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REPORT

drawn up on behalf of the Committee on Agriculture,
Fisheries and Food

on the proposals from the Commission of the European
Communities to the Council (Doc. 2-1339/84 - COM(84) 620
final)

for

- I. a regulation amending Regulation (EEC) No. 2727/75
on the common organization of the market in cereals
- II. a regulation amending Regulation (EEC) No. 1418/76
on the common organization of the market in rice

Rapporteur: Mr W. VERNIMMEN

WG(VS)/1800E

PE 97.143/fin.
Or. Ne.

By letter of 17 December 1984, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposals from the Commission of the European Communities to the Council for

- a Council regulation (EEC) amending Regulation (EEC) No. 2727/75 on the common organization of the market in cereals;
- a Council regulation (EEC) amending Regulation (EEC) No. 1418/76 on the common organization of the market in rice;
- a Council regulation (EEC) establishing general rules applying to production refunds in the cereals and rice sectors;
- a Council regulation (EEC) laying down detailed rules for applying production refunds in the cereals and rice sectors in respect of potato starch.

On 14 January 1985, the President of the European Parliament referred this proposal to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets and the Committee on Economic and Monetary Affairs and Industrial Policy for their opinions.

On 23 January 1985, the Committee on Agriculture, Fisheries and Food appointed Mr VERNIMMEN rapporteur.

Pursuant to the second paragraph of Article 149 of the EEC Treaty the Commission of the European Communities amended its proposals and forwarded its amended proposals to the European Parliament by letter of 29 August 1985.

The Committee on Agriculture, Fisheries and Food considered the proposals and the draft report at its meetings of 17 December 1984, 1 February 1985, 30 March 1985, 22 April 1985, 27 September 1985, 15 October 1985 and 28 November 1985. At the last meeting, it was decided to recommend to Parliament that it approve the Commission's proposals without amendment. The motion for a resolution as a whole was adopted by 23 votes to one.

The following took part in the vote: Mr Tolman; chairman; Mr Vernimmen, rapporteur; Mr André (deputizing for Mrs S. Martin), Mr Battersby, Miss Brookes (deputizing for Mr Simmonds), Mrs Castle, Mr Clinton, Mrs Crawley, Mr Dalsass, Mr Elles (deputizing for Sir Henry Plumb), Mr Früh, Mr Gautier (deputizing for Mr Wettig), Mr Guarraci, Mr Happart, Mrs Jepsen, Mr Maher, Mr Marck, Mr Mertens, Mr Morris, Mr MUSSO, Mr F. Pisoni, Mr Provan, Mr Romeos and Mr Spath (deputizing for Mr Bocklet).

The opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs and Industrial Policy are attached.

The report was tabled on 6 December 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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A

The Committee on Agriculture, Fisheries and Food hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement.

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for a regulation (EEC) amending Regulation (EEC) No. 2727/75 on the common organization of the market in cereals and for a regulation (EEC) amending Regulation (EEC) No. 1418/76 on the common organization of the market in rice

The European Parliament

- having regard to the proposals from the Commission to the Council¹,
 - having been consulted by the Council pursuant to Article 43(2) of the EEC Treaty (Doc. 2-1339/84),
 - having regard to the amended proposals from the Commission to the Council (COM(85) 344 final),
 - having regard to the report of the Committee on Agriculture, Fisheries and Food and the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs and Industrial Policy (Doc. A 2-188/85),
 - having regard to the result of the vote on the Commission's proposals,
- A. firmly convinced that the development of the agricultural product processing industry, especially that involving biotechnology, constitutes a sector with a potentially high rate of growth,
- B. whereas agricultural land must be used to make the most of foreseeable potential outlets, and the use of cereals, production of which is in surplus, and of potatoes should be encouraged in the starch and starch products industry which lies at the junction between agriculture and industry,
- C. concerned at the fact that non-agricultural industries are facing competition from products freely imported from third countries at a low rate of duty or not duty at all, and in respect of which the levies applicable to the agricultural products used as raw materials are not imposed, while the third countries are obtaining supplies at world prices, which is the main obstacle to the development of the Community's own industries,

¹OJ No. C 341, 21.12.1984, p. 4

- D. believing that such development cannot take place abruptly at the expense of the agri-foodstuffs outlets which at present benefit from production refunds,
1. Approves the principle underlying the Commission's proposals, which is to make the starch products industry competitive again in sectors not protected by agricultural levies;
 2. Believes that the list of products eligible for production refunds should remain restricted to prevent such refunds from once again applying to almost all products, with the resulting loss of its selective nature, greater difficulties in controlling irregularities, a very high increase in the cost of the regulation and, last but not least, disruption of the internal balance between the various starch products;
 3. Believes, further, that the proposals for a list of products eligible for refunds may be unnecessarily restrictive unless arrangements are made for the easy and rapid addition of new products, since the uncertainty of getting a new product on the list will have a negative effect on future investment;
 4. Considers that the list of eligible products set out in Annex 1 to COM(85) 344 final is incomplete in that it does not include, for example, any products from the following chapters: 32.01B - Tannin Ethers; 32.05 - Synthetic Organic Dyestuffs, Luminophores and Optical Bleaching Agents; 34.01 - Translucent Soaps;
 5. Calls on the Commission to consider the feasibility of a negative list of CAP-protected products which would not be eligible for refund;
 6. Believes that changes to the present system must not unfairly prejudice the food industries in the Community;
 7. Regrets, however, that the Commission is not immediately introducing the new arrangements intended to encourage growth in activities not protected by the CAP;
 8. Protests against the Commission's failure to take account of the by-products arising in starch manufacture which are not protected by the agricultural levies policy;
 9. Notes that in its explanatory memorandum the Commission rightly acknowledges that 'there is competition from sugar as an alternative raw material', but that it is proposing no action in the sugar sector to accompany the changes to the arrangements for starch and starch products; notes, further, that Parliament cannot define its position in full knowledge of the facts;
 10. Believes that the measures to supply the chemical industry with sugar on 'competitive' terms should go hand in hand with supplementary policy in respect of the starch industry (for example, by granting a biopremium) to ensure that products such as glucose and/or isoglucose from the starch industry can no longer be used by the chemical industry;
 11. Believes that, in view of the way in which any branch of heavy industrial activity inevitably operates, production refunds should be fixed at most once per month;
 12. Believes, further, that it should be made possible to fix these refunds in advance for a period of 11 months following the current month;

13. Considers that in order to place the various raw materials of agricultural origin on an equal footing and to bring about strict equality between the market in starch products and those existing in the Community for the other cereals processing industries, a single refund per tonne of starch should be fixed;
14. Calls for this refund to be based on the difference between the Community price and the world market price for maize, the reference cereal in this context;
15. Considers that if this is done, the coefficients the Commission has set for the other raw materials will be redundant;
16. Rejects the tendering procedure as quite inappropriate to the industries in question;
17. Endorses the idea that a regulation of this nature, which will affect major investment decisions, should be adopted for an indefinite period;
18. Approves the annual fixing of a minimum price for potatoes for starch manufacture;
19. Warns, however, against fixing it independently of the prices for cereals with which starch potatoes will have to compete on the same market;
20. Recognizes, as does the Commission, that in the long term, special measures must be taken to cope with the special constraints on the potato starch industry so as to ensure that this sector remains competitive in future;
21. Regrets that there is no reference to the importance of starch in biotechnology industries in the Commission's explanatory memorandum and regrets the absence of any reference to the need to ensure that investment is made in the Community rather than being located elsewhere in order to benefit from lower feedstock prices;
22. Points out that the continued existence of the potato starch manufacturing industry in the European Community alongside a very expansive cereals starch industry is of great socio-economic importance for some of the weaker regions in the European Community;
23. Calls upon the Commission, nevertheless, to substantiate its calculation of the figures concerning compensation for the particular constraints acting on the potato starch manufacturing industry before proposing them to the Council;
24. Approves the financial statement and the bases on which it has been calculated, except for their static nature, since the aim of the proposals is to ensure growth in the activity concerned;
25. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposals as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENT1. THE SITUATION

- 1.1. The Commission has amended the proposals is set out in its document COM(84) 620 final and, in COM(85) 344 final, has consulted the European Parliament on new proposals to the Council amending Regulation (EEC) No. 2727/75 on the common organization of the market in cereals and Regulation (EEC) No. 1418/76 on the common organization of the market in rice.
- 1.2. The new proposals largely cover the same ground as the initial ones. It is, therefore, unnecessary for me to retrace the background which I described in my first draft report (PE 97.143 of 2 April 1985).

2. THE ARRANGEMENTS - A SUMMARY

- 2.1. There are still four proposals for regulations which belong together. Parliament has been officially consulted on the first two.
- 2.2. The essence of the arrangements, set out in the third proposal for a regulation, shows five changes from the initial proposals. The first two, described below in 2.2.1. and 2.2.2., amend the form of the two proposals on which Parliament has been formally consulted.
 - 2.2.1. A transitional period of three marketing years is introduced, during which the present arrangements remain in force, but the refunds provided for therein, currently granted to industry for all the raw materials of agricultural origin it uses, are abolished in three approximately equal stages.
 - 2.2.2. The new refunds will be introduced in two stages. During the first, the refund shall be only 50% of the result of the calculations (However, it shall not be less than the refund under the old system summarized in 2.2.1.). It may be a flat rate for the duration of a marketing year in 1986/87 and 1987/88.
 - 2.2.3. The Commission is proposing that the Council adopt an initial list of products, production of which from starch qualifies them for a refund; the 'management committee' procedure will be used to amend that list where necessary.
 - 2.2.4. The new regulation will run for an unlimited period.
 - 2.2.5. It will not enter into force until 1 August 1986.
- 2.3. The proposal concerning potato starch allows for the granting of a premium to industry decreasing in four stages from 18.70 ECU (current premium) to 12.70 ECU per tonne of starch produced.

3. OBSERVATIONS

- 3.1. The Commission has adopted some of the views put forward to it by the industries concerned, the Council's working parties and the Special Agricultural Committee, the opinion of the Economic and Social Committee¹ and the remarks set out in Parliament's earlier draft report of 2 April 1985.
- 3.2. The new provisions
- 3.2.1. The introduction of a progressive rather than an abrupt abolition of the current system is to be welcomed.
- 3.2.2. However, there is no reason why the new rules, which are urgently required, should be implemented in two stages.
- 3.2.3. The Council must not debate an initial detailed - and restricted - list of starch products and derivatives in respect of which refunds will be granted. What is at stake in this provision is the scope of the regulation; it is too important for it to be left to its sole discretion. The Council must draw up a list of goods benefiting from external protection in the form of agricultural levies which would thus constitute the area excluded from the provisions of the new regulations.
- 3.2.4. It is eminently sensible to adopt the new regulations for an unlimited period.
- 3.2.5. Unfortunately, it does not appear possible to apply the new rules before 1 August 1986.
- 3.2.6. The granting of a fixed premium to the starch industry is a provision which is better suited to the current situation than the coefficient previously provided for. Nevertheless, all the warnings given in the previous draft report concerning the justification and possible impact of such a premium on the competitive position of undertakings must be borne in mind.
- 3.3. The provisions which have not been amended.
- 3.3.1. The existence of starch industry by-products not protected by the CAP is still ignored.
- 3.3.2. The Commission has not submitted any accompanying proposals concerning the use of sugar in the chemical industry.
- 3.3.3. The method to be used for the periodic calculation of refunds is even vaguer. The criteria are still subjective and allow too much discretion to the appropriate management committee.
- 3.3.4. It is even harder to tell whether the wheat starch industry will receive the same refunds as the other branches of the starch industry or not.
- 3.3.5. The Commission is still maintaining its ludicrous proposal that refunds should be granted by way of tendering.

¹OJ No. C 169, 8.7.1985, pp.11-14

4. CONCLUSIONS

The new proposals do not change the basic arrangements originally proposed.

The Commission has introduced a transitional period and changed some important details, but it has refused to review others.

QUANTITIES FOR WHICH PRODUCTION REFUNDS WERE GRANTED

(in tonnes)

1983/84

	Maize for:		Maize groats and meal	Wheat for:		Broken rice for:	Potato starch	Comments
	starch	quellmehl		starch	quellmehl			
	gritz ¹	(glucose) starch						Estimated quantity of starch
D	441 055	44 008	94 113	1 027	7 283	23 497		326 000
DK		517		9 511			52 455	52 455
D	718 548	314	234 736		320		148 545	712 000
F	1 120 867	144 803	-139 697				159 341	925 000
IRL			17 839					8 900
IT	510 447	76 619	3 962		533	547		319 000
LUX								
NL	692 296	51 257	54 859		1 289		315 589	774 000
UK	830 224	65 307	246 838					639 000
GR	46 486							29 000
TOTAL	4 359 923 + 1 X	831 + 127 X	792 044 + 40.4 X	10 538 + 8.8X	9 425 + 11.5X	24 044 - 16.0X	675 930 - 16.8X	3 785 000 + 0.2X
82/83	4 318 535	366	564 310	9 682	8 455	28 620	812 242	3 799 000
81/82	4 066 408	-	383 646	11 558	8 264	23 096	884 025	3 607 000

Sources: Information from Member States

¹ for brewing

Basic data on starches in the European CommunityI. Maize starch industry

Maize starch is produced in 16 factories in the European Community. The manufacturers employ about 18 000 people in total.

II. Production of starches (in 1 000 tonnes)

	1980/81	1981/82	1982/83	1983/84
Maize starch	2560.5	2525.7	2732.3	2708.0
Potato starch	751.7	884.0	812.2	675.9
Wheat starch	156.9	175.7	256.5	360.0
Rice starch	5.4	5.4	5.6	6.2

III. Use of starches in 1983 (in 1 000 tonnes)

		%
Foodstuffs	1885	51.0
Animal feedingstuffs	178	4.8
Paper and board	735	20.0
Textiles	62	1.7
Glues	88	2.4
Chemical and pharmaceutical products	350	9.5
Other non-food products	176	4.8
Miscellaneous	215	5.8
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Total	3689	100

UTILIZATION OF STARCH AND DERIVATIVES IN THE EEC IN 1983

	Native starch		Modified starches		Products of hydrolysatation		All starch and starch derivatives	
	tonnes	%	tonnes	%	tonnes	%	tonnes	%
Food	285.6	27.3	99.1	14.6	1499.9	76.3	1884.6	51.0
Animal feed	86.8	8.3	59.8	8.8	31.1	1.6	177.7	4.8
Paper and board	446.6	42.7	288.8	42.6	-	-	735.5	20.0
Textile	13.8	1.3	48.2	7.1	-	-	62.0	1.7
Adhesives	17.8	1.7	70.3	10.4	-	-	88.1	2.4
Chemicals, pharmaceuticals	29.1	2.8	23.1	3.4	298.2	15.2	350.5	9.5
Miscellaneous non-food	70.1	6.7	51.1	7.5	54.3	2.7	175.5	4.8
Undefined	95.4	9.2	37.0	5.5	82.6	4.2	214.9	5.8
TOTAL	1045.3	100.0	677.4	100.0	1966.1	100.0	3688.7	100.0

Source: CEAS/IGIA - estimates

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Budgets

Draftsman: Mr LOUWES

At its meeting of 27 March 1985, the committee appointed Mr Louwes draftsman of the opinion.

The committee considered the draft opinion at its meetings of 26/27 November 1985 and 2/3/4 December 1985. At the latter meeting it adopted the conclusions set out therein by nine votes to eight.

Present: Mr Ryan, acting chairman; Sir James Scott-Hopkins, vice-chairman; Mr Louwes, draftsman; Mr Aigner (deputizing for Mr Schon), Mr Beyer de Ryke (deputizing for Mr Di Bartolomei), Mrs Boserup, Sir Frederick Catherwood, Mr Chambeiron, Mr Christodoulou, Mr Cornelissen, Mr Curry, Mr Dankert, Mr Elles, Mrs Hoff, Mr Pasty, Mr Pitt, Mr Potschki (deputizing for Mr Langes), Mr Price (deputizing for Mr Normanton), Mrs Scrivener, Mr Tomlinson, Mr von der Vring and Mr Van der Waal (deputizing for Mr Cicciomessere).

I. INTRODUCTION

There have been Community arrangements since the late 1960s providing for the granting of production refunds to starch producers in the Community, in order to compensate for the difference between world market prices and the higher Community prices for cereals (Regulation No. 120/67).

The proposals now submitted by the Commission are intended radically to change the arrangements governing starch and starch products. It has become patently necessary to move from the present system of an overall settlement to a more precise system, in order in particular to remove obstacles to the development and marketing of new biotechnical products and thus to maintain the Community's competitiveness in this field.

II. THE CONTENTS OF THE PROPOSALS

(1) The present system

The present arrangements mainly involve the granting of production refunds amounting to about 10% of the value of the input. For this purpose, amounts were fixed annually at a standard rate by the Commission for maize, potatoes, wheat and broken rice, but the amount did not necessarily bear any relation to the prevailing market conditions. Refunds were granted because the Community starch industry (particularly the maize starch industry) had had to accept considerable disadvantages in competition and had to some extent already started to move its production out into third countries. Maize starch factories in the Community currently employ some 18 000 workers.

The present system, under which payments are made to manufacturers in advance, also has considerable disadvantages in terms of supervision and was described in the report by the Special Committee of Inquiry into the Cereal Sector (COM(79) 686 final, Vol. I) as having rules which are not clear (p. 74).

(2) The regime originally proposed (COM(84) 620 final)

The purpose of the new proposals is to enable the starch industry to obtain starch supplies from within the Community at prices similar to those on the world market. They are limited to a production refund for starch which is used in industry and able to reach the Community market without incurring import levies (varying levies are made on imports of starch products for use in food). In this way, the starch industry could in principle obtain supplies at the world market price as from the 1985/ 1986 marketing year, since the settlement provides for a monthly fixing of production refunds. A full list of the products included in this arrangement will be drawn up. Refunds apply to the starch produced, and no longer to the raw material used.

(3) The changes to the proposals

The regime originally proposed met with some resistance in the Council and has therefore been amended by the Commission with the following changes:

- a transitional period during which the new regime will be phased in;
- the possibility of extending the list of products giving the right to claim a production refund;

- a different system for potato starch, by fixing a flat-rate premium for the starch producer and at the same time a minimum price for the potato grower;
- removal of the time-limit on the new regime (with the possibility of a review before the end of the transitional period).

III. FINANCIAL IMPLICATIONS

Under present conditions, the financial implications of the regime originally proposed by the Commission would have been fairly neutral.

The new regime is much more costly and entails additional expenditure which will probably be 31 m ECU in the first year, 44 m ECU in the second and some 80 m ECU in the third. The Commission has calculated these figures on the basis of assumed world market prices when the 1986 preliminary draft budget was prepared and on the basis of the present proposed list of products, which may be extended. It is, therefore, possible that the estimated additional expenditure may be even higher.

IV. CONCLUSIONS

The Committee on Budgets

- is concerned about the financial implications of the amended Commission proposals, which are considerably higher than originally foreseen and are unlimited,
- considers that the new regime is very complicated and supervision therefore very difficult; consequently, there is a risk of fraud,
- therefore rejects the Commission's amended proposals for regulations.

O P I N I O N

(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman : Mr CASSIDY

On 22 April 1985, the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Cassidy draftsman of the opinion.

The committee considered the draft opinion at its meeting of 29-31 October 1985 and adopted the draft opinion unanimously.

The following took part in the vote :

Mr SEAL, chairman; Mr BEAZLEY, vice-chairman; Mr CASSIDY, draftsman; Mr BEUMER, Mr von BISMARCK, Mr BONACCINI, Mr CHANTERIE (deputizing for Mr Franz), Mr HERMAN, Mr METTEN and Mr PATTERSON.

EXPLANATORY NOTE

1. Starch is an important constituent of all plants and a major form in which carbohydrates are stored. There are many applications for starch and its derivatives extracted from rice, cereals and potatoes. Widely used in the food and drink industries, it is also employed in the manufacture of some types of paper and board, fermentation and other chemicals, pharmaceuticals, textiles, adhesives and the products of many other industries. Food and drink is the most important use of starch in the Community as a whole.

However, the European Council of Chemical Manufacturers' Federations (CEFIC) reckons that given conditions which promote the utilization of starch by their industry and an incentive policy for the intensification of fundamental research, starch usage could rise from its present level of more than one million tonnes to 2.6 million tonnes. This assumes very advanced future technological developments.

2. The existing starch regime has four main objectives :
 - to provide compensation to the users of starch in the Community because they suffer from a cost disadvantage against non-Community competitors;
 - to compensate for the fact that some of the products manufactured from starch compete directly with products manufactured from hydrocarbon feedstocks;
 - to provide support to Community producers of starch potatoes;
 - to maintain a balance between the various Community starch sectors, the principal ones being maize, wheat, potatoes and rice.
3. The need for a change in the regime arises from two factors. First, the refund is paid on starch used in the manufacture of some products (principally food products) which already receive full protection against imports from common agricultural policy (CAP) mechanisms. Second, the existing refunds do not fully compensate for the differences between Community and world prices

and therefore put the manufacturers of products which are unprotected at a disadvantage. The Commission has recognized this for several years. A new factor, however, makes reform even more important. That new factor is the needs of the emerging biotechnology industries. Somewhat surprisingly, there is no reference to this last point in the explanatory memorandum introducing the latest Commission proposals (COM(85) 344 final).

4. COM (85). 344 final is the Commission's second attempt at reforming the starch regime. Its earlier proposals were presented in document COM (84). 620. final. Following representations by various interested parties and discussions in Council working groups, it was withdrawn.
5. The latest Commission proposals aim to put the industrial users of starch not benefiting from agricultural protection against imports of their products, on an equal footing with their competitors outside the Community. The Commission wants these 'unprotected' industries to have access to their starch (whether produced from wheat, maize, rice or potatoes) at world prices which are currently below those applying in the Community. To this end, they have drawn up a list of such products in Annex A of COM(85) 344 final. By its very nature, such a list cannot be definitive, and the Commission proposes a procedure for amending it from time to time.
6. The food industry in the Community is likely to lose most from the change of regime. The Commission argues that as the CAP already provides protection from imports, it has less need of protection than other industries.
7. The Commission proposes that the new regime should come into effect on 1 August 1986, with a three year transitional period coming to an end on 1 August 1989.

CONCLUSIONS

The Committee on Economic and Monetary Affairs and Industrial Policy :

- welcomes the initiative of the Commission in seeking to reform the starch regime;

- is conscious of the difficulties encountered by industries within the Community because Community starch prices are higher than those elsewhere;
- points out the necessity of encouraging investment in and development of biotechnology industries using starch as a raw material;
- emphasizes that investment and employment opportunities may be lost unless the Community takes steps to bring prices to users in line with those which apply outside the Community.

The committee wishes to make a number of critical comments on the Commission's proposals and requests the Committee responsible, the Committee on Agriculture, Fisheries and Food, to incorporate these points in its motion for a resolution and to table specific amendments to the Commission's proposals to this effect:

- (i) it believes that the Commission proposals should be specifically designed to give production refunds to users, not producers, of starch in order to avoid the creation of a 'starch mountain';
- (ii) the committee also believes that the proposals for a list of eligible products may be unnecessarily restrictive unless arrangements can be made for easy and rapid addition of new products since the uncertainty of getting a new product on the list will have a negative effect on future investment;
- (iii) the committee considers that the list of eligible products set out in Annex 1 to COM (85) 344 final is incomplete in that it does not include, for example, any products from the following chapters: 32.01.B - Tannin Ethers; 32.05 - Synthetic Organic Dyestuffs, Luminophores and Optical Bleaching Agents; 34.01 - Translucent Soaps;
- (iv) the committee requests the Commission to consider the feasibility of a negative list of CAP-protected products which would not be eligible for refund;

(v) finally, it regrets that there is no reference to the importance of starch in biotechnology industries in the Commission's explanatory memorandum and regrets the absence of any reference to the need to ensure that investment is made in the Community rather than being located elsewhere in order to benefit from lower feedstock prices.

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