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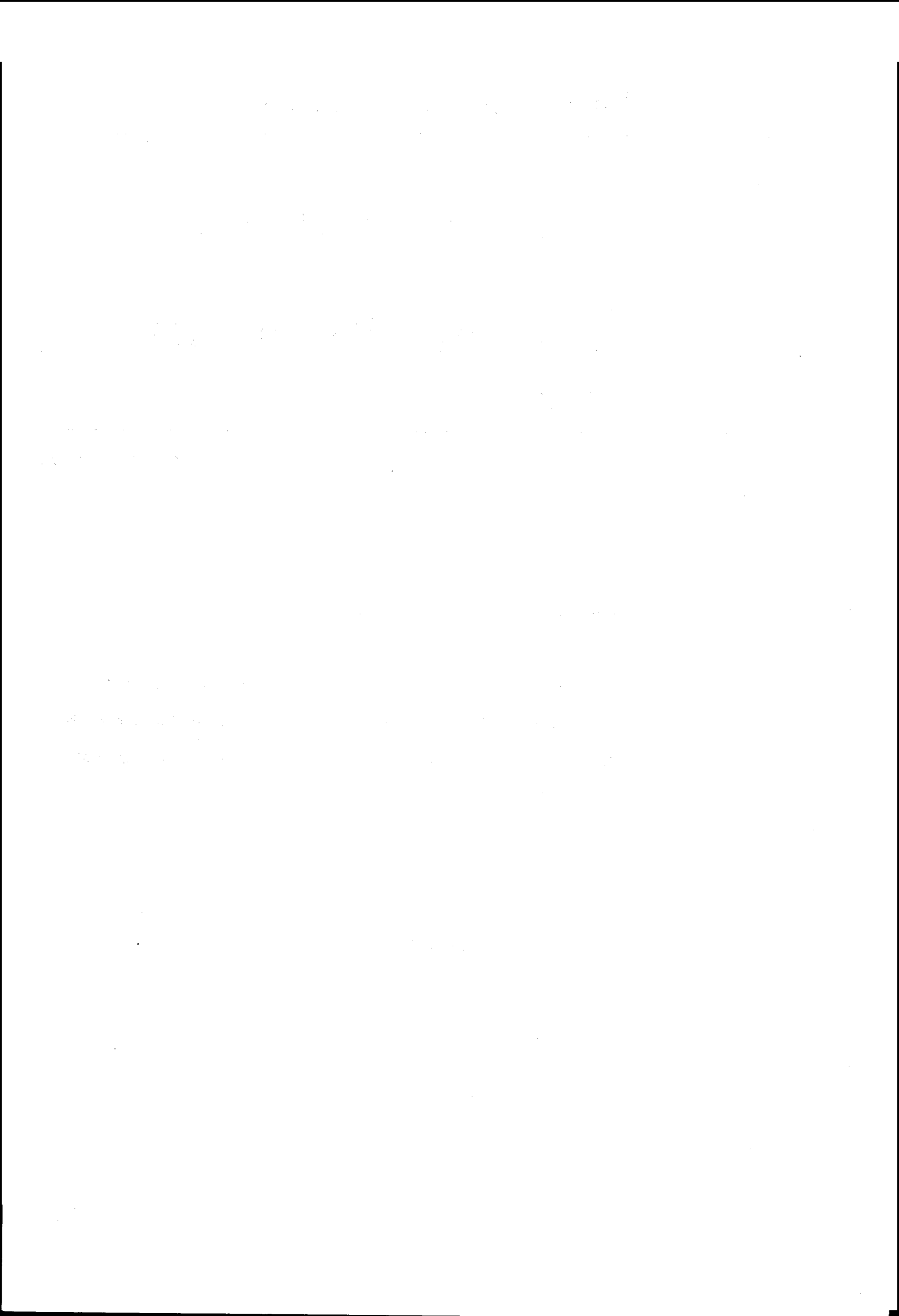
Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 90/74) for a regulation altering the intervals at which the standard values are fixed to be used in calculating financial compensation in respect of fishery products

Rapporteur: Mr James Martin GIBBONS

PE 37.146/fin.



By letter of 8 May 1974 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43(2) of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation altering the intervals at which the standard values are fixed to be used in calculating financial compensation in respect of fishery products.

On 13 May 1974 the President of the European Parliament referred this proposal to the Committee on Agriculture as the Committee responsible and the Committee on Budgets as the committee asked for its opinion.

The Committee on Agriculture appointed Mr J. Gibbons rapporteur on 24 May 1974.

It considered this proposal at its meeting of 17 September 1974.

At the same meeting the committee unanimously adopted the motion for a resolution and the explanatory statement.

The following were present : Mr Laban, Acting Chairman and Vice-Chairman; Mr Bourdellès, Mr Brégégère (deputizing for Mr Dalsager), Mr Cifarelli, Mr Frehsee, Mr Früh, Mr Hansen, Mr Kavanagh, Mr Martens, Mr Brøndlund Nielsen, Mrs Orth, Lord St. Oswald.

The opinion of the Committee on Budgets is attached.

C O N T E N T S

	Page
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	7
Opinion of the Committee on Budgets	10

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 proposal from the Commission of the European Communities to the Council for a regulation altering the intervals at which the standard values are fixed to be used in calculating financial compensation in respect of fishery products.

The European Parliament,

- having regard to the proposal of the Commission to the Council¹
 - having been consulted by the Council pursuant to Article 43(2) of the EEC Treaty (Doc. 90/74) ;
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 259/74) ;
1. Approves the Commission's proposal;
 2. Instructs its President to forward this resolution and the report of its Committee to the Council and the Commission of the European Communities.

¹OJ No C64, 5.6.1974, p.7

EXPLANATORY STATEMENTThe Organization of the Market in Fishery Products

1. The common organization of the market in fishery products was established by Regulation (EEC) No 2142/70 of 20 October 1970,¹ with the aim of adjusting supply to market conditions and so guarantee a fair income to producers by means of a price and trading system and common rules on competition.
2. Provision was made for a guide price (Article 8) to be fixed annually and used to determine price levels for intervention on the market by producers' organizations. These bodies apply a withdrawal price below which their members' products are withdrawn from the market, and grant indemnities from intervention funds provided for by contributions from members (Article 7).
3. Support is given by Member States to producers' organizations by the provision of financial compensation for quantities withdrawn from the market (Article 10).
4. According to Article 10.2, financial compensation shall be granted only to products disposed of for uses other than human consumption or in such a way so as not to interfere with the normal marketing of the product. Such 'other uses' consist mainly of fish meal.
5. The compensation granted is fixed at 55 - 60% of the guide price.

A further amount is deducted from this compensation equal to the 'standard values' of the products withdrawn when used for other purposes.

These 'standard values' are fixed on an annual basis at the beginning of the fishing year (Article 10.3).

The Purpose of the Commission's Proposals

6. When the common organization was set up in 1971, the prices obtained for products used for purposes other than human consumption were subject to only slight variations.

¹ O.J. No L 236 / 27.10.1970; p. 5 FF.

More recently, however, prices of high-protein products have increased substantially; one of the most important of these is fish meal.

It appears likely that the present high-protein shortage, and subsequent price increases, will continue.

On the other hand, the possibility of a sudden slump in prices, due to changing supply conditions, cannot be excluded.

7. Given this increased volatility in the fish meal market, the Commission now proposes that the text of the second sub-paragraph, Article 10.3, be amended so as to allow for the possibility of fixing the 'standard values' for calculating compensation for products withdrawn from the market throughout the fishing year, as well as at the beginning, "whenever major variations are recorded in the prices on Community markets, or by the net receipts from sales of products for human consumption effected" (proposed Article 1).

Impact on Community Producers

8. The major Community producer of fish meal is Denmark (producing two-thirds). Approximately 800 million kg of fish, or one-eighth of catches, are transformed into fish meal. The greater part of this fish meal is not covered by this proposal, since catches are intended directly for fish meal. At the moment withdrawals are limited, consisting mainly of red fish and mackerel. The main countries concerned by these proposals are Germany, France, the Netherlands and Belgium. The three new members have only a limited interest in these proposals for the fishing year to come : in the United Kingdom producers' organizations have been established for part of the country and are envisaged for other regions in the near future; Denmark intends to establish an organization to cover the whole country; Ireland has no plans for producers' organizations at the moment.

9. It should be borne in mind that this proposal merely provides for the possibility of revising 'standard values' used for calculating compensation for products withdrawn from the market. It is presently foreseen that values of 'other uses' will increase, and therefore amounts to be deducted from compensation will increase. It cannot be excluded that the opposite will occur at some future point.

10. The Commission provides no indication of the impact that such revisions of 'standard values' will have on producer incomes. In practice there should be none, since producers receive indemnities from intervention funds, which in

turn obtain compensation from Member States. Thus there is no direct relationship between the producers' indemnity and alterations in the compensation granted by Member States to producers' organizations. The latter will merely rely more on the market to fund withdrawals.

Financial Implications

11. According to Article 10, Member States shall grant financial compensation to producers' organizations which intervene to withdraw products. Such compensation is funded by the EAGGF.

The financial implications of this proposal are difficult to assess, since they depend on quantities withdrawn and future prices given for fish meal. In view of the present market situation it is likely that slight savings for the EAGGF will be made.

Observations

12. At present, standard values for use in calculating compensation for fishery products withdrawn from the market are fixed on an annual basis. Given the increasing volatility in the prices of transformed products, this proposal allowing for the possibility of fixing new standard values throughout the fishing year would appear to be justified.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the Committee on Budgets to Mr Houdet,
Chairman of the Committee on Agriculture

Strasbourg, 11 June 1974

Dear Mr Chairman,

At its meeting of 6 June 1974 the Committee on Budgets considered a proposal for a Council regulation altering the intervals at which the standard values to be used in calculating financial compensation in respect of fishery products are fixed¹ (Doc. 90/74).

Referring to Council Regulation No. 2142/70 on the common organization of the market in fishery products, which provides that the financial compensation granted to producers' organizations must be reduced by the standard values fixed at the beginning of the fishing year for products for purposes other than human consumption in accordance with Article 10(2) of that regulation, the Commission believes that a single fixing of standard values at the beginning of the fishing year is no longer consistent with the actual market situation.

It therefore proposes that financial compensation should be adjusted in cases where there have been substantial price variations during the fishing year.

According to the Commission, the financial effects of this proposal are difficult to assess, but they would not require changes in the pluriannual provisions.

The expenditure involved would be financed by credits entered under Article 711, intervention: ' fishing', item 7110 of the Commission's budget. It should be noted that less than 50 per cent of the appropriations in the 1973 budget were utilized.

The Committee on Budgets therefore recommends that the Commission's proposal be approved.

(sgd) Georges SPENALE

¹ The opinion was adopted unanimously with the following present:

Mr SPENALE, Chairman, Mr AIGNER, Vice-Chairman, Mr DURAND, Miss FLESCHE, Mr GERLACH, Mr KOLLWELTER (deputizing for Mr POHER), Mr POUNDER, Mr VERNASCHI and Mr WOHLFART.