

European Communities

EUROPEAN PARLIAMENT

Working Documents

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MOTION FOR A RESOLUTION

tabled by Mrs BARBARELLA and Mr VITALE

pursuant to Rule 25 of the Rules of Procedure

on a new approach to the common agricultural policy

PE 67.980

The European Parliament,

- noting that the Commission has already begun work on a plan for a new approach to the problem of Community resources,
- 1. is of the opinion that, in this connection, the problems of the common agricultural policy must be viewed not only in terms of the restoration of financial balance but also as part of a strategy to make the entire agricultural sector a dynamic factor in the development of the Community economy;
- 2. considers that minor adjustments and corrections to the existing agricultural policy will not be sufficient for this purpose and that a far-reaching effort of renewal is essential;
- 3. considers that as a contribution to this process of renewal an ad hoc working party should be set up (consisting of members of the Committee on Agriculture, the Committee on Economic and Monetary Affairs and the Committee on Regional Policy) in order to define the broad outline of the necessary reforms;
- 4. believes that, with this end in view, the present policy approach must be corrected in respect of certain major aspects concerning:
 - a more open view of international relations;
 - closer links between agriculture and the rest of the economy;
 - more general consolidation of agricultural structures;
 - more balanced development of integration in the agricultural sector with the related industrial sectors;
- 5. is convinced that if progress is to be made on these new lines it is essential to base the common agricultural policy on a coordinated view of the requirements of balanced production and balanced regional development of agriculture in the individual European countries;
- 6. considers that in this connection it is imperative to base Community action on more flexible criteria and on the principle of regional differentiation in order to enable the resources of each regional entity to be used to the full;
- 7. is of the opinion that, with this end in view, the present instruments of agricultural policy must be corrected since they have proved inadequate to maintain balanced production and ensure homogeneous regional development;

8. reaffirms that the policy of prices on the Community market must be used for general guidance, while also considering that the present automatic system of unlimited intervention must be changed;
9. proposes that the range of instruments must be broadened by providing a wide range of differentiated aids and incentives enabling objectives of production development and crop conversion to be achieved in parallel with measures to ensure real prospects of development for the less efficient producers;
10. considers that all the different forms of Community aid and intervention must be properly coordinated in order to meet objectives of production development and regional balance defined at Community level;
11. is of the opinion that a transformation of the Community mechanisms on these lines should not involve excessive costs and that, at all events, the financial problem of agricultural policy cannot be simplistically solved by a reduction in expenditure but only through the search for possibilities of real control and ways of ensuring high productivity throughout the sector in response to the general need;
12. instructs its President to forward this resolution to the Council and Commission.

Explanatory statement

1. When the Stresa Conference laid the foundations of the common agricultural policy, the European economy was undergoing a phase of expansion based on priority growth of manufacturing industry.

In support of that type of development a policy was chosen for the agricultural sector which guaranteed prospects of growth for the more competitive areas and holdings while also enabling a substantial labour force to be released from the weaker areas and farms and transferred to the industrial sector.

This approach led to a common agricultural policy which enabled the maximum profit to be derived from certain undertakings which already had high levels of production and earnings at the outset, while causing resources to be destroyed in other extensive areas; this policy privileged the development of certain crops but did not provide an incentive for others; it created serious regional imbalances and environmental damage; in effect, it drained enormous human and material resources from the peripheral regions with a heavy cost in financial, social and economic terms.

2. The situation today has undergone a far-reaching change since the 1960's. We no longer have high rates of production expansion while inflation has reached dangerous levels; the recession has led to disturbing rates of unemployment and conventional measures of economic policy are proving inadequate to solve this difficult problem.

Under these conditions, agricultural policy can no longer disregard the imbalances caused by it and the constraints created by the changes which have taken place. Externally, the conclusions must be drawn from the need to establish a new and more balanced system of international relations.

3. This implies a far-reaching transformation of the present policy which must be adjusted in a number of vital aspects:

(a) a more open approach to international relations

It is now an established fact (as pointed out in a recent resolution of Parliament) that a solution to the present problem is dependent on the attainment of broader and more stable cooperation between the industrialized countries and the countries of the third world; this is the only way of satisfying

the growth requirements of many developing countries while also meeting the need of the industrialized countries for raw materials; to that end the internal development of the agriculture of these countries must be supported in order to ensure stable outlets and a relative guarantee of access for the agricultural products of the developing countries; in essence, the developing countries must be granted significant export outlets and an internal policy consistent with the undertakings given to them must be defined. This does not imply liberalization of Community trade or abandonment of a satisfactory level of internal self-sufficiency, but a policy of progressive opening towards the developing countries in order to provide a practical response to the efforts made by them;

(b) closer links between agriculture and the rest of the economy

The transformation of the general economic situation, the increasing disparity between the national economies and the deterioration of regional imbalances are making the operation of an agricultural policy increasingly complex; if the imbalances are not to deteriorate further, action in the agricultural sector must be increasingly based on criteria of flexibility and regional differentiation because this is the only way of pursuing objectives of development in the agricultural sector consistent with the need to maintain specific levels of employment and use and conservation of territorial resources while avoiding even more acute trade balance problems and holding inflation down against the background of more general monetary and economic considerations. The impact of the various types of intervention (market, structural and infrastructural) must be assessed in relation to the overall conditions of economic development of the various regions; in this way, when action in the agricultural sector proves insufficient, it would be possible to take back-up measures in other sectors;

(c) more general consolidation of agricultural structures

The creation of increasingly varied types of holding and disparities in inter-regional development are an obstacle to overall economic growth; that being so it is imperative to eliminate or reduce as far as possible the differences in productivity and profitability between the efficient sectors of agriculture and the sectors which could become efficient given adequate support; at Community level, this implies the logical choice of a widespread approach to regional development and not merely the application of selective and concentrated criteria; the reduction of regional disparities must therefore now be made one

of the principal objectives of agricultural policy, partly because a general improvement in the average level of competitiveness of this sector could enable the tendency towards protectionism to be checked while adopting a progressively more open approach to international trade;

(d) more balanced development of integration of agriculture with the related industrial sectors

In recent years the production of foodstuffs has increasingly involved supporting activities in the supply sector (production of fertilizers, energy etc.) and in the consumer sector (food industry) in such a way that the primary sector of agriculture has increasingly become dependent on industry; at the same time the common agricultural policy has been pursued in a kind of isolation without reference to the problems of the relationship between agriculture and industry. If this subordination is not to deteriorate further, agricultural policy must be reoriented towards an inter-sectoral view of development and intervention. The policy must cover the entire process of production of agricultural commodities with the possibility of action wherever necessary; this also means an ability to solve the problems and remedy the deficiencies occurring higher up in the overall process in the provision of the inputs required for agricultural production and lower down in the distribution and processing of agricultural products;

4 If this is to be the new approach to agricultural policy an alternative development strategy might be based on a definition of objectives capable of defining the levels of production which are aimed at or require stabilization, having regard to criteria in conformity with the needs of production, balance and balanced regional development:

- a satisfactory level of self-sufficiency for the Community
- specific needs of some countries for better coverage of their domestic needs
- the constraints which exist in certain regions as regards the maintenance or progressive reduction of certain production activities having regard to their importance for the general economy of the region concerned;
- the need to consider products not in isolation but as part of a whole cycle of production in the agro-industrial sector,

in the context also of the potential and conditions for production higher up in the chain and for conversion or consumption at a stage following agricultural activities proper.

The production aims as defined should lead, above all in those sectors where there are problems of over-production or production shortages, to integrated programmes for each sector with the necessary diversification on a regional basis.

5. This strategy for intervention implies corrections to the logic and functioning of the present instruments of agricultural policy.

All the instruments of intervention must be directed towards the attainment of the specified objectives and must be based on the granting of aid with a regional and, where possible, inter-sectoral bias.

This in turn implies the need to:

- (a) correct the automatic mechanisms of price support; price policy may continue to play a role of general guidance of the Community market but must necessarily reflect the production choices:
 - price levels and their hierarchy must be determined as a function of the choices made;
 - the support mechanism must be suspended or frozen when it impedes attainment of the relevant aims;

- (b) widen the range of intervention instruments; price policy on its own is incapable of maintaining balanced production while guaranteeing at the same time satisfactory income levels to the great majority of producers since it cannot take account of the different regional situations in agriculture and of the different effects on the various types of holding. If we are to attain simultaneously the targets of production development, crop conversion, better utilization of under-developed resources while at the same time giving the less efficient producers a real possibility of development, it is vital to bring into play a wide range of aids and incentives (direct income aids, price supplements etc.) which
 - must be specifically directed towards the attainment of the set objectives
 - must be diversified as a function of the types of holding, production strategies and specific regional characteristics;

Moreover the less efficient holdings must not depend solely on price support to guarantee their earning levels if the pressure for steady increases in these price levels is to be alleviated;

(c) strengthen the policy of structural intervention

the need here is not for general, inflexible measures but for specific programmes oriented towards areas where real development is possible, these measures being coordinated with programmes for action in sectors outside agriculture; in many disadvantaged regions the development of agriculture can only be made possible if action is supported by measures aimed at encouraging economic activities in sectors other than agriculture. The need here is for a combined use of all the Community financial instruments to carry out programmes of regional development;

(d) develop adequate scientific research activities at Community level
in order to support the aims of production and territorial balance with a view primarily to alleviating the problems facing the most deprived regions.

