

## EUROPEAN PARLIAMENT

## Working Documents

1980 - 1981

17 JUNE 1980

DOCUMENT 1-251/80

## REPORT

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the  
European Communities to the Council (Doc.1-231/80)  
for a regulation/laying down, in respect of hops,  
the amount of aid to producers for the 1979 harvest

Rapporteur: Mr N M DAVERN

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By letter of 6 June 1980 the President of the Council requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal for a council regulation laying down, in respect of hops, the amount of aid to producers for the 1979 harvest.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

At its meeting of 4 June 1980 the Committee on Agriculture appointed Mr Davern rapporteur.

It considered this proposal at its meeting of 17 June 1980 and at the same meeting adopted the motion for a resolution and explanatory statement by 24 votes with 3 abstentions.

Present: Sir Henry Plumb, chairman; Mr Fröh and Mr Ligios, vice-chairmen; Mr Davern, rapporteur; Mrs Barbarella, Mr Blaney (deputizing for Mr Skovmand); Mr Bocklet, Mr Buchou, Mr Clinton, Mr Colleselli, Mrs Cresson, Mr Curry, Mr Dalsass, Mr de Keersmaeker (deputizing for Mr d'Ormesson), Mr Diana, Mr Gautier, Mrs Herklotz, Mr Jürgens, Mr Kirk, Mr Pranchère, Mr Provan, Miss Quin, Mr Sutra, Mr Tolman, Mr Vernimmen, Mr Wettig and Mr Woltjer.

CONTENTS

	<u>Page</u>
A    MOTION FOR A RESOLUTION .....	5
B    EXPLANATORY STATEMENT .....	6

A

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 laying down, in respect of hops, the amount of aid to producers for the 1979 harvest

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM (80) 262 final),
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-231/80)
- having regard to the report of the Committee on Agriculture (Doc. 1-251/80),

approves the Commission's proposal.

EXPLANATORY STATEMENTI. THE SITUATION ON THE HOP MARKET IN 1979(A) World market

1. In 1979, world hop production amounted to 115,800 tonnes, that is an increase of 8,000 tonnes over 1978. This quantity still fell short of the world brewing industry's requirements, estimated at 118,000 tonnes. This situation led to a depletion of stocks, which are reported to be 2-3% lower than normal.

As a result, prices on the free market increased, which was of particular advantage to the Federal Republic of Germany, the world's leading hop exporter.

2. For the 1980 harvest, the world acreage can be expected to increase by around 4,600 hectares, made up of 900 hectares in the EEC, 2,000 ha in the United States, 1,100 ha in the COMECON countries and 600 ha in the rest of the world.

If yields are normal (1.46 tonnes per ha), production will remain slightly below the quantity needed by the world's brewing industry, which is likely to lead in 1981 to a slight running down of stocks. A slight increase in prices for the 1980 harvest is therefore expected. If yields are 5% above normal, there could be a certain stock surplus. This is why the Commission feels it important to avoid an over-rapid expansion of acreage. The Commission therefore reserves the right to present to the Council new proposals in respect of the control of acreage based on the acreage for the 1980 harvest and also advocates a tight rein on aid.

For 1981 and 1982, market equilibrium will depend above all on a strict programming of acreage in the case of the major hop producers, for in spite of an annual increase of about 3% in world beer production, annual demand for hops is only increasing by around 1% as a result of the technical improvements in the use of hops in brewing. For 1981 and 1982, world acreage under hops ought not to exceed 83,000 and 84,000 hectares respectively, compared with 78,146 hectares in 1979.

(B) Community market

3. In 1979, the Community accounted for 38% of world hop production and 32% of world acreage under hops. In 1971, proportions of high alpha acid varieties and aromatic varieties were 29% and 70% respectively of Community production. In 1979 the proportions of each of these varieties were 47% and 50% respectively.

4. The Community programme of restructuring and varietal conversion, coupled with a 40% reduction in acreage, was implemented for the 1978 and 1979 harvests. The results of this operation, covering two years, were as follows:

	Restructuring new plantings	Varietal conversion	Grubbing
Federal Republic of			
Germany	591	659	2,024
France	11	10	199
Belgium	9	23	191
United Kingdom	-	-	-
Ireland	-	-	-
T O T A L	611	692	2,414

It should be mentioned that aromatic varieties increased by 285 hectares and that bitter varieties decreased by 652 hectares compared with 1978.

5. Community production was 44,800 tonnes in 1979 as against 42,700 in 1978, despite a reduction in the area under hops (24,658 hectares in 1979 as against 25,273 in 1978). The reason is that the average yield in the EEC was higher than in 1978 (36.3 quintals<sup>1</sup> per hectare in 1979 compared with 33.7 quintals/ha in 1978).

Despite this increase in production, the stock situation will be better than in previous years. The stock surplus, which was 45% above normal at the beginning of the 1978 harvest, had fallen to only 8% above normal at the start of the 1979 harvest and may well fall further to 6% on account of the growth of Community exports.

<sup>1</sup> 1 quintal = 50 kg

6. As regards prices, it can be seen that advance contract prices have remained at 1977 levels while non-contract prices have risen. The percentage of hops offered on the open market dropped further compared with 1977 and 1978 because of the reduction in acreage in the Federal Republic of Germany. The quantity sold on the open market in 1978 was only 166,000 quintals compared with 327,000 in 1977. In 1979 this downward trend persisted, though less steeply, with sales falling to 150,000 quintals.

7. For the 1980 harvest the reduction in acreage compared with 1978 will probably be about 900 hectares. With a normal yield, production should amount to between 43,400 tonnes and 44,900 tonnes. Advance contract sales are likely to account for around 36,000 tonnes and the open market 8,000 tonnes. Demand in 1981 and 1982 should be in the region of 45,000 to 45,500 tonnes. The Commission therefore feels that, for these two harvests, Community acreage would need to be in the region of 25,700 hectares to enable the Community to continue with a policy of market stability.

8. Growers' total returns have developed favourably, since in 1979 the total return per grower was 17,237 u.a. compared with 13,436 u.a. in 1978, an increase of 29%.

It should be mentioned that in 1979 there were 6,701 producers in the EEC (including 383 associated in non-recognized groups and 206 independent growers) compared with 7,020 in 1978.

#### I. COMMISSION PROPOSAL

9. The Commission notes that its conversion and restructuring programme has produced positive results, namely an overall reduction of Community acreage over two years from 2,414 hectares (1,031 hectares for bitter varieties and 1,383 hectares for aromatic varieties) and that the new Community certification system has resulted in better quality control and greater transparency of marketing networks.

10. It also notes that the average income per hectare (excluding Community aid) rose from 3,826 u.a. in 1978 to 4,683 u.a. in 1979, an increase of 22%.

Broken down by varietal group, income (excluding Community aid) rose from

4,035 u.a. to 4,866 u.a. for aromatic varieties	(+ 21%)
3,640 u.a. to 4,821 u.a. for bitter varieties	(+ 32%)
3,194 u.a. to 4,509 u.a. for other varieties	(+ 41%)



11. The Commission proposal laying down the aid for the 1979 harvest is thus based on the following objectives:

- (a) to provide an adequate supplement to growers' incomes which, despite improvements, are still sometimes insufficient, having regard to the low level of prices fixed in advance contracts concluded during past years and also the expense involved for them in certification (Article 12(5)(a) of Regulation (EEC) No. 1696/71);
- (b) to enable recognized producer groups to continue to pursue a policy of market stabilization in order to establish an overall and lasting equilibrium between supply and demand;
- (c) to ensure, by means of differential aid, a rational distribution of production by hop type according to the trend of demand.

12. The Commission proposes to grant Community aid to all the areas registered. This will amount to 250 u.a. per hectare for aromatic varieties, 200 u.a. for bitter varieties and 250 u.a. for other varieties.

13. This measure to assist Community hop producers will cost 5.6 million ECU to be charged to the 1980 budget, compared with 10 million ECU in 1979. Despite the savings made by reducing the level of aid, growers will receive an adequate income, notably as a result of the improvement in market prices.

### III. CONCLUSION

14. Having regard to the trends in the world hop market and the Community hop market, and the improvement in growers' incomes, the Committee on Agriculture approves the Commission proposal laying down the amount of aid for the 1979 hop harvest.

