

**AGRICULTURE AND THE REGIONS:
THE SITUATION AND DEVELOPMENTS IN
THE ENLARGED COMMUNITY**

**THE REGIONAL IMPACT OF THE COMMON
AGRICULTURAL
POLICY IN SPAIN AND PORTUGAL**



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AGRICULTURE AND THE REGIONS :
THE SITUATION AND DEVELOPMENTS IN THE ENLARGED COMMUNITY
THE REGIONAL IMPACT OF THE COMMON AGRICULTURAL POLICY
IN SPAIN AND PORTUGAL

Summary report for the Regional Policy Directorate General
of the Commission of the European Communities

by

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Document

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INTRODUCTION

Among Community policies which may have a regional impact, the common agricultural policy is particularly important : it is the most developed Community policy, accounting, by itself, for well over half the Community budget, and CAP measures, whether they relate to farm prices and markets or to structures, have a direct or indirect impact on the economic and social situation in the Community's various regions.

Regional policy, having as its objective the harmonious development of the various areas of the Community, is especially concerned with the development of less favoured regions, of which a large proportion are predominantly agricultural.

In 1978 the Commission decided to make a tentative study of the impact of the CAP over the period 1964 to 1976/1977¹. Since then, the Directorate-General for Regional Policy has regularly updated its analysis of regional agricultural developments in order to measure the impact of the CAP and of adjustments made to it.

This study forms part of that process and concerns developments in European agriculture from 1976 to 1983 :

- a) it reviews developments in the Ten-member Community's national and regional agricultural systems, which still show marked imbalances, despite the efforts made to improve the treatment of southern agricultural products.
- b) it also describes the regional agricultural characteristics of Spain and Portugal, now members of the Community;
- c) and tries to identify, in terms of their agriculture and their economic environment, the way in which the various groups of regions in the Europe of 12 will be affected by the new context for the CAP (reform and enlargement).

¹ Published as No. 21 in the Regional Policy Series

PART I : THE AGRICULTURE OF THE 10 IN 1983 - DEVELOPMENTS SINCE 1976

The Treaty of Rome states that the objectives of the common agricultural policy are to increase agricultural productivity and thus ensure a fairer standard of living for the agricultural community.

The common policy on markets and prices, gradually implemented, did in fact make it possible to sustain vigorous growth in European agriculture, yielding a net increase in agricultural income for the Community as a whole in the Sixties and the early Seventies. This growth carried on between 1976 and 1983, with relative improvement in labour productivity and relative maintenance of agricultural income for the Community as a whole. However, the positive general trend between 1976 and 1983 did not reduce the considerable disparities in income among the regional agricultural systems within European farming. To this day there is still a sharp contrast between the prosperity of farming in the centre of the Community and its relative indigence in many of the outlying areas.

This can be put down both to the base levels from which regional farming systems started when they entered the common market (size of holdings, types of farming) and to the kinds of growth they have managed to achieve, depending on structural developments closely linked to regional economic backgrounds and on the ability of farmers to turn to good account the advantages offered by the CAP.

1.1 Sustained agricultural growth; mounting crop production

Over the period from 1976/77 to 1982/83, the Community of Ten's total final agricultural production increased in volume at a relatively steady rate of 2.75% per annum. The most marked growth was in the field-crops - cereals (5.3% per annum) and, above all, oilseeds (23.5% p.a.). Milk delivered was increasing by 2.9% a year before the introduction of quotas, while beef/veal was only up by 1%. The "off-land" products maintained an annual growth rate of 3.3% for pigs, close on 5% for poultry and 1.5% for eggs. The growth in specialized cropping - vegetables, fruit and wine - was 2%, 3% and 3.7% respectively, albeit with very wide fluctuations from year to year.

Generally speaking crop production increased faster during this period than livestock production, giving crops a greater share in final Community production, i.e. 43% in 1982-83 as opposed to 40% in 1976-77.

1.2 Accentuation of national farming patterns (Table 1)

* France and the United Kingdom, major grain-growers, stepped up production of these crops, and by 1983 cereals represented 19% of the value of their final production, as compared with 16.5% and 14% respectively in 1976-77. France remained the Community's main producer of cereals, accounting for 38% of the output of the Community of 10. Increased output of cereals was not, however, to the exclusion of sizeable beef/veal and milk production (34% in France and 39% in the United Kingdom).

* Denmark, Belgium, the Netherlands and Germany further developed their pattern of intensive milk and "off-land" livestock production. Milk made up almost 30% of these countries' final production, with "off-land" products accounting for between 20 and 30%. Denmark and Germany linked this in with production of cereals consumed on the farm, while Belgium's beef/veal production represented 20% of total final production. The Netherlands further contributed a sizeable production of crops under glass (9% of their final production).

* Greece and Italy remained largely producers of Mediterranean items, with fruit and vegetables representing 30% and 27% respectively of their total output; Italy was still by far the Community of Ten's top producer of fruit and vegetables, with almost half the European production.

* The pattern for Ireland and Luxembourg was one of cattle specialization, both in terms of milk and meat production, which accounted for 70% of their final production. In Ireland this pattern included barley consumed on the farm.

1.3 Specialization of the regional agricultural systems

Within these national systems, the pattern of specialization in the regional production basins tended to sharpen.

The cereals and field-crop farming basins. There is a very high concentration of common wheat production in the two major production areas - the Paris basin, in its broad sense, and East Anglia. Maize has remained essentially a cereal of southwestern France, and Italy, with, however, certain advances in the regions in the North. **Industrial crops** - sugarbeet, oilseed, potatoes - associated with cereals in the same rotation in the field-crop farming regions, are more locally concentrated than cereals; the very high regional concentration continued for sugarbeet in the North and the Paris basin in France, the North and East in the United Kingdom, Wallonia in Belgium, and in Niedersachsen, North Rhine/Westphalia and Bavaria in Germany. **The spectacular advance of oilseeds** (23.5% a year) was essentially accounted for by the field-crop farming regions - in the East, South East and North of England, in Denmark, and, in France, in the Paris basin, Lorraine and the Southwest. The Community's potato production has declined (-1,1%), losing ground everywhere except in the regions of industrial potato processing, i.e. Dutch regions, Flanders and the North of France.

Specialized fruit and vegetable crops, and wine, despite some production of openfield vegetables in the field-crop farming systems, were still largely accounted for by small holdings in the southern regions (Italy, France, Greece), which cover over 80% of the volume of these products.

Dairy basins : milk was still the single most important farm product in final Community production (19.5% in 1977, 20.1% in 1983). Production was concentrated in the dairy basins of Western France, the South-West of Ireland, the Dutch regions and Bavaria. While declining in the cereals and field-crop regions, it continued to spread in almost all the Italian regions.

Meat production was not only increased in the dairy basins, it has also expanded in the stockbreeding regions (Massif Central, Midi Pyrénées) and the beefstock fattening regions (Po valley and Flanders); it, too, declined in the field-crop regions.

"Off-land" farming (pigs, poultry eggs), which can, by its nature, develop in any region, is in fact concentrated in highly specialized regions which have thus become the workshops of Europe's intensive production :

- spectacular growth in Dutch factory farming : +6.7% per annum for pigs, +4.4% for poultry, +12.8% for eggs;
- pig production in Denmark and Northern Italy developing at a rate twice that of the Community average;
- production of poultry and eggs in Brittany in France growing at an annual rate of 12% and 8% respectively.

1.4 The importance of intensification in accounting for the growth in income per person employed in agriculture between 1976 and 1983

National and regional growth in income per person employed in agriculture differs according to the rates at which the two growth components have changed:

- **structural growth** : increase in acreage farmed per person employed in agriculture linked to the general restructuring of the agricultural sector, which in itself depends very much on the regional economic environment;
- **growth through intensification** : increase in the gross value added per hectare as a result of increases in the volume of production and of changes in agricultural systems towards farming enterprises yielding wider margins per hectare.

At the Community of Nine level a significant trend emerged in the way in which income per person employed in agriculture was growing :

- **from 1968 to 1976, structural growth** contributed 75% of the increase in income, restructuring of the European agricultural production apparatus having been made easier by general prosperity in the economy as a whole;

- from 1976 to 1983, growth through intensification assumed greater importance (60%) because structural change, curbed by a general deterioration in the economic climate, lost momentum. Growth per person employed in agriculture stayed high in real terms, at 6.6% a year (stronger than during the previous period, when it was 5.5% a year).

The analysis per Member State reveals three kinds of growth :

- countries which boosted their growth through intensification : the Netherlands and the United Kingdom;
- countries shifting from structural growth to growth through intensification: Denmark, Germany and Belgium;
- countries whose growth remained predominantly structural : France, Luxembourg, Ireland and Italy.

The countries that obtained the most vigorous growth of labour productivity were those that intensified the most, i.e. the United Kingdom, Denmark and Germany.

At regional level, the regions that enjoyed the strongest growth in agricultural income per person employed in agriculture (measured in GVA/AWU²) over this period were also achieving the strongest growth through intensification (measured in GVA/UAA³) linked to very weak structural growth (measured UAA/AWU⁴) (Figures 1, 2 and 3⁵) :

- growth in the British and Danish regions, which stepped up output of cereals under CAP incentives;
- growth in the regions around the Paris Basin, which also expanded their field-crop production (cereals, oilseeds);
- growth through intensification of dairy-farming in the Eastern Netherlands and the German regions of Niedersachsen, Rheinlandpfalz and Baden-Württemberg.

On the other hand, the regions where there was little intensification of the production system showed only moderate growth in their labour productivity :

² GVA/AWU = gross value added per annual work unit
³ GVA/UAA = gross value added per hectare of utilised agricultural area
⁴ UAA/AWU = utilised agricultural area per annual work unit
⁵ A map showing the names of the regions follows this report

- there was little progress in the Italian regions' low level of productivity, despite some improvement in the structure of holdings, as this was not enough to offset the weak growth in the volume of agricultural production per hectare;
- the non-intensive stockbreeding regions - Ireland, Scotland, Wales, and the Auvergne, Limousin and Franche Comté, where labour productivity levels were already on the low side and where there was no progress in intensification, or even a relative decline. The same was true of the mixed cropping and stockbreeding regions of central Germany and Bavaria, where intensification has slowed down;
- finally, agricultural growth remained moderate in the regions with field-crop farming systems in the Paris Basin, although structural growth continued.

1.5 The prosperity gap between the centre and the outlying regions was still marked in 1983

As far as labour productivity in agriculture is concerned (measured by GVA/AWU) in 1983, there was still a wide gap in the Community of 10, between a centre with a very high GVA/AWU - made up of the regions of the great northern plain stretching from the Paris Basin to Denmark, including the North of England and East Anglia, where the number of persons employed in agriculture is a small proportion of the total working population - and the outlying regions, where low labour productivity is combined with a large agricultural population.

Within each of these areas - the centre and the outlying regions - there are groupings of different regional agricultural systems; these can be classified as follows (Figure 4) :

- In the leading group :

- * the regions with very high labour productivity (GVA/AWU index higher than 146; EUR 10 average = 100) : the field-crop farming areas dominated by large agricultural holdings (Ile de France, Picardy, Champagne Ardennes, East Anglia and Northern England) and the areas of very intensive agriculture (Flanders, Netherlands);

- * the regions with high labour productivity (GVA/AWU between 123 and 146) among which can be found the same two systems of production as in the previous group but with a lower degree of intensification, whether this concerns intensive system regions (Emilia Romagna, North Rhine/Westphalia, Provence-Alpes-Cote d'Azur), or field-crop farming regions (Central France, Haute Normandie, Nord Pas de Calais, South West of England and the West Midlands, Oost vor Storebaelt).
- **The group of outlying regions where productiuity is lowest** (GVA/AWU less than 77) takes in the regions of non-intensive stockfarming on the one hand (Limousin, Auvergne, Franche-Comté, Corsica, Sardinia, Wales, the Midlands, and the Midwest and North East of Ireland) and, on the other, regions with the combined handicaps of inefficient farm structures and low productivity per hectare (Greece, the regions in northern Ireland, Northern and Central Italy).
- **between the two, the group of regions where labour productivity is low or average** (GVA/AWU between 77 and 123) encompasses :
 - * the non-intensive dairy production regions : Lorraine, Burgundy, Scotland, East and South East Ireland;
 - * regions of small traditional cropping : West of France, Alsace, Western Ireland, the southern half of Germany, Luxembourg;
 - * regions with very intensive production systems (fruit, vegetables, rice) but with very weak farm structures : Liguria, Venetia, Calabria, Lombardy, Apulia).

1.6. The CAP and its effects on the regions from 1976 to 1983

During the period from 1976 to 1983, two aspects of the CAP were of major importance:

- the maintenance of open-ended guarantees for the main products (cereals, milk; sugar) on the basis of volume produced thus particularly favouring the large and medium-sized holdings in the North of the Community,
- the strengthening of support for oilseed production (oilseed being the product most favoured by the cereals-oilseed price ratio) and a gradual rebalancing of support in favour of southern products (introduction in 1978 of an EEC market organization for processed fruit and vegetables, extended to figs and dried grapes when Greece joined in 1981, introduction of an aid to cotton production and establishment of the sheepmeat market organization).

The differences in the degree of support that each market organization brought and the way in which they evolved meant that several indicators of market organization support could be drawn up measuring overall their effectiveness in supporting farmers' incomes (Table 2). When applied to the regional structure of production, the indicators enable a regional support index to be calculated.

A look at the progress of this indicator from 1976-77 to 1986 shows:

- **the level of support, which was already high in 1976-77, being maintained in the French cereal-growing regions (Paris Basin), in the dairying regions (Ireland, the British regions, Franche Comté, Lorraine, Normandy, Wallonia and Bavaria) and in the mixed farming regions (milk-cereals - Schleswig-Holstein, Northern England);**
- **the reinforcing of the level of support in a small number of regions specializing in Mediterranean products** which benefited from support being "rebalanced" in favour of southern products. This development was an appreciable one for two Greek regions - Thrace, specializing in the production of cereals and cotton, and Crete, a specialist in olive oil and dried grapes - and for two Italian regions (Campagna and Apulia), specializing in processed tomatoes. One could also add to this five French regions, Limousin, Poitou Charentes and Midi-Pyrénées, because of their beef/veal production, and Aquitaine for sunflower and Alsace for tobacco. Another significant finding is that it is the French regions which have higher productivity than the Greek and Italian ones and which, in fact, are not Mediterranean in type which were the most in number to benefit from what was meant to be a "rebalancing" in favour of southern products. In 1986, however, the level of support for these regions still fell short of the Community average;
- **on the other hand, the level of support remains low for regions producing fresh fruit and vegetables, or that go in for "off-land" products** - the Dutch regions, Brittany, North Rhine/Westphalia, the Italian regions and most of the Greek regions, which thus find themselves among the regions with the least support.

The impact of the support from an EEC market organization on the level of farming incomes can be gauged from the scale of the additional demand in terms of value, which it guarantees, by the interplay of two effects:

- that of the expansion of the volume of agricultural production, stemming from a protected internal market (Community preference, import levy) and the growth of exports (refunds);
- that of prices, linked to the price levels fixed by the Council of Ministers, higher than those which would be arrived at in an unprotected market.

As in the previous period, CAP support for cereals and milk during the 1976-1983 period ensured strong additional demand which made possible strong growth in those products. The same was true for the growth in oilseed production. The holdings which made the most of the open-ended EEC guarantees were those in the regions in the North of the Community.

The "rebalancing" to favour support for southern agricultural products that was evident during this period was of some significance in terms of actual outlay, but these products lack the growth potential and momentum of the "Northern" items. There are internal limitations to the fruit and vegetable, wine and olive oil markets, and there is very little demand on world markets; the effect of the CAP support thus tended to be confined to a price effect, since production could not grow in volume (indeed for processed fruit and vegetables volume was fixed). This does highlight the limits curtailing CAP efforts to help these regions where such efforts relate to individual products.

Implementation of the CAP accompanied by increased funding (Table 3).

From 1976-77 to 1983 EAGGF⁶-guarantee spending went up by 17% a year on average:

- it represented 9% of the gross agricultural value added in 1976 and 19% in 1983;
- per hectare, it tripled in the course of this period;
- per agricultural work unit it quadrupled.

⁶ EAGGF = European Agricultural Guidance and Guarantee Fund.

The "rebalancing" in favour of southern products was reflected in the growth in the share of expenditure on oilseeds, olive oil, processed fruit and vegetables, wine and sheepmeat.

Dairy products held on to top place in the spending structure (4.400 million ECU in 1983) despite a very large relative decrease (52% in 1976-77, 28.5% in 1983).

The share of spending on cereals and beef/veal exports went up because of lower world prices.

A breakdown of the EAGGF guarantee spending at regional level, in terms of the scale of regional production, also constitutes an indicator of the financial support provided by the CAP. Regionalized spending can be related to the annual work unit (AWU) or the area unit (UAA). The indicators of financial support obtained in this way have varied according to how spending under each EEC market organization has changed and according to the growth of production by region.

In national terms differences in the indices of EAGGF spending per hectare and EAGGF spending per AWU widened (Table 4):

- between Ireland and the Netherlands the EAGGF/ha indices ratio rose from 5.5 in 1976-77 to 8.5 in 1983. The increase in Community spending in favour of the Dutch system is largely explained by growth in dairy production;
- the EAGGF/AWU ratio between Irish and Dutch agricultural workers also increased from 2.7 to 3.5.

At regional level:

The regional disparities in the EAGGF/AWU index were widening (the weighted standard deviation for this index rose from 55 for 1976 to 64 for 1983) and the level per agricultural worker still correlated very closely with labour productivity (GVA/AWU) and hence income. Again, one finds, so far as this indicator is concerned, the same contrast between a centre with high labour productivity where a large share of the Community agricultural spending is concentrated, and the outlying regions, where structural weaknesses lead to lower production per person employed in farming and less spending by the EAGGF Guarantee Section (Figure 5).

During the period two groups of regions improved their EAGGF/AWU indices:

- central regions with high labour productivity which increased cereals and oilseed specialization - the North of England, Paris Basin, Burgundy, Poitou-Charentes, Vest vor Storebaelt;
- Mediterranean regions where spending linked to the introduction or improvement of market organizations had an appreciable effect - Corsica and Sardinia (wine and sheepmeat), some Italian regions, Provence - Alpes - Cote d'Azur.

On the other hand, because of the relative decrease in the weight attached to milk in the EAGGF Guarantee Section budget, there was a drop in the expenditure level for some regions with a high degree of specialization in dairy production - East and West France, the South of Ireland and Southern England.

Analysis of the regional effects of the CAP based on the regional breakdown of EAGGF guarantee section expenditure also reflects the limits restricting efforts to "rebalance" the impact of CAP support. The differences in labour productivity grew during the period, despite the structure of EAGGF guarantee expenditure being adjusted in favour of new EEC market organizations.

The agricultural systems in the outlying regions suffer not so much from a lower support for their production as from structural and natural handicaps which prevent them from achieving high labour productivity. Also, this is happening in regional economies which do not, in the short or medium term, offer much prospect of redeployment of redundant agricultural workers to other sectors.

**PART II: SPAIN AND PORTUGAL - SHARPLY CONTRASTING FARM SECTORS ON WHICH THE
IMPACT OF MEMBERSHIP IS LIKELY TO BE VERY DIFFERENT**

2.1. Advantages and disadvantages before entry

Farming is of great importance for employment and trade in the two new Member States (about 18% of total employment in Spain and 23% in Portugal; nearly 15% of all exports of the two countries are of agricultural products). This means that farming is an essential component of their economies, its share in their gross domestic product being somewhere between 6 and 7%, compared with rather less than 4% in the Community of Ten.

2.1.1 The main economic-structural indicators point to performances below the Community averages.

Although its situation is less unfavourable than that of Portugal so far as the main economic-structural indicators are concerned, Spain nevertheless presents a combination of economic factors in its agricultural sector of a lower efficiency than the Community average, of 50% for labour productivity to close on 60% for land productivity. The levels for average labour and land productivity for Portugal are as low as 13% and 46% respectively of the Community average.

The average structure of holdings in Spain is close to that of the Community of Ten, although with a smaller share of holdings over 20 ha (9.8% of holdings in Spain, 17.4% in the Community of Ten) but a larger share of holdings over 100 ha (1.6% as opposed to 1.4% in the Ten); the average UAA/AWU is higher in Spain (19 ha as against 14.4. ha in the Community of Ten).

In Portugal the extremely low level of labour productivity results from far-reaching structural weaknesses: 87% of Portuguese holdings are smaller than 5 ha (57% in the Community of Ten): the average UAA/AWU is only 3.8 ha.

2.1.2 Sharp contrasts in regional agricultural systems

Within Spain itself there are wide disparities in the incomes of persons employed in agriculture:

- between the medium-scale holdings of Navarre or Rioja, the coastal fruit and vegetable farming belt of Valencia, Murcia and Andalusia, where the GVA/AWU indicator reaches 160 in relation to the Community average (EUR 12 = 100);
- and the stockbreeding regions of the Northwest (Galicia, Asturia, the Basque Country) where the weakness of the structures restricts labour productivity to very low levels, although farming is more intensive than in Spain as a whole.

In Portugal there is also the contrast between:

- the systems of large-scale holdings in the South - cereals in Alentejo, bull breeding, rice-growing and market gardening in Lisbon and the Tagus Valley, where labour productivity is low (GVA/AWU less than 40, EUR 12 = 100) but is the highest in Portugal;
- and the regions of the North and Centre, where dairy and pig-farming and wine-growing show only very low productivity rates per worker on account of the extreme weakness of the production structures.

For both these countries, the impact of membership will, of course, differ from region to region. Although this will give Spain's Valencia and Murcia regions room to develop their fruit and vegetables in competition with the French and, especially, the Italian and Greek regions, those regions on the Iberian peninsula that have cereals and livestock as their major products will progressively have to vie with the more competitive northern countries in the context of an enlarged market.

2.2. The problems connected with the accession of the new members

Because of the importance of farm products in Spanish and Portuguese exports, and Spanish agriculture's considerable potential for expansion, particularly as regards sensitive products, the CAP will come to be applied in full only at the end of a ten-year transition period. This transition will be

"conventional" or "by stages", depending on the product. For **sensitive products** there will be an arrangement for monitoring trade between the old Community of the Ten and each of the two new members: the Supplementary Trade Mechanism (STM).

.Conventional transition

In Spain this will apply to all products subject to EEC organizations with the exception of fresh fruit and vegetables; in Portugal it covers oils and fats, sugar, processed fruit and vegetables, sheep and goatmeat, tobacco, wine, hemp, hops, seeds, dried fodder, peas, beans, field-beans, sweet lupins, live plants and flowers silkworms and beekeeping.

Its aim, over a period of seven years, will be to arrive at:

- the alignment of Portuguese and Spanish prices and aids with those in the Community of Ten,
- the elimination of tariff and non-tariff barriers to trade,
- adoption by the two new members of the Common Customs Tariff,
- and application by the two new countries of the preferential schemes operated by the Community.

There will be a safeguard clause for ten years in respect of trade between the Community of Ten and Spain and Portugal.

.Transition by stages

In Spain this will apply to fresh fruit and vegetables; in Portugal it covers, in fact, the bulk of agricultural production - milk and milk products, beef/veal, pigmeat, eggs, cereals, rice, fresh fruit and vegetables and wine products.

The first stage, lasting 3 to 5 years, will be devoted to carrying out the necessary restructuring and to introducing the basic mechanisms of the market organizations. The two new members will be subject to disciplines relating to prices, aids and production so as to move closer to the policy followed in this field by the Community and enable the measures entailed in the second stage to be applied.

The second stage will last until the end of the transition period and have the same features as the conventional transition period.

.For sensitive products - the supplementary trade mechanism

The supplementary trade mechanism consists basically of the establishment, product by product, at the beginning of each marketing year on the basis of estimates, of a "forward timetable" for the development of trade and of an "indicative import ceiling" for the market concerned. Where the target markets may be disrupted various measures may be activated such as the curtailment or suspension of imports. For Spain and Portugal, for example, the system will apply to cereals and dairy products, and for the Community of Ten to fruit and vegetables.

Taken as a whole, although the impact on the other Community countries of Portugal's membership is limited because Portugal is relatively small, Spain's impact could be much more significant on account of the productivity reserves in Spanish agriculture that could be mobilized by a policy of prices being higher than before accession for most of the sensitive products.

2.3. The regional impact of the CAP on Spain and Portugal

A tentative assessment of the regional effects the CAP is likely to have on Spain and Portugal in a hypothetical situation outside the transition period could be made by evaluating what would be the effect of an immediate alignment of Spanish and Portuguese prices on those of the Community. This exercise consists in calculating the change in regional final production linked to the substitution of Community prices for Spanish and Portuguese prices, showing up an immediate theoretical positive or negative impact on farmers' income, with the volume of production constant.

At national level, this simulation reveals growth of 14,1% in the total value of final production in Spain and 4% in Portugal, amounting in fact to what would overall be a positive effect on national agricultural income, all other things being equal, of course. This fully explains the intense concern expressed in farming circles in certain member countries at the prospect of

Spain and Portugal's entry: higher prices are bound to act as an incentive to Iberian farmers to step up production quite quickly.

It is true that the extent to which production potential is mobilized will differ according to the product, as the price differences vary in size and as limits are set to productivity gains by current production structures and natural conditions. Nevertheless, in the fruit and vegetable sector in particular, where labour costs are a large item, production costs are appreciably lower than those found in the rest of the Community, and higher producers' prices will help substantially to increase the competitiveness of this sector.

At the regional level the theoretical price effect varies according to the regional pattern of production (Fig. 6): final production would in fact range, depending on the region, from -7,4% to +31,3% in Spain, and from -6% to +12,4% in Portugal.

The regions for which **the theoretical price effect of entry would be negative are the regions producing milk and beef/veal** with small holdings structures (Asturias, Cantabria, Galicia, Pais Vasco, the Castilla Leon region), which specializes in sugarbeet to the extent that it accounts for over 50% of the national output, and Alentejo, specializing in cereal production. These regions farming Northern products could well have to face the full force of competition from more productive and lower-cost regions in the north of the Community.

On the other hand, regions having **the most positive price effect** are those specializing in Mediterranean products - **fruit and vegetables** (Valenciana, Algarve, Lisbon and the Tagus Valley), **olive oil** (Andalusia), **wine products and sheep- and goatmeat** (Castilla la Mancha). These regions, which do very well out of their weather and have low labour costs, will provide serious competition for the Mediterranean regions of the Community of Ten.

In conclusion:

Portugal, because of the structural weakness of its agriculture, will not benefit very much from the higher CAP prices. Indeed, it is more likely, in an enlarged market, to face difficulties in competing with the northern countries.

For Spain, there will be contrasting effects of entry depending on the area. The level of intensiveness in the regions producing fruit and vegetables will enable those regions to achieve labour productivity above the Community average. What is more, a large proportion of the Mediterranean products will find a better market and will benefit from better support from EEC market organizations. The potential reserve of intensification could further add to this positive effect. In the stockbreeding regions in the North West, on the other hand, the structural and economic handicaps are such that the eventual alignment of the higher Spanish prices for these products on Community prices will inhibit the development of these regions unless a very active policy to improve structures is implemented.

PART III: THE EUROPE OF 12 AND NEW BEARINGS FOR THE CAP

From 1986 onwards the regional impact of the common agricultural policy must be analysed in a profoundly changed context. Agricultural Europe has been enlarged, there are far more farmers and farm workers, the regional situations are in even sharper contrast than before and the spread of farm incomes is even wider.

When Spain and Portugal joined the Community, it "revised" its common agricultural policy. After having supported the growth of agricultural production, the Community now has to regulate this growth in order to bring supply more into line with the internal and external markets, and contain intervention spending.

The way the regions will be affected by this new approach will vary according to the type and the size of their agricultural production, their agricultural sectors' ability to respond (quality of structures, possibility of diversification) and their socio-economic environment.

3.1. The contrasts in agriculture in the new Community are even sharper than in the old

The entry into Europe of the regions of Portugal and North West Spain with very low agricultural labour productivity will accentuate the regional disparities in farm incomes, and reinforce the contrast between a dynamic centre of the Community and the more vulnerable outlying regions. The ratio of the 10 most productive regions to the 10 weakest ones in terms of GVA/AWU (i.e. the average index of gross value added per person employed in agriculture) has leapt from 6 in EUR 10 to 14 in EUR 12.

The gap is widening between **the Community's two strong agricultural poles** (Figure 7);

- **the pole of the Northern regions** made up of the big holdings in the Paris Basin, Denmark, Northern Germany, England and the intensive farming systems in the Netherlands, where the income per worker is 60% higher than the Community average;

- the pole of the intensive specialist Mediterranean systems (fruit, vegetables, wine): Languedoc-Roussillon, Provence, Lombardy, Emilia Romagna, to which one can add Rioja in Spain, where the GVA/AWU exceeds the Community average by 30 to 60%;

and the weak outlying agricultural regions:

- regions with small holdings in Greece and the South of the Mezzogiorno, to which can now be added the Portuguese regions (apart from Alentejo) and north-western Spain (Galicia, Asturia, Cantabria);
- Ireland's non-intensive livestock farming regions (North and West) to which one now has to add Spain and Portugal's non-intensive cereal regions (Estramadura and Alentejo).

With the entry of Spain and Portugal, the Mediterranean share of the Community's agricultural production has become greater.

In 1983, when the share of "Mediterraneanness"⁷ in the Community of 10 was 23.9%, it was 25.7% for that of the 12. The share of Mediterranean products in Spain and Portugal was 40% and 37% respectively, although this is considerably less than that of Greece (68%) and Italy (47%). Thus although one often associates the Spanish and Portuguese agricultural systems with Mediterranean products they do in fact also feature northern products for which there are Community surpluses (cereals, milk).

At the regional level, only Valenciana and Murcia, along with the Canary Isles and Madeira (Figure 8), have a very high degree of "Mediterraneanness". This is comparable with that of virtually all the Greek regions, Italy's Mezzogiorno and France's Mediterranean regions. It is with these regions that competition is going to develop on the markets for Mediterranean products, especially processed tomatoes and olive oil, in which the Community was already self-sufficient before enlargement and of which it will now have surpluses (Table 5).

⁷ By "Mediterraneanness" is meant the share of the following products in final production: vegetables, fruit, tobacco, durum wheat, wine, olive oil, and milk and meat from sheep and goats.

3.2. The degree of vulnerability of the enlarged Community's agricultural regions

Economic analyses made in recent years⁸ have highlighted the two following observations which are further confirmed by this study:

The larger the agricultural working population as a proportion of all employment in a given region, the lower the agricultural income per person employed in agriculture

A high level of employment in the agricultural sector is less a sign of efficient regional sectoral specialization than an indicator of a low level of regional economic development.

The higher the level of regional income, the higher the level of income in agriculture as well

A healthy economic environment facilitates both the reorganization of the agricultural sectors when jobs become available in other sectors of economic activity and the improvement of agricultural productivity (knock-on effects from transport infrastructure, telecommunications and the technological environment).

It is therefore important to see what features emerge from coupling together "agricultural situations" and "regional situations" in order to be able to distinguish within the Community of 12 which areas will be more vulnerable than others to the various reforms under way in the CAP.

By correlating the various criteria - labour productivity (GVA/AWU), numbers of persons employed in agriculture and the synthetic regional index⁹, which is already a weighted indicator taking into account the economic situation (50 %) and the labour market situation (50 %) - the regions can be broken down into five groups (Figure 9).

⁸ Cf. Study of the regional impact of the CAP, Regional Policy Series No. 21.
⁹ Calculated from the average of the 1979-81-83 figures.

1. **The most vulnerable regions** are those where there is still a very large agricultural population which achieves only very poor productivity levels and where there is still an unfavourable economic environment. This group mainly concerns:

- the North and West of Ireland, Northern Ireland;
- the regions in northwestern and central Spain (Aragon, Castilla la Mancha, Extremadura);
- the Portuguese regions;
- the regions of the Mezzogiorno (Molise, Basilicata, Abruzzi, Marche, Sardinia);
- the Greek regions, except for East Macedonia.

The extreme economic weakness of these regions warrants a special analysis of the foreseeable effects of the CAP reforms being carried out in order to prevent a situation that is already critical getting worse.

2. **The regions that are still very vulnerable** are those where, with low or only average labour productivity, the agricultural population remains relatively large (7 to 15% of the active population) and there is still an unfavourable synthetic regional index. This group covers:

- the regions in the South and East of Ireland where there is more dairy farming;
- the West of France;
- the rest of the Mezzogiorno;
- Eastern Macedonia in Greece;
- the regions of Andalusia, Valenciana, Murcia and Navarre in Spain.

3. **The group of potentially vulnerable regions** are those where agricultural labour productivity stays low, and there are still many people working in agriculture, but the economic environment is more dynamic than in the previous groups and ought to facilitate some structural change in agriculture:

- dairy-farming areas in upland regions (Auvergne, Franche-Comté, Bavaria, Trentino, Piemonte);
- southwestern France;
- central and northern Italy.

4. **The average vulnerability regions** are those where the three criteria of agricultural labour productivity, agricultural population and the regional dynamism index combine to bring about an average situation:
- the French regions in the North and East and on the Mediterranean;
 - the Italian industrial and urban regions (Lazio, Liguria, Lombardy);
 - Rheinland, Baden-Württemberg, Hessen;
 - Scotland, Wales and Southwest England.
5. The low vulnerability regions are those where the farm holdings structures are the most competitive; here productivity is high, there are few persons employed in agriculture as a proportion of the general workforce and the economic environment is favourable. There, once more, one finds the Community's dynamic regions:
- the Netherlands;
 - Wallonia and Flanders;
 - the Paris Basin;
 - the North of Germany;
 - Denmark;
 - the North and East of England;
 - Emilia-Romagna.

The regions in this last group have more advantages than the previous ones when it comes to facing up to a reorganization of European agriculture.

3.3 Progressive reform of the CAP: foreseeable impact on the regions of a policy with a new direction

Two main factors marked the new context for Europe's agriculture in 1986:

- the need for European agricultural production to be better regulated in relation to its outlets,
- the entry of the Spanish and Portuguese regions, bringing greater interregional competition for certain Mediterranean products.

3.3.1. From the Green Paper to the 1986/87 price decisions

The Green Paper in 1985 outlined a package of ideas setting new headings for the CAP and adapting it to the new context of the Europe of 12:

- action should be taken to restore to **the market its function as an arbiter** between supply and demand,
- a restrictive policy on prices should be pursued with, where appropriate, limits on production **for products in surplus or constituting a heavy charge on the Community budget**, and producers ought gradually to assume some of the financial responsibility for disposing of these products,
- to offset the impact of these measures on incomes, the incomes of the smallest holdings should be supported, and farmers should be encouraged to diversify their products and their business activities.

The agricultural decisions that followed implemented these guidelines and wrought a change, product by product, in the guarantees farmers had previously enjoyed.

PRODUCTS IN SURPLUS FOR WHICH LIMITATION OF PRODUCTION AND SPENDING CONSTRAINTS ARE SOUGHT

. Cereals

Whereas until 1982/83 there was no limit on the quantities supported, first guarantee thresholds were introduced, then a co-responsibility levy system above a reference level, coupled with a restrictive price policy (freeze on the intervention price for bread-making wheat, reduction in the intervention price of durum, barley, sorghum and rye) and strengthening of the quality criteria.

. Milk¹⁰

The **quotas system introduced in 1984** was accompanied by a co-responsibility levy and stricter rules relating to the buying in of milk powder. Intervention prices were fixed in such a way as to rebalance the fat/protein ratio:

¹⁰ The Council decisions of 16 December 1986 will add to the pressure being brought to bear on this sector.

reduction in the intervention price for butter, increase in that of skimmed-milk powder. Moreover the guaranteed quantities will be further reduced from 2 to 6% for the forthcoming marketing years, and as from 1986/87 a Community scheme will be started up for financing the cessation of milk production (system for buying back quotas).

One can add to this sector that of **beef/veal**¹¹ since although this has not been made subject to restrictive measures for the 1986/87 marketing year, the fact that the EEC prices have not increased and that there are no effective measures for ending the deregulation of this market is, in terms of its impact on stockfarmer incomes, equivalent to a restrictive policy: over the last two marketing years market prices were running well below the intervention prices.

THE MARKET ORGANIZATIONS FOR MEDITERRANEAN PRODUCTS SPENDING ON WHICH MUST BE CONTAINED

. Table wine

Since the Dublin agreement of December 1984, management of the table wine market has become more restrictive; the price of compulsory distillation is fixed at 90% of the guide price for the first ten million hectolitres, and at 40% beyond (as against 65% of guide price before). Aids for short-term storage are abolished.

. Processed fruit and vegetables

Having a guarantee threshold scheme in this sector has meant a 7.5% reduction in the withdrawal price of fresh tomatoes in 1986/87.

. Tobacco

After 1984/85 the Commission adopted a cautious policy of price differentiation according to variety, so as to steer production towards the leading markets. Thus in 1986/87 the norm prices for the varieties in demand have been frozen and those for which there was less demand brought down by 2 to 4%;

¹¹ The Council decision of 16 December 1986 will add to the pressure being brought to bear on this sector.

those for the varieties that are difficult to dispose of are down 6% with the premiums undergoing the same changes.

The intensity of the CAP reforms can be assessed through a review, for each market organization, of the measures taken to manage supply as restrictively as possible, curbing growth through a tougher pricing policy, the policy being itself already weakened by limitations on intervention and by producers' co-responsibility. On the basis of a product-by-product examination, one can arrive at an intensity coefficient of the reform of the CAP which, if not halving the growth of spending altogether, will at least curtail it and hence the incomes it procures (Table 6). Applied to the regional structures of final agricultural production, these coefficients have enabled indicators of the potential sensitivity of agricultural production in these regions, due to the revision of the CAP, to be drawn up (Figure 10).

ENTRY OF SPANISH AND PORTUGUESE REGIONS AND ENLARGED INTER-REGIONAL COMPETITION

While the transitional arrangements made have been designed precisely to enable inter-regional competition to adjust to an enlarged common market, enlargement is nevertheless the second main problem European agriculture has to contend with, and some of the regions of the old Community that were hardly affected by the CAP reform will have to face up to competition from Spain in fruit and vegetables, wine and olive oil. On the other hand, some Spanish and Portuguese regions may have to face not only a review of market organisations that will do little to help their cereals and dairy production but also competition from northern regions in these products.

3.3.2. Vulnerable regional agricultural situations and sensitivity to the new CAP

One can roughly assess the regional agricultural problems in the Community of 12 by analysing how reform of the CAP and enlargement are going to affect the different groups of regions.

. **The situation of all of the most vulnerable regions could well deteriorate** (Table 7 and Figure 11):

- . **either because of the reform of the CAP,** which will concern the outlying dairying regions - in Ireland, the Northwest of Spain and Limousin and Basse Normandie,
- . **or because of the enlargement of the Community.** In the Europe of 10 the outlying regions specializing in Mediterranean products - Greece (with the exception of East Macedonia), the Mezzogiorno regions and Corsica will have to take on the competition from Spain's horticultural and winegrowing regions.

In the Iberian peninsula, the position of the milk/meat farming regions (northern and central Portugal, northwestern Spain) will be weakened both by a reform of the CAP leaving less support for these products in the future and by potential competition from the northern regions. This particular group will certainly constitute one of the most vulnerable farming areas in coming years.

. **In the group of potentially vulnerable regions, the CAP's new context risks weakening the agricultural dynamism of the most specialist regions:**

- . the dairying regions: Franche-Comté, Auvergne, West of France, Bavaria and the Spanish cereals region of Castilla-Leon,
- . the Mediterranean regions of the old Community because of competition in fruit, vegetables and wine.

In the other regional groups with average or low vulnerability, the reform of the CAP and enlargement will have less of an impact:

- . either, for production systems based on large holdings, because of their ability to switch to other products: Paris Basin, North of Germany, Denmark, the English regions,
- . or because of a structural evolution in agriculture which could carry on, given a more favourable economic environment.

CONCLUSION

The common agricultural policy has played a significant role in the sustained growth of European agriculture over the past twenty years. By organizing the markets for the various agricultural products, it has ensured room for development which the agricultural regions have exploited in their different ways, depending on their comparative advantages - structure of holdings, level of technology, producers' organisations, efficiency of processing and marketing sectors, all these factors themselves being largely dependent on the regional socio-economic environment.

Initially the higher unitary supports for dairy and cereals products in particular, which combined a degree of support directly proportional to the quantities produced, favoured more the growth of the agricultural systems in the regions in the north and the centre of the Community. Efforts to "rebalance" support in favour of southern products (processed fruit and vegetables, wine) have not been enough on their own to offset the handicaps in terms of weak structures of the southern regions and the narrowness of the internal markets.

The agriculture of the Community enlarged to include Spain and Portugal presents even wider contrasts than that of the old Community and the disparities in farm incomes between the centre and the outlying areas are even greater. Whereas agriculture remains an important sector of the economy in the regions where the economic environment is already relatively unfavourable, the policies on markets and prices are now reaching the limits of their effectiveness as Europe's overall production, which is on the whole in surplus, is being brought under control and policy focusses on the need to curb spending on agriculture.

The study identifies within the group of regions that are already economically vulnerable those which are sensitive to the new approach adopted under the CAP with reform of certain market organizations and keener competition because of enlargement. The idea of a concentration of regional policy measures is reinforced by the foreseeable impact of the change in the CAP on the Irish regions, those of Portugal and the Northwest of Spain, and that of enlargement on the most disadvantaged of the Mediterranean regions (Greece and Mezzogiorno).

These regions, handicapped by far-reaching structural weaknesses and hostile natural conditions, with very poor labour productivity as a result, would have little to gain from improvement in or maintenance of prices at their current level, as better prices always help the rich farmers more than the poor.

Their development strategy will benefit more from firmer support to the improvement of their agricultural structures (production, processing, marketing) and from support for regional development as a whole, making possible the creation of jobs either in addition to or instead of those in agriculture. Direct aid to the incomes of the worst-off farmers would be a temporary support measure, until such time as the policies to improve agricultural and regional structures really begin to make an impact.

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THE REGIONS OF EUROPE OF THE 12.

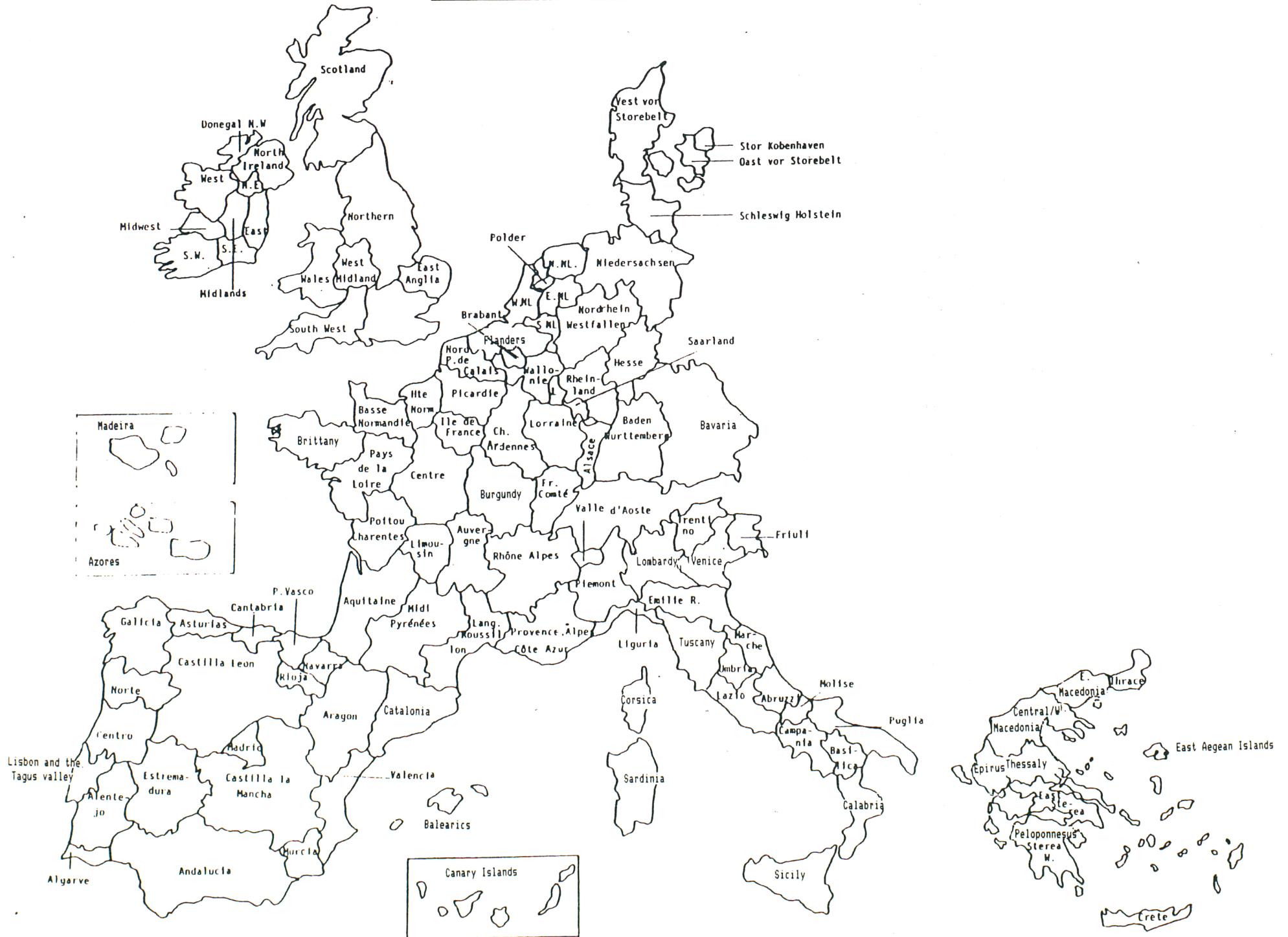


TABLE 1 - SHARE OF EACH PRODUCT IN NATIONAL PRODUCTION - 1983

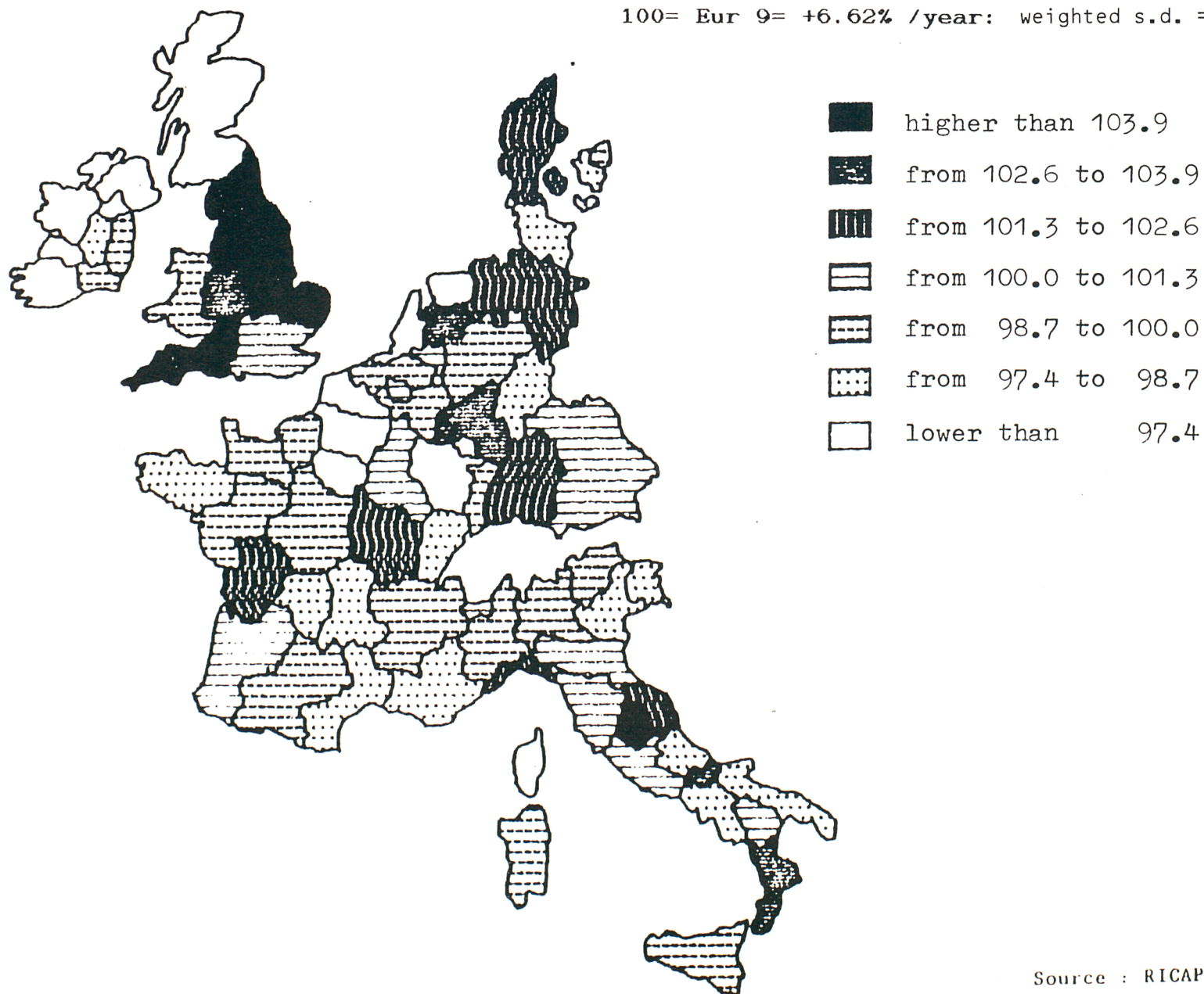
	GERMANY	FRANCE	ITALY	NETHER'DS	BELGIUM	LUX.	U.K.	DENMARK	IRELAND	GREECE
	1983	1983	1983	1983	1983	1983	1983	1983	1983	1983
CEREALS	8,0	18,5	10,2	1,9	6,0	2,9	18,8	11,9	6,7	11,1
common wheat	4,7	10,5	3,7	1,6	4,0	1,4	10,9	5,3	1,8	3,9
maize	0,2	4,7	2,3	0,0	0,2	0,0	0,0	0,0	0,0	3,8
barley	2,9	2,7	0,2	0,2	1,8	1,2	7,7	5,6	4,8	0,8
durum wheat	0,0	0,3	2,6	0,0	0,0	0,0	0,0	0,0	0,0	2,1
OILSEEDS										
rape	1,0	1,0	0,0	0,1	0,1	0,3	1,6	2,5	0,0	0,0
sunflower	0,0	1,1	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,1
SUGARBEET	3,3	2,3	1,5	2,1	4,4	0,0	2,0	1,8	2,0	1,3
TOBACCO	0,1	0,4	1,1	0,0	0,1	0,0	0,0	0,0	0,0	5,2
FRUIT (TOTAL)	3,6	3,6	12,5	1,5	3,7	0,8	2,1	0,6	0,3	17,4
apples	1,7	1,2	2,1	1,0	1,2	0,0	0,8	0,3	0,1	1,4
pears	0,5	0,3	1,1	0,4	0,7	0,0	0,1	0,0	0,0	1,3
peaches	0,1	0,4	1,9	0,0	0,0	0,0	0,0	0,0	0,0	1,4
dried grapes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3,3
citrus fruit	0,0	0,0	4,1	0,0	0,0	0,0	0,0	0,0	0,0	2,1
VEGETABLES (TOTAL)	2,0	6,9	14,0	8,9	10,2	1,2	6,6	1,7	2,1	12,5
tomatoes	0,0	0,6	3,3	2,6	2,0	0,0	0,3	0,3	0,5	4,9
cauliflowers	0,1	0,3	0,4	0,2	0,3	0,0	0,5	0,1	0,1	0,3
COTTON	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1
WINE	3,0	9,8	8,4	0,0	0,0	10,0	0,0	0,0	0,0	2,2
OLIVE OIL	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	0,0	7,4
"OFF LAND" PRODUCTS										
pigs	18,9	0,6	6,1	17,0	21,4	9,0	8,0	28,2	6,8	4,2
poultry	1,5	5,1	6,1	3,5	2,9	0,1	5,8	1,9	2,5	3,5
eggs	0,2	2,4	2,5	4,2	3,4	1,2	4,5	1,2	1,0	2,6
BEEF/VEAL	18,4	16,6	10,0	11,6	19,7	29,5	15,5	12,3	35,7	3,7
SHEEP/GOATMEAT	0,3	1,9	0,8	0,6	0,2	0,0	3,8	0,0	3,3	8,1
TOTAL MILK	27,6	17,7	11,7	28,8	17,0	43,0	23,2	26,1	33,4	9,3
cows' milk	27,6	17,3	10,4	28,8	17,0	43,0	23,2	26,1	33,4	2,4
other milk	0,0	0,4	1,3	0,0	0,0	0,0	0,0	0,0	0,0	6,9
CROP F. P.	29,39	47,75	60,26	33,48	34,55	17,16	38,07	26,33	14,91	67,67
LIVESTOCK F. P.	70,6	52,3	39,7	66,5	65,45	82,8	61,9	73,7	85,1	32,3

Source : EUROSTAT

FIGURE 1 - LABOUR PRODUCTIVITY IN AGRICULTURE BETWEEN 1976-77 AND 1982-83

Var GVA/AWU EUR 9 1982-83/1976-77

100= Eur 9= +6.62% /year: weighted s.d. = 2.6%



Source : RICAP.

FIGURE 2 - LAND PRODUCTIVITY (INTENSIFICATION) BETWEEN 1976-77 AND 1982-83

Var GVA/UAA EUR 9 1982-83/1976-77

100= Eur 9= +2.72% /year: weighted s.d. = 3%

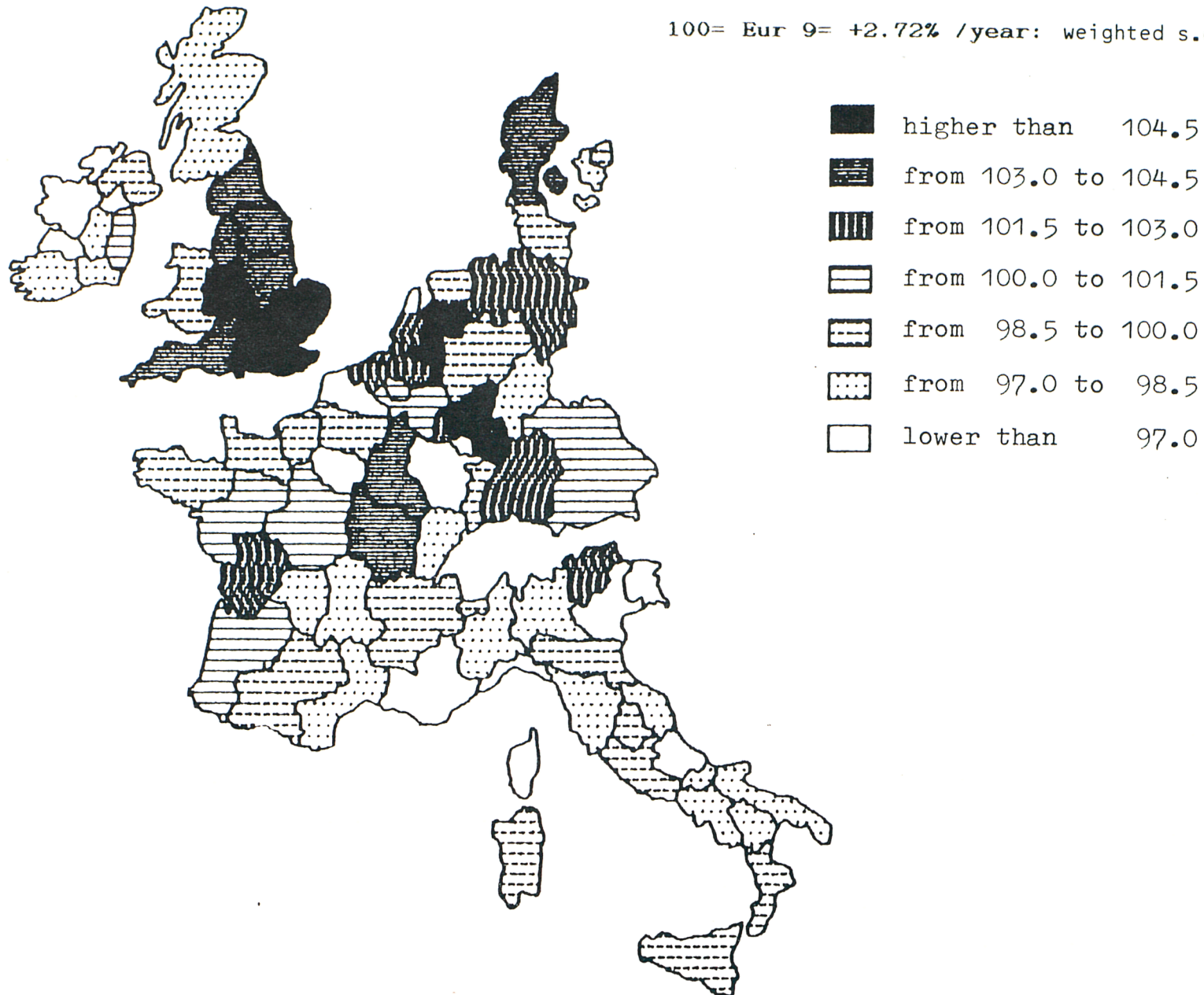
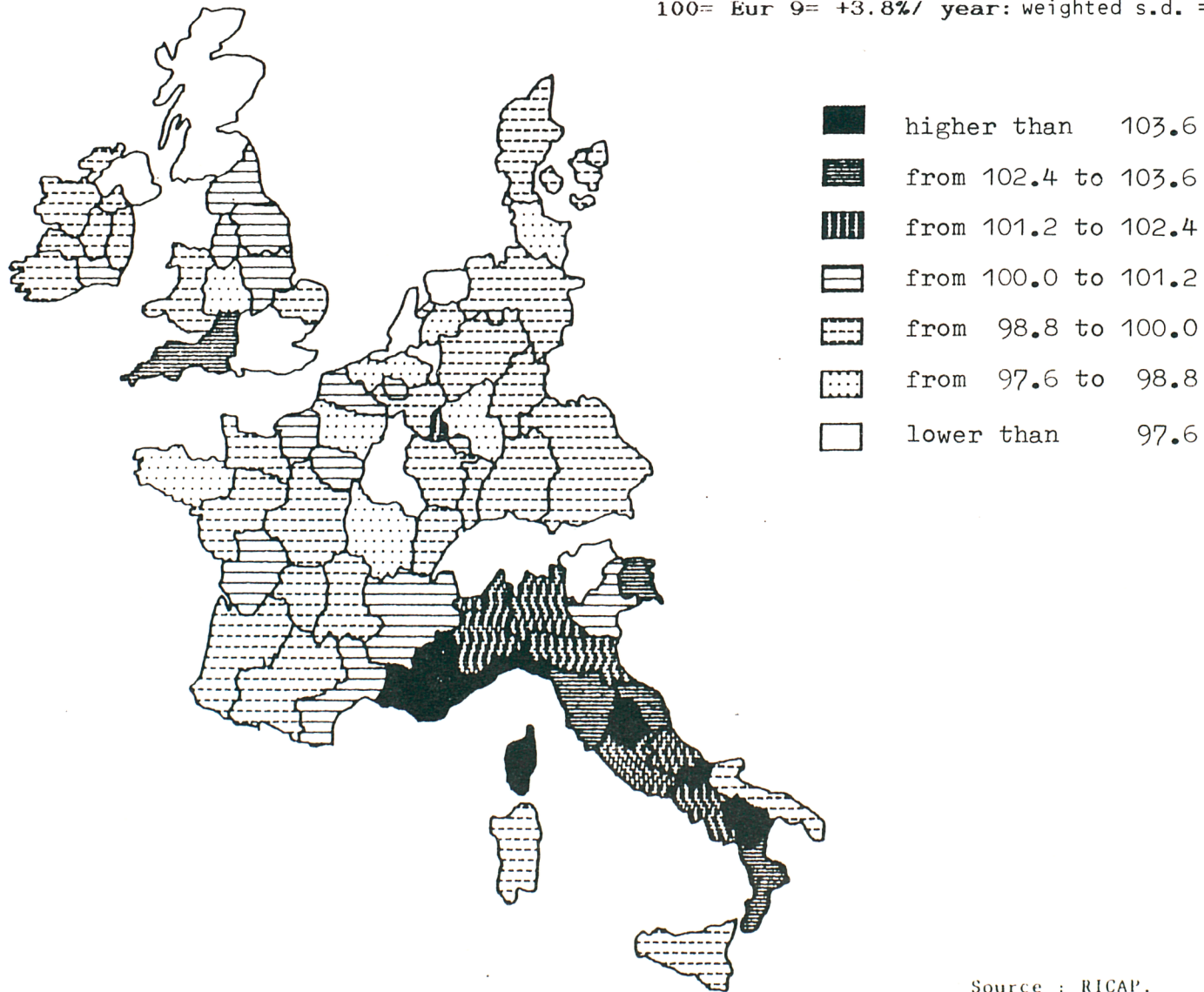


FIGURE 3 - AREA PER WORKER (STRUCTURES) BETWEEN 1976-77 AND 1982-83

Var UAA/AWU EUR 9 1982-83/ 76-77

100= Eur 9= +3.8%/ year: weighted s.d. = 2.4%

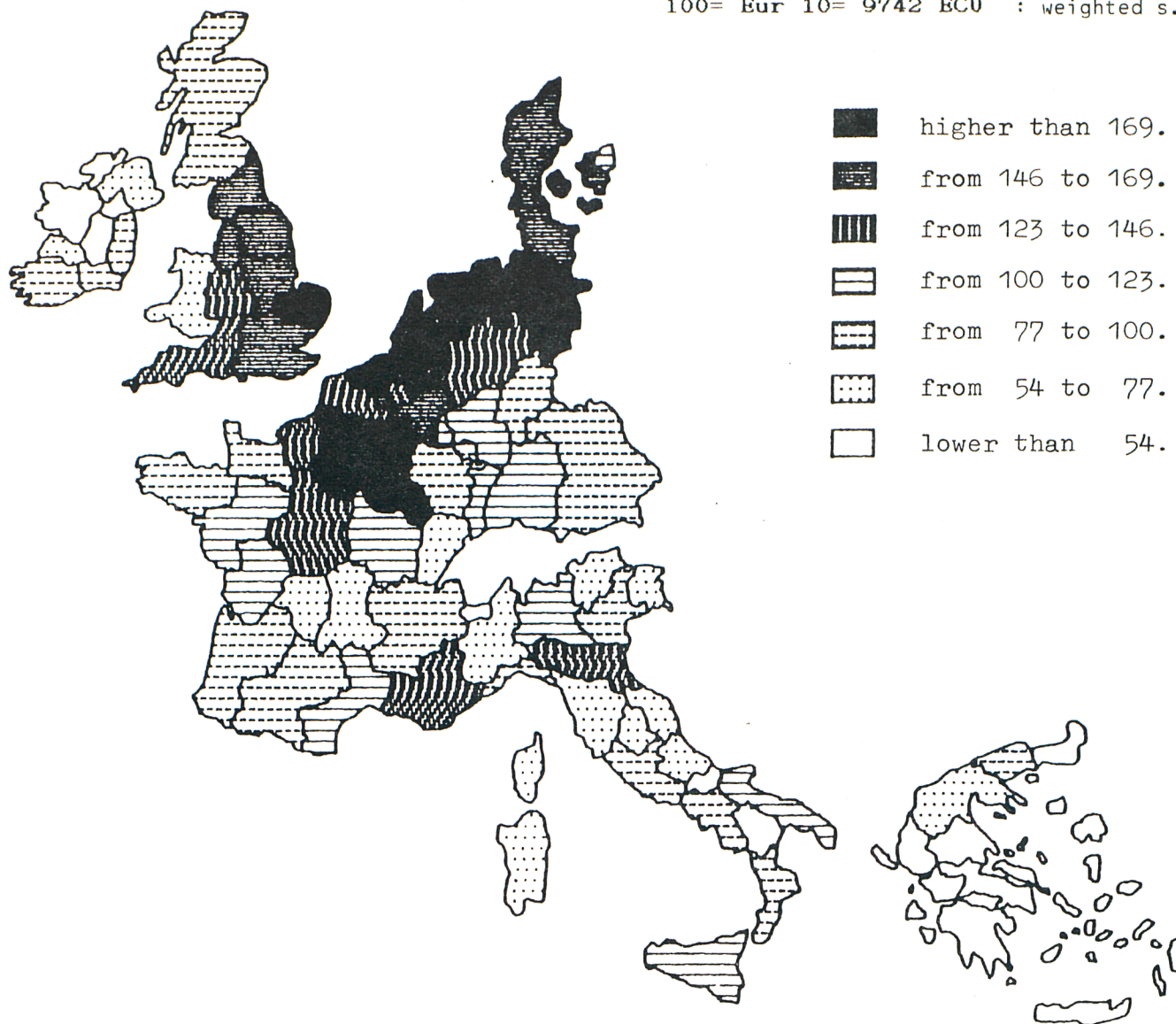


Source : RICAP.

FIGURE 4 - LABOUR PRODUCTIVITY IN AGRICULTURE - 1983

GVA/AWU EUR 10 - 1983 -

100= Eur 10= 9742 ECU : weighted s.d. = 46



Source : RICAP

TABLE 2 - HOW THE EEC MARKET ORGANIZATIONS RATED
IN 1976-77 AND 1986

1976-77		1986	
Products	Co-efficient	Products	Co-efficient
Cereals olive oil	1	Milk olive oil Cereals	0.90
Sugarbeet	0.875	Cotton	
Dairy products	0.75	Oilseeds Tobacco	
Tobacco, hops Oilseeds	0.625	Sugarbeet Processed fruit & vegetables	
Beef/veal	0.50	Beef/veal Sheepmeat	0.50
Pigs, eggs, poultry	0.350	Table wine	0.125
Table wine	0.250	Pigmeat eggs, poultry	
Fruit & vegetables	0.125	Fresh fruit & vegetables	
Other products	0	Other products	0

Source : SEDES

**TABLE 3 - THE STRUCTURE OF EAGGF GUARENTEE EXPENDITURE
FROM 1976-77 TO 1983**

	1976-77		1983		Annual growth- rate %
	Million ECU	%	Million ECU	%	
Cereals	534	10,6	2 441,2	15,8	26,3
Of which durum wheat	109	2,17	218,5	1,4	11,3
Rice	16	0,3	92,9	0,6	31,1
Rape, sunflower	93	1,8	924,8	6,0	42,4
Sugar	414	8,2	1 316,2	8,5	19,5
Fresh fruit & vegetables	161	3,2	449,8	2,9	17,1
Processed fruit & vegetables	20	0,4	746,3	4,8	74,5
Wines	112	2,2	659,2	4,3	31,5
Tobacco	195	3,8	671,3	4,4	20,9
Olive oil	160	3,2	675,3	4,4	24,8
Milk	2 602	51,9	4 396,1	28,5	8,4
Beef/veal	542	10,8	1 736,5	11,3	19,6
Pigmeat	33	0,6	145,0	0,9	25,6
Eggs & poultry	20	0,4	123,3	0,8	32,3
Sheepmeat	0	0	305,6	2,0	-
Total	5 011,0	100,0	15 405,4	100,0	17

TABLE 4 - THE EAGGF/AWU, EAGGF/HA AND EAGGF/GVA INDICES FROM 1976
TO 1983

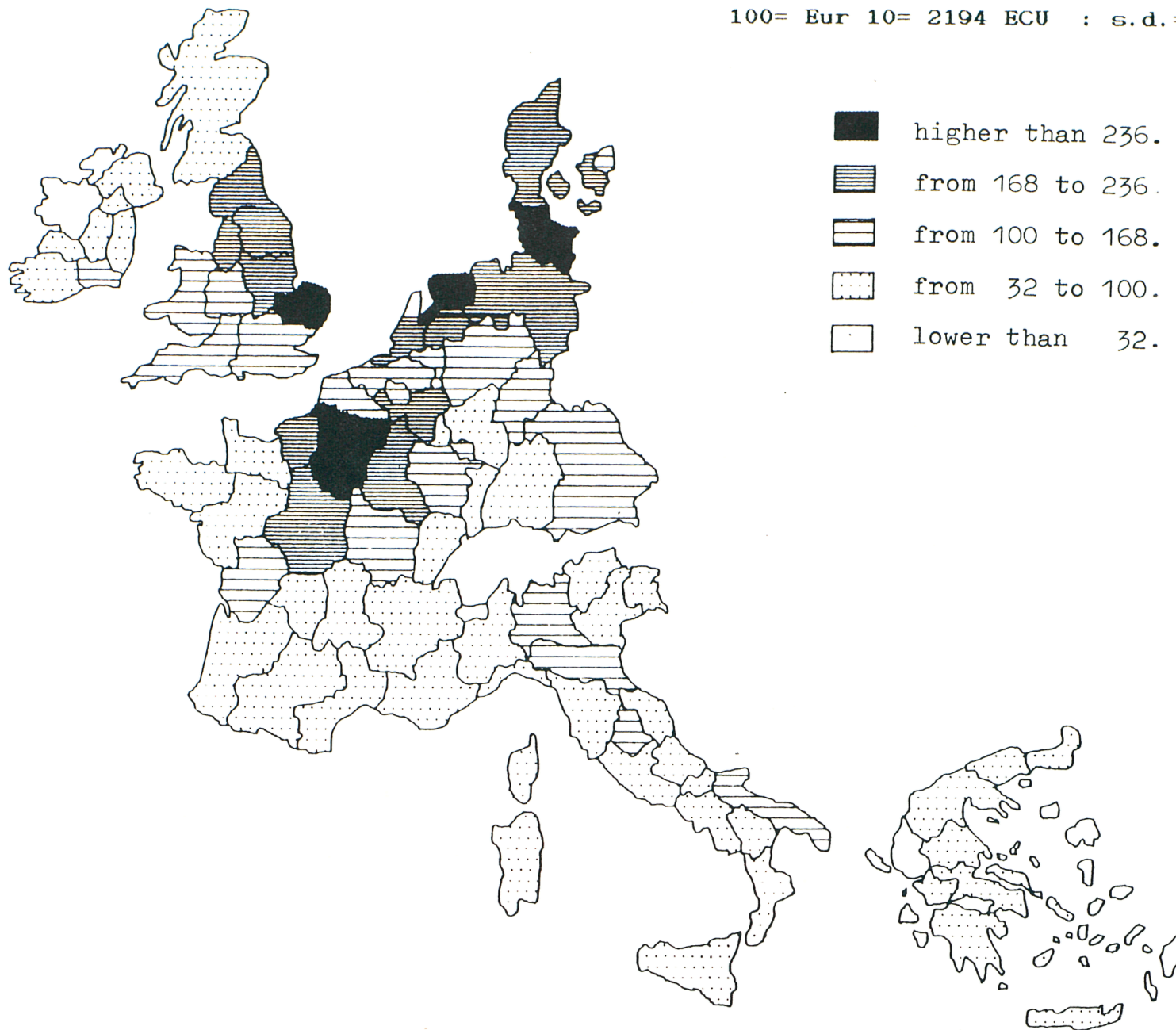
	1976-1977			1980-1981 gross figures			1983 gross figures		
	EAGGF/ AWU	EAGGF/ ha	EAGGF/ GVA	EAGGF/ AWU	EAGGF/ ha	EAGGF/ GVA	EAGGF/ AWU	EAGGF/ ha	EAGGF/ GVA
Belgium	170,2	188,0	92,4	146,9	158,5	86,6	151,3	181,9	96,1
Luxemburg	125,5	125,5	143,7	118,6	104,4	121,3	80,1	72,9	85,8
Italy	58,8	117,1	87,3	67,1	129,2	85,6	67,8	123,1	80,0
Germany	125,3	141,4	99,6	115,7	128,7	113,9	118,5	139,7	119,0
Netherlands	218,2	315,9	100,0	176,2	269,3	87,8	197,0	359,4	97,3
U.K.	151,1	63,5	135,7	150,2	65,4	111,2	141,7	65,6	120,5
France	102,5	79,9	94,9	103,5	81,8	100,4	100,6	79,4	101,8
Ireland	79,2	57,2	137,9	75,2	54,8	137,1	56,6	41,7	100,6
Denmark	187,4	133,2	125,4	171,3	124,1	125,8	174,2	129,2	120,7

Source : SEDES

FIGURE 5 - EAGGF GUARENTEE EXPENDITURE PER ANNUAL WORK UNIT - 1983

EAGGF/AWU EUR 10 - 1983 -

100= Eur 10= 2194 ECU : s.d.= 68



Source : RICAP.

FIGURE 6 - THEORETICAL PRICE EFFECT OF ENTRY ON FINAL PRODUCTION IN SPAIN AND PORTUGAL

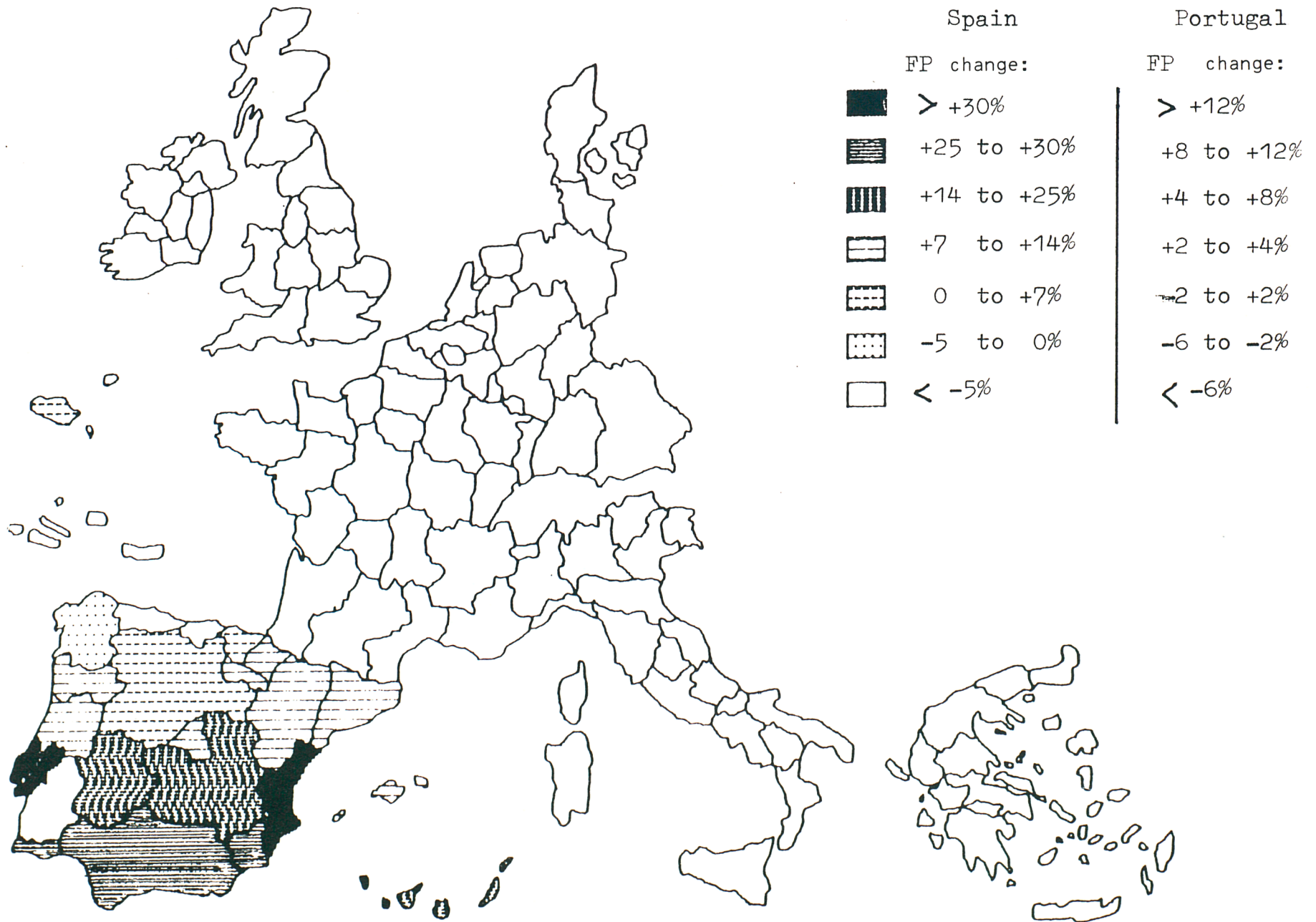


FIGURE 7 - LABOUR PRODUCTIVITY IN AGRICULTURE - 1983

GVA/AWU EUR 12 - 1983-

100= Eur 12= 9646.9 ECUs: weighted s.d. = 60

- higher than 190.
- ▨ from 160 to 190.
- ▩ from 130 to 160.
- ▧ from 100 to 130.
- ▦ from 70 to 100.
- ▥ from 40 to 70.
- lower then 40.

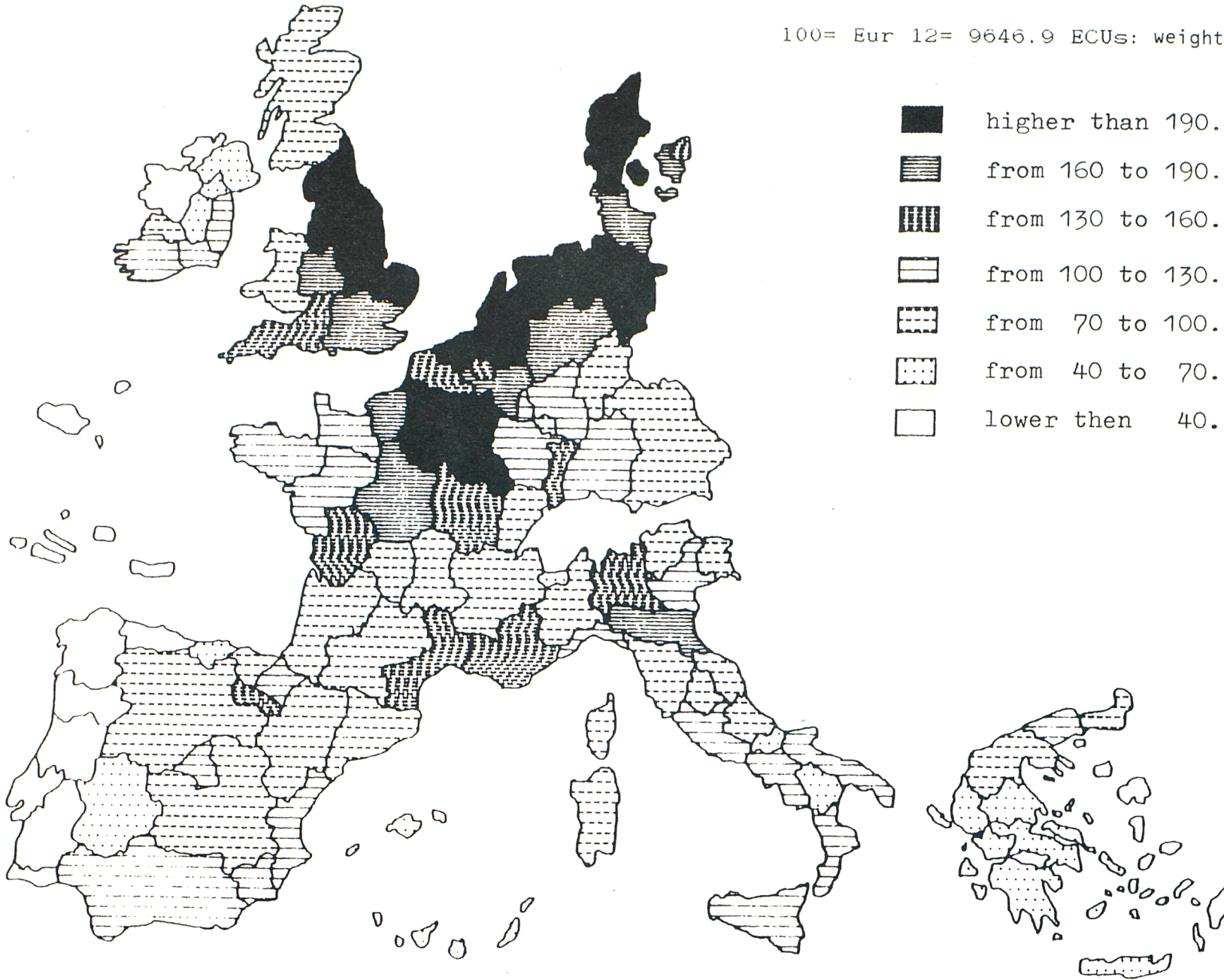
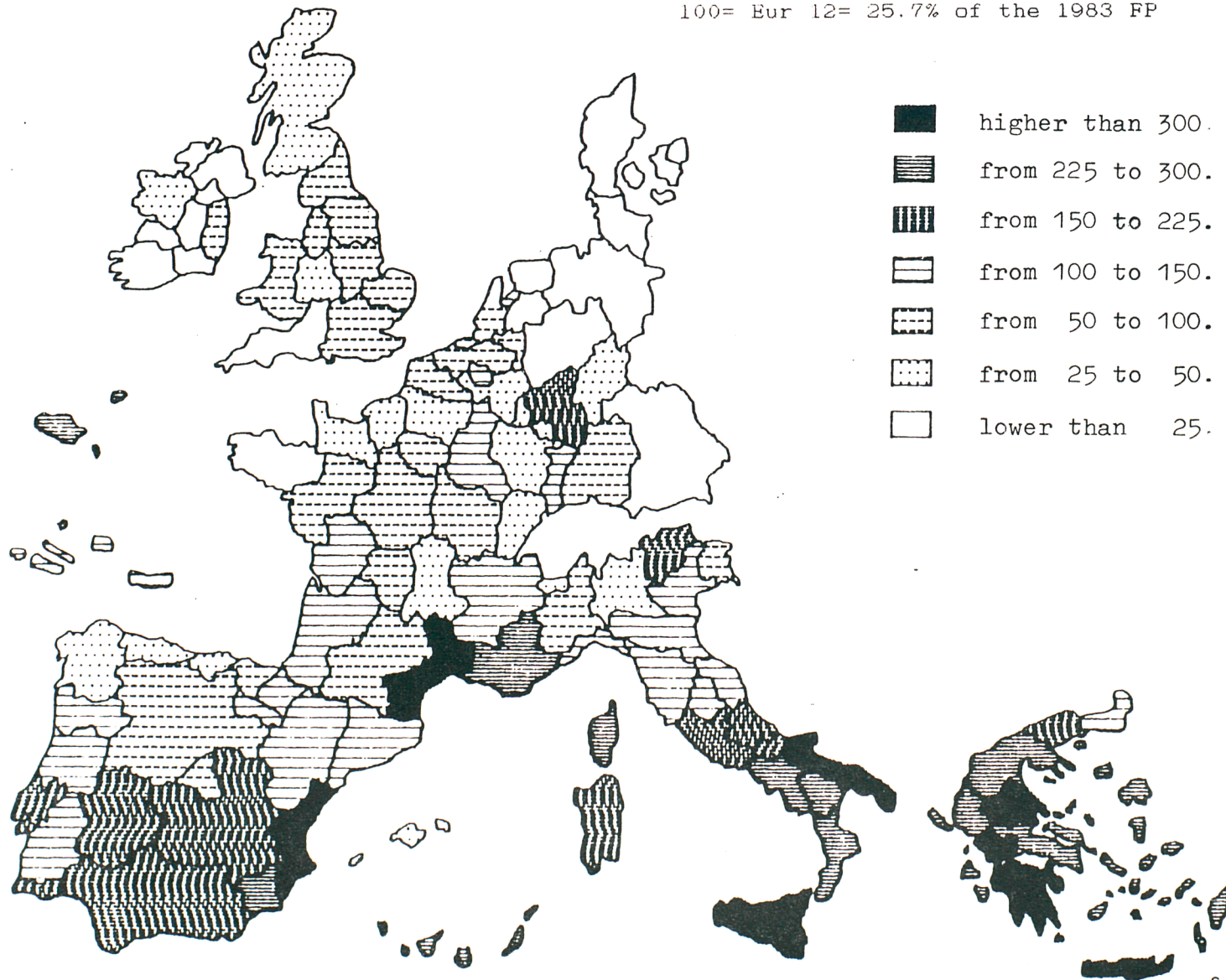


FIGURE 8 - MEDITERRANEAN PRODUCTION REGIONS - 1983

INDEX OF "MEDITERRANEANNESS" : EUR 12

100= Eur 12= 25.7% of the 1983 FP



Source : RICAP

TABLE 5 - RATE OF SELF-SUFFICIENCY FOR THE DIFFERENT
AGRICULTURAL PRODUCTS (EUR 10, EUR 12, SP, PORT)

	EEC 10	EEC 12	SPAIN	PORTUGAL
Cereals (excl. rice)	109	100	57	27
. Wheat	125	120	81	35
. Grain maize	79	66	33	19
. Barley	114	107	64	48
Rice	130	125	118	98
Potatoes	102	101	99	86
Sugar	141	133	96	33
Fresh vegetables	100	103	119	128
Fresh fruit (excl. citrus fruit)	84	88	112	101
Citrus fruit	45	69	283	100
Processed tomatoes	149	166	343	166
Olive oil	100	N.A.	126	N.A.
Butter	131	131	100	48
Fresh milk products	101	100	100	N.A.
Skimmed-milk powder	132	129	26	1
Meat	100	100	98	80
. Beef/veal	104	102	92	84
. Pigmear	102	101	99	98
. Sheep & goatmeat	74	78	99	99
. Poultrymeat	111	108	99	100
Eggs	103	103	103	N.D
Wine	102	N.D [↑]	117	N.D

Sources : EUR 10 - EUROSTAT - 1981/82, 1982/83, 1983/84 crop product averages, 1981, 1982, 1983 livestock product averages.

SPAIN - Anuario de Estadística Agraria 1982 - Madrid - 1981 data (1981/82 seasonal data for crop products)

PORTUGAL - 1978, 1979, 1980 averages for mainland, Portugal only.
Crop products : Instituto Nacional de Estatística and EUROSTAT ;
livestock products : OECD.

The EUR 12 figures for fresh milk products, skimmed-milk powder and eggs have been calculated on the basis of figures for EUR 10 and Spain only.

FIGURE 9 - VULNERABILITY OF THE AGRICULTURAL SECTOR FROM THE POINT OF VIEW OF LABOUR PRODUCTIVITY, AGRICULTURAL EMPLOYMENT SHARE AND REGIONAL ECONOMIC ENVIRONMENT

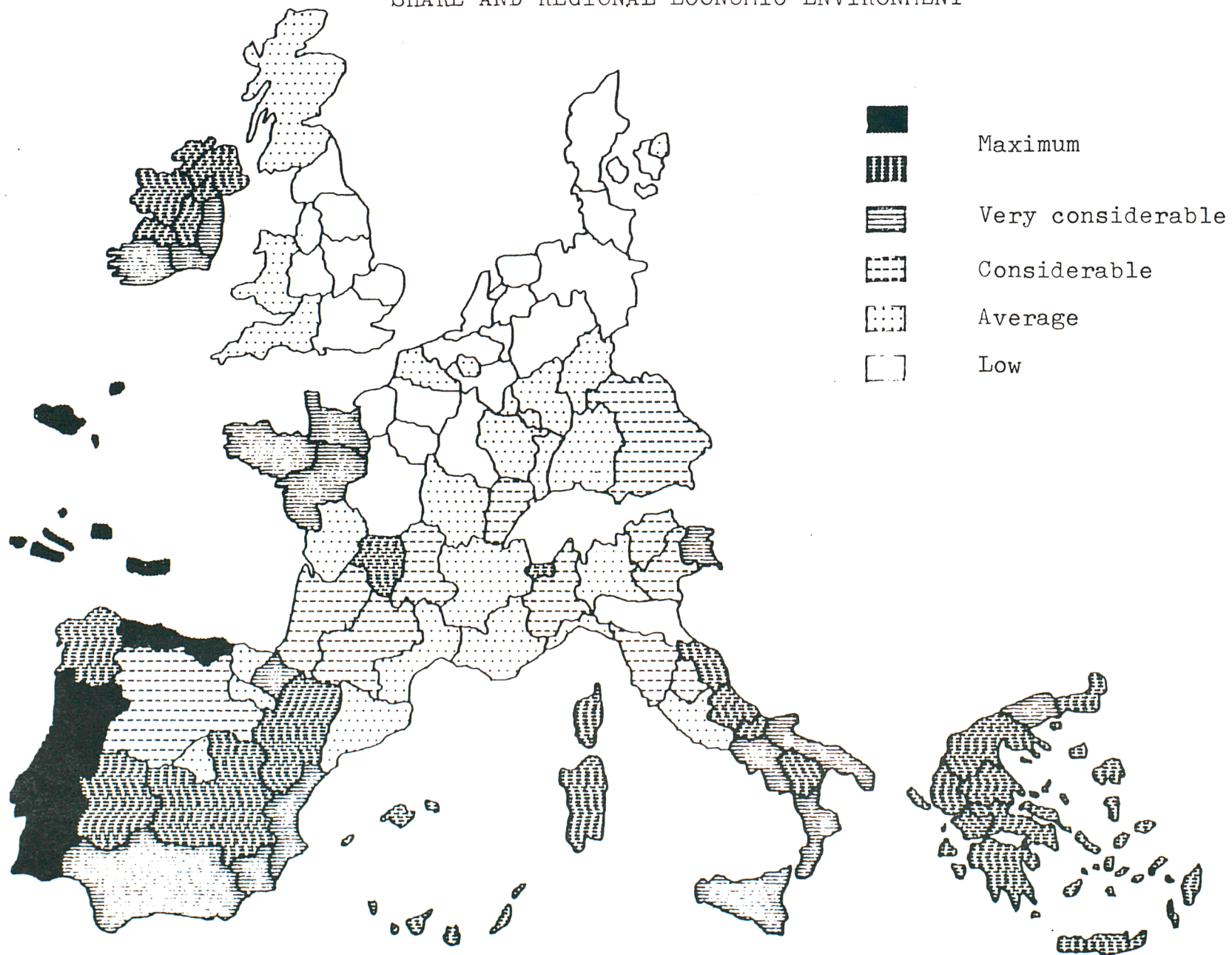


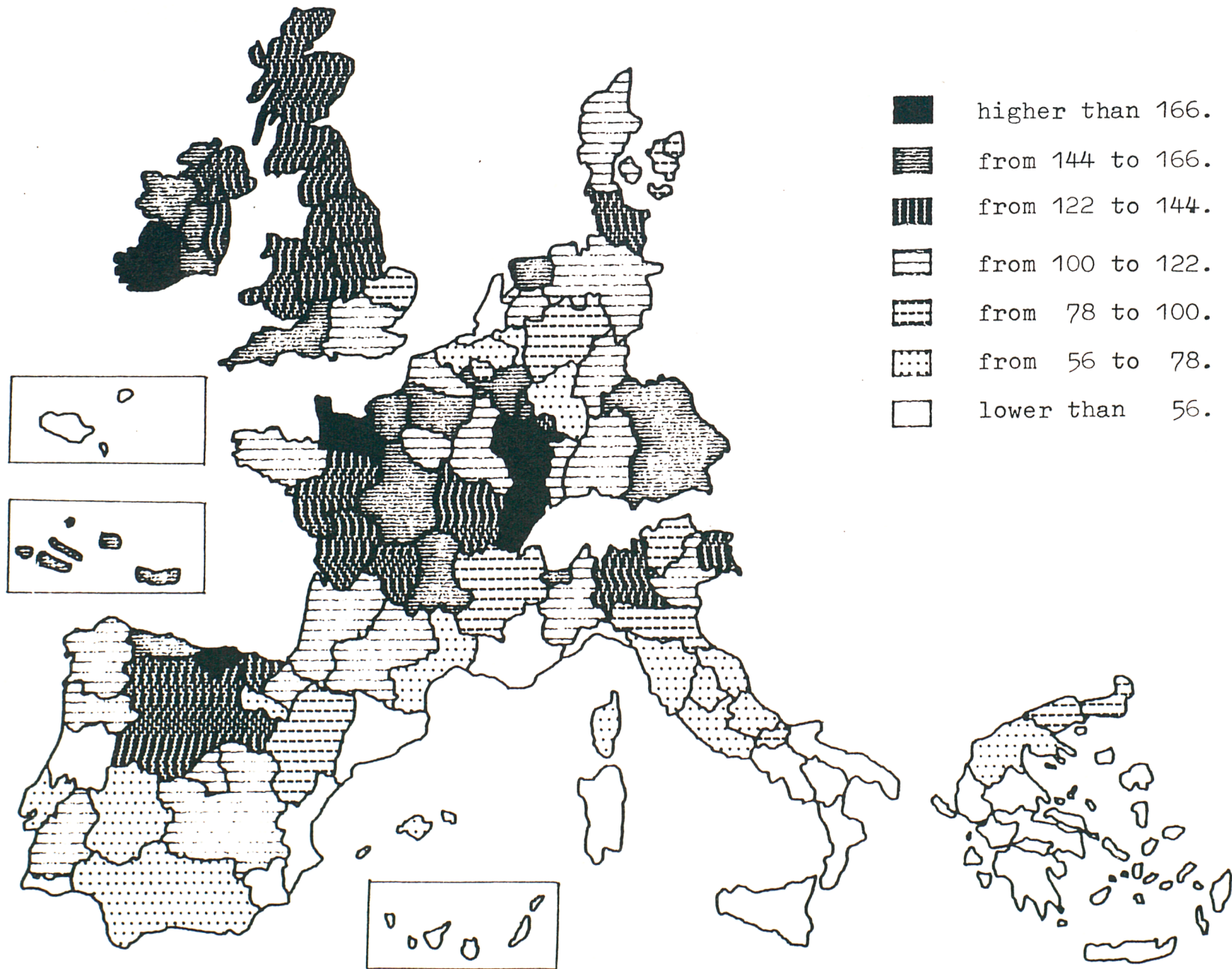
TABLE 6 - INTENSITY OF THE CAP REFORM MEASURES 1986-1987

(LEVELS OF MEDIUM-TERM IMPACT ON FARMER'S INCOMES)

	MANAGEMENT OF SUPPLY quotas, threshold guarentees or maximum quantity guarentee	RESTRICTIVE PRICE POLICY	CO-RESPONSIB- ILITY OF FARMERS IN DISPOSING OF PRODUCTS	INTERVENTION LIMITATION	OTHER	COEFFICIENT
MILK						
. Butter	+++	+	+			5
CEREALS						
. Durum wheat	+	+		+		3
. Other cereals	+	++	+	+		5
OILSEEDS	+	+			+	3
TOBACCO						
. Dark tobacco		+			+	2
TABLE WINE		+		+	+	3
PROCESSED FRUIT AND VEGETABLES	+				+	2
	(tomatoes, grapes)					
BEEF/VEAL					++++ (market de- regulation: lowering of market prices)	4

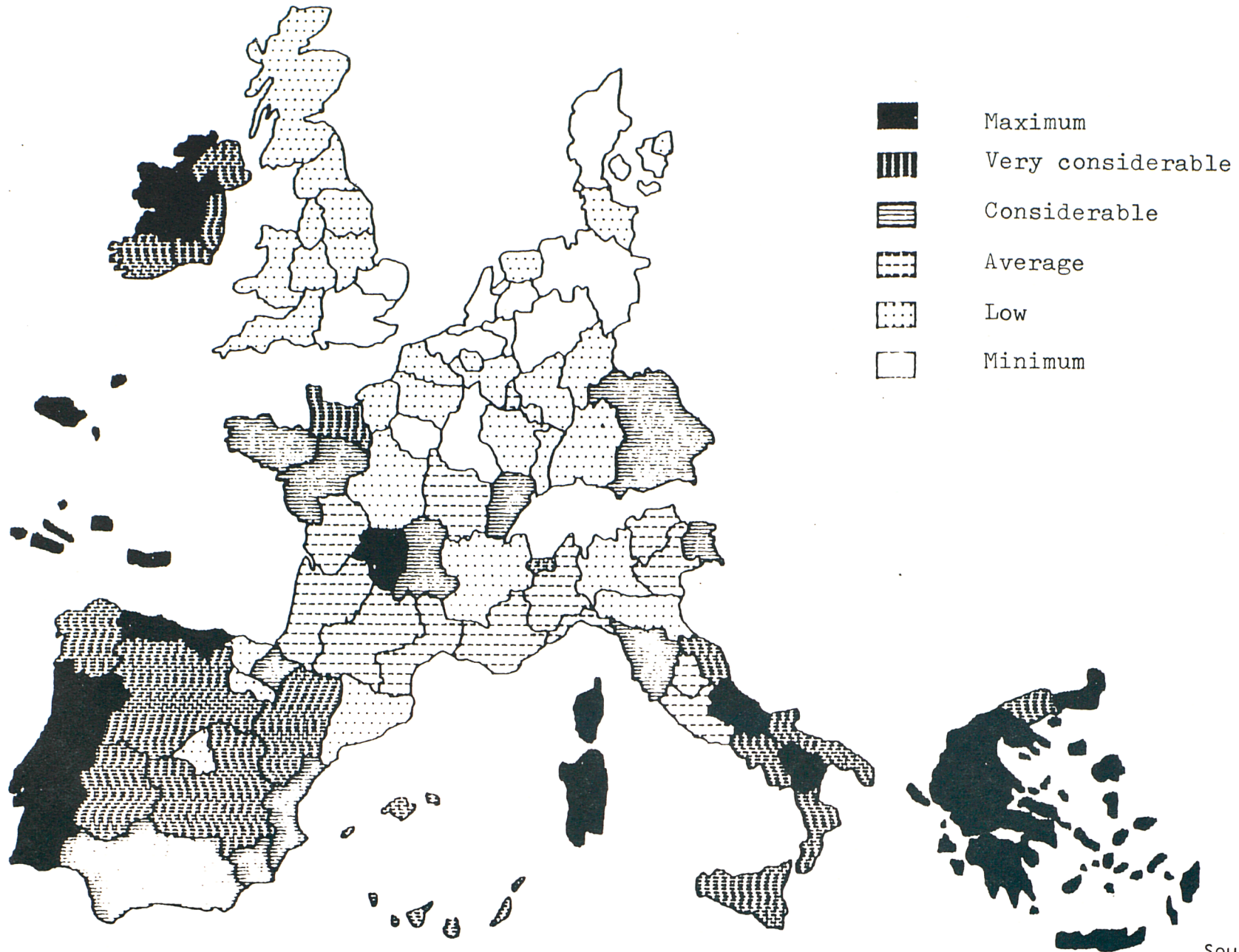
Source : SEDES

FIGURE 10 - SENSITIVITY OF THE AGRICULTURAL SECTOR TO REFORM OF THE CAP (EUR 12 = 100)



Source : SEDES

FIGURE 11 - VULNERABILITY OF THE REGIONS BECAUSE OF AGRICULTURE'S SITUATION, SENSITIVITY TO REFORM OF THE CAP AND ENLARGEMENT



Source : SEDES

TABLE 7 - REGIONAL IMPACT OF REFORM OF THE CAP AND ENLARGEMENT

Degree of vulnerability	CAP reform	Enlargement	
		EEC of 10	Spain-Portugal
Maximum	Donegal, Midlands, North-East, West, Mid-west (Ireland) Asturias, Cantabria Portugal Limousin	Molise, Basilicata, Sardinia, Abruzzi Corsica Greece (excl. East Macedonia)	Asturias, Cantabria, Portugal
Very considerable	Basse Normandie, Northern Ireland East, South E., South W. (Ireland)	Sicily, Campania, Puglia, Calabria, Marche East Macedonia	
Considerable	Franche Comte, Auvergne, Brittany Bavaria Loire Region Castilla Leon	Tuscany	Castilla Leon

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Summary report for the Regional Policy Directorate General of the Commission of the European Communities by "SEDES" (Société d'étude pour le développement économique et social) L. Mykolenko, Th. de Raymond, P. Henry

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