

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on the situation of "sun-cured" tobacco in Italy

1. SITUATION

1.1 Production

In 1976, 38 355 tonnes of sun-cured tobacco (varieties Xanthi-Yakà, Perustitza, Erzegovina) were produced in Italy. Since then, production has dropped continually to 11 961 in 1992 despite high premiums (between ECU 1.905 and 2.222/kg) and export refunds (ECU 0.35/kg).

While this drop in production was relatively steady between 1986 and 1991 (from 23 460 to 17 120 tonnes), production fell sharply in 1992: by 30% in relation to the previous harvest to 11 961 tonnes, i.e. 60% of the maximum guaranteed quantity.

In 1993 production rose somewhat to 13 302 tonnes - the guarantee threshold was fixed at 15 000 tonnes. Only 63% of total production in 1993 was produced by producer groups. The quota for 1994 has been fixed at 11 000 tonnes.

Production of this type of tobacco concerns several thousand workers and is strongly concentrated in two provinces of Italy (Salento, Lecce 90% and Chieti 10%).

1.2 Producers' income

Total earnings on the production of sun-cured varieties in recent years were as follows:

1990 : ECU 44 645 000
1991 : ECU 36 460 000
1992 : ECU 32 027 000
1993 : ECU 25 935 000.

The Community aid included in these earnings was as follows:

1990 : ECU 43 877 000, i.e. 98% of total earnings
1991 : ECU 36 909 000, i.e. 101% of total earnings
1992 : ECU 25 353 000, i.e. 80% of total earnings
1993 : ECU 25 389 000, i.e. 98% of total earnings.

1.3 Production quality

The distribution of Italian sun-cured tobacco among the different quality classes is unsatisfactory: for the 1988-92 harvests, the best of the three classes accounted for an average of only 0.8% (Xanthi-Yakà), 6.5% (Perustitza) and 6.8% (Erzegovina), while the lowest quality class accounted for 73.3% (Xanthi-Yakà), 55.5% (Perustitza) and 49.8% (Erzegovina) respectively.

1.4 Prices

The average prices paid by processors under the old arrangements were the same as, or slightly lower than, the premiums they received. Taking account of export refunds, the amount of Community assistance under the old arrangements was, on a number of occasions, higher than the average prices paid by processors to producers.

Under the new arrangements, for the 1993 harvest, for which definitive figures are available, the purchase price paid by processors to producers for the highest quality tobacco amounted to only LIT 750/kg (ECU 0.364), compared with a premium of ECU 1.975/kg (i.e. 17.5%). Prices for the lowest quality were approaching zero. The average prices actually paid were very low: ECU 0.041/kg, i.e. 2.1% of the premium.

1.5 Disposal of production

For the 1988 and 1989 harvests, an estimated 7 500 to 8 000 tonnes were disposed of on the Community market. For the 1990 and 1991 harvests, the figure might reach up to 10 000 tonnes, but part of that quantity could still be exported with refunds. For the 1992 harvest, disposal on the Community market is likely to have fallen to around 5 500 tonnes.

Consequently, it is realistic to estimate that the internal market can absorb only about 8 000 tonnes per harvest (average for 1988/92). Moreover, there is a downward trend, given the changes in consumer preference, which is leaning more and more towards products less rich in nicotine and tar.

It should also be stressed that the Italian sun-cured varieties are not used as aromatic varieties. Following the spread of giant biotypes, production has gradually become disqualified through the loss of the varieties' original characteristics, so they are now mostly used as fillers.

Exports to third countries (which averaged 8 400 tonnes per harvest from 1988 to 1991) mostly go to the countries of eastern Europe and north Africa. They have a low commercial value despite the export refunds (ECU 0.35/kg). Exports fell to 6 437 tonnes in 1992 and to only 93 tonnes in 1993, which was the first harvest without refunds.

When intervention stocks were sold, the price obtained for Italian sun-cured varieties was ECU 0.314/kg, while Greek tobacco of the same group went for ECU 0.37/kg (Tsebelia), ECU 0.46/kg (Mavra) and even ECU 1.511/kg (non-classical Kaba Koulak). These price differences are a good indication of the commercial value of these tobaccos on export.

2. CONCLUSIONS

The volume of sun-cured tobacco produced in Italy has dropped steadily over recent years. This reduction reflects the drop in demand for these varieties as seen in the very low prices paid to producers.

This situation is likely to persist unless the producers are able to raise the quality of their product to enable it to find a niche market.

Sun-cured tobacco produced in Italy since 1973

HARVEST	TOTAL (tonnes)
1973	22 349
1974	22 734
1975	31 364
1976	38 355
1977	25 637
1978	25 011
1979	31 325
1980	25 120
1981	25 501
1982	24 423
1983	27 008
1984	26 772
1985	30 278
1986	23 460
1987	20 948
1988	19 854
1989	21 847
1990	19 021
1991	17 120
1992	11 961
1993	13 302

Sources: Annual report on agriculture

V. SUN-CURED, ITALY

Harvest	Quantity produced (*)	Quantity exported (*)	%	Intervention (*)	Internal market (maximum)
	A	B	C (=B/A)	D	E (A-B-D)
Old arrangements					
1988	19 852	8 140 (1)	(41.0)	3 818	7 894
1989	21 848	9 759 (1)	44.7	4 627	7 462
1990	19 021	8 378 (1)	44.0	-	10 643 (2)
1991	17 120	7 591 (1)	(44.3)	112	9 413 (2)
1992	11 958	6 437 (1)	(53.8)	26	5 495 (2)(3)
New arrangements					
1993	13 302	93	0.7	-	

(*) Communications from Italy

(1) With refunds.

(2) Export refunds still apply.

(3) Intervention still possible.

Source: Prepared by the Commission's departments.

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