

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-413/82

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of
the European Communities to the Council
(Doc. 1-312/82 - COM(82) 244 fin.)

for a regulation laying down, in respect of
hops, the amount of aid to producers
for the 1981 harvest

Rapporteur: Mr R. BOCKLET

OR:DE

PE 79.065/fin.

By letter of 27 May 1982 pursuant to Article 43 of the EEC Treaty the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal for a regulation (EEC) laying down, in respect of hops, the amount of aid to producers for the 1981 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 an opinion. At its meeting of 25/26 May 1982 the Committee on Agriculture appointed Mr Reinhold Bocklet rapporteur.

By telex of 21 June 1982 the Council requested application of the urgent procedure provided for in Rule 57 of the Rules of Procedure of the European Parliament.

At its meeting of 22/23 June 1982 the Committee considered the Commission proposal and the draft report and decided unanimously to recommend to the House that it approve the proposal without amendment.

The Committee also adopted unanimously the motion for a resolution as a whole.

The following took part in the vote: Mr Curry, chairman: Mr Colleselli and Mr Delatte, vice-chairmen: Mr Bocklet, rapporteur: Mr Clinton, Mr Dalsass, Mr Davern, Mrs Desouches (deputizing for Mr Sutra), Mr Eyraud, Mr Gatto, Mrs Herklotz, Mr Howell, Mr Kaloyannis, Mr Kirk, Mr Marck, Mr Moreland (deputizing for Mr Hord), Mr B. Nielsen, Mr d'Ormesson, Mr Provan, Ms Quin, Mr Thareau, Mr Tolman, Mr Vernimmen, Mr Vgenopoulos and Mr Wettig.

The opinion of the Committee on Budgets will be published separately.

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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

closing the procedure for consultation 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 1981 harvest

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(82) 244 final),
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc.1-312/82)
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-413/82),
 - having regard to the result of the vote on the proposal from the Commission,
- A whereas the situation on the hop market in 1981 was marked by a gradual return to normal conditions,
- B whereas it is necessary to compensate for the losses incurred by hop producers in connection with the 1980 harvest, which have not been entirely made good,
- C having regard to the low level of prices at which contracts were concluded in times of surplus in the past in order to stabilize the market,
- D whereas it is necessary to produce hop varieties for which there is a demand on the market,
- E whereas it is necessary to pursue an active export policy in the hop sector,
- F whereas it is necessary to allow the producers' organizations to participate more fully in efforts to stabilize the Community market,

1. Approves the Commission's proposal:
2. Calls on the Commission to step up its efforts to induce the producer third countries not to increase more than necessary their areas under hop cultivation, so as to stabilize the world market for that product:
3. Instructs its President to forward to the Commission and the Council the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

EXPLANATORY STATEMENTI. INTRODUCTION

1. The Commission has forwarded to the Council, as it does every year, a situation report on the production and marketing of hops in respect of the previous year's harvest. This report is accompanied by a proposal for a regulation laying down the amount of aid to hop producers for the last harvest.
2. On 10 July 1981, the European Parliament delivered a favourable opinion on the Commission's proposal¹ laying down the amount of aid to hop producers for the 1980 harvest, having regard to the fact that producers' per hectare income had fallen quite significantly.

Before the Commission's proposal laying down the amount of aid for the 1981 harvest is considered, it is necessary to review Community hop production in a world context and to study the market situation of this agricultural product within the Community.

II. THE WORLD MARKET IN HOPS

3. The world market in hops is dominated by three major producing blocs: the European Community, the United States and the COMECON countries (primarily Czechoslovakia and Poland), together with Yugoslavia and Australia.
4. The striking difference between 1980 and 1981 is that in the latter year the Community was overtaken as the leading exporter of hops by the United States, which exported 19,000 tonnes, or 53% of its output (as against 30% in 1980), whereas the Community exported 10,600 tonnes, or only 23% of its output (as against 30% in 1980). While this quantity falls well short of the record 14,200 tonnes exported in 1980, it nonetheless lies within the average for Community exports over the past ten years.
5. What is really disturbing is that Community imports from the United States increased fivefold from 1974/75 to 1980/81 whereas, over the same period, Community exports to the United States increased by a negligible amount. From 1978 to 1981/82 the United States increased its area under hops by more than 4,600 hectares (+40%), which is the explanation for what happened last year.

¹OJ No. C 234, 14.9.1981, p.98; Doc. 1-392/81 - rapporteur: Mr Bocklet

6. For 1982, the Commission predicts a slight increase in the total world area under hops (96,000 hectares) which, on the basis of normal yields (1.40 tonnes/hectare), should result in output being 10% in excess of brewing requirements. The likely consequence of this is that prices on the free market will fall quite sharply, which in turn will have a significant impact, for several years to come, on the prices of hops marketed under forward contracts.
7. The area under hops round the world now stands at 84,000 hectares, which exceeds by 11% the area recommended by the Commission for the 1982 crop in its report on the 1979 harvest. The Commission therefore recommends a very cautious policy on new planting, especially in the third countries (excluding the United States which has already been mentioned above, an extra 6,000 hectares have been planted in these countries since 1979), since the area under hop cultivation in the Community should remain stable. Because of this, and because most of the Community's production is sold under contract, the Commission does not advocate the adoption of structural measures to reduce the area in the Community. The Commission points out that it consults regularly with the main producer third countries with a view to balancing supply against demand, which is growing by only 1.3% per annum. (In 1981, beer production increased by only 2%, compared to 3% in previous years).

III. THE COMMUNITY MARKET IN HOPS

8. In 1981, the Community accounted for 28% of the world area under hops and for 35% of the world production of hops. (In 1980, the corresponding figures were 30% and 34% respectively).

There has been a change in the relative importance of varieties with a high alpha acid content and aromatic varieties, which in 1971 accounted respectively for 29% and 70% of production, whereas the corresponding figures for 1981 were 40% and 48% (50% and 48% in 1980). This change would seem to indicate a reversion of consumer tastes from 'light' beers to the more traditional beers.

9. In 1981, Community production stood at 44,145 tonnes (39,543 tonnes in 1980) from a total area of 26,698 hectares, representing an increase of 1,351 hectares by comparison with 1980.

Increases in each of the Member States were as follows:

Germany:	+ 1,236 ha
France:	+ 3 ha
Belgium:	+ 23 ha
United Kingdom:	+ 89 ha
Ireland:	-

10. Production in Greece, a member of the Community since 1 January 1981, amounted to 40 tonnes from an area of 25 hectares located in the Joannina region. It covers only 20% of the country's brewing requirements. Greek producers will for the first time receive Community aid, differentiated in accordance with Article 68 of the Act of Accession.
11. Developments in beer production within the Community argue for a very cautious policy on the expansion of hop production, especially since new methods of manufacturing beer make it possible to use fewer hops.
12. Because of the fall in demand for hops (-1.5% to -2%), the Commission anticipates an increase of only 320 hectares in the areas under hops in 1982. The harvest, from a total area of 27,000 hectares, is likely to be between 44,000 and 46,000 tonnes, i.e. about the same as the 1981 harvest. Quantities sold under contract should account for 39,000 tonnes and quantities without contract for 6,000 tonnes.
13. The Commission believes that the Community should pursue a more active export policy in the hops sector in view of the quality of the Community product. The fact that the largest American brewery continues to buy European hops despite the high price is proof enough that such an objective is not in the least unrealistic.
14. In 1981, hop prices on the free market reverted to a more normal level (225.63 ECU/Ztr), a fall of 52% compared to 1980, but an increase of 24% compared to 1979, another normal year. 1980 was a year of such acute shortage that prices on the free market reached record levels (469 ECU/Ztr). The price of quantities sold under contract increased substantially (from 133 ECU/Ztr to 162.78 ECU/Ztr (+22%)).
15. Quantities sold under contract amounted to 37,971 tonnes and quantities sold without contract to 7,737 tonnes (83% and 17% respectively of all the hops marketed).
In 1980, the corresponding figures were 91.5% and 8.5%. It would seem, then, that the exceptional results recorded in 1980 on the free market encouraged a number of hop producers to take their chances on that market.
16. In 1981, the total revenue of hop producers, who numbered 6,586, was 158.5m ECU. The revenue from quantities sold under contract was 123.6m ECU and that from quantities sold without contract 34.9m ECU, representing 78%

and 22% respectively of the total revenue. These percentages should be coupled with those for the quantities sold under contract and those sold without contract.

17. By group of varieties, revenue was as follows:

(ECU/ha)

Varieties	1980	1981	% variation
Aromatic	4,833	6,468	+ 34%
Bitter	5,139	6,288	+ 22%
Others	6,801	5,793	- 15%

The development by country was as follows:

Country	1980	1981	% variation
Germany	4,482	5,979	+ 33%
France	6,179	6,261	+ 13%
Belgium	10,586	9,119	- 14%
United Kingdom	5,740	7,255	+ 20%
Ireland	3,938	7,079	+ 80%
EEC average	5,008	6,376	+ 27%

18. In 1981, revenue per grower amounted to 24, 052 ECU, as against 19,118 ECU in 1980 - an increase of 25%. Even so, aid still seems necessary for the following purposes:

- (a) to stabilize the markets via long-term contracts at reasonable prices,
- (b) to maintain quality in hop production via the activities of the producers' organizations,
- (c) to encourage, by means of aid differentiated according to variety, the production of hop varieties which can easily find outlets on the external markets, such as the aromatic varieties. However, these varieties are more expensive to produce than varieties with a high alpha acid content, and yields are smaller,
- (d) to supplement the incomes of producers, particularly those who operate under contract, because of the losses incurred in 1980 as a result of the bad harvest.

19. In the light of these considerations, the Commission proposes the following amounts of aid:

Varieties	Community as constituted at 31.12.1980	Greece (Art. 68 Act of Accession)
Aromatic	200 ECU/ha	40 ECU/ha
Bitter	180 ECU/ha	36 ECU/ha
Others	200 ECU/ha	40 ECU/ha

It points out that this level of aid should make it possible to maintain producers' incomes without encouraging them to extend the areas under hops. The aid is admittedly less generous than that granted for the 1980 harvest, but it must not be forgotten that average income per producer has increased by 25%.

The financial cost of this measure is likely to be 5.1 ECU as compared with 6.2m ECU for the 1980 harvest.

20. In view of the foregoing, the Committee on Agriculture approves the Commission's proposal.