

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

1983-1984

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27 April 1983

DOCUMENT 1-224/83

REPORT

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the  
European Communities to the Council (Doc. 1-65/83 - COM(83) 91  
final) for a regulation amending Regulation (EEC)  
No. 1035/72 on the common organization of the market  
in fruit and vegetables

Rapporteur: Mr A. COLLESELLI

PE 83.901/fin.



By letter of 17 March 1983, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables.

On 11 April 1983, the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and the Committee on Budgets for its opinion.

At its meeting of 16 March 1983, the Committee on Agriculture appointed Mr Arnaldo COLLESELLI rapporteur.

The committee considered the proposal at its meetings of 21/22 March 1983 and 19/20 April 1983.

At the latter meeting, the committee decided by 16 votes to 2 with 2 abstentions to approve the Commission's proposal with one amendment.

The Commission has not taken a position on the amendment in question.

The committee then adopted the motion for a resolution as a whole by 16 votes to 2 with 2 abstentions.

The following took part in the vote: Mr CURRY, chairman; Mr FRUH, vice-chairman; Mr COLLESELLI, vice-chairman and rapporteur; Mr DELATTE, vice-chairman; Mr ADAMOÛ Mrs BARBARELLA (deputizing for Mr PAPAPIETRO), Mrs CASTLE, Mr DALSASS, Mr DIANA, Mr EYRAUD, Mr FLANAGAN (deputizing for Mr DAVERN), Mr HELMS, Mrs HERKLOTZ, Mr HORD, Mr MARCK, Mrs MARTIN, Mr SUTRA, Mr THAREAU, Mr VGENOPOULOS and Mr VITALE.

The report was tabled on 21 April 1983.

The opinion of the Committee on Budgets is attached.

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

Proposal from the Commission for a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables

Amendment tabled by the Committee  
on Agriculture

Article 2

This regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This regulation shall be binding in its entirety and directly applicable in all Member States.

Text proposed by the Commission of  
the European Communities

Article 2

This regulation shall enter into force on 1 January 1985.

This regulation shall be binding in its entirety and directly applicable to all Member States.

A

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 amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(83) 91 final),<sup>1</sup>
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-65/83),
  - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-224/83),
  - having regard to the result of the vote on the Commission's proposal,
- A. Whereas it is necessary to improve the system of reference prices which constitutes the most important protective measure applied to the fruit and vegetables sector and to other Mediterranean products,
- B. Whereas the present proposal, while not eliminating the weaknesses, to which attention has been drawn on several occasions, of the reference price mechanism, does help to improve the effectiveness of this mechanism,
1. Approves the Commission's proposal;
  2. Calls nevertheless on the Commission to amend it to ensure that the new provisions come into force immediately after approval by the Council and not simply on the entry of Spain and Portugal into the Community;

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<sup>1</sup> OJ No. C 74, 18.3.1983, p. 7

3. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

Explanatory Statement

1. The Commission's proposal seeks to modify the current system of calculation for the reference price applied to fruit and vegetables, provided for in Article 23 of the original Regulation No. 1035/72.

The reference price, as is well known, is a protective mechanism for the imports of fruit and vegetables from other countries: these cannot be imported into the Community at a price lower than the reference price, otherwise countervailing charges are levied.

Under the new system now proposed, the annual adjustments to the reference price will take greater account of the increases in production costs in the Community, so as to avoid a gradual erosion of Community preference.

2. Technically, the amendment stipulates that the reference price fixed in the previous marketing year is automatically increased each year by a percentage corresponding to the average increase in production costs, less a figure corresponding to the growth in productivity.<sup>1</sup> This modification should result in a higher rate of increase in reference prices than that obtained under the existing system.

The reference price is currently applied to 14 products: oranges, mandarins, lemons, clementines, apples, pears, table grapes, peaches, cherries, tomatoes, aubergines, cucumbers and marrows.

3. The Committee on Agriculture has accepted the Commission's proposal. It will in effect result in an improvement in Community preference and a reduction of the difference between the degree of protection accorded to produce from the north of the Community by virtue of frontier levies and that offered to Mediterranean products under the reference price mechanism.

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<sup>1</sup> See attached table for the method of calculation



By facilitating the sale of Community produce, the proposal may also lead to a reduction in the quantity of goods withdrawn from the market.

4. However, not even this proposal provides a full remedy to the frequently criticized weaknesses of the reference price mechanism. Its effectiveness can easily be impaired by importers who are less than scrupulous in their invoicing; furthermore, owing to the rigid nature of the procedure, protective measures, such as the levying of countervailing charges or the blocking of imported goods in cases where the reference price is not observed, may be applied too late, after cheap imports from third countries have caused extreme difficulties to Community producers, completely wrecking the market. Nevertheless, the proposal does represent a positive step forward and is an improvement on the present situation.
5. The Commission proposal also provides for the inclusion of melons in Annex I of the original Regulation, which means that both the quality standards and the reference price system will be extended to cover this product. These provisions too can be accepted.
6. According to the Commission's proposal, the provisions in question will come into force on 1 January 1985, the anticipated date of the entry of Spain and Portugal into the Community. However, it is well known that Spanish entry, which will bring the fruit and vegetable production of that country into the Community system, will lessen the impact of the amendment on reference prices. It is therefore necessary for this amendment to come into force once it has been adopted by the Council, without waiting for Spanish entry. Only in this way will it be able to take full effect.
7. In conclusion, it should be noted that in December 1982 the Council instructed the Council of Agriculture Ministers to revise the rules on fruit and vegetables by the end of March 1983. That is why this proposal must be considered as soon as possible.

Development of operating costs (excluding salaries) in the  
fruit and vegetables sector in 1982

- EUR 10 -

Category of operating costs	Increase in production costs in 1982 (% / 1981) 10 countries	Farms specializing in horticulture <sup>2</sup>		Farms specializing in fruit-growing <sup>3</sup>	
		Breakdown costs <sup>4</sup> % 9 countries	Increase in operating costs	Breakdown of costs <sup>4</sup> % 9 countries	Increase in operating costs
<b>1. INTERMEDIATE CONSUMPTION:</b>					
- Animal feeding stuff	7,9	-	-	4	0,32
- Fertilizers and soil conditioners	11,0	4	0,44	8	0,88
- Energy and fuel <sup>5</sup>	12,1	18	2,18	5	0,61
- Services <sup>6</sup>	9,6	9	0,86	10	0,96
- Other intermediate consumption <sup>7</sup>	10,9	38	4,14	23	2,51
<b>2. DEPRECIATION OF EQUIPMENT</b>					
	11,1	4	0,44	10	1,11
<b>3. OTHER COSTS:!</b>					
- Tenancy (or rental value)	10,0	21	2,10	28	2,80
- Return on operating capital					
- Lifestock	12,0	-	-	1	0,12
- deadstock	11,1	2	0,22	6	0,67
- current capital	11,0	4	0,44	5	0,55
<b>TOTAL</b>	-	<b>100 %</b>	<b>10,8 %</b>	<b>100 %</b>	<b>10,5 %</b>

Average increase in production costs : 10,6%

Productivity assessment - 1,5%

Average fixed-rate used - 9,1%

i.e. an index of + 10,6% for all farms specializing in fruit and vegetables

1 EUR 10 estimate (total agriculture) - December 1982 - EUROSTAT - excluding salaries

2 Farms with more than two-thirds of their potential in horticultural products

3 Farms with more than two-thirds of their potential in fruit and permanent crops

4 Based on weighted RICA results: three-yearly average for 1979/80, 1978/79, 1977/78 (EUR 9)

5 Electricity, fuel lubricants, car expenditure

6 Other specific expenditure on breeding, outside labour, maintenance of equipment and buildings

7 Seeds, irrigation water, crop protection products, other expenditure on crops, expenditure on forests, taxes, other general expenditure

E U R O P E A N C O M M U N I T I E S

EUROPEAN PARLIAMENT

Co/DM/ap

Mr David M. CURRY, MEP,  
Chairman,  
Committee on Agriculture,  
European Parliament,  
Centre European,  
Kirchberg,  
LUXEMBOURG.

Dear Mr. Curry,

Subject: Opinion of the Committee on Budgets for the Committee on Agriculture on the proposal from the Commission to the Council for a Regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables.

The Committee on Budgets examined the proposal for a regulation amending the regulation on the common organization of the market of fruit and vegetables (COM(83)91) at its meeting of 20/21 April 1983.

The Committee observed that the proposed changes were designed, among other things, to amend the criteria for establishing the reference prices for certain fruit and vegetables.

The Committee noted, on the basis of the financial statement provided by the Commission, that the effect on revenue accruing to Article 100 of the budget would be negligible.

The Committee on Budgets has no objections to the present proposal.

Yours sincerely,

(sgd) Erwin LANGE

The following were present at the vote: Mr LANGE, Chairman; Mrs BARBARELLA, Vice-chairman; Mr ANSQUER, Mr ARNDT, Mr GOUTHIER, Mrs HOFF, Mr R. JACKSON, Mr KELLETT-BOWMAN, Mr LALUMIERE, Mr LANGES, Mr NEWTON-DUNN, Mr PFENNIG, Mr PRICE, Mr PROTOPAPADAKIS, Mr SABY, Mr SCHON, Mrs SCRIVENER and Mr SIMONNET.