

EUROPEAN PARLIAMENT

Working Documents

1984-1985

4 March 1985

DOCUMENT 2-1783/84

REPORT

drawn up on behalf of the Committee on Agriculture,
Fisheries and Food

on the proposals from the Commission of the European
Communities to the Council (Doc. 2-1362/84 - COM(84)
682 final) for:

- I. a regulation amending Regulation (EEC) No. 729/70 as regards the amount allotted to the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF)
- II. A regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed

Rapporteur: Mr F. PISONI

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Rapporteur: Mr F. PISONI

By letter of 21 December 1984 the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 43 of the EEC Treaty, on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation amending Regulation (EEC) No. 729/70 as regards the amount allotted to the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF)
- II. a regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed.

On 14 January 1985 the President of the European Parliament referred these proposals to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets and the Committee on Regional Policy and Regional Planning for opinions.

At its meeting of 23 January 1985 the Committee on Agriculture, Fisheries and Food appointed Mr F. Pisoni rapporteur.

The committee considered the Commission's proposals and the draft report at its meetings of 30 January 1985, 1 February 1985 and 27 February 1985.

At the last meeting the committee unanimously decided to recommend to Parliament that it approve the Commission's proposals without amendment.

The committee then unanimously adopted the motion for a resolution as whole.

The following took part in the vote: Mr Tolman, chairman; Mr Eyraud, vice-chairman; Mr F. Pisoni, rapporteur; Mr Battersby, Mr Borgo, Mr Dalsass, Mr Fruh, Mr Gaibisso (deputizing for Mr Marck), Mr Gatti, Mr Maher, Mr Mertens, Mr Musso, Mr N. Pisoni, Mr Spath (deputizing for Mr Bocklet) and Mr Stavrou.

The opinion of the Committee on Regional Policy and Regional Planning is attached. The opinion of the Committee on Budgets will be published separately.

The report was tabled on 28 February 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Agriculture, Fisheries and Food hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

A

MOTION FOR A RESOLUTION

closing the procedure for consultation 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. 729/70 as regards the amount allotted to the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF),
- II. a regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed.

The European Parliament,

- having regard to the proposals from the Commission to the Council¹
 - having been consulted by the Council, pursuant to Article 43 of the EEC Treaty (Doc. 2-1362/84),
 - having regard to the report by the Committee on Agriculture, Fisheries and Food and the opinions of the Committee on Budgets and the Committee on Regional Policy and Regional Planning (Doc. 2-1783/84),
 - having regard to the result of the vote on the Commission proposals,
1. Approves the Commission's proposals subject to the considerations set out hereafter;
 2. Requests the Commission as soon as possible to determine future structural policy in the fisheries sector, taking account of accumulated experience and the prospect of forthcoming enlargement;
 2. Considers that the total amount allotted to the Guidance Section for the five-year period 1985-89 is quite inadequate in respect of requirements and that it should therefore be substantially increased to take account of inflation and the estimated level of investment;
 3. Stresses the desirability of fixing a minimum limit on expenditure under the Guidance Section to prevent compulsory expenditure under the Guarantee Section, given the Community's current financial situation, absorbing all the available resources, drawing even on those funds intended for structural measures; considers that in any case the amount to be allocated to the Guidance Section should not fall below 6-7% by comparison with the Guarantee Section;

¹COM(84) 682 final - OJ No. C 13, 15.1.1985, p. 2

4. Emphasizes that the vine-grubbing measures are designed to restore balance to the wine market; considers, therefore, that the relevant appropriations should be entered under the EAGGF, Guarantee Section; deplores the Council's decision to charge the 740 m ECU earmarked for these measures to the EAGGF, Guidance Section; requests the Council to modify this decision in accordance with Parliament's wishes;
5. Urges the Council to adopt without delay the Commission proposal to improve the efficiency of agricultural structures (COM(84) 559 final) and the proposal for integrated Mediterranean programmes, subject to the opinion delivered by the European Parliament on each of these proposals;
6. Calls on the Commission to define with all speed the future structural policy to be applied in the fisheries sector in the light of past experience and in view of the forthcoming enlargement;
7. Instructs its President to forward to the Commission and the Council, as Parliament's opinion, the Commission proposals as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENT

1. Council Regulation (EEC) No. 729/70 of 21 April 1970¹ on the financing of the Common Agricultural Policy lays down the rules governing the financing of the market policy and the agricultural structures policy.
2. As regards the structures policy, the regulation provided that individual projects coming under Regulation No. 17/64/EEC² could be financed provided that the common measures taken under Article 1(3) of Regulation (EEC) No. 729/70 had not used up the annual allocation of 285 million ECU fixed at the time.
3. As all the structural measures subsequently decided upon came within the scope of the common measures, the Council decided in 1972, pursuant to Article 6(5) of Regulation (EEC) No. 729/70, to raise this ceiling to 325 million ECU to allow for the first enlargement of the Community³.
4. In 1979 the Council, to allow for the fact that the available appropriations - including those set aside as a reserve (the 'Mansholt' reserve) which had not been taken up - had been used up, decided to earmark a five-year allocation of 3,600 million ECU, to give greater flexibility to the financing of the structural policy. Thus the amounts earmarked for this policy were, from that time, fixed as part of the annual budgetary procedure. This, in the first three years, for example, made the system very flexible so that a more dynamic impetus could be given to structural measures by exceeding the 720 million ECU per annum which that represented on average. In the last two years, of course, spending came up against the ceiling and a certain degree of caution became necessary.

This is why Regulation (EEC) No. 929/79⁴, under which this measure was implemented, provided for a procedure for reviewing the amount allocated before the five-year period elapsed, in order to adjust it to changing circumstances.

5. Thus, when Greece joined the Community, the amount of the allocation was raised to 3,755 million ECU by Regulation (EEC) No. 3509/80⁵.

¹0J No. L 94, 28.4.1970, p.13

²0J No. L 34, 27.2.1964, pp.586/64

³0J No. L 295, 30.12.1972, p. 1 - Regulation (EEC) No. 2788/72

⁴0J No. L 117, 12.5.1979, p. 4

⁵0J No. L 367, 31.12.1980, p. 87

6. In its proposal COM(84) 682 final, the Commission proposes a new way of proceeding.

It suggests doing away with the notions of a five-year allocation and a ceiling and going back to the practice of fixing the amounts required for the structural policy as part of the annual budgetary procedure. However, to enable the budgetary authority to determine the annual requirements, it proposes instituting a multiannual financial forecast covering a five-year period, based on the estimated amounts forecast for each structural measure.

7. This method makes it possible to plan investments to some degree without being bound by the constraints of a ceiling. Moreover, the Commission has revised its position with regard to the ceiling for the following reasons:

- (a) a ceiling, whether annual or quinquennial, runs counter to the European Parliament's budgetary powers in that it limits its margin for manoeuvre with regard to non-compulsory expenditure;
- (b) a ceiling may conflict with measures taken under the heading of compulsory expenditure. How could the Community refuse to pay for measures taken under the heading of compulsory expenditure on the pretext of there being a ceiling? But if it did not refuse, it would be disregarding a ceiling fixed by a Community regulation.

8. As a way out of these contradictions the Commission proposes abolishing the idea of a ceiling. The Committee on Agriculture, Fisheries and Food can only welcome such a move.

9. The total forecast cost in terms of commitment appropriations during the period from 1 January 1985 to 31 December 1989, on the basis of current measures and those at present awaiting decision by the Council, is 5,900 million ECU, i.e:

- 1,600 million ECU as regards measures already applied on 31 December 1984;
- 1,440 million ECU for the application of Regulation (EEC) No. 355/77;
- 1,400 million ECU as regards the proposal to improve the efficiency of agricultural structures;
- 700 million ECU for specific regional measures to be adopted pursuant to Article 18 of the abovementioned proposal;
- 740 million ECU for the vine-grubbing proposal.

10. The Commission says that this estimate will be revised in order to take account of the joint development of, on the one hand, the economic climate affecting agricultural investments and, on the other, budgetary constraints at the national and Community level.

11. As regards fisheries, the Commission reserves its position, since the current structures policy is due to expire at the end of 1985, while Spain and Portugal will very probably be members of the Community at the beginning of 1986. It would be interesting to know the Commission's intentions on this matter now, particularly whether it is interested in proposing a specific Fund for Fisheries.
12. The effect of the amendment to Regulation (EEC) No. 355/77 is to fix the estimated cost of such measures for the period from 1 January 1985 to 31 December 1989 as provided for under Article 16(3) of this regulation. The amount will go up from 156 million ECU to 242.5 million ECU in 1985 and 300 million ECU in subsequent years.
13. Aside from the technical budgetary aspects, the following questions are of particular concern to the Committee on Agriculture:
 - whether the total amount provided for structural projects, in particular for Reg. 355/77, is sufficient for requirements;
 - whether Regulation 729/70 should not fix, rather than a ceiling, a minimum annual percentage of expenditure by the EAGGF - Guarantee Section below which expenditure by the Guidance Section should not fall in any event.
14. As regards the first point it seems obvious to your rapporteur that the total amount provided (5,900 m ECU for the period 1985-89) is quite inadequate.

The Commission itself acknowledges this on page 90 of its 1984 Report on the Agricultural Situation in the Community where it states in reference to Regulation 355/77:

'The aids available cover only a very limited part of the total investment requirement in this sector, however, aid granted by the EAGGF Guidance Section up to 1983 for approved projects totalled 1,064 million ECU, while the total investment provided for by the programmes approved by the Commission came to 8,500 million ECU. It is therefore clear that the allocation of funds for the Regulation is inadequate and should be increased.'

Much larger allocations should thus be provided for the individual years. For Regulation 355, for example, a fixed allocation of 300 million ECU is provided for each of the years 86/87/88/89. The Commission thus does not even take account of inflation, so that the appropriations available are eroded, to a greater or lesser degree, depending on the Member State, and hence gradually diminished; whereas logically, they should be increased to take account of both inflation and the likely expansion of Community projects.

15. One might therefore ask whether, instead of fixing a ceiling on EAGGF Guidance expenditure, it would not be more useful to establish a minimum level of spending. In the Community's current financial situation there

is a genuine risk that compulsory expenditure by the EAGGF Guarantee Section will squeeze the budget and having exhausted its specific allocation will encroach on the non-compulsory expenditure of the Guidance Section. Whereas the usefulness of a ceiling is doubtful since it merely serves to facilitate forecasts of expenditure, the need for a minimum level seems obvious to your rapporteur. A fixed annual percentage for the Guidance Section should thus be established: for instance, for 1984 an appropriation of 17,980 million ECU was provided for the Guarantee Section compared to 910 m for the Guidance Section, roughly equal to 5%. This figure could be raised to 7% annually in order to ensure adequate funding for all structural projects.

16. On the basis of the foregoing considerations, the Committee on Agriculture, Fisheries and Food welcomes the Commission's proposal. It particularly requests the Council to adopt, without delay, the proposals awaiting decisions, i.e. the proposal to improve the efficiency of agricultural structures and the proposal on the integrated Mediterranean programmes, and requests the Commission to define, without delay, the structural policy to be applied in the fisheries sector from 1 January 1986.

O P I N I O N (Rule 101 of the Rules of Procedure)

OPINION

of the Committee on Regional Policy and Regional Planning

Draftsman: Mr A. HUTTON

On 25 January 1985, the Committee on Regional Policy and Regional Planning appointed Mr HUTTON draftsman of the opinion.

The committee considered the draft opinion at its meeting of 25 January 1985 and adopted it unanimously.

The following took part in the vote: Mr Ducarme, acting chairman; Mr Newman, vice-chairman; Mr Hutton, draftsman; Mr Ardent (deputizing for Mr Moroni), Mr Avgerinos, Mr C. Beazley, Mr Ephremidis (deputizing for Mr De Pasquale), Mr Griffiths, Mr Lambrias, Mr O'Donnell, Mr Poetschki, Mr Sakellariou, Mr Schreiber, Mr Stevenson (deputizing for Mr Hume) and Mr Verges.

I. INTRODUCTION

1. Articles 6, 6a, 6b and 6c of Regulation (EEC) No. 729/70 specify that a maximum amount of financial assistance for common measures in the field of agricultural structures, shall be established by Council for periods of five years. The figure fixed for the period 1980-1985 was 3,755 m ECU.

2. The present proposals for Council Regulations delete the articles of Regulation (EEC) No. 729/70 mentioned above and amend certain articles of Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed. These apparently technical changes in fact mark a victory for the European Parliament in its battle to extend its budgetary powers. The changes will make clear that the appropriations for the Guidance Sector are determined in the course of the budgetary procedure where Parliament acts as a partner to Council rather than through the legislative procedure in which Parliament does not yet have sufficient powers.

3. As it is useful to give all parties concerned in the operation of a major Community policy an idea of the financial dimensions which it might assume, the Commission has proposed that the total amount for EAGGF Guidance in the next five years be estimated at 5,900 m ECU in commitments and 5,700 m ECU in payments, amounts which are slightly above the levels for the previous five years in real terms.

4. In addition, figures 'for guidance only' are inserted in Regulation (EEC) No. 355/77. The figure for the period from 1 January 1985 to 31 December 1989 is estimated as 1,442.5 m ECU made up of 242.5 m ECU in 1985 and 300 m ECU per year in subsequent years.

II. CONCLUSIONS

5. The committee adopted the following conclusions as its opinions:

The committee:

- stresses the importance of the agricultural structures regulations for many of the least-favoured regions of the Community;
- welcomes the proposals made in Document COM(84) 682 which emphasize that the final appropriations for EAGGF guidance can only be determined in the course of the annual budgetary procedure;
- underlines the importance of steadily increasing the appropriations given to the Guidance sector so that it forms an increasingly important proportion of total Community expenditure on agriculture.

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