



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/15/2005

GAIN Report Number: E35053

EU-25

Agricultural Situation

EU Horticultural Budget - Financial Year 2005 2005

Approved by:

Norval E. Francis, Jr.
U.S. Mission to the EU

Prepared by:

Hilde Brans

Report Highlights:

The EU's Agriculture Budget, covering 25 member states, was recently published. Fruits and vegetables receive 3.4% of the total EU agriculture budget; products of the wine-growing sector receive 2.3%.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

EU Horticultural Budget – Financial Year 2005

Fruits and Vegetables

The EU's 2005 Agriculture budget, covering 25 member states, was recently published in Official Journal L 60. The structure of the budget was changed in 2004 (ref. GAIN report E24054) and is now based on a structure by policy area. Appropriations for Agriculture and Rural Development come under chapter 5 of the EU's budget. Export refunds on fresh and processed produce are no longer entered separately into the budget but as an aggregate.

Fruits and vegetables receive 3.4% of the total EU agriculture budget. Appropriations for fresh and processed fruits and vegetables increased by 12 percent compared to 2004. Half of the increase goes to the new support system for nut producers. A direct payment based on area was adopted in the framework of the CAP reform (Regulation 1782/2003) and involves the payment of a European subsidy of EUR 120.75 per hectare per year (member states are allowed to top up the EU aid by the same amount per hectare per year).

The EU's horticultural sector is also eligible to receive subsidies in the framework of the promotion of agricultural products on the internal market and in third countries (ref. GAIN report E24060) and in the framework of the rural development policy (ref. GAIN report E34095).

Fresh & Processed Fruits and Vegetables – 2005 EU Budget (in Euro)			
	Appropriations 2005	Appropriations 2004	Outturn 2003
Export refunds	41 000 000	39 000 000	29 337 076,85
Compensation for withdrawals and buying in <i>This appropriation is intended to cover expenditure on:</i> <ul style="list-style-type: none"> <i>financial compensation to producer organizations</i> <i>processing and distribution of products withdrawn or bought in</i> 	82 000 000	95 000 000	33 123 913,82
Operational funds for producer organizations <i>Intended to cover the Community's part-financing of operational funds for producer organizations</i>	496 970 000	405 000 000	452 241 165,12
Specific measures for nuts <i>Quality Improvement Plans</i>	20 000 000	20 000 000	52 720 355,64
Bananas <i>Intended to cover aid to compensate for loss of income granted to Community producers who market their bananas in compliance with the common standards</i>	295 000 000	289 000 000	254 528 148,63
Production aid for processed tomato products	298 000 000	290 000 000	268 707 204 ,31

Production aid for fruit-based products <i>Intended to cover expenditure on aid for processing peaches, pears, prunes and figs</i>	93 000 000	93 000 000	74 910 744 ,43
Production aid and intervention for dried grapes and intervention for non-processed figs	115 000 000	115 000 000	103 209 872 ,36
Compensation to encourage processing of citrus fruit	261 000 000	257 000 000	257 114 720 ,63
Free distribution of fruit and vegetables	10 000 000	10 000 000	8 727 581 ,59
Other measures for fruit and vegetables	6 000 000	5 000 000	4 848 656 ,44
Area payments for nuts <i>New support system – CAP Reform</i>	97 000 000		
Other	-1 000 000	-1 000 000	-969 731 ,29
TOTAL FRUIT & VEGETABLES	1 813 970 000	1 617 000 000	1 538 499 709

Wine

Products of the wine-growing sector receive 2.3% of the total EU agriculture budget. Appropriations for wine increased by 10.4% compared to 2004. This budget increase mostly covers the enlargement of the EU with six new wine producing member states (Czech Republic, Cyprus, Hungary, Malta, Slovenia and Slovakia). As the 2004/2005 marketing year was a difficult year for EU wine producers because of the abundant harvest, several member states have requested crisis distillation.

Products of the wine-growing sector – 2005 EU Budget (in Euro)			
	Appropriations 2005	Appropriations 2004	Outturn 2003
Export refunds on products of the wine-growing sector	26 000 000	14 000 000	19 557 544,55
Storage of wine and grape must	67 000 000	57 000 000	53 182 036,06
Distillation of wine	322 840 000	294 000 000	297 482 625,07
Storage measures for alcohol	189 000 000	161 000 000	220 318 762,67
Aid for the use of must	156 000 000	142 000 000	173 501 903,89
Permanent abandonment	18 000 000	12 000 000	12 043 178,45

premiums for areas under vines			
Restructuring and conversion of vineyards	450 000 000	443 000 000	440 206 948,35
Other measures for products of the wine-growing sector	- 1 000 000	- 1 000 000	- 3 252 706,80
TOTAL WINE	1 227 840 000	1 112 000 000	1 252 040 292

2003 Actual Expenditure

2003 Budgetary Expenditure – By Member State (million EUR)		
Member State	Fruit & Vegetables	Wine
Belgium	32.7	
Denmark	1.3	
Germany	22.3	27.6
Greece	204.6	21.9
Spain	471.2	414.7
France	267.1	283.4
Ireland	3.8	
Italy	408.5	383.9
Luxembourg		0.2
Netherlands	47.1	
Austria	2.9	12.0
Portugal	41.7	
Finland		
Sweden	3.5	
U.K.	25.6	0.3
TOTAL	1 532.2	1 213

EU Budgetary Expenditure – Financial Years 1991-2003 (million EUR)		
Year	Fruit & Vegetables	Wine
1991	1 071.8	1 271.7
1992	1 236.3	1 081.9
1993	1 654.1	1 503.3
1994	1 544.6	1 170.5
1995	1 826.2	850.1
1996	1 581.1	776.9
1997	1 555.3	1 030.1
1998	1 509.5	700.0
1999	1 454.1	614.6
2000	1 551.3	765.5
2001	1 558.0	1 196.7
2002	1 551.4	1 348.7
2003	1 532.2	1 213.0

Source: European Commission

- Official Journal L 60 (<http://europa.eu.int/eur-lex/lex/JOHtml.do?uri=OJ:L:2005:060:SOM:EN:HTML>)
- Financial Report 2003

Visit our website: our website www.useu.be/agri/usda.html provides a broad range of useful information on EU import rules and food laws and allows easy access to USEU reports, trade information and other practical information. More information on the EU's horticultural sector can be found at www.useu.be/agri/hortireps.html . E-mail: AgUSEUBrussels@usda.gov

Related reports from USEU Brussels:

Report Number	Title	Date Released
E35005	EU 2005 Agriculture Budget	January 2005
E34095	Rural Development in the EU	December 2004
E24054	EU 2004 Agriculture Budget	March 2004
E23064	Fruit & Vegetables EU Subsidies	May 2003
E34065	Fruit & Vegetable Market – Commission Working Document	September 2004
E23063	Wine EU Subsidies	May 2003
E34076	EU Subsidies for the Restructuring and Conversion of Vineyards	October 2004
E24060	Promotion of EU Agricultural Products Outside the EU	April 2004
These reports can be accessed through our website www.useu.be/agri or through the FAS website http://www.fas.usda.gov/scripts/attacherep/default.asp .		