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REPORT

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

on the proposal from the Commission of the European
Communities to the Council (COM(85) 583 final
- Doc. C 2-162/85) for a regulation fixing compensation
for the definitive discontinuation of milk production

Rapporteur: Mr E. WOLTJER

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PE 103.034/fin.
Or. Ne.

By letter of 21 January 1986, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation fixing compensation for the definitive discontinuation of milk production.

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 Legal Affairs and Citizens' Rights for an opinion.

On 18 December 1985, the Committee on Agriculture, Fisheries and Food appointed Mr WOLTJER rapporteur.

The committee considered the proposal and the draft report at its meetings of 22 and 23 January and 4 February 1986. At the last meeting, the committee adopted the motion for a resolution by 23 votes to 13 with 11 abstentions.

The following took part in the vote: Mr Tolman, chairman; Mr Eyraud, first vice-chairman; Mr Mouchel, third vice-chairman; Mr Woltjer, rapporteur; Mr Adamou, Mr Bocklet, Mr Borgo, Mrs Castle, Mr Chiabrando (deputizing for Mr F. Pisoni), Mr Clinton, Mr Colino Salamanca, Mr Crespo (deputizing for Mr Happart), Mr Duran i Lleida, Mr Ebel (deputizing for Mr Dalsass), Mr J. Elles (deputizing for Mr Battersby), Mrs Ewing (deputizing for Mr MacSharry), Mr Früh, Mr Garcia Raya (deputizing for Mr Guarraci), Mr Gatti, Mr Guermeur (deputizing for Mr Fanton), Mr Lacerda de Queiroz (deputizing for Mr Garcia), Mr Madeira, Mr Maffre-Baugé, Mr Maher, Mr Marck, Mrs Martin, Mr Mertens, Mr Miranda da Silva, Mr Morris, Mr Mühlen (deputizing for Mr Debatisse), Mr Musso, Mr Navarro, Mr Velasco, Mr Newens (deputizing for Mrs Crawley), Mr B. Nielsen, Mr N. Pisoni, Mr Pranchère, Mr Provan, Mr Raftery (deputizing for Mr Stavrou), Mr Roelants du Vivier (deputizing for Mr Gräfe zu Baringdorf), Mr Romeos, Mr Rossi, Mr Sierra Bardaji, Mr Simmonds, Mr Thureau, Mr Vazquez Fouz, Mr Vernimmen and Mr Wettig.

The opinions of the Committee on Budgets and the Committee on Legal Affairs and Citizens' Rights are attached.

The report was tabled on 6 February 1986.

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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The Committee on Agriculture, Fisheries and Food hereby submits to the European Parliament the following motion for a resolution:

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 fixing compensation for the definitive discontinuation of milk production

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(85) 583 final),
 - having been consulted by the Council (Doc. C 2-162/85),
 - having regard to the interim report drawn up on behalf of the Committee on Agriculture, Fisheries and Food on certain aspects of the implementation of the dairy quota arrangements in the Community (Doc. A 2-85/85)¹,
 - having regard to the report by the Committee on Agriculture, Fisheries and Food and the opinions of the Committee on Budgets and the Committee on Legal Affairs and Citizens' Rights (Doc. A 2-215/85),
 - having regard to the result of the vote on the Commission's proposals,
- A. whereas the European Parliament concluded on 11 October 1985, adopting the interim report on certain aspects of the implementation of the dairy quota arrangements in the Community¹, that milk production in the Community is still too high; noting that the Commission shares this view and has put forward proposals for further limiting this overproduction,
- B. whereas the European Parliament has repeatedly advocated a degree of protection and preferential treatment for certain disadvantaged regions in the European Community; whereas the disadvantaged regions of Ireland, Northern Ireland and Luxembourg have, in the first two years of operation of the quota arrangement for the dairy sector been allocated 303 000, 25 000 and 65 000 tonnes respectively from the Community reserve as an extra quota, while at the same time a number of Member States have taken these regional problems into account in the fixing of the quota and in the redistribution of the national reserves,
- C. whereas the European Parliament has repeatedly argued that young and small-scale milk producers must also be offered the prospect of future development within the quota system, in order to counter a total freeze on structural development in the milk sector, and that the creation of national reserves could be a way of doing this, with the European Community making recommendations for the allocation of these national reserves,

¹ OJ No. C 288, 11.11.1985, p. 148

1. Takes the view that volume control is unavoidable to enable prices to be fixed in line with the development of production costs;
2. Takes the view that the proposed Community buying-up arrangement could have very different effects in the different regions and that, for example, in certain mountain and hill farming areas as well as other regions with marginal production conditions the total quantity of milk to be bought up will be far in excess of 3% of the total production in these areas;
3. Takes the view that such a major reduction in milk production could in certain areas have serious consequences for the processing concerns operating there, which would be working at less than full capacity, and thus also for the other producers in these areas who do not wish to take advantage of this arrangement, so that the voluntary nature of participation in the arrangement is compromised and it becomes a necessity;
4. Notes that already in at least one Member State various direct measures are being contemplated to prevent the national reference quantity being reduced through implementation of this Community buying-up arrangement;
5. Notes also that complicated schemes exist at the moment for the buying and selling of quotas and that land to which quotas apply has a considerably higher market value than land where this is not the case; opposes all forms of trade in quotas between farmers that has the effect of increasing the indebtedness of new farmers and encouraging a concentration of production in the developed countries, and therefore requests the Commission:
 - (a) to ensure that quota allocation is carried out - and at least approved - by national civil services;
 - (b) to implement provisions banning trade in quotas;
6. Proposes that the Community should pay the Member States 0.06 ECU per bought-up litre of milk for seven years, but the Member States should be able to determine their own arrangements for paying the producer;
7. Recognizes that several of the European Parliament's earlier observations have been incorporated in the Commission's proposals and that the existing national buying-up arrangements are to be integrated into the new Community buying-up arrangement, but wonders whether all the Member States in fact have the budgetary resources to take an active part in this arrangement through a national contribution of their own;
8. Points out therefore that the so-called 'voluntary' buying-up arrangement could have very uneven consequences and that there could be difficulties with a number of the policy objectives formulated by the European Parliament which are to be jointly endorsed by the Commission, the Council and the Member States on the establishment of the Community and national reserves;
9. Considers, however, that Member States should be allowed to lay down special provisions for implementing the Regulation to adjust it to local situations, in particular with regard to hill and mountain areas and family farms in order to protect the agricultural base, the environment and the economy in every region;

10. Proposes that, in view of the foregoing considerations, the Community buying-up arrangement be limited to 1 to 2% of the total milk production and that furthermore the Member States be given the possibility in law of setting a maximum quantity of milk to be bought up in each region;
11. Further proposes that in addition to this arrangement, the Member States should be able, on a voluntary basis and with national financing, and according to their own discretion and requirements, to buy up milk for the national reserve, in which case an appropriate programme should be submitted to the Commission for approval;
12. Proposes in addition to this programme that the quota of farmers with a production of more than 60 000 litres a year and whose farms are not situated in disadvantaged regions, should be reduced by an average of 2% and that in compensation for this the present 2% co-responsibility levy should be abolished;
13. Instructs its President to forward this resolution as Parliament's opinion to the Commission and the Council of the European Communities.

OPINION

of the Committee on Budgets

Letter from the chairman of the committee to the chairman of the Committee on Agriculture, Fisheries and Food

Subject: Opinion of the Committee on Budgets on the proposal for a regulation fixing compensation for the definitive discontinuation of milk production (COM(85) 583)

Dear Mr Chairman,

The Committee on Budgets considered the above proposal for a regulation at its meeting of 22/23 January 1986.

It has noted that, despite the significant reduction in milk deliveries following the introduction of dairy quotas, there is still a serious imbalance between supply and demand in this sector. The committee therefore endorses the principle of the Community's granting compensation for the voluntary discontinuation of milk production.

Nevertheless, the committee voiced a number of reservations. Firstly, it expressed great dissatisfaction that a document of such importance had been submitted to Parliament too late for it to be able to examine it with due attention. The committee therefore took the view that it was unable to adopt a final position concerning the implementation of the measures envisaged, which would have considerable financial implications for a period of several years. It also wished the proposal to form part of a series of measures designed to restore balance on the dairy market.

Yours sincerely,

(sgd) Jean-Pierre COT

The following took part in the vote: Mr COT, chairman; Mr ADAM (deputizing for Mr ABENS), Mr ARNDT, Mr BARDONG, Mr BARON CRESPO, Sir Fred CATHERWOOD, Mr CHAMBEIRON, Mr CHRISTODOULOU, Mr COLOM I NAVAL, Mr CURRY, Mr DANKERT, Mr J. ELLES, Mr FICH, Mr HERMAN (deputizing for Mr DEPREZ), Mrs HOFF, Mr LANGES, Mr LOUWES, Mr LUCAS PIRES, Mr McMILLAN-SCOTT (deputizing for Mr NORMANTON), Mr PAPOUTSIS, Mr PASTY, Mr PITT, Mr POETSCHKI (deputizing for Mr MIZZAU), Mr SCHON, Mr SUTRA (deputizing for Mrs FUILLET), Mr TOMLINSON and Mr VON DER VRING.

OPINION

from the Committee on Legal Affairs and Citizens' Rights

Letter from the chairman to the chairman of the Committee on Agriculture, Fisheries and Food

Dear Mr Chairman,

Proposal for a Council regulation fixing compensation for the definitive discontinuation of milk production (COM(85) 583 final)

At its meeting of 4 February 1986, the Committee on Legal Affairs and Citizens' Rights examined the abovementioned proposal.

At its meeting of 5 February 1986, the committee adopted with 13 votes in favour and 1 abstention¹ the following conclusions proposed by its draftsman, Mr PROUT:

'The Committee on Legal Affairs and Citizens' Rights wishes to express serious reservations with respect to the proposed Community Outgoers Scheme

1. In view of the political and financial significance of the scheme, the committee deplores the choice of legislative procedure chosen by the Commission which does not oblige the Council to consult the European Parliament.
2. The committee believes that the budgetary implications of the scheme are such as to require the Council to invoke the conciliation procedure laid down in the Joint Declaration of the European Parliament, Council and Commission of 4 March 1975, if Parliament so requests.
3. The committee believes that the legal basis chosen by the Commission for the scheme, namely paragraph 6 of Article 5(c) of Council Regulation 804/68, is not sufficiently broad in scope to authorize the scheme.
4. Article 4 of the proposed regulation, if adopted in its present form, may conflict with Article 222 of the EEC Treaty.'

As your committee had adopted its report on the previous day, the Committee on Legal Affairs and Citizens' Rights instructed its draftsman to place its opinion before Parliament during the debate on the report in accordance with Rule 101(5) of the Rules of Procedure.

Yours sincerely,

Marie-Claude VAYSSADE
Chairman

¹ The following took part in the vote: Mrs Vayssade, chairman; Mr Prout, draftsman; Mr Barzanti, Mr Cot, Mr Garcia Amigo, Mr Hoon, Mrs Miranda de Lage, Mr Pegado Liz, Mr M. Pereira, Mr Pordea, Mr Price, Graf von Stauffenberg, Mr Topmann and Mr Zagari

