

**Newsletter on the Common Agricultural Policy**

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PROPOSITION OF THE COMMISSION TO THE COUNCIL CONCERNING  
THE FIXING OF PRICES FOR AGRICULTURAL PRODUCTS FOR THE  
1972/1973 SEASON

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PROPOSITIONS OF THE COMMISSION TO THE COUNCIL CONCERNING THE FIXING OF  
PRICES FOR AGRICULTURAL PRODUCTS FOR THE 1972/1973 SEASON

As early as possible before the 1 August 1971, the Commission transmitted to the Council recently its propositions concerning the fixing of production prices for agricultural products for the 1972/1973 season.

It was expected that the European Parliament would be able to give its opinion during the session which was to be held during the first week of July 1971. Then the Council could promulgate its decisions before the 1 August. This was the desire expressed by the Council at its session of the 14 and 15 June 1971, in Luxembourg.

These propositions were carefully studied taking into account a slight rise in prices to cover the needs of Agriculture but also endeavouring to take into account all the other factors which must be considered such as, for example the equilibrium between supply and demand. The price proposals submitted to the Council were accompanied by the Annual Report on the Situation of Agriculture and Agricultural Markets which the Commission has to furnish annually <sup>(1)</sup>.

In a foreword, the Commission emphasized the difficulties of the situation and the resulting uncertainty for agricultural policy due to the introduction of floating exchange rates by two of the Member States of the EEC. The Commission expressed the hope that these two Member States would return to fixed exchange rates as quickly as possible in execution of the decision of the Council of 9 May 1971, otherwise the common agricultural market, which is one of the corner stones of the whole Community policy, would be seriously jeopardized.

I. General considerations

The point of departure and the basis of these price proposals can no longer be compared with those which motivated previous proposals. The present proposals are based on modern agricultural exploitations which correspond to the objectives laid down in the resolution adopted by the Council at the end

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(1) The Report on the Agricultural Situation is examined in the "Newsletter on Common Agricultural Policy", nr. 7 of June 1971.

of the marathon session of 25 March 1971. This desirable and clarified situation was only made possible by the resolution of the Council <sup>(1)</sup> of 25 March 1971 which opened up the way for a new orientation of European Agricultural Policy. It follows that many owners of relatively small agricultural exploitations in the Community will not be able to continue their agricultural activities indefinitely. Even if on the one hand the common measures destined to encourage the cessation of agricultural activity and the utilization of the land for the amelioration of agricultural structures contain certain dispositions which will resolve to a large extent the problems of the situation of the farmers in question, and in particular those of more than 55 years of age, on the other hand the application of these dispositions to younger farmers implies a change of profession and for farmers of between 45 and 55 years of age it is often difficult to find non-agricultural employment.

For this reason the proposals of the Commission envisage three categories of agricultural exploitation.

1. The agricultural price policy is based on exploitations which can already be considered as modern and for which the price policy should ensure, in the opinion of the Commission, an income comparable to that earned for non-agricultural work, taking into account the adequate remuneration of the capital invested, the evolution of prices, the means of production and the increase in productivity.

As far as the orientation of price policy is concerned, it can be stated that in order to permit agricultural exploitations, in conformity with the objectives laid down in the resolution of the Council of 25 May 1971, to follow the economic evolution of non-agricultural sectors, it would have been necessary to increase agricultural prices by about 2 to 3 % during the period between 1968/1969 and 1972. This statement is based on an analysis of the results observed in groups of exploitations selected in the Community which had obtained during the 1968/1969 season a working income and a remuneration of invested capital corresponding to

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(1) See "Newsletter on Common Agricultural Policy" nr. 3 of March 1971 "Measures of social and structural policy in favour of European Agriculture completes the common agricultural policy"

those obtaining in non-agricultural sectors.

2. But this new orientation of the prices policy is not sufficient to permit other exploitations to reach the income objectives defined by the Council in its resolution of 25 May 1971. It is for this reason that the Commission considers that a revenue aid regime should be set up in favour of farmers who find themselves at the outset in a less favourable economic position. In the measure in which their exploitations can be developed, their efforts will be facilitated by investment aids granted by the Council and as, in general, such exploitations have not sufficient liquid assets at their disposal, it seems to be necessary to envisage a graded aid granted for the period of the development plan. A much larger number of farmers will thus be able to establish and put into operation a plan of development.

The Commission proposes that the graded income aids should be fixed at 600, 500, 400, 300, 200 and 100 UC per annum, 50 % to be covered by the EAGGF (European Agricultural Guidance and Guarantee Fund) and 50 % by the national budgets.

3. However, there is yet another category of farmers who cannot benefit directly from the other measures of structural policy (indemnities, bonuses, conversion aids) and of which the low incomes are not sufficiently improved by the measures envisaged in the prices policy. The situation of these farmers can be ameliorated by income aids which must, however, be of a temporary character and which concern more particularly farmers of from 45 to 55 years of age. But such aids must be granted in such a way as not to restrain the process of structural adaptation. It is for this reason that the beneficiaries must sign an engagement that when they reach the age of 55 years they will cease all agricultural activity according to the conditions laid down in the common policy. For this personal aid the Commission has proposed an uniform amount of 600 UA per annum for ten years.

#### Improved comparative price levels

Taking into account the general economic situation and in particular the evolution of the revenues of agricultural exploitations already corresponding to the objectives contained in the resolution of the Council, the Commission has come to the conclusion that the measures of adaptation

already in operation in so much as the prices policy is concerned should be continued for the 1972/1973 season in such a way that for the seasons 1971/1972 and 1972/1973 the level of agricultural prices should be raised by about 5 %. For animal products this increase should be greater - about 7 %. The prices for products of animal origin (milk and beef and veal) should also be increased further more especially because the level of production and the rate of growth of productivity of these products are necessarily, for technicological reasons, below the average level of vegetable production (in particular cereals and sugar beet). Since the increase in a series of agricultural prices which was decided on by the Council for the 1971/1972 season can be estimated at an average of 3 % for all products, it is envisaged that the average prices proposed for the 1972/1973 season should be increased by from 2 to 3 %. This figure also applies to cattle production (milk, beef and veal) which has already been granted advantages over vegetable production by the decision on prices for the 1971/1972 season.

The necessary increase in the level of agricultural prices should permit by an amelioration in comparative price levels (amelioration of price relations) to create a situation better adapted to the exigencies of the market. This is especially the case for a number of cereals.

In order to justify its proposals for an increase in prices, the Commission pointed out that since the second half of 1969 important increases in prices had been noted in non-agricultural sectors which resulted in an increase in the price index of the gross national product by about 12 % for the period 1969/1971. Salaries have also shown a considerable increase and represent an average rise of 14 % in 1970 in the industries of the Community in comparison with 1969. These increases have occurred in an alarming manner nearly everywhere and so far it has not been possible to check them by measures of conjunctural policy.

For farmers, whose production is governed by the organization of the market with fixed intervention prices, this means a continuous drop in the purchasing power of their products. At the same time the incomes in non-agricultural sectors show considerable rises so that if the agricultural prices remain stable the difference in income cannot be compensated only by an increase in productivity.

The vigorous advance of economy obliges farmers to face a permanent process of adaptation which gives rise to an important need for capital which

must be found in conditions of the capital market which are characterized by high rates of interest. This prevents the farmers not only from having recourse to investments for current replacements but also, if their liquidity is inadequate, from realizing themselves the necessary structural adaptations. This will also soon be the case for exploitations which otherwise could still be developed in many regions of the Community.

Finally the Commission underlines the fact that the resolution, the contents of which were approved unanimously by the Council on 25 March 1971, and which envisages common action in the domain of structural policy, could have the effect of removing from the price policy certain objectives which have up to the present been its exclusive prerogative.

## II. Elements of appreciation of the prices of different products

### General estimate

Other economic factors which are influenced by agricultural prices or which influence these prices must also be taken into account when fixing agricultural prices. It is for this reason that the Commission has taken into account the repercussions that the proposed prices could have on trade with non-member countries. Having succeeded in disposing of the surpluses, which involved a very considerable financial effort, the Community is not faced with serious problems at the present time. But such problems cannot be excluded at medium or long term. Furthermore, for a series of products offers have not yet been adapted to demand because the present price relations have had an effect to the contrary. This is especially the case for a number of cereals where the public authorities have been obliged to expend considerable sums and this could have been avoided if the comparative price levels had been improved. This is the case, for example, for the denaturation of common wheat for animal foodstuffs.

A similar problem arises for beef and veal products. In this domain it is necessary to ensure that the price relation between beef and veal and milk does not fall below the ratio of 7 to 1, in order not to encourage the reconversion of beef and veal production to milk production.

Furthermore, for the first time, the Commission submits proposals for the annual fixing of prices for wine and for fishery products.

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With the exception of fruit and vegetables, where the prices are subject to adaptation during the season, all the important agricultural products are included in the global proposal covering agricultural prices and a decision must be made before the 1 August of each year.

### Proposed prices

#### Cereals

For common wheat, barley and rye, an increase of from 2 to 3 % would permit an amelioration and a simplification of the regionalization of prices while facilitating a better respect of the regulations applicable.

For durum wheat and barley, the increase in prices would also permit a definite improvement in the quality criteria required for participation in the interventions. For rye the increase in price should permit the abolition of the special bonus for rye of bread making quality and the establishment of an intervention price in line with that existing for durum wheat and maize.

The price increases proposed will permit the revision and correction of differential intervention prices without, however, causing changes which would lead to regional prices below those at present in force.

For maize, which in view of its energy value, finds itself in an unfavourable price situation in comparison with other feeding cereals, it is advisable to raise the target price from 96.90 UA/t to 103 UA/t (an increase of 6.10 UA/t) in order to bring this product in line with barley and rye so that a uniform price will be established for feeding cereals. This increase which was intended to re-establish a harmonious relation between feeding-stuff cereals, must, in view of its importance in absolute value, be spread over two seasons, that is to say, 3.10 UA/t for the 1972/1973 season and 3.00 UA/t for the 1973/1974 season. It is for this reason that the target price proposed for maize is 100 UA/t for 1972/1973.

As far as the intervention period is concerned, it would begin at the same time as the first monthly increases are applied for each cereal.

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### Rice

An increase in the cost of living in general and in agricultural costs since 1968, justifies an increase in the target price of 2 % and this will have repercussions on the intervention price for paddy rice (price guaranteed to the producers).

### Sugar

Taking into account the increase in the cost of production, the intervention price for white sugar has been raised, with effect from the 1971/1972 season from 21.73 to 22.61 UA/100 kg.

Furthermore, as far as the structural surplus of sugar in the Community is concerned, it is necessary to follow a prudent price policy. An adaptation of the price of sugar beet cannot be envisaged if it encourages the extension of beet plantation in the Community. Consequently a slight increase in the production price of sugar beet is proposed of the basic quotas from 17 to 17.20 UA/t.

The effect of the increase of 0.20 UA on sugar beet prices will result in an increase of 0.15 UA/100 kg in the price of sugar. The price of sugar beet outside the basic quota being maintained at 10.00 UA, the maximum amount of the refunds to production will be 9.26 UA/100 kg for sugar and the participation of the sugar beet producers will be limited to 59.8 %.

### Olive oil

#### Production target prices

The olive oil prices fixed by the Council for the 1966/1967 season were 115 UA/100 kg and they were maintained at the same level for the following seasons except for a slight increase of 0.25 UA/100 kg which was intended to compensate half the commercial advantages granted by the Community to certain countries with which it had concluded agreements. It will be necessary to envisage an increase in the target price for the production of olive oil. An increase of 3 % seems to be justified. This will have no immediate repercussions on the level of production of olive oil.

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Market target prices

The market target price for olive oil has been fixed, taking into account the prices of competing products and their probable evolution during the season.

The incidence of the monthly increases in prices must also be taken into account. For the five preceding seasons, the Council considered that the desired relation of prices between olive oil and seedoils should be fixed at the ratio of 2.20 : 1. However, this relation has never been respected.

Indeed, up to the end of the 1968/1969 season, the relation of prices on the markets was unfavourable to olive oil. On the other hand, during the 1969/1970 season and in the following season the evolution favoured olive oil. It is not yet possible to draw precise conclusions on the incidence of this evolution on the consumption of olive oil. It can, however, be considered that the unfavourable relation of prices was due to an important diminution in consumption which was compensated when the relation olive oil / seedoil was established at a more favourable level than 2.20 : 1.

In these conditions it appears difficult to conclude that the ratio chosen in 1966 by the Council as being suitable for maintaining the consumption of olive oil in the Community must be revised. At the moment it is not unreasonable to forecast a slight fall in prices in comparison with the previous year. Taking into account the divergencies of prices which have been observed in the past between world prices and the Italian market in particular, the price of seedoils on the world markets during the 1971/1972 season could be reflected in the Italian market by a price of 37 UA/100 kg at the wholesale level for first quality refined olive oil, which is the principal competitor of olive oil.

In order to obtain an equilibrium permitting the realization of the relation fixed by the Council (2.20 : 1), the level of the target market price at the beginning of the season should be brought to the level of 78.30 UA/100 kg as the following calculation shows:

a) average price of seedoils	37 UA/100 kg
b) average price of olive oil (37 x 2.20)	81.40 UA/100 kg
c) average incidence of monthly increases	3.10 UA/100 kg
d) Target price for olive oil at the beginning of the season	78.30 UA/100 kg

It is at this level that the target price for the market should be fixed. Market prices are generally very near to target prices when there is a deficit such as that of the Community.

#### Intervention price

As the elements which served for fixing the margin between the target prices and the intervention price have not been subjected to important modifications it is proposed to maintain this margin at 7.25 UA/100 kg.

#### Oil seeds

In its proposal for the fixing of prices for oil seeds for the 1971/1972 season, the Commission informed the Council of the reasons which had led to the proposal to suppress supplementary aid in favour of the industry and to modify the regionalization of prices. This modification, without changing the guarantees to the producers by the intervention price accorded, would have as consequence a reduction of the margin between the target price and the intervention price in the centres situated in the producing zones.

The proposition of the Commission was not accepted by the Council which decided to extend the regime already in force for another season. The decision of the Council does not constitute a solution of the problems of the sector in question which have been set forth above in the motivation of the proposals of the Commission.

At the present time the Commission cannot see any reason for a fundamental revision of its proposals concerning the suppression of supplementary aid and the modification of the regional prices for oil seeds. However, the maintenance of the target and basic intervention prices for the 1971/1972 season will bring about an increase of about 3 % in the intervention prices in centres situated in the principal production zones.

#### Flax and hemp

It is probable that the flax harvest of 1971 will not be sufficient to cover all the needs of the industry and of consumers and this in spite of the increase in 1971 of the areas planted in comparison with previous years.

An increase in the price of competing products, notably in the price of wheat, will have a disastrous effect on the choice of the producer when taking into consideration the plantation of these crops.

An increase of 15 UA in fixed aid per hectare representing an increase of about 2.5 % in the receipts of the producers should permit the objective to be attained.

As far as hemp is concerned, the Commission also proposes an increase in aid of 15 UA/ha.

### Milk

For the 1971/1972 milk season, the Council has increased the target price for milk by 6 %, from 10.3 to 10.9 UA/100 kg. At the same time the prices for beef and veal have been considerably increased so that the incomes derived from the breeding of cattle have on the whole increased to a greater extent than those derived from other agricultural production.

Since milk production in the Community still exceeds consumption, at market prices, by 3 to 4 million tons, and taking into account the important reserves of production in most of the Community, the Commission considers that the limits of a new increase in the price of milk should be narrow. An increase in the target price of 2 % is proposed from 10.90 to 11.12 UA/100 kg of milk.

Because of the diminution in the consumption of butter per inhabitant during recent years it is necessary not to let the increase in the target price affect the intervention price except for powdered skim milk where it is increased by 2.42 UA/100 kg.

To reduce public expenses, the Commission proposes to maintain unchanged the aids for skim milk and powdered skim milk.

Consequently the intervention prices and aids should be fixed as follows for the 1972/1973 season.

### Intervention prices and aids for the 1972/1973 season

in UA/100 kg

	Milk season	
	1971/1972	1972/1973
Intervention price for butter	178,--	178,--
Intervention price for powdered skim milk	47,--	49,42
Intervention price for Grana of 30 to 60 days	132,05	135,--
Intervention price for Grana 6 months old	156,60	159,80
Intervention price for Parmesan	171,--	174,20
Aids for powdered skim milk	13,--	13,--
Aids for liquid skim milk	1,65	1,65

Furthermore the Commission proposes that the Council should permit the effect of the modification of the target and intervention prices to react on the limitation prices for powdered skim milk, taking into account the agreements made in the framework of GATT concerning the cheeses in question.

### Beef and veal

The Council has decided that the guide price for mature cattle for the 1972/1973 season should be 4 % more than that applied for the guide price for mature cattle for the 1971/1972 season, that is to say 75 UA/100 kg (live weight).

However, the Commission had decided to propose to the Council an increase of 4 % in the target price for milk for the 1972/1973 season. It will be necessary, therefore to grant a supplementary increase of the same order for mature cattle (1.44 UA/100 kg - live weight), so that the price advantages granted for mature cattle by the recent decision of the Council can be maintained.

Taking into account the modification in the list of representative markets, the proposal of the Commission is 77.25 UA/100 kg (live weight).

As far as calves are concerned, it is proposed to increase slightly the guide price in force for the 1971/1972 season and to fix a price of 95 UA/100 kg (live weight) for the 1972/1973 season.

### Pork

The last low point in the cyclic curve for pork was reached in the Spring of 1971, which meant that for the second time the application of intervention measures on an European scale. The quantities of pork carcasses offered for sale and bought were, as in 1968, relatively small.

The Commission's proposal to fix the basic price at 80 UA/100 kg is based on the following considerations :

1. The sum of "sluice-gate price + levies" on the 1 August 1971 will be 80.2733 UA/100 kg;
2. The increase in the price of feed-grain as from the 1 August which was decided on by the Council results in an increase almost proportional to the costs of pig feeding, both from the point of view of breeding (0.64 UA/100 kg) and from the point of view of fattening (1.60 UA/100 kg). In order to re-establish the equilibrium between the support rates of cereal feeding stuffs on the one hand and of the slaughtered pigs on the other hand

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and taking into account the normal price relations (hog-corn-ratio), it is, therefore, necessary to fix the basic price at a higher figure because of the rising alimentation costs for pig breeding.

3. The proposed increase in the basic price will contribute to the stabilization of rates without causing the formation of structural surpluses in the Community.

Since intervention on the pork markets only occurs every three years and since the increase in the basic price, because of the increase in the price of feeding cereals, only serves to cover the increase in the cost of feeding and that the purchase price can be fixed within the limits of from 85 to 92 % of the basic price, the financial charges resulting from these measures can be considered as relatively limited.

#### Wine

The rates obtaining during the 1969/1970 season were much higher than those of the previous season. On the other hand, the rates for the current season have shown a serious fall in comparison with 1969/1970. This evolution has been caused essentially by the very abundant crop of 1970, which reached about 153.5 million hl. Taking into account this situation aids for private storage were granted as from November 1970. Because the effects of these measures were not sufficient to stabilize the rates definitely, the Council decided on distillation operations for table wines.

As a result of these measures it is hoped that stocks of wine will be reduced to normal levels and that the equilibrium of the vinicultural market will be established by the beginning of next season.

Because of the development of economy in general, the rise in the costs of production and the important effect of wine prices on the income of a large proportion of wine growers in certain regions of the Community, the Commission considers that in general the guide prices for table wines should be increased. However, the Commission considers that, in order not to accentuate certain disequilibriums in supplies to the market, a selective increase based on the types of wine should be introduced. It should be noted that, in order to ensure that the producer benefits fully from the increase in prices, the Commission considers that it will be necessary to propose modifications in the private stocking conditions on the basis of the experience gained during the present

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season which was noteworthy for very large surpluses. The Commission considers that the increase in prices proposed should not necessarily result in a sensible increase in intervention costs in the wine growing sector.

#### Unmanufactured tobacco

As a result of the generally satisfactory results of the 1970 crop, it appears that the result of the application of a Community regime was marked, for all planters, by increases in prices variable according to the varieties and estimated at an average of 15 % in comparison with the prices realized for the 1969 crop.

Taking into account the different elements of appreciation available, the Commission proposes that for the fixing of norm and intervention prices for leaf tobacco of the 1972 crop the increases should be limited and selective in application of the following criteria :

- an increase of 3 % in prices for four varieties representing 15 % of the production;
- an increase of 2 % in prices for live varieties representing 43 % of the production.

In the framework of price modifications, it appears to be necessary, therefore, to envisage a progressive harmonization of guaranteed prices for products which have certain points in common as far as their utilization is concerned. Consequently the increase of 2 % applied to the principal varieties of naturally air dried black tobacco (Paraguay, Nijkerk, Misonero, Nostrano, Beneventano) does not concern the tobacco of this type of the Geudertheimer variety for which the prices are maintained. On the other hand an increase of 3 % is applied to tobaccos of the Philippin an Semois varieties of the same type. For blond tobaccos dried by hot air of the Virginia type, the increase only concerns the Bright variety, the prices for Virgin Sor having been maintained.

Keeping in mind the selective character of the proposed increases, the following criteria have also been taken into consideration :

- no increase is proposed for varieties which face or are likely to face relatively serious sales difficulties which could give rise to intervention purchases (oriental tobaccos);
- for some varieties the high yield per hectare obtained together with the level of guaranteed prices permits the obtaining of a net yield per hectare

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considerably higher than obtained with other varieties. For these varieties and independent of the possibility of commercial outlets, no increase in prices is proposed for the 1972 crop (Italian Burley, and consequently other varieties of the Burley type);

- finally for two varieties (Bright and Kentucky) the level of support granted for their cultivation does not seem to be in proportion to their possibilities for the progressive expansion of sales on the markets of the Community. Indeed a net progressive diminution of the areas planted with these varieties has been noted since 1969. This is mainly due to the relatively modest yields obtained and the gross income per hectare. For these two varieties, the Commission proposes an increase in prices of 3 %.

### Fisheries

In view of the recent date of the fixing of prices experience concerning the functioning of the common organization of the markets is not yet available. Prices should be maintained, therefore, at their present level.

### Proposed prices

Taking into account the considerations detailed above, the Commission proposed that the Council should make a decision on the prices for the products in question.

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UA/tons (2)

Product	Type of price	Price fixed for previous year	Proposed price	Increase % (1)	Period of application
<u>Durum wheat</u>	Target price	127,50	130,00	2,0	1.8.1972 - 31.7.1973
	Basic intervention price	119,85	123,00	2,6	
	Minimum price (whole-sale) guaranteed to producer	147,90	151,00	2,1	
<u>Common wheat</u>	Target price	109,44	112,00	2,3	
	Basic intervention price	100,72	103,00	2,3	
<u>Barley</u>	Target price	100,21	103,00	2,8	
	Basic intervention price	92,02	94,00	2,2	
<u>Rye</u>	Target price	100,42	103,00	2,6	
	Basic intervention price	92,82	94,00	1,3	
<u>Maize</u>	Target price	96,90	100,00	3,2	
<u>Rice</u> (husked)	Target price	202,00	206,00	2,0	1.9.1972 - 31.8.1973
<u>Sugar</u>	Minimum beet price	17,00	17,20	1,2	1.7.1972 - 30.6.1973
	"Demi-gras" price for beet	10,00	10,00	0,0	
	Target price for white sugar	238,00	239,60	0,7	
	Intervention price for white sugar	226,10	227,60	0,7	

(1) Round figures

(2) See also Table, page 11 of nr. 3 and pages 20 and 21 of nr. 4 of "Newsletter on the Common Agricultural Policy".



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UA/tons

Product	Type of price	Price fixed for previous year	Proposed price	Increase % (1)	Period of application
<u>Olive oil</u>	Production target price	1.152,50	1.187,50	3,0	1.11.1971 - 31.10.1972
	Market target price	721,00	783,00	8,6	
	Intervention price	648,50	710,50	9,6	
<u>Oil seeds</u>	Target price				1. 7. 1972- 30. 6. 1973
	• Colza and rape seeds	202,50	202,50	0,0	
	• Sunflower seeds	202,50	202,50	0,0	
	Basic intervention price				
	• Colza and rape seeds	196,50	196,50	0,0	
	• Sunflower seeds	196,50	196,50	0,0	
<u>Flax and Hemp</u>	Fixed aid per hectare				1. 8. 1972 - 31. 7. 1973
	- Flax	110,00	125,00	--	
	- Hemp	80,00	95,00	--	
<u>Milk</u>	Target price for milk	109,00	111,20	2,0	1. 4. 1972 - 31. 3. 1973
	Intervention price for:				
	- butter	1.780,00	1.780,00	0,0	
	- powdered skim milk	470,00	494,20	5,2	
	- cheese				
	• Grana-Padano, 30-60 days	1.320,50	1.350,00	2,2	
	• Grana-Padano, 6 months	1.566,00	1.598,00	2,0	
	• Parmigiano-Reggiano	1.710,00	1.742,00	1,9	
	Direct aids for skim milk				
- powdered	130,00	130,00	0,0		
- liquid	16,50	16,50	0,0		
<u>Beef and veal</u>	Guide price for mature cattle (live weight)	720,00	772,50	7,3	1. 4.1972 - 31. 3.1973
	Guide price for calves (live weight)	750,00 <sup>(2)</sup>			
		942,50	950,00	0,8	
<u>Pork</u>	Basic price (slaughtered)	772,50	800,00	3,6	1.11.1971 - 31.10.1972

(1) Round figures

(2) Price fixed for the season 1972/1973

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Cont.

UA/tons

Product	Type of price	Price fixed for previous year	Proposed price	Increase % (1)	Period of application
<u>Wine</u>	Guide price	(2)	(2)	2,5	16.12.1971 - 15.12.1972
<u>Tobacco</u>	Price objective Intervention price	(2)	(2)	1,3	1. 6.1972 - 31. 5.1973
<u>Fisheries</u>	Guide price Community production price Intervention price	(2)	(2)	0,0	1. 1.1972 - 31.12.1972

(1) Round figures

(2) For the prices for different categories see proposals

### III. Financial repercussions

It appears, therefore, that expenditure and levies for the 1972/1973 season will exceed respectively by about 43 million UA and 80 million UA the amounts which would have been attained if the prices fixed previously had been maintained in force for the season 1972/1973. Added to the total expenditure of the Aid for Guarantees section of the EAGGF of about 2.500 million UA and the total levies, about 1.000 million UA, these increases represent 1.7 % for expenditure and 8 % for receipts.

#### Aids to revenues

It is admitted that a total of 300.000 heads of exploitations aged between 45 and 55 years will benefit, between now and 1976, from aids to revenues of 600 UA per annum. This estimate is based on the number of full-time cultivators without successors, aged between 45 and 55 years and occupied on small farms.

For the granting of degressive revenue aids to cultivators whose development plans having as objective the modernization of agricultural exploitation and which have been approved, it is considered that a total of 640.000 development

plans will have been submitted and approved by the competent authorities by the end of 1976. Of this total it is admitted that 320.000 plans will probably have been completed by the end of 1976 and that 320.000 others will be in hand at that date. It can be considered, therefore, that about 480.000 plans will have been finished or nearing completion. This aid is granted for the duration of the development plan and for periods up to six years.

The amount of these aids is:

- 600 UA for the first year;
- 500 UA for the second year;
- 400 UA for the third year;
- 300 UA for the fourth year;
- 200 UA for the fifth year;
- 100 UA for the sixth year.

The total provisional cost of the two measures has been estimated by the Commission at 683 million UA for the first five years.

The European Agricultural Guidance and Guarantee Fund will reimburse the Member States 50 % of the "eligible" expenditure.

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#### Errata

1. On page 5 of the "Newsletter on the Common Agricultural Policy" nr. 5 of May 1971, Table II, "Absolute and relative part of the incidence of support measures on the total incidence on revenues in the United States in 1967", under the heading "Total incidence on Revenues" in million UA read:  
" + 6.484 " instead of " - 6.484 " ;
2. In the "Newsletter on the Common Agricultural Policy" nr. 7 of June 1971, in note (1) on page 6 read :  
1964    ∅ 1963,1964,1965  
1968    ∅ 1967,1968,1969.