

## EUROPEAN PARLIAMENT

# Working Documents

1982-1983

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28 FEBRUARY 1983

DOCUMENT 1-1325/82/A

### REPORT

drawn up on behalf of the Committee on  
Agriculture

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

- I. a regulation altering, with effect  
from 1 April 1983, the intervention  
prices for butter, skimmed-milk  
powder, and Grana Padano and  
Parmigiano Reggiano cheese  
(Doc. 1-970/82 - COM(82) 748 final)
  
- II. regulations concerning the fixing of  
prices for certain agricultural products  
and certain related measures (1983/1984)  
(Doc. 1-1206/82 - COM(82) 650 final)

Part A: Motion for a resolution

Rapporteur: Mr J. MOUCHEL

PE 82.317/fin./A

By letter of 30 November 1982, the President of the Council of the European Communities consulted the European Parliament pursuant to Article 43 of the EEC Treaty on the proposal from the Commission of the European Communities to the Council concerning a regulation altering, with effect from 1 April 1983, the intervention prices for butter, skimmed-milk powder and Grana Padano and Parmigiano Reggiano cheeses.

On 13 December 1982, the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for an opinion.

By letter of 21 January 1983, the President of the Council of the European Communities consulted the European Parliament pursuant to Article 43 of the EEC Treaty on the proposals from the Commission of the European Communities to the Council concerning the fixing of prices for certain agricultural products and certain related measures.

On 7 February 1983, the President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible, and to the Committee on Budgets, the Committee on Development and Cooperation and the Committee on the Environment, Public Health and Consumer Protection for an opinion.

At its sitting of 15 November 1982, the European Parliament referred the motion for a resolution tabled by Mr Diana and others, pursuant to Rule 47 of the Rules of Procedure, on exempting Italian producers from payment of the levy on the production of sugar under the B quota and increasing the B quota (Doc. 1-795/82) to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for an opinion.

At its meeting of 1-2 December 1982, the Committee on Agriculture decided to include this proposal in its report on the proposals on farm prices.

At its sitting of 12 January 1983, the European Parliament referred the motion for a resolution tabled by Mr Davern and others pursuant to Rule 47 of the Rules of Procedure, on the urgent need to change the common organization of the sheepmeat market and introduce interim improvements (Doc. 1-1055/82), to the Committee on Agriculture as the committee responsible, and to the Committee on Budgets and the Committee on External Economic Relations for an opinion. At its meeting of 24-25 February 1983, the Committee on Agriculture decided to include this proposal in its report on farm price proposals.

On 24 September 1982, the Committee on Agriculture appointed Mr Mouchel rapporteur.

The Committee on Agriculture considered the proposals from the Commission, the motions for resolutions and the draft report at its meetings of 5 January 1983, 18-19 January 1983, 26-27 January 1983, 16-17 February 1983 and 24-25 February 1983.

At the last-mentioned meeting, the Committee on Agriculture decided by 28 votes to 12 with 2 abstentions to recommend the European Parliament to reject the proposals from the Commission.

The Commission did not express any view on this rejection before the Committee on Agriculture.

The Committee on Agriculture then carried the motion for a resolution in full by 28 votes to 12 with 2 abstentions.

The following took part in the vote:

Mr CURRY, chairman; Mr COLLESELLI and Mr DELATTE, vice-chairmen; Mr MOUCHEL, rapporteur; Mr ABENS (deputizing for Mr LYNGE), Mrs BARBARELLA (deputizing for Mr VITALE), Mr BATTERSBY, Mr BLANEY, Mr BOCKLET, Mrs BROOKES (deputizing for Mr HOWELL), Mr CLINTON, Mr DALSSASS, Mr DAVERN, Mrs DESOUCHES (deputizing for Mrs CASTLE), Mr DIANA, Mr EYRAUD, Mr FUCHS (deputizing for Mr FRÜH), Mr GAUTIER, Mr GOERENS (deputizing for Mrs S MARTIN),

Mr HELMS, Mr HORD, Mr KIRK, Mrs LIZIN (deputizing for Mrs HERKLOTZ), Mr LOUWES (deputizing for Mr JÜRGENS), Mr MAHER, Mr MARCK, Mr McCARTIN (deputizing for Mr KALOYANNIS), Mr MERTENS, Mr Brøndlund NIELSEN, Mr d'ORMESSON, Mr PRANCHERE, Mr PROVAN, Ms QUIN, Mr STELLA (deputizing for Mr LIGIOS), Mr SUTRA, Mr THAREAU, Mr TOLMAN, Mr VERNIMMEN, Mr VERONESI (deputizing for Mr PAPAPIETRO), Mr VGENOPOULOS, Mr WETTIG and Mr WOLTJER

The opinions from the Committee on Budgets, the Committee on Development and Cooperation and the Committee on the Environment, Public Health and Consumer Protection will be published separately.

The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution together with explanatory statement

MOTION FOR A RESOLUTION

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

- I. a regulation altering, with effect from 1 April 1983, the intervention prices for butter, skimmed-milk powder and Grana Padano and Parmigiano Reggiano cheeses,
- II. regulations concerning the fixing of prices for certain agricultural products and certain related measures (1983/1984)

The European Parliament

- having regard to the proposals from the Commission of the European Communities to the Council (COM(82) 748 final and COM(82) 650 final)<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-970/82 and Doc. 1-1206/82),
  - having regard to the motion for a resolution tabled by Mr Diana and others on exempting Italian producers from payment of the levy on the production of sugar under the B quota and increasing the B quota (Doc. 1-795/82)
  - having regard to the motion for a resolution tabled by Mr Davern and others on the urgent need to change the common organization of the sheepmeat market and introduce interim improvements (Doc. 1-1055/82)
  - having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets, the Committee on Development and Cooperation and the Committee on the Environment, Public Health and Consumer Protection (Doc. 1-1325/82),
  - having regard to the result of the vote on the Commission's proposals
- (A) having noted the report on the agricultural situation in the Community in 1982,

<sup>1</sup>OJ No. C 318 of 4.12.82 p. 5 and

<sup>2</sup>OJ No. C 32 of 7.2.83

- (B) recalling its resolution of 18 November 1982<sup>1</sup> on the European Parliament's position on the framing of the price proposals and related measures for the 1983/1984 marketing year, and whereas this resolution retains its full validity;
- (C) whereas the costs of the agricultural policy may not rise by more than the increase in Community revenue;
- (D) having regard to the significant savings made in the agricultural sector within the 1981 and 1982 Community budgets; whereas furthermore the budgetary cost of the CAP is still relatively small and is artificially inflated by the many derogations from Community preference;
- (E) considering it necessary to ensure stricter observance of the principles of the common agricultural policy: unity of the market, Community preference and financial solidarity;

#### General considerations

1. Notes that the Commission took only very partial and inadequate account of the resolution adopted by the European Parliament on 18 November 1982 on the framing of agricultural prices; it regrets that the Commission was unable to submit its price proposals by the date indicated by the European Parliament even though considerable progress has been made compared with last year;
2. If, however, a decision on prices is not reached by the start of the marketing year requests that the increase in prices be implemented retroactively to the start of the marketing year to the extent that this is possible;
3. Wishes to impress on the Council, in the light of the experience of last year, the vital importance of fixing farm prices by 1 April 1983 without any link being made with other issues;

<sup>1</sup>OJ No. C 334, 21.12.82 (Doc. 1-837/82)

Average increase in prices and agri-monetary measures

4. Considers, in view of the increase in production costs, that the Commission's proposals are totally inadequate to offset the fall in agricultural incomes noted during the period 1979-1982 - although these incomes have increased in 1982 in some of the Member States - and the loss of revenue suffered by farmers in 1982 as a result of the delay in fixing farm prices for the 1982/1983 marketing year;
5. Takes the view that, because income increases in 1982 over 1981 ranged from 0.5% in Ireland to 24% in Denmark, it is essential that the combination of prices and related measures should produce a package that is more or less equal in value to producers in each Member State;
6. In accordance with the positions previously expressed by the European Parliament, calls on the Council to fix by 1 April 1983 the prices and related measures for the 1983/1984 marketing year at an adequate level - but at no less than 7% - which having regard to the results of the objective method should aim to:
  - (a) safeguard the income of producers, which has suffered a marked decline in recent years;
  - (b) adjust the price increases to take account of product surpluses or deficits;
  - (c) ensure a better balance between the incomes of farmers and those of other productive sectors;
  - (d) reduce existing regional imbalances;
  - (e) avoid an increase in national aid provisions which would undermine the common agricultural policy;
7. Takes the view, furthermore, that such an increase in farm prices would enable positive MCAs to be substantially dismantled without the farmers in the countries concerned suffering from a loss of income, the reduction proposed by the Commission being inadequate;

8. Calls for the total abolition of negative MCAs and believes that the reduction in positive MCAs should be linked closely to the level of increase in agricultural prices inasfar as such increases are introduced in the countries directly concerned;
9. Requests that all measures related to the fixing of prices which have a bearing on the mechanisms of the market organizations should enable the producers to receive the full amount of the prices fixed;
10. Believes that full economic and monetary union is a pre-requisite for the re-establishment of market unity on a genuine and long-term basis; calls for the UK to join EMS as a step towards this goal; Stresses the importance of greater harmonization of Member States' economic policies for the functioning of the common market;

Specific measures to assist countries particularly affected by inflation

11. Notes that in the last three years agricultural income has fallen in those Member States which are members of the European Monetary System and have recorded levels of inflation above the Community average;

Takes the view that an effective and permanent solution to such imbalance can be found only in structural measures forming part of initiatives designed to further the process of economic convergence;

Believes moreover that such measures can only take positive effect in the medium term and that in the intervening period, to prevent the aggravation of the disparity in agricultural income, it will be necessary to adopt measures of an extraordinary and transitional character for the benefit of countries with a higher level of inflation. These measures could take the form of

- (a) updating of the existing aid provisions
- (b) interest rebates on credit facilities to farm managers and for the purchase of equipment
- (c) a reduction in the charges arising from the application of the co-responsibility measures;



## Co-responsibility measures

12. Rejects the Commission's proposals aimed at extending co-responsibility to other production sectors;
13. Takes the view that the co-responsibility measures proposed by the Commission with respect to cereals are unacceptable since there is no valid reason for passing on to farmers the budgetary costs arising largely from imports of cereals substitutes at zero or low rates of duty, by derogation from Community preference, which in 1981 constituted the equivalent of 14.5 m tonnes of cereals;
14. Recalls the position it took in paragraph 8 of its resolution of 18 November 1982 on the alignment of the prices of Community cereals with those applied by the major producer countries;
15. Rejects totally the idea of an additional co-responsibility mechanism for milk, namely the Commission's proposal to reduce intervention prices for certain dairy products by 2.2% which would result in producers being doubly penalized;
16. Takes the view, with regard to the current co-responsibility levy in the dairy sector, that mountain areas should continue to be exempt;
17. Calls for an additional levy to be imposed when an undertaking's milk production exceeds 15,000 kg per hectare of forage area used, with the aim of protecting the environment and coupling animal production with surface area;

18. Rejects the Commission's proposal to reduce the intervention price and guide price for colza by 1% since this is a source of protein of which there is a serious shortage in the Community;
19. Emphasizes once more the need to pursue a consistent and global policy in the oils and fats sector and in the proteins sector so that oils and fats and proteins produced in the Community are not penalized by comparison with imported oils and fats and proteins;
20. Criticizes in general terms the artificial character of the thresholds which have been calculated, in particular in respect of cereals, since inadequate account has been taken of the impact of substitute products;

#### Community preference

21. Considers it necessary to develop agricultural trade with third countries but is concerned at the excessive number of derogations from the principle of Community preference (imports at reduced rates of duty or duty-free) which compete with Community products and place a heavy burden on the budget;
22. Opposes the extension of the preferential arrangements in respect of imports of New Zealand butter and calls for their abolition as from 1984;
23. Confirms its resolution on agricultural prices for 1982/1983 and emphasizes once again the need for a genuine policy on oils and fats, based on the observance of Community preference, involving in particular the introduction of a levy on imports of vegetable oils and fats from third countries other than the developing countries;

### Analysis of certain products

24. Approves, subject to certain modifications, the price relativities adopted by the Commission when drawing up its proposals before the application of guarantee thresholds;

### Cereals and substitute products

25. Takes the view that maize production and feed wheat should be encouraged within the Community with a view to reducing its degree of dependence on imports, which could be effected by a slightly higher price increase than for other cereals and an unbinding of the duties on maize gluten within GATT;
26. Opposes for the same reasons the Commission's proposal to abolish the end of marketing year allowances, despite the fact that stocks are 20% higher than last year;
27. Calls for a more substantial increase in the aid for the production of durum wheat, believing that the present premium is totally inadequate to ensure acceptable levels of income for producers in southern areas of the EEC who grow this crop in particularly unfavourable conditions;

### Rice

28. Considers that a special temporary aid should be introduced for rice-growing in the Camargue in order to ensure the continuation of this activity which is vital to the economic and ecological survival of that area;

### Sugar

29. Stresses that the principle of budgetary neutrality has been applied to this sector since 1 July 1981 and that, as a result producers have to bear the entire cost of exporting that part of the Community's sugar crop not intended for domestic consumption.

Furthermore, the producers decided last year to carry forward one million tonnes of C sugar in order to relieve the world market and reduce the area under beet sugar by 9%; they are ready to make further such efforts in 1983/1984; this situation and these efforts must be taken into consideration when fixing the price of beet sugar in 1983/1984;

## Milk

30. Takes the view that the amount of 120 m ECU entered to assist small-scale producers of milk should be adjusted to take account of the likely rate of inflation during the 1983/84 marketing year, and that it should not be entered in the agricultural budget;
31. Welcomes the Commission's proposal on school milk but would like the list to be extended to other milk products which can be distributed in schools;
32. Is concerned at the sharp decline in butter consumption in the Community, especially in the United Kingdom where competition is being faced from a new type of margarine 'which tastes like butter'; invites the Commission to propose measures to arrest this trend;
33. Invites the Commission once again to propose measures to encourage the use of natural milk for calf feeding as this would enable considerable savings to be made in the Community budget;
34. Invites the Commission and the Council to implement measures in the milk sector giving incentives to quality production and marketing efforts;

## Beef and veal

35. Approves the principle of the application of the Community scale for the classification of carcasses of adult bovine animals for intervention purposes but calls for an additional one-year transitional experimental period before it is applied fully;
36. Takes the view that the intervention price and the activating threshold for intervention measures for beef and veal should be brought down to 93% of the guide price as provided for in the original version of the basic regulation;

37. Takes the view that intervention should be permanent for carcasses of bovine animals and that aid for private storage should be maintained during periods when the market is experiencing difficulties;
38. Rejects the restriction of buying-in operations to meat from male animals only; takes the view, therefore, that meat from female animals that complies with the relevant standard should also be eligible for intervention;
39. Calls for an adjustment of the existing premiums for the birth of calves and for suckler cows to take account of the general increase in costs in countries with higher rates of inflation;

#### Pigmeat

40. Notes that imports from third countries can seriously disrupt the pigmeat market; therefore invites the Commission to provide more effective protection against these imports, inter alia by automatically imposing an additional import duty when the reference price falls below a given minimum level;

#### Sheepmeat and goatmeat

41. Invites the Commission to submit early proposals on the reform of the Community regulation governing the market in sheepmeat to remedy the difficulties which have been experienced in this sector in most Member States since the introduction of the common organization of the market;
42. Calls in particular for a review of the system of the variable slaughtering premium and a review of the clawback mechanism which at present result in distortions of competition between the Member States;
43. Calls for full incorporation of goatmeat in the common organization of the market;

44. Calls for a more efficient application of the principle of Community preference in the sheepmeat and goatmeat sector, in particular by means of voluntary restraint agreements concluded with third countries which would enable imports from third countries to be adapted to the Community's internal requirements;

#### Mediterranean products

45. Considers as indispensable a global approach to the problems of Mediterranean products, and hence a revision of the regulations governing these products, to be undertaken on conclusion of the price negotiations within the framework of the scheduled Mediterranean programmes;

#### Oils and fats

46. Recalls that on several occasions Parliament has supported an overall policy for oils and fats in the Community, which includes a levy on all vegetable oils and fats but at the same time safeguards the interests of the developing countries through measures of financial compensation; calls for this levy to be implemented;

#### Olive oil

47. Calls for the early implementation of the European Parliament resolution adopted on 12 January 1983;<sup>1</sup>

#### Wine

48. Calls for the early implementation of the European Parliament resolution adopted at the sitting of 9 July 1982;<sup>2</sup>

#### Fruit and vegetables

49. Issues an urgent appeal to the Council to reach an early agreement to improve Community rules on fruit and vegetables taking into account the proposals contained in the resolution adopted by the European Parliament on 16 June 1982;<sup>3</sup>

<sup>1</sup>OJ C 42 of 14.2.83 (Doc. 1-964/82)

<sup>2</sup>OJ C 238 of 13.9.82 (Doc. 1-412/82)

<sup>3</sup>OJ C 182 of 19.7.82 (Doc. 1-279/82)

## Tobacco

50. Takes the view that aid to the redirection of production should be granted to tobacco producers to encourage them to produce the varieties for which there is a market demand, bearing in mind that such a redirective of production entails alterations to existing drying installations or the construction of ovens; considers that such aid should be granted for a period of 4 years, the first two years in full and the following two years degressively; calls on the Commission to submit a proposal along these lines after consultation with representatives of producers;
51. Rejects the Commission's proposal to reduce the relation between the intervention price and the norm price for most varieties from 90% to 85%;

## Seeds

52. Rejects the Commission's proposal designed to abolish aid for the seeds of peas and field beans with effect from the 1984/1985 marketing year since this measure might well result in the transfer of the production of these protein products to third countries, whereas efforts should be maintained to develop varieties better adapted to the Community's climate especially since the Community is a net importer of proteins;

## Protein crops

53. Invites the Commission to propose effective measures to encourage the development of protein crops in the Community and to include, with effect from the next marketing year, new protein crops such as lupins, chick-peas, kidney beans and lentils, which could offer a production alternative to the Mediterranean areas, in the common organization of the markets;

## Relations with third countries

54. Takes the view that the Community must finally find a solution to the problem of substitute products imported at zero or low rates of duty so as to reduce its dependence on third countries in particular on the United States, and thus reduce the burden they impose on the Community budget;

55. Takes the view that the Commission has not properly situated the problem of substitute products in the context of the fight against hunger in the world since some, such as soya, might be used to feed human beings rather than animals, and others, such as manioc, are bought cheaply from producers in the developing countries whereas they should be encouraged to produce food-stuffs to feed their own populations;
56. Proposes, therefore, that the Community should take the initiative in organizing a world conference on agriculture and food at which the wealthy countries and the developing countries should meet in order to establish how:
- (a) agriculture could contribute towards solving the problem of hunger in the world,
  - (b) the wealthy countries could develop their agricultural systems without entering into unreasonable competition,
  - (c) they could help the developing countries to develop a system of agriculture which would work for the benefit of their own populations,
  - (d) the wealthy countries could open their markets to products from poor countries - at profitable prices - without the relations linking them suffering from the same faults as in the case of traditional tropical products (cocoa, coffee, rubber, etc.);

Other considerations

57. Invites the Council to extend the common agricultural policy to products not yet subject to a common market organization;
58. Urges the Commission to submit in due course a supplementary budget for 1983 which is already needed for the financing of Community agriculture;



59. Emphasizes the importance of Community supervision of the implementation of agricultural legislation, with a view to improving the management of the common agricultural policy; asks further for the problem of fraud to be approached in a global and rigorous manner at the production stage (quantitative and qualitative), at the processing stage (sophistication and adulteration) and finally at the marketing stage; therefore calls on the Commission to strengthen the systems controlling the operation of the common market organizations for agricultural products;
60. Invites the Commission to alter its proposals, pursuant to Article 149, second paragraph, of the EEC Treaty, on the basis of this resolution.