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THE COMMON ORGANISATION OF THE MARKET FOR FRESH FRUIT

G. BAZOTI,

Ministry of Agriculture, Directorate of Agricultural Policy

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1. INTRODUCTION

The common organisation of the market for fresh fruit and vegetables includes common rules of competition, a regime of prices, intervention measures and regulations for commerce with third countries. A basic role in the management of the regime is played by the producers' groups. Special measures are applied to citrus fruits and dried fruits. A system of stabilisers is in operation. From the period 1997/8 gradual changes will be made to the regime in this sector.

2. FIELD OF APPLICATION - TRADE PERIODS

The common organisation of the market includes a large number of fresh fruits and vegetables. The periods of trade in these products are as follows:

- cucumbers, tomatoes, aubergines, zucchini	1 January - 31 December
- cherries	1 April - 30 September
- peaches, nectarines	1 May - 31 October
- cauliflowers, table grapes	1 May - 30 April
- plums	1 June - 31 October
- pears, lemons	1 June - 31 May
- endives, lettuce	1 July - 30 June
- oranges	1 October - 15 July
- mandarines, satsumas, clementines	1 October - 15 May
- artichokes	1 October - 30 September
- almonds, hazelnuts, walnuts, pistachios	
carob-beans,	1 September - 31 August
- carrots	1 September - 31 August
- apricots	1 May - 31 August
- apples	1 July - 31 June

3. STATUTORY PRICES

Each year, for the whole or part of the trade period, the Council determines base and market prices for the following products: cauliflowers, tomatoes, apricots, aubergines, peaches, nectarines, lemons, table grapes, apples, pears, mandarines, satsumas, clementines and oranges. The prices refer to a particular type of product (quality, size, variety etc).

3.1. Base prices

These represent the desired level of prices for the producers and are determined with the following taken into account:

- protection of the producers' income
- the stability of prices on the market and the avoidance of the creation of surpluses
- consumer interests

3.2. Market prices

These are calculated at 30-65 % of the base prices, according to the type of produce. They are used in the calculation of withdrawal prices and of the amount of the corresponding monetary equalisation.

4. MANAGEMENT OF THE MARKET

The market in fresh fruit and vegetables is characterised by a broad spectrum of products and qualities, by significant fluctuations from year to year and region to region, and by the fact that these products are perishable, delicate and seasonal.

The aim of the common organisation of the market is the equilibrium of supply and demand at a fair level of prices for the growers, taking into account trade with third countries and the necessary specialisation within the Community.

The measures aimed at the achievement of this goal are:

4.1. Rules concerning quality

Common rules and detailed regulations concerning quality have been determined for most of the fruits and vegetables which are in circulation in the Community or are destined for export. Normally, three quality categories are employed: extra, I and II. In exceptional circumstances the circulation of category III produce is permitted. These quality rules are applied at all stages of trade.

4.2. Producers' groups

To assist the establishment and function of groups of producers, which play an important role in the management of the market, the Member States can grant aid equal to 5 %, 5 %, 4 %, 3 % and 2 % of the value of produce traded, for each of the first five years respectively in which they function. The Community budget participates to the tune of 50 % in the financing of expenditure.

The rules for production, trade and withdrawal which are applied by the participating representative organisations of producers can be extended to individual producers in the same region.

4.3 Withdrawal

For all the products in the sector, the producers' organisations can determine withdrawal prices below which the products of their members are not placed on the market. In this case, for products for which statutory prices have been determined and which comply with the minimum rules for quality, the organisations grant their members compensation for the quantities which were withdrawn from the market. This compensation is equal to the product of these quantities multiplied by the withdrawal price. The producers' organisations receive the corresponding monetary equalisation from the Member States; this is refunded from the Community budget, under certain conditions and prerequisites.

The quantities which are withdrawn from the market are not brought back into the circle of trade. They may be destroyed or put to special uses (distribution to institutions etc).

The maximum level of the withdrawal price is calculated thus: the market price multiplied by coefficients of variety, quality, packaging etc, increased by an amount which is 10 % of the base price.

4.4 Condition of serious crisis

When in a representative area of production prices are, for two consecutive days, lower than the sum of the market price + 5 % of the base price, the market is considered to be in a state of "serious crisis".

The Member States, in this case, are obliged to buy up the products which are offered to them (public intervention) at the market price, adjusted by the quality coefficients.

This action is interrupted when the producer prices exceed the above limit for a period of two consecutive days. For certain products, the 5 % is not added to the prices at which public intervention is enacted, and the number of days becomes three instead of two.

4.5 Stabilisers

Measures for the stabilisation of the market are applied for the following products: tomatoes, cauliflowers, nectarines, peaches, apples, oranges, lemons, satsumas, clementines and mandarines.

The measures are contained in the determination of thresholds of withdrawal, before the beginning of the trade period. If the thresholds are exceeded, the result is a reduction of the base prices (and by extension of the withdrawal prices) in the following period. The reduction may not be greater than 20 % and does not have an accumulative character.

The amounts of the intervention thresholds for the Europe of the 12 and the Europe of the 15 Member States are shown in Table I.

4.6 Special measures for citrus fruits

In order to promote the processing of certain citrus fruits and consequently broaden the supply, aid is granted for oranges, mandarines, clementines, satsumas and lemons which are delivered to manufacturers of juices. In order to acquire the aid, the processor must pay the producer a minimum price on the basis of contracts which are drawn up between them. The minimum price and the aid (monetary equalisation) are defined yearly by the European Commission. The former corresponds to the statutory market price augmented by 5 to 10 % of the base price and the latter covers the difference between this price and the international price.

The aid can be granted direct to the producers. In this case, for the raw material, the processor pays to the producer the difference between the minimum price and the aid.

4.7 Measures for dried fruits

The measures are applied to almonds, hazelnuts, walnuts, pistachios and carob-beans. They include:

- aid "by bulk" to producers' organisations for improvements at the stages of production and trade, with 50 % Community participation.
- special aid to producers' organisations for the creation of working capital, from which are funded actions concerned with stockpiling and consequently with the better distribution of the product. There is 45 % participation of the Community and 10 % participation of the Member State in the funding.
- aid for improvement of the quality and promotion of consumption, with 50 % Community participation.

4.8 Other measures

From time to time and for certain products, various actions are funded such as:

- the uprooting and restructuring of varieties (apples, peaches, apricots)
- the promotion and improvement of the product
- the distribution of withdrawn products for philanthropic purposes or special uses.

5. COMMERCE WITH THIRD COUNTRIES

5.1. Imports

In the case of imports from third countries the issue of certificates of import may be required. Duties of the Common Tariff are applied.

In addition, entry prices are determined for a series of products. In a case where the import price is lower than the entry price, the difference is made up by analogy, through an "equivalent tariff" which replaced the equalisation levies in accordance with the GATT (from 1995).

All the import duties are to be reduced gradually, by 20 %, until the year 2000, while for certain products this reduction reaches 36-50 %. A reduction by the same amount applies for entry prices.

Preferential agreements have been made with certain third countries, which enjoy a preferential regime for the import of their products into the Community.

5.2 Exports

The issue of a certificate can be required for every export. Export refunds are granted for certain products in the sector; the level of refund and the quantities to which they apply are determined periodically by the Management Committee. The volume of subsidised exports and the corresponding expenses are to be reduced gradually until the year 2000 by 21 % and 36 % respectively, as a consequence of the GATT.

6. THE NEW REGIME

From the period 1997/8, the new regime for the sector of fruits and vegetables will be applied. The main differences between this and the existing regime are as follows:

- the trade periods are to be determined by proceedings of the Management Committee
- the role of producers' organisations is strengthened and the funding and other obligations of their members are to be increased.
- the organisations are to establish a venture fund for the funding of withdrawals (monetary equalisation and supplementary compensation) and for their programmes of action. This fund is to be financed by the maximum amount of 50 to 60 % from Community aid, the remainder to come from members' contributions. In certain regions a national contribution to the venture fund is permitted, under preconditions. This contribution can be incorporated into the Community Support Framework.

The amounts of the venture fund which are designated for the funding of withdrawals are to be reduced gradually from 60 to 30 % over a six-year period.

- techniques are to be promoted which respect the environment and institute environmental measures within the framework of the withdrawals.
- interoccupational organisations and agreements are to be instituted.
- the quantities of fruit and vegetables which can be withdrawn are to be limited gradually to 10 % of the quantities which are placed on the market. The Community compensation for withdrawal will be reduced gradually, by about 30 %, until the year 2002.
- aid is granted "by bulk" for hazelnuts for three periods.

Measures concerning citrus fruits are modified:

- * the minimum producer price is abolished
- * monetary equalisation is replaced by corresponding aid to producers, to be reduced gradually
- * processing thresholds are instituted, which if exceeded result in a reduction in aid during the same period in which the excess was ascertained.

7. BASIC REGULATIONS

Reg. 1035/72: COM for fruit and vegetables

Reg. 1035/77: measures concerning lemons

Reg. 3119/93: measures concerning the other citrus fruits

Reg. 2202/96: new COM for fruit and vegetables