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EUROPEAN PARLIAMENT

# Working Documents

1982-1983

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10 November 1982

DOCUMENT 1-837/82

REPORT

drawn up on behalf of the Committee on Agriculture

on the European Parliament's position on the framing  
of the price proposals and related measures for the  
1983/84 marketing year

Rapporteur : Mr J. MOUCHEL

PE 79.579/fin.



At its sitting of 14 June 1982 the European Parliament, pursuant to Rule 47 of the Rules of the Procedure, referred the motion for a resolution by Mr Maher on the difficulties in fixing the agricultural prices (Doc. 1-264/82) to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection for an opinion.

At its sitting of 16 June 1982 the European Parliament, pursuant to Rule 47 of the Rules of Procedure, referred the motion for a resolution by Mr Pranchère, Mr Maffre-Baugé, Mrs Poirier, Mr Martin, Mrs Le Roux, Mrs De March, Mr Wurtz, Mr Fernandez and Mr Bucchini on the need for Community measures to compensate for the losses of earnings caused by the delay in fixing agricultural prices for 1982/1983 (Doc. 1-363/82) to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for an opinion.

At its meeting of 22 and 23 June 1982 the Committee on Agriculture decided, on the basis of the above two motions for resolutions, to draw up a report on the European Parliament's position on the framing of the price proposals and related measures for the 1983/84 marketing year. It appointed Mr Mouchel rapporteur at its meeting of 23 and 24 September 1982.

It considered the draft report at its meetings of 18 and 19 October 1982 and 2 and 3 November 1982. At the latter meeting it adopted the motion for a resolution as a whole by 16 votes to 6 with 2 abstentions.

The following took part in the vote: Mr Curry, chairman, Mr Früh, vice-chairman, Mr Mouchel, rapporteur, Mr Abens (deputizing for Mr Vernimmen), Mr Adonnino (deputizing for Mr Dalsass), Miss Brookes (deputizing for Mr Hord), Mr Gatto, Mr Gautier, Mr Howell, Mr Kaloyannis, Mr Jonker (deputizing for Mr Tolman), Mr Louwes (deputizing for Mrs Martin), Mr Martin (deputizing for Mr Pranchère), Mr B. Nielsen, Mr Nord (deputizing for Mr Delatte), Mr Papaefstratiou (deputizing for Mr Clinton), Mr Papapietro, Mrs Pauwelyn (deputizing for Mr Jürgens), Mr Pfennig (deputizing for Mr Helms), Mr Provan, Mrs Quin, Mr Thareau and Mr Vgenopoulos.

The Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection will not deliver an opinion.

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

MOTION FOR A RESOLUTION

on the European Parliament's position on the framing of the price proposals and related measures for the 1983/84 marketing year

The European Parliament:

- A having regard to its opinion of 26 March 1982 on the agricultural price proposals for the 1982/83 marketing year<sup>1</sup>,
- B having regard to its opinion of 16 June 1982 on the changes to the common organization of the market in fruit and vegetables<sup>2</sup>,
- C having regard to its opinion of 9 July 1982 on the changes to the common organization of the market in wine<sup>3</sup>,
- D having regard to the motion for a resolution by Mr Maher on the difficulties in fixing the agricultural prices (Doc. 1-264/82),
- E having regard to the motion for a resolution by Mr Pranchère and others on the need for Community measures to compensate for the losses in earnings caused by the delay in fixing agricultural prices for 1982/83 (Doc. 1-363/82),
- F having regard to the report of the Committee on Agriculture (Doc. 1-837/82),
- G having regard to the strategic value of foodstuffs,
- H whereas prices which take account of real costs are one of the only possibilities for developing countries to develop an agricultural system which meets their requirements,

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<sup>1</sup> OJ No C 104, 26.4.1982, p.25 Doc. 1-30/82 - rapporteur: Mr Curry

<sup>2</sup> OJ No C 182, 19.7.1982, p.30 Doc. 1-279/82 - rapporteur: Mr Maffre-Bauge

<sup>3</sup> OJ No C 238, 13.9.1982, p.87 Doc. 1-412/82 - rapporteur: Mr Colleselli

- I whereas, for reasons of conservation of the countryside, employment and the excessively long working hours in agriculture, it is essential to maintain the active farming population,
- J whereas the prices paid to farmers represent on average no more than 30% of the retail price charged to consumers,
- K whereas it is absolutely essential for the agricultural prices for the 1983/84 marketing year to enter into force on 1 April 1983,
- L whereas, with this in view, the agricultural prices must be examined independently of all other political considerations, bearing in mind that their fixing is administratively necessary for the smooth functioning of the common agricultural policy and vital for Community farmers,
- M whereas the agricultural prices must be carefully examined by Parliament and the Council,
- N whereas, moreover, the corresponding increase in farm prices plays an important role in determining farmers' incomes and consequently is of fundamental importance for one of the objectives of the CAP, namely to secure comparable incomes in agriculture,
- O whereas the basic principles of the common agricultural policy must be preserved, namely: market unity, Community preference, financial solidarity,
- P whereas, bearing in mind the considerable differences in inflation and interest rates in the Member States, price increases must be accompanied by additional (related) measures in favour of those producers who are particularly affected,
- Q whereas in the long term, only an integral intra-Community agricultural system can guarantee that the consumer will enjoy security of supplies of good-quality foodstuffs at acceptable prices,
1. Invites the Commission to submit its price proposals for the 1983/84 marketing year not later than 15 December 1982;
  2. Points out that any delay in submitting the price proposals will make it difficult to adopt them by 1 April 1983 and that the Commission will bear full political responsibility if this happens;
  3. Invites the Commission to communicate to it the results of the objective method without delay so that it is able to deliver an opinion on the price proposals for the next marketing year;

4. Calls on the Commission to take account of production costs and the work done by farmers when it fixes prices;

General reflections on the fixing of agricultural prices

5. Believes that the increase in agricultural prices to be proposed by the Commission will have to take account of the need to :
  - (a) comply with the objectives of Article 39 of the Treaty establishing the European Economic Community,
  - (b) make good the losses of earnings sustained by farmers in recent years, including those sustained as a result of the delay in the fixing of agricultural prices for the current marketing year;
  - (c) allow for the average rate of inflation recorded in the Community; and lay down specific measures for those countries where the rate of inflation is higher than the average;
  - (d) dismantle positive MCAs to an extent which does not prevent fair increases in the income of farmers in the member States concerned and, at the same time, abolish negative MCAs which severely penalize farmers in countries with weak currencies because of the increase in their production costs;
  - (e) adjust the increase in the price of individual products so as to ensure the balanced development of all the regions of the Community and take account in particular of:
    - the need to hold down production costs in the countries with the highest rates of inflation,
    - the requirements of the regions which are least favoured at present;
6. Points out, moreover, that the price increases will have to be differentiated in such a way as to create a price range which is more favourable to products that are in short supply and need to be promoted;
7. Further points out that a relatively substantial increase in agricultural prices would obviate the need to resort to national aid in countries severely affected by inflation, while facilitating the dismantling of positive MCAs in the countries with strong currencies;

8. Points out further that as a result of differences in inflation rates and structures, the income of small farmers in the Community's poorer areas have been seriously affected and therefore should receive direct - albeit temporary - support; regrets in this connection the inadequate income support in the dairy sector for the 1982/83 marketing year allocated on too global a basis; believes that this income support should be backed up by structural and social measures in order to open up good prospects for these holdings again;

#### Position on each product

#### Cereals and substitute products

9. Reaffirms that it is neither realistic nor desirable to seek to bring the prices of community cereals into line with those applied by major producer countries such as the USA, inasmuch as
- (a) cereal prices in the Community necessarily reflect the Community's intrinsic production and cost structures
  - (b) any comparison with prices in the United States is falsified by the sharp fluctuations in the value of the dollar;
  - (c) all countries subsidize their agriculture, which means that the prices applied by competing countries are somewhat artificial;
  - (d) such a practice might jeopardize community production of cereals, all of which are in short supply, especially maize and durum wheat and hence encourages an increasing use of substitute products<sup>1</sup>;
10. Emphasizes the need to introduce a levy on imported substitute products;
11. Requests that a premium should be granted for wheat of breadmaking quality, as is the case for rye;
12. Requests an increase in the premium for rye of breadmaking quality which fully reflects its value compared with feedgrains;
13. Calls for the level of the premium for durum wheat - a product which is in short supply to be raised in order to guarantee adequate incomes for producers in the Mediterranean regions of the EEC who are operating in extremely disadvantaged zones;

<sup>1</sup> See opinion of the Committee on Agriculture on the Mandate of 30 May 1980  
- Doc. 1-307/82/Annex  
Draftsman: Mr Delatte

14. Believes also that the cultivation of maize as well as that of protein plants such as peas, field beans, lupins and Lucerne, must be encouraged in order to stabilize imports of substitute products; recognizes the need to stabilize such imports in accordance with the rules of GATT;
  15. Points out that this should form part of a strategy which is consistent with the commitment to cooperate in promoting the autonomous development of agriculture in the developing countries and with Parliament's guidelines for the campaign against hunger in the world, because it is better:
    - (a) for the proteins extracted from soya to be used to a greater extent in human foodstuffs rather than animal feeds;
    - (b) for the countries producing manioc to address themselves to the development of food crops for the benefit of their people rather than to speculate on feed for the livestock of the developed countries;
- Stresses the savings that such an approach would bring both for the Community budget and for Member States' balances of payments;
16. Stresses the need for negotiations to be rapidly concluded on agreements for voluntary restraint in respect of the quantities of maize gluten feed released onto the European market;

#### Milk and dairy products

- 17 . Reaffirms the importance of a remunerative price for the maintenance of income levels but also maintains jobs and the countryside since
  - most dairy farms draw the bulk of their income from their earnings from milk,
  - many dairy farms are situated in structurally weak areas with high unemployment and,
  - many of these farms have virtually no competitive production alternatives;
18. Calls for consideration to be given to the desirability of introducing, or re-introducing in a stronger form, various measures for the voluntary limitation of production;
19. Believes it necessary to encourage research on the development of new products to enable the market for milk products to be expanded;

20. Stresses the need to pursue an active export policy, by applying a rate of refunds which will allow stocks to be rapidly disposed of and by creating a European export agency for agricultural products which would promote the conclusion of multiannual supply contracts;

#### Beef and veal

21. Believes the encouragement of beef and veal production to be a means of reducing surplus production in the dairy sector, but points out at the same time that preferential imports of beef and veal create difficulties on the market in question and place a considerable burden on the Community budget;
22. Requests that instead of being reduced, as in the preliminary draft budget for 1983, 'premiums for suckler cows' should be increased in order to encourage milk consumption in the Community and to obtain high-quality veal and beef;
23. Considers it necessary for the calving premium to be maintained in its present form and on its present scale;
24. Cannot accept the Commission's avowed intention to introduce direct income support to offset a smaller price increase and to replace the existing system of premiums;
25. Refers to its opinion of 16 June 1982 on this sector;
26. Believes that encouragement should be given to products of a higher quality as opposed to the varieties less sought after by the market;

#### Citrus fruits

27. Calls for a revision and strengthening of the 'penetration premium' mechanism for pigmented oranges and clementines; considers further that the 'penetration premium' should be increased for typical products from the less-favoured regions and from islands to take account of higher transport costs;

#### Wine

28. Refers to its opinion of 9 July 1982 on the reform of the wine market;
29. Believes that greater importance should be attached to quality in the production of wine in order to supply the market with more high-quality wine;
30. Reaffirms the need to reduce the taxes levied on wine in the community in order to harmonize them progressively and to stimulate wine con-

### Pigmeat

31. Points out that the production of pigmeat (as, indeed, that of beef and veal) is disrupted by the existence of MCAs; believes, therefore, that only the abolition of negative MCAs and an extensive dismantling of positive MCAs in this sector can restore better conditions of competition between the Member States;

### Sheepmeat

32. Invites the Commission to strengthen the measures designed to encourage sheep-rearing and to improve Community rules, particularly in the less-favoured regions;

### Eggs and Poultry

33. Points to the economic difficulties currently facing this sector and calls on the Commission to propose appropriate measures, if necessary by strengthening the common organization of the market;

### Protein plants

34. Calls for more vigorous measures to develop the production of plant proteins in the Community in order to reduce its dependence in this area on non-member countries and in this connection emphasizes the importance of stabilizing prices for plant proteins;
35. Stresses the important role that can be played by agronomic research in this sector for the development of species adapted to climatic conditions in the Community;
36. Calls in particular for a review of the arrangements for encouraging the cultivation of soya and other protein plants such as field beans, peas, lupins and lucerne, etc., in the Community, since current measures are proving of little avail;

### Tobacco

37. Draws attention to the growing imbalance in the Community between the production and consumption of light and dark tobaccos;

38. Requests, therefore, that the production of tobaccos for which there is a strong demand (BURLEY, VIRGINIA, and to some extent KENTUCKY) should be encouraged
- (a) by means of a considerable increase in the normal price of these tobaccos,
  - (b) by the fixing of premiums granted to the first processor at a level whereby community preference is respected, and
  - (c) by temporary aids to facilitate the redirection of production and marketing at Community level;

Requests, therefore, that the production of tobaccos for which there is strong demand (Burley, Kentucky) should be boosted by means of the prices mechanism and, if necessary, through the granting of an additional subsidy if that proves to be the most effective means of reorienting Community output;

#### Olive oil and oilseeds

39. Calls attention once again to the difficult situation in the olive oil sector, which will be aggravated by the accession of Spain to the Community and which requires immediate measures to protect and increase the incomes of producers operating in the less-favoured regions of the Community and to adjust the existing price ratio between olive oil and seed oils, as proposed by the Commission;
40. In view of the development of other oilseed products (colza, sunflower, maize oils, etc.) and of the fact that oilseed raw materials are imported at a reduced rate of duty, calls on the Community to evolve, before the accession of Spain, a coherent common policy in the oils and fats sector, bearing in mind that the imports in question compete both with olive oil (e.g., the oil obtained from groundnuts) and with butter (e.g. margarine)
41. Invites the Commission to submit suitable proposals without delay both to the Council and to the European Parliament;

#### Mediterranean products

42. Believes that a solution to the problems of the 'Mediterranean' products depends less on a strengthening of the existing market mechanisms - which have

been improved for fruit and vegetables, citrus fruit and wine - and on a strengthening of producers' organizations and of the marketing and processing structures for agricultural products;

43. Stresses the need to develop the agri-foodstuffs industries in the Mediterranean regions, to construct refrigeration plants and to develop transport infrastructures in order to shorten the time needed to transport products from the production areas to the consumption areas;
44. Believes that the system of aid for processed products should be extended to other products, since it is preferable to encourage the processing rather than to have to destroy fruit and vegetables;
45. Stresses the importance for the Mediterranean regions of the integrated development programmes through which it will be possible to bring about the socio-economic changes essential to their growth;

#### Community preference

46. Appreciates the need to have agricultural trade relations both with the developed countries and with the developing countries, either on a straight-forward commercial policy grounds or for reasons relating to development aid;
47. Is concerned, however, about the threats posed to the common agricultural policy by products imported at a reduced rate of duty or duty-free - such as the by-products of the North American agri-foodstuffs industry - in that:
  - (a) they compete with Community products and at times create serious problems for the producers concerned,
  - (b) they create imbalances on certain markets, such as the markets for sugar, milk and milk products, beef and veal and fruit and vegetables,
  - (c) they encourage the development of a certain type of production - such as the industrial production of milk - which takes no account of what the regions of the Community might achieve in agricultural production, if left to their own devices,
  - (d) they thus impose an additional burden of expenditure on the Community budget which is unjustifiably charged to the common agricultural policy, thereby providing ammunition for the opponents of that policy;

48. Stresses in particular that imports of soya and manioc and of maize gluten, which are used in place of cereals and proteins of Community origin, encourage the production of surpluses, especially in the dairy sector;
49. Calls on the Commission, therefore, to find a way of stabilizing these imports which is consistent with the GATT agreements; points out that the voluntary restraint agreements concluded with certain countries with regard to manioc are quite useless since processors can obtain the same products from other countries;
50. Believes, at all events, that the Commission must not use the threats to Community preferences as a pretext for curbing price increases in the surplus sectors;
- Other considerations
51. Considers it unacceptable that intra-Community trade should be disrupted by national veterinary measures and measures relating to plant health and by national aids which have not received the approval of the Community authorities; calls on the Commission to ensure respect for the free movement of products in this sector in accordance with the Treaty;
52. Understands and considers necessary the development of other common policies, but would find it unacceptable that that should be at the expense of the CAP and at the expense of a necessary adjustment of prices, under the conditions specified above; invites the Commission and the Council, therefore, to give thought to raising the 1% ceiling on VAT so that other policies can be developed without jeopardizing the only policy which is at present integrated;

Emphasizes that new resources could be made available to the Community budget for financing these common policies if the numerous derogations from Community preference were abolished;

53. Invites the Commission to present to the European Parliament a report on the problem of taxation in agriculture with a view to correcting the distortions of competition likely to result from different tax systems; calls in particular for an examination of the problems posed by the

application of VAT in the agricultural sector, in order to ascertain whether it serves to conceal the granting of national aids;

54. Invites the Commission to exercise all the powers vested in it by the EEC Treaty for the purpose of monitoring national aids to agriculture, with the aim of preventing all forms of unfair competition; requests that, where necessary, some of these aids should be harmonized so that the Member States can compete on an equal footing;
55. Calls for the adoption of common monetary policies that will effectively coordinate the economies of the community and urges that the measures that could be deployed by the Member States concerned - interest subsidies, tax rebates, etc., - should be adopted only with the agreement of the responsible Community bodies;
56. Instructs its President to forward this resolution to the Commission and, for information, to the Council of the European Communities.

EXPLANATORY STATEMENT

1. At its meeting of 22 and 23 June 1982, the Committee on Agriculture decided to draw up a policy report for the Commission of the European Communities setting forth its views on price proposals and related measures for the 1983/1984 marketing year, in particular on the basis of two motions for resolutions tabled by Mr Maher (Doc. 1-264/82) and Mr Pranchère and others (Doc. 1.563/82) respectively,
2. The Committee on Agriculture emphasizes the need for the Commission's proposals to be ready by 15 December 1982 at the latest to enable the European Parliament and the Council to deliver their opinions before 1 April 1983.
3. The Committee on Agriculture recalls that the Commission's proposals for the 1982/83 marketing year<sup>1</sup> were dated 1 February 1982 (Volume I), 2 February 1982 (Volume II) and 8 February 1982 (Volume III) respectively. On 26 March 1982 under extremely difficult conditions the European Parliament succeeded in adopting the report by its Committee on Agriculture<sup>2</sup> presented by its then rapporteur, Mr David Curry. The Council, on the other hand, entangled in a political package which involved more than agricultural prices, did not manage to reach a decision before 18 May 1982 and this only thanks to the courageous intervention of its President, Mr De Keersmaeker, who succeeded in carrying the decision by a majority vote. The new common prices came into force on 20 May 1982.
4. The agricultural organizations estimated that farmers (essentially producers of beef and veal, of sheepmeat and of milk,) suffered losses or, -as the Commission would say, failed to earn - at least 500 million ECU.

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<sup>1</sup>COM(82) 10 final

<sup>2</sup>Doc. 1-30/82

5. The Committee on Agriculture regarded this situation as unacceptable - as did the European Parliament when it reacted vigorously on 13 May 1982 by instructing its president to bring an action against the Council in the Court of Justice for its failure to act since it had still not decided the agricultural prices by that date<sup>1</sup>.
6. The Committee on Agriculture urges both the Council and the Commission to do their utmost to avoid a repetition of this situation next year and exhorts the Commission to take account of the loss of earnings sustained last year by the farmers when it decides on the average price increases to be proposed for the 1983/84 marketing year.
7. With regard to the other factors to be taken into consideration both for the average increase of agricultural prices and for the related measures, the Committee on Agriculture considers that the motion for a resolution is sufficiently explicit and its rapporteur is prepared to provide a more detailed justification during the debate on the resolution.
8. The Committee on Agriculture strongly urges the Commission of the European Communities to take account of its suggestions when formulating its price proposals so that the debates may be simplified and the farmers may have the benefit of measures which they have a right to expect, particularly in lieu of the loss of income they have sustained during the past years.

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<sup>1</sup> See the motion for a resolution Doc. 1- 236/82 by Mr Dalsass on behalf of the EPP group, modified by an amendment by Mr Kirk (PE 78.916/4).

MOTION FOR A RESOLUTION tabled by Mr MAHER pursuant to Rule 47 of the Rules of Procedure on the difficulties in fixing the agricultural prices

The European Parliament,

recognising the difficulties inherent in fixing of agricultural prices

- A. because of the controversies in discussion to define, understand and explain the objective method for fixing prices;
  - B. because of the misconception that agricultural price increases automatically result in an equivalent rise in prices for the consumer;
  - C. because of differing inflation rates in the Member States;
  - D. because of the enormous price rises in agricultural goods and equipment used on farms, such as feedingstuffs, fertilisers, energy, services and so on;
  - E. because a great deal of the national and community finances used to develop agricultural policy has no effect on the structural development, the agricultural income, or prices for the consumer, due to cumbersome and expensive bureaucracy;
  - F. because of the differences in cost-determining factors in Member States and, consequently, of the considerable discrepancies in consumer prices;
1. Asks the Commission to draw up a document to enable the Community institutions to determine the price proposals next year in full knowledge of the real cost-determining factors;
  2. Therefore demands a detailed analysis of these cost-determining factors (such as labour costs, investment costs, taxes);
  3. Asks the Commission to draw up a document in which the influences of these cost-determining factors on consumer prices is clarified.

MOTION FOR A RESOLUTION (Doc. 1-363/82) tabled by Mr Pranchère, Mr Maffre-Bauge, Mrs Poirier, Mr Martin, Mrs Le Roux, Mrs De March, Mr Wurtz, Mr Fernandez and Mr Bucchini pursuant to rule 47 of the Rules of Procedure on the need for Community measures to compensate for the losses of earnings caused by the delay in fixing agricultural prices for 1982/1983

The European Parliament,

- A - stressing the fact that the decisions on agricultural prices must in principle be taken before 1 April,
  - B - having regard to the agreement reached within the Council making it possible, at last, to implement the agricultural prices for 1982/1982 without the procedure chosen jeopardizing the 'Luxembourg Agreement'
  - C - whereas the delay of 50 days in fixing the agricultural prices has resulted in losses for Community farmers who are already facing a difficult situation,
  - D - whereas the Community is solely responsible for this delay,
  - E - having regard to the major savings made by the EAGGF since 1 April and those which have just been announced for 1982 (500 m ECU),
1. Deplores the fact that the Council did not take adequate account of the European Parliament's resolution on the agricultural prices;
  2. Refuses to allow the Community's farmers to suffer the consequences of the delay in fixing agricultural prices;
  3. Calls on the Commission to assess farmers' losses in the period 1 April to 19 May 1982 and to propose compensatory measures as soon as possible, giving priority to milk producers and cattle and sheep farmers, in particular by using the savings in expenditure under the EAGGF, Guarantee Section;

4. Feels that these measures would help to ensure that the deadline for the farm price review will be more closely respected in future;
5. Stresses that the back-up measures must ensure that the implications of the joint decisions are fully reflected in the prices paid to producers;
6. Instructs its President to forward this resolution to the Council and Commission.