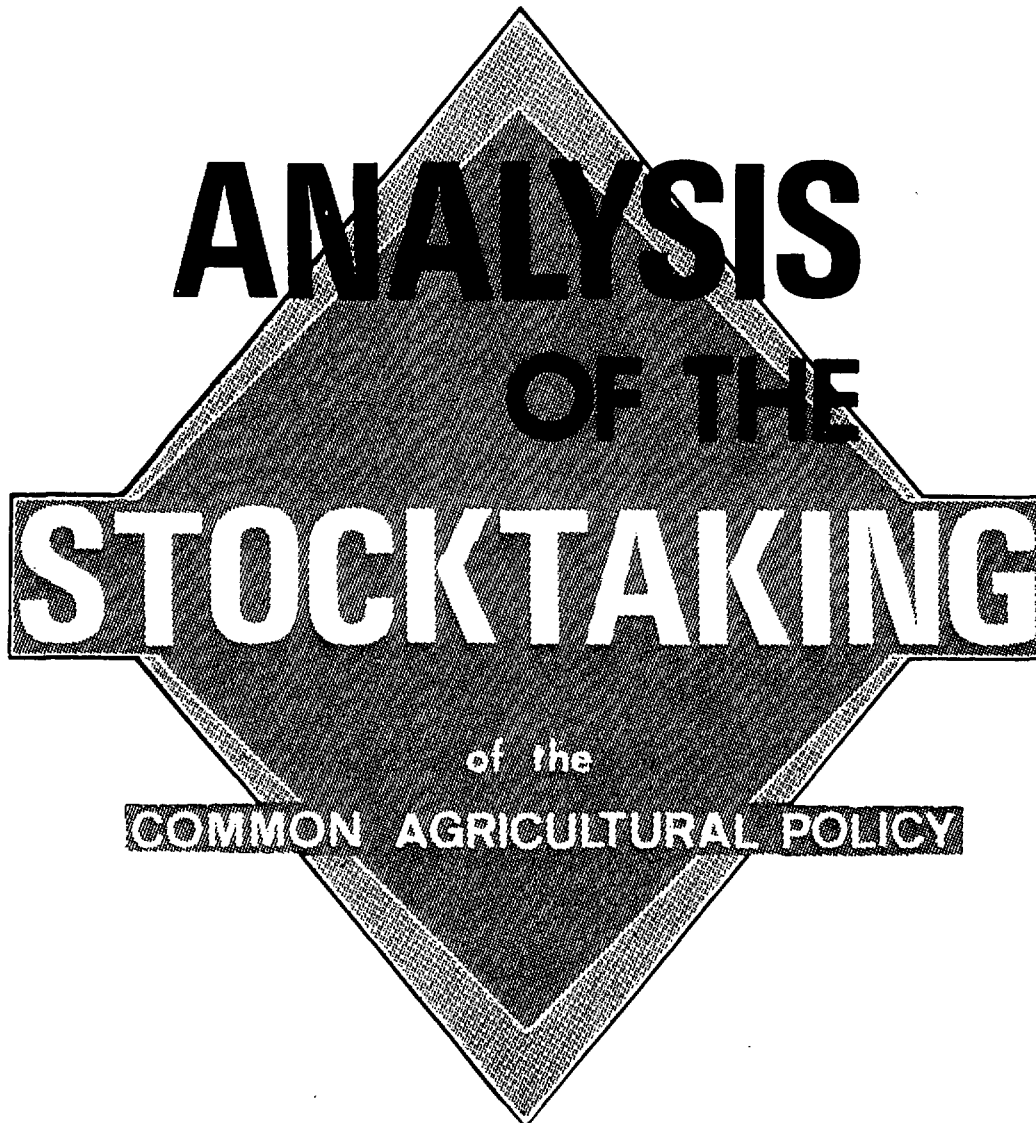


NEWSLETTER ON THE COMMON AGRICULTURAL POLICY

Nr 1

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**ANALYSIS
OF THE
STOCKTAKING**
of the
COMMON AGRICULTURAL POLICY

In October 1974, the EEC Council of Ministers requested the Commission to prepare a stock-taking of the common agricultural policy. In March 1975 this document was presented by the Commission and was discussed in detail by other Community institutions, namely the Council of Ministers, the European Parliament and the Economic and Social Committee.

The four main aspects of this review can be summarized as follows:

1. The importance of the common agricultural policy and its indispensable role in the process of building a united Europe was fully endorsed.

2. The positive results obtained were described in particular:

- increased agricultural incomes
- relative stability of prices
- security of supplies
- increased intra-EEC trade.

3. The persistence of imbalances in three main areas of European agriculture were stressed:

- income disparities
- regional imbalances
- market imbalances

4. In line with the Commission's views, the need for a series of improvements in the various mechanisms and for employing additional instruments to reach solutions to the various outstanding problems was recognized.

Although the other Community institutions largely accepted the Commission's analysis, on some

points different courses of action were proposed.

After this brief summary of the various points discussed, we would draw attention to two aspects which, because of their keen topical interest, should be given special consideration, i.e. market equilibrium and production targets. With regard to market equilibrium, the Council has stressed the need for the Community to participate in international agricultural trade but at the same time it was obliged to admit that the common agricultural policy had to suffer the effects of external policy decisions. Better equilibrium could therefore be re-established if the consequences of the various trade, association, or accession agreements were carefully evaluated. A series of internal measures concerned with improving the management of the markets and with structural policies would naturally be required, together with various complementary actions.

Production targets: The European Parliament has emphasized, among other things, the need for setting production targets to achieve a stable market equilibrium and security for supplies of foodstuffs.

III

It therefore requested that a greater effort be made to solve the various market problems while approving the proposals made by the Commission relating to joint financial liability in respect of production surpluses.

The Economic and Social Committee emphasized the fact that the agricultural sector should today be considered primarily in an international context to enable the various repercussions on the common agricultural policy to be studied with a view to re-establishing equilibrium. Internal and external problems demand that guidelines be laid down for Community agricultural production. The Committee therefore favours the fixing of global production targets.

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The complete text of the Council's conclusions, the Opinion of the Parliament and the Opinion of the Committee on the Stock-taking are now being published in the "Newsletter on the Common Agricultural Policy", which has already published the full texts of the "Memorandum: Agriculture, 1973-1978" (special issue, November 1973) and the Stock-taking (March issue 1975).

Our readers therefore have all the material necessary for a thorough knowledge of the matter, providing a bases for detailed discussions and the correct interpretation of both the Community documents and the positions adopted by the EEC Council of Ministers, the European Parliament and the Economic and Social Committee.

- I . CONCLUSIONS OF THE COUNCIL OF MINISTERS**
- II . OPINION OF THE EUROPEAN PARLIAMENT**
- III . OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE**

The Council**I. COUNCIL OF MINISTERS**STOCKTAKING OF THE COMMON AGRICULTURAL POLICY

From its examination of the Commission's communication on the stocktaking of the common agricultural policy, the Council drew the following conclusions.

I. General

The agricultural policy has attained a very high degree of integration. In many areas, its results may be regarded as positive:

- farm incomes have risen and have approached the level of incomes in other sectors, although the increase has not always been the same for all categories of producer and in all regions of the Community;
- labour productivity has risen faster in agriculture than in other sectors;
- relative price stability has been achieved in spite of the disturbances on the world market and security of food supplies has been assured; this has also been in the interests of consumers.
- trade in the Community has increased appreciably, but not to the detriment of trade with third countries.

In an enterprise of such magnitude, difficulties have inevitably arisen. This is partly because the common agricultural policy cannot be judged as an isolated phenomenon but must be seen in the context of the whole of Community policy. This is particularly true when account is taken of the stagnation of the European integration process, above all in the area of economic, monetary and social policy. Other difficulties are however linked to the implementation of the common agricultural policy itself.

In spite of all the difficulties, it must be acknowledged that the common agricultural policy is and must remain an indispensable factor in European integration.

II. Market balance

The Council examined the problems relating to market balance, considering both external and internal forces likely to influence the markets.

A. External aspects

The Council stresses the need to take into account the obligations arising from the Community from its outward-looking policy towards non-Member countries. It considers Community participation in international trade to be necessary.

In this connection the Council found that difficulties have arisen for the common agricultural policy as a result of Community foreign policy decisions, particularly undertakings concerning certain products (e.g. sugar, butter) and import preferences in respect of

certain third countries. These problems may be aggravated by future trade agreements, but also by new association and accession agreements. The Council stresses that producers alone cannot bear the consequences of this policy and moreover that the costs should not be borne by agricultural policy. Consequently, the mechanisms for overcoming the problems resulting from such agreements must be improved.

Just as the Council views the import of agricultural products into the Community as particularly significant, it likewise underscores the need for the Community to be represented on the world market by its agricultural exports, taking account of changes which have taken place or which may take place on the world market.

B. Internal aspects

The Council considers that, while keeping farmers' incomes in mind, steps should be taken to improve market balance. To this end, besides price policy, and taking account of its limits and of the possibility of aligning it on modern farm holdings, additional measures in the following areas could be considered: policy concerning stocks, consumer policy, export policy, food aid, producer participation in market risks, measures concerning production potential.

The combination of these measures for the various markets is under consideration in the Council. Opinions still differ as to the measures to be combined in each individual case in order to achieve a better market balance.

The Council has established targets to be attained for certain products (see Annex).

Some discrepancies in treatment also persist between the various products.

According to one view, these discrepancies are justified by the specific nature of the various sectors of production and ways of improving the application of existing instruments could be studied. Another view is that the different effects of support measures lead to difficulties and that the resulting drawbacks are even greater when the types of production in question are situated in the same area of the Community: the market organization machinery should therefore be adjusted in order to ensure the same degree of support for the various products.

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The Council emphasizes the need to improve market management, particularly as regards forecasting possibilities and as regards procedures.

III. Structural policy

The Council emphasized that the problems of agricultural incomes and structures also have to be considered. There are continuing discrepancies in the Community between the various categories of farmers and regions. In this respect, the Council accords particular importance to structural and regional policy.

One view is that the results of implementing the three 1972 structural Directives, the Directive on hill and mountain farming and the Regional Fund Regulation should first be examined. Another is that structural measures taken to date should be revised as soon as possible and supplemented by new measures, and that provision should be made for increased financial participation by the Community.

IV. Market unity

The unity of agricultural markets has been jeopardized in recent years by the consequences of monetary fluctuations and by divergences in the economic development of Member States. This situation has made it more difficult to maintain the common price system. The methods used to overcome these difficulties have made it possible, for a certain period, to avoid disturbances, but their continued use in their present form might well give rise to other types of distortion; the latter could, however, be eliminated by pragmatic solutions.

V. Direct aids

The granting of direct aids under Article 43 of the Treaty could constitute a useful adjunct in specific instances where price policy alone is not enough to achieve certain objectives. Such aids can also - on a temporary basis - be used to rectify certain situations.

The Council nonetheless emphasizes that in certain circumstances such aids could run counter to the efforts to be made under structural policy.

The cost of such aids could escalate rapidly if they were used indiscriminately and permanently as a means of supporting farm incomes. It would then be difficult to finance such aids from the Community budget, and recourse to financing on a national basis could be the source of disparities if the Member States were not all able to grant their farmers the same amount of aid.

VI. National aids

The Council considers it essential to take special measures whereby Articles 92 to 94 of the Treaty can be applied more strictly.

VII. Cost of the common agricultural policy

The fact that the agricultural budget accounts for the major part of the Community budget is not surprising if it is borne in mind that the common agricultural policy is at present the most highly developed of the Community's policies and the only one for which the Member States have transferred a major part of their financial responsibilities to the Community.

The Council is fully aware of the need to implement the agricultural policy as efficiently and cheaply as possible, as regards both resource costs and budget costs.

While considering that the fixing of a financial ceiling is incompatible with the market organizations, the Council will study and adopt the necessary procedures to guarantee the indispensable links between agricultural and budgetary policy.

PRODUCTS

The Council, in the course of a more detailed examination of the markets for individual products, has at this stage of its work reached the following conclusions:

- milk: the aim is to restore market balance and prevent an excessive build-up of stocks; one view is that it will be sufficient to improve market management and step up measures to promote sales; the other is that additional measures are necessary to stabilize production (price policy more oriented towards market balance; where appropriate, producer participation in market risks; reduction of production potential).
- beef and veal: the aim is to limit cyclical surpluses and shortfalls by making adjustments to the support system.
- cereals: the aim is to improve the price relationships between the various types of cereal and to adapt the price of fodder wheat to the prices of other feed grains.
- wine: work aimed at adjusting the organization of the market in wine is currently in progress in the Council.

The Council has also started to examine problems arising in connection with other products, including those for the production of which direct aid is given.

The Council

II.

R e s o l u t i o n

embodying the opinion of the European Parliament on the Communication from the Commission of the European Communities to the Council on a stocktaking of the common agricultural policy

adopted
at the session
of 17 June 1975

The European Parliament,

- having regard to the Communication from the Commission of the European Communities to the Council
- having been consulted by the Council pursuant to the Council decisions of 2 October 1974 and 4 March 1975
- having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets and the Committee on External Economic Relations
- having regard to the memorandum on the improvement of the common agricultural policy
- having regard to the report of the European Parliament on that memorandum
- having regard to the EEC Treaty, and in particular Articles 3(d), 38-47, 92-94 and 110;
- whereas the present instruments of the common agricultural policy have been successful in achieving a certain degree of regularity of supply to the consumer and relative price stability;
- whereas the common agricultural policy has had only limited success in reducing regional disparities in agricultural incomes;
- recalling that the European Parliament welcomed the broad guidelines announced in the Commission's memorandum on the improvement of the common agricultural policy;
- considering that price policy related to the concept of the modern farm remains one of the most important instruments for implementing the common agricultural policy;
- considering that the solution to the income problem facing the agricultural sector is also to be found in effective long-term structural and marketing policies;
- believing, consequently, that additional short-term policies in certain agricultural markets are required in order to ensure adequate incomes to less favoured farmers, reasonable prices to consumers and so to avoid serious imbalances between supply and demand;

General Principles

- 1.- Realises that the common agricultural policy represents a cornerstone of European unification;
- 2.- Regrets that there is not enough political resolve to achieve a genuine common policy in other areas, such as general economic policy, economic and monetary policy, social policy, etc., and fears that the common agricultural policy is thereby incapable of full development;
- 3.- Welcomes the fact that the Commission has undertaken a stocktaking of the Common Agricultural Policy, and believes that such reviews should be undertaken periodically, for example every five years;
- 4.- Supports the Commission's view that:
 - (a) the principles underlying the common agricultural policy continue to be valid for the future;
 - (b) but that the political instruments could have been more effectively used and are in need of improvement;
- 5.- Believes that the stocktaking should lead to a set of agricultural estimates, to serve as a permanent instrument of forward planning and action, and that their preparation should form the subject of consultation at all levels;
- 6.- Requests that such reviews should include, bearing in mind the necessity for the Community to remain both an importer and exporter of agricultural produce, five-year production targets reviewed each year to allow for the maximum utilisation of agricultural resources;
- 7.- Believes that the fixing of production targets to act as general guidelines which take into account:
 - domestic consumption to be covered by Community agriculture
 - Community import and export requirements
 - imports from poor countries and stocking policiescould make a useful contribution to stable market equilibrium and guaranteeing supplies of food. They must, however, cover

those products which the Community requires in order to make a consistent contribution, as long as possible and necessary, to Community and international food aid programmes;

- 8.- Fails to find in the "stocktaking" a satisfactory assessment of the results of the structural policy and the competition policy;
- 9.- Regrets that the Council has not taken positive decisions on the broad guidelines laid down in the Commission memorandum on the improvement of the common agricultural policy, which were overwhelmingly approved by the European Parliament and which are intended, in particular, to improve price relationships in the cereal and dairy sectors and to lay down a storage policy in the cereal sector;
- 10.- Believes that the CAP has contributed to stabilizing agricultural prices in relation to world prices and consumer prices, while, on the other hand, serious problems remain in certain sectors, notably beef and veal, milk, cereals, wine and poultry;
- 11.- Regrets that the principle of Community preference is insufficiently observed in the pigmeat, poultry, vegetable and fruit sectors, especially vis-à-vis state-trading countries;
- 12.- Regrets that as yet, the common agricultural policy has failed to bring incomes of farmers to a level comparable with those in industry, and notes in particular that there is a growing disparity in agricultural incomes between regions, and that there is still disparity between the livestock and the cereal sectors, and, in a more general sense, between incomes in those sectors which are heavily supported by the Community and those which are not;
- 13.- Notes that the price policy is based on the modern farm and believes that additional policies are required to supplement improved intervention mechanisms and an incomes policy, possibly involving support from the Guidance Section of the EAGGF, for the modernization of under-developed farms, or other measures under the Social Fund and Regional Development Fund in order to create additional sources of income outside agriculture;

- 14.- Believes that the application of a system of direct income subsidies is extremely useful, but that it should be restricted to selective, degressive aids adapted to particular situations with the aim of overcoming structural handicaps;
- 15.- Urges that the market organizations be expanded and extended in particular to such important sectors as mutton and lamb, potatoes and alcohol;
- 16.- Approves the Commission's proposals to increase the sensitivity of the producers' reactions to market situations by means of a producer financial responsibility for production surpluses, but insists that any measures to this effect should not stand in the way of agricultural modernization or relieve the Community of its responsibility with regard to farmers' incomes;
- 17.- Considers that producers should be given more comprehensive information on the basis of systematic data concerning the evolution of production potential in the various sectors and that where appropriate measures should be taken to adapt this production to the requirements as this would help to reduce considerably fluctuations on the agricultural markets and the cost of subsidising these markets;
- 18.- Believes that production planning and market management are the responsibility of all interested parties; this responsibility must be accepted, not imposed, and must flow naturally from a process of regular consultation between the Community and national institutions, the producers, processors and distributors; this dialogue would be aimed on the one hand at identifying and refining objectives and on the other at assessing how far objectives have been achieved, in particular where farm incomes are concerned;
- 19.- Recalls, however, that the present system of fixing intervention prices at a level substantially below that of the target and guide prices already implies a certain measure of financial co-responsibility for farmers;
- 20.- Requests that the Commission propose measures to encourage the regional specialization of production, but realises that this is an objective requiring careful implementation to avoid too great a social upheaval;
- 21.- Believes that producer subsidies can help only to overcome short-term market disturbances, particularly in the beef sector, and in those sectors where Community production falls short of demand, such as the durum wheat and olive oil sectors;

- 22.- Believes that consumer subsidies provide a useful short-term method for disposing production surpluses to special categories of Community consumers;
- 23.- Regrets the absence of any substantial proposals to improve processing and marketing organization, and requests the Commission to act quickly in this direction;
- 24.- Emphasizes the need for producers to contribute, through producers' organizations, to maintaining market stability, particularly in the fruit and vegetable and fishing sectors;

Agricultural plant products

- 25.- Believes that the price relationships between cereals for human consumption and fodder cereals should be improved so as to bring them more into line with the supply and demand situation within the EEC, and to encourage increased production of high energy proteins in particular;
- 26.- Approves the Commission's proposal for a stocks policy (with a buffer stock for internal requirements and an external trade stock) so as to improve and stabilize supply, and consumer and producer prices, but considers that the financing of such a policy should be borne by the Community;
- 27.- Believes that the Council should give priority to reaching a decision on amendments proposed by the Commission to the basic regulations in the wine sector, following the exceptional measures for distillation decided upon, and in particular to limitation on new planting, replanting to orientate production towards quality rather than quantity, restriction on national aids under Article 15 of Regulation (EEC) No 816/70 on the common organization of the wine market and in consequence adaptation to the manner of application of Directive No 72/159/EEC on the modernization of farms;
- 28.- Considers, however, that effective action in the wine sector is impossible without a serious quality policy, under which the product is evaluated in terms of natural alcoholometric grading and other quality criteria, with strict provisions against artificial enrichment;

- 29.-- Repeats its support for previously proposed amendments in respect of the olive oil sector, whereby the amount of aid would be determined a posteriori on the basis of the differences between the production target price and the actual market price obtained, and bearing in mind supply problems and the importance of this produce for regional economy, it requests that provision should be made for supplementary measures to improve production and marketing conditions;
- 30.-- Believes that a reorganization of the sugar market, with the elimination of quotas, would be unadvisable at present in the light of present world and EEC production and given that the present market organization has achieved stability of supply to the consumer and income to the producer;
- 31.-- Considers that in the framework of the overall Mediterranean policy the interests of Community fruit and vegetable producers must be supported by granting appropriate preference terms;
- 32.-- Recommends stricter controls and harmonization of national support measures in the fruit and vegetable sector;
- 33.-- Calls for an examination of pesticide residues in edible horticultural produce and requests that health controls should be as strict for imports of horticultural produce as for other imports from third countries;

Animal production

- 34.-- Approves in principle the Commission's proposal to introduce a degree of financial responsibility on the part of the producer for surpluses in the milk sector;
- 35.-- Does not, however, consider a two-stage application of target and intervention prices for milk, to be an appropriate measure and consequently calls on the Commission to examine alternative methods;
- 36.-- Emphasizes that cattle farming is an essential production of European agriculture, that the production of milk and meat cannot be considered in isolation from each other and that **furthermore**, dairy products must be seen in connection with the overall policy on dietary fats;

- 37.- Considers that the market and pricing policy must be medium-term and supported by a continuous active export policy;
- 38.- Welcomes the Commission's proposals to introduce greater flexibility in the intervention arrangements for the beef and veal sector and recommends a wider application of this principle of a choice of measures to deal with short-term marketing problems in the livestock sector;
- 39.- Believes that the Commission should come forward with proposals to increase the sensitivity of the reaction of the pigmeat producers to consumer demand;
- 40.- Requests that health norms should be laid down for the whole animal production sector in the near future and compliance with such norms be made effective;
- 41.- Regrets that in its stocktaking the Commission has given so little place to the poultry sector which is beset by major difficulties;

Structural policy

- 42.- Urges that Directives 159, 160 and 161 be implemented by all Member States since modernization of structures and vocational training are of decisive importance in improving the income situation of those in agriculture;
- 43.- Requests that the Commission draw up a review of the Guidance Section of the EAGGF in order to establish whether new policy instruments are required and to identify and separate regional and social problems from the EAGGF;
- 44.- Believes that it is essential in rural areas to create alternative employment in non-agricultural sectors if structural policies are to be fully effective, and feels that the use of the Social and Regional Fund and other Community sources of finance will enable this to be achieved;

Market unity

- 45.- Calls for the consistent development of the common agricultural policy, which can, however, only be achieved on the basis of rapid progress in the establishment of economic and monetary union;

- 46.- Believes that there must be a policy to re-establish the unity of the market; requests, however, before decisions to this effect are taken, an examination of the economic and social repercussions of dismantling the system of monetary compensatory amounts in the individual Member States; also, calls for examination of the possibility of adapting the "green" currencies of Member States with floating currencies;
- 47.- Is of the opinion that there are differences in the Member States in the taxation of agricultural incomes - especially in the calculation of the liability to tax (estimates instead of actual income) - differences which have a considerable influence on the spending power of farmers in Europe and hence also on the competitive situation in the European agricultural market; is of the opinion that the same applies to differences in social security payments; requests the Commission to prepare as soon as possible an inventory of these differences and if possible to propose measures to put an end to the abovementioned distortion of competition;
- 48.- Expresses its disappointment at the fact that, in the absence of proper co-operation from the Member States, the Commission has not been able to draw up a list of national support allocated and calls upon the Member States which have not yet submitted a survey of national aids in compliance with the Council's decision of 25 October 1974 to do so without delay;
- 49.- Believes that national aids, by their nature militate against the interests of the poorer states and should therefore be replaced by Community aids;
- 50.- Believes that progress on the harmonization of economic and monetary policies is a prerequisite for the re-establishment of unity in the agricultural market;
- 51.- Believes that all transitional arrangements for the new Member States should be terminated forthwith;

External Relations

- 52.- Welcomes proposals for long-term contracts on a bilateral basis, such as cereal exports to Algeria, and suggests that a study be made of the Export Credit Guarantee Department;

- 53.- Believes that the proposals for the greater use of food aid as a policy instrument could play a useful role, but suggests that commitments of more than five years' duration should not be undertaken because of the inherent political risks;

Budgetary Aspects

- 54.- Regrets the absence of any long-term financial projections which must form one essential element in a review of the common agricultural policy;
- 55.- Shares the Commission's view that the cost of the common agricultural policy has been kept within reasonable limits although some items of expenditure could have been managed more satisfactorily;
- 56.- Points out that some items of expenditure, such as the compensatory amounts under the Treaty of Accession and those resulting from monetary complications, should not be ascribed to the common agricultural policy and that a number of items of expenditure have benefitted consumers and the developing countries;
- 57.- Regrets that the Commission has not attempted any comparison between expenditure for the common agricultural policy and revenue from import levies and producers' contributions;
- 58.- Insists that a simplification of the rules of application of the common agricultural policy and the Common Customs Tariff is essential in order to limit the cost of their administration and minimise the possibility of frauds, bearing in mind the reports of the Special Committees of Enquiry on the milk, oilseeds and olive oil sectors;
- 59.- Believes that it is essential, if incorrect allocation of EAGGF funds is to be avoided, that a European Audit Court be set up and internal controls intensified.
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EUROPEAN ECONOMIC
COMMUNITY

EUROPEAN ATOMIC ENERGY
COMMUNITY

III. ECONOMIC AND SOCIAL COMMITTEE

Brussels, 17 July 1975

OPINION
of the Economic and Social Committee
on the
Stocktaking of the Common Agricultural Policy

THE ECONOMIC AND SOCIAL COMMITTEE

- HAVING REGARD TO the Treaty establishing the European Economic Community and, in particular, Articles 43 and 47 thereof;
- HAVING REGARD TO the request by the Council of the European Communities on 4 March 1975 for an Opinion;
- HAVING REGARD TO the decision taken by its Bureau on 18 March 1975, instructing the Section for Agriculture to prepare the Committee's work on the matter;
- HAVING REGARD TO its earlier submissions on this sector, in particular its Opinion of 27 February 1974 on the Commission Communication to the Council on Improvement of the Common Agricultural Policy (*) and its Study of 28 November 1974 entitled "Progress Report on the Common Agricultural Policy";
- HAVING REGARD TO the oral report made by the Rapporteur, Mr BOUREL;
- HAVING REGARD TO the Opinion adopted by the Section for Agriculture at its meeting on 3 July 1975;
- HAVING REGARD TO the discussion at its 132nd plenary session held on 16 and 17 July 1975;

HAS ADOPTED

THE FOLLOWING OPINION :

I. GENERAL COMMENTS

1. On 28 November 1974, the Economic and Social Committee approved a Study entitled "Progress Report on the Common Agricultural Policy". The Study contained some observations on the progressive establishment, pursuant to the Treaty, of the Common Agricultural Policy, and a series of suggestions as to how to develop and improve this policy.

2. Even before that, at its Plenary Session held on 27 February 1974, the Committee had issued an Opinion on the Commission's Memorandum of 30 October 1973 on Improvement of the Common Agricultural Policy.
3. For its part, the Commission has on several occasions since the first decisions on agricultural matters, called upon the Council - and the general public - to consider its observations on the features and general direction of the Common Agricultural Policy. The latest in this series of submissions have been the abovementioned Memorandum and the recent Communication addressed to the European Parliament and the Council entitled "Stocktaking of the Common Agricultural Policy", dated 26 February 1975.
4. In this connection, the Committee points out that the Council did not in fact discuss the Memorandum of 30 October 1973. In particular, it did not adopt a position on the proposals for improvements which the Commission had submitted. Clearly, the Council has always preferred to decide on concrete proposals rather than to enter into a discussion on the medium- and long-term direction of the EEC's agricultural policy.
5. It is thus not surprising that, having been asked by the Council, at the suggestion of one or other of the Member States, to produce a stocktaking of the Common Agricultural Policy, the Commission has deliberately maintained in the stocktaking the line of approach pursued in the earlier observations, particularly in the 1973 Memorandum.
6. The Committee noted that a number of Member States and organizations representing socio-economic or indeed political interests, have been eager to put forward their ideas on the occasion of the publication of the stocktaking report. In the Committee's view, such a widespread debate enabling a re-assessment of the Community's agricultural policy to take place is to be

welcomed. The Committee sees it as at the very least a sign of the importance attached to the dynamic role which the policy has been playing during the past decade in the difficult progress towards a Community constructed in accordance with the aims set out in the Treaty of Rome.

7. This background was essential to enable the present Opinion to be seen in its proper context. The Committee feels it would not be appropriate to repeat all the remarks made in its "Progress Report" Study, and this it would be compelled to do if it gave its detailed reactions to the various points made in the Commission's stocktaking. This, in short, is why the Committee thinks it preferable to make a number of general judgements on the Stocktaking and afterwards to reiterate the basic principles which must be followed in adapting the agricultural policy in the light of the lessons learnt over the past ten years and the situations and problems we face today and those we will face tomorrow.

8. Accordingly, the Committee would state right away its intention to give its views at a later date on the proposals concerning particular products, proposals which the Commission has announced in its stocktaking.

II. THE COMMISSION'S "STOCKTAKING OF THE COMMON AGRICULTURAL POLICY"

9. As it has indicated above, the Committee does not propose to carry out a systematic and methodical comparison of the Commission's Stocktaking Report and the Study which emerged from its discussion on the subject. The Committee feels, however, that since the Stocktaking, being intended for the European Parliament and the Council, has political implications, it would have been better to preface its discussion of technical aspects with a number of political considerations. In particular, it was definitely incumbent on the Commission to bring out clearly the role played by the agricultural policy in the process of Community construction as well as the need to carry out the appropriate adjustment and strengthening measures so that the "common capital" which has built up in this sector over the years is not lost. The Committee

shares the view that the operation of the agricultural policy must have the necessary changes made to it, but it would again insist that the decisions which may be taken in future in the agricultural sphere will continue to carry political importance.

10. The Committee notes that the approach adopted by the Commission for its examination of the conclusions to be drawn from ten years of Common Agricultural Policy was the same as that which the Committee itself had used, namely, consideration of the objectives set out in Article 39 of the Treaty of Rome. The Commission lists some of the main events in the history of the establishment of the policy, and often gives the impression of wishing first of all to justify its own conduct in the face of the situations with which it had to deal. The Committee can understand this attitude, since when the Commission received instructions to draw up the Stocktaking Report in October 1974, it might easily have felt under direct attack.

11. On the other hand, this defensive attitude has not been without noticeable effects on the Stocktaking Report. In the Committee's view, the Commission is not on trial in the stocktaking debate. It would stress, as it has done many times before, that the responsibility for what seem to it to be mistakes, or at least inadequacies, in the policy is largely shared between the Community's Executive and the Member States. It must be borne in mind that management of the Common Agricultural Policy was placed jointly in the hands of the Commission and the Member States. The Commission's document would have been clearer from the point of view of arriving at political judgements if it had brought out the individual responsibilities better.

12. As the Commission's document is divided into two main parts, namely, an account of the last ten years and proposals for improvements, the Committee thinks it best to follow the same pattern