

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 434/75

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 389/75) for a regulation concerning the application of Article 40 (4) of the EEC Treaty to the French overseas departments

Rapporteur: Mr M. BREGEGERE

By letter of 12 November 1975 the President of the Council of the European Communities consulted the European Parliament, pursuant to Articles 43 and 227 of the Treaty establishing the EEC on the proposal from the Commission of the European Communities to the Council for a regulation concerning the application of Article 40(4) of the Treaty to the French overseas departments.

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 19 and 20 November 1975 the Committee on Agriculture appointed Mr Brégégère rapporteur.

It considered the proposal for a regulation at its meeting of 8 and 9 December 1975 and adopted the motion for a resolution and explanatory statement unanimously with one abstention.

Present: Mr Houdet, chairman; Mr Vetrone, vice-chairman; Mr Brégégère, rapporteur; Mr Bourdellès, Mr Della Briotta, Mr Frehsee, Mr Früh, Mr Hughes, Mr Kofoed, Mr Ligios, Mr Liogier, Mr McDonald Mr Martens and Lord Walston.

The opinion of the Committee on Budgets is attached.

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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 proposal from the Commission of the European Communities to the Council for a regulation concerning the application of Article 40(4) of the EEC Treaty to the French overseas departments

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
- having been consulted by the Council pursuant to Articles 43 and 227 of the Treaty establishing the EEC (Doc. 389/75),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc.434/75),

Approves the Commission's proposal.

¹OJ No. C 279, 6 December 1975, p. 4

EXPLANATORY STATEMENTI. Content of the proposal

1. The purpose of the Commission's proposal is to extend the field of application of the Guidance Section of the EAGGF to the French overseas departments of Guadeloupe, Martinique, French Guyana and Reunion, which have a total surface area of 95,390 km² and a population of approximately 1,200,000 inhabitants¹.

The Commission affirms the need to extend the field of application of the Guidance Section of the EAGGF to the overseas departments, notably because of the essentially agricultural structure of their economies and the climatic and geographical disadvantages from which their agriculture suffers. Aid from the EAGGF would enable these departments to improve their agricultural structures and thus to attain an objective laid down by the Treaty, namely the economic and social development of these areas.

2. In order to enable these departments to benefit from Community aid as quickly as possible, the Commission provides the possibility for them to submit applications for aid before the end of 1975, and to this end a derogation is made from Regulation No. 1215/75 to enable them to submit their applications for 1975 after the final date (1 June 1975) stipulated in the above regulation.

3. The proposal under consideration has fairly limited financial implications: 0.5 m u.a. would be expended from the Community budget in 1976, 1 m u.a. in 1977 and 1.3 m u.a. in 1978.

II. Observations of the Committee on Agriculture

4. The overseas departments are situated in a tropical climate. Food crops and horticultural production are very low, land structures are inadequate and at present unsuitable for the application of modern techniques. Hence, the level of agricultural production remains fairly low and is insufficient to cover the food requirements of the population. In some respects, therefore the overseas departments are typical of numerous developing countries.

Agriculture in the West Indies is regularly devastated by cyclones and severe droughts. As much of the land is infertile as is fit for cultivation.

	area under cultivation km ²	population (in thousands)
Guadeloupe (with dependencies)	1,780	350
Martinique	1,100	350
Reunion	2,510	450
French Guyana	90,000	50

The population explosion (except in Guyana) has led to a sharp upsurge in the demand for agricultural products, resulting in a greater reliance on imports and a further deterioration of the chronic balance of trade deficit.

Implementation of the Lomé Convention between the EEC and 46 African, Caribbean and Pacific States is liable to exacerbate the difficulties of the overseas departments - by virtue of the very wide access to Community markets accorded to ACP agricultural products - and sharpen competition in those goods produced by the departments especially fresh pineapple and rum.

In view of the handicaps suffered by the overseas departments and the increasing backwardness of their agriculture, measures must be taken to modernize farming methods and raise productivity.

Such measures should in particular cover training schemes, land reform, agronomic research and irrigation which will make it possible to extend the area of agriculturally productive land, and improvement of rural development policies.

5. Aid from the Guidance Section of the EAGGF should make for faster modernization and diversification of the agricultural production of the overseas departments. However, it is necessary first of all to consider a legal question arising from the fact that Article 227(2) of the Treaty expressly excludes the application of Article 40(4) concerning the EAGGF, to the overseas departments. The first subparagraph of Article 227(2) stipulates that 'with regard to ... the French overseas departments, the general and particular provisions of this Treaty relating to agriculture, save for Article 40(4) ... shall apply as soon as this Treaty enters into force', while the second subparagraph states: 'the conditions under which the other provisions of this Treaty are to apply (including therefore Article 40(4) shall be determined, within two years of the entry into force of this Treaty, by decisions of the Council, acting unanimously on a proposal from the Commission'.

6. The committee has already considered this question,¹ which regularly arises whenever there is discussion about whether to extend the field of application of the EAGGF, Guarantee Section, to the overseas departments.

¹ See for example, the report by Mr LIOGIER Doc. 358/73 of 13.12.1974, on tinned pineapple processed from fresh pineapples, p. 8.

On the occasion of the adoption of the sugar regulation in 1967 (first, provisional Regulation No. 44/67, OJ No. 40 of 3 March 1967, then Regulation No. 1009/67 in OJ No. 308/67), the question arose for the first time whether the Council could still decide the conditions of application of Article 40(4) despite the expiration of the two-year final date laid down by Article 227(2). It was decided at the time that the provision of subparagraph 2 of Article 227(2) did not offer the Council an option, but rather imposed upon it an obligation. The fact that this obligation was not fulfilled by the final date does not mean that it has lapsed.

Consequently, the applicability of Article 40(4) of the Treaty to the overseas departments cannot be contested from the legal angle.

7. It should be noted that the overseas departments also benefit at present from assistance from the new Regional Fund (see Council Decision of 18.3.1975, OJ No. L 73, 21.3.1975).

It should nonetheless be borne in mind that this Decision has not entailed any additional burden on Community funds, since it has merely meant transferring to the overseas departments a proportion of France's share of the Regional Fund, originally earmarked for its metropolitan area.

8. The field of application of the Guidance Section of the EAGGF has been extended to the overseas departments in respect of the following agricultural products: sugar (1967), tobacco (1970), and tinned fresh pineapple (1975). No other products are included. The situation of these departments vis-à-vis the EAGGF is anomalous since, with a few exceptions, they are subject to import levies without in the main benefiting from refunds and other intervention measures.

9. Generally speaking, although the overseas departments are gradually acquiring the same rights as the Community regions in regard to assistance from the various Funds, implementation of the Lomé Convention might well pose a number of sectoral problems for their economies. The Committee on Agriculture considers this to be an additional reason for allowing the overseas departments to benefit in future from assistance from the Guidance Section of the EAGGF.

10. The Committee on Agriculture therefore approves the proposed regulation, which tends to integrate the economies of the overseas departments into the Community.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the acting chairman to Mr Roger HOUDET chairman of the Committee on Agriculture

Luxembourg, 5 December 1975

Subject: Proposal for a Council regulation (EEC) concerning the application of Article 40(4) of the EEC Treaty to the French overseas departments (Doc. 389/75)

Dear Mr Houdet,

At its meeting of 3/4 December 1975¹ the Committee on Budgets considered the above Commission proposal. The purpose of the regulation in question is to extend the field of application of the Guidance Section of the EAGGF to the French overseas departments so that they may receive Community assistance for the improvement of their agricultural structures.

The Committee considers the details given in the financial statement attached to the proposal to be clear, particularly as regards the presentation of the methods of calculation. Since the relevant expenditure for the four years from 1976 is rather low and the agriculture of the departments in question suffers from certain disadvantages arising from natural conditions, the Committee on Budgets approves the proposal.

Yours sincerely,

(sgd.) Helmut Karl ARTZINGER,
acting chairman

¹ Present: Mr Artzinger, acting chairman, Mr Bangemann, Lord Bessborough, Lord Bruce of Donington, Mr Brugger, Mr Concas, Mr Fabbrini, Mr Gerlach, Mr Lagorce and Mr Shaw

Luxembourg
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