

Newsletter on the Common Agricultural Policy

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EXHIBIT COPY

How the common market organizations operate

The various dates on which the Community's market regulations have come into force are well known. Since 1 July 1967 numerous products and groups of products have been subject to single-market systems, with common market organizations and common price levels.

This would seem to be a good time to examine the procedure by which decisions are reached, to see who takes the decisions affecting the common market organizations, to study - specifically - how Community decisions are arrived at in practice.

I. How responsibilities are shared out

A. Between the Member States and the Community

Regulations for the single-market stage evolve slowly over a period of time, as is explained below.

(a) Transition period

For the first market organizations an important step had to be taken: import arrangements had to be brought into line and all obstacles to trade had to be removed and a single instrument - a levy calculated and, so to speak, fixed on a Community basis - substituted for them.

In some important areas, however, the Member States and the Community share joint responsibility; here there has been no alignment, merely co-ordination. This applies in particular to prices, support measures and export arrangements.

Prices. The Community fixes a price range (or bracket); the Member States fix prices within this bracket, conforming to the principle of price regionalization where this has been provided for. The member countries are still free to limit the guarantee to a specified quantity in some of the market organizations (e.g. cereals).

Intervention. For cereals, an intervention price is fixed, but further intervention measures are also possible.

It has turned out in practice that intervention measures have been applied in accordance with the standards generally followed in the past. In the cereals sector, for example, certain Member States have resorted to support buying, while in other member countries with surplus production the use of this

form of intervention has not been necessary, recourse to buying having been obviated by the use of traditional market support measures involving stockpiling.

The pigmeat regulation provided for the possibility of intervention, but did not make it obligatory.

Export arrangements. Provision is made for export refunds. The Community establishes a general framework and defines the maximum amount of refund. The Member States decide whether a refund is to be granted or not, and should they decide to grant one, it is they who fix its amount.

Each Member State therefore retains the refund as an element of market policy, and also, if necessary, as an element of commercial policy.

(b) The single-market stage

The single-market regulations provide for harmonization on these three essential points - prices, support measures and export arrangements - because the aim is to create a large market with the characteristics of a national one.

From now on price policy is formulated entirely by the Community, which fixes basic prices - and regional prices too where these exist (derived intervention prices). For products subject to a system of derived prices, the calculation of these is an essential factor for the free movement of goods.

Intervention policy is also controlled by the Community. The following, for instance, were fixed on a Community basis:

- (a) Intervention centres for cereals;
- (b) The time at which intervention should take place, either by "automatic" purchasing at a predetermined price (cereals) or by buying approved by the Community once market prices within the EEC fall below the basic price (pigmeat);
- (c) The price at which buying-in takes place and the conditions of resale for products bought by the intervention agencies.

At the single-market stage the Community itself decides what refunds should be granted.

That both intervention measures and refunds are decided at Community level is a direct consequence of the establishment of a single market, with all the characteristics of a domestic market, in which goods can circulate freely. Indeed, experience has

shown that even the differences remaining when the refund - a Community one - has been paid may be enough on their own to cause deflections of trade.

B. Between the various organs of the Community

It is clear then that some important types of decision have been transferred from the Member States to the Community in the market organizations.

Now who takes what decisions within the Community?

(a) The Council

The Council has reserved to itself the right to make a certain number of decisions in implementation of the common market organizations:

- (i) Basic decisions of a political nature, where the European Parliament is consulted as required by the Treaty. Examples of this type of decision are:
 - (a) the annual fixing of prices;
 - (b) the definition of regularization measures for eggs and poultry; or
- (ii) Decisions of a general nature affecting the implementation of the common organizations. Examples of this type of decision are:
 - (a) basic principles with regard to intervention;
 - (b) general rules governing intervention;
 - (c) the principles governing the calculation of levies on derived products.

(b) The Commission

The Commission has been entrusted with making implementing decisions proper:

- (i) Implementing procedures which serve as a pattern for others and must be adopted once in principle; examples of these are the criteria for the buying-in of cereals by the intervention agencies, conditions for denaturing common wheat, conditions for granting import or export licences;
- (ii) Periodical management decisions, such as the fixing of levies, refunds and the amount of aid for oilseeds.

The majority of these decisions are taken in accordance with what is known as the Management Committee procedure (see below).

However, some of them are a matter for the Commission alone, namely:

- (a) periodical decisions of a quasi-automatic nature, and
- (b) urgent decisions, such as changing the amount of the export refund in the interval between two Management Committee meetings, or decisions involving the safeguard clause.

II. How Community decisions are reached

A. The Commission

Some readers will assume from what has been said already that all decisions are taken in Brussels, that the Member States can no longer make their own decisions, and these readers will argue that Brussels has no direct knowledge of the problems.

The situation is quite different in reality. A preliminary remark must be made at this point: the Commission's administrative departments do not duplicate those of the Member Governments. The Commission in fact carries out its administrative tasks in close co-operation with the Member States, working through and with their government departments. Contrary to what people sometimes think, then, there is no "super-administration" in Brussels, merely a small staff barely able to cope with preparing the Commission decisions which ensure Community management of the market organizations.

A few figures will prove this. The cereals division, for example, has a staff of 27, ten of these being higher-grade, "A" officials; the milk products division has a staff of 20, ten being "A" officials. There is no comparison between these staffs and the number of officials engaged in market administration in the Member States.

With such a small staff, the Commission would find it very difficult to make all the management decisions required of it were it not for close co-operation with government departments in the Member States and consultation with representatives of agricultural and allied associations.

(a) Co-operation with the Member States

Management of the regulated markets is "relayed" through the Member States not only for final implementation but also from the start - when the economic data needed to follow the development of agricultural markets are being prepared.

(i) The elaboration and preparation of the necessary economic data is based in particular on information transmitted by the Member States.

The Commission makes every effort to obtain the comparable figures which are needed, for instance, to get the milk products regulations under way or to implement the pigmeat regulation.

A whole series of regulations make provision for the transmission of information by the Member States to the Commission. In the case of cereals, for instance, more than 25 different types of information are supplied every day or every week depending on the circumstances. Information is supplied daily on the state of the world market with a view to the fixing of levies, and on the quantities for which import and export certificates have been issued, this information being essential if any adjustment of refunds proves necessary. Information is supplied weekly for the calculation of refunds, as are details of quantities bought in by the intervention agencies.

The need for such information has obviously grown with the advent of the single market, and a constant flow of information has now developed between the Commission and the Member States.

The number of messages received by telex in the Directorate-General for Agriculture has increased from 230 a month in 1962 to 1 400 a month since 1 July 1967. The number leaving the Directorate-General has increased from 250 a month in 1962 to the present level of 2 700 a month.

However, information is not relayed by telex only. It is also passed on at meetings of experts examining the market situation and, for instance, at the weekly meetings of the Cereals Management Committee, which examines the market, taking into account the refunds to be fixed.

The Commission supplements this information where necessary in various ways - through contacts with representatives of agricultural organizations (see below), information on prices abroad, and so on.

(ii) The Commission organizes frequent meetings with experts from the Member States to study the problems presented and to work out what measures are needed. If their presence is felt to be necessary, representatives of agricultural organizations whom the national delegates see fit to invite may attend these meetings.

(iii) But the Management Committees are the principal vehicles of co-operation with the Member States. The first of these came into being with the basic regulations of 1962, a committee being set up for each product subject to market regulation.

Each Management Committee comprises representatives of the Member States who meet under the chairmanship of a Commission representative. In the Committee the votes of the Member States are weighted as provided for in Article 148(2) of the Treaty, which means that Germany, France and Italy have four votes each, Belgium and the Netherlands two each, and Luxembourg one. The chairman does not vote.

The Management Committees give an opinion on proposed measures submitted to them by the Commission, twelve votes being the majority required.

Proposals are either endorsed by a twelve-vote majority or rejected by a twelve-vote majority, or no formal opinion is issued if twelve votes cannot be found either for or against.

In the case of a favourable opinion, or where no opinion is given, the text is referred back to the Commission, which then decides on the measures to be taken.

Where a Management Committee votes against a proposal, the Commission may implement the measure immediately, or it may postpone implementation for a maximum period of one month. In both cases, however, the Commission is obliged to refer the text to the Council, which has up to one month in which to reverse the Commission's decision.

This co-operation between the Commission and the Management Committees is extremely effective, and it may be said that the experiment has been a complete success.

The national delegations are made up of representatives of the various ministries and departments concerned, particularly those most directly associated with market management (Ministries of Agriculture and Finance, the Einfuhr- und Verratsstelle in Germany, the Produktschap in the Netherlands, and ONIC and FORMA in France).

The number of Management Committee meetings is growing steadily. The Cereals Committee, for instance, which used to meet once a month, has been meeting every week since the single-market stage was reached.

Now for some figures on the work done:

Between their inception and 30 September 1967, 612 texts were referred to the Committees. No opinion was given on 77 texts, or 12% of all those submitted, and in four cases an unfavourable opinion was given, which meant that these four texts had to be referred to the Council. In all other cases the proposals were endorsed, which gives some idea of the degree of co-operation which has been established with the Member States.

The Committee machinery enables the Commission to ascertain and understand the situation within the Community better, and gives the Member States an opportunity of participating in the preparation of Commission decisions which they themselves will have to implement at a later stage.

Finally, the system is an effective vehicle for co-operation between Member States, since the delegates get used to discussing the management of a market together and to taking account of the problems this poses for each country.

(b) Consultation with trade associations etc.

The Treaty makes provision for consultation with the Economic and Social Committee, who must be asked for their opinion by the Council or the Commission wherever specified. The Economic and Social Committee is composed of representatives of the various economic and social groups.

Its members are appointed by the Council following the submission by each Member State of a list containing twice as many candidates as there are seats allotted to each country. Germany, France and Italy each have 24 representatives on the Committee, Belgium and the Netherlands 12 each, and Luxembourg has 5.

The Economic and Social Committee is consulted on all basic agricultural regulations. In the case of market management, however, this consultation takes place within the advisory committees set up by the Commission. These have between 20 and 36 members representing associations organized at Community level (in other words, specialized European organizations), notably producers and consumers, industry and commerce, trade unions and co-operatives. The Commission consults these committees mainly on the operation of the machinery for implementing the regulations.

This co-operation between the Commission and European trade associations and the like has two advantages: it keeps the Commission informed of the day-to-day working of the common agricultural policy and its practical consequences for agricultural and allied circles; and it affords the associations in the member countries an opportunity for integration at European level, since it encourages them to do everything possible to work out common points of view.

The Commission is anxious to make these committees as effective as possible and is trying in particular to cut down on the time needed to obtain the opinion of the appropriate associations.

The co-ordinating associations (Dachverbände) are received periodically by Vice-President Mansholt, particularly the Committee of Agricultural Organizations in the EEC (COPA), the General Committee for Agricultural Co-operation in the EEC countries (COGECA), the Union of Industries of the European Community (UNICE), the Committee of Commercial Organizations in the countries of the EEC (COCCEE), trade unions and consumers' organizations.

(c) Decision procedure within the Commission

Another important factor, this time an internal one, is the consultation which takes place between the Commission departments on proposed measures. For example, the Directorate-General for External Relations is consulted on all matters affecting relations with non-member countries, while the Directorate-General for the Internal Market is consulted on questions affecting customs.

Lastly, we should see how the Commission, a corporate body, takes decisions on proposals prepared by the technical departments (Directorates-General), which in the case of agriculture act in accordance with the instructions of Vice-President Mansholt, President of the Agricultural Group, and are subject to his authority.

Important questions are discussed by the Commission as a body; even matters of day-to-day administration can be discussed in this way if they are likely to have political repercussions.

All other questions are submitted to the Commission by means of the written procedure. Any member of the Commission can interrupt this procedure and ask that the matter be examined by the Commission as a body if he so desires.

Everything has been done to ensure that decisions are taken with the necessary rapidity, and a special procedure has been introduced for cases involving the safeguard clause: an extraordinary meeting of the Commission may now be called to deal with these.

B. The Council

The Council is seldom called upon to take decisions other than on a proposal submitted by the Commission. Strictly, the Council is empowered to take decisions under Article 28 of the Treaty without a Commission proposal, though in practice the Commission does usually put forward proposals as to the measures to be taken.

As a general rule, however, the Council can adopt decisions only on a Commission proposal. The text of the regulation, directive or decision that is to be put to the Council is drafted by the Commission's Directorates-General. Apart from the Management Committee procedure and the procedure whereby authority to sign decisions is delegated, all that has been said so far about the Commission's decision procedure applies to these proposals: their drafting and adoption by written procedure or, where necessary, following discussion within the Commission exactly follows the pattern already described.

On its submission to the Council, the proposal is either referred to the Economic and Social Committee or to the European Parliament, or it is immediately discussed within the Council - depending on its legal basis. Discussion within the Council is always preceded by a preliminary examination which is as thorough as possible.

This preliminary examination is carried out by specialized bodies on agricultural questions set up by the Council. There is a Special Committee for Agriculture and there are also working parties. The latter are composed of experts from the Member States and are convened by the Special Committee for Agriculture or by the Council itself for preliminary discussion of the problems raised by a Commission proposal; they are to arrive at the greatest possible measure of agreement. As at Council meetings, the Commission is represented at meetings of the Special Committee for Agriculture and the working parties by the appropriate officials.

The findings of a working party are used as a basis for discussion by the Special Committee. It may happen that the questions left open by the working party are solved within the Special Committee. If not, the Committee refers these back to the working party, or they are discussed within the Council if they are important, political matters on which agreement cannot be reached. The Council may return the file to the Special

Committee with instructions to open fresh discussions on certain aspects, and the Committee may refer the matter to the working party again.

Once agreement has been reached within the Special Committee for Agriculture, the proposal is transmitted as "Point A" to the Council, having been put into final form by a team of lawyers, linguists and occasionally experts, from the Member States and the Commission. If a proposal appears on the agenda as "Point A", this normally means that it is not discussed any further by the Council; if one of the Member States wishes to re-open discussions, the item is placed on the agenda for the next Council meeting. This "Point A" procedure is designed to lighten the burden of work falling on the Council while maintaining the basic principle that it alone is competent to take decisions.

While a Commission proposal is being discussed by the Council, the Member States may have some observations to make. In cases of this kind, provided the Council has not acted, the Commission may amend its original proposal, particularly where the matter has been referred to the European Parliament. If the Commission sticks to its original proposal, the Council is empowered to amend it only by means of a unanimous vote (Article 149 of the Treaty). Decisions have in fact nearly always been voted unanimously despite the fact that, under the provisions of the Treaty, a simple majority vote has sufficed since 1 January 1966.

Besides this decision procedure, the Council may also have recourse to a written procedure which makes possible the adoption of urgent decisions where a Council meeting cannot be arranged within the specified time. This procedure, which is rarely used, had a certain currency during the "crisis" months of 1966.

The general public is amazed at the agricultural "marathons" held by the Council and at the length of time needed to reach a decision. This amazement is hardly justified. It might even be argued that reforms as far-reaching as those introduced by the Council's agricultural regulations took less time than is generally the case in the Member States when important changes are being made in national regulations.

This system of "marathon" sessions proved worth while in hammering out the basic regulations, but it is unlikely to be used again once the common organizations are under way. There is, however, an explanation for these marathons: not all the Governments have the same economic interest in the same product, and in many cases agreement could only be reached by obtaining comparable guarantees for the various groups of producers.

It is true that this system has certain disadvantages because it adds unnecessarily to the number of matters on which the Member States continue to be in disagreement up to the last minute. Nevertheless, in the context of the present structure, it ensures a balanced development and makes economic decisions politically possible.

It was this concern for a balanced development that moved the Commission to propose to the Council an annual debate on agricultural prices in general.

CORRIGENDUM

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Page 3 (under principal exporting countries) China: for 100,000 tons read 10 000 tons.