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COMMISSION PROPOSALS

on the prices for agricultural products
and on related measures (1992/93)

VOLUME I

Explanatory Memoranda

The Commission submits herewith its proposals for the agricultural prices for 1992/93 and for certain related measures. The text is in three parts :

Volume I : Explanatory memoranda
Volume II : Financial implications
Volume III : Legal instruments

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Introduction

In November 1991 the Commission presented detailed proposals to the Council and to Parliament for the reform of several market sectors (arable crops, milk, beef, sheepmeat and tobacco). These proposals have been the subject of lengthy discussions in the Council and in Parliament and the Commission must insist that decisions be taken in these matters without further delay. In order to facilitate this process - which is essential to enable the Community to come to terms with existing market imbalances and prevent rapid increases in budgetary costs - the Commission is putting forward a set of price proposals which represent in essence the maintenance of the existing rules.

Thus, except in a few cases where changes have already been decided in principle or are provided for in existing legislation, the Commission is putting forward a set of price proposals which for the 1992/93 marketing year will maintain in place the present stabilisers, prices and producer levies.

The proposals on the dismantlement of MCAs are designed to facilitate the Community's single market objective to remove controls at frontiers by 1 January 1993.

A. General considerations

I. General economic situation

1. As in the rest of the world, economic growth in the Community slowed significantly in 1991. On average, economic activity is estimated to increase by only 1.3% in real terms in 1991, against 2.8% in 1990. A moderate recovery to 2.2% is expected in 1992, accelerating to 2.4% in 1993.

Employment growth slowed sharply to 0.5% in 1991 and appears likely to reach a standstill in 1992. As a result, given the strong growth in the size of the labour force, the rate of unemployment is forecast to increase steadily over the period 1991-93, reaching 9.2% in 1993, compared to 8.4% in 1990.

For the Community as a whole, inflation (implicit deflator of GDP) is forecast to fall from 5.7% in 1990 to 5.5% in 1991. During 1992 and 1993 inflationary pressure is expected to moderate, leading to further falls to 4.6% and 4.4% respectively. Nevertheless inflation rates differ widely within the Community, with certain Member States (namely Greece and Portugal) still experiencing double digit inflation and others (Denmark, Netherlands, France, Belgium, Ireland and Luxembourg) with a rate of inflation below 4% in 1992.

II. The agricultural economy in 1991

2. After the sharp improvement experienced in 1989, 1991 was the second consecutive year in which the agricultural situation in the Community was seriously affected by the deterioration of markets and a sharp rebuilding of stocks. As regards weather conditions, productivity and level of output, the 1991 agricultural year, while not exceptional, may be counted among the good years for Community agriculture. Nevertheless, difficulties experienced in some markets hindered the achievement of satisfactory results in terms of farm incomes. This proves once again that restoring a durable equilibrium in agricultural markets is a crucial condition not only in the positive development of incomes but also if aggravation of the present crisis of Community agriculture is to be avoided.

3. Due to more favourable weather and the consequent increase in yields, crop production in 1991 was in general higher than in the previous year. Cereal production increased by almost 6% relative to 1990, leading to around 181 million t in 1991. The highest production increases were for durum wheat and grain maize, rising by 43% and 15% respectively from 1990 levels. Soft wheat production exceeded 81 million t (4% more than in 1990).

Given the increase in cereal production and a slight decrease in consumption, especially for animal feed, the market imbalance already existing in this sector is expected to increase steadily during the current marketing year. Taking into account the carryover of stocks at the beginning of the 1991/92 marketing year one could estimate that the surplus of available supplies over total internal use of cereals will approach 80 million t in 1991/92 compared to 66 million t in 1990/91. As the possibilities of export on the world market are relatively limited the 1991/92 marketing year will end with a sharp increase of about 10 million t in cereals stocks which will continue to depress the market. The situation worsened, in particular, for durum wheat (for which self-sufficiency now exceeds 200%), for common wheat and for barley.

A fall in sugarbeet area and yields has led to lower sugar production than the previous year, but it is still well above internal consumption. Sunflower seed production was relatively stable at around 4.0 million t. Soya production fell by 0.5 million t. Largely as a result of record yields in France, production of rapeseed, excluding production in the new Länder, reached a record of 6.4 million t and in the new Länder rapeseed production rose to 1 million t.

As a result of the spring frost, fruit production dropped by almost 20%. For the same reason, wine production is expected to decrease by more than 10% on average, reflecting particularly the drop in production in France.

In the animal products sectors, milk production is expected to fall, due in particular to a 2% cut in milk quota decided in the context of the last price package. Although the drop in milk quotas during the last few years has reduced the imbalance between production and consumption, and special measures have been taken to encourage domestic consumption, the milk balance expressed in milk equivalent still has a surplus of about 15 million t. Without special measures this figure would be 7 - 8 million t higher. Beef production continued to increase in 1991 by 4 to 5% and probably reached 8.6 million t, in line with the beef cycle which is now reaching its peak level. Beef consumption, on the other hand, has dropped steadily during the last few years and it is now estimated at 7.5 million t, almost 1 million t under the level of production.

4. Production in most sectors exceeded the levels at which action under the various stabilizer mechanisms is triggered. The cereals MGQ was exceeded by more than 3% which will lead to a price cut of 3% in 1992/93. Excesses were also recorded for wine, certain varieties of tobacco, cotton, nectarines, peaches, milk and pigmeat. In the oilseed and proteins sectors, full institutional prices were reduced as a result of the application of their MGQs systems, by 21% (rapeseed), 32% (sunflowerseed), 20% (soya beans) and 17% (peas and beans).

5. Another sign of the increasing market imbalances for most products is the continued growth in public stocks in the major sectors, after the sharp reduction in the late 1980s and in the first half of 1990. By the end of December 1991, cereal stocks exceeded 16 million t, compared to 12.8 million t twelve months before. In particular, stocks doubled for rye and durum wheat. For the first time in 1991 stocks of rice were also very high (more than 200 000 t on average). Stocks of butter and skimmed-milk powder which had practically disappeared by the beginning of 1990 increased sharply during the 1990/91 marketing year and reached a peak exceeding 400 000 t and 500 000 t respectively in July 1991. By December 1991 stocks of both products had fallen again (to 260 and 434 thousand t) as a result of a large export programme. Beef stocks, on the other hand, are continuing to increase and now approach one million t in spite of the extremely favourable pattern of exports in 1991 (almost 1.1 million t). Only stocks of alcohol decreased sharply, due to a major sales programme and to the drop in production resulting from the bad weather over the last three marketing years. The dramatic increase in intervention stocks since the second half of 1990 shows that we have again entered an era of oversupply, after a certain improvement in 1988 and in 1989, depressing the market situation and consequently affecting producer prices and farm incomes.

6. For the Community as a whole, producer prices are expected to rise in nominal terms by 2.7% relative to 1990. This means a fall of 3.5% in real terms on average. The drop in real output prices in 1991 is a result of falls of 0.6% and 7.7% in prices of crop products and animal products respectively. Sharp falls in real prices are expected for wine (-8.2%), milk (-6.6%), pigs (-6.7%), cattle (-10.0%) and sheep (-13.1%). Real prices of fruit, on the other hand, are forecast to rise by 10.1% following a poor harvest due to adverse weather conditions. Cereal prices are relatively stable (-0.6%) in real terms.

Nominal input prices, on the other hand, are expected to rise by 4.0%, which means a drop of 1.5% in real terms (- 0.9% for fertilizers, + 3.8% for energy and - 3.5% for animal feedingstuffs). As purchases of goods and services account for only 45% of agricultural output, the fall in input price was not sufficient to offset the negative effect of the deterioration of producer prices on farm incomes.

7. According to the first estimates made by the Commission in mid-December 1991, on the basis of data supplied by the Member States, average farm incomes for the Community are expected to have fallen in real terms in 1991 for the second year running, after a sharp increase in 1989. For the Community as a whole, farm income fell by 4.8% in real terms if agricultural incomes are measured by the net value added at factor cost per work unit, and by 9.8% in real terms, if measured by the net income per work unit of the farmer and his family, i.e. after deduction of wages, rents and interests. Graph 1, in the Annex, shows the trend in real terms of agricultural income by Member State since 1980, as measured by net value added at factor cost per annual work unit.

In general, farm incomes declined for almost every type of farming, and especially for cereals, oilseeds, dairy, beef and pork.

III. Outlook for the agricultural markets

(a) Community markets

8. As in previous years, the Commission has carried out an analysis of the medium-term prospects (1997/98 marketing year) for the main agricultural markets. These forecasts take into account the impact on production of the changes in agricultural policies adopted in recent years (i.e. quotas, stabilisers, set-aside, etc.) and are based on the assumption that current policies will continue unchanged. In addition, they include the impact of German unification. So, they could be viewed as a reference scenario for the future of agricultural markets in the Community in the absence of CAP reform, and assuming the continuation of present policy.
The main conclusion which can be drawn from this analysis is that, despite several reforms adopted during the second half of the 80's to improve the balance between supply and demand in agriculture, the depressed Community market situation will continue and even worsen in the medium term if more effective measures are not taken.

9. Medium term forecasts for cereals show that, in spite of the price reductions due to stabilisers and a reduction in area, in particular as a consequence of the current set-aside schemes, production should continue to increase although at a lower rate than in the past. Total cereal production is forecast to reach around 189 million t by 1997, that is almost 10 million t more than the 1991 crop.
As far as cereal consumption is concerned, in spite of a slight increase in industrial use and possibly in human consumption, total internal use is expected to continue falling as a consequence of the decline in animal feed use (a drop of about 5 million t by 1997/98, which means a drop of 0.7 million t a year on average). Total internal use should amount to about 140 million t in 1997/98, which would leave some 50 million t to be exported.

10. Medium term forecasts for oilseeds have been made on the basis of the price and MGQ system which applied in the period 1988/89 to 1991/92. These show that the reinforced MGQ system which was introduced in 1988 and which has held production to lower levels than would otherwise have been the case, would not, had it continued, have prevented a further, but more moderate, rise in production in the medium term. The full impact of the reform agreed in December 1991 cannot yet be assessed but it seems likely to lead to less intensive production and hence to lower production totals than the record levels observed in recent years.

11. The medium term outlook for sugar will be influenced by any changes which could be introduced in the quota system and by the prospects for world market prices. Assuming a no-change situation in these two areas, the production forecast for 1997 is 15.8 million t while consumption could reach 11.9 million t. Taking account of preferential and other imports the total exportable surplus would amount to 5.4 million t of which 2.2 million t would be C sugar.

12. Due to agronomic and climatic factors olive oil production fluctuates considerably from one year to the next. Total area should increase slightly in the future due to the expansion in Spain and Portugal following integration into the Community regime. This, added to a small yield increase, should lead to production of about 1.5 million t in 1997. On the other hand, overall consumption is expected to increase a little to 1.4 million t in 1997, giving a small surplus of production.

13. Despite the Community's efforts to diminish the European wine potential by means of grubbing up schemes, wine production in the Community accounts for some 190 million hl in a normal year (of which about 30% is quality wine), but since 1988 wine production has fluctuated between 160 and 180 million hl essentially for climatic reasons. The trend observed since 1977 suggests a slight increase in yield, compensated for by a decrease in the surface cultivated. As a result, production might fall to an expected level of 170 million hl in 1997. Wine consumption has been steadily falling since 1975 and this trend will probably continue over the next decade. If so, global human consumption would be around 106 million hl in 1997/98, compared to 123 million hl in 1989/90. To this quantity about 12 million hl can be added for industrial use. With consumption falling dramatically, particularly in the producer countries, the imbalance which already exists especially in the table wine sector is expected to increase steadily over the coming years and extend to some quality wines.

14. In the absence of the reform proposed by the Commission, tobacco production should continue to increase, in spite of the stabilizer mechanism, and reach 550 000 t in 1997/98. The excessive development in production of certain varieties already observed in the past could cause the most concern especially in terms of market imbalance and budget cost. The global reform of this market organisation proposed by the Commission should reduce such problems, maintaining total production within the bounds of the proposed quota (340 000 t).

15. Milk deliveries, as recorded in official statistics, are, in general, very close to the quota level. In the absence of any further reduction of quota and assuming that difficulties in the application of quotas in certain regions are overcome, one could assume that milk production will be close to the total quota level (97.6 million t excluding the five new Länder). As milk yield per cow is expected to increase by 1.5% p.a., the dairy herd which now stands at 22.2 million head has to be reduced by at least 2 million by 1998 in order to keep deliveries within the quota limits.
Assuming that special measures to promote internal consumption are retained, the long term trend within the Community is for the total consumption of dairy products to remain relatively stable at 87.5 million t (without the five new Länder). However, whilst there is increasing demand for fresh dairy products, soft cheeses and butter substitutes with some dairy content, the consumption of full-fat milk, hard cheeses and butter is declining. This, coupled with the ever-increasing fat content of milk produced (due to better animal husbandry and diet), poses major problems as the imbalance between production and consumption continues to grow. It must also be remembered that without special measures normal consumption of milk would be about 8 million t below actual domestic use.

16. Beef production is expected to reach about 8.3 million t by 1998. Beef consumption has been steadily declining for several years resulting not only from specific reasons leading to temporary drops in demand, but probably also from a more structural change in consumer preferences. Total beef consumption dropped by almost 700 000 t between 1987 and 1990 falling to a level which is now well below the trend. In these circumstances, only if the market image of beef is restored could one expect that the long term trend could continue, leading to global consumption of 7.7 million t in 1998. If this goal is not achieved, beef consumption will probably continue to fall to a level of about 7.0 million t in 1998. In any case, in the absence of effective measures to control production and to promote demand, present market imbalances will continue and probably worsen in the coming years.

17. Sheepmeat production has sharply increased in recent years as a result of the expansion of the Community flock. Without any change in the present legislation, we can expect production to exceed 1.25 million t in 1998. The expectation for sheepmeat consumption is of a slight increase. Total consumption should be around 1.5 million t in 1998. The consumption of pigmeat and poultrymeat is increasing steadily and, given the ease with which production can respond to demand, a production forecast of 15.6 million t of pigmeat and 7.4 million t of poultrymeat for 1998 can be made. This allows for exports of 0.4 million t and 0.26 million t for pigmeat and poultrymeat respectively with both sectors otherwise in balance.

(b) World markets

18. In spite of a relative improvement in the second half of 1991, the situation and prospects of agricultural world markets at the beginning of 1992 are always heavily affected by the structural disequilibrium which exists for most products and by the increasing difficulties of financing imports. Many countries are currently in a period of economic uncertainty. In particular, the extent of the agricultural problems and import requirements of the former Soviet Union remains largely unknown for the short as well as for the medium and long term. Nevertheless, it is clear that quantities delivered will depend largely on the willingness of exporting countries to grant credits or provide aid. At the same time, because of the lack of hard currency, some important markets in North Africa and Eastern Europe appear less reliable customers for western exports. In the latter case it must also be stressed that some, which were traditionally net importers, are likely to become net exporters of agricultural products in the medium term, as a consequence of efforts to promote greater market orientation for their economies. In any case, the Community has a primary responsibility to support their economies and to facilitate their integration in a wider European free trade area.

19. World cereal production is forecast to fall by 6% compared to 1990, while still remaining the second-highest harvest on record. Wheat is forecast at 547 million t, down almost 9%, and coarse grains at 795 million t, down 4%. Although still declining in absolute terms, consumption is set once again to exceed production in 1991/92. Prices remain firm for the moment due to the cut in production, relatively low stock levels and increased exports. The upwards tendency is, however, being limited by large harvests in the EC and Canada and by uncertainty over the ability of some major importers to pay for imports and to reimburse credits. In addition the present situation risks changing radically during the second half of the year as a consequence of the increase in production forecast in the USA.

Assuming no change in policies, net export availibilities in the OECD area are projected to increase substantially over the period to 1996 to reach 163.3 million t, or 25% of production. When set against the likely commercial import requirements these forecasts suggest the possibility of depressed cereal prices and continuing trade tension.

World oilseed production for 1991/92 is forecast at a record 222 million t while consumption will reach about 220 million t. In the OECD area stocks are expected to increase by 1% while prices remain stable.

Both world sugar production and consumption will increase in 1991/92 but at a reduced rate of annual growth. The marketing year will end roughly in balance or with a slight surplus. In the absence of trade reform it appears likely that in the medium term the market is set to continue its present cyclical pattern. World stocks should grow slowly while prices are expected to remain low.

20. While OECD milk output has fallen marginally, and is forecast at 220 million t, consumption has increased slightly above the rate of population growth. Stocks have risen as a result of reduced imports by the USSR and the Gulf region, and a fall in butter consumption. Between 1991 and 1996 OECD production is expected to increase by 2.5% while milkfat consumption should increase at a higher rate. In spite of this, export availabilities should exceed 1.1 million t in 1996, corresponding to a self-sufficiency ratio of 115%. In addition, as a large percentage of OECD dairy exports are to the former USSR, economic reform in the Republics and their financial problems could have a major impact on future dairy exports.

Beef production increased in 1991 in OECD countries, while demand weakened as a result of poor economic growth and changing dietary habits. Consequently, stocks have increased and prices have fallen. In the medium-term, production is set to continue to grow at a higher rate than demand. As a consequence, export availibilities in OECD countries are expected to increase from under 1 million t to 1.3 million t in 1996.

IV. Price proposals and related measures

21. As is clear from the analysis of the current and prospective market situation, the Community is facing a progressive deterioration of market balances. The precise budgetary effect of this deterioration will vary from time to time depending on conjunctural market conditions. This year the conjunctural situation is somewhat better than last year, in particular because of higher world market prices for cereals and some improvement in the world and, more particularly, the domestic market situation for dairy products. But these short term developments do not in any way remove this need to tackle the underlying tendency to greater market imbalance in the medium and long term. The Commission has presented the Council with a series of proposals for reform designed to confront these problems as they effect most of the major market sectors of the CAP and will make proposals for other sectors when this reform package has been accepted.

22. The reform proposals change fundamentally the market organisations in several sectors, taking into account the need to ensure the competitivity of Community agriculture, improve the distribution of agricultural support among farmers and reinforce measures to safeguard the environment. The aim of these measures is not just to reduce agricultural expenses or to adapt in advance our policy to any international commitment which could be taken in the context of GATT negotiations, but essentially to have more effective instruments for bringing the markets into balance whilst safeguarding farm incomes and the rural economy. These proposals have been widely examined and discussed by the Council and the Parliament during the last few months.

23. Formal conclusions have not yet been reached on these proposals but the need for fundamental reform is not in question. Indeed, in the absence of fundamental reform the Commission would be compelled to propose drastic changes in prices and support mechanisms. Such measures would bring the market back into balance but at a heavy cost in terms of producer incomes.

24. In order, however, to allow the Council to concentrate its attention on the reform, the attached proposals provide essentially for the continuance into 1992/93 of the prices and stabiliser mechanisms as they existed in 1991/92.

25. It should be emphasised, however, that some parts of the proposals contained in the reform proposals cannot be delayed and early Council decisions on the basis of these proposals is presupposed in this package. For example, in the milk sector, the proposal is for unchanged prices. This proposal can only be maintained if, before 1st April, when the existing milk quota system expires, the Council has taken decisions to extend the quota system as proposed in the reform package. It would be quite impractical to support unlimited production at current price levels. Similarly, for cereals, the current proposal assume acceptance of the proposal in which has been included in the reform package for the continuance into 1992/93 of the existing maximum guaranteed quantity and basic and supplementary levy systems. In the prices package it is proposed to set the basic levy at 5%, the same level as in 1991/92. A proposal is also made that, as in 1991/92, farmers who join a one year set-aside scheme will be exempted from the levy. This proposal is included as a safeguard in case decisions on the reform are not taken in time (before 1 June 1992) for the set-aside scheme proposed in the new arable products scheme to apply to the 1992/93 plantings. If early decisions are taken on the reform, this proposal will lapse.

26. In other sectors prices, mechanisms and, where appropriate, stabiliser figures are carried forward from 1991/92 into 1992/93 except where changes are due to come into effect on the basis of existing legislation, adaptations are due to fulfil undertakings given in the course of last year, or it is necessary to take interim measures to bridge the gap between reform and the existing regime. Hence, in the olive oil sector there is a transfer of aid between the consumption aid and production aid, as promised last October when the consumption aid was last decided and, for cotton, a change is proposed to make price levels somewhat more predictable without weakening the effectiveness of the stabiliser. For tobacco, the interim measures needed because of the delay in adopting the reformed regime have been proposed in advance of this package and what is proposed now is that prices and premiums should remain unchanged. Action is, however, proposed to mitigate a perverse effect of the existing tobacco regime which can in some cases make low grade tobacco more attractive to the processor than high grade tobacco.

27. This roll forward package is designed to allow the Council to take rapid decisions and to avoid distracting its attention from the reform of the CAP. It should not, however, be misunderstood as suggesting that, in the absence of reform, the existing CAP could be rolled forward indefinitely. On the contrary, as explained above, were the reform proposals to be rejected, very drastic price measures would be necessary.

V. Agri-monetary measures

28. Agri-monetary proposals are based on the situation of currencies at the beginning of February 1992.

As regards the currencies which are maintained within a mutual margin of fluctuation of 2.25% there is no longer a monetary gap - the agricultural conversion rates are already at the level of the central rates.

As regards the other currencies (the drachma, peseta, escudo and pound sterling) the monetary gaps vary with trends on the exchange rate market, but it was agreed in July 1988 that they should be dismantled before 1 January 1993. With regards to Greece, the arrangements for the automatic dismantling of the gaps created by monetary realignments provide for a final stage, for the majority of products, which will take effect at the beginning of the 1992/93 marketing year.

In order to limit any further dismantling which may be needed on 31 December 1992 it is proposed to reduce all the monetary gaps existing at the time of the Council decision to 1.5 points, at which level the compensatory amount no longer applies.

VI. Financial implications

29. The financial implications of the proposals for prices and related measures for EAGGF Guidance Section expenditure and for the Community's own resources of agricultural origin are set out in Volume II.

30. It is estimated that the financial implications of these proposals for prices and related measures will be of ECU 6 million in 1992 and of ECU 45 million in 1993.

B. Explanatory memoranda by product

1. CEREALS

1.1. Prices

For all cereals the Commission proposes for 1992/93 maintenance of the 1991/92 prices.

As the transitional period for Spain will have come to an end all Spanish institutional prices will henceforth be identical with those for the Community of Ten.

Under the arrangements for the second stage of Portuguese accession the first step in moving the intervention price for common wheat to the Community price will be taken and the specific aids for cereals will be adjusted.

Target prices are derived from the intervention prices by adding a market component and a component representing the cost of transport between the Ormes and Duisburg areas. Updating the transport cost entails a slight reduction in target prices.

The 1991/92 overshoot of the maximum guaranteed quantity means that prices set by the Council for 1992/93 will automatically be reduced by 3% by the Commission.

1.2. Monthly increases

Given the 3% reduction in the intervention prices and the prospect of lower interest rates, keeping the monthly increases at their present level offers the best prospects for disposal of cereals on the Community market throughout the marketing year. Those for common wheat flour, rye flour and groats and meal of durum wheat must however be adjusted to take account of a change in the processing coefficients, as was done in the course of 1991/92 for calculation of the export refunds.

1.3. Special premium for breadmaking, wheat and rye

Article 3 of the basic Regulation (EEC) No 2727/75 requires the Council to set a special premium each year for common wheat and rye with certain quality characteristics.

For the last few years the common wheat premium has been 2% of the intervention price.

Given the automatic 3% reduction in the intervention price from the beginning of 1992/93 it is proposed to adjust these premiums accordingly to ECU 3.27/t for common wheat and ECU 4.09/t for rye.

1.4. Durum wheat aid

The production aid for durum wheat is an element of producers' incomes in certain production areas in the same way as intervention prices. Given the freeze on institutional prices it is proposed to make no change in its amount.

In Spain the aid will, like prices and for the same reason, be the same as in the Community of Ten.

1.5. Stabilizers and co-responsibility levy

Under the CAP reform proposals for cereals it is proposed to retain for 1992/93 the basic and additional co-responsibility levies and to keep the maximum guaranteed quantity at the level maintained since its introduction.

The Commission draws attention to the need for this proposal to be adopted so that the co-responsibility levies will be applicable from 1 June 1992, the date of commencement of the marketing year for application of co-responsibility in the southern countries.

Given the persisting imbalance between production and the potential for disposal on either the Community or world market it is proposed to keep the basic co-responsibility levy at a level equivalent to 5% of the intervention price for common wheat. Since this will automatically be reduced by 3% at the beginning of the new marketing year it is proposed to set the basic levy at ECU 8.17/tonne.

Retention of the stabilizers will result, since 1991/92 production overshot the MGQ, in the Commission's fixing an additional levy of 3% for 1992/93.

1.6. Aid for small cereal producers

Since it is proposed to retain the co-responsibility levies it is necessary to retain the aid to small cereal growers under which the co-responsibility levy amounts due from them are reimbursed within an overall budget allocation.

Since it is proposed to maintain the basic co-responsibility levy at 5% the budget allocation can be maintained at ECU 293 million, which already covers the additional levy.

1.7. Aid scheme for smallproducers of certain arable crops

This was introduced for 1990/91 and is applied at Member States' discretion instead of the scheme for small cereal producers. Only France and Portugal have taken up the option.

Under the reform proposals it is proposed to continue special aid schemes for small producers until 1994/95.

Since the basic and additional co-responsibility levies are being temporarily maintained no change should be made in the aid scheme for 1992/93.

1.8. Production aid for canary seed, millet and buckwheat

The scheme was introduced from 1990/91.

So far only some Member States, mainly northern ones, have taken it up. Despite lack of producer interest it is proposed, pending a decision on the reform proposals, to maintain the same aid levels as in past years.

1.9. Potato starch

There is no market organisation for potatoes but potato starch is subject to the same rules as cereal starch. The minimum price payable for potatoes must therefore continue to be aligned on the price level applied to maize.

As regards the special premium paid to potato starch producers it appears that the economic position and special conditions of production have not significantly changed relative to cereal starch production. It is accordingly proposed to retain in 1992/93 the present premium of ECU 18.67/tonne.

1.10. Continuation of a special scheme for temporary set-aside of arable land

It is not possible to exclude the possibility that the Council's decisions on the reform of the common agricultural policy may be taken too late for the new set-aside system proposed in that context to be applied to sowing for the 1993 crop. Therefore it is proposed to carry forward "mutatis mutandis" the temporary set-aside system which was applied in 1991/92.

2. RICE

Prices and monthly increases

It is proposed to keep the intervention price and the monthly increases at their present levels.

Updating of the factors of calculation, in particular the costs of transport between Vercelli and Duisburg, leads the Commission to propose a slight reduction in the target price for husked rice.

For Portugal under the arrangements applicable during the second stage of accession there will a second move of the rice intervention price towards the Community level.

3. SUGAR

3.1. The Commission proposes freezing the basic price for sugar-beet, the intervention price for white sugar and the manufacturing margin.

This proposal for sugar-beet relates to the basic price and to the minimum prices for A and B sugar-beet which are determined on the basis of the ceiling fixed for the basic production levy and for the B levy, the latter without prejudice to an increase later in the ceiling in accordance with Article 28 of Regulation (EEC) No 1785/81.

3.2. As regards the reimbursement of storage costs, the Commission also proposes to maintain the current rate of ECU 0.52/month, in the light of the proposed freeze on prices.

3.3. The prices proposed for Spain have been established in accordance with Articles 3, 4 and 5 of Council Regulation (EEC) No 1716/91 (OJ No L 162, 26.6.1991, p. 18).

3.4. As regards the prices proposal for Portugal, the Commission recalls that at the time of the accession of Portugal to the Community the basic price for sugar-beet guaranteed by the national regime was higher than that guaranteed by the Community regime and sugar prices were lower than those guaranteed by the Community regime.

With the "classic" transition period applying in the sugar sector, sugar prices are regulated by Article 238(2) of the Act of Accession of Spain and Portugal which provides for a seven-stage move towards alignment when the price of a product is lower than the common price. Thus, since the 1986/87 marketing year, sugar prices have been automatically increased by part of the difference so that the common price will apply in Portugal as of the seventh move to alignment, i.e. from the 1992/93 marketing year.

In accordance with the acts of the conference which preceded Portuguese accession, the reference "common prices" on which Portuguese prices must be aligned are the derived prices applicable in the Ireland/United Kingdom region, valid for 1992/93. This results in a final increase in the intervention prices for white sugar of ECU 0.87/100 kg.

Sugar-beet prices are regulated by Article 238(3)(a) and (b) of the Act of Accession of Spain and Portugal which lays down that, where the price of a product in Portugal is higher than the common price, alignment will result from the development of common prices during the seven years following accession and that the Council will carry out an analysis of the development of moves towards a price alignment, on the basis of an opinion from the Commission accompanied, where appropriate, by suitable proposals.

Therefore, in order to give an opinion and present suitable proposals, the Commission has analysed the development of prices in the Portuguese sugar sector since the accession of Portugal to the Community.

3.5. The circumstances under which the Treaty of Accession was negotiated have completely changed as regards the sugar sector. Thus, not only did a certain alignment expected as a result of increases in Community prices for sugar-beet not occur but common prices were frozen and even reduced by 2.1% since then (1986). Portuguese prices have consequently been adjusted to avoid an increase in the gap between them and the common prices (Article 238(3)(a) of the Act of Accession).

The trend in Portuguese and Community prices for sugar-beet since the accession of Portugal to the Community is shown in Table 1. It will be seen that the difference existing at the time of accession has been fully maintained, with the Portuguese price continuing to be higher than the common price and by the same amount, i.e. ECU 1.26/tonne.

3.6. The Commission thus notes that for sugar-beet the difference of ECU 1.26/t between the Portuguese price and the relevant common price means that only 2.94% of the Portuguese price has to be made up. Under Article 237 of the Act of Accession, a gap of that size is to be classed as minimal because it is even less than the percentage of 3% fixed by the said Article as minimal.

The Commission also emphasises that as the minimum prices for sugar-beet in question are determined by reference to regional price differentiation in the Ireland/United Kingdom region the sugar-beet price applicable in Portugal will be greater than the price applicable in areas where no shortfall exists.

The Commission points out that the extent of sugar-beet production remains reduced (cf. Table II), despite the transitional quota arrangements applied for some years now. Since the 1987/88 season, production has not exceeded 2 000 tonnes.

Therefore, in the light of the above, the Commission proposes that the Council decide that the alignment in the prices of sugar-beet should coincide with the alignment in sugar prices, i.e. from the 1992/93 marketing year.

TABLE I

COMMUNITY AND PORTUGUESE PRICES IN THE SUGAR SECTOR

	86/87	87/88	88/89	89/90	90/91	91/92	92/93 (prop.)
1. Intervention price for white sugar (ECU/100 kg)							
- Portugal	50,12	51,00	51,88	51,68	52,47	53,35	54,22
- EEC(1)	55,39	55,39	55,39	54,31	54,22	54,22	54,22
Difference (ECU/100 kg)	-5,27	-4,39	-3,51	-2,63	-1,75	-0,87	0
2. Basic price for beet (ECU/tonne)							
- Portugal	43,72	43,72	43,72	42,90	42,83	42,83	41,57
- EEC(2)	42,46	42,46	42,46	41,64	41,57	41,57	41,57
Difference (ECU/tonne)	+1,26	+1,26	+1,26	+1,26	+1,26	+1,26	0

(1) UK/IRL derived intervention price.
(2) Basic price for beet increased by the regional price differentiation in the Ireland/United Kingdom area.

TABLE II

Portugal - Quota and Sugar Production

(tonnes)

	Mainland Portugal		Azores		Portugal, total	
	Quota	Prod.	Quota	Prod.	Quota	Prod.
1986/87	60.000	0	10.000	4.328	70.000	4.328
1987/88	60.000	207	10.000	1.663	70.000	1.870
1988/89	60.000	176	10.000	839	70.000	1.015
1989/90	60.000	656	10.000	1.046	70.000	1.702
1990/91	60.000	550	10.000	1.100	70.000	1.650
1991/92	60.000	(150)*	10.000	(1.050)*	70.000	(1.200)*

(*) Provisional estimate.

TABLE III

PRICE PROPOSALS 1992/93 SUGAR

			1991/92 Price ECU	*1992/93 Proposal ECU*	*Change %*
1.	*Basic price for beet*	t	40,00	40,00	0
2.	*Minimum price for A beet* (1)	t	39,20	39,20	0
3.	*Minimum price for B beet* (2)	t	27,20	27,20	0
4.	*Intervention price for white sugar*	q	53,01	53,01	0
5.	*Target price for white sugar*	q	55,79	55,79	0
6.	*Threshold price for white sugar*	q	63,90	63,90	0
7.	*Intervention price for raw sugar*	q	43,94	43,94	0
8.	*Threshold price for raw sugar*	q	54,60	54,60	0
9.	*Threshold price for molasses*	q	6,89	6,89	0
10.	*Monthly reimbursement of storage costs*	q	0,52	0,52	0
11.	*Prices applicable in Spain* (3)				
(a)	*Basic price for beet*	t	46,84	46,08	- 1,6
(b)	*Intervention price for white sugar*	q	61,29	59,57	- 2,8
12.	*Prices applicable in Portugal* (4)				
(a)	*Basic price for beet*	t	42,83	41,57	- 2,9
(b)	*Intervention price for white sugar*	q	53,35	54,22	+ 1,6

(1) 98 % of the basic price for beet.

(2) 68 % of the basic price for beet, subject to application of Article 28(5) of Regulation (EEC) No 1785/81.

(3) Established in accordance with Council Regulation (EEC) No 1716/91 of 13 June 1991 concerning the alignment of the sugar and beet prices applicable in Spain on the common prices.

(4) Established in accordance with Article 238 of the Act of Accession after alignment and including the effect of regional differentiation.

4. OLIVE OIL

4.1 Prices and aids

4.1.1 In the context of a general freeze on prices the Commission proposes to maintain the target price for olive oil at the same level as in 1991/92.

4.1.2 As was envisaged in the proposal for consumption aid for 1991/92 (COM 91) 366 final) the Commission considers that in the light of market developments in the sector it is appropriate in future to fix both the production aid and the consumption aid at the same time and this year to make some transfer from one aid to the other. The Council, when it agreed on an ECU 7 reduction in consumption aid for 1991/92 announced its agreement to this policy, adding that the change should have no effect on the budget, in the light of the said reduction.

4.1.3 The Commission proposes an increase in the production aid paid to large producers of ECU 12/100 kg and a reduction in the intervention price also of ECU 12. This change will have no effect on the income of producers who market their oil. In the case of small producers who consume a large proportion or, in certain cases, all their output, on the farm the reduction of the intervention price will have less, or in some cases, no effect on revenue. Bearing this and the general policy of favouring small producers in mind, the Commission considers that there should be some increase in the aid paid to small producers but a smaller one than is proposed for commercial producers. Thus the increase in the aid proposed for small producers is ECU 6/100 kg, which will reduce the difference between the aid for small producers and that for large producers to about ECU 8/100 kg.

4.1.4 As regards consumption aid, the Commission proposes a reduction of ECU 8/100 kg. Taking into account the reduction in the intervention price, this will enable the representative market price to be reduced by ECU 4/100 kg. This reduction, taking the representative market price back part of the way towards the level prevailing in 1990/91, reflects the change in market circumstances. With 1991/92 production having recovered sharply from the depressed level of 1990/91, an increase in consumption in the current campaign may be expected but the 1992/93 campaign is likely to begin with stock levels of a higher level than at the beginning of this year.

4.1.5 In addition to the existing institutional criteria, it is also proposed that deductions from aid (for measures to improve quality, aid for professional organizations and promotional measures) be set on the basis not only of the tasks allocated but also on the basis of the amendments proposed to the aid and appropriations accumulated over previous years.

4.1.6 With regard to consumption aid in Spain, the reduction in aid for the Community of Ten will result in a smaller increase in Spanish aid in accordance with the rules on alignment laid down in Article 2 of Regulation (EEC) No 3416/90.

With regard to Portugal, there should be slight changes to the current level of aid to consolidate the level of consumption in the country.

An increase in production aid will be affected in the Iberian peninsula through the normal alignment machinery.

All the Commission's proposals for the 1992/93 marketing year are summarized in the table. For comparison, the data on which production aid and consumption aid in the sector were based during the 1990/91 and 1991/92 marketing years are also shown.

4.2. Related measures

In accordance with the abovementioned proposal of October 1991, the Commission proposes to the Council that Regulation No 136/66/EEC be amended so that:

- all institutional prices and aids for olive oil are set simultaneously in the price package;
- when the representative market price (and consumption aid) are set, less weight is given than in the past to the movement of seed oil prices.

Olive oil price proposals

(Ecus/100 kg)

Type of price or amount	*90/91*	*91/92*	*92/93*
1. *Target price for olive oil*	*322,01*	*322,01*	*322,01*
2. *Intervention price EUR-10*	*215,87*	*215,87*	*203,87*
- *Spain*	*175,12*	*185,31*	*184,63*
- *Portugal*	*207,58*	*209,65*	*199,95*
5. *Representative market price for olive oil*	*190,28*	*197,28*	*193,28*
6. *Threshold price*	*189,11*	*194,20*	*189,98*
7. *Production aid for olive oil*			
- *Spain*	*39,61*	*45,85*	*55,10*
- *Portugal*	*35,46*	*42,53*	*52,61*
- *Community of Ten*	*70,83*	*70,83*	*82,83*
8. *Production aid to olive growers whose average production is less than 500 kg olive oil per marketing year*			
- *Spain*	*44,36*	*51,81*	*60,76*
- *Portugal*	*40,21*	*48,49*	*58,27*
- *Community of Ten*	*81,62*	*81,62*	*87,62*
Consumption aid applicable			
- *Spain*	*42,93*	*45,67*	*45,75*
- *Portugal*	*47,92*	*49,42*	*48,25*
- *Community of Ten*	*60,90*	*53,90*	*45,90*
9. *Amounts withheld on production aid*			
- *quality improvement*	*2,0*	*2,0*	*1,6 %*
- *aid to producer organizations and associations thereof*	*1,5*	*1,5*	*1,2 %*
10. *Amount withheld on consumption aid*			
- *promotion measures*	*4,0*	*1,0*	*0,7 %*
- *aid to trade organizations*	*1,4*	*1,4*	*2,0 %*

5. OILSEEDS AND PROTEIN CROPS

5.1. Oilseeds

The Council has already taken the necessary decisions on the support arrangements for oilseed producers.

5.2. Protein Crops (Peas, Field Beans and Sweet Lupins; Dried Fodder)

For 1992/93 the elements of the existing market organization for protein crops should be retained, with no changes.

5.2.1 Stabilizer Regime:

The Maximum Guaranteed Quantity (MGQ) system is applied to pulses but no MGQ is applied to dried fodder. The level of the MGQ was fixed for an initial period of three marketing years, from 1988/89 to 1990/91 and extended for the 1991/92 marketing year.

The current MGQ system, as applied during the last four maketing years, results in the Commission making adjustments in support when production exceeds the MGQ.

The Commission proposes that, for 1992/93 for pulses, the MGQ system be maintained unchanged.

5.2.2 Prices: Peas, field beans, sweet lupins (pulses)

Under Articles 2 and 3 of Regulation (EEC) No 1431/82, the Council is requried to set, annually, various institutional prices for pulses.

The Commission proposes that for the 1992/93 marketing year these components should be maintained unchanged.

5.2.3 Prices: Dried fodder

The Council is required, under Article 4 of Regulation (EEC) No 1117/89, to set, annually, a guide price for dried fodder. The Commission proposes that the dried fodder guide price for the 1992/93 marketing year will be maintained unchanged.

The coefficient to be used in the calculation of the aid has already been fixed by the Council at 80% for the 1992/93 marketing year.

5.3. Other protein crops: Lentils, chick peas and vetches

In Regulation (EEC) No 762/89 the Council introduced a per hectare based aid system for the growers of lentils, chick peas and vetches which will expire on 30.6.1992. It is proposed to extend this aid system until the end of the 1992/93 marketing year, and maintain the aid at ECU 75/ha.

6. TEXTILE FIBRES

6.1 Cotton

6.1.1 Pursuant to Article 3(2) of Regulation (EEC) No 1964/87[1], the Commission presents in Annex I a report on the operation of the aid system for cotton together with a proposal for adapting this system.

6.1.2. Under paragraph 8 of Protocol No 4, a guide price is fixed each year by the Council in order to support cotton production in Community regions where it is important to the agricultural economy and to enable producers to earn a fair income.

In the light of the proposals for the chief alternative crops, and taking into account the conclusions of the attached report, it is proposed that the guide price be maintained for 1992/93, subject, however, to a technical adjustment resulting from the change proposed to the standard quality. It would be appropriate for the standard quality to be brought into line with the quality of cotton effectively marketed in the Community[2]. In order to avoid a drop in operators' income and not at the same time increase EAGGF expenditure, the guide price for 1992/93 should be raised to ECU 102.79/100 kg.

6.1.3 Under Article 9 of Council Regulation (EEC) No 2169/81, a minimum price for unginned cotton has to be fixed each year at a level which enables producers to sell at a price as close as possible to the guide price.

For 1991/92 the Council fixed the minimum price for unginned cotton at 95% of the guide price. The differential between the guide price and the minimum price, which serves to maintain the necessary market fluidity, has not given rise to problems. It is therefore proposed that the minimum price for unginned cotton for 1992/93 also be fixed at 95% of the (adjusted) guide price, i.e. at ECU 97.65/100 kg.

6 1.4 As explained in the report, it is proposed to continue the stabiliser regime but to limit the size of the price reductions which may be made in the course of a season, with any excess beyond that limit carried forward into the following season. This amendment is designed to give producers a better assurance of the price they will receive in any year but without diminishing the long-term effectiveness of the stabilizer. Also, in order to give producers greater security, it is proposed that the maximum guaranteed quantity be fixed for a period of four years rather than annually. The figure proposed is 701 000 tonnes, effectively the same figure as last year but adapted to take account of the change in the standard quality.

6.1.5 It is proposed that the programme for small producers (less than 2.5 ha) be extended by four marketing years.

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(1) OJ No L 184, 3.7.1987, p. 14.

(2) This improvement in the standard quality leads to a proportional reduction in the quantity eligible for aid.

6.2. Fibre flax

Under Article 4 of Regulation (EEC) No 1308/70[1], a flat rate of aid per hectare has to be fixed each year for fibre flax to ensure an even balance between the necessary production and the scope for disposal. For 1991/92 the aid was fixed at ECU 374.36/ha, of which ECU 37.44/ha was not paid to the beneficiaries but earmarked for funding promotional measures and the search for new markets. Areas under fibre flax in the Community have risen in recent years (78 900 ha in 1990 and 1989, 73 000 in 1988, 67 000 in 1987), which has led to a sharp drop in flax straw prices and in producers' income. To counter this market imbalance, the areas under fibre flax in the Community fell in 1991 to reach only 55 100 ha (-30%) and a further decline is expected for 1992. Production of flax fibre should consequently go down substantially in order to reach a new balance. In view of the current and foreseeable situation on the market, aid of ECU 374.36/ha is proposed also for 1992/93. Furthermore, as far as the deduction of the aid for promotional measures is concerned, it is proposed that it be kept at 10% of the aid, i.e. again at ECU 37.44/ha. Such promotional measures are necessary to ensure the desired market equilibrium in the longer term.

6.3. Flax seed

Under Article 1 of Regulation (EEC) No 569/76[2], the Council fixes a guide price each year for flax seed in order to ensure a fair income for producers.

The guide price for the Community of Ten and Portugal was fixed at ECU 54.49/100 kg for 1991/92. It is proposed that for 1992/93 the price should again be fixed at ECU 54.49/100 kg for these Member States.

6.3.2 In the light of the proposals for alternative crops, keeping the guide price the same for flax seed should allow the cultivation of seed flax to be maintained, at least in production areas where suitable yields can be obtained. In the case of flax seed obtained from fibre flax, the proposed price should ensure a fair income for producers, given the foreseeable recovery of the market price for flax straw and the level of the flat-rate aid granted per hectare.

6.3.3 In accordance with Article 93 of the Act of Accession of Spain and Portugal it is proposed that the guide price for Spain be set at ECU 51.67/100 kg.

(1) OJ No L 146, 4.7.1970, p. 1.
(2) OJ No L 67, 15.3.1976, p. 29.

6.3.4 Although no changes are proposed in the linseed scheme this year, the Commission recognises that it is anomalous that this oilseed is subject neither to the maximum guaranteed area system currently applying to other oilseeds nor to the set aside requirement to which the producers of other oilseeds will be subject under the proposed new support system for producers of arabel crops. A choice between these alternatives can best be made once the new support system for producers of arable crops has been adopted but the Commission wishes to take the opportunity of accouncing to linseed producers that unless by the end of this calendar year the linseed has been taken into the proposed support system for arable crops it will, from 1993/94 onwards be subject to a maximum guaranteed area system based on the area sown in 1991/92. Under this system the aid will be reduced by 0.5% for each 1% increase in the planted area compared with the base year.

6.4. <u>Hemp</u>

6.4.1 Under Article 4 of Regulation (EEC) No 1308/70, a flat rate of aid per hectare has to be fixed for hemp to ensure an even balance between the necessary production and the scope for disposal.

For 1991/92, the aid was fixed at ECU 339.42/ha.
For 1992/93, it is proposed to keep the aid at its present level.

6.4.2 The Commission considers that, given the forseeable trend in prices for fibres and seeds, on the one hand, and the level of the aid for hemp seed as well as the prices for other crops, on the other, the proposed flat-rate aid should enable producers' incomes and the areas sown to be maintained.

6.5. <u>Hemp seed</u>

Article 1 of Regulation (EEC) No 3698/88[1] provides that aid is to be fixed each year for hemp seed at a level which is fair to producers and takes account of the Community's supply requirements.

For the 1991/92 marketing year, the aid was fixed at ECU 24.59/100 kg. It is proposed that for 1992/93 the aid be maintained at its present level.

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(1) OJ No L 325, 29.11.1988, p. 2.

6.6. Silkworms

Article 2 of Regulation (EEC) No 845/72[2] provides that aid is to be fixed each year per box of silkworm eggs used, at a level which helps to ensure a fair income for silkworm rearers.

For 1991/92, the aid was fixed at ECU 111.81/box. For 1992/93 it is proposed in view of the current and foreseeable prices for raw silk that it remain unchanged at ECU 111.81/box.

(2) OJ No L 100, 27.4.1972, p. 1.

5)

7. WINE

7.1. Prices

The Commission proposes to maintain the same guide price in 1992/93 as in 1991/92.

7.2. Related measures

The Commission intends to present proposals in the course of this year for the reform of the common organization for wine. However, it does not consider it opportune to open this discussion whilst the attention of the Council is concentrated on the major series of reform already proposed in other areas of the common agricultural policy. It therefore proposes to extend certain deadlines set out in existing legislation, that is to say:

- the submission of reports on the definition of wine-growing zones, enrichment, the effectiveness of structural measures on compulsory distillation, the sulphur dioxide content of wine, sparkling wine and dessert wine (in preparation) and measures to enable groups of producers to be treated in the same way as producers for compulsory distillation contracts;

- determination of the rules for calculating the quantities to be distilled in each production region (uniform percentage and reference year), agreed to following the Dublin agreement but held over until 31 August 1992, and the derogation given to allow the compulsory distillation scheme to be applied according to special rules in Greece;

- setting of the trial period for certain deacidification practices soon to expire;

- fixing of the period during which that part of the aid intended to promote the use of grape must for the production of juice may be earmarked for the promotion of grape juice (already extended last year until 31 August 1992).

8. FRUIT AND VEGETABLES

8.1. Basic and buying-in prices

Pursuant to Article 16 of Council Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables, each year the Commission proposes a basic price and a buying-in price for each of the products listed in Annex II to the said Regulation, namely cauliflowers, apricots, nectarines, peaches, lemons, tomatoes, aubergines, pears, table grapes, apples, satsumas, mandarins, clementines and oranges.

It is proposed that the basic and buying-in prices of all products be kept at their present level. The Commission will draw the necessary consequences of any overshooting of the intervention thresholds once the final level of withdrawals during the 1991/92 marketing year is known.

In the case of Spain and Portugal, the prices will be further aligned in accordance with Articles 149 and 285 of the Act of Accession. This is the third alignment for Spain and the second for Portugal.

8.2. Intervention thresholds

The intervention threshold for apples is now set until the end of the 1991/92 marketing year. With a view to ensuring the market equilibrium in this sector, it is proposed that this threshold be made permanent and at the rate in force for the 1991/92 marketing year, namely 3% of the average production for consumption as fresh fruit pertaining over the last five marketing years for which figures are available.

8.3. Processed fruit and vegetables

The system of quotas for processed tomatoes which has applied for the past four years expires at the end of this season and the previous guarantee threshold system will automatically come back into force. Many in the industry prefer the certainty of a quota system and the Commission recognises that it does have many advantages. It is too late to disturb the legitimate expectations that quotas will not apply this year but the Commission is prepared to propose their reintroduction next year based on previous levels, not on production in 1992/93. In the meantime, in order to avoid a sudden increase in expenditure arising from the non-application of a quota system this year and to avoid a conflict between the two systems next year, the Commission proposes that any aid reduction which may be needed as a result of the threshold being exceeded this year will apply this year rather than next.

9. TOBACCO

9.1. As the proposed reform of this regime cannot now be applied to the 1992 crop, the Commission proposes to extend unchanged the 1991 levels of the norm and intervention prices, premiums, derived intervention prices, refrence qualities and production areas. Prices also remain unchanged for certain problematic varieties where the specific price reductions decided in the past have to be continued.

9.2. For certain varieties, however, the proportion of the lowest grade acceptable for intervention which is purchased by processors has risen to levels at which, under existing rules, the lowest grade should now become the representative one. The full application of this rule would, however, have a more drastic effect on the level of premia paid for these varieties than is reasonable in the context of this final year of the existing regime. As an interim measure, therefore, a premium reduction will be applied in cases where a processor purchases more than a given percentage of the lowest quality. This measure will have no effect on the minimum price payable to the producer.

9.3. Furthermore, according to Article 13 of Regulation (EEC) No 727/70 the Commission presents in Annex II a report on the situation of production and marketing of certain varieties of tobacco.

10. MILK AND MILK PRODUCTS

10.1. Prices

The Commission proposes to maintain in 1992/93 the same level of target and intervention prices as in 1991/92. This proposal assumes that the Council will decide to continue the milk quota system, as the Commission has already proposed.

10.2. Price alignment in Spain and Portugal

In accordance with the rules of the Treaty of Accession (Article 70(3)), the Commission proposes that the common intervention prices for butter and skimmed-milk powder should be applied in Spain. For Portugal, the common intervention price for butter has already been applied since the beginning of the 1991/92 marketing year. For skimmed-milk powder the Commission proposes, as provided for in the Treaty of Accession, that the difference in price between the Azores and mainland Portugal should be eliminated and therefore that the current intervention price in the Azores should be applied to Portugal as a whole.

10.3. Coresponsibility levy

Taking into account the serious budgetary situation and the general context of maintaining the existing price level, the coresponsibilty levy must be maintained at its present level.

10.4. Quotas

The existing quota regime expires on 1 April 1992. Proposals for quotas from that date onwards have been presented in the context of the reform of the common agricultural policy. The proposal to maintain prices at the same level as in 1991/92 presupposes that the Council will reach decisions on the basis of these proposals before 1 April. It would be quite impossible to maintain support prices without limits on quantities.

10.5. Inward processing

Inward processing is currently suspended in the milk sector, with a specific exemption for certain products. The Commission proposes that both this suspension and the exemption should continue in 1992/93.

11. BEEF AND VEAL

11.1. Community prices

It is proposed to maintain the guide price at the same level as in 1991/92, i.e. at ECU 200/100 kg liveweight. It is also proposed to maintain the intervention price at ECU 343/100 kg carcase weight for quality R3.

11.2. Public intervention

Whilst the Council reaches decisions on the reform it is proposed not to adapt the existing Council rules.

11.3. Premia

No change for the special beef premium is proposed, compared to its level in 1991/92, i.e. ECU 40 per animal (with an unchanged maximum of 90 animals). As regards the suckler cow premium, the level should be fixed at the level existing in 1990/91 (exclusive of the once-off increase decided for 1991/92), i.e. ECU 40/cow (without headage limit); with the possibility of a national supplement subject to a maximum ECU 25/cow; and the associated provision for payment by EAGGF of the first ECU 20/cow of this national supplement in the case of Greece, Ireland, and the United Kingdom insofar as Northern Ireland is concerned.

11.4. The Commission remains concerned at the continuing difficulties in the beef sector as reflected by heavy intervention purchasing and low prices to producers. Accordingly, it expects early decisions by the Council in the reform context to redress current trends. The Commission will continue to monitor the situation closely and, in the absence of the necessary Council decisions on reform of the sector, reserves the right to bring forward proposals to deal with the situation in the event of a further deterioration in the market.

12. SHEEPMEAT AND GOATMEAT

12.1. Institutional prices for the 1992 marketing year were fixed in the 1991/92 price package.

As regards institutional prices for 1993 the Commission wishes to stress that within its proposals for the reform of the sector the application of the stabilizer mechanism is to be frozen at 7% (its 1990 level). This, together with the introduction of a limited producer guarantee for premium purposes and the reduction of 2% in the basic price fixed by the Council for the 1992 marketing year, should limit the development of production. The Commission therefore considers that its cautious institutional price policy should be continued. Under these circumstance it proposes to maintain the basic price unaltered for 1993. However, should the Council fail to adopt its reform proposals, the Commission reserves the right to make further proposals with respect to the 1993 institutional prices.

12.2. In the context of the reform of the sheep sector, which has operated since 1990, the opening of private storage measures is dependent on the level of the weekly seasonalized basic price. However, because of the importance of the variable slaughter premium in Great Britain, particularly in budgetary terms, the seasonal scale of the basic price has been influenced since then more by the requirements of the slaughter premium than by those of private storage. Since the variable slaughter premium no longer applies in Great Britain, it is now opportune to adjust the seasonal scale so as to improve its application insofar as private storage is concerned.

12.3. Sheepmeat production throughout the Community tends towards two seasonal peaks, the first in late winter and spring in southern parts and the second in mid-summer and autumn in northern parts of the Community. Peak production in the south in spring is relatively high cost as it is dependent on cereal feeding while peak production in the north is less so as it is generally grass based. In order to provide a reasonable measure of market support at peak production periods throughout the Community while at the same time taking some account of differing production costs, it is proposed to maintain the overall shape of the seasonal scale. Nevertheless, it is felt that the extent of the increase or decrease in the seasonalized price in comparison to the basic price itself should be reduced considerably from the levels associated with the variable slaughter premium in order to take into account the abovementioned differences in peak production throughout the Community. Therefore, it is proposed that the peak and trough levels of the 1992 seasonalized basic price be reduced by 25%. Experience gained to date in the operation of the tendering system for aid to private storage would suggest that eligibility for tendering would not change significantly, consequent to such an alteration in the seasonal scale.

13. PIGMEAT

Basic price

The basic Regulation for pigmeat provides for the fixation of a basic price, the aim of which is to trigger market intervention measures (in practice, aids to private storage). Such measures may be initiated when the average market price in the Community falls below 103% of the basic price. The basic price is in force from 1 July to 30 June.

From 1 November 1984 to June 1990 the basic price for pig carcases of standard quality stood at ECU 2.033.30 per tonne, and for the period July 9190 to June 1992 has been fixed at ECU 1.897.00 per tonne.

It is proposed to maintain this level for the marketing year 1992/93.

The definition of standard quality should remain at:

(a) carcase weighing 60 kg to less than 120 kg: grade U,
(b) carcase weighing 10 kg to 180kg: grade R.

ANNEX I

Report on the operation of the system of aid for cotton

(to be submitted to the Council by the Commission)

1. Introduction

Article 3(2) of Regulation (EEC) No 1964/87[1] provides that by the 1992/93 marketing year at the latest, the Commission is to submit a report on the operation of the system of aid to the Council. If the report shows it to be necessary, the Council is to decide on any adjustments to the system.

2. Basic provisions of the system of aid for cotton

A. The system of production aid introduced for cotton by Protocol No 4 annexed to the Act of Accession of Greece and adjusted by Regulation (EEC) No 1964/87 provides basically for:

(1) the granting of aid in respect of a quantity of cotton of a certain quality (standard quality);

(2) the calculation of the aid on the basis of the difference between a norm price and a world market price fixed for unginned cotton (raw cotton) with a view to permitting the disposal of Community production at the world price;[2]

(3) the granting of aid to ginning plants provided they have paid the producer a minimum price which is close to the norm price and takes account of the quality of the product delivered;

(4) a reduction in the aid where production exceeds a maximum guaranteed quantity (MGQ).

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(1) Council Regulation (EEC) No 1964/87 adjusting the system of aid for cotton (OJ No L 184, 3.7.1987, p. 14).

(2) The report annexed to the 1987/88 price package says that the Commission drew the Council's attention in particular to the problems inherent in granting aid for unginned cotton (basically the lack of prices for seed and the difficulty of assessing the cost of ginning). Noting in addition that the difficulties it experienced in calculating the aid stemmed almost exclusively from those components of the calculation not related to fibre, the Commission proposed to grant the aid in respect of the latter. However, the Council did not endorse the Commission's conclusions. Noting now that since that time these problems have persisted but not worsened and in the light also of experience with oilseeds (soya panel), the Commission is refraining from proposing such an amendment again.

B. In addition to this system of production aid, in 1990[1] the Council introduced a system of aid for small cotton producers (cultivating up to 2.5 hectares) for the 1989/90, 1990/91 and 1991/92 marketing years to allow them to recover the additional costs of manual harvesting. (They are unable to undertake mechanical harvesting owing to the small size of their holdings.) It appears from the development of the area cultivated by small producers that the additional aid granted was too attractive by comparison with the aid granted to other producers. However, the effect of the increase in the area planted by small producers has been to diminish the aid, thus moving the scheme closer to an equilibrium and the Commission therefore proposes to extend it unchanged.

3. <u>The way the system of aid operates</u>

While it permits reasonable expansion of Community cotton cultivation, the present aid system has curbed excessive growth in production, thus limiting EAGGF Guarantee expenditure on cotton and safegarding traditional deliveries from non-member countries, which include some developing countries.

(a) Firstly, during the three years preceding accession, areas under cotton amounted on average to 148 600 ha in Greece and 54 700 ha in Spain compared with 260 300 ha and 76 700 ha respectively on average during the period 1989 to 1991. In addition, areas under cotton in these two countries, which amounted to 273 100 ha before Spain's accession and rose to 391 700 ha in 1988/89, fell back from 1989/90 to 311 500 ha in 1991/92 (Table I). During the last five marketing years, aid for cotton fell on average by 14.6% (ECU 14.584/100 kg) as a result of the co-responsibility arrangements, thus reducing the average norm price to ECU 81.372/100 kg (Table II). Community cotton production, which rose substantially until 1988/89 (1 190 000 tonnes), subsequently declined to 850 000 tonnes (estimate) in 1991/92.

During the period under consideration, average production was around 1 million tonnes (1 009 000 tonnes).

(1) Regulation (EEC) No 1152/90 instituting a system of aid in favour of small cotton producers (OJ No L 116, 8.5.1990, p. 1).

(b) Secondly, as regards the financial consequences of the co-responsibility arrangements, savings amount in total to ECU 766 million for the period 1987/88 to 1991/92, or ECU 153 million on average per marketing year (Table III).

(c) As regards trade, imports of cotton fibres into the Community in 1990 were only slightly down on those in 1986 and are still above 1 million tonnes (Table IV), deliveries from Spain and in particular from Greece to both other Member States and non-member countries did not fall (Table V) and the Community's self-sufficiency rate is only around 25% (Table VI).

To conclude, experience gained since the 1987 change to the aid system indicates that the latter has operated satisfactory. For these reasons the Commission considers that the present system should be maintained, subject to certain technical adjustments to improve the way it functions.

Before the 1996/97 marketing year, the Commission will submit a report to the Council on the future arrangements for cotton in light of experience gained in this area after the changes proposed below and after the introduction of the system contemplated for major crops under the reform of the CAP.

4. Proposed changes

A. Stabilizer arrangements

While considering that the stabilizer arrangements have basically achieved their objectives, the Commission points out that in the framework of the discussions on the agricultural price proposals for 1991/92 the Council called on the Commission "in the context of the upcoming revision of the stabilizer for cotton, to see what measures would be appropriate for protecting producers against the very substantial price fluctuations between one season and the next, without thereby jeopardizing the economic effectiveness of the system.

The Commission is aware of the fact that the reduction varies greatly, which introduces great uncertainty as regards anticipated income. During the period under consideration, the reduction varied between 6% and 25% (Table VII); this figure would have been even higher if a buffer had not existed.

The present system, which is based on the calculation of estimated production and actual production, has not affected the way the aid system has functioned despite the differences sometimes recorded between those two components.

Lastly, the present stabilizer arrangements provide for annual fixing of the MGQ. Although a maximum of 752 000 tonnes has always been used, this annual fixing is an additional source of uncertainty among producers.

Under these circumstances, to remedy the abovementioned drawbacks, it is proposed:

1. to discontinue the annual fixing of the MGQ;

2. to discontinue the progressive reductions in bands where the MGQ is exceeded but to fix a reduction resulting from the application of a coefficient calculated on the basis of the overrun in the MGQ; that coefficient is to be calculated so as to bring about a reduction comparable with the present reduction but more equitable in the case of production levels which are close to the present band of 15 000 tonnes;

3. to limit the reduction applicable to a marketing year to 20% while carrying over that part of the reduction above the 20% maximum to the following marketing year; such a change should provide greater stability for the stabilizer arrangements;

4. to make the MGQ equal to 701 000 tonnes in order to ensure budget neutrality, in view of the change in the standard quality (see B(a) below).

B. <u>Other changes</u>

(a) Determination of the standard quality

Determining the quantity of cotton eligible for the aid requires taking a sample to record the impurities and moisture content in order to adjust the weight as such of the cotton placed under supervision, taking account of the difference compared with a standard quality (3% inorganic impurities and 14% moisture, the organic impurities content not being taken into account).

The standard quality used has turned out to be very different from the actual quality of cotton produced (around 3% impurities including 1% inorganic impurities and 10% moisture). Substantial adjustments to the contract price and to the quantity of product eligible for aid were therefore necessary (Table VIII).

Furthermore, as organic impurities are not taken into account, the producers were not encouraged to produce clean cotton, to the detriment of the quality of product delivered.

Under these circumstances the Commission proposes the following standard quality: 3% impurities and 10% moisture, which results in a reduction of 6.74%[1] in the quantity eligible for aid.

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1 $$\frac{100-(1+10)}{100-(3+14)} - \frac{100-(3+10)}{100-(3+10)} : 1{,}0723$$

(b) Fixing the aid after the event

While the Commission considers that despite the lack of intervention or other measures to facilitate disposal, the latter has not posed major problems, it nevertheless notes that ginners who were not able to sell fibres on placing under supervision, the latest time limit for the submission of aid applications, receive insufficient aid where there is a fall in the world price. By introducing the possibility of applying for the aid after placing under supervision, the problem would be solved.

5. This report is accompanied by a proposal for a Council Regulation:

- adapting for the second time the system of aid for cotton;
- amending Regulation (EEC) No 2169/81 laying down the general rules for the system of aid for cotton (the aim of these two proposals is to amend the stabilizer arrangements in line with point 4.A. above);

- amending Regulation (EEC) No 1152/90 instituting a system of aid in favour of small cotton producers (the aim of this proposal is to extend the arrangements as indicated in point 2.B. above).

TABLE I

Change in Community areas under cotton (ha)

	GREECE		SPAIN		ITALY	TOTAL
1978/79	168.232					
1979/80	136.354					
1980/81	141.060					
Ø 1978/80	148.549	148.549				
1981/82	126.300					
1982/83	137.300					
1983/84	168.000		39.606			
1984/85	192.000		60.313			
1985/86	209.000		64.052			273.052
Ø 1983/85				54.657		
1986/87	210.000		80.583		33	290.616
1987/88	202.000		81.306		255	283.561
1988/89	256.000		135.473		166	391.639
1989/90	280.000		67.829		93	347.922
1990/91	268.000		83.881		-	351.881
1991/92	233.000		78.496		-	311.496
Ø 1989/91		260.333		76.735		337.068

TABLE II

	MGQ (tonnes)	Production (tonnes)	Overrun (tonnes)	Theoretical reduction (without carryover) %	Theoretical reduction (without carryover) ECU/100 kg	Adjusted norm price ECU/100 kg	Small producers (ECU/100 kg) Aid	Small producers (ECU/100 kg) Adjus. price
1987/88	752.000	875.000	123.608	9	8,642	87,378	0	83,378
1988/89	752.000	1.189.866	437.866	20(30)	19,204	76,816	0	76,816
1989/90	752.000	1.098.547	346.547	24	23,045	72,975	8,246	81,221
1990/91	752.000	991.743	239.743	16	15,338	80,522	6,036	86,558
1991/92	752.000	888.912]	136.912	10	9,586	86,274	6,036(•)	92,310
ø	752.000	1.008.935	256.935	15,8	15,163	80,793	4,064(•)	84,857

(•) Estimate

TABLE III

Trend in norm prices, production, aid and expenditure on cotton

	Norm price Ecu/100 kg			Aid ø ECU/100 kg	Production		Expenditure (ECUm)	
	Fixed	Adjusted	Reduction		Ha	Tonnes	Actual	Additional (1)
1987/1988	96,02	90,259	5,761	59,61	283.561	875.608	522	50,4
1988/1989	96,02	76,820	19,200	53,95	391.639	1.189.866	642	228,4
1989/1990	96,02	78,736	17,284	44,87	347.922	1.098.547	493	189,9
1990/1991	95,86	71,895	23,965	44,76	351.881	991.793	444	237,7
1991/1992	95,86	89,150	6,710	[65,00]	311.496	[888.912]	[578]	59,6
ø	95,956	81,372	14,584	53,64	337.300	1.008.945	536	153
TOTAL								766

(1) Reduction x production

TABLE IV

Imports of cotton fibres from non-member countries

EC 10

	Total	USA		USSR		USA + USSR		Other	
	t	t	%	t	%	t	%	t	%
1981	595.930	71.887	12,1	184.454	31,0	256.341	43,1	339.589	56,9
1982	675.772	109.252	16,2	178.926	26,5	288.178	42,7	387.594	57,3
1983	739.389	110.355	14,9	123.537	16,7	233.892	31,6	505.497	68,4
1984	754.827	187.274	24,8	43.503	5,8	230.777	30,6	524.050	69,4
1985	808.190	171.774	21,3	39.336	4,9	211.110	26,2	597.080	73,8

EC 12

	Total	USA		USSR		USA + USSR		Other	
1986	1.054.565	102.845	9,8	116.309	11,0	219.154	20,8	835.411	79,2
1987	1.201.837	209.385	17,4	159.314	13,3	368.699	30,7	833.138	69,3
1988	1.017.376	214.537	21,1	136.916	13,5	351.453	34,6	665.923	65,4
1989	1.028.266	166.091	16,2	158.212	15,4	324.303	31,6	703.963	68,4
1990	1.005.528	222.340	22,1	121.880	12,1	344.220	34,2	661.308	65,8

Source : EUROSTAT-COMEXT

TABLE V

Deliveries of cotton fibres (tonnes)

	GREECE			SPAIN		
	Intra EC-10	Extra EC-10	World	Intra EC-10	Extra EC-10	World
1981	1.518	7.765	9.283			
1982	1.130	16.407	17.537			
1983	5.617	17.288	22.905			
1984	7.532	27.431	34.963	8.633	1.463	10.096
1985	427	37.770	38.197	24.143	8.325	32.468
	Intra EC-12	Extra EC-12	World	Intra EC-12	Extra EC-12	World
1986	14.956	11.927	26.883	18.807	5.895	24.702
1987	44.999	43.594	88.593	19.240	7.742	26.982
1988	4.355	36.793	41.448	18.460	8.736	27.222
1989	41.821	66.742	108.563	42.474	11.702	54.176
1990	19.468	49.663	69.150	14.534	7.579	22.647

Source : EUROSTAT-COMEXT

TABLE VI

EC self-sufficiency rate in cotton fibres

	Production	Exports	Imports	Apparent consumption	Self-sufficiency rate
	t	t	t	t	%
1987	280.195	56.742	1.201.837	1.425.290	20
1988	380.757	55.593	1.017.376	1.342.540	28
1989	351.535	89.910	1.028.266	1.289.891	27
1990	317.374	72.130	1.005.528	1.250.772	25
Ø	332.465	68.594	1.063.252	1.327.123	25

Source : EC Commission, DG VI

TABLE VII

Estimated and actual Community unginned cotton production

	Production (t)			Reduction %	
	Estimated	Actual	Difference	Actual	Theoretical
1987/88	828.850	875.608	+ 46.758	6	9
1988/89	1.086.902	1.189.866	+ 102.964	20	20
1989/90	1.009.119	1.098.547	+ 89.428	18	24
1990/91	1.035.279	991.743	- 66.508	25	16
1991/92	888.912	(1) 850.000	(1) - 38.912	7	7
ø				15,2	15,2

(1) Estimate

TABLE VIII

Total quality and quantity eligible for aid

	GREECE	SPAIN
1982/83	1,055	..
1983/84	1,064	..
1984/85	1,064	..
1985/86	1,066	..
1986/87	1,064	1,080
1987/88	1,051	1,085
1988/89	1,075	1,103
1989/90	1,070	1,113
1990/91	1,071	1,115
average 1986/87-1990/91	1,066	1,099

ANNEX II

Commission report to the Council on the situation with regard to the production and marketing of certain varieties of tobacco

1. Article 13(1) of Council Regulation (EEC) No 727/70 of 21 April 1970 on the common organization of the market in raw tobacco lays down that where, for a variety or a group of varieties, the quantities taken over by the intervention agencies exceed, or seem likely to exceed, a stated percentage of the production for two successive crops, and in any case a stated quantity (see the Annex to Regulation (EEC) No 1469/70), the Commission is to submit to the Council a report and proposals for measures to bring about a better balance between production and demand and to reduce stocks and, if necessary, for measures to enable a reasonable standard of living to be maintained for producers. Pursuant to paragraph 2 of the same Article, the measures in question are to be implemented when it is apparent that for a given single crop the extension of cultivated areas is the main cause of the percentages and/or quantities being exceeded.

2. The information available regarding intervention stocks relates to the 1988 and 1989 crops and points to large quantities being offered for intervention (see Annex I).

   For three varieties the quantities presented for intervention exceeded the quantity for a single crop as referred to in Article 13 and for ten varieties the quantities presented for intervention exceed the quantity stated for two successive crops (1988 and 1989) as referred to in Article 13.

   Among the varieties concerned, three have already been the subject of Article 13 measures. These are the varieties hybrids of Badischer Geudertheimer, Tsebelia and Mavra.

   For these three varieties, the quantities presented for intervention for one or two years were massive (the limit being exceeded by 600% to 1260%), and the MGQs were also vastly exceeded (by up to 1000%).

3. Production of the variety Badischer Geudertheimer in Italy in 1989 totalled 85 321 tonnes, compared with an MGQ of 7 700 tonnes. This situation led the Council to take four measures concerning this variety.

   (a) For the 1989 crop, on the basis of the special measures provided for in Article 13 of Council Regulation (EEC) No 727/70 the lowering of the intervention price for variety No 1 (Badischer Geudertheimer and hybrids thereof) to 75% of the norm price (Council Regulation (EEC) No 1330/90 of 14 May 1990).

   (b) For the 1990 crop the reclassification of variety No 1 Badischer Geudertheimer grown in Italy under variety 11 with the designation hybrids of Badischer Geudertheimer, along with, among others, the variety Forchheimer Havanna, leading to a 25% cut in the premium and a 35% cut in the intervention price (Council Regulation (EEC) No 1331/90 of 14 May 1990).

   (c) From the 1990 crop the reduction of the percentage of the production of tobacco presented for intervention triggering the measures provided for in Article 13(5) of Council Regulation (EEC) No 727/70 from 115 to 110% (Council Regulation (EEC) No 1332/90 of 14 May 1990).

   (d) For the 1991 crop an additional 13% cut in the prices and premiums (Council Regulation (EEC) No 138/91 of 13 June 1991).

4. The increase in the quantities of varieties Nos 23 Tsebelia and 24 Mavra offered for intervention led the Council in 1989 to cut the intervention price to 75% of the norm price pursuant to Article 13 of Regulation (EEC) No 727/70 (Council Regulation (EEC) No 1253/89). For the 1990 crop the Council also reduced the level of prices and premiums for these two varieties by 15% (Council Regulation (EEC) No 1331/90), followed by 13% for the 1991 crop (Council Regulation (EEC) No 1738/91).

5. For the variety Badischer Burley (zone B) the ceiling was exceeded for the 1988 crop, while the crop area increased significantly. Since then the crop areas appear to be stabilizing (despite a substantial increase in 1990), but production in 1990 and estimated production in 1991 show a steep rise (169% up on 1988).

6. The other nine varieties come under the category sun-cured, also known as oriental varieties. The development in the areas cultivated in 1988 and 1989 is close to the average, and the level of production remains below the MGQs except in the case of the Italian oriental varieties, which exceeded the MGQ by 9% in 1989 only. For the 1988 and 1989 crops the reason for the increase in intervention is not therefore the trend in production but the trend in demand for these varieties.

These varieties have, to a greater or lesser degree, specific aromatic characteristics which are sought for the manufacture of American blends. A large percentage of this tobacco thus finds an outlet on the world market and is very sensitive to trends in these outlets.

The increase in the quantities of oriental tobacco from the 1988 and 1989 crops entering intervention can thus be attributed to a substantial decrease in exports in 1989, linked with a surplus of world stocks. It may also be the case that certain speculative practices have reinforced this situation.

7. The current market situation with regard to the 1990 and 1991 crops can be regarded as relatively satisfactory. Having regard to greater demand on the world market, prices have improved and, according to the information supplied by the Member States, the quantities of tobacco from the 1990 crop entering intervention are very small. It may therefore be assumed that in general the risk of high intervention buying is limited and would not require special measures. Nonetheless, as regards the three problem varieties mentioned in point 3, the intervention potential remains high, in view of the limited demand on the market.

8. In October 1991 the Commission put three proposals for Regulations to the Council, the first on the common organization of the market in raw tobacco, the second fixing the premiums and quotas, and the third concerning inter-branch organizations and agreements in the tobacco sector.

   However, as the adoption of this reform by Council has been delayed, the existing regulations will remain in force for the 1992 crops. It is therefore proposed to roll-over, for the 1992 crop, the special measures taken for the varieties No 11 Forchheimer Havanna, Hybrids of Badischer Geudertheimer, etc., No 23 Tsebelia and No 24 Mavra.

ANNEX I

Variety	% by which intervention quantities pursuant to Article 13 are exceeded		Percentage change in crop area	
	1988	1989	1988/1987	1989/1988
No 1 Badischer Geudertheimer Zone B *	1,260.8	-	+ 259.0	+ 15.1
No 23 Tsebelia	925.8	900.5	- 1.0	- 0.8
No 24 Mavra	1102.0	602.5	- 2.5	- 6.8
No 2 Badisher Burley Zone B	159.2	-	+ 92.0	+ 0.4
No 21 Myrodata	-	539.8	- 5.0	- 10.0
No 13 Xanthi Yaka	149.7	287.5	+ 15.0	- 4.8
No 14 Perustiza	126.5	77.7	+ 11.6	- 12.1
No 15 Erzegovina	97.2	143.7	- 37.4	- 25.0
No 17 Basma	43.9	46.3	- 5.8	+ 12.4
No 18 Katerini	90.0	20.4	- 5.7	+ 4.0
No 19 Kaba Koulak Cl.	326.4	249.5	- 23.5	+ 36.3
No 20 Kaba Koulak N-Cl.	25.0	393.6	- 31	- 27.3
No 22 Zichnomyrodata	477.9	561.4	- 17	- 14.0

* From the 1990 harvest onwards variety No 1, Badischer Guedertheimer (Zone B) is reclassified under variety No 11(e) hybrids of Badischer Guedertheimer.

A N N E X   II

Variety			Production (tonnes)	
	1988	1989	1990	1991 (*)
No 1 Badischer Geudertheimer Zone B **	67.407	85.321	45.222	46.000
Forchheimer Havanna	6.504	3.954	25.395	25.000
No 23 Tsebelia	30.084	30.060	21.590	21.000
No 24 Mavra	13.267	13.176	9.163	10.000
No 2 Badisher Burley Zone B	3.973	3.890	5.443	5.500
No 21 Myrodata	5.885	6.055	4.618	5.000
No 13 Xanthi Yaka	8.875	10.368	8.408	8.500
No 14 Perustiza	8.815	9.263	8.635	8.600
No 15 Erzegovina	2.164	2.217	1.978	1.900
No 17 Basma	24.410	23.975	20.304	26.000
No 18 Katerini	13.226	19.256	18.950	21.000
No 19 Kaba Koulak Cl.	23.709	17.373	13.725	13.000
No 20 Kaba Koulak N-Cl.	3.362	2.500	1.668	1.500
No 22 Zichnomyrodata	774	700	397	400

* Estimate.

** From the 1990 harvest onwards variety No 1, Badischer Guedertheimer (Zone B), is reclassified under variety No 11(e), hybrids of Badischer Geudertheimer.

Product and type of price or amount (Period of application)		1991/92 Decisions		Proposals 1992/93		Spain			Portugal		
		Amounts ecus/t	% change (1)	Amounts in ecus/t	% change	Amounts in ecus/t 1991/92	1992/93	% change	Amounts in ecus/t 91/92	1992/93	% change
1		2	3	4	5	6	7	8	9 (4)	10 (4)	11
Common wheat	1. 7.92-30. 6.93										
- Target price		233,26	- 0,41	232,76	- 0,21	233,26	232,76	- 0,21	233,26	232,76	- 0,21
- Intervention price breadmaking wheat (2)		168,55	0,00	168,55	0,00	168,55	168,55	0,00	210,80	206,11	- 2,22
- (Intervention price feed wheat)		160,13	0,00	160,13	0,00	160,13	160,13	0,00	200,26	195,80	- 2,22
Barley	1. 7.92-30. 6.93										
- Target price		212,33	- 0,45	211,83	- 0,24	212,33	211,83	- 0,24	212,33	211,83	- 0,24
- Intervention price		160,13	0,00	160,13	0,00	160,13	160,13	0,00	160,13	160,13	0,00
Maize	1. 7.92-30. 6.93										
- Target price		212,33	- 0,45	211,83	- 0,24	212,33	211,83	- 0,24	212,33	211,83	- 0,24
- Intervention price		168,55	0,00	168,55	0,00	168,55	168,55	0,00	168,55	168,55	0,00
Sorghum	1. 7.92-30. 6.93										
- Target price		212,33	- 0,45	211,83	- 0,24	212,33	211,83	- 0,24	212,33	211,83	- 0,24
- Intervention price		160,13	0,00	160,13	0,00	160,13	160,13	0,00	160,13	160,13	0,00
Rye	1. 7.92-30. 6.93										
- Target price		212,33	- 0,45	211,83	- 0,24	212,33	211,83	- 0,24	212,33	211,83	- 0,24
- Intervention price (3)		160,13	0,00	160,13	0,00	160,13	160,13	0,00	160,13	160,13	0,00
Durum wheat	1. 7.92-30. 6.93										
- Target price		277,21	- 3,54	276,71	- 0,18	277,21	276,71	- 0,18	277,21	276,71	- 0,18
- Intervention price		227,70	- 3,50	227,70	0,00	216,48	227,70	+ 5,18	227,70	227,70	0,00
- Aid (ecus/ha)		181,88	+ 6,28	181,88	0,00	146,34	181,88	+ 24,29	181,88	181,88	0,00
Rice	1. 9.92-31. 8.93										
- Target price - husked rice		546,13	0,00	545,52	- 0,11	546,13	545,52	- 0,11	546,13	545,52	- 0,11
- Intervention price - paddy rice		313,65	0,00	313,65	0,00	313,65	313,65	0,00	338,39	332,21	- 1,83
Sugar	1. 7.92-30. 6.93										
- Basic price for sugar beet		40,00	0,00	40,00	0,00	46,84	46,08	- 1,6	42,83	41,57	- 2,9
- Intervention price for white sugar (•)		53,01	0,00	53,01	0,00	61,29	59,57	- 2,8	53,35	54,22	+ 1,6

(•) ecus/q.
(1) Without the agrimonetary effect.
(2) For the 1991/92 marketing year, this price was increased by 3.37 ecus/t for a higher quality. A premium of ECU 3,27 ecus/t is proposed for 1992/93 (-3,00%).
(3) For the 1991/92 marketing year, this price was increased by 4,22 ecus/t for a higher quality. A premium of ECU 4,09 ecus/t is proposed for 1992/93 (-3%).
(4) Portuguese producers receive special assistance to grow common wheat, barley, maize, sorghum and rye, (R. 3653/90).

N° 2

Price proposals in ecus for individual agricultural products

Product and type of price or amount (Period of application)	1991/92 Decisions		Proposals 1992/93		Spain			Portugal		
	Amounts ecus/t	% change	Amounts ecus/t	% change	Amounts in ecus/t 1991/92	Amounts in ecus/t 1992/93	% change	Amounts in ecus/t 1991/92	Amounts in ecus/t 1992/93	% change
1	2	3	4	5	6	7	8	9	10	11
Olive oil 1.11.92-31.10.93										
- Production target price	3.220,1	0	3.220,1	0,0	3.220,1	3.220,1	0,0	3.220,1	3.220,1	0,00
- Intervention price	2.158,7	0	2.038,7	- 5,6	1.853,1	1.846,3	- 0,4	2.096,5	1.999,5	- 4,6
- Representative market price	1.972,8	3,7	1.932,8	- 2,0	-	-	-	-	-	-
- Production aid	708,3	0	828,3	16,9	458,5	551,0	20,1	425,3	526,1	23,7
- Consumption aid	539,0	- 11,5	459,0	- 14,8	456,7	457,5	0,2	494,2	482,5	- 1,4
Dried fodder - Guide price(1) 1. 5.92-30. 4.93	178,61	0	178,61	0	178,61	178,61	0	178,61	178,61	0
Peas and field beans 1. 7.92-30. 6.93										
- Activating price	440,1	- 1,5	440,1	0	440,1	440,1	0	440,1	440,1	0
- Guide price	290,3	- 1,5	290,3	0	290,3	290,3	0	290,3	290,3	0
- Minimum price - peas	253,4	- 1,5	253,4	0	253,4	253,4	0	253,4	253,4	0
- field beans	234,7	- 1,5	234,7	0	234,7	234,7	0	234,7	234,7	0
Lupins 1. 7.92-30. 6.93										
- Activating price	423,4	- 1,5	423,4	0	423,4	423,4	0	423,4	423,4	0
- Minimum price	284,2	- 1,5	284,2	0	284,2	284,2	0	284,2	284,2	0
Flax 1. 8.92-31. 7.93										
- Guide price (seed)	544,90	- 1,5	544,90	0	507,30	516,70	1,9	544,90	544,90	0
- Fixed-rate aid (fibre) (per ha)	374,36	0	374,36	0	318,87	374,36	17,4	318,87	374,36	17,4
Hemp 1. 8.92-31. 7.93										
- Fixed-rate aid (per ha)	339,42	0	339,42	0	289,16	339,42	17,4	289,16	339,42	17,4
- Aid (seed)	245,90	- 1,5	245,90	0	245,90	245,90	0	245,90	245,90	0
Silkworms 1. 4.92-31. 3.93										
- Aid per box	111,81	0	111,81	0	95,80	111,81	16,7	95,80	111,81	16,7

(1) A 20% reduction in aid over 2 years is proposed, using a coefficient of 90 % in 1991/92 and 80 % in 1992/93.

Product and type of price or amount (Period of application)	1991/92 Decisions		Proposals 1992/93		Spain			Portugal		
	Amounts ecus/t	% change	Amounts ecus/t	% change	Amounts in ecus/t 1991/92	1992/93	% change	Amounts in ecus/t 1991/92	1992/93	% change
1	2	3	4	5	6	7	8	9	10	11
Cotton 1. 9.92-31. 8.93										
- Guide price	958,6	0	1.027,9	7,23(*)	958,6	1.027,9	7,23(*)	958,6	1.027,9	7,23(*)
- Minimum price	910,7	0	976,5	7,23(*)	910,7	976,5	7,23(*)	910,7	976,5	7,23(*)
Milk 1. 4.92-31. 3.93										
- Target price	268,1	0	268,1	0	268,1	268,1	0	268,1	268,1	0
Butter										
- Intervention price	2.927,8	0	2.927,8	0	3.024,9	2.927,8	- 3,2	2.927,8	2.927,8	0
Skimmed milk powder										
- Intervention price	1.724,3	0	1.724,3	0	2.026,7	1.724,3	- 14,9	2.100,0(1)	2.070,0	-1,4
Grana padano cheese 30-60 days										
- Intervention price	3.796,7	0	3.796,7	0						
Grana padano cheese 6 months										
- Intervention price	4.704,3	0	4.704,3	0						
Parmigiano-Reggiano cheese 6 months										
- Intervention price	5.192,1	0	5.192,1	0						
Beef/veal 2. 4.92-31. 3.93										
- Guide price for adult bovine animals (2)	2.000	0	2.000	0	2.000	2.000	0	2.000	2.000	0
- Intervention price quality R 3 cat. A	3.430	0	3.430	0	3.430	3.430	0	3.430	3.430	0
- Intervention price quality R 3 cat. C	3.430	0	3.430	0	3.430	3.430	0	3.430	3.430	0
	1992		1993							
Sheepmeat 7. 1.92- 6. 1.93										
- Basic price (carcase weight)	4.229,5	- 2	4.229,5	0	4.229,5	4.229,5	0	4.229,5	4.229,5	0
Pigmeat 1. 7.92-30. 6.93										
- Basic price (carcase weight)	1.897	0	1.897	0	1.897	1.897	0	1.897	1.897	0

(*) Technical adjustment taking account of the improvement in the standard quality.
(1) For the Azores, the intervention price for skimmed milk powder is ECU 3/100 kg less than the price indicated, which is applicable on the mainland.
(2) Price per tonne (liveweight).

Product and type of price or amount (Period of application)		1991/92 Decisions		Proposals 1992/93		Spain (1)			Portugal (2)		
		Amounts ecus/t	% (3) change	Amounts ecus/t	% (3) change	Amounts in ecus/t 1991/92	1992/93	% (3) change	Amounts in ecus/t 1991/92	1992/93	% (3) change
1		2	3	4	5	6	7	8	9	10	11
Fruits and vegetables - Basic price											
- Cauliflowers	1. 5.92-30. 4.93	-	0	-	0	-	-	+ 5,0	-	-	+ 3,4
- Tomatoes	11. 6.92-30.11.92	-	0	-	0	-	-	+ 13,8	-		+ 5,5
- Peaches	1. 6.92-30. 9.92	-	0	-	0	-	-	+ 1,0	-	-	0
- Lemons	1. 6.92-31. 5.93	-	0	-	0	-	-	+ 9,7	-	-	+ 9,0
- Pears	1. 7.92-30. 4.93	-	0	-	0	-	-	+ 7,9	-	-	+ 8,6
- Table grapes	1. 8.92-20.11.92	-	0	-	0	-	-	0	-	-	+ 5,4
- Apples	1. 8.92-31. 5.93	-	0	-	0	-	-	+ 7,5	-	-	+ 5,0
- Mandarins	16.11.92-28. 2.93	-	0	-	0	-	-	+ 5,6	-	-	0
- Sweet oranges	1.12.92-31. 5.93	-	0	-	0	-	-	+ 1,8	-	-	+ 4,5
- Apricots	1. 6.92-31. 7.93	-	0	-	0	-	-	+ 8,1	-	-	+ 6,3
- Aubergines	1. 7.92-31.10.92	-	0	-	0	-	-	+ 16,0	-	-	+ 5,8
- Clementines	1.12.92-15. 2.93	-	0	-	0	-	-	0	-	-	0
- Satsumas	16.10.92-15. 1.93	-	0	-	0	-	-	0	-	-	0
- Nectarines	1. 6.92-31. 8.92	-	0	-	0	-	-	0	-	-	0

(1) Including price alignment (3rd alignment)
(2) Including price alignment (2nd alignment)
(3) Without the effect of intervention thresholds.

Table wine (1)	1. 9.92-31. 8.93										
- Guide price Type R I		3,21	0	3,21	0	3,01	3,21	+ 6,64	3,21	3,21	0
- Guide price Type R II		3,21	0	3,21	0	3,01	3,21	+ 6,64	3,21	3,21	0
- Guide price Type R III		52,14	0	52,14	0	48,81	52,14	+ 6,82	52,14	52,14	0
- Guide price Type A I		3,21	0	3,21	0	3,01	3,21	+ 6,64	3,21	3,21	0
- Guide price Type A II		69,48	0	69,48	0	65,04	69,48	+ 6,83	69,48	69,48	0
- Guide price Type A III		79,35	0	79,35	0	74,28	79,35	+ 6,83	79,35	79,35	0

(1) R I, R II and A I expressed in ecus/%/hl.
R III, A II and A III expressed in ecus/hl.
For Portugal including price alignment (1st alignment) carried out in 1991/92.

N° 5

Price proposals in ecus for individual agricultural products

Product, group and variety	Harvest 1991 - Decisions Price/premium/% change compared with 1990	Harvest 1992 - Proposals Price/premium/% change compared with 1991
1	2	3
Tobacco	) Price - 6% adjustable) Premium - 6% adjustable	0%; except where the proportion of lower qualities purchased by a processor exceeds a specified maximum.

Table 2

AGRIMONETARY PROPOSALS – PRICE PACKAGE 1992/93

Applicable at the beginning of the 1992/93 campaign

MEMBER STATES Product Group(1)	GREEN CENTRAL RATES(2) (ecu=..nc)	PREVIOUS SITUATION GREEN RATES (ecu=..nc)	REAL GAPS (points)	APPLIED GAPS (points)	DISMANT-LEMENT	NEW SITUATION GREEN RATES (ecu=..nc)	REAL GAPS (points)	APPLIED GAPS (points)	EFFECT ON PRICES
BELGIUM/LUXEMBOURG	48.5563								
All products		48.5563	0.000	0.0	0	48.5563	0.000	0.0	0.000
DENMARK	8.97989								
All products		8.97989	0.000	0.0	0	8.97989	0.000	0.0	0.000
FRANCE	7.89563								
All products		7.89563	0.000	0.0	0	7.89563	0.000	0.0	0.000
GERMANY	2.35418								
All products		2.35418	0.000	0.0	0	2.35418	0.000	0.0	0.000
IRELAND	0.878776								
All products		0.878776	0.000	0.0	0	0.878776	0.000	0.0	0.000
ITALY	1761.45								
All products		1761.45	0.000	0.0	0	1761.45	0.000	0.0	0.000
NETHERLANDS	2.65256								
All products		2.65256	0.000	0.0	0	2.65256	0.000	0.0	0.000
PORTUGAL	202.670								
All products		208.676	2.878	1.4	−1.378	205.756	1.500	0.0	−1.399
UNITED KINGDOM	0.815203								
All products		0.795423	−2.487	−1.0	0.987	0.803156	−1.500	0.0	0.972
SPAIN	147.585								
Beef, milk		154.138	4.251	2.8	−2.751	149.832	1.500	0.0	−2.794
Cereals, sugar		153.498	3.852	2.4	−2.352	149.832	1.500	0.0	−2.388
Olive oil, wine, dried fodder, flax, hemp, silkworms		149.813	1.487	0.0	0.000	149.813	1.487	0.0	0.000
Cotton, grain legumes		151.660	2.687		−1.187	149.832	1.500	0.0	−1.205
Sheepmeat, other crop prod.		150.828	2.150		−0.650	149.832	1.500	0.0	−0.660
Others		151.660	2.687	0.0	−1.187	149.832	1.500	0.0	−1.205
GREECE	270.197								
Sheepmeat, cereals, sugar, wine, olive oil, tobacco, fishing prod., structure		252.121	−7.170	−5.7	5.670	266.204	−1.500	0.0	5.586
Tomatoes, cucumbers, courgettes, aubergines		257.188	−6.058		3.558	266.204	−1.500		3.506
Poultry (3)		256.487	−5.345	−2.2	3.845	266.204	−1.500	0.0	3.788
Grain legumes (3)		257.895	−4.770		3.270	266.204	−1.500	0.0	3.222
Other crop products (3)		257.188	−6.058		3.558	266.204	−1.500		3.506
Others (3)		257.895	−4.770	−3.3	3.270	266.204	−1.500	0.0	3.222

(1) Except pigmeat (application of Article 6a of Council Regulation (EEC) No 1676/85).
(2) Switch-over coefficient = 1.145109 – Green market rate for floating currencies; week of reference: 29.1.92 – 5.2.92.
(3) The pocket price dismantlement has to be added to the automatic dismantlement taking effect at the beginning of the 1992/93 campaign:

Poultry		252.121	−7.170	−2.2	1.825	256.487	−5.345	0.0	1.732
Grain legumes		252.121	−7.170		2.400	257.895	−4.770		2.290
Other crop products		252.121	−7.170	−5.7	2.112	257.188	−6.058	−3.6	2.010
Others		252.121	−7.170	−5.7	2.400	257.895	−4.770	−3.3	2.290

Table 3

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

	% change in prices (1)(2)	
	in ecus	in national currency (3)
Belgium	0.0	0.0
Denmark	0.0	0.0
Germany	0.0	0.0
Greece (4)	0.0	6.1
Spain (5)	1.2	- 0.4
France	0.0	0.0
Ireland	0.0	0.0
Italy	0.0	0.0
Luxembourg	0.0	0.0
Netherlands	0.0	0.0
Portugal (5)	0.4	- 1.0
United Kingdom	0.0	1.0
EUR 12 (5)	0.1	0.3

(*) Excluding impact of stabilizers
(1) Percentage variation between proposed support prices for 1992/93 and the support prices for 1991/92
(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 ecus, converted at green rates in this proposal. For the currencies not respecting the narrow band in the EMS calculations were done using the rates of the week ending on 5.2.92
(4) Including effect of automatic dismantlement
(5) Including effect of alignment of Spanish and Portuguese prices on common prices under accession arrangements

Table 4 - Stabilizers and production thresholds (without DDR)

	1991/92			1992/93
	Quotas or MGQ applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Cereals	MGQ : 160 million t	Estimated production: 169 million t (+11,6 million t 5 new Länder)	overrun 9 million t; cut in price for 92/92 of 3%	Proposed in the context of CAP reform : the same as for 1991/92
Sugar (white sugar eq.)	Quota A : 11,187 m t Quota B : 2,488 m t	Production (including carryovers) in m t Quota A : 10,970 Quota B : 2,412 Sugar C : 2,156 Total : 15,338		The same as for 1991/92
Isoglucose	Quota A : 240,743 t Quota B : 50,342 t	Estimated production within quotas		
Rape	MGQ EUR-10 : 4,500,000 t Spain : 12,900 t Portugal : 1,300 t	Estimated production: EUR-10 : 6,376,000 t Spain : 21,000 Portugal : -	EUR-10 : overrun of 41.7% resulting in a reduction of ECU 9.08/100 kg (- 20.5%) in the target price Spain : ECU - 6.78/100kg in the target price (-16.2%) Portugal : no overrun	SMG : (approved by the Council) EUR-12: 2,377,000ha (with DDR)
Sunflower	MGQ EUR-10 : 2,000,000 t Spain : 1,411,800 t Portugal : 90,000 t	Estimated production: EUR-10 : 2,966,000 t Spain : 1,036,000t Portugal : 35,000t	EUR-10 : overrun of 48.3 % resulting in a reduction of ECU 18.43/100 kg (-32,1%) in the target price Spain : no overrun Portugal : no overrun	SMG : (approved by the Council) EUR-10:1,202,000ha Spain :1,411,000ha Portugal:122,000ha
Soya	MGQ EUR-12 : 1,300,000 t	Estimated production 1.547.000	Overrun of 19% resulting in a reduction of ECU 11.07/100kg in the guide price for the Community of Ten and ECU 4.67/100kg for Spain (-9.6%)	SMG : (approved by the Council) EUR-12:509,000ha
Peas, field beans and sweet lupins	MGQ EUR-12 : 3,500,000 t	Estimated production: EUR-12 : 4,465,000 t	Overrun of 27,6% resulting in a reduction of ECU 4.8/100 kg in the guide prices for peas and field beans (-16,5%)	MGQ : the same as for 1991/92
Olive oil	Q.M.G. EUR-12 : 1,350,000 t	Production will be estimated in March 1992	No clear indication	MGQ : the same as for 1991/92
Wine	Compulsory distillation : 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; 7.5% of that price for the remainder	Quantity covered by the compulsory-distillation scheme: 15.600.000hl	Yes : average price reduction for compulsory distillation : about 28%	

	1991/92			1992/93
	Quota or MGQ applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Tobacco	Overall MGQ EUR 12 : 390,000 t of leaf tobacco. Allocated by variety	Anticipated overall production : EUR 12 : ±450,000 t	Overrun in the case of certain varieties	Overall quota : EUR 12:340,000 t allocated by variety and group of varieties, proposed to the Council
Cotton	MGQ : 752,000 t (EUR-12)	Estimated production: EUR-12 : 888,912 t	Reduction of aid by 6,710 ECU/100 kg	MGQ : EUR 12 701.00 t (the same as last year but adapt to take account of the change in the standard quantity)
Fresh tomatoes	Intervention threshold EUR-12 : 599,300 t	Withdrawals : 52,218 (provisional)	No overrun	Intervention thresholds : the same as for 1991/92
Cauliflowers	Intervention threshold EUR-12 : 57,300 t	Withdrawals : 26.350 (provisional)	No overrun	3% of the average quantity produced for consumption, not including products for processing, in the last five years
Nectarines	Intervention threshold EUR-12 : 62,400 t	Withdrawals : 79,043 (provisional)	Overrun anticipated. (price reduction of 5%)	10 % of average quantity produced same basis as for cauliflowers
Peaches	Intervention threshold EUR-12 : 269,700 t	Withdrawals : 422,688 (provisional)	Overrun anticipated. (price reduction of 6%)	12 % of average quantity produced same basis as for cauliflowers
Apples	Intervention threshold EUR-12 : 240,300 t	Marketing year under way		the same as in 1991/92
Oranges	Intervention threshold EUR-12 : 1,181,800 t	Marketing year under way		10 % of average quantity produced in the last five years plus 752,392 t
Lemons	Intervention threshold EUR-12 : 369,400 t	Marketing year under way		10 % of average quantity produced in the last five years plus 250,993 t
Satsumas	Intervention threshold EUR-12 : 34,500 t	Marketing year under way		10 % of average quantity produced in the last five years
Clémentines	Intervention threshold EUR-12 : 133,900 t	Marketing year under way		10 % of average quantity produced in the last five years
Mandarines	Intervention threshold EUR-12 : 35,800 t	Marketing year under way		10 % of average quantity produced in the last five years

	1991/92			1992/93
	Quota or MGQs applicable	Market situation	Overrun	Quota or quantity applicable/proposed
Processed tomatoes	Guarantee thresholds Concentrate : EUR-11 : 4,283,699 t Germany : 33,700 t		No clear indication	
	Peeled : EUR-12 : 1,543,228 t		No clear indication	
	Other EUR-11 : 734,920 t Germany : 1,300 t		No clear indication	
Dried grapes	Guarantee threshold Currants : 68,000 t Sultanas : 93,000 t Moscatel : 4,000 t		No overrun	Same thresholds as in 1991/92
Williams pears	Guarantee threshold EUR 12 : 102,805 t		No overrun	Same thresholds as in 1991/92
Peaches in syrup	Guarantee threshold EUR-12 : 582,000 t		No overrun	Same thresholds as in 1991/92
Milk	Overall guaranteed quantity (including Community reserve and temporary suspension of 4.5 %) EUR 11 : 98,802,551 t (without Portugal)		Small overrun expected, on the fat basis content (±0,5%)	Proposed in the context of the CAP reform : 2% cut +of which 1% redistribution
Sheepmeat	Maximum guaranteed level for ewe flock 63,400,000 head 18,100,000 for Great Britain and 45,300,000 for EUR-11 and Northern Ireland	Estimated 1991 flock: 48,360,000 head for EUR-11 and Northern Ireland and 19,775,000 for Great Britain	Estimated overrun of 9% for EUR-11 and Northern Ireland and 6% for Great Britain, reductions in the basic prices of 6.45% and 8.1% respectively (with effect from 7 jan 1991)	A proposal made in the context of CAP reform: -individual limit per producer -freeze if the reduction in the basic price, of 7%

Table 5

Trends in economic indices from 1980 to 1990 in real terms
- EUR 12 -

Index base on 1980 = 100

Years	Expenditure EAGGF-Guarantee (1)(3)	GNP total (2)	Final agricult. output (2)	Employm. in agric. in AWU	Final agric. output per pers. empl. (2)	NVA agric. (1)	NVA per AWU (1)
1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981	89.0	100.1	99.1	95.0	104.4	97.2	102.3
1982	91.7	101.0	104.5	91.8	113.8	104.0	113.3
1983	110.4	102.7	104.9	89.5	117.2	98.4	109.9
1984	121.0	105.1	108.0	87.3	123.8	99.5	114.0
1985	125.5	107.6	107.9	85.9	125.7	93.9	109.4
1986	136.9	110.5	110.1	83.2	132.3	92.1	110.6
1987	138.4	113.8	110.0	80.9	135.9	88.1	108.8
1988	160.6	118.3	112.1	75.3	143.1	87.3	111.5
1989	142.5	122.2	113.3	75.0	151.1	92.9	123.9
1990	131.9	125.5	113.7	72.8	156.1	86.2	118.4

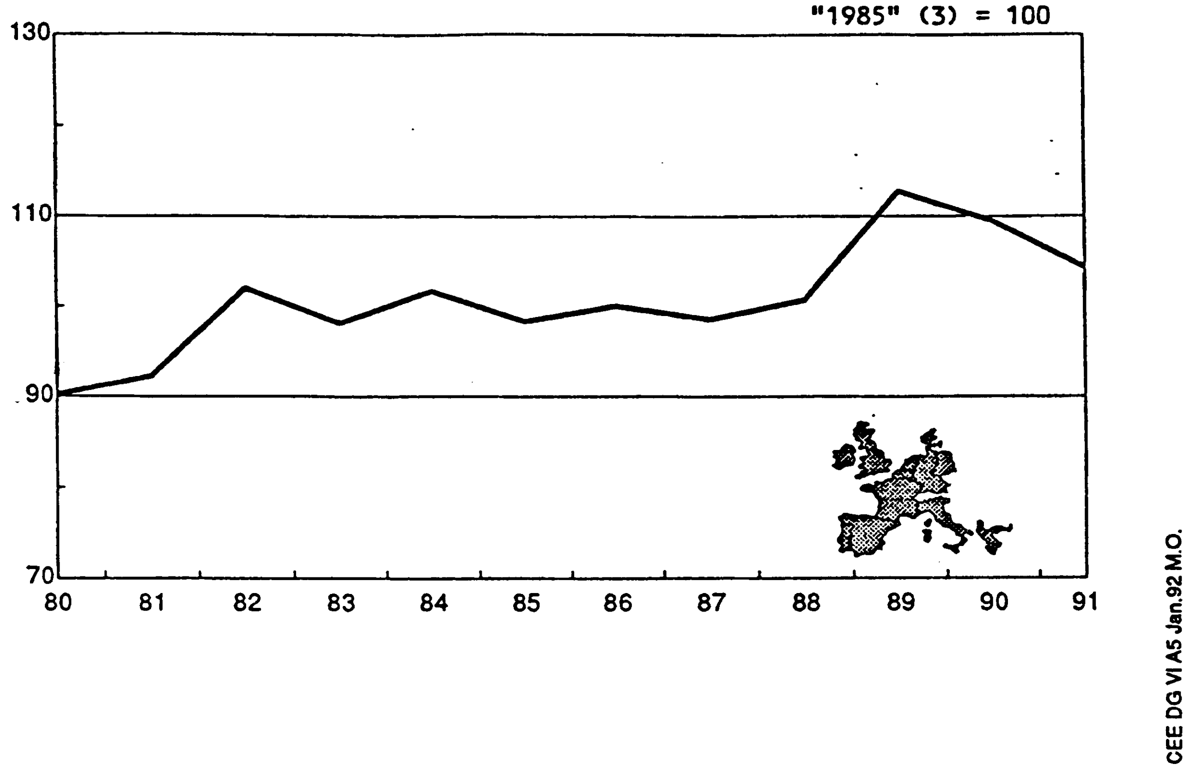
(1) In real terms (GNP deflator)
(2) In constant prices
(3) Budget "1987" : from 1 January to 31 October 1987
Budget "1988" : from 1 November 1987 to 15 October 1988
Budget "1989" : from 16 October 1988 to 15 October 1989
Budget "1990" : from 16 October 1989 to 15 October 1990

GNP : Gross National Product at market price
NVA : Net Value Added at factor cost
AWU : Annual Work Unit

Source : Eurostat - DG VI

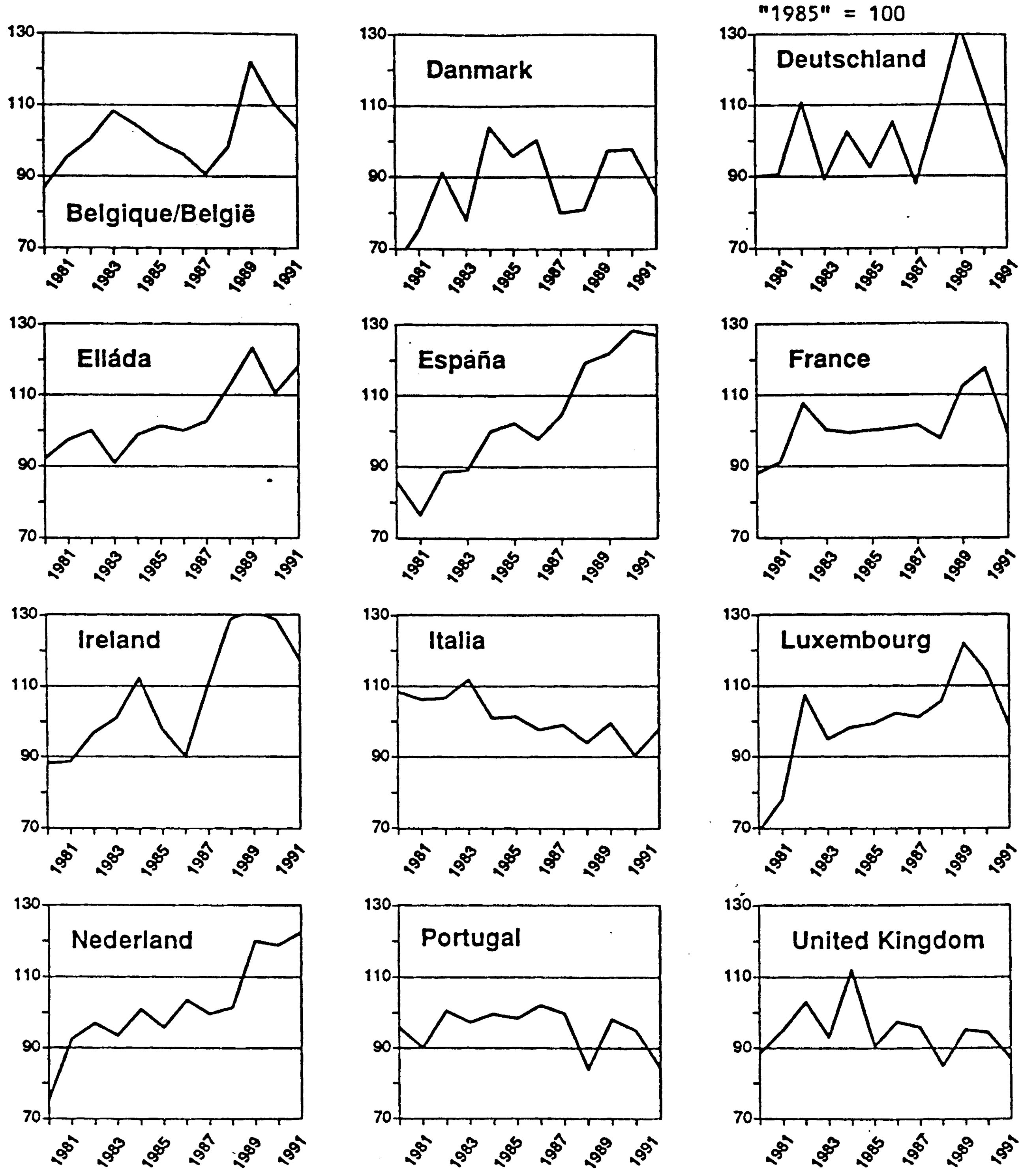
Figure 1

Net value added (1) per person employed in agriculture (2)



(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

Net value added per person employed in agriculture



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