



EUROPA-PARLAMENTET  
EUROPÄISCHES PARLAMENT  
ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ  
EUROPEAN PARLIAMENT  
PARLEMENT EUROPEEN  
PARLAMENTO EUROPEO  
EUROPEES PARLEMENT

Generalsekretariat  
Generalsekretariat  
Γενική Γραμματεία  
Secretariat  
Secrétariat Général  
Secretariato Generale  
Secretariaat Generaal

Generaldirektoratet for Forskning og Dokumentation  
Generaldirektion Wissenschaft und Dokumentation  
Γενική Διεύθυνση Έρευνών και Τεκμηρίωσης  
Directorate General for Research and Documentation  
Direction Générale de la Recherche et de la Documentation  
Direzioni Generale della Ricerca e della Documentazione  
Directoraat-generaal Onderzoek en Documentatie

UNDERSØGELSER OG DOKUMENTATION  
SAMMLUNG WISSENSCHAFT UND DOKUMENTATION  
ΣΕΙΡΑ ΕΡΕΥΝΑ ΚΑΙ ΤΕΚΜΗΡΙΩΣΗ  
RESEARCH AND DOCUMENTATION PAPERS  
DOSSIERS DE RECHERCHE ET DOCUMENTATION  
DOSSIERS DI RICERCA E DOCUMENTAZIONE  
DOSSIERS ONDERZOEK EN DOCUMENTATIE

Landbrugsserie nr.  
Reihe Landwirtschaftsfragen Nr.  
Αγροτική σειρά Άρ.  
Agriculture Series No.  
Série Agriculture n°  
Serie Agricoltura n.  
Landbouwsérie nr.

9

Europa-Parlamentet og målene for den fælles landbrugspolitik  
Das Europäische Parlament und die Ziele der gemeinsamen  
Agrarpolitik

Το Ευρωπαϊκό Κοινοβούλιο και οι στόχοι της κοινής γεωργικής  
πολιτικής

The European Parliament and the objectives of the Common  
Agricultural Policy

Le Parlement européen et les objectifs de la politique agricole  
commune

Il Parlamento europeo e gli obiettivi della politica agricola comune

Het Europese Parlement en de doelstellingen van het  
Gemeenschappelijk Landbouwbeleid

Januar  
Ιανουάριος  
January

1983

Janvier  
Gennaio  
Januari

THE EUROPEAN PARLIAMENT AND THE OBJECTIVES  
OF THE COMMON AGRICULTURAL POLICY

This dossier, prepared by the Directorate General for Research and Documentation, attempts to outline the main proposals made by the Commission following adoption of the Mandate of 30 May 1980 on the Common Agricultural Policy. This document also sets out the position of the European Parliament as shown by its resolutions on various aspects of the Common Agricultural Policy.

## CONTENTS

	<u>Page</u>
I. MANDATE OF 30 MAY 1980	
1. Action taken on the mandate by the Commission ....	1
2. Community production targets .....	2
3. Cereals .....	2
4. Dairy products .....	3
5. Beef and veal .....	4
6. Mediterranean products .....	4
(a) Wine .....	4
(b) Olive oil .....	4
(c) Fruit and vegetables .....	4
II. POSITION OF THE EUROPEAN PARLIAMENT	
Introduction .....	6
1. Budgetary issues .....	7
2. Structures policy .....	7
3. Community preference .....	8
4. Enlargement .....	9
5. Operation of COMs	
(a) Milk and dairy products .....	11
(b) Beef and veal .....	14
(c) Cereals .....	15
(d) Wine .....	17
(e) Fruit and vegetables .....	19
(f) Oils and fats .....	20
LIST OF REFERENCES .....	21

THE EUROPEAN PARLIAMENT AND THE  
OBJECTIVES OF THE COMMON AGRICULTURAL POLICY

I. MANDATE OF 30 MAY 1980

On 30 May 1980, the European Council called on the Commission to examine Community policies, their financing and the budgetary problems which they raised for certain Member States. Rather than restricting itself to a straightforward exercise in accountancy, the Commission considered the Community policies as a whole and made recommendations intended to influence the Community's attitude towards the challenges of the 1980's.

1. Action taken on the mandate by the Commission

In June 1981, the Commission published its report on the mandate (COM(81) 300 final). This was followed by a memorandum entitled 'Guidelines for European agriculture' (COM(81) 608 final). The Commission naturally considered the CAP in the context of the portion of the budget needed for its implementation.

The Commission feels that although agricultural incomes are important, they should not be the sole criterion used in fixing guaranteed prices. It is neither economically realistic nor financially possible to give producers a full guarantee for products where there are structural surpluses. Furthermore, prices must reflect trends on world markets more clearly than in the past.

Although all the major principles of the CAP should be maintained (unity of the market, Community preference and financial solidarity), the Commission feels that in future all decisions concerning the CAP should be based on the following principles:

- price policy should be aimed at narrowing the gap between Community prices and prices applied by its main competitors to improve competitiveness and to establish a hierarchy of prices designed to improve the balance of production;

- an active export policy must be pursued to enable the Community to honour its international commitments; this policy could be based on cooperation agreements and long-term contracts;
- a modulation of guarantees in line with Community output targets; these targets could be proposed annually by the Commission in the context of annual decisions on the common organization of the market for various products. If a target is exceeded, the responsibility for part of the cost of disposing of the product in question will have to be transferred to the producer by such means as lowering the intervention price for output beyond a certain threshold and by imposing co-responsibility levies on producers;
- an active structures policy tailored to the needs of individual agricultural regions must be pursued. Specific consideration should be given to the problems of the Mediterranean countries. In this connection, the Commission intends to propose a number of medium-term Community programmes with the aim of establishing an overall policy comprising incomes, production and market structures;
- consideration should be given to the possibility of direct income support for certain producers in specific circumstances;
- quality control at Community level should be improved and the Community must exercise tighter financial control over EAGGF expenditure;
- stricter discipline must be maintained in respect of national aids to avoid undermining Community policies.

These objectives should be achieved by 1988. The rate of the Community's agricultural expenditure could slow down before then and the additional resources thus released could be allocated to other Community activities, particularly the regional and social policy.

2. Community production targets: The Commission has specified output targets for a number of products.

3. Cereals: Average production over the past 3 years was 121 m tonnes per

year and in the absence of any change in existing policy, Community production will be 135 m tonnes by 1988. In order to reduce surpluses, the Commission proposes a production target of 130 m tonnes for 1988 with graduated annual targets for each intervening year. Although the difference may not seem very great, the situation is complicated by the fact that imports of cereal substitutes for animal feeds have increased dramatically. They were equivalent to 14 m tonnes of cereals in 1980. Efforts must be made to stabilize or reduce these imports.

If output exceeds Community ceilings, intervention prices for the following year will be lowered. Aid for durum wheat should be limited to ten hectares of sown area per producer.

Measures should also be taken to narrow the gap between Community prices and those applied by its main competitors, e.g. the United States.

4. Dairy Products: In the absence of any change in the existing policy, the rate of increase in the coming years could be 1 to 1.5%. The target proposed by the Commission is that deliveries of milk to dairies should not increase at a faster rate than the Community's domestic consumption, i.e. under present conditions, about 0.5% per year.

The co-responsibility system for producers in the dairy sector should be stepped up as follows:

- (a) as long as milk continues to take up more than 30% of the Guarantee Section expenditure the current co-responsibility levy should remain at 2.5%, with an exemption for all producers for the first 30,000 kilos of milk supplied;
- (b) a supplementary levy, at a rate to be fixed, on the quantity of milk in excess of the production target fixed each year;
- (c) a special levy on milk from 'intensive' farms, i.e. those which deliver more than 15,000 kilos per hectare of forage.

If these measures are not accepted then producer participation should be introduced in the form of a reduction in the intervention price if production exceeds the target.

6. Beef and veal: Production should increase at an annual rate of between 1.5 and 2% and should therefore outstrip the increase in consumption (0.7%). Consequently, the production target for 1988 has been fixed at 7.6 m tonnes. The Community must therefore pursue a prudent price policy. The intervention system for beef and veal could also be adjusted by limiting or suspending its application during certain periods.

The existing premiums could be revised with a view to the introduction of new aids to improve the incomes of specialist beef producers with a limit on the amount of aid granted to each farm.

(a) Mediterranean products: In October 1981, the Commission proposed a series of measures to improve the organization of various markets in the context of an imminent enlargement of the Community.

(b) Wine: The output of wine varies considerably from year to year and the Community's aim should be to avoid any widening of the gap between production and consumption. The Commission proposes that the intervention system should be modified to permit compulsory distillation as a preventive measure in the event of a bumper harvest. Other measures considered include effective limits on the area under vines and the promotion of consumption, chiefly by abolishing discriminatory taxes.

(c) Olive oil: The Commission proposes better controls over the payment of production aid and an improved intervention system in order to balance supply and demand. These measures will supplement those already proposed to promote consumption of olive oil and encourage the voluntary conversion of producers to other crops, and measures to restrict imports of other vegetable oils.

A production target of 3.3 m tonnes by 1988 has been fixed for colza.

(d) Fruit and vegetables: The Commission envisages a stronger rôle for producer organizations and stricter controls over quality standards. It also proposes improvements in the intervention system in the event of a market collapse and the extension of the minimum import price system. Production targets must be fixed for apples (6 m tonnes) and processed tomatoes (4.5 m tonnes). As regards the market in citrus fruits, the present

balance of which will be disturbed on the accession of Spain, the Commission proposes that the current restructuring plan be extended and modified to make it more effective and more directly relevant to those regions which most need Community aid to cope with growing competition. Further measures will be taken to improve outlets in the Member States which are non-producers.



## II. POSITION OF THE EUROPEAN PARLIAMENT

### Introduction

The European Parliament has taken a special interest in the annual review of agricultural prices and related measures and in the proposals which the Commission submits from time to time to amend and improve the operation of the CAP in the context of the market organization for agricultural products. These proposals have all received Parliament's careful attention.

In June 1981, Parliament adopted a resolution on possible improvements to the Common Agricultural Policy<sup>1</sup>. Parliament felt that price policy on agricultural products had been asked to fulfil too many objectives. It is not possible to rely on this policy alone to ensure reasonable incomes to producers, to promote economic vitality in the regions and to guide adequately the pattern and the level of agricultural production. The European Parliament obviously recognized the fact that by offering unlimited price guarantees for certain products the CAP created surpluses which in some cases were virtually impossible to dispose of, whilst allowing permanent disparities between agricultural incomes to continue. This being the case, an overall quota should be fixed in each sector for products with a structural surplus. Guaranteed prices would be reduced progressively for each production tranche in excess of the relevant quantum. In this way, Parliament gave its agreement in principle with the position adopted by the Commission to the effect that measures should be taken to reduce or eliminate structural surpluses. Parliament subsequently renewed its appeal for measures to curb surplus production and reduce the pressure on agricultural incomes<sup>2</sup>.

## 1. Budgetary issues

Parliament feels that the percentage of the budget allocated to agriculture is artificially inflated as it includes chapters of expenditure which are not strictly concerned with agriculture. It has asked the Commission to review the presentation of the budget so as to remove from the domain of the EAGGF all those items which are not related to agriculture<sup>1</sup>.

Parliament acknowledged the fact that current budgetary constraints mean that the allocation of appropriations to Community policies other than agriculture can only come at best from a reduction of the funds allocated to agriculture. However, it felt that raising the ceiling of 1% of VAT for own resources should enable the Community to develop other policies if the growth of agricultural expenditure is simultaneously kept in check<sup>3</sup>. Parliament noted that unqualified acceptance of the Commission's proposals concerning expenditure under the EAGGF Guarantee Section coupled with drastic reductions in the non-compulsory expenditure section had aggravated the budgetary imbalance between agriculture and other sectors and, within the agricultural sector, between the Guidance and Guarantee sections. This is not only contrary to the wishes already expressed by Parliament but also to the objectives laid down by the Council in the context of the implementation of the 'mandate'<sup>4</sup>.

It is important to provide greater support under the EAGGF Guarantee Section for Mediterranean products in relation to products from the north of the Community, and measures should be taken to revitalize the Guidance Section to facilitate the introduction of new programmes designed to concentrate these measures in terms of their geographical distribution and their objectives.

## 2. Structures policy

The improvement of agricultural production structures is one of the fundamental objectives of the CAP and it is linked with prices policy which should guide such structures towards meeting market requirements.

The European Parliament has frequently protested against the marginal role assigned to structures policy within the CAP as a whole and particularly to expenditure under the EAGGF Guidance Section. It accounts for only 4%

of total EAGGF expenditure in the draft budget for 1983.

The European Parliament expressed its opinion on the entire agricultural structures policy in its resolution of 13 March 1980<sup>5</sup> to which the most important reports subsequent to the mandate refer. Parliament pointed to the limited results achieved by the 1972 Directives and expressed the view that the role played by the structural measures then in force was inadequate. The resolution is not confined to critical remarks. It also includes certain ideas for the renewal of the structures policy of the CAP.

These guidelines include the European Parliament's demand for the setting up of a reserve fund to alleviate the effects of inflationary pressure and for the introduction of a system to encourage young people to take up farming. Parliament recognizes the importance of part-time farming and wants it to be encouraged, but not by means of artificially high support prices.

Parliament also called for a programme of research, education and training in the agricultural sector and approved the introduction of integrated development programmes designed to assist less-favoured areas or regions.

The European Parliament called on the Commission to define as precisely as possible the specific structural difficulties of each Member State.

This resolution, which the European Parliament adopted by a large majority, came at a particularly opportune moment in view of the imminent expiry (31 December 1983) of the major structural measures: the 1972 Directives and Regulation No. 355/77 on the marketing and processing of agricultural products (which expires on 31 December 1984). This resolution, together with other guidelines to be laid down by the European Parliament, could serve as the basis for the renewal of the agricultural structures policy.

### 3. Community preference

One of the most recurrent criticisms of the CAP is the non-uniform application of the principle of Community preference and it is aimed mainly at the COM in 'Mediterranean' products. As the European Parliament has

said on many occasions, Community regulations have not afforded protection to the Community market in relation to third countries and this is one of the causes of the frequent market crises which have such serious repercussions on producers and the economy in southern regions.

The European Parliament also considers that where preferential imports are concerned the basic principle of Community preference must be respected so that the burden of these imports does not fall on Community farmers.

The aim of the European Parliament's stand in favour of the principle of Community preference is not to cut the Community off from the world. The Community remains the world's leading importer of agricultural products. In the same resolution, the European Parliament emphatically stresses the need to leave the door open to imports of agricultural products, particularly from the developing countries, even where they are in competition with Community products<sup>1</sup>.

#### 4. Enlargement

Problems connected with Community preference and trade with third countries can be seen to exceed the strictly commercial sphere if they are considered in relation to the applicant countries (Spain and Portugal) and the other Mediterranean countries, with most of which the Community has signed preferential agreements.

The European Parliament's position as regards the enlargement to include the two applicant countries may be summarized as follows: (6,7)

- (a) acceptance of the accession date of 1 January 1984 be respected
- (b) growing concern over the negotiations on agriculture which have not yet reached the crux of the matter.

Also in connection with the accession, the European Parliament wants the Community to review its relations with the Mediterranean countries to ensure that the existing agreements are not voided of their substance.

The European Parliament is also deeply aware of the fact that several internal problems are closely linked with the Community's external problems, particularly as regards Mediterranean agriculture.

It recognizes the fact that Mediterranean agriculture has suffered under existing regulations and suggests that farmers in southern Europe should enjoy similar guarantees as those in other regions of the Community.

It is both necessary and urgent to restore this balance in the CAP, as in the absence of reform the whole of the Community agricultural policy is in danger of being called into question after accession.

## 5. Operation of COMs

### (a) Milk and dairy products

In view of its share of agricultural output (20% of the value of the agricultural output of the 'Nine'), this is the largest agricultural sector in the Community. In the tenth Member State, Greece, and the two applicant countries, Spain and Portugal, the dairy sector accounts for a total of 8.5% of the output of the Nine. Milk production exceeded 100 m tonnes as early as 1978. In 1980, the Commission estimated the annual rate of growth of milk production at between 1% and 1.5%, indicating an output of 104 to 108 m tonnes in 1988. However, the threshold of 104 m tonnes was reached as early as 1981 whilst the rate of increase in 1982 was in excess of 2%.

Expenditure under the EAGGF Guarantee Section for dairy products continues to increase. The appropriations allocated for the dairy sector as a whole in 1982 totalled some 3,929,600,000 ECU and 4,113,000,000 ECU in 1983. The dairy sector has been largely restructured since 1973. The number of dairy farmers has fallen by a quarter. There are roughly 2 million farmers whilst the number of dairy cows has remained stable at 25 million. This means that the average number of livestock per farmer has risen. In addition, the productivity of each head of cattle is constantly increasing at a rate of 100 kg per year as a result of more effective breeding, more intensive veterinary care, stronger measures to combat tuberculosis and brucellosis and feed which is designed to encourage milk production. The collection of milk, processing at the dairy and distribution have been substantially modernized and this has increased the quantities available. It is true that this sector has satisfied the first objective of Article 39 of the EEC Treaty: to increase productivity. However, this improvement has not eliminated the regional disparities between incomes. The gap has widened still further and this is one of the concerns of the European Parliament which has referred to this matter in many resolutions.

Milk producers have far exceeded the target figure set for them and they face an increase in the co-responsibility levy rate or a reduction of the intervention price in 1983 if the Council's decision on principle is maintained.

In the case of butter surpluses, the situation has been reasonably favourable for a little over a year: the butter mountain disappeared. It is currently growing again and amounts to roughly 400,000 tonnes of intervention butter A and B, i.e. in public and private storage. This quantity, seen in relation to total output of more than 2 m tonnes, can only be disposed of by means of special measures usually involving subsidies.

Skimmed milk powder (intervention stocks: 500,000 tonnes or almost a quarter of annual output) is mainly used as feed for animals: calves, pigs and poultry. The subsidy for the use of this powder for calves is 45% of the market price. The subsidy for the inclusion of skimmed milk powder in feed for poultry and pigs is 80% of the intervention price. The cost of processing skimmed milk to produce powder is 3.65 ECU per 10 kg of powder (100 kg of skimmed milk yields 9.26 kg of powder). Competition from soya makes it very difficult to find outlets for the surpluses on the world market.

In the last two years, Parliament has expressed its opinion on the problems of the COM in milk and dairy products in the resolutions tabled by Sir Henry PLUMB<sup>1</sup> on possible improvements to the CAP, Mr CURRY<sup>2</sup> on agricultural prices and related measures and Mr MOUCHEL<sup>8</sup> on the European Parliament's position on the framing of the price proposals and related measures for the 1983/84 marketing year.

The co-responsibility of producers has been brought up at every debate on the COM in milk and dairy products since its introduction by the council in 1977. In its resolution of 17 June 1981 on the future of the CAP<sup>1</sup>, the European Parliament expressed the view that the use of the linear co-responsibility levy had failed to control overproduction above market requirements. It had, on the contrary, acted as an incentive to expand output and increased the burden on the tax-payer. It stated that co-responsibility should only be applied by means of a progressively reduced guaranteed price for each tranche of output beyond the relevant quantum.

In its resolution on agricultural prices and related measures for 1982-1983<sup>2</sup>, the European Parliament once again rejected the co-responsibility levy in its linear form and called for its immediate abolition because it had merely aggravated the economic problems of the dairy sector by lowering prices to producers without encouraging consumption and without providing support for the incomes of smaller producers. Parliament was prepared to accept the levy only if the first 60,000 kg produced were exempted, if an exemption were granted for less-favoured regions and if the rate did not exceed 1% of the target price. On the other hand it called for a supplementary levy on 'milk factories' producing more than 15,000 kg per hectare of grazing land. The council has since concurred with the European Parliament to the extent of granting a certain amount of aid (120 m ECU) to smaller producers.

The existence of butter surpluses has, in the past, led Parliament to call for butter to be offered to Community consumers at reduced prices. In 1977, the Commission allocated 64,500 tonnes to a 'Christmas butter programme'; it allocated 65,500 tonnes in 1978 and 157,000 tonnes in 1979 over and above the social butter and cut-price butter for the production of pastries, ice-cream, etc. The world market recovered after 1980 so that it has been possible to dispose of the butter despite the abolition of refunds on butter sold to the Soviet Union which did not buy any butter during this period from the Community, at least directly. The European Parliament has, on many occasions, asked to be consulted in advance on proposals to sell butter to the Soviet Union.

On 26 march 1982<sup>2</sup>, the European Parliament expressed the view that all the existing programmes for the disposal of dairy products should be maintained and that marketing aids which had been suspended, e.g. for butter fat, should be restored. It called in particular for measures to encourage the use of natural milk for feeding calves since this would result in substantial savings for the Community budget (appropriations entered in the 1983 budget: 115 m ECU).



(b) Beef and veal

Beef and veal represent 16% of the value of agricultural production in the community and are produced on 2.5 million farms. An estimated 13% of total expenditure from the Guarantee Section in 1981 was in this sector. Half of the Community's farms produce beef and veal either from specialized beef herds or, most frequently, from dairy cattle.

Parliament is aware of the difficulties of the COM in this sector as regards stock farmers' incomes and is concerned over the gradual dismantling of the intervention system. The European Parliament considers that intervention should act as a safety net for incomes and it has called for the strengthening of the intervention system modified slightly by the Commission in the face of increased production (about 102% self-sufficiency falling consumption, rising output).

The European Parliament regards the encouragement of specialization in beef cattle rearing as an effective way of absorbing dairy surpluses<sup>2</sup>.

The difficulties encountered on the Community market as regards the uniform application in all the Member States of the Community classification scheme for carcasses for intervention purposes have led Parliament to stress the need for a solution to this problem<sup>2</sup>.

Finally, Parliament considers that security of supplies of raw materials must be ensured for the processing industry which should not rely to any substantial extent on imports<sup>2</sup>.

(c) Cereals

Cereals represent roughly 12% of the value of the Community's agricultural output. They are produced on 3.6 million farms which also raise other crops and keep livestock.

As regards the organization of the market, there are five main crops: wheat (common and durum), barley, maize, oats and rye. About two thirds of the cereals consumed are used for animal feed, the remainder being used for human consumption and for industrial purposes. Although the degree of self-sufficiency varies from year to year, the Community has a surplus of common wheat, barley and rye, is roughly self-sufficient in oats and produces 60% of its maize requirements.

As regards cereals in general, Parliament totally rejected any alignment of European prices on prices in other major producer countries which did not make an allowance for production conditions and exchange rates<sup>2</sup>.

On 16 November 1982<sup>9</sup>, however, the European Parliament reacted favourably to the Commission's decision to bring EEC cereals prices more into line with those of its main competitors, taking account of the various cost structures, in order to discourage a rate of increase of cereals production faster than that of demand. It also felt that a clearer distinction should be made between quality grades for cereals, e.g. by raising the minimum quality for cereals qualifying for support measures and by introducing a new method of calculating the rates of the levy applicable to high-quality cereals. Measures should also be taken to encourage exporters to act more in accordance with market principles.

Nevertheless, at the same part-session, Parliament also adopted a resolution on the framing of the price proposals and related measures for the 1983/84 marketing year. Parliament stressed that it was neither realistic nor desirable to seek to bring the prices of Community cereals into line with those applied by major producer countries such as the United States as this might jeopardize Community production of cereals and encourage an increasing use of substitute products.

Community cereals which are used for animal feed face strong competition from cereal substitutes, particularly manioc which is imported with a customs duty of only 6%. These imports have grown rapidly and have led to a reduction in the use of Community cereals for animal feed within the community.

The European Parliament is concerned over the detrimental effect of imports of cereal substitutes on the demand for cereals within the Community. It wants the Community to limit imports to their 1981 level and to seek to control trade in cereal substitutes through negotiations in GATT. Consultations with the United States should be opened with a view to reaching voluntary restraint agreements, particularly for maize gluten (and soya)<sup>2</sup>.

The European Parliament rejected any production target for the cereals sector that does not take account of imports of cereal substitutes<sup>2</sup>.

(d) Wine

The European Parliament has expressed its opinion on the common organization of the wine sector on many occasions (2, 7, 8 and 10). The resolutions adopted by Parliament have always commanded a clear majority and it is worth noting that there has never been any controversy between the representatives of the world's two leading producers - France and Italy.

At the same time, the European Parliament has always drawn attention to the disproportion between the cost of the common organization of the market in the wine sector and the value of this sector's output and its social importance.

In the period 1978-1982, 2.44% of expenditure scheduled under the EAGGF Guarantee Section was spent on the wine sector which accounts for 6% of the total value of the Community's agricultural output.

It should also be remembered that there are some 2.2 million wine-growers in France and Italy alone.

The European Parliament has always deplored the lack of a genuine long-term policy for the wine sector and has criticized the attitude of the Commission and the Council which have consistently proposed and adopted sporadic policies conditioned by circumstances.

The European Parliament has not confined itself to demands for a long-term policy but has also outlined the basic principles on which this policy should be based, i.e.:

- Production: Community policy should give every encouragement to improving quality by promoting wine-growing in zones particularly suited to this purpose and its gradual abandonment of the plains where yields are high but quality poor.

Improvements in quality may also be achieved by enriching wine - in all regions of the community - only with products suited to the grape, notably, normal must concentrates and rectified must concentrates.

- Marketing: In various resolutions, the European Parliament has called for improving outlets for wine, particularly by means of :

- (a) the harmonization of taxation on alcoholic beverages in all the various countries so that an excessive tax burden - which exists in some countries - does not make wine a luxury product virtually inaccessible to the average consumer;
- (b) the introduction of a sales promotion policy, similar to that used for other surplus products such as milk and cheese, to boost consumption in the Member States;
- (c) the active promotion of exports to third countries by increasing the number of countries eligible for refunds on table wines;
- (d) development and research into new outlets for surplus wine products, in particular the use of must in animal feed.

- Surpluses: The general aim of the measures proposed by the European Parliament is to eliminate surpluses from the market. However, wine production is subject to considerable seasonal variations and the common organization of the market must be able to respond to these.

Although the general aim of the proposed measures is to adapt the situation within this sector to meet market requirements, the European Parliament has laid down the criteria which should be applied to distillation, for example :

- lower quality wines to be sent first for distillation,
- normal stock levels,
- percentage of output to be sent for distillation should be fixed according to the yield per hectare,
- the price paid to producers for distillation should still be remunerative.

The European Parliament has consistently called for the strengthening of fraud prevention systems at national level and for the creation of a Community anti-fraud service to cover both the economic and technical aspects of the problem.

(e) Fruit and vegetables

The European Parliament has expressed its opinion on fruit and vegetables on several occasions in the context of general or specific reports. In 1982, it reconsidered the whole of the Common Agricultural Policy in the fruit and vegetables sector (2, 11 and 12).

The European Parliament recognizes the great importance of fruit and vegetable production in the Community, particularly for the stability of trade balances and for employment in the producing Member States. It also recognizes the great vulnerability of the market in fruit and vegetables, particularly in view of the perishable nature of these products and the inadequacy of the means of storing and processing them in the producing regions.

As regards the field of application, the European Parliament wants more products to be made subject to the rules of the common organization of the market, both to improve the guarantees for all producers and also to avoid the situation where guarantees confined to a limited number of products could induce producers to switch to crops which are covered by intervention.

In Parliament's view, the extension of the list of products subject to Community guarantees could reduce surpluses and increase consumption by offering a greater choice to the consumer. The European Parliament also declared itself in favour of 'marketing premiums' for citrus fruits<sup>8</sup>. Parliament expressed a different opinion in the GATT report<sup>11</sup>.

As regards intervention, the European Parliament asks that fruit and vegetables withdrawn from the market should not be destroyed. This can be achieved by means of a Community financial contribution to the additional cost of processing and transport.

Whilst recognizing the importance of greenhouse production and noting its growth, the European Parliament calls for the harmonization of aids granted in this sector and for restrictions on Mediterranean-type crops.

(f) Oils and fats

The general situation concerning oils and fats in the Community is marked by severe imbalances: imbalance between the consumption of olive oils and other vegetable oils, imbalances in the price of various oils, imbalance between the quantities of oils (including olive oils) produced from Community raw materials and those produced from imported raw materials (over 60%).

Community involvement in the sector is not systematic. On the one hand, there are many intervention measures for olive oil, although their efficacy has often been questioned; on the other hand, the Community market is wide open to imports of products in competition with products of Community origin.

In view of this situation, the European Parliament has always spoken in favour of the introduction of an overall policy for oils and fats<sup>2,7,8,13</sup>, to include in particular a levy on imports of oils and fats of vegetable origin. An important proposal on this subject is contained in a report<sup>14</sup> which calls for the introduction of a tax on oils and other oleaginous products whether produced in the Community or imported. Revenue from this tax would be paid back to the developing countries.

However, the matter is not straightforward, for in June 1981<sup>1</sup> the European Parliament declared that no levy should be introduced or customs duties deconsolidated in respect of imports of oils and fats.

It should be pointed out, however, that a comprehensive report on olive oils and on policy in the oils and fats sector is currently<sup>14</sup> being discussed by the European Parliament's Committee on Agriculture. When it is adopted it will provide a clear statement of the European Parliament's views in this field.

## LIST OF REFERENCES

1. Resolution on possible improvements to the Common Agricultural Policy - PLUMB report - OJ C 172/81
2. Resolution embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures (1982-1983) - CURRY report - OJ C 104/82
3. Resolution on the Mandate of 30 May 1980 - HOOPER report - OJ C 182/82
4. Resolution on the European Parliament's guidelines for the 1983 budget - JACKSON report - adopted on 18 October 1982 - Doc. 1-777/82
5. Resolution embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council on policy with regard to agricultural structures - BARBARELLA report - OJ C 85/80
6. Resolution on the enlargement of the Community to include Spain and Portugal - DOURO report - adopted on 17 November 1982 - Doc. 1-658/82
7. Resolution on Mediterranean agriculture and the problems of the enlargement of the Community towards the South - SUTRA report - adopted on 17 November 1982 - Doc. 1-785/82
8. Resolution on the European Parliament's position on the framing of the price proposals and related measures for the 1983/84 marketing year - MOUCHEL report - adopted on 18 November 1982
9. Resolution on the budgetary costs of the Common Agricultural Policy in the cereals sector and the factors which may influence these costs - WETTIG report - adopted on 16 November 1982 - Doc. 1-680/82
10. Resolution on the present situation in the wine-growing sector - COLLESELLI report - OJ C 101/81  
  
Resolution closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 337/79 on the common organization of the market in wine - COLLESELLI report (Doc. 1-412/82) - adopted on 13 September 1982
11. Resolution embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit - GATTO report - OJ C 87/82



12. Resolution closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European communities to the Council for:

- I. a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables as regards producers' organizations
- II. a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables
- III. a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables as regards preventive withdrawal of apples and pears

MAFFRE-BAUGE report - OJ C 182/82

13. Resolution embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures (1981-1982) - LIGIOS report - OJ C 90/81

14. Motion for a resolution closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats and on the olive oil sector - draft report by Mr VGENOPOULOS - Doc. 1-964/82, adopted by Parliament on 12.1.1983.