

EUROPEAN PARLIAMENT

Working Documents

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REPORT

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 1-1300/82 - COM(82) 895 final) for a regulation fixing the amount of aid granted for seeds for the 1984/85 and 1985/86 marketing years

Rapporteur: Mr A. DIANA

By letter of 11 February 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 Council regulation (EEC) fixing the amount of aid granted for seeds for the 1984/85 and 1985/86 marketing years.

On 7 March 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 10 February 1983, the Committee on Agriculture appointed Mr Alfredo DIANA rapporteur.

The committee considered the Commission's proposal and the draft report at its meeting of 19/20 April 1983.

At the same meeting the committee decided unanimously to recommend to the European Parliament that it approve the Commission's proposal without amendment.

The committee then unanimously adopted the motion for a resolution as a whole.

The following took part in the vote: Mr CURRY, chairman; Mr FRÜH, Mr COLLESELLI and Mr DELATTE, vice-chairmen; Mr DIANA, rapporteur; Mr ADAMOU, Mrs BARBARELLA (deputizing for Mr PAPAPIETRO), Mr EYRAUD, Mr HELMS, Mrs HERKLOTZ, Mr HORD, Mr HOWELL, Mr MARCK, Mr d'ORMESSON, Mr SUTRA, 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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A

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 consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation fixing the amount of aid granted for seeds for the 1984/85 and 1985/86 marketing years,

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(82) 895 final),
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-1300/82),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-223/83),
 - having regard to the result of the vote on the Commission's proposal,
- A. having regard to the ten-year study by the Commission in the seeds sector Reg. (EEC) No. 2358/71, on the common organization of markets for seeds;
- B. whereas the method of granting aid to the production of certified seeds has unquestionably introduced a system of incentives into the sector;
- C. whereas after ten years of existence the aid is no longer able to perform its guiding function as regards cultivation in this sector;
- D. whereas it provides a supplement to the income of seed producers, but is totally ineffectual in the face of the one factor which influences the decisions of farmers, namely the market price of imported seeds;
- E. bearing in mind that of the types of seeds for which a premium is paid, some are set to remain at their present level of availability, while others are tending towards a steady decline;

1. Takes the view that:

- (a) the seeds sector should be regarded as strategically important for European agriculture, and a position of sole reliance on world supply movements should therefore be avoided;
- (b) it is necessary to redefine the organization of the market for seeds, in order to take account of long-term trends;
- (c) the Commission proposals for a regulation on the 1984/85 and 1985/86 marketing years may be accepted but the level of aid proposed by the Commission is insufficient to ensure constant Community seed production;
- (d) it is appropriate to add durum wheat seeds to the products eligible for aid;

2. 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

The Commission proposal for the 1984/85 and 1985/86 marketing years, which provides for a 10% increase in aid, is not sufficient to guarantee a stable and permanent level of seed production in the Community, vital in view of the strategic importance of this sector as the starting point for extending the production of certain crops in the Community.

Indeed, taking account both of the increase in outlay over the last year and of the likely expenditure for the two subsequent marketing years, to which the new proposed level of aid would be applicable, and also allowing for the effects of the inflation which will inevitably be recorded, it appears obvious that greater incentives need to be introduced into the sector.

It should in addition be pointed out that the amount of aid offered, after deduction of increased costs, does not sufficiently encourage Community production with the aim of achieving market balance, as would be desirable; on the other side, the system of protection against imports from third countries, taken as a whole, does not in practice accord any preference to Community production.

This is one of the reasons for the fluctuations in the surface areas devoted to the various crops, of which some appear to be on a steep decline, while others are on the increase, a trend which seems scarcely compatible with a harmonious market balance.

The ten years of application of the Regulation, based on aid, invite the following observations:

- (a) the surface area under grasses has remained more or less constant, moving from 104,129 hectares in 1972 to 100,456 hectares in 1981, while that devoted to legumes has increased substantially, owing to the significant progress of large and small field beans and peas, moving from 96,666 hectares in 1972 to 139,699 hectares in 1981.

With regard to the quantities harvested, the following trends have emerged:

Grasses:

- 959,890 quintals in 1972
- 845,457 quintals in 1980
- 1,059,063 quintals in 1981

Legumes:

- 189,794 quintals in 1972
- 1,296,299 quintals in 1980
- 1,916,190 quintals in 1981

- (b) the trends are slightly different for the specific species: some have remained virtually static:

Dactylis glomerata (Cocksfoot)
Festuca arundinacea (Tall fescue)
Festuca ovina (Sheep's fescue)
Festuca rubra (Red fescue)
Lolium perenne (Highly persistent perennial ryegrass)
Poa pratensis (smooth-stalked meadowgrass)
Medicago sativa (Lucerne) - varieties and ecotypes
Trifolium repens giganteum (Giant white clover)

while others have registered a marked decline:

Festuca pratensis (Meadow fescue): decrease in crop size
Lolium perenne (Low-persistence perennial ryegrass):
decrease in crop size

Phleum pratense (Timothy) : increase in imports

Trifolium pratense (Red clover) : decrease in
crop size

Trifolium repens : increase in imports.

Denmark is the largest producing country in this area. As far as exports are concerned, Denmark is again the leader, followed by the Netherlands and the United Kingdom, who are also major producers. France and Italy are the main producers of legumes.

Imports from third countries are large in quantity and originate primarily from the United States, Canada, New Zealand and certain Eastern European countries.

To be allowed to export their produce to the Community, third countries must have control procedures equivalent to those of the Community. The quantities imported vary from 400,000 and 600,000 quintals p.a., while exports to third countries exceed 200,000 quintals p.a.

Appreciable quantities are also exchanged in intra-Community trade, reaching approximately 600,000 quintals p.a..

It unfortunately has to be admitted that after ten years of application the aid has gradually lost its ability to play a guiding role for crops in this sector.

Indeed, the only factor to influence growers' production choices is the market price as determined by imported seeds, and because the aid must revert to being a quantifiable income supplement if it is to perform its desired function, the Commission proposals must be developed in the appropriate direction, especially since the open frontiers with third countries allow unhindered access to the internal market.

This is why, depending on market movements, the level of aid can vary from 10% to 50% of a market price subject to what can be significant fluctuations. In the 1981/82 marketing year, aid ranged from 10% to 20% in most cases, except for *Dactylis glomerata* (33%) and *Festuca pratensis* (27%).

It is also necessary to bear in mind that the price of forage-crop seed can vary widely from one year to the next, depending on the yields obtained, which in turn determine the area planted in the following year.

The supplies from New Zealand are having particularly adverse effects on certain species such as *Trifolium repens* and *Phleum pratense*.

The proposal to include durum wheat seed in the system of subsidies takes account of the fact that the Commission, on the basis of Regulation 2727/75, wished to encourage the establishment of this crop, with the additional aim of improving the quality aspects by refusing the entitlement to production premiums to those varieties which, from the genetic, and hence organoleptic, point of view, do not meet certain specific requirements.

In conclusion, considering that only the maize sector enjoys a modicum of protection, which is still insufficient, hingeing as it does on a value added tax which can attain a maximum of 4% so that the principle of a difference between the reference price and the free-at-frontier offer price is rendered largely meaningless, it is necessary to give a genuine impetus to the seeds sector by means of a suitable expansion of premiums, pending a reform of the system which will ensure better protection and greater preference for Community products.

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,
Centre Européen,
Kirchberg,
LUXEMBOURG

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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 fixing the amounts of aid granted for seeds for the 1984/85 and 1985/86 marketing years.

The Committee on Budgets examined the proposal for a Council Regulation fixing the amounts of aid granted for seeds for the 1984/85 and 1985/86 marketing years (COM(82)895 final) at its meeting of 20/21 April 1983.

The Committee noted on the basis of the financial statement provided by the Commission that there would be no budgetary effects in the financial year 1983 and that the total net effect over future years would be a reduction of 6.5 m ECU in expenditure from Item 1800 of Part B of the Commission's budget.

The Committee on Budgets agreed, therefore, to give a favourable opinion on the Commission's 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 JACKSON, Mr KELLET-BOWMAN, Mr LALUMIERE, Mr LANGES, Mr NEWTON-DUNN, Mr PFENNIG, Mr PRICE, Mr PROTOPAPADAKIS, Mr SABY, Mr SCHÖN, Mrs SCRIVENER, and Mr SIMONNET.

PE 84.150/fin.