

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

16 September 1980

DOCUMENT 1-389/80

SECOND REPORT

drawn up on behalf of the Committee on
Agriculture

on the proposals from the Commission of
the European Communities to the Council
(Doc. 1-134/80) for

- I. a regulation amending regulation
(EEC) No. 1308/70 on the common
organization of the market in flax
and hemp

- II. a regulation on the measures encouraging
the use of flax fibres for the 1980/81
and 1981/82 marketing years

Rapporteur: Mr Neil T. BLANEY

PE 67.563

By letter of 23 April 1980, the Secretary-General 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 proposals from the Commission of the European Communities to the Council for a regulation amending Regulation No 1308/70 on the common organization of the market in flax and hemp and for a regulation on the measures encouraging the use of flax fibres for the 1980/81 and 1981/82 marketing years.

On 30 April 1980, the Secretary-General of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 19 May 1980, the Committee on Agriculture appointed Mr Blaney rapporteur.

It considered these proposals at its meetings of 3-5 June 1980 and 7 July 1980.

At the latter meeting the committee adopted the motion for a resolution by 10 votes to 4 with two abstentions.

Present: Sir Henry Plumb, chairman; Mr Blaney, rapporteur (and deputizing for Mr Skovmand); Miss Barbarella, Mr Battersby, Mr Clinton, Mr Colleselli, Mr Curry, Mr Dalsass, Mr Diana, Mr Gautier, Mr De Keersmaecker (deputizing for Mr Tolman), Mrs Herklotz, Mr Howell, Mr Maher, Ms Quin and Mr Vitale.

On 10 July 1980 Mr Blaney's report was referred back to committee at the rapporteur's request, pursuant to Rule 26(2) of the Rules of Procedure.

At its meeting of 15 September 1980 the Committee on Agriculture decided, by 15 votes to 3 with 9 abstentions, to confirm its original report.

Present: Sir Henry Plumb, chairman; Mr Früh, Mr Ligios and Mr Caillavet, vice-chairmen; Mr Blaney, rapporteur; Miss Barbarella, Mr Battersby, Mr Bocklet, Mr Buchou, Mrs Castle, Mr Curry, Mr Dalsass, Mr Davern, Mr Delatte, Mr De Keersmaecker (deputizing for Mr Helms), Mr Diana, Mr Gautier, Mr Hord, Mr B. Nielsen, Mr d'Ormesson, Mr Provan, Miss Quin, Mr Skovmand, Mr Sutra, Mr Tolman, Mr Vernimmen and Mr Woltjer.

The explanatory statement will be presented orally by the rapporteur.

The opinion of the Committee on Budgets is attached.

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for

- I. a regulation amending regulation (EEC) No. 1308/70 on the common organization of the market in flax and hemp
- II. a regulation on the measures encouraging the use of flax fibres for the 1980/81 and 1981/82 marketing years

The European Parliament,

- having regard to the proposals from the Commission of the European Community to the Council¹
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-134/80)
- having regard to the second report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-309/80),

Approves the principle underlying the Commission's proposal but considers that the measures to promote consumption should be financed entirely by cutting back on aid to production, as is done in other surplus sectors, and not by means of EAGGF appropriations.

¹OJ No. C 106, 29.4.1980, p. 11 and 12

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr Konrad SCHÖN

At its meeting of 3/4 June 1980 the Committee on Budgets appointed Mr Schön draftsman of the opinion.

It considered the proposal at the same meeting and adopted the opinion at its meeting of 16 June 1980 by 23 votes to 1.

Present: Mr Lange, chairman; Mr Notenboom, Mr Spinelli and Mr Rossi, vice-chairmen; Mr Schön, draftsman of the opinion; Mr Ansquer, Mr Baillet, Mr Balfe, Mr Barbi, Mr Bonde, Mrs Boserup, Mr Fich, Mr Forth, Mrs Gaspard, Mr Gouthier, Mrs Hoff, Mr R. Jackson, Mr Langes, Mr Nord, Mr Pfennig, Mr Simmonet, Mrs Scrivener and Mr Taylor.

I. Introduction

1. This proposal is concerned with two draft regulations, the purpose of which is to finance an information programme to find new outlets for flax fibres. In spite of a fall in the production of flax products, there is a threat of a surplus of flax fibres. The demand is lagging behind. The Commission therefore considers it expedient to safeguard the jobs existing in this agricultural sector and in the flax-processing industries. This general economic background is described in the draft report of the Committee on Agriculture¹, the committee responsible.

2. The information programme is to be jointly financed by the producers, in that a certain percentage of the production aid for flax will not be paid out, and will be increased by a subsidy from the Community budget.

II. The two parts of the Commission proposal

3. The first proposal for a regulation is designed to amend Regulation (EEC) No. 1308/70 on the common organization of the market in flax and hemp. Under a new Article 2, the Council, acting by a qualified majority on a proposal from the Commission, is to decide on measures to encourage the use of flax fibres and products obtained from them.

4. In this decision-making process the Council also has to specify:

- the amount, expressed in ECU/hectare, which is not to be paid out to the flax producers from their production aid,
- the total amount allocated to the measure for encouraging sales in the marketing year concerned,
- the period in respect of which the measures are to be taken.

5. Two ceilings are also laid down in this basic regulation:

- the producers' contribution may not exceed 5% of the production aid,
- the total amount may not exceed twice the amount deducted from the production aid.

6. The second part of the Commission document consists of a proposal for a regulation on measures to encourage the use of flax fibres in the marketing years 1980/81 and 1981/82. This text puts into practice the above basic regulation for the marketing years 1980/81 and 1981/82. Article 2 of this proposal for a regulation specifies the producer's contribution:

Marketing year 1980/81	7.755 ECU/ha
Marketing year 1981/82	12.40 ECU/ha.

¹ PE 65.285

The total amount for financing the measure for the marketing years is also laid down, viz.

Marketing year 1980/81	600,000 ECU
Marketing year 1981/82	1,200,000 ECU

III. The new system for reduced payment of the production aid

7. The financial participation by the flax producers in a marketing campaign, as proposed here, is not a new idea from the point of view of financing. The Community has had parafiscal charges since 1977. Since 1977 there has been the co-responsibility levy for milk and this type of revenue has also been introduced by the Community in the olive-oil sector. This type of tax-like charge is characterized by the fact that the yield from the charge is not subject to the budgetary authority of Parliament and, in contrast to the universal character of the budget, is not added to the total mass of budgetary revenue.

8. Parliament has also always considered it a great disadvantage that these specific revenues, for which there is also specific expenditure, are entered in the expenditure section of the budget as 'negative expenditure'.

9. This disadvantage is avoided in this proposal. Instead of the full production aid being paid out as part of the organization of the market and then a levy being charged of e.g. 5%, only 95% of the production aid is paid out to the producer to begin with. This system is to be welcomed. It satisfies the demands made by the Committee on Budgets in the last few years:

- the entry of negative expenditure is avoided,
- the producer is not paid out something which he has immediately to return,
- considerable administrative complications are avoided,
- the legal problem of parafiscality is mitigated, as in the end it is no longer a question of a levy but a reduction in aid, i.e. the production guarantee.

10. The fact that the Commission has begun the introduction of this simplified system in a less important sector is to be welcomed. Without underestimating the difficulties involved in transferring this arrangement to the milk sector, in which much larger amounts are involved, the Commission should nevertheless be asked to consider its general application.

IV. Stipulation of the total financial cost of the measure in the regulation

11. Despite the welcome innovation described above, the Committee on Budgets has to express some reservations about the proposal. Provision is made for the implementing regulation to stipulate the total financial cost of the measure. This is in conflict with the view frequently expressed by

Parliament in that it anticipates the budgetary decision in the legislative text and thus undermines the significance of the budgetary decision-making procedure, thereby reducing it to a rubber-stamping of the legislative decision already taken.

12. The Commission justifies the stipulation of the overall amount in the regulation by claiming that in this way the measure will be implemented more efficiently as the implementing authorities can work on the basis of fixed amounts, which is not the case when

- the contribution from the Community budget and
- the yield from the deduction of the production aid is not known in advance.

13. This calls for the following comments, however:

- the producer's contribution per hectare can certainly be specified in the regulation. The resulting total yield can then be determined relatively accurately if the Commission has sufficient statistical information on the flax acreage.
- the contribution from the Community budget can be estimated in advance on this basis, at least to the extent that the abovementioned ceiling will not be exceeded.

14. It has to be acknowledged that such a system has the disadvantage that only some time after the marketing year concerned is it possible to close the accounts on the measure in question. This disadvantage has to be accepted, however, if the role of the budgetary procedure is not to be eroded by decisions taken at the legislative stage.

15. The Committee on Budgets therefore proposes that Article 2 be reworded in accordance with its practice in other areas - so that the overall amount is not laid down as a final figure but as an estimate.

V. Financial implications of the measure

16. The financial statement provides clear information about the measure. The Commission's budgetary proposals of 29 February 1980 for the financial year 1980 take account of these proposals. The following financial summary can therefore be drawn up for the next three years:

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Reduction in the production aid (heading 7300)	- 350,000	- 154,000	
1980/81 65,000 ha x 7,755 ECU		- 570,000	- 236,000
1981/82 65,000 ha x 12.4 ECU	-	600,000	
New projects (heading to be allocated)		400,000	800,000
- 80/81 marketing year = 600,000 ECU	- 350,000 ECU	276,000 ECU	564,000 ECU
- 81/82 marketing year = 1,200,000 ECU			

Vf. Conclusions

17. The Committee on Budgets

- welcomes the Commission proposal which, instead of payment of the full production aid followed by the collection of a producer levy, provides for an immediate reduction in the production aid, since this innovation avoids the entry of negative expenditure in the expenditure section of the budget and leads to considerable administrative simplification;
- cannot agree to the final overall amount for financing the measures being laid down in the regulation, because in this way the budgetary authority's right to approve the budget will be devalued by a prior legislative decision, and therefore, in accordance with its usual practice, proposes that Article 2 of the implementing regulation be amended accordingly; it calls upon the Committee on Agriculture, as the committee responsible, to incorporate the attached amendment in its report;
- agrees with the Commission's proposal to increase the outlets for flax fibres by means of an information campaign.

Proposal for a
Council Regulation (EEC)

on measures to encourage the use of flax fibres for the 1980/81 and 1981/82
marketing years

PREAMBLE AND RECITALS UNCHANGED

- | <u>Article 2</u> | <u>Article 1 unchanged</u> | <u>Article 2</u> |
|--|----------------------------|---|
| 1. The amount representing the part of the aid for flax intended to contribute to the financing of the measures to be taken in accordance with Article 1 shall be 7.755 ECU per hectare for the 1980/81 marketing year and 12.40 ECU per hectare for the 1981/82 marketing year. | Unchanged | |
| 2. The overall amount intended for the financing of such measures shall be fixed at 600,000 ECU for the 1980/81 marketing year and 1,200,000 ECU for the 1981/82 marketing year. | | 2. The overall amount intended for the financing of such measures <u>is estimated</u> at 600,000 ECU for the 1980/81 marketing year and 1,200,000 ECU for the 1981/82 marketing year. |

Article 3

This Regulation shall enter into force on the day of 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.

Article 3

Unchanged

