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REPORT

drawn up by the Committee on Agriculture, Fisheries and Food

on the following proposals from the Commission of the European Communities to the Council :

- I. for regulations fixing the prices for agricultural products and related measures 1986/1987 (COM(86) 20 final)
- II. for regulations concerning cereals (COM(86) 30 final)
- III. for regulations concerning beef and veal (COM(86) 31 final)

(Doc. C 2-194/85)

PART A - MOTION FOR A RESOLUTION

Rapporteur : Mr James PROVAN

PE 102 544/fin.
Or.En.

By letter of 21 February 1986, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 43 of the EEC Treaty, on the proposals from the Commission of the European Communities to the Council for regulations fixing the prices for agricultural products and related measures (1986/87), for regulations concerning cereals and for regulations concerning beef and veal.

On 10 March 1986, the President of the European Parliament referred these proposals to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets, the Committee on External Economic Relations, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation for opinions.

At its meeting of 23 April 1985, the Committee on Agriculture, Fisheries and Food appointed Mr Provan rapporteur.

At its sitting of 8 July 1985, the European Parliament referred the motion for a resolution tabled by Mr Musso on clementine prices (Doc. B2-395/85) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible.

At its sitting of 7 October 1985, the European Parliament referred the motion for a resolution tabled by Mr Happart and others on measures applicable in the cherry-growing sector (Doc. B2-893/85) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on External Economic Relations for an opinion.

At its sitting of 10 October 1985, the European Parliament referred the motion for a resolution tabled by Mr Staes on an independent definition of the fat and protein content of milk that would be applicable in all Community Member States (Doc. B2-924/85) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible.

At its sitting of 17 February 1986, the European Parliament referred the motion for a resolution tabled by Mr Howell on the EEC cereal market (Doc.B2-1358/85) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible.

At its sitting of 19 February 1986, the European Parliament referred the motion for a resolution tabled by Mr Boutos on the imposition of a coresponsibility levy on maize (Doc. B2-1543/85) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets for an opinion.

The committee decided to include these motions for resolutions in the present report.

The Committee on Agriculture, Fisheries and Food considered the Commission's proposals and the draft report at its meetings of 19 February 1986, 26/27 February 1986, and 18/19 March 1986. At the last meeting, the committee decided by a large majority to recommend to Parliament that it reject the Commission's proposals.

The Committee on Agriculture, Fisheries and Food then adopted the motion for a resolution as a whole by 30 votes to 8 with 9 abstentions.

The following took part in the vote: Mr Tolman, chairman; Mr Eyraud, Mr Graefe zu Baringdorf and Mr Mouchel, vice-chairmen; Mr Provan, rapporteur; Mrs André (deputizing for Mr Garcia), Mr Bocklet, Mr Brok (deputizing for Mr Borgo), Mrs Castle, Mr Chiabrando (deputizing for Mr F. Pisoni), Mr Clinton, Mr Colino Salamanca, Mr Dalsass, Mr Debatisse, Mr Duran i Lleda, Mr James Elles (deputizing for Mr Howell), Mrs Ewing (deputizing for Mr Fanton), Mr Früh, Mr Garcia Raya (deputizing for Mr Woltjer), Mr Gatti, Mr Guarraci, Mr Happart, Mr Hutton (deputizing for Mr Battersby), Mr MacSharry, Mr Madeira, Mr Maher, Mr Marck, Mrs S. Martin, Mr Mattina (deputizing for Mrs Rothe), Mr Mertens, Mr Miranda da Silva, Mr Musso, Mr Navarro Velasco, Mr Newens (deputizing for Mrs Crawley), Mr B. Nielsen, Mr N. Pisoni, Mr Pranchère, Mr Romeos, Mr Rossi, Mr Sierra Bardaji, Mr Simmonds, Mr Späth (deputizing for Mr Stavrou), Mr Sutra de Germa, Mr Thareau, Mr Vasquez Fouz, Mr Vernimmen and Mr Wettig.

The opinions of the Committee on Budgets, the Committee on External and Economic Relations, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation are attached.

The report was tabled on 20 March 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.

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

A

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the following proposals from the Commission of the European Communities to the Council:

- I. for the regulations fixing the prices for agricultural products and related measures 1986/87
- II. for regulations concerning cereals
- III. for regulations concerning beef and veal

The European Parliament,

- having regard to the proposals from the Commission to the Council (COM(86) 20 final), (COM(86) 30 final) and (COM(86) 31 final),
 - having been consulted by the Council on 21 February 1986 pursuant to Article 43 of the EEC Treaty (Doc. C 2-194/85),
 - having regard to motions for resolutions Docs. B 2-395/85, B 2-893/85, B 2-924/85, B 2-1358/85 and B 2-1543/85 tabled pursuant to Rule 47 of the Rules of Procedure,
 - having regard to the European Parliament's resolution on farm prices for 1985/86 (Pranchere report - Doc. 2-1770/84/A),
 - having regard to the report of the Committee on Agriculture, Fisheries and Food and the Opinions of the Committee on Budgets, the Committee on External Economic Relations, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation (Doc. A 2-8/86),
 - having regard to the result of the votes on the Commission's proposals,
- A. whereas, although agricultural policy must take account of the market situation and budgetary constraints, it must not become a mere adjunct of budgetary policy,
 - B. whereas market organizations and intervention systems must be adapted so as to cope with budget difficulties and surplus production,
1. Regrets the fact that the 1986/87 farm price package totally confuses short-term economic policy measures in the form of prices with guidance measures in the form of action to reform certain market organizations;

¹ OJ No. C 94, 15.4.1985, p.88

2. Recalls Article 39 of the Treaty and the need recognized in the Green Paper to maintain a sufficient number of farmers in the Community, which means that prices must be fixed at a level which will ensure a decent income for family farms;
3. Believes that the Commission's price proposals and related measures should contain a complete package of price, structural and stock disposal measures which in the present budgetary and market situation will offer prospects to farmers, in the context of the changed economic and social conditions in the Community; stresses that this package should form an initial response to the problems raised in the Green Paper and should therefore devote particular attention to the social and regional problems posed by the need to reform CAP mechanisms, with the aim of restoring overall balance to Community agriculture; the aim of the reform of the CAP must be to offer prospects to farmers and their families;
4. Is concerned at the disturbing trend in farmers' incomes; considers that, in the case of small and medium-sized farmers, this income cannot be reduced further and that its level now makes it impossible to set up in farming; alerts the Commission and Council to the risk of the abandonment of whole farming regions;
5. Considers it vital to take account also of developments in the international situation, particularly the adoption of the Farm Bill in the USA (providing 60,000 million dollars for US agriculture) and production increases in the main exporter countries;
6. Calls on the Commission to ensure that the prices and regulations respect the Spanish and Portuguese Treaties of Accession;

Market situation

7. Believes that the Common Agricultural Policy has been successful in increasing agricultural production, assuring food supplies to the consumer at reasonable prices but has led in some sectors to the development of unacceptable structural surpluses without adequate market outlets and has not ensured adequate incomes to farmers in many parts of the Community;
8. Stresses that the Community has now attained self-sufficiency in a number of products which were previously imported, but that it still has an overall deficit particularly in sheepmeat, high-protein products and other cattle feedingstuffs;
9. Recognises that because of the grave imbalance of supply and demand between certain products (or in some cases between certain qualities of products), an imaginative new policy must be agreed, which is fair, equitable and less wasteful of valuable resources; to this end, pricing policy must be directed more towards restoring balance to the markets, limiting intervention and encouraging the raising of quality standards; price must gradually be restored to its function of acting as a regulator between supply and demand;
10. Believes that the introduction of new measures such as limiting intervention raising quality standards is justifiable only if they contribute directly to the goals pursued and, in any case, their application must be spread over a sufficient period of time to enable farms to adjust to them gradually;

11. Believes that the price policy and related measures should be directed towards the following objectives:
- (a) ensuring 'a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture', as provided for in Article 39 of the Treaty,
 - (b) prices geared according to trends in production costs,
 - (c) encouraging the development of products of which there is a shortage,
 - (d) improving the quality of foodstuffs,
 - (e) developing the marketing of agri-food products which meet the requirements of the enlarged Community of 320 million people,
 - (f) adaptation of agricultural products and production to meet the needs of developing and new technologies,
 - (g) improving market mechanisms to ensure that the prices fixed are reflected at the level of production,
 - (h) encouraging the development of cooperative structures at the level of production and also for the processing and marketing of products,
 - (i) respecting Community preference and developing a vigorous agricultural exports policy;

Farm incomes

12. Confirms that the market and price policy must remain the cornerstone for guaranteeing agricultural incomes in the future;
13. Strongly emphasizes that in the present circumstances price policy alone cannot guarantee employment and incomes in agriculture and that new instruments must therefore be adopted to facilitate the adaptation and improvement of Community agriculture;
14. Calls on the Commission to give consideration to alternative measures to provide further assistance for farm incomes and to bring forward proposals as soon as possible; such alternative measures should include:
- (a) direct income supplements,
 - (b) extending compensatory payments,
 - (c) a disaster relief fund,
 - (d) an agricultural income insurance scheme,
 - (e) a Community agricultural loan guarantee scheme,
 - (f) a hardship grant;

Trade relations

15. Stresses that efforts must be made to convince the Community's trading partners of the positive long-term benefits for the world market situation of the Community's disposal of stocks;
16. Takes the view that better organization of world markets in agricultural products with stable prices is important for producer and developing countries; takes the view that the balance on world markets in agricultural products can only be restored through agreements, including agreement to limit agricultural exports in the framework of the relevant international organizations and particularly GATT;

17. Is concerned over the decisions and action taken by the United States which represent a serious threat to the stability of world agricultural markets and the financial stability of the CAP; calls on the Commission and Council to be firm in their response and stresses the need for joint action by the main trading partners to rationalize markets; calls for solutions to the problems of trade in agricultural products to be sought in the framework of GATT;
18. Opposes the constant violation of Community preference which has serious repercussions on the Community budget;
19. Considers that equitable agricultural trade should be developed with non-member countries but is concerned at the excessive number of derogations from Community preference (imports at zero or reduced rate of duty) which are to a great extent responsible for some of our surpluses, which compete with EEC production and are a burden on the Community budget;
20. Calls on the Council and the Commission to investigate as a matter of urgency ways of establishing efficient Community machinery for a coherent trade and export credit policy;
21. Stresses that it is vital to limit imports of fodder at least to present levels so that measures to limit surpluses on the internal market cannot be undermined from outside;

De-stocking

22. Calls on the Commission to implement the recommendations¹ on stock disposal as put forward by the European Parliament in December 1985;
23. Recommends that stocks be rationalized through measures to assist the poorest EEC citizens, i.e. surpluses should be distributed to the most underprivileged sections of our society through social organizations;
24. Recommends that the Council and Commission should consider financing the de-stocking programme over a period of three years through a special loan facility; the cost of servicing such a loan will be offset by savings in storage costs; stocks should resume their regulative and contingency roles;
25. Stresses that the disposal of structural surpluses should be accompanied by structural measures which in future would prevent the formation of new surpluses and re-orientate potential capacity in these sectors;

Budget

26. Notes that the Commission is proposing a supplementary budget for 1986 which will not be enough to assist farmers because of the declining value of the dollar and the deteriorating market situation;
27. Points out that decisions taken and proposals currently under discussion will determine the budget for 1987, which is likely to exceed the 1.4% ceiling;

Structural policy

28. Is aware that in today's agricultural situation, structural policy is required to play an increasingly important role;
29. Regrets that the Commission has proposed no significant measures for restructuring, and believes that this major shortcoming needs to be rectified by measures to:
 - (a) modernise production and marketing,
 - (b) provide for early retirement,
 - (c) establish a forestry policy,
 - (d) help farmers in the mountainous regions and less-favoured areas,
 - (e) take account of the environment,
 - (f) introduce dynamic Community programmes to encourage the establishment of young farmers by means of direct aid,
 - (g) encourage the formation of producers associations,
 - (h) encourage more widespread use of agricultural techniques and methods;
30. Calls on the Commission to develop criteria in the near future on the basis of which the Member States, working in collaboration with local and regional authorities, would set aside areas of land as nature reserves for recreation or forestry; management contracts linked with direct income support should be drawn up for producers in areas where the scope for agriculture is limited;
31. Notes that the less-favoured regions of the Community are in no way responsible for structural surpluses and believes that the price proposals and related measures will merely widen the gap separating the richest and the least-favoured regions of the Community;
32. Believes that Guidance Section expenditure should be increased over a period of years to 25% of total agricultural expenditure, compared to 5% at present; calls on the Commission to present a supplementary budget for 1986 which includes an adequate increase in funds for the EAGGF Guidance Section to cover the additional expenditure which will be generated by the proposals on structural measures;
33. Recognises that an integrated approach for severely disadvantaged rural regions is essential;
34. Urges the Commission, in setting out its structural policy, to take account of regional and social disparities, particularly between the north and the south, and the peripheral areas of the Community, and concentrating on the problem of the less-favoured rural areas, employment problems, environmental issues and alternative uses, and so draw on all existing instruments and structural funds to that end;

Development aid

35. Calls on the Commission to re-evaluate its concept of effective development assistance, in particular by using development aid in such a way as not to harm recipient countries' economies;

Cereals

36. Considers that a prudent cereal price policy is essential to increase the outlet represented by animal feed, thereby reducing the interest in cereal substitutes, with consequent benefits for the Community's foreign trade balance;
37. Rejects however the principle of a cereal price freeze; considers that a minimum increase in cereal prices is needed and rejects, therefore, the reduction of the intervention price for durum wheat;
38. Supports the aim of the Commission to improve quality standards but feels that they should be introduced progressively at intervals so that farmers can adjust gradually to the situation;
39. Considers that it is unreasonable to expect Community producers to reduce production when their competitors are increasing their exports and calls on the Commission to take steps within GATT to limit imports of cereal substitute products from countries outside the Community;
40. While accepting that the principal objective is to produce for the market, insists that the period of intervention should correspond at least to the harvest period;
41. Recognizes that a co-responsibility levy actually represents a price reduction, but that some producers at least are prepared to accept a minimum levy to assist in the placing of surpluses on the market, provided that imports of cereal substitutes are taxed in the same way; considers also that:
- the funds levied should be allocated as a priority to the search for new outlets (exports, industrial uses);
 - the present exemption of 25 t is absolutely unacceptable and should be substantially increased;
 - the producers should be involved in the administration of the funds produced;
42. Considers that the production of maize and protein products as well as feed-grain should be encouraged within the Community to reduce its dependence on imports; considers also that there should be an unbinding of duty within GATT, in particular for maize gluten;

Olive oil

43. Rejects the Commission's proposal for a 5% reduction in the intervention price; calls for an increase in production aid to take into account a substantial rise in production costs;
44. Points out the vital need to implement an internal Community policy for the oils and fats sector which, inter alia, secures a balance in the long term between the price of olive oil and that of other competing oils and between the respective import arrangements;

Oil seeds and proteins

45. Regrets that the Commission has not come forward with any proposals on Community preference and urges it to do so immediately;
46. Is concerned at the replacement of guarantee thresholds by a system of maximum guaranteed quantities which will prevent producers from taking the decision to develop alternative products;
47. Rejects the Commission's proposals on sunflowers, a substitute crop which is in deficit and needs to be developed;

Beef, veal and sheepmeat

48. Endorses the Commission's approach for beef and veal but calls for the following:
 - the transition from a system based on intervention to one based on direct aid should be gradual in order not to confuse the producer;
 - intervention should not be completely abolished but be used solely to avoid excessive seasonal fluctuations and be limited to the better qualities;
 - the premium should be fixed at an adequate level for the livestock breeds in the various production areas and subject to genuine high-quality production;
 - the application of the new rules relating to the reduction of intervention and the granting of aid per head should commence on the same date;
49. Repeats its call for a genuine renegotiation of the sheepmeat regulation on the basis of the proposals contained in its resolution of 24 May 1984 to achieve a genuine common market in sheepmeat; pending this single system, calls for all EEC stock breeders to be able to benefit from one or other of the systems currently in force;
50. Calls on the Commission to clearly define and lay down criteria for determining the exceptional circumstances under which intervention for beef and veal would be introduced after November 1987;
51. Does not agree with the idea of excluding farms which produce meat and milk from the new arrangements for aid; this combination of activity is typical of many family farms in many regions of the EEC of the 12;
52. Considers that any aid introduced under the regulations governing the beef and veal sector, as in other sectors, should be covered by the EAGGF and that aid should not be authorized if it involves partial renationalization of the CAP;

Fruit and vegetables

53. Rejects the Commission's proposal to apply price cuts for certain products (citrus fruit, tomatoes, apricots, peaches) and believes that far more emphasis should be put on qualitative differentiation, thus encouraging quality products in demand;
54. Considers that the conversion programmes, in particular for citrus fruits and other Mediterranean produce, should be implemented at a faster rate, backed up by temporary income support programmes;

Dairy products

55. Rejects the Commission's proposals and calls for the abolition of the current co-responsibility levy in view of the current punitive system of quotas;
56. Rejects the Commission's proposal concerning an adjustment of the ratios of fats and proteins and calls on the Commission to maintain current restrictions on imitation products;
57. Is concerned at the development of mild substitutes manufactured from raw materials imported duty-free which compete with the natural milk products and calls for effective protection against these substitutes;
58. Calls for an opportunity to be given to those farmers who so wish to opt for programmes for the partial cessation of delivery;
59. Considers that these offers to buy back should be shared out between the Member States and in proportion to their production, to avoid excessive risks of imbalance and the abandonment of certain areas; proposes that, in order to introduce the necessary flexibility to the scheme set up, some of these buy-back arrangements could be reallocated, notably to young farmers and those who have invested;
60. considers that any further reduction in the quotas must take account of the situation in each Member State and be based on regional programmes;
61. Considers however that if the quotas are fixed at a level that restores market balance to a reasonable degree, the prices for producers should also be fixed at a reasonable level;
62. Reaffirms the need to control production and considers that the quotas should allow the desired balance to be achieved between quantities marketed and Community and international market needs; points out that greater respect for Community preference in the observance of our international undertakings is also essential to achieve this objective;

Wine

63. Stresses that the imbalance in the wine market requires urgent action on a structural, economic and social level; acknowledges that the decision taken by the Council in Dublin in 1984 is reducing surpluses and the expenditure charged to the Community budget and has produced an appreciable increase in the price of table wine, which nevertheless remains below the level provided for by the Community; considers that measures to restructure the wine sector, whose full effects will be felt in the medium term, should be vigorously pursued; further emphasizes the need to continue stepping up the improvement in quality;
64. Calls for the introduction of an active policy to promote exports of Community wines and wine products to third countries by means of refunds set at an adequate level and extended to include new countries;

Tobacco

65. Believes that tobacco producers face severe structural and social disadvantages which should be met by encouraging them to produce the varieties in demand on the market, of which the Community has a considerable shortage; structural and social measures are needed to convert producers to adapt production to current needs;

Monetary compensatory amounts

66. Points out that Council Regulation 855/84 stipulates that positive MCAs should be abolished by the beginning of the 1987-88 marketing year at the latest; is astonished that the Commission has taken no action on this matter for the 1986-87 marketing year, thereby running the risk of failing to achieve the set objectives; calls on the Council to abolish half of the positive MCAs in force at present and to commit itself to their total abolition in 1987;

Final points

67. Considers it necessary to limit the development of 'intensive farming' which involves costly investment, uses intermediary consumption products which are most often imported duty-free without respect for Community preference and which have a damaging effect on the environment;
68. Believes that common prices and conditions should be set at such a level as to make national aids unnecessary;
69. Calls on the Commission to draw up a detailed list of national aids with a view to identifying clearly their distortive effects; nevertheless understands that the Member States may be induced to implement national safeguard measures to correct distortions to competition and counter the adverse consequences of certain Community decisions;
70. Considers the comments made in this resolution as amendments to the proposals for regulations drawn up by the Commission;
71. Insists that if the Commission should amend its proposals, then further consultation of the European Parliament is required according to Rule 37 of the Rules of Procedure;
72. Instructs its President to forward this resolution, as Parliament's opinion, to the Council and Commission.