

EUROPEAN PARLIAMENT

Working Documents

1982-1983

28 February 1983

DOCUMENT 1-1325/82/ANNEX

ANNEX

to the report drawn up by Mr J. MOUCHEL
on behalf of the Committee on Agriculture

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

- 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
(Doc. 1-970/82 - COM(82) 748 final)

- II. regulations relating to the fixing of prices for
certain agricultural products and on certain related
measures (1983/84)
(Doc. 1-1206/82 - COM(82) 650 final)

C O N T E N T S

	Page
Opinion of the Committee on Budgets	3
Opinion of the Committee on the Environment, Public Health and Consumer Protection	7
Opinion of the Committee on Development and Cooperation11
Motion for a resolution (Doc. 1-795/82)	20
Motion for a resolution (Doc. 1-1055/82)	21

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr A. GOUTHIER

On 27 January 1983 the Committee on Budgets appointed Mr Gouthier draftsman.

The committee considered the draft opinion at its meeting of 17 February 1983 and adopted it by 9 votes to 3.

Present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mrs Barbarella, vice-chairman; Mr Gouthier, draftsman; Mr Flanagan (deputizing for Mr Couste), Mr Helms (deputizing for Mr Konrad Schön), Mr R. Jackson, Mr Mouchel (deputizing for Mr Ansquer), Mr Newton-Dunn, Mr Pfennig, Mr Saby, Sir James Scott-Hopkins (deputizing for Mr Balfour) and Mr Woljter (deputizing for Mr Lalumiere).

The Committee on Budgets :

1. Notes that farm incomes experienced a marked increase in real terms in 1982 after showing a downward trend for three consecutive years;
2. Recalls the Resolution of the European Parliament on the Parliament's position on the framing of the price proposals and related measures for the 1983/84 marketing year in which it affirms that 'the current prices policy has proved inadequate as a means of regulating farmers' incomes and market equilibrium';
3. Stresses that an automatic indexing of farm prices to the average rate of inflation in the Community which does not take account of the development of production and consumption and of export possibilities will inevitably lead, in current market conditions, to the creation of surpluses and to a considerable increase in the budgetary costs of the common agricultural policy;
4. Considers, therefore, that it is only through an adequate modulation of price increases for the various products, taking account of the factors noted in the previous paragraph as well as of the need to reduce the structural and geographical imbalances within the Community, and through a package of specific measures aimed at supporting certain categories of producers and encouraging structural change, that the possibility of reconciling the goals of protecting incomes and limiting expenditure can be brought about.

As regards the price increases proposed by the Commission for the 1983/1984 marketing year:

5. Observes that the proposed increases are situated within a bracket of 3 to 7.5%, and do not therefore adequately differentiate between crops in surplus and crops in deficit;
6. Reaffirms the need in the management of the agricultural policy, to follow medium-term objectives, such as the Guidelines for European Agricultural Policy drawn up by the Commission, which would permit forecasts and scheduling of the financial costs of the common agricultural policy;

7. Confirms its favourable opinion expressed on 9 March 1982 on the introduction of limits to the guaranteed price for certain surplus production and notes that it is now indispensable to proceed to implement the coresponsibility measures decided on at the time of the 1982/83 price fixing;
8. Takes note of the fact that, according to the Commission's information, coresponsibility measures should be applied for the marketing year 1983/84 in the cereal sector, for dairy products, for colza and for processed tomatoes;

As regards the agri-monetary measures:

9. Recalls its favourable position on the abolition of all MCAs, while recognizing that they are temporarily necessary in view of the absence of other instruments capable of neutralizing the effect on farm incomes of differences in the inflation rates and of the inadequate convergence of economic and monetary policies;
10. Stresses, in particular, that the reduction in negative MCAs may provide a margin for an additional price increase in countries where agricultural incomes have been affected most severely by inflation;

As regards the budgetary effects of the Commission's proposals:

11. Notes that in 1982 the management of the EAGGF, Guarantee Section made it possible to realize considerable savings in relation to the appropriations entered in the budget; notes also that, according to Commission declarations, this positive balance has only been partly used in the supplementary and amending budget No. 1 for 1983;
12. Recalls that, at the first reading of the 1983 budget, Parliament considered that the expenditure estimates drawn up by the Commission for sectors where agricultural markets are supported had not taken sufficient account of criteria of economy and efficiency in management, and therefore created, in the context of the EAGGF, Guarantee Section, appropriations, a reserve of funds which could possibly be allocated to other policies;

13. Considers that, if it is nevertheless necessary to supplement the budget lines of the EAGGF, Guarantee Section to take account of the decisions on the 1983/84 price fixing and related measures, the financing can be drawn from the 1982 balance; such increases could be accorded when the balance, which will be known on 1 June, is entered in the budget;
14. Observes in this connection that, if the supplementary budget is adopted, the percentage of appropriations destined for the support of agricultural markets would be further increased in relation to the previous financial year, that such expenditure, after a series of years characterized by a rate of growth below that of own resources, is for the second consecutive year exceeding this parameter;
15. Reaffirms that the Commission should strengthen its forecasting and analysis systems so that it can evaluate in a more searching manner the consequences of the proposed measures in terms of production and expenditure;
16. Stresses again that, only through presenting the proposals on prices earlier than at present, can estimates which take account of variations in farm prices and related measures be drawn up in the course of the normal budgetary procedure;

In conclusion,

17. Stresses that, taken as a whole and at the present moment, the Commission proposals on the fixing of prices for certain agricultural products and on certain related measures constitute an acceptable solution to the problem of ensuring protection for the income of workers in the farm sector without causing at the same time distortions of trade and production and intolerable financial burdens.

OPINION OF

COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER PROTECTION

Draftsman: Mr K. COLLINS

On 20 January 1983 the Committee on the Environment, Public Health and Consumer Protection appointed Mr Collins draftsman of the opinion.

The Committee considered the draft opinion and adopted it by 12 votes to 8 votes against and 2 abstentions at its meeting of 24 February 1983.

A request was made in conformity with Rule 100, paragraph 3 to indicate how each member voted. The following was the result of the vote:

- For: Mr Johnson, acting-chairman; Mrs Weber, vice-chairman; Mr Collins, draftsman; Mr Caborn (deputizing for Mrs Van Hemeldonck), Mr Eisma (deputizing for Mrs Spaak), Mr Forth, Miss Hooper, Mr Newton-Dunn (deputizing for Dr. Sherlock), Mr Peters (deputizing for Mr Bombard), Mr Rieger (deputizing for Mr Muntingh) Mrs Seibel-Emmerling, Mr Vandemeulebroucke.
- Against: Mr Alber, Mr Del Duca, Mr Ghergo, Mrs Maij-Weggen (deputizing for Mrs Lentz-Cornette), Mr Mertens (deputizing for Mr Ryan), Mr Nordmann, Mrs Schleicher, Mrs Scrivener.
- Abstentions: Mrs Krouwel-Vlam and Mrs Pantazi.

1. In its explanatory statement the Commission acknowledges that during 1982 the volume of agricultural production reached record levels for a number of products (cereals, milk) and in other cases near record levels (sugar, wine). Agricultural incomes continue to rise as prices received by producers developed favourably.
2. Although definitive figures are not yet available on the development of agricultural incomes, the Commission estimates that these will have increased by more than 5% in real terms.
3. At the same time however consumption of many agricultural products is remaining static aggravating the Community's dependence for disposal of products on world markets which in their turn are suffering from the general economic slump.
4. The Commission underlines the danger of maintaining guaranteed prices or subsidies for unlimited quantities of production and sees the high volume of production in 1982 as a continuation of long term trends.
5. Account has been taken of repeated demands from the consumer organizations to present a table estimating the long term percentage impact on food prices country by country. It is the Commission's view that the impact of the current proposals on consumers will be modest. It estimates that the present proposals will result in an increase of less than 2% on average in consumer prices for food expenditure to an increase of approximately 0.3% on the cost of living.
6. In November 1982 the Consumers' Consultative Committee (CCC) presented a memorandum to the Commissioner for Agriculture indicating their satisfaction with the introduction of Christmas butter sales and with the determination being shown by the Commission to stop surpluses being developed.

7. In view of the fact that consumption for many basic products is static, the CCC considered that a price freeze was necessary. It also called for further programmes to make available surplus food to European consumers at reduced prices and for a stop to be put to financial support for destruction of food or vegetables. It regretted that over the last two years Council had added to the increases proposed by the Commission.

8. The Committee on the Environment, Public Health and Consumer Protection supports the position adopted by the CCC. While emphasising that producers' incomes must be safeguarded, it must be pointed out that the Commission estimate of the increase in farm income being 5% for 1982 is most probably unrealistic, this figure is more likely to be 8.6% according to recent calculations. In previous years, price increases were proposed on the grounds that farm incomes lagged behind other sectors of the economy. The change in this situation does not appear to be reflected in the current proposals.

9. The Commission asserts that these proposals keep closely to the intentions expressed in the Guidelines for European Agriculture. However, there is no evidence that the price policy is based on a narrowing of the gap between Community prices and prices applied by its competitors. World prices have dropped in relation to EEC prices, making it all the more necessary for the Commission to implement its policy of alignment. Neither is there evidence that the feasibility of direct income aids in certain circumstances has been seriously examined by the Commission.

10. The prospects for the rest of the decade are disturbing. In a recent study carried out at Louvain University, it was concluded that "for several agricultural products, especially milk and beefmeat, production will continue to increase more rapidly than consumption if there is no change in present measures and price structures." ¹

¹ Agricultural Forecasts 1990 for EUR-9, EUR-10 and Member States
G. BODDEZ and M. ERNENS

CONCLUSIONS

11. The Committee on the Environment, Public Health and Consumer Protection
- (i) welcomes the Commission's attempt to improve information about the impact of its proposals on food prices by publishing assessments country by country, but reiterates its demand that such assessments should also be drawn up product by product;
 - (ii) considers that the Commission's estimate of the increase in farm incomes in 1982 is not up-to-date and calls for a revision of the proposals in the light of new information about the agricultural and monetary situations;
 - (iii) supports the consumers' organisations' demand for an average price freeze;
 - (iv) calls on the Commission to look into the feasibility of direct income aids, particularly in the milk sector and in less-favoured areas;
 - (v) points out that as long as higher earnings for farmers can only be achieved by increasing the prices of agricultural products, negative effects on the environment (e.g. as a result of monocultures, factory farming, impoverishment of the flora and fauna, excessive use of chemicals and fertilizers) cannot be ruled out;
 - (vi) points out that until the social objectives of the CAP are separated from the stabilization of markets and the balancing of supply and demand, the Commission will continue to pursue contradictory objectives, penalizing the small farmer and consumers in general.

OPINION

(Rule 101 of the Rules of Procedure)
OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Draftsman: Mr FUCHS

On 20 January 1983, the Committee on Development and Cooperation appointed Mr G. FUCHS draftsman.

At its meeting of 7 February 1983, the committee considered and adopted the draft report unanimously with one dissenting vote.

The following took part in the vote: Mr Wawrzik, oldest member and acting chairman; Mr Fuchs, draftsman; Mr Cohen, Mr Deschamps (deputizing for Mr Bersani), Mrs Dury, Mr Enright, Mrs Herklotz (deputizing for Mr Kuhn), Mr Sable, Mr D. Taylor (deputizing for Mr Jackson), Mrs Pruvot (deputizing for Mr Irmer), Mrs Rabbethge and Mr Vankerkhoven.

INTRODUCTION

It would seem that, unlike what happened in previous years, an agreement will be reached fairly quickly, perhaps even for once on time, on the Commission's farm price proposals for an average increase of 5.5% for 1983-1984. Although these proposals effectively provide an acceptable basis on which to tackle the current problems facing the CAP, our committee still has to look into their impact on the agricultural, food and trade situation of the developing countries.

Since issuing our last opinion on farm prices (Opinion by Mr COHEN, Doc. 1-30/82/Ann.), the Commission has published, at our request, a study on the 'Common agricultural policy and the EEC's trade relations in the agricultural sector (implications for the developing countries)'¹.

According to the conclusions of this study, the CAP has fairly limited repercussions on third countries and on the developing countries in particular.

The EEC is the leading world importer of agricultural products and at the same time the developing countries' biggest customer. The Community tariff system as it applies to agricultural exports from the developing countries shows that

- 60% of them, in terms of total value, enter the Community duty free;
- one-third come in at a fairly low rate of duty;
- 7% are effectively subject to levies.

The Community is also the world's second largest exporter of agricultural products and the developing countries' second most important supplier. In 1979, it exported almost 21,000 million dollars worth of agricultural produce to the rest of the world, almost half of which went to the developing countries; this represents 10% of the world's agricultural imports and 16% of those of the developing countries (the corresponding figures for the United States are 20 and 23% respectively).

¹ Doc. SEC(82) 1223

The study draws attention to the Community's large agricultural deficit amounting to approximately

- -34 thousand million dollars with the rest of the world;
- -17 thousand million dollars with the developing countries.

While stressing at the outset the limited impact of the CAP on the developing countries, the Commission's study nevertheless recognizes that in some cases, Community exports compete with those of the developing countries, citing the examples of sugar and beef and veal, of which the developing countries are net exporters.

The task of our committee is to ascertain to what extent provisions restricted to agricultural prices within the Community confirm those findings, particularly as regards the 'limited impact of the CAP on the developing countries'. It must also ascertain whether the claim that European production and exports make a genuine contribution to improving world food security is sustained by the Commission's proposals.

o

o o

Prior to any discussion of the situation of individual agricultural products, it should first be pointed out that in its study, the Commission ignores the problem of the secondary effects produced in the developing countries by Community exports to the world market. At a time when the Community claims that it is helping to introduce food strategies in the developing countries for the purpose of achieving local or regional self-sufficiency, it would be useful to assess the side effects which Community agricultural exports have on the sluggishness of output growth compared with that of demand in the developing countries, a factor which is stressed in the Commission's study. The Commission goes no further than the cautious statement that the consumption model in the developing countries has also changed and that this has led to an increase in imports of products which are often difficult to produce locally (wheat, certain types of meat, milk products).

The case of sugar

During the 1982-1983 marketing year, the area under sugar beet cultivation decreased by 9% while at the same time, yields levelled off. Community output in 1982 was 13.6 million tonnes of sugar (compared with 15 million tonnes in 1981) while Community requirements were no higher than 9.5 million tonnes.

The growth of Community exports was as follows:

<u>1979/1980</u>	<u>1980/1981</u>	<u>1981/1982</u>
3.6 m tonnes	4.3 m tonnes	5.3 m tonnes

which, in terms of total world exports, give the following percentage figures:

14%	16.2%	18.5%
-----	-------	-------

Having regard to the surplus situation of the Community and the impact of Community exports on world prices which in the specific case of the ACP countries can cancel out and even reverse the positive effects of the protocol on sugar, one of the products which the developing countries traditionally export, the draftsman can agree with the proposal to raise Community prices by 4% only to the extent that such an increase is unlikely to lead to an even larger Community surplus.

It seems out of the question, however, that price measures alone will put the Community market on a sound footing and reduce Community exports. This being so, consideration should be given to the second possibility available under the arrangements governing the organization of the sugar market, in other words a reduction in the A and B quotas. The current sugar regulation stipulates that the Council should review the situation on the world sugar market by 1 January 1984 and, where appropriate, revise the A and B quotas, on a proposal from the Commission.

The situation on both the world and the Community markets would warrant a Community proposal to this effect. Before leaving the subject, it should be pointed out, as our committee has repeatedly done, that in any search for a solution to the sugar problem, there are a number of points that

are non negotiable. The first of these is that the Community is under the obligation to import at a guaranteed price, 1.3 million tonnes annually supplied by the ACP countries. The second is that the Community is under a political and moral obligation to subscribe to the International Sugar Agreement at an early a date as possible.

Cereals

The proposed price increases range from 3 to 4.8% depending on the type of cereal. Any proper assessment of those proposals must make allowance for the relatively low share of Community exports in the world total. The figures were

(Europe of the 10)	- 6.1% in 1978
	- 7.4% in 1979
	- 9.0% in 1980.

The draftsman believes that the Community's objective in this field should be to maintain its position on the world market but not to allow this to lead to an all-out policy of export to the developing countries. The fact is that it is generally recognized that even on the most favourable assumption as regards the implementation of their national or regional strategies for self-sufficiency in food production, the developing countries will have to increase their grain imports during the next ten years (the need will be particularly felt in Africa). This being so, it clearly seems most desirable from a political point of view to maintain a wide range of suppliers as an effective means of thwarting any temptation to resort to the food weapon.

Substitution products

The developing countries are concerned with certain substitution products only (manioc, soya). The first point to be made in this respect is that the closer that imports of other products, from the USA for instance, are brought under control, the wider the Community will be able to open its doors to those products.

The Community has concluded a voluntary restraint agreement on the export of manioc with one country only, i.e. Thailand. Imports from other developing countries are covered either by preferential agreements or by GATT provisions or they are not subject to any rules whatever (as in the case of China).

For the 1983/84 marketing year, the breakdown of manioc imports is as follows:

- | | |
|---------------------------------|---|
| - Thailand: | 5 million tonnes (plus a possible further 0.5 million tonnes) |
| - Indonesia: | 0.75 million tonnes |
| - GATT countries: | 0.132 million tonnes |
| - Non-GATT countries
(China) | 0.37 million tonnes. |

A fair balance between various conflicting requirements viz

- the importance of export revenue to the developing countries that produce manioc,
- the obligation on the Community not to close its frontiers to agricultural imports from the developing countries,
- the negative effects of single cropping on those same countries, the adverse effects on the soil of intensive manioc growing,

is struck by the type of voluntary restraint agreement concluded with Thailand, coupled with Community aid to support crop diversification. In the proper interests of both sides, the Community should promote this type of agreement.

Milk products

The proposed increase for milk products is 3.2% in the intervention price and 5.5% in the target price.

The CAP has produced such large surpluses of milk products that the Community today enjoys an altogether dominant position on the world market. During the period 1973/79, the Community increased the value of its exports of milk products by 170%. Community exports of liquid milk rose from 6.63 million tonnes in 1973 to 17.06 million tonnes in 1981.

Expressed as a percentage, the Community share of world exports was a follows:

	<u>1977</u>	<u>1981</u>
Butter	43.6%	54.1%
Skimmed milk powder	46%	55.1%
Whole milk powder	63.2%	76.1%
Cheese	35.3%	46.9%

According to the study mentioned in the introduction, the volume of exports¹ to the developing countries rose by 14% between 1973 and 1981, their value more than tripling (+ 245%) during this period.

Those figures plainly show that the Community has sought to solve its milk surplus problem by exporting to the developing countries on a large scale. What we have here is a typical example of the negative effect which the CAP has on the developing countries (a change in eating habits; competition with other products grown locally; the particularly scandalous problem of baby food; financial charges incurred in importing those products).

The draftsman believes that the Community must find internal answers to the problem of overproduction in the dairy sector and abandon what is an expansionist policy of exporting those products to the developing countries.

¹ The annual amounts supplied as food aid should be added, i.e.

- 150,000 tonnes of powdered skimmed milk
- 45,000 tonnes of butter oil

Fruit and vegetables

At a time when the Commission is stressing the need for an overall Mediterranean policy and when Spain and Portugal are poised to join the Community, the adjustment of Community policy on fruit and vegetables to meet those two requirements is a matter of urgency.

As our committee has already pointed out in a previous opinion, a first, albeit incomplete, step would be to improve the scheduling of Community production to allow developing countries to make maximum use of the opportunity to export during the off season.

Furthermore, all of the developing countries concerned should be regularly informed of progress in the membership negotiations between the Community and the applicant countries.

Conclusions

The Committee on Development and Cooperation requests the Committee on Agriculture to insert the following paragraphs in its motion for a resolution:

1. Expresses its concern at surplus sugar production in the Community; considers that price measures offer no more than a partial solution to the problem.
2. Takes the view that the problem can only be solved by parallel measures on quotas and requests the Commission to submit proposals on those lines.
3. Recalls the contractual obligations entered into by the Community in the sugar protocol.
4. Likewise recalls the obligation on the Community to subscribe to the International Sugar Agreement.
5. Calls on the Community, while maintaining its share of the market, to make constant allowance for the impact of its grain exports on local production and on the implementation of the food strategies of the importing developing countries.

6. Takes the view that the closer that imports from the United States are brought under control, the wider the Community will be able to open its doors to substitution products from the developing countries; in return for voluntary restraint agreements with the manioc-exporting countries the Community must absolutely provide them with aid for crop diversification.
7. Condemns the Community's attitude of seeking to mop up its surplus production of milk products by large-scale exports to the developing countries. Recalls in this regard that the current policy has extremely adverse consequences on the developing countries concerned and particularly on their trade balance, their eating habits, especially infant feeding, and on the work situation of local agricultural producers.
8. Calls for the gradual integration of the Community's policy on fruit and vegetables into an overall Mediterranean policy.
9. Stresses the need to keep the developing countries concerned fully and regularly informed of the implications of the forthcoming enlargement of the Community.

tabled by Mr DIANA, Mr LIGIOS, Mr ADONNINO,
Mrs CASSANMAGNAGO CERRETTI and Mr ANTONIOZZI

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

The European Parliament,

- A. whereas the sugar beet harvest in Italy has been particularly poor because of the drought which has hit various areas of the country, notably in the south,
- B. whereas, if action is not taken promptly, the drop in production and low quality yields will not only hit producers' incomes, but will ultimately adversely affect the output of and employment provided by processing firms,
- C. whereas investment in sugar beet has already fallen in the current marketing year by 20%,
 1. Requests the Council to take immediate action to exempt Italian producers from payment of the additional contribution for 'B' quota sugar in respect of that part of their production corresponding to the difference between Italian domestic consumption and the 'A' quota;
 2. Considers that it is necessary at any event to increase Italy's 'A' quota to at least the current 'B' quota level;
 3. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.

MOTION FOR A RESOLUTION DOCUMENT 1-1055/82

tabled by Mr DAVERN, Mr MOUCHEL, Mr de la MALENE, Mrs ANGLADE, Mr ANSQUER, Mr BORD, Mr COUSTE, Mr CRONIN, Mr DELEAU, Mr DENIAU, Mr FLANAGAN, Mr GERONIMI, Mr ISRAEL, Mr JUNOT, Mr LALOR, Mr NYBORG, Mr PAULHAN, Mr REMILLY, Miss DE VALERA, Mr VIE and Mrs WEISS

pursuant to Rule 47 of the Rules of Procedure

on the urgent need to change the common organization of the sheepmeat market and to introduce temporary improvements

The European Parliament,

- A - having regard to Regulation 1837/80 establishing a common organization in the sheepmeat market,
- B - having regard to the difficult situation faced by European sheepmeat producers in view of the stagnation in the market with prices in November 1982 equal to only 97% of the base price, as compared with 110% in November 1981,
- C - whereas this situation is attributable to defects in the conditions set out under Regulation 1837/80 and is aggravated by certain administrative measures adopted by the Commission,

As regards the internal aspects of the regulation:

- 1 - Points out that the application of Regulation 1837/80 has caused serious disparities between Member States with the result that, in 1981, 97.9% of expenditure under this regulation benefitted just one Member State;
- 2 - Draws attention to the disparities caused by the existence side by side of two different systems for guaranteeing producers' incomes, one of which obtains in only one Member State and yet has a permanently depressive effect on the whole market;
- 3 - Believes that this state of affairs works against the creation of a single market;

- 4 - Points out that the claw-back mechanism can no longer perform its corrective function in this respect because of the possibility of abuse due to authorization of the variable slaughter premium on live animals, and thus the possibility of this premium being granted at a time other than that when the slaughter takes place, in conditions and at rates bearing no relation with those prevailing at the time of the marketing of the carcasses;
- 5 - Deplores the distortion of competition thus engendered;
- 6 - Points out that these distortions are increased by the exemption from the claw-back of exports to third countries in the absence of refunds;
- 7 - Believes that such distortions should be eliminated:
 - a. by abolishing the exceptional arrangements for the variable premium, which has been adopted by only one Member State;
 - b. in the immediate future, by granting the variable premium only at the rate prevailing on the day of slaughter and by reimposing the claw-back where exports to third countries are concerned;

As regards the external aspects of the regulation:

- 8 - Points out that voluntary restraint agreements permit imports on preferential conditions of 322,000 tonnes of sheepmeat per year;
- 9 - Points out, however, that quantities of sheepmeat from third supplier countries for 1978, 1979 and 1980 amount to only 274,000 tonnes;
- 10 - Is concerned at conditions in which the possibility of importing 48,000 tonnes in excess of EEC requirements could be created for no reason, in contempt of Community preference;
- 11 - Points out that this amount is shown to exceed EEC requirements by the fact that the volume of actual imports for 1981 was only 254,000 tonnes;
- 12 - Believes however that these initially favourable conditions granted to third supplier countries constantly risk creating serious disruption of the Community market, if, with their other outlets blocked, these third supplier countries were thus able to divert their sales to the EEC;
- 13 - Points out that these risks are increased by the long-term tendency for sheepmeat consumption to fall off in the EEC, owing to the purchase by consumers of other types of meat;

- 14 - Is concerned at the threats posed to the system of sensitive areas by Commission proposals to make constant increases in the quotas for such areas, whereas equilibrium in these markets must be preserved and therefore the system must be strictly maintained;
- 15 - Believes that this situation must be remedied:
- (a) by reducing by voluntary restraint agreements the amount which may be imported to the level required to meet the needs of the Community; this measure will not cause hardship to third supplier countries whose actual volume of trade will not be reduced,
 - (b) by adjusting for the future the amount to be imported each year under these agreements according to the EEC's supply deficit of the previous year,
 - (c) by concluding an agreement with New Zealand guaranteeing her export earnings, thereby ensuring that such a measure does not damage her interests;
- 16 - Calls on the Commission:
- (a) as part of the revision of Regulation 1837/80, due before 1 April 1984, to submit to the Council proposals along the lines of the measures set out above, as regards both the internal and external aspects,
 - (b) in the meantime to take transitional measures along the same lines, within the limits of its administrative authority,
- 17 - Instructs its President to forward this resolution to the Council and Commission.