

EUROPEAN PARLIAMENT

Working Documents

1975-1976

22 September 1975

DOCUMENT 256/75

Report

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the European Communities to the Council for /

- I. a regulation amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit
- II. a regulation amending Regulation (EEC) No. 2601/69 laying down special measures to encourage the processing of certain varieties of oranges
- III. a regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables

(Doc. 202/75)

- IV. a regulation amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

(Doc. 221/75)

Rapporteur: Mr N. A. KOFOED

PE 41.583/fin.

By letters of 22 July and 4 August 1975 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 proposals from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit, a regulation amending Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges, and a regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables, and on a further proposal for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit.

On 5 August 1975 and 29 August 1975 the President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and the Committee on Budgets and the Committee on External Economic Relations as the committees asked for their opinions.

The Committee on Agriculture appointed Mr Kofoed rapporteur.

It considered these proposals at its meeting of 16 and 17 September 1975.

At the same meeting the committee unanimously adopted the motion for a resolution and the explanatory statement by 18 votes to none, with two abstentions.

The following were present: Mr Houdet, chairman; Mr Vetrone and Mr Laban, vice-chairmen; Mr Kofoed, rapporteur; Mr Boano, Mr Bourdellès, Mr Brégère, Mr Creed (deputizing for Mr McDonald), Mr Della Briotta, Mrs Dunwoody, Mr Frehsee, Mr Gibbons, Mr Hughes, Mr de Koning, Mr Lemoine, Mr Ligios, Mr Liogier, Mrs Orth, Lord Walston, Mr Zeller.

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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

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 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit
- II a regulation amending Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges
- III a regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables
- IV a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 202/75 and Doc. 221/75),
- having regard to the report of the Committee on Agriculture (Doc. 256/75),

1. Approves the Commission's proposals;
2. Stresses that the principle of Community solidarity, particularly with regard to the fruit and vegetables sector, must be respected in the course of negotiations with Mediterranean countries;
3. Emphasizes that import procedures must be rigorously enforced to ensure that reference prices for goods from Mediterranean countries are strictly observed;
4. Supports the Council in its decisions of 23 and 24 June 1975:
 - to review subsequently the situation in the Community market for lemons on the basis of a Commission study and to take appropriate steps to remedy marketing problems of fresh or processed lemons;
 - to supervise trade with non-member states in processed fruit and vegetables;

¹OJ No C176, 2.8.1975, p.2 and OJ No C 197, 28.8.1975, p.6

- and to provide assistance from the EAGGF and the Regional Development Fund in the case where difficulties arise in fruit and vegetable processing industries.

EXPLANATORY STATEMENTThe purpose of the Commission's proposals

1. The purpose of the proposals (COM(75) 356) is to implement measures agreed to in principle by the Council in Luxembourg on 23 and 24 June 1975 for modifications in the market organization for citrus fruit on which, in part, the agricultural concessions depend in the context of Mediterranean Policy.

The Parliament is further consulted on a modification to the common organization of the citrus fruit sector to improve the production and marketing of Community citrus fruit (COM(75) 378).

The market organization for citrus fruit

2. The fruit sector is distinguished from other agricultural production by its seasonal production pattern, problems of storage and marketing.

3. For this reason more responsibility is given to producer organizations in the operation of the market and less reliance has been placed on costly intervention systems.

4. The market organization is based on four principal instruments :

- (a) the control of imports when import prices fall below the reference price for two days. This reference price is fixed yearly as an arithmetic mean of the previous three years' producer prices in representative markets, together with Community marketing costs;
- (b) a price and intervention system. A basic price is calculated as the average price level of a commodity for the previous three seasons in specific markets in the main production areas. Member States may intervene when prices fall below a buying-in price fixed at between 60% to 70% of the basic price;
- (c) self organization of producers by means of producer groups, which may be provided with aid from Member States; these groups can fix withdrawal prices to help establish basic floor prices;
- (d) strict measures to control the standard of fruit marketed and to encourage self discipline within producer groups.

Measures to improve the marketing of citrus fruit

5. To ease problems encountered in the disposing of citrus fruit production, measures have been adopted to improve marketing :

(a) Regulation (EEC) No 2511/69

- i) medium term measures to encourage the replanting of existing plantations of orange and mandarin trees to better adapt production to consumer demand;
- ii) short term measures to encourage marketing of citrus fruit in importing regions by means of contracts between producers in one Member State and buyers in others;

(b) Regulation (EEC) No 2601/69

financial compensation to encourage the processing of certain varieties of oranges on the basis of contracts between Community producers and processors.

Measures in the agricultural sector to complement the Community's Mediterranean policy

6. The development of closer relations with the Community's neighbours in the Mediterranean has become a fundamental policy.

Already in 1972, in its session of 27 and 28 June, the Council decided to examine a global approach to the problems arising in the Mediterranean; this examination could lead, it was considered, to renegotiation, where appropriate, of existing agreements.

On 27 September and 29 November of the same year, the Commission submitted to the Council a number of recommendations, whose aim was the gradual elimination of obstacles to trade, and, in the agricultural sphere the reconciliation of the safeguarding of the traditional exports of the Mediterranean countries with the maintenance of the proper functioning of the Community's market organization.

Following the Summit Conference of 19-21 October 1972, the Heads of State or Government declared that they attached "... essential importance to the countries of the Mediterranean basin with which agreements have been or will be concluded, agreements which should be the subject of an overall and balanced approach."¹

¹ Sixth General Report of the Commission of the European Communities, Doc. 303/72, 13.2.1973, p. 13.

Amongst the principal instruments of this Mediterranean policy are commercial agreements in which reciprocal concessions in the agricultural sector are an important element.

7. It is evident that the products imported from the Mediterranean compete with those produced in the Mediterranean regions of the Community, namely Italy and Southern France. These are amongst the poorest regions in the Community and are heavily dependent on agriculture. It is totally unacceptable that these regions should bear the brunt, in the agricultural sector, of the Community's Mediterranean policy.

This is all the more true since intervention is not undertaken in the fruit sector on the scale provided for products of the more northern regions, such as milk, beef and wheat; therefore, the support of the market depends to a greater extent upon reference prices being respected. Clearly any diminution of the protection offered by the reference price, such as may result from commercial agreements implemented in the course of the Mediterranean policy, severely affects the economic position of Community producers.

8. Consequently, liberalization of trade with Mediterranean countries in the citrus fruit sector requires that a number of measures be implemented to strengthen the common organization of the market in this sector. Further development of the Mediterranean policy depends upon such measures.

The measures adopted so far by the Council include, inter alia, in the processed fruit sector¹:

- i) to maintain until 31 December 1977 national measures on citrus fruit juices, the Council deciding before the end of that period on the arrangements to be introduced subsequently. If no decision is taken before the date mentioned, the previous arrangements will still apply;
- ii) to introduce supervisory arrangements under Regulation No 109/70 in respect of a list of sensitive products, with the exception of products covered by the system of import certificates;
- iii) the possibility of applying a system of floor prices for imports, as envisaged in the Commission's proposal for a regulation already submitted to the Council. The products to be covered by this system would, however, have to be determined by the Council, at a later date, as and when necessary.

¹ See Notice to Members of Committee on Agriculture (PE 41.244) of 1.7.1975, pp. 3-5.

The Council also noted that :

- i) following the introduction of a system of trade with non-member countries, the Commission undertakes to keep the situation in the processed fruit and vegetables sector under surveillance, in particular as regards the influence of the cost of the basic product, and to take all the necessary measures to overcome any difficulties;
- ii) if difficulties should arise in the fruit and vegetables processing industries following the introduction of this system, assistance from certain Community financial instruments (the Guidance section of the EAGGF, the European Regional Development Fund) could be envisaged, provided that the action proposed by the Member States falls within the scope of the regulations governing the said instruments.

Proposals for oranges and small citrus fruits

9. The Council has agreed in principle to a number of other measures in the citrus fruit sector which require the opinion of the European Parliament.

(a) Regulation (EEC) No 2511/69¹ provides for marketing premiums to encourage the disposal of Community citrus fruit in those regions of the Community which are normally importers.

- i) It is proposed that for the 1975/76 marketing year these marketing promotion premiums be increased by 11%, and that they be adapted in the following marketing years to a percentage not exceeding variations in the basic purchase price.
- ii) These marketing premiums are to be extended to lemons for the 1975/76 marketing year only.

(b) Regulation (EEC) No 2601/69² provides for financial compensation to certain quantities of oranges intended for processing. These quantities have been based on the tonnage in excess of the average quantities processed by Community processors during the previous three marketing years.

It is proposed that financial compensation be extended to all quantities of oranges.

(c) Regulation (EEC) No 1035/72³ lays down the common organization for the market in fruit and vegetables.

¹ O.J. No L 318, 9.12.1969, p. 1.

² O.J. No L 324, 25.12.1969, p. 21.

³ O.J. No L 118, 20.5.1972, p. 1.

By Article 25 of Regulation (EEC) No 1035/72, countervailing charges are levied only when entry prices are below the reference price for two consecutive days.

However, it has become evident that fluctuations of entry prices, so that they are alternatively above and below the reference price, cause disturbances to the Community market which cannot be remedied by Article 25 above.

- i) Consequently, it is proposed to strengthen the system of reference prices by providing for countervailing charges not only, as at present, when entry prices are below the reference price for two consecutive days, but also when entry prices are alternatively above and below the reference price.
- ii) Under Article 23(2) of Regulation (EEC) No 1035/72 transport costs for oranges, mandarins and satsumas, clementines and tangerines, are not taken into account when calculating the reference price since special measures are taken to dispose of these products within the Community. This inclusion of transport costs serves to reduce the reference price and so the protection it affords.

For a part of the 1975/76 marketing year similar measures were taken in respect of lemons; consequently transport costs for that period should not be taken into account in calculating the reference price for lemons. It is proposed to amend this article so as to offset for the remainder of the 1975/76 marketing year the non-inclusion of transport costs in the reference price for lemons.

- iii) It is also proposed to review in subsequent marketing years the situation in the lemon sector, in the light of a study to be carried out by the Commission, with a view to remedying any difficulties which might occur in the disposal of fresh or processed lemons.

A further amendment to Regulation (EEC) No 2511/69

10. Regulation (EEC) No 2511/69¹ provides for aids to replanting citrus fruit plantations so as to encourage varieties more adapted to consumer tastes. Small farmers are granted special aid as partial compensation for loss incurred. One of the criteria for granting this aid is that the area of the undertaking should not be more than five hectares. It is proposed that the words 'total area' be replaced by 'utilizable area'.

¹ O.J. No L 318, 9.12.1969, p. 1.

11. This proposal, which seeks to reduce disputes concerning interpretation, will have very little effect on amounts of aid granted : other conditions laid down in Article 4(1) remain, and in particular, that the beneficiary's income may not exceed the income derived from 2 hectares of orange and mandarin trees. Consequently, this proposal can be approved by the Committee on Agriculture.

Conclusions

12. These proposals from the Commission represent a necessary preliminary step for the implementation of the agricultural concessions granted in the context of the Mediterranean Policy.

13. The Mediterranean Policy is an established and basic common policy. At the time of the conclusion of the last agreement drawn up in the framework of the Mediterranean Policy - the Israel agreement - the European Parliament, in a report drawn up by Mr Patijn, welcomed the agreement, while emphasizing that it "confirms the Community's desire to strengthen further its ties with the countries of the Mediterranean Basin."¹

14. However, it is essential that commercial agreements adopted in furtherance of this policy must be compatible with the Common Agricultural Policy, and notably must respect the fundamental principle of Community preference. This is particularly true with regard to fruit and vegetables, wine, tobacco and olive oil, for which Community regulations give few guarantees to producers.

15. Development of the Mediterranean Policy should not be achieved at the expense of the Southern regions of the Community. These regions are amongst the poorest in the Community and are heavily dependent on agriculture. Community solidarity must be respected.

In these circumstances, a particularly appropriate method to safeguard the incomes of Community producers in these sensitive sectors consists of premiums to improve and encourage processing and marketing. The principle of Community preference can be respected, in part, by facilitating the marketing of the products of one Member State in the other, importing, Member States.

16. This approach has already been recommended by the Committee on Agriculture in an opinion for the Committee on Development and Cooperation concerning the implementation of the Lomé Agreement².

17. In consequence, the Committee on Agriculture approves the Commission's proposals.

¹ Doc. 94/75

² Doc. 128/75, 18.6.1975

18. At the same time, this Committee insists that in negotiations with Mediterranean countries the principle of Community preference and the duty imposed by Article 39 of the Treaty to safeguard the economic position of Community producers be respected, particularly with regard to fruit and vegetables, wine, tobacco and olive oil.

19. The Committee on Agriculture would also like to stress that import procedures must be rigorously enforced to ensure that reference prices for produce from Mediterranean countries are strictly observed.

20. Finally, the Committee supports the Council in its decisions :

- to review subsequently the situation in the Community market for lemons on the basis of a Commission study and to take appropriate steps to remedy marketing problems of fresh or processed lemons;
- to supervise trade with non-member states in processed fruit and vegetables;
- and to provide assistance from the EAGGF and the Regional Development Fund in the case where difficulties arise in fruit and vegetable processing industries.

