following exceeding of the threshold for deliveries to intervention.
- Reclassification of the Badischer Geuderthelmer hybrid varieties under serial number 11 instead of 1, with the Forchheimer Havana and Beneventano varieties.
- Possibility of taking restrictive market measures if Community production exceeded 110% of the average production for the last three harvests.
- Fixing of a limited period for presenting tobacco for intervention with reinforcement of the control measures for tobacco presented for intervention.
- Establishment of a Community method for determining the quality of tobacco.

### Milk

- Maintenance of the co-responsibility levy at the same level as in 1989/90.
- Proposal to establish a new Community quota buying system with the aim of redistributing the quantities thus bought to small producers farming in regions with difficulties who have made efforts to develop high-quality milk products (measure financed within the framework of market related actions of rural development).

### Beef/veal

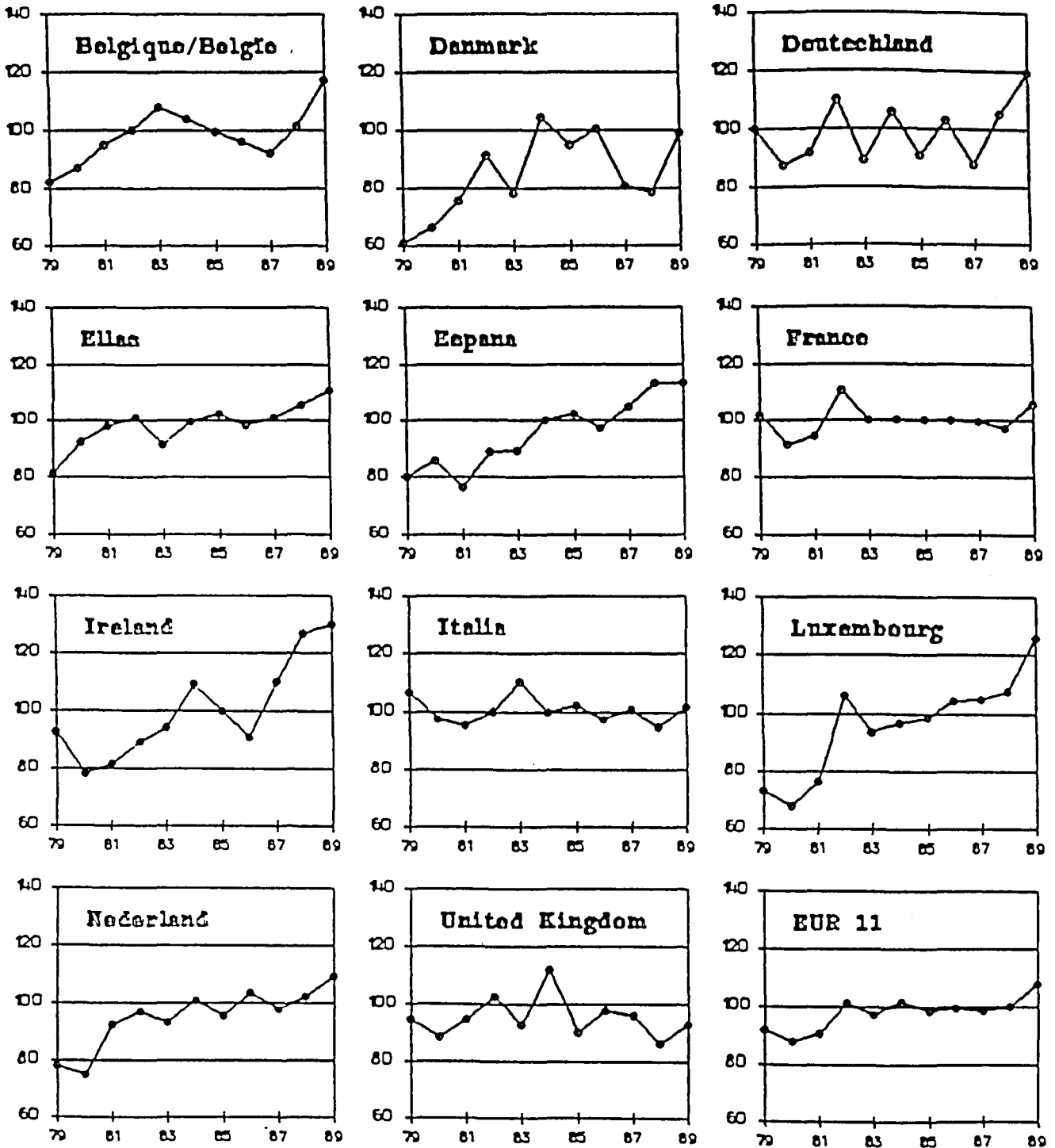
- Possibility of holdings with mixed herds (dairy cows and suckler cows) with a maximum milk quota of 60 000 kg qualifying for the suckler-cow premium (measure financed within the framework of market related actions of rural development).
- Compulsory use of the Community classification grid for the stamping of carcasses from 1 January 1991.

### Sheepmeat and goatmeat

- Introduction, as an action for the "rural society" of a flat-rate aid of ECU 4 per ewe in upland and less-favoured areas.

Net value added<sup>(1)</sup> per person employed in agriculture<sup>(2)</sup>

" 1985 " <sup>(3)</sup> = 100



(1) At factor cost in real terms, adjusted on the basis of the GDP deflator.

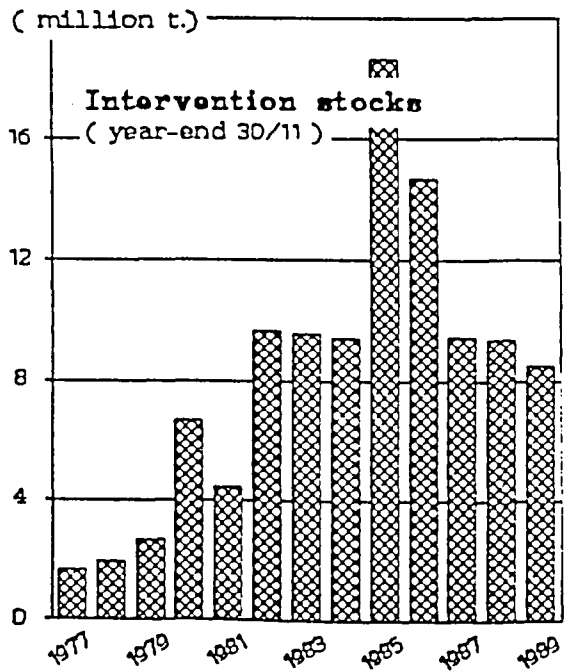
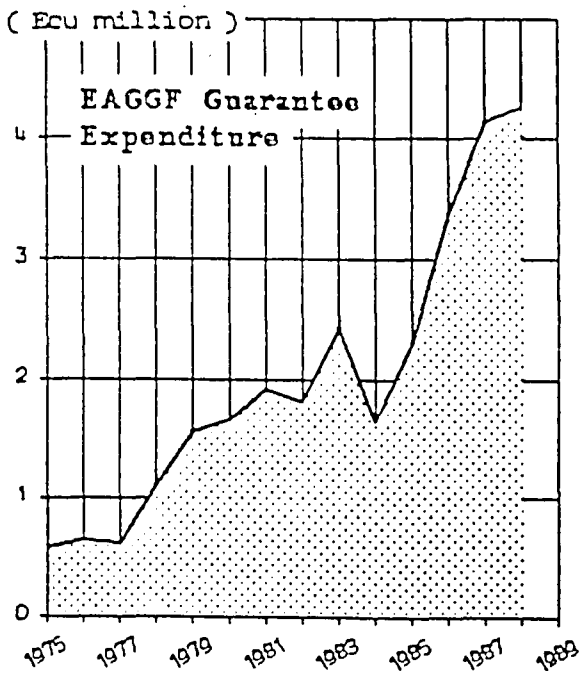
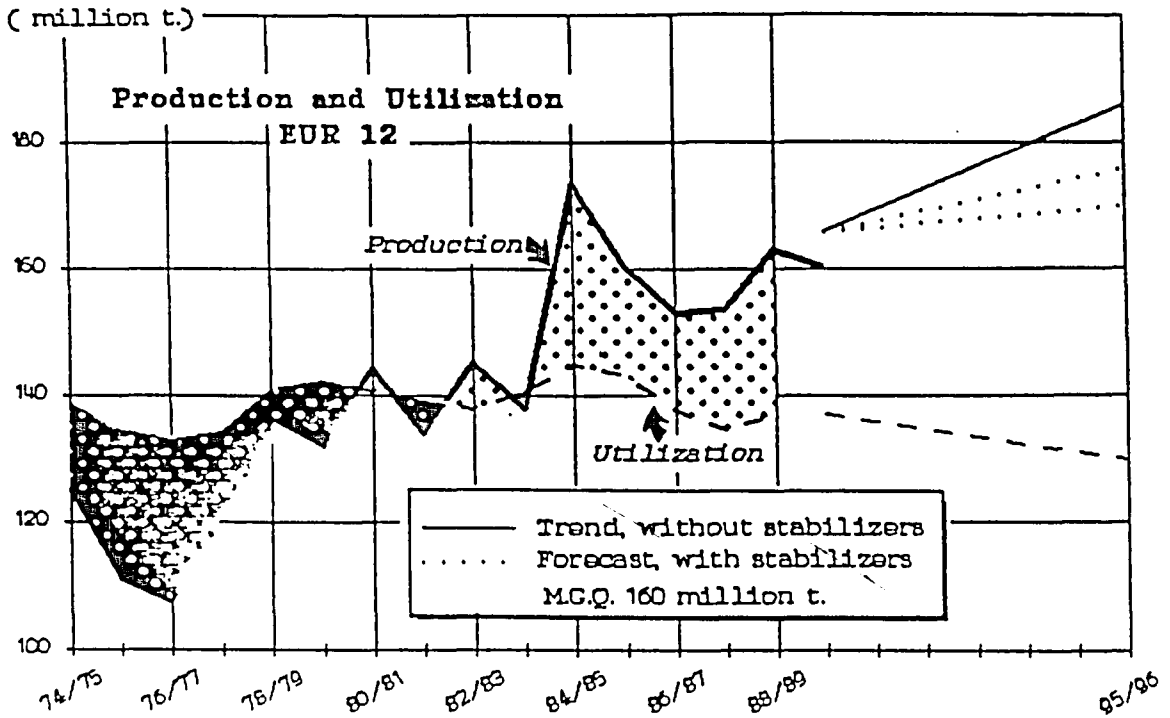
(2) Based on the number of work units.

(3) Average 1984,1985,1986.

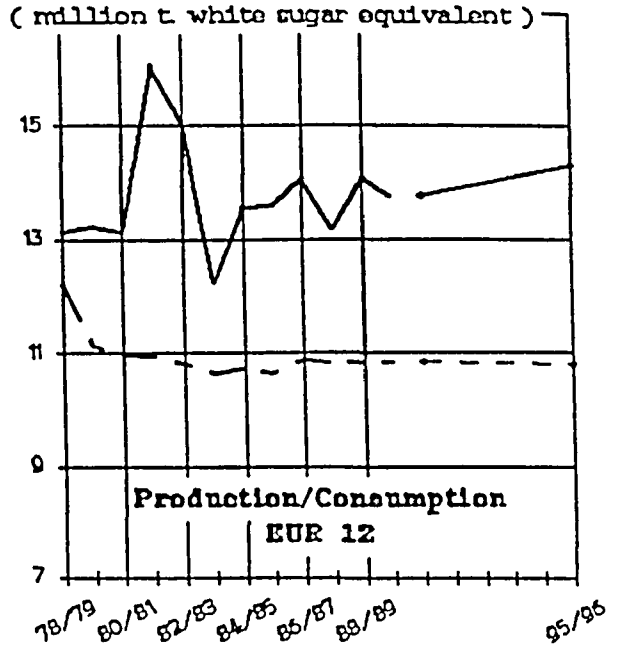
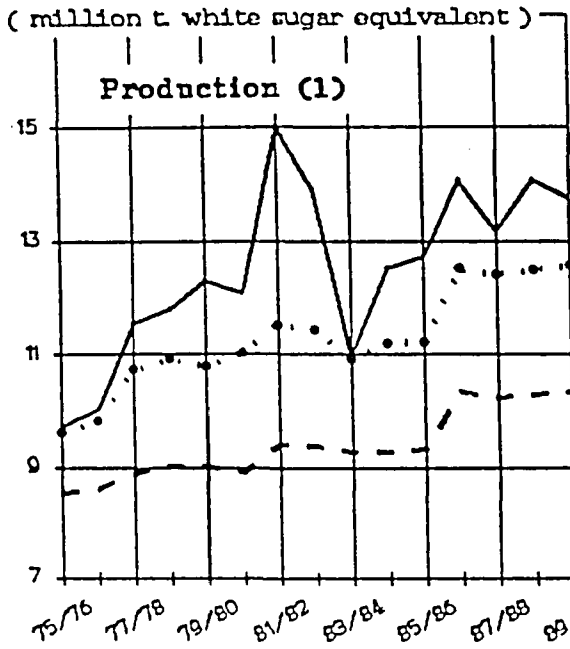
Source : EUROSTAT - sectoral income index.



### CEREALS



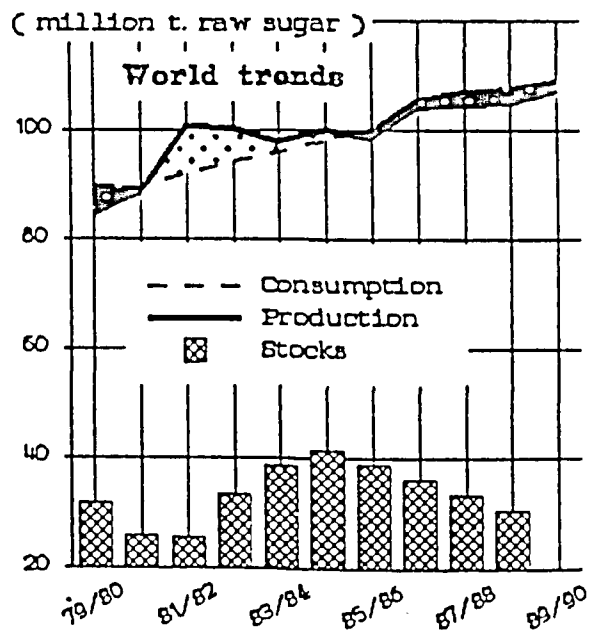
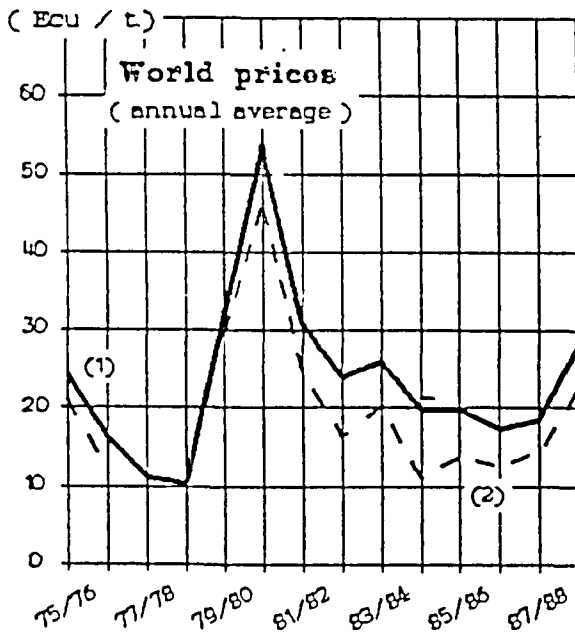
### SUGAR



— Total production  
 - - - Production A  
 . . . Production A + B

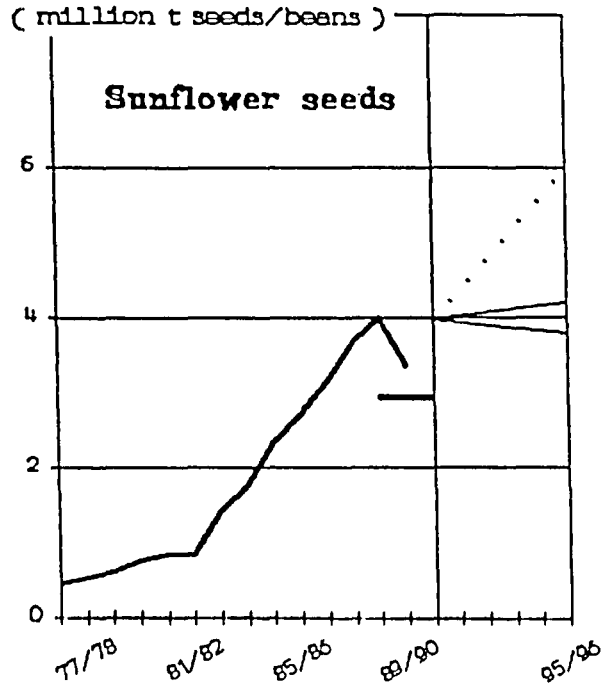
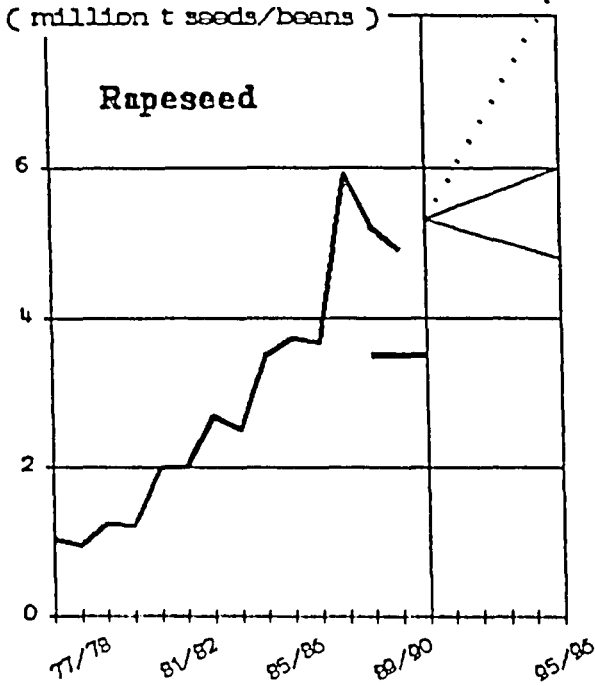
— Total production  
 - - - Total consumption

(1) 75/76 - 80/81 EUR 9 - 81/82 - 85/86 EUR 10 - since 86/87 EUR 12

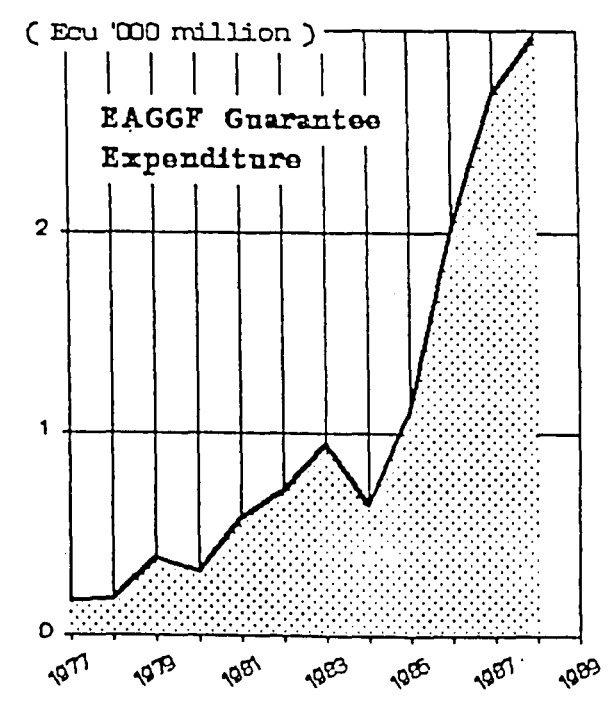
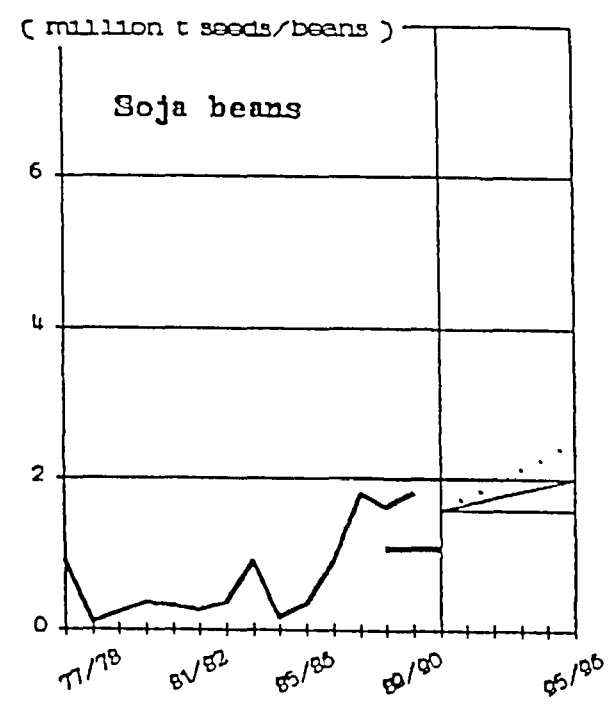


(1) White sugar ( Paris )  
 (2) Raw sugar ( New York )

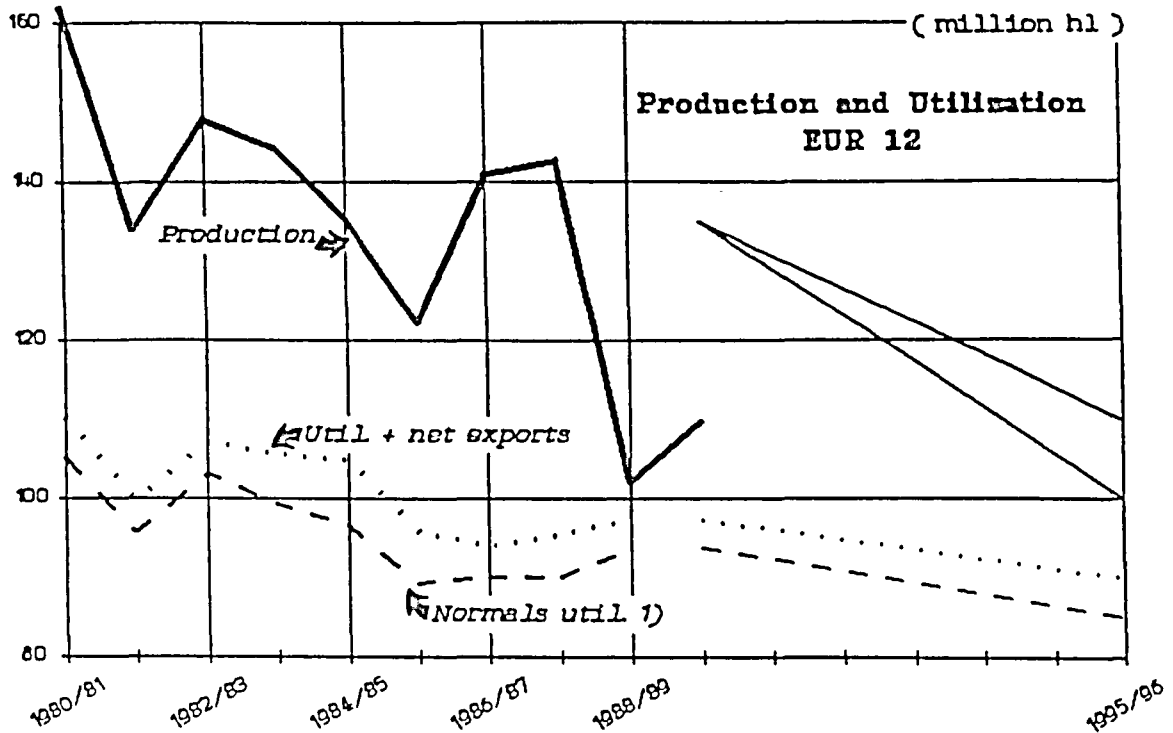
### OILSEEDS Production EUR 12



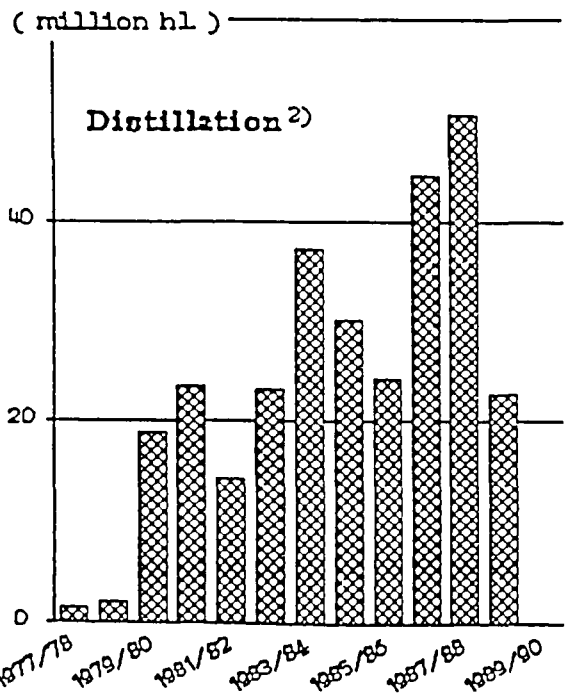
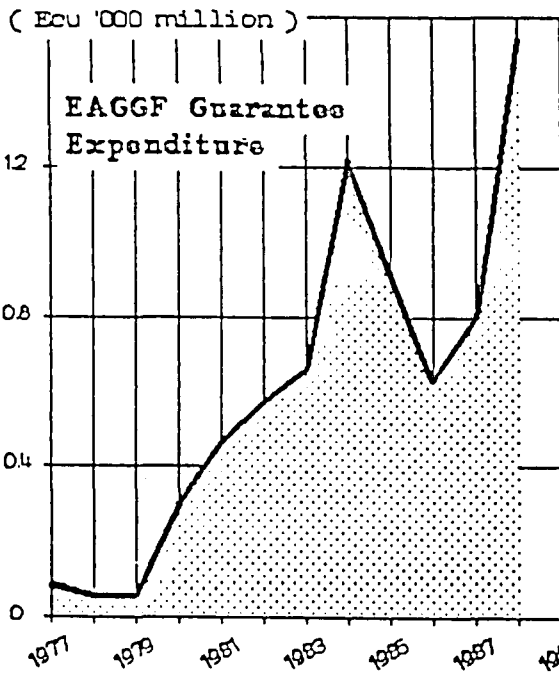
— Forecast, with stabilizers    ..... Trend, without stabilizers    — M.G.Q.



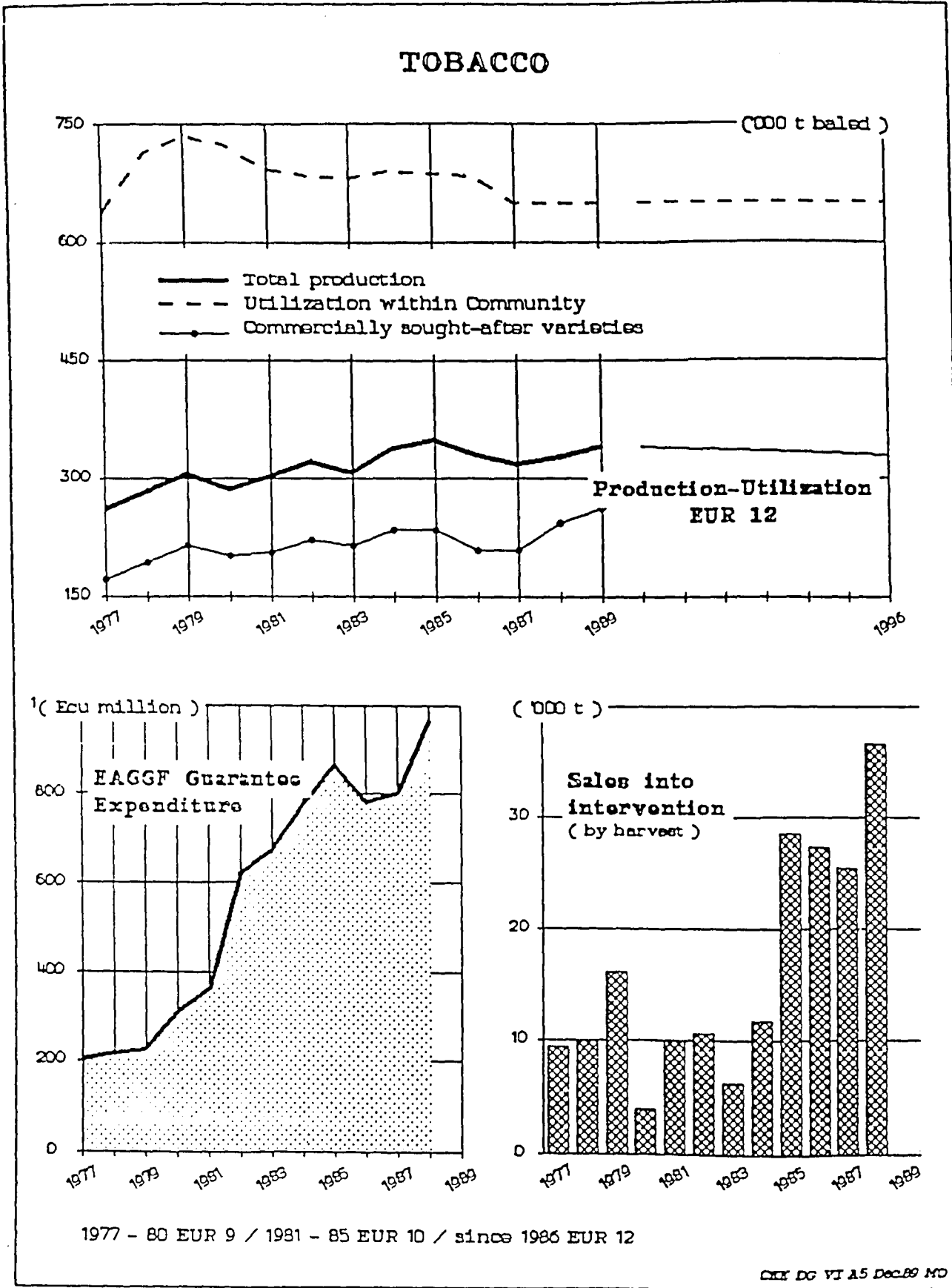
### TABLE WINE



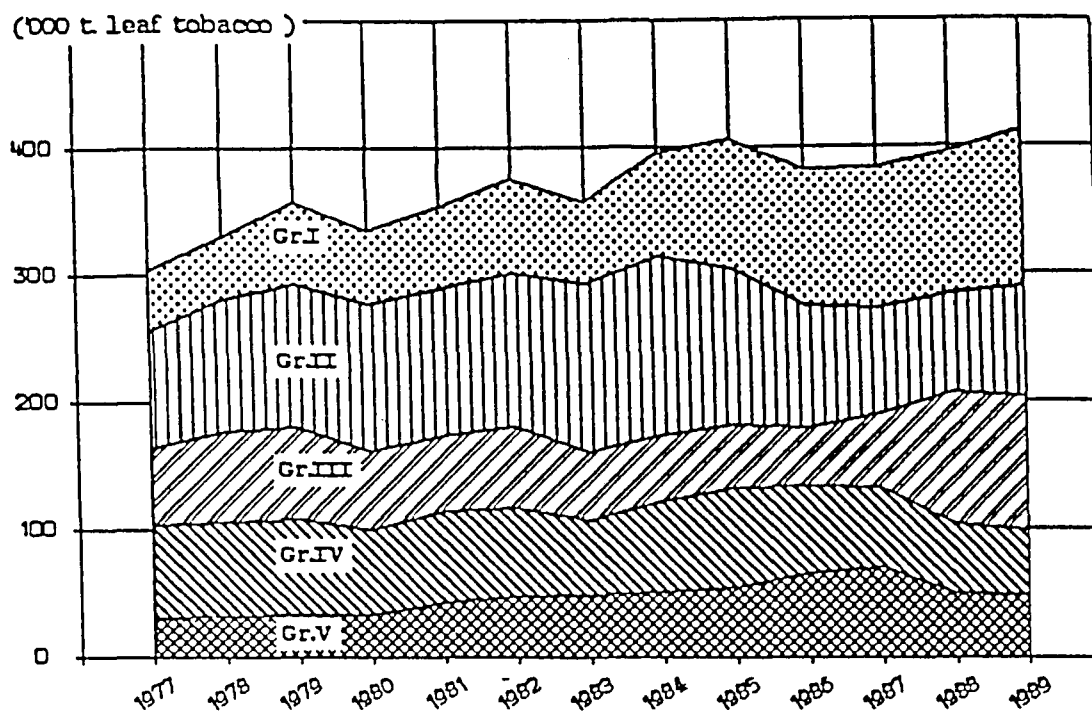
1) Human consumption + vinegar and vermouth.



2) Optional / compulsory distillation  
Spain included as from this year 1985/87



**Raw leaf tobacco production**  
( by group of varieties )  
EUR 12

**GRUPE I :**

3 Virgin D - 7 Bright - 17 Basmas - 18 Katerini - 26 Virgin EL - 31 Virgin E  
33 Virgin P.

**GRUPE II :**

2 Bad. Burley - 8 Burley I - 9 Maryland - 25 Burley EL - 28 Burley Fern  
32 Burley E - 34 Burley P

**GRUPE III :**

1 Bad. Geudertheimer - 4 Paraguay - 5 Nijkerk - 6 Misionero - 10 Kentucky  
16 Round Tip - 27 Santa Fe - 29 Havanna E - 30 Scafati

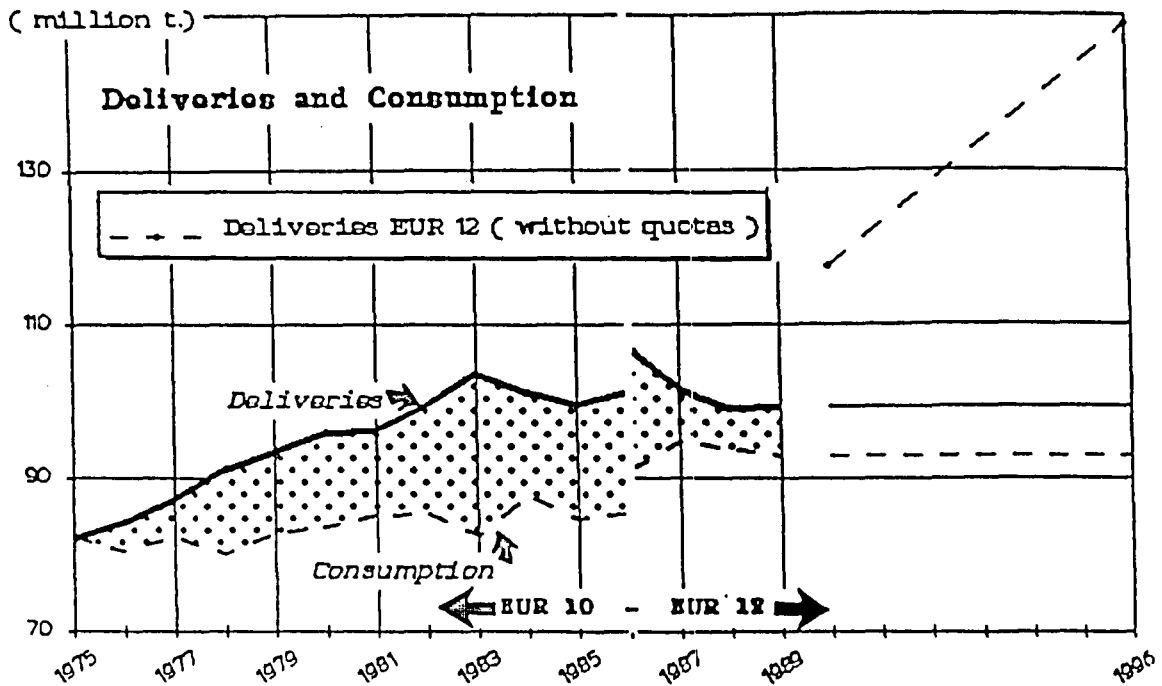
**GRUPE IV :**

13 Xanti-Yaka - 14 Perustitza - 15 Erzegovina - 19 Kaba Kulak clas  
20 Kaba Kulak non clas - 21 Myrodata Agrinion - 22 Zichnomyrodata

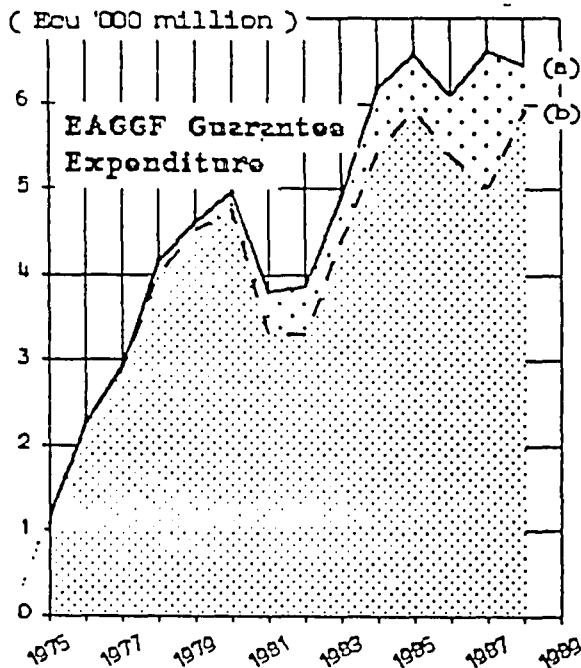
**GRUPE V :**

11 Forch Havanna - 12 Beneventano - 23 Tsebelia - 24 Mavra

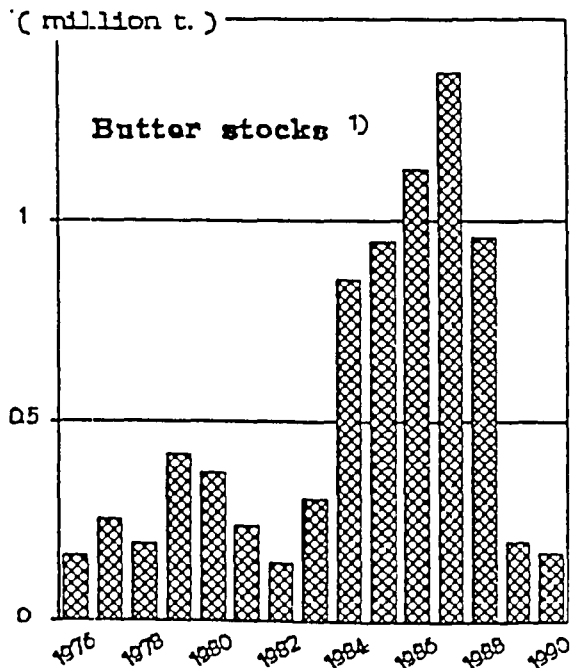
### MILK



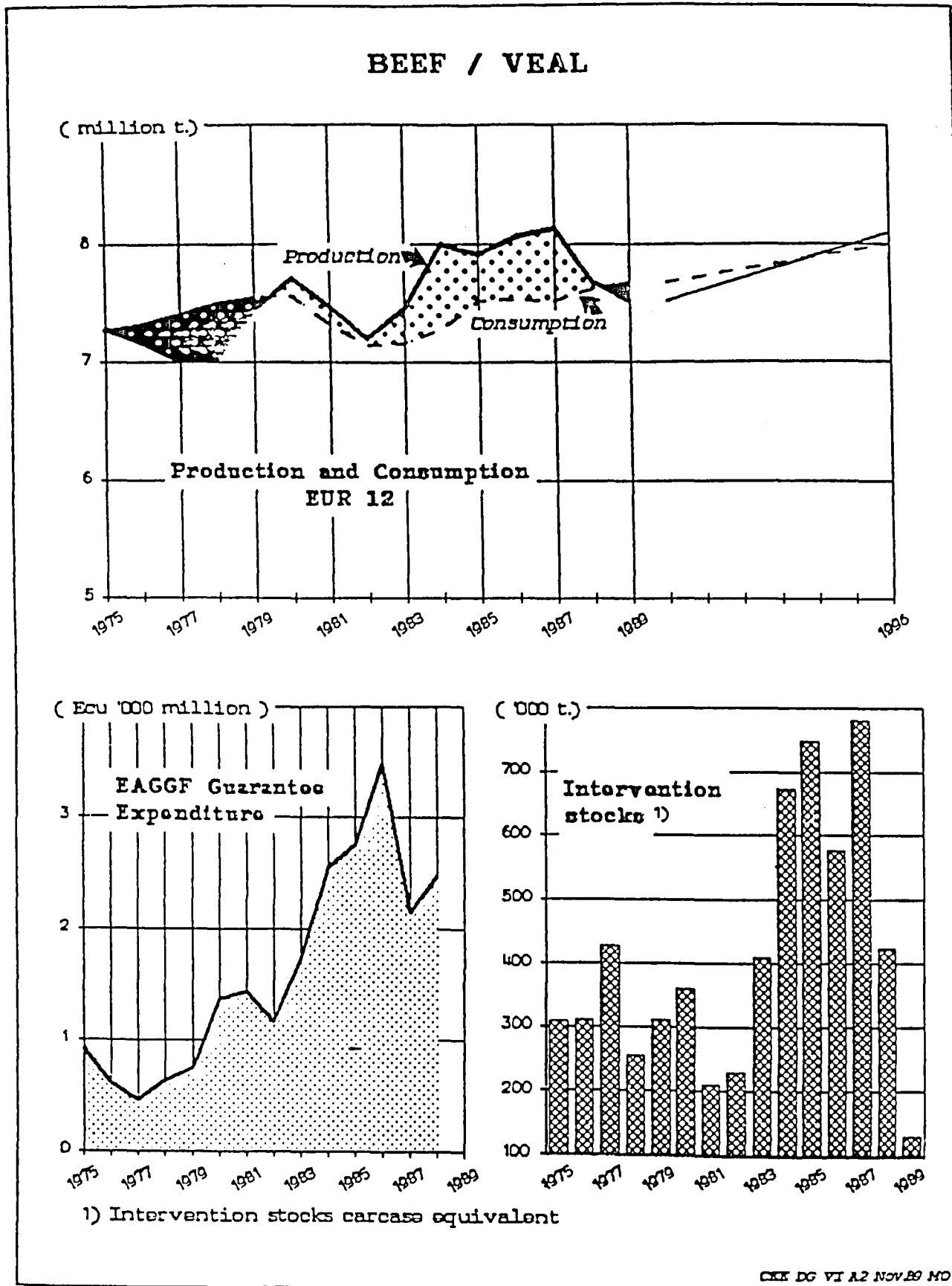
Consumption figures are the milk tonnage equivalent for all milk products together ( calculated by reference to fat content )



(a) Expenditure before deduction of co-responsibility levy  
 (b) Net expenditure ( after deduction of co-responsibility levy )

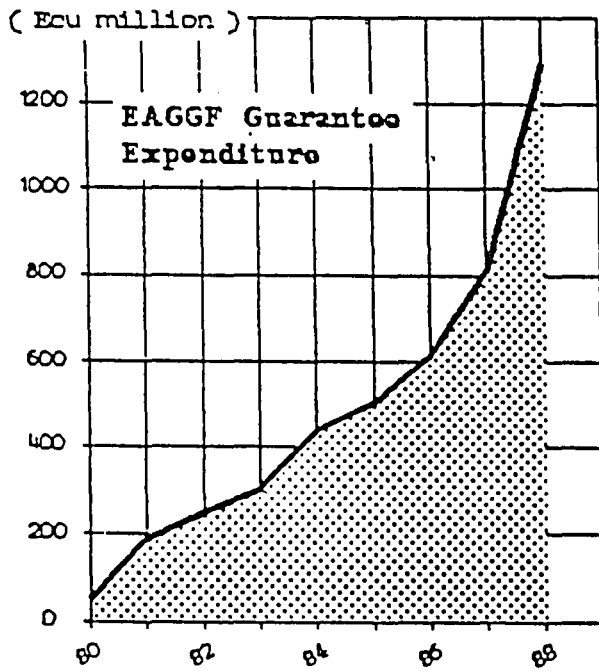
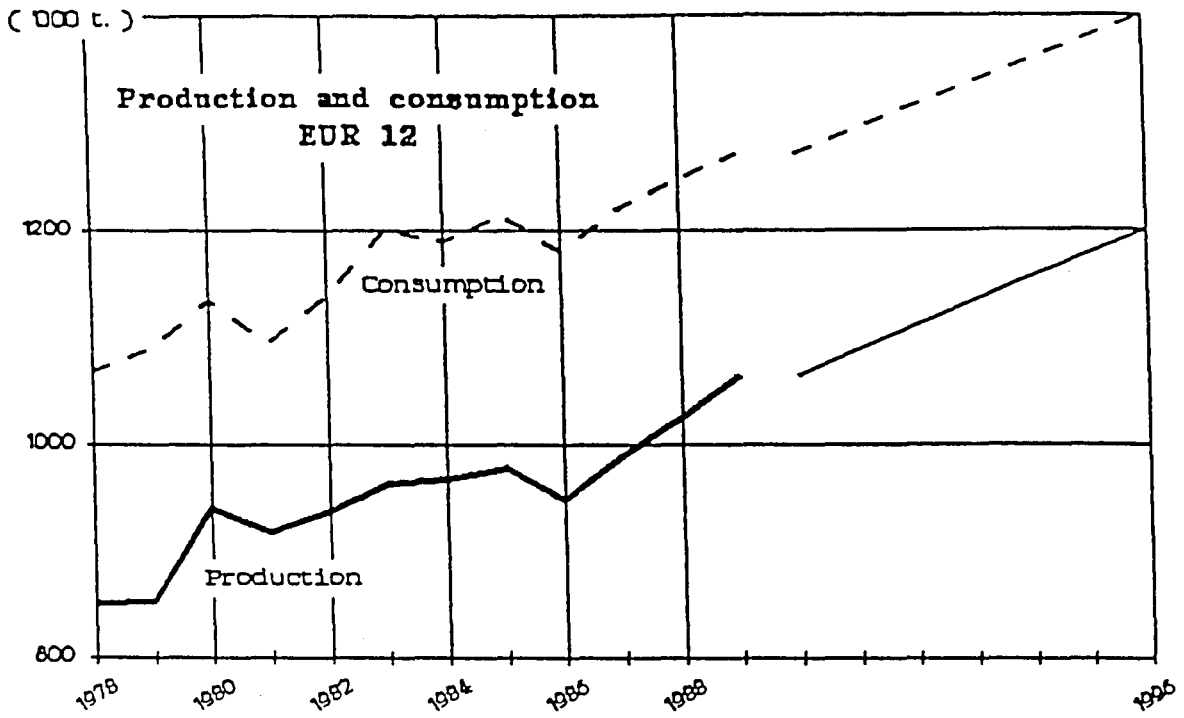


(1) Public and private stocks as at 1 January.





### SHEEPMEAT AND GOATMEAT



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