

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

**GUIDELINES FOR
MEDITERRANEAN AGRICULTURE**

**Citrus Fruit
Wine
Fruit and Vegetables
Olive Oil**

4 OPINIONS

Brussels 1982

Under the Chairmanship of Mr Tomas ROSEINGRAVE, the Economic and Social Committee of the European Communities has approved four Opinions on amendments to Community regulations in the agricultural sphere.

The Opinions on citrus fruit, wine and fruit and vegetables were adopted at the Committee's 195th Plenary Session, held on 24 and 25 February 1982. The Opinion on olive oil was adopted at its 198th Plenary Session, held on 26 and 27 May 1982.

The Committee's work was prepared by the Section for Agriculture, and the Rapporteur was Mr Guido PAGGI.

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

4 O P I N I O N S

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MEDITERRANEAN AGRICULTURE

Citrus Fruits
Wine
Fruit and Vegetables
Olive Oil

Brussels, September 1982

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PREFACE

We felt it would be useful to publish a single volume edition of the Opinions adopted by the Economic and Social Committee at its 195th and 198th Plenary Sessions, held on 24/25 February and 26/27 May 1982 respectively, on the Commission proposals to amend Community regulations on various farm products which would be particularly affected by the accession of Spain and Portugal to the EEC.

The Opinions were drafted by the Committee's Section for Agriculture (Chairman : Mr Umberto EMO CAPODILISTA; Rapporteur : Mr Guido PAGGI). Taking as their starting point the broad guidelines mapped out in the ESC Opinion of 23 September 1981 on Agricultural Aspects of the Negotiations with Spain (Rapporteur : Mr Louis LAUGA), they set out detailed guidelines based on concrete Commission proposals to maintain market balance for some typical Mediterranean products.

In the main, the Committee backed the Commission proposals, although there were differences of opinion on some points.

The Commission was sometimes reproached for not having given sufficient thought to the economic aspects and budgetary implications of its proposals. On other occasions, it was decided not to fully endorse the Commission proposals, in the interests of consistency with previous Committee Opinions.

The ESC has incidentally commissioned a special information report on fats and oils in order to define the precise scope of the debate on this particularly sensitive area with its important economic and social implications.

O P I N I O N
of the Economic and Social Committee
on the
Proposal for a Council Regulation (EEC)
Amending Regulation (EEC) No. 2511/69 laying down
Special Measures for Improving the Production
and Marketing of Community Citrus Fruit

THE ECONOMIC AND SOCIAL COMMITTEE

- HAVING REGARD TO the request made by the Council of the European Communities on 26 October 1981 for an Opinion on the Proposal for a Council Regulation (EEC) Amending Regulation (EEC) No. 2511/69 laying down Special Measures for Improving the Production and Marketing of Community Citrus Fruit;
- HAVING REGARD TO the Treaty establishing the European Economic Community and, in particular, Article 43 thereof;
- HAVING REGARD TO the decision taken by the its Bureau on 27 October 1981 instructing the Section for Agriculture to prepare the Committee's work on this matter;
- HAVING REGARD TO its previous Opinions on this subject, with particular reference to the Opinion on Agricultural Aspects of Enlargement of the Community to include Spain;
- HAVING REGARD TO the Opinion adopted by the Section for Agriculture at its 231st meeting held on 7 January 1982;
- HAVING REGARD TO the oral report made by the Rapporteur, Mr PAGGI;
- HAVING REGARD TO the discussions on 25 February 1982 during the 195th Plenary Session held on 24 and 25 February 1982,

HAS ADOPTED,
by 81 votes to 0, with 2 abstentions,

THE FOLLOWING OPINION

1. The Economic and Social Committee points out first and foremost that the proposed Regulation is just one facet of the improvement of Community rules and regulations in preparation for the further enlargement of the EEC. The Committee has expressed its views on this on several occasions, and particularly in the Opinion on agricultural aspects of negotiations with Spain, which was adopted on 23 September 1981 (1). In view of the projected enlargement of the Community, the Committee accordingly stresses the need for an improvement in the rules governing the sector in question on a fair and equal basis, as advocated by the Commission in the Mandate of 30 May.

(1) CES 955/81, page 15.

2. In this connection, the Committee notes that the parent Regulation (EEC) No. 2511/69 of 9 December 1969 which laid down special measures for improving Community citrus production and marketing, has had little impact so far. As the Commission itself admits, the two main reasons why less than 1/5 of the planned area (42 thousand ha) has been converted, are a) the grants do not provide sufficient incentive, and b) the number of beneficiaries is too small. For this reason the problems in the Community citrus fruit sector have remained more or less unsolved, and the matter should be given more serious thought now that other citrus-fruit producing countries are about to join the Community.

3. The Committee sympathizes with the reasons behind the new proposals, and has taken particular interest in how the proposed measures tie in with the objectives.

4. The Committee supports the Commission's decision to list lemons amongst the products qualifying for conversion aid (Article 1(1)), particularly since reorganization is long over-due in this area.

5. The information contained in the draft Regulation provides a valid basis for deciding which Member States should qualify for grants (Article 1(3)), and must therefore be considered a useful adjunct to the current rules. However, as reference is made to Member States rather than Community regions, the Committee points out that "Corsica" (second para. of Article 1(3)) should be replaced by "France".

6. Furthermore, all measures for making aid more accessible and eliminating discrimination between farmers (Article 1(5)) are an improvement on the earlier arrangements; in fact some of the restrictions, which the new Proposal imposes on individual beneficiaries, should perhaps be removed, so as to make the conversion programme accessible to the maximum number of people.

7. The increase in funds for aid (Article 1(5)) should be sufficient to surmount the obstacles which impeded the original conversion proposals. However, the length of time needed to put these measures into effect remains a serious problem : if too much time is taken, and if the adjustments proposed from 1984 are not made, aid may very soon fail yet again to provide sufficient incentive, partly because of the high inflation in the Member States concerned.

8. The Committee rather doubts the wisdom of phasing out the "market promotion premiums" (first and second paras. of Article 1(8) and, in particular, of treating oranges and mandarins differently from lemons and clementines. The Committee hopes, however, that before any definite move is made to scrap these premiums, the whole citrus fruit sector will be reviewed in the light of the results of the conversion measures.

9. The Committee urges the Commission to submit regular detailed figures of the results which have been achieved. It also recommends a thorough review of the entire reference price system, whose inefficiency led to the introduction of these compensatory arrangements in the 1975-76 marketing year.

O P I N I O N
of the
Economic and Social Committee
on the
Proposal for a Council Regulation (EEC)
amending Regulation (EEC) No. 337/79 on
the Common Organization of the Market
in Wine

THE ECONOMIC AND SOCIAL COMMITTEE

HAVING REGARD TO the request made by the Council of the European Communities on 28 October 1981 for an Opinion on the Proposal for a Council Regulation amending Regulation (EEC) No. 337/79 on the Common Organization of the market in Wine,

HAVING REGARD TO the Treaty establishing the European Economic Community, and, in particular, Article 43 thereof,

HAVING REGARD TO the decision taken by its Bureau on 27 October 1981, instructing the Section for Agriculture to prepare the Opinion and Report on this matter,

HAVING REGARD TO its previous work on the matter,

HAVING REGARD TO the Opinion adopted by the Section for Agriculture on 5 February 1982 during its 232nd meeting on 4 and 5 February 1982,

HAVING REGARD TO the Report submitted by the Rapporteur, Mr PAGGI (1),

HAVING REGARD TO the discussions on 25 February during the 195th Plenary Session held on 24 and 25 February 1982,

HAS ADOPTED
by 81 votes to 9, with 16 abstentions

THE FOLLOWING OPINION :GENERAL COMMENTS

1. The Committee would first of all like to refer back to its earlier Opinion on Agricultural Aspects of the Enlargement of the Community to include Spain, which was approved on 23 September 1981. This Opinion outlined the measures which were felt necessary to ensure a stable balance in the wine sector in the enlarged Community (2).

(1) CES 65/82 fin.

(2) CES 955/81

2. From this standpoint, the Committee commends the efforts made by the Commission in submitting proposals for the amendment of EEC Regulation No. 337/79. However, it questions whether these changes (which represent the third drastic revision of specific regulations in the space of ten years) will be adequate to guarantee Community vine growers the same standard of income as that enjoyed in other sectors, since the regulations which govern the wine market at present do not guarantee wine growers a specific intervention price. It also has to be remembered that vine growing provides a considerable amount of employment, particularly in hilly areas and depressed parts of the Community.

3. However, the Committee feels that the Commission's latest proposals will once again have an adverse effect on supply and that this approach will ultimately destroy the product. It does not appear that the Community has explored all possible avenues - as it did in the case of several other agricultural products - with a view to stimulating demand and generally increasing outlets.

4. In this connection, the Committee recalls stands taken by it in the past on the subject of the taxation of the wine sector and once again urges that the Community "complete as soon as possible the harmonization of customs and excise duties first of all among the different types of beverages within each State and then among the States themselves" (3). As the inordinately

(3) See page 17 of CES 955/81

heavy duties levied by some Member States unquestionably depress wine sales, it is clear that harmonization will have to take the form of a reduction in taxation rates. What harmonization must not do is provide Member States, which do not already tax wines, with an opportunity to impose a specific tax on wine.

5. Furthermore, greater emphasis should be placed on export policy, by making greater use of export rebates and providing incentives for long-term commercial agreements for the supply of non-Member States.

6. The Committee feels it is important that the proposed amendments to the Regulations applicable to the wine market should provide a basis for merging the whole of the Community market into a unified whole, governed by rules which are (a) as consistent as possible and (b) calculated both to raise consumers' expectations in terms of price, and improve quality generally, and satisfy producers' requirements as to their standard of income.

7. Furthermore, the Committee would point out that it has repeatedly advocated that the various wines on the market should be labelled as fully and accurately as possible, and would again urge the Commission to submit proposals to bring this about as soon as possible.

8. In the light of the foregoing considerations, the Committee has the following comments to make on the individual proposals advanced by the Commission, with particular reference to the question of whether or not the proposed measures are an appropriate means of remedying the problems which they are intended to resolve.

Plantings

9. The Committee considers that the aim of reducing the area devoted to vine cultivation in regions not suited for it, by means of a ban on replanting in irrigated areas, is in line with the 1979-85 plan of action for the wine sector (4), but feels that any such reduction should be confined to areas in category 3.

10. What the Committee really feels is that the areas in categories 2 and 3 should first of all be re-defined in order to take into account the suitability of the soil for vine cultivation and the possibilities of other crops being grown. To take a more specific example, there should be a specific definition of the term "irrigation systems" (Art. 30a(2) (a)), to avoid any problems of interpretation when the ban on replanting actually comes into force.

Enrichment of vintages

11. The Committee notes that the Commission does not intend to allow wet sugaring to be continued, in those areas where it is permitted, beyond 15 march 1984.

(4) See O.J. Supplement 7/78.

12. The Committee also endorses the Commission's statements concerning discrimination against Mediterranean vine growers, who are only permitted to use expensive grape by-products (concentrated musts and rectified concentrated musts).

13. The Commission proposal to establish a balance between the costs incurred for the two methods of sugaring by levying a duty on sucrose should be rejected, since it does not fulfil the requirements laid down previously by the Economic and Social Committee, which advocated that "the use of products obtained from grapes (grape must or grape sugar) should gradually replace traditional chaptalization (beet sugar) in the wine-growing areas where enrichment by the addition of sugar is still allowed". (5)

14. In the Committee's view, it is more beneficial to continue to provide aid for users of concentrated musts, since this has the additional advantage of reducing the volume produced, thus helping to improve the balance of the market.

Distillation measures

15. The Committee approves the obligatory distillation measures designed to maintain quality which are applied to wines produced from grapes normally grown for purposes other than the production of table wines (Charente, and wines made from table grapes and raisin grapes). These measures will eliminate from the market wines which are below standard and so help to improve the balance of the market.

(5) See page 16 of CES 995/81.

16. The Committee points out that, faced with a choice between making preventive distillation compulsory or providing incentives to make it a more attractive proposition to producers, the Commission opts for the former solution.

17. However, consumers' interests would be better served if compulsory preventive distillation were to be geared to the maintenance of quality and cover mainly those wines which require some "correction" before being put on the market.

18. The Commission itself acknowledges (6) that the Community's vine growers are already subject to heavy constraints (ban on new plantings, compulsory deliveries, obligatory distillation to improve quality, curb on "guaranteed outlets"), and the Committee accordingly wonders whether the relative price of distillation should be revised with a view to preventing an inordinately heavy burden on vine growers' incomes.

19. The Committee closes by stressing that these distillation measures are a complex means of intervention which, to be effective, will have to be implemented within a tight time schedule (which in practice is not always feasible). Furthermore, an inordinate amount of administrative work is entailed in determining the individual rates and in attendant monitoring procedures.

Increase in the alcohol content

20. The Commission views the across-the-board increase of 0.5° in the alcohol content for all vine-growing areas as a step towards improving quality and curbing production.

(6) Guidelines for European Agriculture (COM(81) 608 final, paragraph 102).

21. The Committee cannot endorse this view. On the one hand, it feels that the alcohol content is not the only aspect of quality to be taken into account and, on the other, it believes that, before any decisions are taken, a technical study should be made of each individual area, and the question of sugaring should be resolved.

Tightening-up of monitoring procedures

22. The Committee emphasizes that the success of the measures to stiffen the regulations governing the market in table wine is heavily dependent upon the establishment of rigorous monitoring procedures.

23. The Committee accordingly urges the Commission to submit as soon as possible its proposal concerning the setting-up or expansion of specialist services with responsibility for monitoring all the operations involved in the production and preparation of wines in Member States.

Additional measures

24. As Greece is now a Member of the Community and the accession of Spain and Portugal is imminent, the Committee feels that it has now become imperative to bring forward the start of the marketing year from its current date of 16 December. The Committee accordingly urges the Commission to make the requisite arrangements in this connection.

R E P O R T
of the
Section for Agriculture
on the
Proposal for a Council Regulation (EEC)
amending Regulation (EEC) No. 337/79
on the
Common Organization of the Market
in Wine

1. INTRODUCTION

1.1. On 28 October 1981 the Council of the European Communities asked the Economic and Social Committee to draw up an Opinion on the

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 337/79 on the Common Organization of the Market in Wine (COM(81) 408 final).

1.2. On 27 October 1981 the Committee Bureau referred the matter to the Section for Agriculture. The Section assigned the matter to the Study Group on Mediterranean Policy, whose members are as follows :

<u>Chairman</u>	:	Mr LAUR
<u>Rapporteur</u>	:	Mr PAGGI
<u>Members</u>	:	Mr BERNAERT Mr BERNS Mr BREITENSTEIN Mr CAVAZZUTI Mr COLYMPVAS Mr DASSIS Mr DE GRAVE Mr JASCHICK Mr MURPHY Mr RAINERO Mr ROUZIER Mr WICK Mr ZINKIN
<u>Experts</u>	:	Mr CASTELLUCCI - Rapporteur's Expert Mr BECKER - Group I Expert Mr LAMAGNI - Group II Expert Mr VABRE - Group III Expert

1.3. The Study Group held two meetings on the matter, on 30 November 1981 and 14 January 1982.

1.4. During the discussions of 5 February at its 232nd meeting of 4 and 5 February 1982 the Section for Agriculture adopted the Opinion (CES 1306/81 final) by 18 votes to 1, with 9 abstentions, and drew up the present Report.

2. GIST OF THE COMMISSION PROPOSAL

2.1. Market intervention system : introduction of compulsory preventive distillation

2.1.1. In order to maintain balance on the table-wine market in the event of large surpluses, the Commission proposed the introduction of compulsory preventive distillation at the beginning of the marketing year.

2.1.2. The volume of wine to be distilled will be fixed at the beginning of December, when the forward programme is adopted, so as to allow forward stocks for the end of the marketing year to be brought to a level which is compatible with market balance. The levy applied to each producer will be decided according to yields, types of wine produced and degree of alcohol.

2.1.3. To ensure proper application, economic sanctions are proposed and producers who do not cooperate are to be excluded from other intervention measures.

2.1.4. The Commission is also proposing that the policy of compulsory distillation be extended to wines made from grape that would normally not go on to the market for table wines.

2.1.5. Other distillation measures provided for under the present Regulation, such as the distillation of wines covered by long-term contracts (marketing premium), special distillation measures and minimum prices imposed on distilled wines will be modified.

2.1.6. Finally, there are plans for a 0.5% increase in the minimum content of natural alcohol in all winegrowing regions. In the Commission's view, the present minimum levels are too low and steer winegrowing towards yields which do not always make for good quality wines, and which contribute to surplus supply.

2.2. Tightening up rules and controls

2.2.1. The Commission is proposing the introduction of tougher rules and controls on wine enrichment in order to be better able to steer production. In particular, there will be tighter rules on the addition of sugar.

2.2.2. Adding sugar to wine not only increases the volume of wine produced but leads to abusive enrichment of mediocre blends and thus keeps vineyards which are not really suited to winegrowing in business. Furthermore, it causes economic distortions between winegrowers in regions where the addition of sugar has always been banned (Italy, the South of France, except for the Bordelais, Greece and Spain) and others where

it has been permitted. In the southern regions of the EEC, authorized enrichment processes require the use of grape products, such as concentrated grape must, which is twice as expensive as sugar per degree of alcohol.

2.2.3. As part of the 1980-1986 wine action programme, the Council approved a series of preliminary measures, including subsidies for rectified concentrated must used for enrichment. In order to increase the production and use of rectified concentrated must (grape sugar), the Commission is proposing the introduction of a levy on sugar intended for enriching blends (this would enable the subsidies paid out for must concentrate to be abolished). This levy would be equivalent to the difference between the price of concentrated grape must and that of the amount of sugar needed for the same degree of enrichment. The levy will therefore vary, depending on whether the wine in question is a table wine or a quality wine (p.s.r.).

2.2.4. The Commission proposes that Member States increase their staff responsible for checking all wine operations, particularly enrichment. Commission inspectors should also carry out spot checks. Efforts to stamp out fraud will have to be stepped up.

2.3. Boosting consumption and reducing expenditure

2.3.1. Production regulation is not enough. An effort will have to be made to boost consumption in the Member States where wine consumption is particularly low. The Commission has reiterated that excise duty is too high in some countries.

3. COMMENTS MADE DURING THE PROCEEDINGS

3.1. During the Section proceedings, in addition to the contents of the Opinion, the following comments and minority views were voiced.

3.1.1. Approximation of customs and excise duties

3.1.1.1. According to some members it is desirable that all alcoholic drinks should be treated equally from the point of view of taxation. This raises questions about the wine excise in some States. It also raises questions about the beer excise in some States and about taxes on spirits everywhere. From the narrow UK, Irish and Dutch point of view it would only be reasonable to provide this equality for wine if UK and Irish whisky and beer and Dutch gin were given equal treatment from the point of view of tax, advertising, etc., in the other Member States.

3.1.1.2. The reduction of wine excise cannot be considered only in the light of the need to get rid of the wine surplus. Member States have to consider their budgetary needs. One may prefer an increase in the excise on alcoholic drink to an increase in income tax. They also have to consider the threat of alcoholism.

3.1.2. Merging of the Community Market

3.1.2.1. The Section feels it is important that the proposed amendments to the Regulation applicable to the wine market should provide a basis for merging the whole of the Community market into a unified whole, governed by rules which are (a) as consistent as possible and (b) calculated both to raise consumers' expectations in terms of price, and improve quality generally, and satisfy producers' requirements as to their standard of income.

3.1.2.2. According to some members, this should be achieved without altering the distinguishing features of wines, as determined by region, type of vine and traditional methods of preparation. Wines are in fact prized for their individual distinguishing features. Wine-growing areas with different regulations governing wine preparation were accordingly defined, when the EEC wine market was set up.

3.1.3. Enrichment of vintages

3.1.3.1. According to some members further explanations are necessary about the proposed tax on sugar for enrichment. The main effect of this would appear to be to make the consumer of German wines pay more for his wine without getting a wine which is any better or would even taste any different. Taxing the consumer of one drink in order to protect others is unsatisfactory. Moreover, the Community would not have enough rectified concentrated grape must for the whole crop which is at present being enriched with sugar.

3.1.3.2. According to these members, it is not clear why the Community grape producer should be benefited at the expense either of the Community sugar producer if the sugar displaced is from the B quota or the Community taxpayer if the sugar displaced is from the A quota. Maybe the right answer is to permit Italian wine producers to enrich with sugar. At the very least we ought to be provided by the Commission with a full statement of the consequences of the various possible alternatives.

3.1.3.3. Other members are opposed to the Commission proposal, and insist that the present time-honoured methods of enrichment be preserved.

3.1.3.4. In their view, the Commission proposal poses insuperable monitoring problems and would not put an end to the discrimination against Mediterranean vine growers so deplored by the Commission. It would, however, seriously hit the quality wine-growing areas (which do not come within the scope of the price and intervention rules) and would raise the cost of such wines, thus creating new barriers to the consumer.

3.1.4. Distillation measures

3.1.4.1. Some members point out that obligatory distillation at the beginning of the season is the best way of ensuring that there are no surpluses. It must not, however, be attractive to grow grapes for distillation. If the system of obligatory distillation is to work, the price paid must not be more than 65% of the guide price and should preferably not be more than 50% as for grapes and Charentes.

3.1.4.2. The surpluses are heavy in certain types and regions. If types and regions which are not producing a surplus are not to be penalized because of types and regions which are producing a surplus there must be further subdivisions of R 1 and, especially, A 1 which at present cover too wide a variety of regions and wine.

3.1.4.3. These members feel that any rule on obligatory distillation should be accompanied by a tightening of the storage provisions. In any category where there is a surplus there is no need for the short term storage provided for in Article 7 of Regulation 337/79, and no need where there is long term storage for an option of a further four months storage to be provided.

3.1.4.4. According to other members, to attempt to resolve product rotation problems and the resultant cyclical surpluses in Community wine production by extending compulsory preventive distillation to 50% of the value of the product is not merely an unacceptable anomaly; it seems liable to be difficult to put into effect.

It would, after all, entail determining and monitoring the quotas to be assigned to the individual growers in the face of marked shortcomings in the administrative machinery. Past experience in managing the wine market provides abundant proof that the imposition of compulsory, low-cost measures, which depress growers' profits, has not produced satisfactory results. This is borne out by the ineffectiveness of preventive distillation (Art. 11 of Regulation 337/79), of the distillation of the quota of table wine for compulsory deliveries (Art. 39 of Regulation 337/79), and of the distillation of wine coming from the vinification of table grapes (Art. 41 of Regulation 337/79).

3.1.4.5. These members therefore feel that preventive distillation could be more efficient and more easily administered if it were optional and the price sufficiently attractive, at least in the case of low-standard wines which are difficult to keep.

3.1.4.6. Distillation as stipulated in Article 15 would prove a more efficient preventive measure to restore profitability to the wine market, provided it were implemented right from the start of the marketing year as soon as the results of the Community budget indicate a cyclical surplus.

3.1.5. Increase in the natural alcohol content

3.1.5.1. Some members feel that the increase in the minimum natural alcohol content proposed by the Commission would be helpful, although it could create problems at consumer level in some Member States.

3.1.6. Other measures

3.1.6.1. Finally, some members note that the proposed distillation measures will make the problem of regulations on ethyl alcohol of agricultural origin an even more burning issue. They refer back to earlier Committee Opinions on this subject.

O P I N I O N

of the

Economic and Social Committee

on the

Proposal for a Council Regulation (EEC) amending
Regulation (EEC) No. 1035/72 on the Common Organization
of the Market in Fruit and Vegetables as Regards
Producers' Organizations,

and the

Proposal for a Council Regulation (EEC) amending
Regulation (EEC) No. 1035/72 on the Common Organization
of the Market in Fruit and Vegetables

THE ECONOMIC AND SOCIAL COMMITTEE

HAVING REGARD TO the request made by the Council of the European Communities on 28 October 1981 for an Opinion on the Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables as regards Producers' Organizations, and the Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables,

HAVING REGARD TO the Treaty establishing the European Economic Community and, in particular, Article 43 thereof,

HAVING REGARD TO the decision taken by its Bureau on 27 October 1981, instructing the Section for Agriculture to draw up an Opinion and a Report on the matter,

HAVING REGARD TO its previous work on the matter,

HAVING REGARD TO the Opinion adopted by the Section for Agriculture on 4 February 1982 during its 232nd meeting held on 4 and 5 February 1982,

HAVING REGARD TO the Report submitted by the Rapporteur, Mr PAGGI (1),

HAVING REGARD TO the discussions on 25 February during the 195th Plenary Session held on 24 and 25 February 1982,

HAS ADOPTED
by 70 votes to 27, with 10 abstentions

THE FOLLOWING OPINION:1. Preliminary Remarks

1.1. The Committee wishes to point out first of all that the proposed Regulations on which it has been consulted are just one facet of the reform of Community rules and regulations in preparation for the further enlargement of the EEC. The Committee has expressed its views on this matter on several occasions,

notably in its Opinion on Agricultural Aspects of the Enlargement of the Community to include Spain (2), adopted on 23 September 1981. Given this further enlargement of the Community, the Committee stresses the need for an improvement in the rules covering the fruit and vegetables sector on the basis of the principles of fairness and equivalence as advocated by the Commission in its observations made within the context of the Mandate of 30 May.

1.2. The proposals for Mediterranean farming, to which the fruit and vegetable proposals belong, are considered by the Committee to be only a small part of the programmes announced in the Mandate.

1.3. The Committee would urge the Commission to rush through further proposals for Mediterranean farming, which will be a big help in boosting living standards in this area.

1.4. To make for a better understanding of the Commission's proposals and the text of this Opinion, the Committee would point out that references to producers' organizations cover both producer groups and associations thereof within the meaning of the parent Regulation No. 1035/72. The Committee also recommends that an effort be made to align, in the various languages, the names of the bodies concerned by the provisions.

2. Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables as Regards Producers' Organizations

2.1. The Committee endorses the Commission's view that, with the EEC about to be further enlarged, the economic organization of the agricultural sector should be suitably strengthened by developing producers' organizations. Indeed, this is precisely what the Committee called for in the aforementioned Opinion on Agricultural Aspects of the Enlargement of the Community to include Spain (3).

2.2. The requirements (Art. 1) which producers' organizations will have to meet in order to obtain recognition from their respective Member States, are a guarantee that recognition will only be bestowed on organizations genuinely able to perform the duties laid down by Community rules and regulations.

2.3. The Committee, however, points to the difficulties producers' organizations will face if they have to be recognized by a Member State before they can qualify for "launching" aid. Producers' organizations should therefore be granted recognition if the articles or statutes regulating the rights and duties of members are clearly in conformity with EEC Regulation No. 1035/72.

(3) CES 955/81, page 14.

2.4. The Committee would ask that the annual report (last indent of Article (2)) which each Member State will be required to draw up on the application of these rules and regulations should also assess the latter's impact on levels of supply, product quality and consumer prices.

2.5. Noting the new scheme to grant aid to producers' organizations (first and second indent of Article 2(1)), the Committee points out that steps must be taken to ensure that Member States are obliged to grant aid to producers who join recognized producers' organizations.

2.6. On the other hand the Committee welcomes the obligation on Member States to make payments in annual instalments over a maximum period of seven years following the date of recognition of the producers' organization (third indent of Article 2(1)). Basically, this means that funds will be available especially during the "launching" phase, i.e. the most difficult period in the life of an organization when slowness of payments can hamper producers' organizational work.

2.7. The Committee wonders whether it would not be opportune to examine the case of organizations which have turned out to have been operating on too wide a scale to be efficient and are forced to split up into several smaller groups: the criteria governing such action would have to be laid down, and mechanisms would have to be found for sharing out aid already allotted to the original organization.

3. Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables

3.1. The Committee is aware, on the eve of further enlargement of the EEC, that the common markets in the fruit and vegetables sector need to be appreciably strengthened. This is

equally clear from past Committee work, and in particular its recent Opinion on the Agricultural Aspects of the Enlargement of the Community to include Spain (4).

3.2. Because of this the Committee endorses the Commission's policy of trying to secure a better balance in the fruit and vegetables market through a series of measures designed to improve production and marketing structures, intervention machinery and trade mechanisms. If common markets in the sector are to operate more effectively, it is likewise essential to ensure that the rules governing quality standards for fruit and vegetables are enforced and that the observance of such rules is monitored, in all Member States and right up to the consumer stage.

3.3. Extension to other producers of the rules binding on producers' organizations (new Article 15(b))

3.3.1. The Committee reiterates the importance of strengthening the economic organization of the agricultural sector and so supports the decision to ensure that producers' organizations operate more effectively. It is also clear that producers' organizations cannot play their role to the full if the problem of producers who do not belong to organizations, i.e. those operating on the market with complete autonomy, is not resolved.

3.3.2. It is essential to recognize that the course adopted by the Commission will create problems on several fronts: it will be difficult to ensure that farmers are free to make their own decisions and, more important, to ensure that Community preference is fully observed and that there is free movement of goods between regions where the rules have been extended rigorously to non-associated producers, and regions where there has been no such extension.

(4) CES 995/81, pages 11 to 15.

3.3.3. The Commission's proposals (new Article 15(b)(8)) also leave one crucial problem unresolved, namely what criteria are to be used in determining the "representativeness" of an association in an "economic area", i.e. in a "region made up of bordering or neighbouring production zones in which production and marketing conditions are the same".

3.3.4. Moreover, that "minimum common denominator" which guarantees observance of the rules on competition in the Community is likely to be broken up by the ample opportunity given to Member States to adopt their own measures to ensure that the rules are extended (Art. 1(5)).

3.3.5. Last but not least, the Committee emphasizes that reservations of a constitutional nature could hamper the implementation of such legislation in a number of individual Member States.

3.4. Strengthening the intervention system (New Article 17(a))

3.4.1. In the interests of securing a better balance on the markets concerned, the Commission proposes that, in the event of a "serious crisis", prices should also be recorded at some point in the marketing process where the symptoms of a crisis ought to become apparent. This proposal is acceptable insofar as it would actually trigger an earlier declaration of a crisis. In deciding whether such a crisis has occurred the Commission should, however, only take into account what happens in major national wholesale markets.

3.4.2. The intervention system available in the event of a "serious crisis" should, however, be accompanied by improvements in the safeguard mechanism for protection against imports from third countries until such time as the crisis is over.

3.5. Entry price (New Article 24(4))

3.5.1. The Committee endorses the proposed changes in the mechanism for calculating entry prices, namely that the prices of Community products be automatically taken into account in calculating the entry prices of imported tomatoes, peaches and table grapes, i.e. products not bound in GATT. This system should be extended to cover all products subject to reference prices.

3.6. Scope (Art. 1(8))

3.6.1. The Committee is favourably disposed to the proposal that the market organization be extended to cover aubergine and apricot growers. So far the list has been limited to nine products. The Section considers that this is a first step towards improving the balance of the whole fruit and vegetables sector and that, with this in mind, cherries should also be included in Appendix II which lists products enjoying guarantees. Relevant in this respect is the Committee's previous work on the agriculture of the French Overseas Departments.

3.7. New proposals (Explanatory memorandum), point 5

3.7.1. The Committee intends to make a particularly careful study of the rules to be drawn up by the Commission on standardization. It is, moreover, convinced that such improvements as are made should ensure that products and varieties which come closer

to meeting consumer' expectations are actually brought on to the market. However, close attention will have to be paid not only to taste but also to nutritive value and the presence of harmful substances.

3.7.2. The Committee likewise awaits the Commission proposals on (a) the application of reference prices to further products (apricots, artichokes, melons, green beans and lettuces) and (b) the extension of the period of validity of existing reference-price arrangements (for tomatoes and table grapes).

3.7.3. The Committee finally notes the Commission's plan to apply the reference price system more extensively. It considers that the existing system of reference prices has a number of drawbacks. For this reason it thinks that any proposals on this subject must provide the opportunity for an in-depth discussion of the reference price system in the fruit and vegetable sector. In this connection it will be necessary to examine how the system of reference prices can fit in more with the new agricultural policy guidelines laid down in the "30 May 1980 Mandate".

R E P O R T
of the
Section for Agriculture
on the

Proposal for a Council Regulation (EEC) amending
Regulation (EEC) No. 1035/72 on the Common Organization
of the Market in Fruit and Vegetables as Regards Producers
Organizations,

Proposal for a Council Regulation (EEC) amending
Regulation (EEC) No. 1035/72 on the Common Organization
of the Market in Fruit and Vegetables

1. INTRODUCTION

1.1. On 28 October 1981 the Council of the European Communities decided to exercise its option of consulting the Economic and Social Committee on the

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables as Regards Producers' Organizations,

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables (COM(81) 403 final).

1.2. The matter was referred to the Section for Agriculture by the Committee Bureau, in its decision of 27 October 1981. The Section organized its own work, and entrusted the examination of the Commission's proposal to the Mediterranean Study Group, composed as follows :

<u>Chairman</u>	:	Mr LAUR
<u>Rapporteur</u>	:	Mr PAGGI
<u>Members</u>	:	Mr BERNAERT Mr BERNS Mr BREITENSTEIN Mr CAVAZZUTI Mr COLYMPVAS Mr DASSIS Mr DE GRAVE Mr JASCHICK Mr MURPHY Mr RAINERO Mr ROUZIER Mr WICK Mr ZINKIN
<u>Experts</u>	:	Mr ALESSANDRI (Rapporteur's expert) Mr GUILMAIN (Group I expert) Mr LAMAGNI (Group II expert) Mr PILOT (Group III expert)

1.3. The Study Group held two meetings, on 16 November and 21 December 1981, to discuss the subject.

1.4. The Draft Opinion drawn up by the Study Group was examined by the Section at its 231st and 232nd meetings, held on 7 January, and 4 and 5 February (sitting of 4 February) 1982, respectively.

At its meeting of 4 February, the Section for Agriculture adopted the Opinion (CES 1236/81 fin) by 25 votes to 15 with 4 abstentions, and drew up this Report.

2. GIST OF THE COMMISSION PROPOSAL

2.1. The Commission believes that before Spain and Portugal join the EEC some modification on the existing market organizations for fruit and vegetables will be necessary so as to allow for the present importance and future potential of Spain as a producer of these products - a factor which could fundamentally change the balance of the markets concerned.

2.2. For the medium-term it would be possible to match production to consumer demand and avoid marketing crises by steadily extending the scope and powers of producers' organizations. The Commission proposal therefore seeks to :

- a) extend launching aids for producers' organizations from 3 to 5 years, and relax conditions governing qualifications for aid;

- b) allow Member States, at the request of a producers' organization, to extend the organization's rules (e.g. on quality control and marketing) to other producers in the same production area. Member States will not however be obliged to do so.

2.3. The Commission is furthermore convinced of the need to prevent a market price collapse, and to re-establish normal marketing conditions as soon as possible in the event of a price collapse taking place. It therefore proposes that :

- a) the conditions for the withdrawal of produce from the market at the point of first sale should come into effect as soon as there is evidence of a price collapse in the wholesale markets;
- b) this facility should apply to particularly price-sensitive products such as peaches, pears and tomatoes, as well as aubergines and apricots which must be added to the list of products covered by the price and intervention systems.

2.4. The Commission considers that the reference price system has proved capable of ensuring the orderly marketing of fruit and vegetables. It now proposes :

- a) that the quantity limits on imports be discarded and that reference prices be introduced for products which do not already have them (such as apricots, artichokes, melons, green peas and lettuce). It also proposes that the validity of the existing reference prices for tomatoes and table grapes be extended.

b) that Article 24(4) of Regulation (EEC) No. 1035/72 be replaced by provisions allowing the prices of Community products to be automatically taken into account in the calculation of the entry prices of imported tomatoes. These measures would however only apply to peaches, tomatoes and table grapes.

The Commission also reiterates that, in the context of the Council's study of its proposals on fruit and vegetables it has decided (a) to draft additional measures to reinforce quality control and (b) to amend the proposal on the common organization of potatoes, particularly early potatoes.

3. POINTS RAISED DURING DISCUSSIONS

3.1. The following comments or minority stances were expressed during Section discussions but not included in the Opinion.

3.1.1. Preliminary Remarks

3.1.1.1. Several members thought that the policy guidelines laid down in the 30 May 1980 Mandate should be used as a basis for assessing the Commission proposals. At the same time, it should be borne in mind that Spain and Portugal were due to join the Community in the not too distant future. They pointed out that in its policy towards the Mediterranean area the Commission called for a thorough overhaul of production structures. In this connection, the Commission envisaged medium-term integrated programmes comprising measures on incomes, markets, products and structures.

The proposals for Mediterranean farming to which the fruit and vegetable proposals belonged, were, according to those members, only a small part of the programmes announced in the Mandate.

They urged the Commission to rush through further proposals for Mediterranean farming, which would be a big help in boosting living standards in this area.

3.1.1.2. These members also agreed with the Commission that at a time when Spain and Portugal were about to join the Community it was necessary to examine how the existing market organizations for fruit and vegetables were to be adapted.

Efforts should be made, inter alia, to improve the operation of producers' organizations. The members endorsed the Commission's efforts and had no objection to further funds being made available for this purpose.

3.1.1.3. The Section recommended that the Commission standardize the names of the bodies referred to in the proposals because, as the following table shows, these names vary according to regulation and language, giving rise to possible misinterpretation.

	Règlement (CEE) no. 1035/72 du Conseil portant organisa- tion commune du marché dans le secteur des fruits et légumes (J.O. L 118 du 20.5.72)	Règlement (CEE) no. 1360/78 du Conseil du 19 juin 1978 concernant les groupements de producteurs et leurs unions (J.O. L 166 du 23.6.78)
DANSK	a) producentorganisation b) sammenslutning af producent- organisationer	a) producentsammenslutning b) forening af producent- sammenslutninger ("producentsammenslutninger og foreninger af sådanne")
DEUTSCH	a) Erzeugerorganisation b) Vereinigung von Erzeuger- organisationen	a) Erzeugergemeinschaft b) Vereinigung von Erzeuger- gemeinschaften ("Erzeugergemeinschaften und ihre Vereinigungen")
ENGLISH	a) producers' organization b) association of producers' organizations	a) producer group b) association of producer groups ("producer groups and associations thereof")
FRANCAIS	a) organisation de producteurs b) association des organisa- tions de producteurs	a) groupement de producteurs b) union de groupements de producteurs ("groupements de produc- teurs et leurs unions")
ITALIANO	a) organizzazione di produttori b) associazione di organizzazio- ni di produttori	a) associazioni di produttori b) unione di associazioni di produttori ("associazioni di produt- tori e le relative unio- ni")

	Règlement 1035/72	Règlement 1360/78
NEDERLANDS	a) telersvereniging b) groepering van telersverenigingen	a) producentengroepering b) unie van producentengroeperingen ("producentengroeperingen en unies van producentengroeperingen")
ΕΛΛΗΝΙΚΑ	α) οργανώσεις παραγωγών β) ενώσεις των οργανώσεων παραγωγών	α) ομάδα παραγωγών β) Ένωση ομάδων παραγωγών ("ομάδες παραγωγών και ενώσεις αυτών")

3.1.2. Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables as Regards Producers' Organizations

3.1.2.1. With respect to paragraph 2.5 of the Section Opinion, a number of members said that it was desirable that Member States should give aid to organizations of small producers who could not be expected to find the money themselves : in some Member States producers were in general capable of financing their own organizations or were already strongly organized and did not need new organizations starting up in competition financed by the State.

3.1.2.2. With reference to the views expressed in paragraph 2.6 of the Section Opinion, several members raised the point that the amendment of Article 14 also meant in fact a reduction of aid when forming new producers' organizations. The existing 3-2-1% regulation, which was not subject to the condition that aid may not be higher than the actual cost of the formation and administrative operation of the organization concerned, in most cases provided a greater stimulus than the existing alternative 5-4-3-2-1% regulation or the proposed 5-5-4-3-2% regulation. The 3-2-1% regulation should therefore be retained alongside the proposed 5-5-4-3-2% regulation.

3.1.2.2.1. Other members pointed out that with Article 14 of existing Regulation (EEC) No. 1035/72, there were two possibilities of granting aid for the establishment of producers' organizations. The 3%, 2% and 1% aid scheme, which was related exclusively to the value of production marketed under the auspices

of the producers' organization, was a more attractive and helpful solution to producers' organizations which marketed a high proportion of production, despite the fact that this scheme did not last as long as the new one being proposed. In addition to the Commission's proposed new scheme for granting aid, the possibility of being able to opt for the existing 3%, 2% and 1% scheme should therefore be maintained.

3.1.2.3. A number of members noted that under the Commission proposal, "producers' organizations deriving from organizations which already complied with the conditions of this Regulation", i.e. resulting from mergers, would receive aid only in the form of a reimbursement of the cost of setting up the organization (Article 2 (1(a))). The merger, however, would have a better chance of success if the new organization were also to receive a "launching" aid.

3.1.2.3.1. Certain members pointed out that the existing organizations might well have had launching aid when they originally started. Under the proposals of the Commission they would get aid for setting up the new organizations. Only in the most exceptional cases would such further aid be justified.

3.1.2.3.2. Some members thought that the launching aid should cover all costs relating to mergers, because when there was an increasing concentration on the demand side, mergers became desirable and the costs incurred in disbanding, taking over, and giving compensation to producers' organizations were considerable.

3.1.2.3.3. Several members said that associations or mergers of producers' organizations frequently led to substantially more efficient marketing techniques. Mergers, however, normally involved a great deal of extra expenditure not solely related to the cost of setting up the new organization. To achieve greater efficiency, for example, equipment previously used by smaller organizations had to be taken out of service and replaced by new equipment. The high level of expenditure involved in this operation, however, frequently thwarted mergers, so launching aid should at all events cover the costs involved in mergers.

3.1.2.3.4. Yet another group of members maintained that as a result of the developments in wholesaling and retailing, it was necessary in many regions to have a higher degree of concentration as regards fruit and vegetable supplies. Mergers of producers' organizations were to be encouraged by being granted the same aid as that which was given when producers' organizations were first set up, on the condition that aid was only granted if the goods marketed were not produced by members who were formerly members of an organization which had already received aid. This was to prevent aid being granted more than once.

3.1.2.4. A number of members thought that paragraph 2.8 of the Opinion should be deleted. They felt that generally speaking it was the function of national laws to stipulate what action should be taken when disbanding non profit-making organizations (in the Federal Republic of Germany such an eventuality was covered by fiscal law).

3.2.1. Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1035/72 on the Common Organization of the Market in Fruit and Vegetables

3.2.1.1. On the subject of the Commission's policy of trying to secure a better balance in the fruit and vegetables market (endorsed by the Section in paragraph 3.2 of the Opinion), several members observed that the changes should be balanced and should not favour some products in the sector at the expense of others.

More powerful intervention machinery that one-sidedly favoured certain areas of production could, in the opinion of those members, lead to shifts in farming and production patterns and bring about new and significant market imbalances.

3.2.1.2. Other members agreed in principle with the Commission's attempts to improve the prospects for Mediterranean farming in the Community by adapting the market organizations for fruit and vegetables.

They wondered, however, whether the proposals would be of any benefit in the medium term.

3.2.1.3. With respect to the extension to other producers of the rules binding on producers' organizations, a number of members disagreed with the views expressed in Chapter 3.3 of the Section Opinion.

They rejected the proposal whereby Member States would be allowed to extend the rules binding on certain producers' organizations to other producers not belonging to these organizations.

In their opinion, such a coercive measure did not square with the free market principles in which our economic systems were firmly rooted, in the agricultural and other sectors.

They also pointed out that there would probably be constitutional objections to the implementation of such a rule in certain Member States.

They gave the following reasons for their stance :

- a) Extending the rules binding on the members of a producers' organization to producers who had good reason not to want to become members of the organization, resulted in such non-associated producers still having to act as if they were members. This robbed producers of all or part of their entrepreneurial freedom and was incompatible with our conception of a free-market economy.
- b) In some Member States there would be strong constitutional objections to a rule such as that proposed in Article 15.
- c) Agricultural producers who did not join producers' organizations undoubtedly had reasons for staying out. Perhaps they felt that they had better potential market outlets by not operating through producers' organizations (direct retail sales, supplying to large-scale customers, contract farming,

etc.). These ways of securing as high an income as possible for producers would disappear with rules such as those contained in Article 15.

- d) Life was going to be harder for fruit and vegetable producers in the future and those who came closest to meeting market requirements in terms of price, quantity, quality, service and type of product, were likely to be the most successful. A farmer had to be free to choose whichever path he found worked best for him - membership of a producers' organization and submission to its rules, or trust in his own efforts to find outlets for his products.

3.2.1.4. A number of members were unable to agree with the Commission's proposal that, at the request of a producers' organization, a Member State would be able to oblige producers not belonging to that organization to comply with certain rules.

They thought that if such an obligation existed there would be a danger of a suppliers' monopoly being created, which would eliminate competition on the market.

3.2.1.5. According to some members, the Commission's proposals to extend the rules gave producers more opportunity to have a beneficial influence on market management. This presupposed, however, that all producers were allowed to have their say before the universally binding rules were enacted. The general extension of the rules, however, should not be allowed to adversely affect either competition or intra-Community trade, and should not lead to the Community and Member States relinquishing their responsibilities in the field of farm policy.

3.2.1.6. Certain members made the point that the misgivings expressed in paragraph 3.3.2. of the Section Opinion were further heightened by the Commission proposal to allow Member States to decide for themselves whether or not the rules which were binding on producers' organizations should be made generally applicable. It would also be necessary to set up supervisory bodies in all Member States in order to monitor not only quality standards in the fruit and vegetables sector, but also the observance of all measures taken at every marketing stage and for every marketing channel.

Differences within the EEC regarding the application and monitoring of quality standards and the general extension of the rules applicable to producers' organizations could, in fact, result in considerable distortions of competition and market disturbances.

3.2.1.7. According to another group of members, the text of paragraph 3.3.2. of the Opinion did not express clearly enough the real danger of mutual free trade between the Member States being affected as a result of the rules being extended.

It should therefore be laid down in the new Article 15(b)(4) that the Commission would repeal the extension of the rules decided on by the Member State if it found that mutual free trade in fruit and vegetables was being endangered.

3.2.1.8. Other members felt that the course adopted by the Commission, i.e. making it possible to extend the rules, might well be an important step on the road to solving the problem mentioned in paragraph 3.3.1. of the Opinion. In applying the rules proposed by the Commission - rules which sought to create one overall market management system - Member States needed

to exercise caution in order to be able to hold to the principles underlying a common market, particularly Community preference and the free movement of goods.

Whilst remaining faithful to these principles and to Article 85(1) of the Treaty, the measures pertaining to producers' organizations had to aim to bring about an improvement in both the production and distribution of fruit and vegetables.

3.2.1.9. Several members pointed out that in the event of the Commission being given the power to repeal internal acts passed by Member States in pursuance of the Regulation, it could have difficulty in exercising this power because the Treaty of Rome gave the Community Institutions no such power.

3.2.1.9.1. The text of the previous paragraph was supported by several members who were concerned lest such a rule caused basic responsibility for farm policy to be transferred from Community bodies and Member States to non-State bodies.

Hitherto it was State bodies that had had basic financial and practical responsibility for market organization measures. With the Commission's proposal this principle was being called into question - at least in part. It might even entail a fundamental shift in farm policy although so far there had been no discussion of the points of principle at stake.

3.2.1.9.2. Other members stated that, given the powers bestowed on Community bodies by the Treaty to ensure that the measures actually implemented did not stray from the objectives laid

down in Article 39 of the same, there was a need to make sure that the Commission - via the procedure for notifying it of any extension to the rules - exercised its powers of surveillance over measures which Member States decided to make generally applicable.

Those members also emphasized that the latitude which Member States had been given to decide for themselves whether or not to extend the rules, was under no circumstances to be used to permit or encourage barriers to free competition between regions of the Community. In this connection, they pointed out that the rules which were made binding on producers in an "economic area" could not be used against producers in other regions "or economic areas".

3.2.1.10. A number of members thought that the Commission proposal for strengthening the intervention system was not practicable because wholesale prices for one and the same product could differ by up to 100% or more, depending on the terms agreed on, quality, brand and the quantity available. Furthermore, the proposal allowed manipulation of the market in that consignments not saleable on the open market could be deliberately amassed at a single point and thus lead to "crisis" conditions.

3.2.1.11. With regard to the proposed changes in the mechanism for calculating entry prices, several members did not agree with the Commission that it was necessary to change Article 24(4) of the parent Regulation.

They could not endorse the latest changes in the mechanism for calculating entry prices, namely that the prices of Community products be automatically taken into account in

calculating the entry prices of imported tomatoes, peaches and table grapes, i.e. products not bound in GATT. The proposed change ran counter to the general principles of customs valuation as embodied in the customs valuation agreement in GATT. The Community had had a long fight to get rid of the "American selling price" system which was in principle exactly the same as what was now being proposed for fruit and vegetables. If protection was considered to be inadequate the tariff should be raised. Bringing in prices in the Community deprived the importer and the exporter of any certainty about the duty that would have to be paid.

Other members felt that the raising of a protective wall around the Community did not accord with the principle of supplying consumers at reasonable prices.

3.2.1.12. As regarded extending the scope of EEC Regulation No. 1035/72, a number of members deplored the proposed addition of aubergines and apricots to the list of products covered by the prices and intervention system.

3.2.1.12.1. Other members thought that extending the price and intervention system to cover aubergines and apricots risked providing a further stimulus to production. There was no reason why the system should be extended to cover these products since experience had shown that aubergines and apricots posed no special problems.

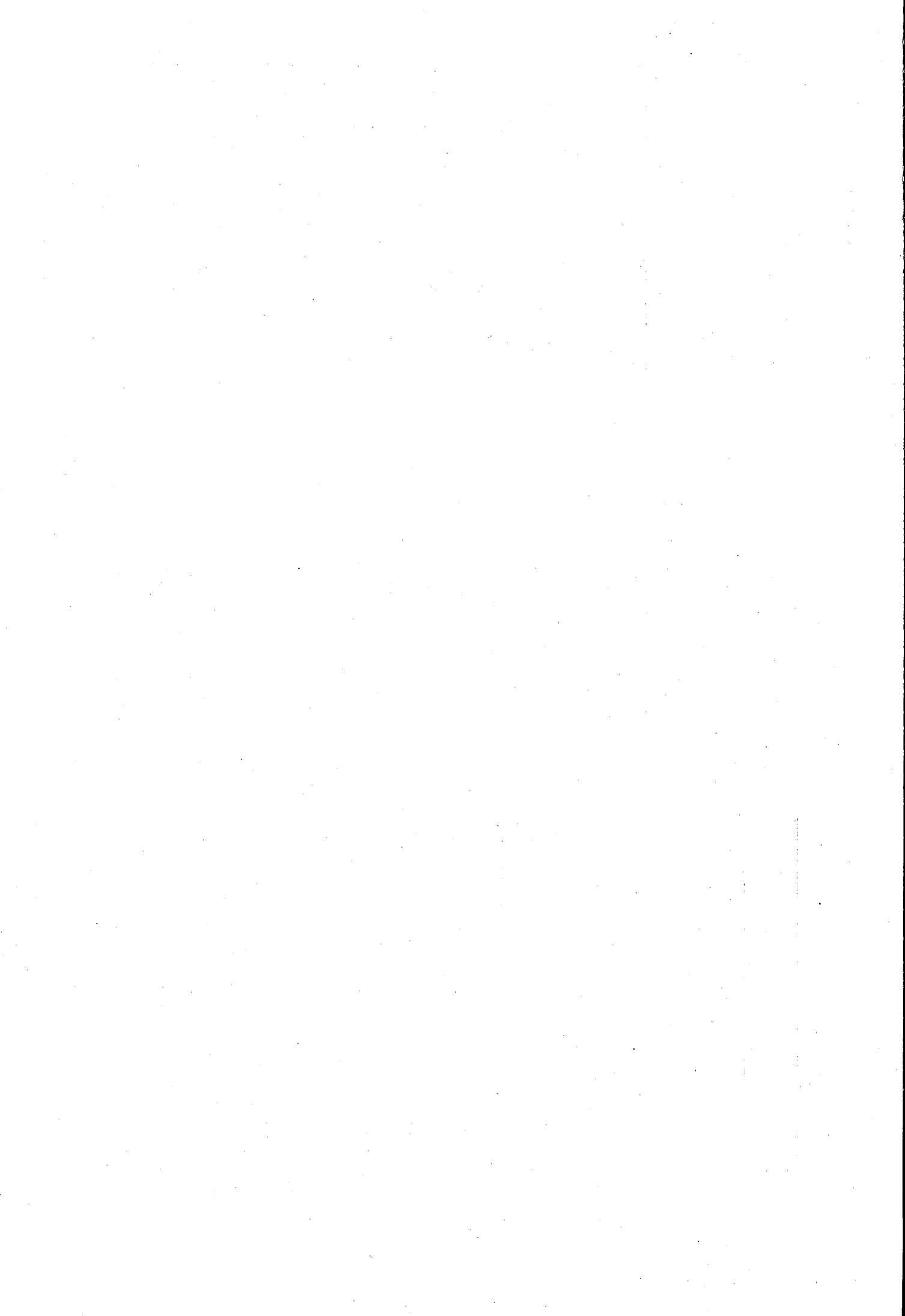
3.2.1.12.2. Yet another group of members did not agree that cherries should be included in Appendix II, listing products

which enjoyed guarantees. In their opinion, there were no special problems regarding Mediterranean cherries.

3.2.1.13. As paragraph 3.7.2. of the Opinion stated, the Section was awaiting new proposals from the Commission. On the application of reference prices to further products (apricots, artichokes, melons, green beans and lettuces) and the extension of the period of validity of existing reference-price arrangements (for tomatoes and table grapes).

In the opinion of some members, support for the new proposals would probably be based on the fact that the "import calendar" in operation since 1972 had functioned to the utmost satisfaction of the industry, consumers and the authorities, and there was no reason why the period of validity of reference-price arrangements should be extended, as it should basically be geared to market conditions.

O P I N I O N
of the Economic and Social Committee
on the
Proposal for a Council Regulation (EEC)
amending Regulation No. 136/66/EEC on the
Establishment of a Common Organization of the
Market in Oils and Fats



THE ECONOMIC AND SOCIAL COMMITTEE

HAVING REGARD TO the request made by the Council of the European Communities on 18 March 1982 for an Opinion on the Proposal for a Council Regulation (EEC) amending Regulation No. 136/66/EEC on the Establishment of a Common Organization of the Market in Oils and Fats,

HAVING REGARD TO the Treaty establishing the European Economic Community and, in particular, Article 43 thereof,

HAVING REGARD TO the decision taken by its Bureau on 23 March 1982, instructing the Section for Agriculture to prepare its work on the matter,

HAVING REGARD TO the Opinion adopted by the above Section at its 234th meeting, held on 6 May 1982,

HAVING REGARD TO the oral Report by the Rapporteur, Mr PAGGI,

HAVING REGARD TO the discussions on 27 May, during its 198th Plenary Session held on 26 and 27 May 1982,

HAS ADOPTED
by 56 votes to 35, with 13 abstentions,

THE FOLLOWING OPINION:

1. In its Opinion on the Agricultural Aspects of the Enlargement of the Community to Include Spain, the Economic and Social Committee specified that the main aim in the olive oil sector was to achieve a price ratio in respect of other vegetable oils that would allow consumption levels to be maintained in the enlarged Community without provoking a marked increase in expenditure (1). It also called for the implementation of programmes aimed at switching to other crops and streamlining olive plantations and placed particular emphasis on the need to seek new outlets.

(1) CES 955/81 of 23 September 1981.

2. The Commission proposal amending Regulation 136/66/EEC on the Establishment of a Common Organization of the Market in Oils and Fats (COM(82) 85 final of 2 March 1982) reflects the Committee's wishes in that it advocates that the price ratio between olive oil and competing vegetable oils at the point of market entry should not exceed 2:1. This new price ratio should take effect from the first olive oil marketing year subsequent to Spain's accession to the EEC.

3. The Committee would first point out that the proposed Regulation cannot, on its own, solve the problems of the olive oil sector, which are bound to be aggravated by the accession of Spain and Portugal. An overall assessment of the effectiveness of the Community restructuring measures can be made once the Commission has taken action on its Communication of 15 October 1981 to the Council (2). The Draft Regulation on which the Committee has been asked to pronounce is an initial and major stage in the implementation of this Communication.

4. The Committee observes that the absence of a common policy requiring compliance with the principle of Community preference in respect of all oils and fats is causing serious distortion and pushing up expenditure on Community markets.

5. The Committee would, however, confirm its own awareness of the social aspects involved in any solution to the problem of achieving a balance between production and consumption in the olive oil sector, especially as such aspects, which are already of notable significance in the present Community of Ten, will assume even greater importance following the Community's further enlargement.

(2) COM(81) 610 final.

6. It would be more productive to maintain the level of consumption in traditional areas than to follow the uncertain and costly road of trying to win over consumers with different eating habits to olive oil. However, for the purpose of attracting new customers, schemes along the lines of the special Christmas butter offers, which have produced promising results to date, are not to be ruled out.

7. The Committee interprets the decision to regulate the price ratio between olive oil and seed oils as an expression of the political will required in the current phase of the negotiations on Spain's accession in order to avoid the cost of enlargement in the olive oil sector being borne solely by producers in the Ten.

8. The Committee has thought long and hard about whether the price ratio proposed by the Commission is the best one. While there are arguments in favour of more thorough research being carried out, it is also quite clear that whatever findings are derived from such research, they will to some extent incorporate non-objective factors. The Committee is therefore inclined to accept the 2:1 ratio, not as a rigid criterion but rather as a point of departure for achieving the most satisfactory ratio, if necessary in stages.

The Committee also considers it important that the Commission should undertake a programme of research in Greece, Italy and Spain to find out who uses the different oils and for what purposes, and what the reasons are for using oils other than olive oil.

9. The Committee has taken note of the Commission's explanations that the 2:1 price ratio relates to the most widely sold varieties of olive and seed oil.

10. The Committee is not quite sure why consumer aid should be forthcoming at the wholesale stage. Should there be practical arguments for this approach, care must be taken to ensure that such aid goes entirely to the consumer.

11. For further considerations on the subject of this Proposal, the Committee would refer to the Information Report compiled by the Section for Agriculture on the Community oil and fats sector.

European Communities - Economic and Social Committee

Opinion on

- Special Measures for Improving the Production and Marketing of Community Citrus Fruit
- the Common Organization of the Market in Wine
- the Common Organization of the Market in Fruit and Vegetables
- the Establishment of a Common Organization of the Market in Oils and Fats

4 Opinions of the Economic and Social Committee

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This booklet comprises a number of Opinions which were drafted by the Committee's Section for Agriculture. Taking as their starting point the broad guidelines mapped out in the ESC Opinion of 23 September 1981 on Agricultural Aspects of the Negotiations with Spain, they set out detailed guidelines based on concrete Commission proposals to maintain market balance for some typical Mediterranean products.



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