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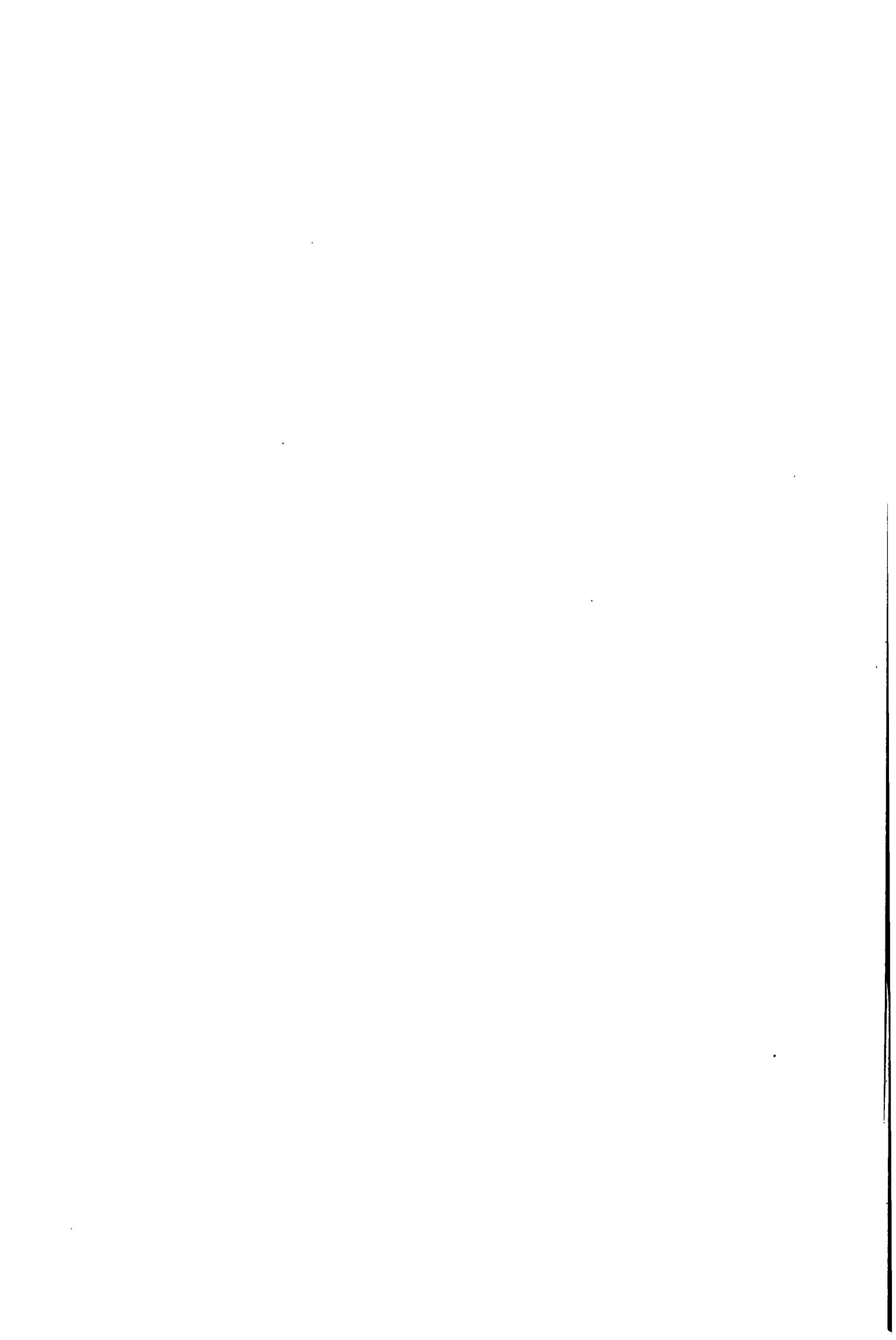
MOTION FOR A RESOLUTION

tabled by Mr PISANI, Mr JAQUET, Mrs CHARZAT, Mrs CRESSON,
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Mr SCHWARTZENBERG, Mr SUTRA, Mrs VAYSSADE

pursuant to Rule 25 of the Rules of Procedure

adapting the objectives, the administrative and financial
rules and the procedures of the European agricultural policy

PE 70.787



MOTION FOR A RESOLUTION

The European Parliament,

- considering

the common agricultural policy, the solid achievements it has to its credit but also the shortcomings it has revealed, the inequalities it has exacerbated, the twists it has been given, especially as a result of monetary strains, the inability it has shown to adapt to changing situations, the wastages it allows for lack of clear direction or control, the budgetary problems it raises despite the inadequate guarantee it affords certain producers, the responsibilities which fall to it in a Europe hit by the unemployment and the energy crises, the isolated position in which it has found itself in a Community powerless to produce a common effort in other vital sectors,

- considering

the difficulties which those various factors place in the way of European agriculture and the whole process of building the Community,

- considering

the further efforts which threatening world developments impose on the European continent with its dearth of underground mineral wealth and its employment crisis,

- considering

the need to allay public concern and impatience by providing a comprehensive illustration of the value and effectiveness of an overall, consistent European agricultural policy and a precise awareness of the role which agriculture plays in the modern economy,

- considering

the new constraints which may be placed on the Community as a result of enlargement towards the south (a process that has already begun with Greece), which will increase regional disparities, but also by the introduction of the European Monetary System,

- considering

that for all those reasons a reform of the common agricultural policy is an urgent need,

- considering

that despite the initiatives taken by the Commission, the Council of Ministers has not succeeded in going beyond the requirements of short-term management even where it has satisfied them; that it has shown itself incapable of providing a comprehensive and long-term answer to the problems of the CAP and of proposing the necessary changes; that this state of affairs in which the Council is powerless to act is most unlikely to be put right in the near future,

- considering

in short that for political, economic, social and budgetary reasons the time has come for a comprehensive summary of the common agricultural policy to be drawn up,

- considering

that this summary must aim to give the CAP new guidelines which take account of

- the results it has enabled the Community to obtain
- up-to-date statistics on its operation
- the foreseeable trends in the international economic situation and the world food balance,

1. Decides

to devote an own-initiative report to this summary and to the guidelines it proposes;

2. Calls on

the presidency and the enlarged Bureau to provide the means required for this purpose (enquiries, hearings, consultations);

3. Suggests that an immediate decision be taken to schedule a part-session in February 1981 devoted entirely to the discussion and adoption of its report and that the framework and guidelines for the report be the following:

Objectives

- to increase agricultural productivity while respecting natural balances and taking into account the problems of employment, energy and regional development facing the Member States;

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Objectives

- to increase agricultural productivity while respecting natural balances and taking into account the problems of employment, energy and regional development facing the Member States;

- to ensure a fair standard of living for all those engaged in agriculture without providing any with a source of unearned income;
- to contribute to regional development and guarantee the continued existence of a thriving rural environment;
- to stabilize markets;
- to assure the availability of supplies by reducing as far as possible our dependence on outside sources for foodstuffs and other commodities;
- to ensure that supplies reach consumers at reasonable prices and are of acceptable quality;
- to play a part in the world campaign against hunger and poverty, thereby helping the developing countries to avoid any unacceptable measure of dependence on foodstuffs;

Rules

- unity of the market through the elimination of all barriers and differentiated practices, particularly in the monetary field;
- financial solidarity between the Member States in implementing a modulated and unlimited guarantee policy;
- Community preference for identical and equivalent products, but account being taken, by means of the flexibility of the mechanisms to be utilized (ceilings or import duties according to circumstances), of the economic situation of third countries and of the necessary commercial agreements;
- introduction of common market organizations for all products;
- a price level that guarantees producers a fair return;
- a price structure encouraging production patterns in accordance with Community interests;
- producers to share progressively in the cost of regulating markets;
- financial solidarity between the Member States in carrying out a policy of structural adjustment as part of regional guidance and development programmes;
- aid to individuals but restricted to the less-favoured areas;

- common commercial policy;
- common agronomic and agro-industrial research policy;
- stringent monitoring and regular evaluation (to take account of new data) of the results achieved by the CAP;
- producers' organizations and consumers to be involved in defining and implementing agricultural policy;

together with the operational rules, the means of financing, adoption procedures and the timetable for a new implementation of the European agricultural and rural policy;

4. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

A. The CAP as at 31 December 1979

1. The common agricultural policy was defined by Article 39 of the EEC Treaty and subsequently by the Council, after preparation mainly by the Commission, but with a substantial contribution by the professional bodies. It was inserted in the Treaty to counter-balance the establishment of a European industrial market and was and still is the only common policy to be actually defined and put into practice.

2. Article 39 of the Treaty defines the CAP as follows:

Art. 39

1. The objectives of the common agricultural policy shall be:
 - (a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, in particular labour;
 - (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
 - (c) to stabilize markets;
 - (d) to assure the availability of supplies;
 - (e) to ensure that supplies reach consumers at reasonable prices.
2. In working out the common agricultural policy and the special methods for its application, account shall be taken of:
 - (a) the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
 - (b) the need to effect the appropriate adjustments by degrees;
 - (c) the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.

3. To enable these objectives to be attained, the common agricultural policy is based on three principles:

- the unity of the market,
- Community preference, and
- financial solidarity.

4. We should not be deceived by the presence in the EAGGF of a Guidance Section; the founders of the Community were primarily concerned to create a market which, by its very size, would make Europe an entity in terms of production and hence independent and powerful. While it has the advantage of clear objectives and three excellent basic principles for the organization of markets, the common agricultural policy has since its inception suffered from two major weaknesses: the absence of a proper structural policy and the complete absence of a commercial policy; it should, however, be noted that these two deficiencies are due more to the decisions taken by the Council of Ministers than to the initial proposals submitted by the Commission and that these two weaknesses have worsened with the passage of time.

5. As defined and applied, the common agricultural policy has a number of solid achievements to its credit:

- agricultural production has risen considerably, probably more than it would have done within the reference scale of the national markets;
- the standard of living of certain farmers has risen, although inequalities have tended to increase;
- price stability has been obtained in sectors where there is a genuine market organization,

thanks to the transfer of power to the Community, the single market (which existed until quite recently, when monetary disorders raised a new kind of obstacle), and thanks to financial solidarity in the administration of the markets.

- availability of supplies has largely been assured. However, in respect of the animal feedingstuffs from the United States and South-East Asia (soya, fishmeal, maize and manioc) required for intensive farming (pigs and poultry) the Community's external dependence has increased: the United States supplies 80% of its soya requirements, which constitutes a serious threat. In 1976 the Commission of the European Communities had proposed

again that imports of vegetable fats, which enter the Community duty free, should be taxed. The Council ignored this proposal. In addition, the Community is still a major net importer of agricultural products : it is only in surplus in respect of specific products : milk, cereals (except maize and rice) and sugar.

6. But there has been a tendency for disparities to widen
- between different-sized farms
 - between average farm incomes in the individual Member States
 - between the richest and poorest regions of the Community
 - between farms of the same size but specializing in different crops
 - between products enjoying 'total guarantee', usually those originating in the northern parts of the Community, and products with price support, usually originating in the south.

Being almost entirely based on production, the common agricultural policy inevitably acted as an incentive to increased production and was therefore more profitable for the larger producers. From the nature of the products themselves it turned out to confer less benefit on perishable produce with no real world markets than on products which could be stored and for which there were ready world markets.

7. With its excessive preoccupation with productivity, the common agricultural policy has led to, and could well collapse under, the expansion of some kinds of intensive livestock production and intensified yields of basic products, obtained by the disproportionate use of external inputs (fertilizers, energy). The result has been:
- much higher growth in final production than in value added
 - a costly rise in surpluses where they exist
 - the penalization of marginal land and farms which for particular reasons or external circumstances have retained their craft and family character
 - an alarming increase in the dependence of Community agriculture on outside supplies and the potential loss of its hard-won self-sufficiency
 - an apparent inability to expand production of certain types of crop, of which Europe remains a structural importer (high-protein crops).

The pace of these developments has, of course, varied according to the product involved. We should also note that in some cases they have benefitted the producer or consumer, and occasionally both.

8. Community support mechanisms for certain products, and in particular their non-selective character, have resulted in the appearance of certain irrational practices; for example, the production of some livestock products, although already in surplus, has increased, the sole effect being an increase in the charge on the Community budget thanks to the accumulation of interventions in respect of the compound feedingstuffs and of the final products themselves (e.g. milk powder and veal). A systematic review of the support mechanisms and the abuses they encourage has not been undertaken despite the reports submitted by the Court of Auditors.
9. There has also been an increase in intensive farming based on imported feedingstuffs (dairy produce, stockbreeding), located in specific areas, producing a surplus and making a large net profit from the EAGGF Guarantee Section (intervention) and in the industrialization of the production of a number of perishable products in northern Europe competing with the southern regions of the Community of the Nine, soon to become the Community of the Twelve. The development of this type of agriculture is all the more important since meat and milk account for 50% of the value of the Community's final agricultural production. Milk production in particular has increased with the additional use of factors of production external to the farms, especially with the substitution of imported products (soya and manioc) for products drawn directly from domestic agricultural activities. Depending on the country concerned, there is a wide divergence in the potential for utilizing areas under feedingstuff crops. The increase in imports of feedingstuffs used in milk production has led to a deterioration in the Community's external trade balance (combined cost of imports and refunds for cereals exported because they were not consumed in the Community).
10. At present Europe has surpluses in a number of products which are unsaleable on world markets and shortfalls which could be overcome, at least to some extent, if more effective production guidelines were laid down.
11. The relative smallness of the Community budget and the fact that the common agricultural policy is the only common policy means that it takes the lion's share of Community resources and is likely to be paralysed for lack of funds. Of that agricultural budget, a minute amount is set aside for structural policy, and even that has never been anywhere near fully used in successive budgets. While everything points to the use of methods other than, but complementary

to, those of the market to encourage the development of European agriculture, while some agricultural regions are in dangerous decay, and while funds exist and are not used, it would seem that the European policy on agricultural structures is lacking in objectives, in procedures, in direction and in impetus, despite the persistent efforts of the Commission which has submitted a large number of proposals, but to little effect.

12. The common agricultural policy, necessary, and very effective in certain sectors, but inadequate, clumsy, and sometimes dangerous in others, had its heyday before structural surpluses appeared in the most sensitive sectors.

It operated much more normally when monetary tensions had not been sufficient to give rise to the introduction of monetary compensatory amounts; these have since split the market and put certain producers in a privileged position, enabling farmers in some countries to utilize abnormal technology, organization and production methods.

13. It therefore now seems urgently necessary to review and redefine the common agricultural policy, in agricultural, budgetary and political terms, as much of the evidence points to a loss of confidence in Europe by the public and by the agricultural sector itself for which the Community's agricultural policy, or more precisely agricultural practice, seems to have been largely responsible. But before re-formulating the policy we should review the factors which will go to make it up. In addition to those already mentioned we have to consider nine other disparate factors: the diminishing importance of the cost of farm produce in household budgets and, more generally, the role of prices in the agricultural economy; the disciplines imposed by the new monetary system; the effects of the enlargement of the Community to the south; the employment crisis; the energy crisis; the nascent doubts as to the desirability and feasibility of a single development pattern for European agriculture; environmental considerations; international instability and, finally, starvation in the world. These various points will be considered below.

14. Farm prices and household budgets. As we have noted, one of the main objectives of the CAP was to satisfy consumers, and at reasonable prices. Two factors have intervened to reduce the importance of this objective, while not destroying it entirely.

The first can be described as quantitative in nature; the percentage of household budgets going on food has continually decreased to a point where, over the Community as a whole, it now accounts for no more than 20% on average. At the same time, as a result of changing habits, less and less unprocessed farm produce is being bought by consumers, and the price received by the farmer for any given product does not now exceed 50% of the retail price. The total value of all agricultural produce accounts for about 10% of the average household budget. Thus, while we should not ignore them, the financial interests of the consumer should not alone determine the form of the common agricultural policy.

It should also be stressed that any policy to assure the availability of supplies for consumers must inevitably result in a certain cost to society as a whole. Subject to the reservations made above in respect of production guidance, shortfalls and structural surpluses, the CAP has satisfactorily fulfilled its task of assuring the availability of supplies.

15. Two further points might be made on farm prices.

The first concerns the habit some economists have of referring to world prices. Such comparisons are not entirely valueless, and they may be salutary, but their relevance is questionable: world prices are the prices of world surpluses and only relate to international sales. While the quantities concerned may be quite large in the case of sugar, for cereals they amount to scarcely 8% of world production. Moreover, international prices are often very much lower than prices obtaining within the exporting countries themselves. Thus the United States, which dominates world markets by virtue of the quantity of its surpluses and the role played by the Chicago market, gives higher net prices to its farmers than it obtains for its exports. Europe has no need to hang its head here as, on a farm-by-farm basis, Federal aid to regulate farm prices is higher than Community aid. But the main point is that as world prices relate to surpluses, they are highly speculative in nature and do not form a good basis for comparison (cf. 1973-1974 and the uncertainties of early 1980 as a result of the US Government's economic reprisals). After all, what would happen to world prices and hence to the prices at which the poorest countries purchase some of their food requirements if the Community were to cease making its contribution to the delicate balance on the world markets? They would rise steeply as we saw recently in the case of wheat, maize and sugar. What is more, if the European

Economic Community ceased supplying the world markets, Third World countries which at present must import foodstuffs and will probably have to do so for some considerable time would have only one source of supply, the United States. Their dependence and insecurity would therefore increase. The Third World countries want us to help to assure the availability of their supplies but not to discourage their own food production at the same time. The new CAP must aim at achieving this delicate balance.

The second point is the effect of price levels on the production system itself. Roughly speaking, the average price level determines farmers' incomes, their ability to invest and hence to develop. But the differentials between the various farm prices themselves exercise a decisive influence on production patterns.

16. A second factor relating to quality must also be taken into account: consumers are becoming less and less convinced of the benefits of intensive farming and food processing, in terms of present satisfaction and future health. Leaving aside a 'return to nature', which would be almost completely impractical, there is a great temptation to seek a less intensive system of production. This argument is all the more cogent since a systematic production increase relies on imported inputs weighing heavily in the balance of payments, and increasing faster than the value added by their use. In addition, it is becoming essential to improve the quality of the final product.

17. The European Monetary System and the discipline it imposes.

Faced with the speculation resulting from the disengagement of the dollar and the rising cost of raw materials and energy, the European Council set out to create a zone of monetary stability, a European system which would be tight, but not rigid, and able to help each currency resist the adverse effects of its natural tendencies, whether downwards or upwards. The need for this development was all the more pressing as the currency disorders had been persistently disrupting the unity of the European agricultural market. In taking this decision the European Council was deliberately ignoring the divergences in the belief that monetary union was not necessarily the result of the economic union, but could provide the basis for it. The system was onerous for each country, and while the United Kingdom refused to join, Italy and Ireland made their participation dependent on concessions to narrow the gap between their economic

situation and that of the rest of the Community. The retention of the unity of the market, the setting up of the European Monetary System, the development of a regional policy, the abolition of monetary compensatory amounts, these appear as the various aspects of a single Community consolidation policy.

18. It is interesting to note that, out of the nine Member States, it is in Italy and Ireland where agriculture accounts for the largest percentage of the working population and national income. In other words, the countries having the greatest problems of economic convergence with the rest of the Community are those where agriculture is most important. One is at the far north and the other at the far south of the Community. Convergence will be impossible and no European monetary system will be viable without a policy capable of speeding up the development of countries whose economies are dominated by agriculture. Market mechanisms will not be enough. To take merely one instance: in various Community regions there are farms which Italian economists describe as 'apathetic', that is to say, they survive unaffected by the outside world, almost totally indifferent to market conditions, incapable of calculating production costs but nevertheless producing more than a negligible amount of produce.

19. Enlargement of the Community towards the south.

For political, economic, strategic and above all geographical reasons, the Community seems to be about to counterbalance its enlargement towards the north by an enlargement towards the south. In so doing it will increase its imbalance, as the ratio between its lowest and highest regional incomes will go up from 1:6 to 1:9. The monetary implications are clear. But the CAP in its present form will tend to increase this imbalance further rather than reduce it. As we know, in the past the Community has not reduced north-south disparities; quite the reverse. Enlargement, if we are not very careful, could threaten the south of France and most Italian agricultural areas, without benefitting the Greek, Portuguese and Spanish farmers, but further profiting agriculture in the north of the Community, which already benefits from support prices. Enlargement therefore seems likely to tilt even further the already unsatisfactory balance within European agriculture, while further exposing the unsuitability of the European agricultural policy. It thus seems likely to transform the failings of that policy into total failure. But unless it takes them into account right from the outset, it may well radically alter the basic premises on the basis of which the agreements linking the Community to various Mediterranean countries were concluded.

20. Coming, let us assume, at the same time as the enlargement negotiations, the European agricultural and rural policy simply must include machinery to cope with these grave tensions. It would be politically irresponsible to develop a Mediterranean strategy at the expense of the Mediterranean regions of the Community alone. It would be folly to believe that if no action - and substantial action at that - is taken, enlargement will occur without a hitch. It would be reckless to believe that the present Community budget is able to bear the cost of the transformation. Enlargement is politically desirable. It will be a success, and therefore acceptable, only if there is an overall plan of action in which agricultural policy is a vital - but by no means the only - factor and under which, given that the motives and potential benefits of enlargement affect the Community as a whole, the agricultural cost of enlargement is not borne by the agricultural policy alone.

21. The employment crisis.

When the CAP was on the drawing board, Europe and the developed world were discovering the advantages of strong and sustained growth. The problem facing industrial economies at that time was to find the labour for industries which seemed to know no other limits than their own capacity for expansion and renewal, as, by dint of marketing, they had an ever growing market to feed. And European industry recruited Spanish, Portuguese, Yugoslav and Turkish workers, with Germany showing a preference for Italians and France for Algerians, Moroccans and Tunisians. Insatiable in its demands, European industry first called on the peasants, the younger sons and the daughters of large families living on the land. Without always being prepared to pay the price, it fed on a young generation born and bred in a different environment. Accordingly, between 1968 and 1977 the number of people actively engaged in agriculture in the Community fell from 11.8 million to about 8.4 million, i.e. an average annual fall of 4%. But the depopulation of the countryside is a problem affecting not only Europe but the whole world. It is a basic economic problem and must be seen as such.

22. But for nearly 15 years a boy or girl leaving the land could be sure of finding a job in the cities. Somebody arriving in the city from the land today has every chance of joining a dole queue unless he is prepared to take any job whatsoever. But in most mainly agricultural regions population levels have fallen to a point where it becomes increasingly difficult to maintain infrastructures, public and private services, and the survival of small craft industries. Beyond a certain point, depopulation acquires an irreversible and fatal momentum. Europe has its deserts as well as its hosts of unemployed. From now on, no agricultural policy can ignore this fact.

23. The energy crisis.

Nor can any agricultural policy disregard the fact that increased production has been obtained by the overconsumption of energy and fossil raw materials. The ratio between the number of calories of fossil fuels used to calories of food produced has shown a continual decline. European agricultural growth, modelled on external examples, has wasted energy. It is doubtful whether the United States can carry on in this way for much longer. Europe is already unable to do so. It will have to find farming methods which no longer use more calories of energy to produce one calorie of food. It is scientifically possible. It can be done at fairly short notice, provided the will is there, i.e. provided that the necessary funds are made available for research and an economic agricultural policy is introduced which no longer encourages waste.

24. But let us go a step further, albeit with extensive reservations. Science and technical research give us grounds for hoping that judicious genetic selection will allow us, in the short or long term, as we decide, to develop plant varieties which, by making better use of natural cycles, will become high-performance solar captors, producing raw materials, on competitive terms and in reasonable quantities, able to yield energy via combustion or fermentation. It is easy to see what economic problems are involved in such high-risk research and development and in the production of raw materials which will long remain much more costly than imported energy. We can imagine the effort of will and the financial resources which will have to be mobilized if the scientists are to succeed and the farmers are to grow the crops. But what is at stake is our energy balance and the conversion of farms and regions at present trapped in the production of food surpluses. An overall review,

neither too narrowly econometric nor too shortsighted, would probably justify the optimism of our prognosis which should be supplemented by an analysis of the systematic use of agricultural waste.

25. A development model for European agriculture.

From its inception, the common agricultural policy laid down identical rules and instruments for Europe from one end to the other. The only differences allowed for related to the nature of the product. The Council was determined to regard European agriculture as homogeneous. No account was taken of soil quality and topography, climate, types of farm, population density, or the industrial, commercial, economic, political or cultural environment. This over-simplification was the apparently unavoidable corollary of the desire to create a single market. It seemed acceptable (or just about) in the euphoria which 20 years ago glossed over obstacles and ignored difficulties. In the course of time, as the distortions have grown, this uniformity forced by the market on the pattern of agricultural organization and development has become intolerable because it is anti-social and anti-cultural, but also probably uneconomic. Since the Community has managed to build up farm surpluses, since unemployment is flourishing and energy is in short supply, and as there are low-productivity, labour-intensive forms of agriculture which do not use much energy, why not set about finding ways of preserving them by making them viable at a cost which is acceptable to them and to society? It is a difficult problem but an unavoidable one; just as it is no longer possible to avoid looking to the balanced family farm which fits so well our cramped, fragile and overpopulated land when we are formulating an agricultural policy; and finally, just as it is no longer possible to ignore the specific problems posed by part-time farming which increase from year to year. Long regarded, at least in some countries, as an intolerable throwback from yesteryear, today it is a reality which must be taken into account and a major factor in some particularly critical areas.

26. The environment.

At the inception of the common agricultural policy, agronomists were, with rare exceptions, overwhelmed by the scope offered by new methods for greater yields of human foodstuffs. Josué de Castro's 'The geopolitics of hunger' were answered by a strategy where chemistry vied with geology. Had not DDT saved millions of human lives by saving tens of millions of tonnes of crops?

But gradually objections emerged. And the West came to recognize the damage caused by persistent pesticides, fertilizers which degrade the soil and the quality of foodstuffs and genetic selection which has increased yields but produced unsuspected imbalances. The world's underprivileged areas also realized that large-scale water schemes were no panacea and that overpopulation frequently led to the destruction of the vegetal cover. Air pollution and water pollution have taken their toll. It has thus become clear that all-powerful Nature is not universally capable of restoring balance where, by his numbers and his methods, man is destroying it. In future, no agricultural policy can be defined which does not incorporate in its objectives and parameters the maintenance and restoration of natural balances.

27. With its new methods agriculture is disturbing the ecological balance, and it must evolve towards techniques treating Nature with more respect; while it cannot itself remedy air and water pollution, it must take responsibility for the biosphere in which its own activities take place. The farmer is no longer simply our food supplier; the forester is no longer simply a supplier for our factories, together they are our landscape gardeners, especially in Europe, for our continent is small, densely populated and highly industrialized. Any analysis ignoring the ecological dimension of agriculture would be suspect and hazardous. While not quantifiable, the benefit in human terms from treating Nature with respect must henceforth be a factor in our planning.

28. An uncertain world.

Accustomed as we are to secure food supplies, Europeans tend to criticize prices and quibble about quality. They are beginning to regard the world as a dangerous place, they listen with equanimity to talk of the food weapon, they dream of using it against the oil sheikhs, they contemplate the Soviet Union's increasing dependence on outside supplies, but they behave as if these problems did not concern them. Above all, they object, or some of them do, to being obliged by the common agricultural policy to pay high prices for foodstuffs which could easily be bought cheaply on world markets. They are making a glaring mistake, and are being encouraged in doing so by politicians in certain quarters. Europe is heavily dependent for food on the outside world (especially for feed protein). A whiff of international

tension could kill off tens of thousand of stock-rearing establishments drawing supplies from abroad, and milk production, artificially in surplus, could at a stroke become almost irretrievably in deficit. The world is unsettled enough for these points to merit serious consideration.

29. The term 'world prices' calls for closer examination, as it refers to the prices at which surpluses are sold on the world market. Comparison of European prices and world prices year by year and product by product shows that for two years (1973-1974) European prices were lower than world prices, and while for most of the time the opposite has been true, the tendency is for the gap to narrow. The time is not far off when European and world prices will coincide, and world prices will even exceed internal European prices whenever the market gets into difficulties. It would be madness to allow ourselves to be blinded by the situation, difficult though it is: in a dangerous and unstable world, the common agricultural policy has allowed a production system to evolve in Europe which guarantees our supplies, compensates for some of our external imbalances and can provide an effective economic regulator. The issue is not, and can never be, whether to destroy this system and to call into question the policy itself, but to strengthen the policy by adapting it to meet well-founded criticism and new factors.
30. We have witnessed the growth of world markets, now dominated by a small number of major international agri-foodstuffs conglomerates, and the increasing importance within the Community of industry rather than agriculture. Externally, that creates the need for a trade policy, and internally the need for monitoring. The multinational food conglomerates exacerbate the cyclical fluctuations in commodity prices on the markets, impose specific production techniques, increase their domination over the individual farmer and the cooperatives ('integration contracts'¹, especially in the poorer areas where farmers do not always receive even the most elementary marketing guarantee); encourage the launching of new products with high added value; encourage the concentration of undertakings; frequently choose to establish themselves in the already prosperous areas; increase spending on advertising. The sector in which the Community has shown itself the most generous is the oleaginous products sector, where Unilever occupies a dominant position. In the sugar sector, the Community's price policy

¹ a contract whereby the parent company provides the farmer with the animal, fodder and medicines. The farmer raises the animal until it is ready for slaughter when the parent company buys it back at a price laid down in the original contract.

has led to sugar surpluses because the intervention price benefitted European sugar producers. In the cereals sector, the strategy of the animal feedingstuffs conglomerates has been to hold down maize prices in order to increase the dependence of stockbreeders in respect of maize feedingstuffs.

31. Towards a nutritional policy.

Until recently, the prosperous countries paid no attention to the problems posed by the processing of foodstuffs. And indeed they had no reason for doing so, since these products underwent very little processing on the way from producer to consumer. However, since the Treaty of Rome was signed, the agri-foodstuffs industry has grown considerably at a time when distribution services were becoming more concentrated.

That resulted initially in an extra link in the chain between producer and consumer: the sales manager of whichever supermarket chain. This situation obliges the farmer to produce foodstuffs conforming to consumption standards themselves imposed on the consumer by the agri-foodstuffs industry. Guiding consumption and production is nowadays carried out too arrogantly, and there is no opportunity for the farmers or the consumers to have their say. Producers and consumers must regain this power which they have lost.

Subsequently, types of consumption dangerous to public health developed. Food-related illnesses resulting in dental caries, cardio-vascular diseases and obesity due to an excess intake of fats, sugar, tobacco and alcohol are affecting an ever-increasing number of people in these countries. Here, too, consumers and producers must act together to regain a power which for too long they have yielded to others.

32. World hunger.

Recent studies, by public, national and international bodies, by private organizations or by individual experts, have demonstrated the intolerable consequences of hunger and malnutrition. Millions of people die of lack of food, tens of millions of children are handicapped for life by dietary deficiencies. The situation is worsening, and, apart from isolated successes, there is a serious risk that in some continents it will deteriorate to a point where, as the World Bank predicts in its latest report, by the year 2000 undernourishment will affect about 700 million human beings.

33. This situation is made even more appalling by the fact that it could be remedied. The world could support 8 thousand million people and feed them, but on a great number of conditions, most of which are political in nature. The bare fact of the matter is that the western pattern of consumption, giving meat an increasingly important place in human nutrition, encourages waste. Cereals and meat are equally rich in protein and it takes on average 7 or 8 kilos of vegetable protein to produce 1 kilo of meat protein. What is needed is better land, soil and water management, voluntary work on agricultural development patterns to suit the soil, climate and population in equatorial, tropical and sub-tropical regions, better control of world commodity prices to avoid the present unacceptable speculative fluctuations, increased facilities for buffer stocks and substantially increased food aid until such time as the reforms outlined here have borne fruit. Europe must set an example in the struggle against hunger and in the development of the underprivileged countries. It is already doing so to some extent but its aim must be to increase the size and effectiveness of its effort. It must organize its agricultural policy, and particularly its production, investment and trade, in such a way that they do not compete with and ultimately destroy the food industries in the underdeveloped countries facing a food deficit.
34. But let us note that the absence of a world food policy, of which the European agricultural policy would be an integral part, could lead to serious disturbances causing incalculable damage.
35. The confrontation between the elected Parliament and the Council over the budget must be seen in the light of these factors. The Assembly was questioning neither the existence nor the principles underlying the agricultural policy, but, at the proposal of its Committee on Budgets as the committee responsible, was expressing its concern at the way expenditure was overtaking revenue; it was saying that new revenue and a new and stricter system of expenditure were required and was drawing the Council's attention, at least indirectly, to its grave responsibility for not having taken or had taken the decisions required, or set in train the appropriate studies in good time.
36. If the Committee on Agriculture were to outline adjustments to the common agricultural policy, that would be a logical step in the European Parliament's budgetary deliberations and, by offering guidelines and suggestions, it would help solve a pressing and serious problem: agricultural policy cannot survive in its present

form, but at the same time Europe cannot continue its process of unification without first demonstrating its ability to cope better than it has in the past with the failings of and fluctuating trends engendered by its only significant common policy. On this quest for a new European agricultural policy depends not only the fate of agriculture, but that of Europe itself.

37. But before any analysis of desirable and possible changes, which would of necessity be the subject of difficult negotiations, all partners must affirm their loyalty to the old system in the interim period until the new system enters into force under the procedures laid down in the Treaty of Rome. This loyalty must be binding on the individual States, but also on the Council and Parliament, which have their individual responsibilities for the provision of the finance for the agricultural policy. Anything else, any breach of the rule under which an agreement stays in force until a new agreement has been adopted and has duly come into force, any breaking of the ranks, would be fatal to the venture, any refusal to accept it would make it impossible to draw up a new CAP, and, the old CAP being no longer a practical proposition, would therefore kill European unification stone dead. This does not however exclude the possibility of transitional compensation outside the framework of the CAP for certain unacceptable budgetary imbalances.
38. Before turning to the guidelines we wish to suggest, and to round off this assessment of the common agricultural policy, it seems appropriate to reaffirm emphatically the underlying principles of the CAP now that it has become necessary to redefine it.
- The countries of Europe need agriculture for economic, ecological, sociological and strategic reasons;
 - the Community gives the Member States an opportunity to solve their agricultural problems together better than they would be able to do alone;
 - the common agricultural policy as defined in 1961 reflects the circumstances in which it was laid down. It has given good results, but demonstrated serious weaknesses; it has been distorted by monetary factors; it has ended up costing too much because of the difficulties of disposing of structural surpluses; all these points must be considered when redefining the policy, but there are other new factors, such as unemployment, energy problems, food insecurity, and the spread of world hunger;
 - fine tuning, repartitioning the market, or questioning the principles of the Treaty and of 1961, would not achieve what has to be done,

- the budgetary approach to the problem is useful inasmuch as it is a critical one. It cannot, however, be ultimately very satisfactory. Only if the Community considers its future as a whole can it lay down a suitable overall agricultural policy.

B - The guidelines we suggest

39. The aim of this resolution is not to set out the structure and details of a new European agricultural policy, a task which exceeds the capabilities of Members of Parliament speaking as such and which requires the deployment of substantial resources and the organization of wide-ranging consultations. The aim of this resolution is threefold: to draw attention to the need for a reformulation of the CAP, to outline such a reformulation and to suggest a procedure. Part A of this explanatory statement demonstrated the need for reformulation. Before turning to the procedure, the main features of the new policy should be set forth. It would of course have been possible to go through the present agricultural policy line by line, pointing out the adjustments that should be made. This would not have worked, as our analysis has shown that it is not a question of simply making technical adjustments, but of revising and adding to the original principles and incorporating new factors. The outline given below will include - without distinguishing between them - elements of the original CAP, changes, some beneficial, which have in fact been made already and the major new factors which must be taken into account.
40. We shall thus consider in succession:
- the objectives,
 - the principles,
 - the rules, machinery and instruments,
 - the resources, and
 - the responsibilities
- of the new European agricultural policy we are putting forward, which is to be a common policy falling directly under the responsibility of the European and national political authorities whose activities are to be coordinated as specified below.
41. Objectives
- Adding the current requirements to the aims of those responsible for drafting the Treaty of Rome, we can define as follows the objectives of a new common agricultural policy which restate and adapt those contained in the original:

- to increase agricultural productivity while respecting natural balances and taking into account the problems of employment, energy and regional development facing the Member States;
- to ensure a fair standard of living for all those engaged in agriculture without providing any with a source of unearned income;
- to contribute to regional development in accordance with the wishes expressed by the competent authorities and guarantee the continued existence of a thriving rural environment without the European Community taking sole responsibility;
- to stabilize markets;
- to assure the availability of supplies by reducing as far as possible our dependence on outside sources for foodstuffs;
- to ensure that supplies reach consumers at reasonable prices and are of acceptable quality;
- to play a part in the world campaign against hunger and poverty, thereby helping the developing countries to avoid any unacceptable measure of dependence on foodstuffs;
- to occupy a major position on world agricultural markets.

42. Principles and instruments

Adapting the 1961-62 rules to the new situation, the principles for a new European agricultural policy can be set forth as follows:

- unity of the market through the elimination of all barriers and differentiated practices, particularly in the monetary field;
- introduction of common market organizations for all products;
- Community preference for identical and equivalent products;
- a price level that assures producers a fair return;
- financial solidarity in the implementation of a modulated and limited guarantee policy to prevent the possibility of unearned sources of income which are costly for the Community;
- producers to share progressively in the cost of regulating markets;
- financial solidarity between the Member States in carrying out a policy of production guidance and structural adjustment;
- common common policy;
- common agronomic and agro-industrial research policy;

- producers' organizations and consumers to be involved in defining and implementing agricultural policy.

43. Rules, machinery and instruments

In view of these objectives and principles, a document of this nature could never hope to set out the detail and interaction of all the machinery and rules of the European agricultural policy we are proposing. An explanatory statement cannot be expected to compress such a complex system into a few paragraphs. All that will be attempted therefore is to set out the major rules and machinery on which the whole will be erected.

Nonetheless, in the interests of clarity, the means available to the Community to intervene on behalf of agriculture should be set out schematically:

- initial intervention facilities designed to regulate markets, guide production and limit surpluses would take account of production costs and efficient farm sizes by applying a differential price system,
- secondary intervention facilities in respect of structures would aim to help farms and regions to attain the viability threshold after which they would be subject to the general rule and receive no aid other than that deriving from the regulation of the market
- in the marginal areas, where the maintenance of an adequate population for natural balances must be guaranteed, direct aid to farms would be granted to ensure their survival because of the public service function they ensure.

44. Distinction between basic products with world markets and products in limited circulation

It cannot be said too often that the achievement of the same objectives calls for different rules to protect different products. There are some, such as cereals, for which there is a permanent demand on world markets and which the Community must be able to produce, though not under conditions which would make exports an intolerable burden or with production aids causing serious economic disturbances. But there are other products for which the market is limited, for which there are no world markets and subject to structural surpluses

which rapidly become unsaleable. The Community should equip itself to produce as many basic foodstuffs as possible, but at the lowest possible cost, and adopt rules to restrict to acceptable limits the quantities it produces of foodstuffs for which there is no international demand.

With the same aim of striking a balance, the Community should provide itself with the means required to promote the development of those products which it imports and would do well to grow on its own soil.

Before discussing the various aspects of a policy which must remain consistent despite the variety of methods employed, we should first recall one or two essential features of the CAP, as spelt out in the Treaty and the early regulations. A single market is at once the fundamental rule and the most solid Community achievement. It rules out regional or national price differences and bans quotas, but while it lays down a system of uniform prices, it must not stand in the way of a modulated Community guarantee. This guarantee has both an economic purpose, which is to increase productivity, and a social purpose, which is to guarantee incomes. Given the decision to achieve this twin objective through mechanisms operating within a single market, the common agricultural policy must adopt a modulated guarantee system. This is the only system capable of achieving the social objectives of the CAP without misusing the economic machinery. It offers individual farmers a guarantee that makes legitimate allowance for their income situation as it really is and also for their costs.

45. The Community organization should introduce, by means of a tax, a system of progressively reducing prices for basic foodstuffs on the open market, to take account of the volume produced by each farm. To take a purely hypothetical example, the system might pay 100 units (i.e. a full price corresponding to a specific guarantee) for each of the first 100 cwt produced by each farm, reducing to 95 for the next 100, and going down to 75 or 66 for quantities over, for example, 1,000 cwt. This could kill three birds with one stone: it would give a worthwhile basic price to the family farms which we wish to encourage: it would take into account the economies of scale, and it would buy in the 'last' hundredweights at a price somewhere near the world price, thus alleviating the cost of refunds. It would thus put an end to one of the unfair features of the present agricultural policy, which unacceptably benefits the richest farms.

This system is similar to that already applied to sugar. It is similar to that applied over a period of thirty years by the French Wheat Board. Its machinery is familiar and has proved efficient. It raises a problem beyond the scope of a document of this kind: that of mixed farms which could take advantage of several 'guarantees' and make too much profit out of the system. It is unlikely that the large specialist undertakings would give up their specialized crops simply to take advantage of the multiple guarantee since their specialized activities are the basis of their efficiency. On the other hand, some medium-sized farms might find it worthwhile to do so. But is it not desirable for them to find in the diversity of their crops the flexibility they will need to adapt effortlessly to technical progress and changes in the economic climate?

As the above principles are implemented, it is possible that the target price will not be at the level of the price paid to the smallest farmers but at an intermediate level which would demonstrate on the one hand a desire to assist the least-favoured farmers and on the other a desire to adjust the target price to world prices and thus lower the price of products on the domestic markets. That would also enable special prices to be applied to the least-favoured regions, subject to obvious precautions.

It was stated in point 44 that the Community should equip itself 'to produce as many basic foodstuffs as possible'. We should add that voluntary restraint should be feasible if such production were to disturb world markets or affect the capacity of Third World countries to produce themselves the foodstuffs they require.

46. In the case of foodstuffs with limited markets, experience has shown that uncontrolled increases in production capacity and continual growth of supply produce stocks which are difficult to store and impossible to sell. The agricultural policy must be given the objective of producing quantities that can be sold or exported and while, under a system of guaranteed incomes (based on land area planted rather than the actual crop) it should guarantee short-term surpluses produced by climatic accident, under no circumstances should it allow its intervention facilities to come to encourage the renewal and accumulation of stocks for which there are no outlets. Of course the quantities which can be sold and exported would not be fixed once and

for all; changes should be allowed under a technical and commercial policy. A highly degressive price system should make it possible not to buy in surpluses at world prices, but to adjust production to the changing needs of the internal and external markets. Hence the need for a strategy.

These rules apply in particular to dairy products where the surpluses, and the costs they entail, constitute the major problem for the Community budget.

If we take into account what has been noted about the abusive practices engendered by Community aid, especially in the techniques of feeding veal calves, and if we suggest that measures should be taken to ensure the consumption of liquid milk in intensive farming undertakings, the proposed policy should reduce the cost to the Community budget noticeably, not to say quite substantially. For illustration, it appears that at present one litre of 'reconstituted milk' costs the Community, when all the various factors are taken into account, one-tenth of an ECU more than the guaranteed price.

47. A third category of products must be taken into consideration, those in respect of which the Community is structurally in deficit. Whether it is a question of increasing production of soya beans, new feedingstuff crops or other protein-rich crops, or of increasing production of non-foodstuff crops (energy producing or energy saving), economic necessity might suggest that the Community should encourage, probably artificially, the production of new crops perfected through research and experimental centres which would be impossible to launch, at least in the short term, in competition with similar products at world prices. Maize is a telling example: the guaranteed price system introduced for this commodity has enabled the Community to reduce its dependence. For such products a 'deficiency payment' system, reducing with time and limited to agreed production, should be introduced to guarantee producer incomes without penalizing consumers (at present enjoying supplies at world prices); this would make Community products competitive with imports and allow production costs to benefit from the economies of scale. As well as increasing the level of self-sufficiency in the Community, these new products could take the place of surplus crops.

48. Under its basic rules, the common agricultural policy allows for the collection of an import levy corresponding to the difference between the domestic price and the world price. This is the principle of Community preference. But, by definition, there is no import levy on foodstuffs and, in particular, on animal feedingstuffs for which there is no corresponding production within the Community. This is so in the case of soya and manioc. These commodities enter the Community free of any individual charges and can compete unchallenged with similar but not identical products. This is one reason for the booming development of stock rearing in the vicinity of ports and for the build-up of substantial stocks of butter and processed products. We have mentioned the possible implications of these new developments in stock rearing on the Community's self-sufficiency in the event of a crisis. We must take remedial action. Any system of taxing imports would be difficult to justify and negotiate under the agricultural policy as laid down in 1961-1962. On the other hand, it would be inequitable not to tax these products on import once a system of progressive taxes to regulate the market had been introduced as suggested above. Levies on imports of 'equivalent products' (i.e., on products which are not similar but which may be used as substitutes) would bring the following advantages: they would end the privileged position enjoyed by large-scale stock-rearing establishments based on imports and put a brake on the build-up of chronic milk surpluses. A failure to introduce them would give rise to a real distortion of competition in favour of imported products which would then still be free of tax despite the introduction of a system of taxation for products of Community origin.

But the problem is to establish whether a regulation should not be adopted in respect of 'animal feedingstuffs'. Only a regulation of this nature could encourage domestic consumption of certain cereals, support for the direct consumption of milk by veal calves, the development of new protein-rich feedingstuff crops and the regulation of the market in imports of protein-rich crops.

49. More details of the foreseeable effects of these price mechanisms are of course required. The studies suggested in this resolution would provide them and, on certain points, adjust and correct them. The difference between these mechanisms as applied to different products is intended to achieve a fair balance in each

case between the cost borne by the Community by virtue of the guarantees it provides and that borne by the farmers. In determining these various points of balance, the aim has been to reduce the size of the agricultural budget, to bring an element of fairness into Community aid to farmers and to encourage the latter to play their part in regulating the market in return for the guarantees given to them. For the CAP should not exempt them from keeping up the rigorous efforts they have made in the past. Initial analysis has shown that the system would be no more complex than existing arrangements, and that, without economic organization of producers, without an interprofessional administration system and the strictest control by the public authorities, in this case the Community, no agricultural policy will work and there will be no possibility of balancing the budget. The CAP has already set up the mechanisms and means for providing aid; it must now set up the means for preventing abuse and misuse.

However, it must be strongly emphasized that there is no possibility of the proposed system being introduced overnight. One of the aims of the study suggested in this resolution is to draw up a timetable for the progressive implementation of the new mechanisms to ensure that the professional organizations and the administration have sufficient time to prepare and adjust. Bearing in mind all the factors set out in this document, it is the initial political decision which is crucial.

50. To carry out an economic policy of this kind and to bring about the changes required, the Community must invest heavily in coordinated development research, far more than the sum of the present national efforts, as an integral part of the CAP. A European Agricultural Research Fund should therefore be set up, endowed with a percentage of the Community's gross agricultural product rising eventually to 1%, the terms of reference of which would be to encourage and aid, by means of contracts, all research that might provide answers to the many problems raised here: more productive and more economic varieties, new crops, foodstuff and other, to substitute for imports, the use of the biomass as an energy source, environmental conservation and restoration, development of varieties suited to the marginal agricultural regions etc. The Machine, Chemical and Computer age will be superseded by the Biology Age and Europe will have to make a great effort to take its place in it. It is vital that it do so. But these adaptations and innovations will

benefit our farms and undertakings; a vast advisory service will be required. Their purpose, as we have said, is to make Europe more self-sufficient, in agricultural produce itself and in the industrial products used in agriculture.

The resources required to make a start on the vast number of areas of investigation, the need to anticipate possible trends and in some cases to force the pace of 'discovery' make it impossible for each country of the Nine - and soon of the Twelve - to pursue this research independently. The only solution is a common agricultural and food research policy or a European agricultural and food research strategy.

51. It is a mistake to believe, as was done for some time, that the price guarantee mechanism was alone sufficient to help farm expansion and transformation, and that the complex agricultural system is capable of redeployment unaided. But it is also illusory to think that if funds are set aside, those who need them will utilize them. Structural policy must be a combined effort by the administrative authorities, professional organizations, local authorities and individuals, enabling infrastructures, machinery, production, collection and processing establishments, mutual associations and cooperatives, advisory services, collective and individual behaviour and country life itself to develop at the same pace. Structural policy is the sum of the actions required to make humanly possible what is economically desirable and necessary. But it is obvious that any structural policy is bound to affect the fabric of society itself, its traditions, its customs and practices, and the complex hierarchies of local communities. It is unlikely that the Community can play an active part in this process. It is not and cannot be in close enough contact with life in the regions. Only the national, and more especially the regional and local authorities can deal with the difficult aspects of structural policy. Adjusting the role of national authorities in the formulation and execution of structural policy is not to dispute the vital need for the policy nor to exempt the Community from responsibility. The aim is simply to define the new forms intervention should take and to widen the scope of the work already done, making it more flexible and efficient. In addition to its vital role in the structural development of agriculture through the price system, the EEC must play its part in direct action which, by changing the production system, can substantially influence the produce markets.

52. The EEC must remain the coordinator and, to a large extent, the source of finance for such policies. Without going into too much detail on this complex problem, we shall put forward an idea and then analyse two examples of its application. The idea itself is very simple: any structural scheme, once it is large enough or important enough to be of Community interest, would give rise to an agreement with the Community, which may thus adjust its objectives and methods and supply resources. These 'structural agreements' concluded between the Community and the regions at the proposal of the Member States, would go beyond agriculture and cover the economy of the region as a whole.

The regions where there is a crisis in agriculture are the regions where the overall crisis is serious. Since the crisis is general, there can be no agricultural policy divorced from overall regional development. Structural agreements would involve action by the local authorities and communities concerned, they would obviously extend over a period of several years. They would thus comprise full-scale regional transformation, development and planning programmes, based on agriculture, but going far beyond, covering infrastructure, education and training, the encouragement of small and medium-sized industrial and commercial undertakings in particular and the exploitation of woodland for the tourist industry as well as on a general commercial basis, etc.

It would indeed be absurd to draw up a uniform process as a strategic method: an integrated multisector regional development policy must be the aim. Each region must be capable of drawing up its own development plan which takes account not only of its socio-economic circumstances but also of production guidance and its effect on the markets.

The discovery of regional potential presupposes that studies will be drawn up to which not only the regions will contribute but also the Member States and the Community institutions. But multisector development policy implies more than support for studies, it implies the consistent pursuit of the guidelines and the implementing methods: without a minimum of programme coordination there is little hope of success.

As for the agreement itself, since it is a mutual commitment over a number of years binding on the signatories, it is equivalent to a contract whereby aid is conditional on development. It will give

responsibility to the regions and lead them to request aid in accordance as closely as possible with their specific nature and their potential.

53. Two examples will serve to demonstrate the nature of these programme contracts and also the urgent need to implement them. The terms under which Ireland agreed to join the European Monetary System constitute the first example: that country requested and obtained aid to enable it to offset its economic disadvantages and envisage the acceptance of the disciplines inherent in convergence. Should the Community then grant unconditional credit to be used by Ireland at its own discretion with the risk of further aggravating existing imbalances in certain production sectors, or should not the Community on the contrary stipulate certain options and actions which, defined in a contractual form, would facilitate economic convergence and ensure the complementarity of production? The second example is of major political importance: without a programme contract spread over ten or fifteen years for the reconversion and development of the Mediterranean regions there can be no structural economic adaptation, no successful enlargement and the subsequent problems will be attributed to the Community. On the other hand, a carefully planned and organized programme contract enjoying powerful backing, can facilitate the accession of Greece, Portugal and Spain and at the same time restore order to many southern economies which are already in a state of crisis. The difficulty of this programme policy is immediately apparent and resides in its selective nature. Instead of scattering aid over the whole territory of the Community, it aims to bring about progress in crisis areas. It requires courage, but so does any serious policy. The fate of the whole Community is the ultimate issue. It is also easy to recognize the advantages of such long-term contracts: they do not free the Community from its commitments but only from tasks which are not really within its province; they develop its role in the area of studies, forecasting, guidance, arbitration and control without leading to a heavier administrative burden. There remain certain problems which cannot be the subject of 'pacts' but the solution to them will have a considerable influence on the evolution of agricultural structures: examples of such problems are land policy, tax policy and the social statute of farmers and ex-farmers. These problems must be solved by each Member State but in close liaison with neighboring states in the overall Community context. Some regions which should be maintained as viable entities might be granted specific aid where

the determining factor would be the recognition of population trends. As for those farms which could not benefit from such aid because they are a lost cause, they should be allowed to die off naturally. But the national authorities should be responsible for their demise and for the utilization of the land thereby becoming available. This is a crucial problem, the problem of land which is so deeply rooted in the history of the nations that the Community must not intervene directly.

54. We have dealt with agriculture as though its function ceased with the production of crops. In reality, however, products consumed in the form in which they are harvested are lessening in importance, and agriculture is now backed by two powerful industrial sectors - the sector which supplies agricultural equipment and materials and the secondary sector which purchases crops, processes and sells them. In reality agriculture is becoming increasingly less autonomous, and an agricultural policy would be powerless unless it had the resources to intervene in relations between agriculture, industry and trade. Farmers and their professional organizations would be at a great disadvantage in negotiations in the absence of effective means of intervention stemming from the cooperative sector in both the supplier and client industries.

The ever-increasing power of the multinational food conglomerates, like the ever-increasing power of the agri-foodstuffs industry within the Community, forcing down the incomes of small farmers, make it essential for the agricultural and food industries to be covered by the CAP if it is to pursue its objectives consistently. Indeed, one of the weaknesses of the CAP has been that it has ignored the organization of its own outlets and that it has not controlled the policies pursued by the agri-foodstuffs industries. The CAP must therefore guarantee a cohesive link between the industry which organizes and purchases agricultural products and agriculture itself by means of professional and inter-professional instruments. At the same time, this requirement is a condition for helping to maintain a reasonable income for small and medium-sized farmers and for the establishment of a consistent export policy.

55. Finally, at present it would appear that the Community must:
- contribute consistently and effectively towards overcoming the world food shortage by continuing to produce surpluses of those products which are required for that purpose;
 - ensure that it can influence the world agricultural market dominated by the multinational food conglomerates, and

- pursue a consistent external agricultural policy vis-à-vis those countries to which it is linked by preferential agreements, with all the difficulties that options in this sector involve, given the fact that these countries will remain competitive as regards exports of the same products.

The Community must no longer :

- dispose of agricultural surpluses in the short term by simply regulating supply and demand internally;
- demolish the Common Customs Tariff little by little by arbitrarily granting agricultural tariff preferences.

This requirement implies on the contrary the implementation of a commercial agricultural policy which the Member States may not pursue individually and of which the objectives will be :

- the establishment of buffer stocks;
- framework agreements with the countries concerned, and
- close coordination between export policy and food aid.

The Community must therefore implement :

- self-sufficiency in certain key sectors (soya and maize) which directly affect the Community's structure and independence potential in the CAP's essential sectors (stock-breeding and cereals). The implementing procedures for this self-sufficiency will be negotiated with third countries so as not to harm their domestic production;
- production changes to achieve self-sufficiency for the Community in sectors where it already has the potential to do so (for example, forestry);
- a better balance in its agricultural trade with third countries : the Community is still the world's major importer of agricultural products whereas, albeit respecting the interests of the Third World, it should become one of the world's major exporters.

56. Explicit or implicit reference has been made at various points in this study to the ability of producers to enter into commitments. One obstacle faced by the common agricultural policy has been the very fact that agricultural producers are extremely numerous and more often than not ill-informed, so that their actions are difficult to predict, and nothing could be harder than to enter into binding agreements with them. The Netherlands, Denmark and

the United Kingdom have shown the astonishing effectiveness of a policy backed by united cooperatives, productschapen or boards. The French Cereals Board is a further example worth mentioning. The future of the new agricultural policy is dependent on the development of professional organizations and on respect for the disciplines imposed by them, and also on an increasing role by organized consumers. They must be helped in this. But, as a link between the European professional organizations and the Community, it is essential to create European agricultural trade agencies, Marketing Board Offices, whose legal status will have to be laid down in due course, focused on external trade and responsible for the commercial policy with which the Community must equip itself. These specialized agencies, set up for groups of products and structured into national or regional organizations, will be able to acquire a degree of control over the world markets which is today only enjoyed by the American operators. They will be able to conclude long-term supply contracts with countries purchasing primary commodities, thereby creating a link which does not exist as yet between the Community's production policy and its trade policy. Through patient action they will be able to achieve new markets for more specialized products, and through their knowledge of the markets they will come to play a decisive role in the guidance of production (through prices, contracts and structural action). Unless such agencies are set up we shall be working on a difficult market without the instruments that have long been available to our competitors. That implies the strengthening at national level of export structures in those countries where they are still poorly developed. Above all, it implies a Community trade policy which is not based on tariffs and quotas, arbitrary in its granting of refunds as in its granting of concessions to the countries which export their agricultural products to the Community.

57. To enable these agencies, in particular those working with primary commodities, to place contracts giving them the means of effectively regulating supply in face of the extraordinarily wide fluctuations on the world markets, the Community will have to equip itself with substantial buffer stocks - after negotiating the political principles for the constitution of such stocks - as part of an overall system for which there is a keenly felt need throughout the world.

58. These buffer stocks with a carefully defined objective must not be confused with the food reserves that the Community must constitute and distribute outside the normal market channels, for the exclusive benefit of the world's hungry. It would be extremely significant if the new European agricultural policy could contain in its definition an automatic levy on all quantities of foodstuffs produced on the territory of the Community - a levy in kind or in money which would become a privileged instrument in the fight against hunger: a European agricultural fund against poverty and hunger. This fund would have its place at the intersection of agricultural policy and the policy symbolized by the Convention of Lomé: is it too much to ask that of each hundredweight or hectolitre produced, one kilo or litre should be allocated to the poor? Of course this gift would only be a temporary expedient pending the time when the poor countries, with the benefit of our assistance, became self-sufficient. A study of the common agricultural policy is not the proper frame for the necessary analysis of world food imbalances and of the action which needs to be undertaken with the help of the Community to define an original new model of agricultural production and food consumption; by the term original we mean different from our system, adapted to the different types of soil and climate, to the various societies in the equatorial, tropical and sub-tropical zones and to all the different continents. Here, too, the ultimate issue is world balance since in the year 2000, there will be between seven and eight hundred million seriously or partly under-nourished persons. If surpluses exist they will be found in the richest countries; this itself is liable to become a strategic and political risk. And if these surpluses exist it will also be necessary to collect, transport and distribute them, which in turn poses a problem of cost and organization. Let us feed the hungry but let us not delay in teaching them to fish and farm. Let us give them the means of studying and defining, away from our own policies, the nutritional options best suited to them. The underdeveloped countries have 'adopted' production methods unsuited to them in terms of their climate, soil and structures, their lack of capital and of technical capabilities, but at the same time they have abandoned the traditional cereals and adopted a consumption pattern which makes them dependent on their food imports from the wealthy countries. As a result, the Third World, which largely consists of agricultural countries, has a substantial deficit in foodstuffs as a result of the imposition of a consumption pattern which makes them dependent on imports. To offset this, they have been encouraged to manufacture goods for export in an attempt to procure the foreign exchange they require. The developing world

will require 20 years to establish the production system which will gradually enable it to meet its own requirements.

59. But our surpluses are not always in products required by the Third World. The current policy for granting the developing countries access to our agricultural markets is unsatisfactory as far as they are concerned because the Community's attitude results in the Third World becoming more involved in the dominant trade system, whereas their need is for the development strategy to be regarded as a separate entity, and not merely as a facet of foreign trade. That might be the subject of development agreements which the Community could conclude with certain groups of Third World countries.

Can not the European Economic Community, which does not yet seem to have realized the price it must pay for its lack of energy sources and sometimes feels overwhelmed by its food surpluses, conclude long-term export contracts to regularize its markets and enable it to meet the requirements of its potential customers? At present it cannot do so. On the world food markets it is dwarfed by the giant American multinationals which largely control the world market in cereals and soya. It is time that the situation changed. Indeed, we are faced by an extremely serious situation resulting from the failure of decades of development, from the slowing down of agricultural and food production in relation to the world's needs and from the growing world dependence on a small number of countries which have the capacity to produce food.

60. A CAP resulting in the control of a food policy is impossible without the establishment of a common fisheries policy, a major subject. However, in view of the initial definitions and the novelty of the topic, that aspect of European policy is dealt with in a separate annex to this motion for a resolution.
61. There is a second point which cannot be studied here in the detail that it warrants by its very importance: the forestry sector. The Treaty of Rome does not provide the same status for timber as for agricultural products. However, no agricultural and rural policy can afford to disregard forestry. In the context of the new European agricultural policy, coordination and development of national forestry policies are urgently necessary. The need for this is confirmed by the Community's trade balance and also by a desire to protect the environment and attain balanced forms of rural life.

62. Resources

The authors of this document have at no time intended to present a provisional financial estimate in respect of the new European agricultural and rural policy. That was not their intention, nor did they have the necessary resources at their disposal. They have tried to engage in positive criticism, to put forward ideas for further reflection and invite new studies. They believe that they have put forward a series of measures which, taken in conjunction with the studies and projects of the Commission of the European Communities, with the indications given by the European Parliament's Committee on Budgets and with the previous work of the Committee on Agriculture, will permit something more than a window-dressing operation. They believe that the system of degressive prices and the levy on equivalent products will help to avoid the formation of certain surpluses and also provide appreciable resources. These should enable the new targets of our agricultural policy to be met - but only detailed studies can demonstrate this. It would, however, be illusory to overlook the anxieties which the next few years must bring, given that resources have now reached their ceiling while expenditure is continuing to grow. One major task which the Committee on Agriculture will have to undertake if, by adopting the motion for a resolution submitted to it, it agrees to strike out on the ambitious path that we have outlined, will be to organize comprehensive financial analyses by product and country. Although the principle of the fair return is absurd and contradicts the spirit of the Community, excessive imbalances are not only unacceptable to the countries suffering from them but also unacceptable to the Community as a whole. A policy confined to a single sector, even if that sector is as vast as agriculture, cannot easily be balanced. That is inevitably the case.

Without attempting to rewrite the Community budget, for we lack the resources, we include in this motion three factors which would help to achieve a balance:

- the system of differentiated prices
- the levy on equivalent products, and
- direct aid for animal consumption of cow's milk.

We maintain that this 'loss of expenditure' would be the decisive factor enabling the agricultural policy to regain its credibility and the Community to undertake other policies.

63. Responsibilities

In dealing with the common agricultural policy, it would have been all too easy to lay heavy blame at the door of the Council of Ministers and, to a lesser degree, at that of the Commission.

Any such criticism would be partially unjust since the difficulties stem as much from the inherent nature of the sector involved as from the mediocre performance of the institutions. At the heart of the problem lies a lack of political determination: the Council has been unable to take the fundamental decisions necessary, and existing patterns of behaviour have not changed. Experience teaches us that it is impossible to administer such a wide and fluctuating sector with as many implications as agriculture with a system in which the decision-making authority is not permanent and functions according to excessively rigid rules and in which the institution responsible for submitting proposals and implementing decisions is the object of suspicion on the part of the other body which takes those decisions.

There can be no sound agricultural policy unless the bodies responsible for its conduct have the necessary attributes of a political management. The newly elected Parliament must invoke its own authority to propose a system of responsibilities which will enable the Council to decide, the Commission to propose and implement, specialized bodies to engage in management and the Parliament itself to exercise ultimate control.

C. Procedure

64. The purpose of the motion for a resolution is to induce the Committee on Agriculture to mobilize all available resources in order to undertake a comprehensive and detailed study with a view to the definition of a new European agricultural policy.
65. Once its studies have been completed, the Committee on Agriculture (in concertation with the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on External Economic Relations and the Committee on Regional Policy and Regional Planning) will table for debate in plenary sitting a report and resolution indicating to the Council and Commission the options chosen by Parliament.
66. It would then be desirable for the Council of Ministers, or rather the European Council, acting on a report by the Commission of the European Communities, to lay down broad guidelines (objectives,

principles, rules, mechanisms and instruments, resources, organization of responsibilities) indicating the basis and time-scale for the implementation of the new European agricultural policy.

67. Following a second debate by Parliament, the Council of Ministers would adopt the new European agricultural policy on the basis of the final report submitted to it by the Commission.
68. Clearly, this procedure requires the formulation of mechanisms to ensure a smooth and controlled transition from one policy to its successor. It is impossible to change immediately from one to the other: numerous studies and preparations are required, adjustments are necessary. They should all be the subject of formal agreements, failing which chaos could well ensue. Nonetheless, urgent measures must be taken in certain sectors to prevent any immediate deterioration in a situation which is already problematical. These measures must be an integral part of the longer-term development prospects of the CAP as defined in this document.
69. But it would be impossible to draw up a policy in any sector fixed for all time yet nonetheless capable of coping with changing circumstances. The heart of a policy is an ability to adapt. There can, therefore, be no successful policy unless the political bodies retain the determination and capacity to direct its development.

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70. This motion for a resolution and the accompanying explanatory statement are at one and the same time a warning, an incentive for further thought and a set of proposals. Its authors hope that the discussion will be opened at the appropriate level which they feel can be the only effective way of promoting the interests of agriculture and of European unification. But they must also highlight the fact that, in the absence of European determination and of policies covering such diverse areas as currencies, employment, energy, research and industry, together with the common definition of the role of Europe in the world, agriculture cannot on its own provide the foundation for European unification at a time when our countries and continent are facing new perils.

EUROPEAN SEA FISHERIES : TOWARDS A NEW COMMON POLICY

I - Objectives and principles

1. - The introduction of 200 nautical mile maritime economic zones off the coasts of a large number of coastal states - one outcome of the Third United Nations Conference on the Law of the Sea - and the diminution of stocks, largely due to previous uncontrolled fishing of the stocks of the major varieties, have thrown Community fishing activities into total chaos. Access to stocks and fair shares of these stocks for the Member States, which were matters of secondary importance ten years ago when the common fisheries policy was introduced, have become the major problem for the Community both internally and externally. The requisite adjustments to structural policies and markets stem from this basic premise.
2. - The inability of the Council of the European Communities over the last four years to adopt a new common fisheries policy which is comprehensive and adapted to the new international and Community situation remains disconcerting. The serious crisis currently affecting the European fishing industry is a result of this lack of action. It is therefore crucial to the industry's immediate and longer-term future that a common policy is adopted at a very early date.
3. - This common policy should aim at encouraging the harmonious development of fishing activities in the regions concerned, more specifically in those where the level of employment largely depends on fishing. In the present circumstances, this aim cannot be attained without an adjustment of the factors of production in line with the stocks potentially exploitable in the future, both inside and outside the Community zone, with a view to guaranteeing in the entire sector a fair standard of living for those whose livelihood depends on it and a competitive position which can cope with the challenge from international competitors in conditions better than those obtaining today.
4. - The fishermen and the various economic operators in the sector must naturally be the main protagonists in this programme of development and adjustment to the new situation. Bearing in mind their present situation and the problems facing many of them, financial aid from the Member States and the Community is not only justifiable but even crucial to the extent that such aid will undoubtedly contribute towards the attainment of these objectives.

II - Implementing procedures

5- As the Commission has stressed on several occasions since 1976, in its successive communications and proposals, the new comprehensive common policy to be implemented at a very early date must of necessity include a policy on fish stocks and ancillary policies on structures and markets.

6 - The policy on fish stocks must include the rational management of Community fish stocks, lay down rules governing the procedures for access to fishing grounds and fair shares for the Member States for the quantities which may be fished.

(a) Rational management of Community fish stocks implies the implementation by the Community of non-discriminatory conservation and management measures based in particular on common measures governing fishing gear, fishing zones, minimum sizes, observance of total available catches drawn up on the basis of scientific data, and an effective surveillance system.

(b) Access to resources in zones under the jurisdiction of the Member States must be guaranteed to nationals of those states in compliance with the rules laid down in the Treaties and secondary law, especially the principle of equal access. However, the application of these rules and principles must take account of the new geographical situation faced by the fishing industry and the new conditions for engaging in this occupation which result therefrom. Access to the stocks in the zones under the jurisdiction of third countries is subject to the conclusion of long-term agreements with those countries. On a single sectoral level there can be no question of such agreements satisfactorily solving the problems arising from the Member States' loss of catch potential in third country waters. The Community should use all its political and commercial muscle when negotiating these agreements. That is not the case at present.

(c) Allocating the quantities which may be fished between the Member States depends on the introduction of an equitable and non-discriminatory catch quota system or, at a later date, of 'fishing authorizations', and an efficient surveillance system. The principles underlying the criteria proposed by the Commission for the drawing up of catch quotas could well be retained¹. But it remains crucial that the procedures for implementing these criteria and their respective importance be adopted by the Council at a very early date.

¹The Commission laid down three criteria:

- Traditional fishing activities (previous amounts caught)
- the special needs of regions where the local population is particularly dependent upon fishing and the industries allied thereto, and
- loss of catch potential in third country waters.

III - Ancillary policies on structures and markets

- 7- Bearing in mind the establishment of the 200 nautical mile zones and the - at least temporary-diminution of fish stocks, the Community must solve the delicate problem of converting the industrial structures of the Community fishing fleet, with all the inevitable effects on the processing industries and the market.

In this context, the Community must rapidly provide for a transitional period on the social and economic level during which an accelerated withdrawal of investment must be avoided and the production machinery required for future optimum utilization of the Community's fish stocks maintained with a view to the harmonized development of fishing in the various Community regions. In such a scheme, the Community's structural policy must include an economic element (with a view to adapting production structures to the resources available) and a social element (the need to have adopted simultaneously socio-structural measures and a social policy worthy of the name)¹.

To this must be added the increase in the cost of raw materials (shipbuilding) and of oil².

The Commission has already submitted two proposals to the Council:

- one on the restructuring and development of the Community fishing fleet, and

- the other on exploratory fishing and the development of joint ventures and on the financial encouragement to be given to these two activities (financial aid from the EAGGF Guidance Section). Without prejudice to the discussion on the procedures for these two proposals (at present being debated by Parliament's Committee on Agriculture), the principles on which they are based must be approved.

They should be rapidly followed by proposals in the social sector involving in particular financial aid from the Social Fund and the EAGGF (training, conversion, early retirement).

8 - Reshaping the market policy

The introduction of 200 nautical mile zones off the coasts of some third countries, in conjunction with the diminution of the stocks of certain varieties in the territorial waters of the Member States

¹ Substantial improvement in working conditions which are frequently scandalously outdated; reform of wage structures; vocational training policy.

² At present it is estimated that fuel accounts for 20-25% of total operating costs.

(for instance, herring) has led to a considerable change in the structure of Community production. These factors have resulted in a substantial increase in imports from third countries, and the Community, already a net importer, has seen its trade balance in fish products worsen, all the more so since the Community's high-price market has 'attracted' these imports. This phenomenon has been exacerbated by the increase in the Community fleet's production costs, some of which are based a long way from the major fishing grounds for high-value commercial species (for example, cod) unlike the major exporting countries (Ireland, Norway, Canada). At a time when fuel costs have increased considerably, this factor cannot be overlooked. In a number of cases it has been aggravated by the payment for licences to third countries. Finally, the pattern of consumption in the Community has changed since 1970, a larger share going to processed and deep-frozen products which in 1979 accounted for 35-40% of Community production, thereby enlarging the predominant role played on the market (and in production) by the major multinational undertakings whose sphere of influence frequently extends both inside and outside the EEC...

Under these circumstances, the recent crisis on the Community market (especially in the United Kingdom, Germany, Denmark and France), largely due to cheap imports from third countries frequently below the reference price (from Iceland, Norway, the Faroe Isles and Canada) demonstrated the need to adapt the common organization of the market.

It is impossible to set forth all the guidelines in this document. But at least we may underline the major ones, bearing in mind the objectives in view, in particular the maintenance of a satisfactory income for Community producers and acceptable prices for the consumer.

(a) First and foremost, better protection for the Community market from low-cost imports from third countries:

- full observance of the reference price which should always be equal to the withdrawal price, and better monitoring of the observance of this price by the introduction of a system of prevention rather than cure which is at present the case (review of the control mechanism for entry prices in particular).
- all exporting third countries with which the EEC concludes agreements should formally undertake to observe the reference price, on pain of the agreements being rescinded should that clause not be respected;
- extension of the list of representative ports and markets and fixing of a reference price for a number of processed products (those which are becoming increasingly important in the EEC);

- abolition, save in exceptional cases duly justified - of suspensions of the CCT, and
 - stringent reconsideration, in the light of the constraints deriving from the 200-mile zone, of tariff concessions granted previously (especially under bilateral agreements);
 - where urgently required, the introduction of temporary quotas (whatever difficulties arise from such measures necessitated by the chaotic situation on world markets);
- (b) strengthening of the role played by producers' associations, in particular by the institution of procedures guaranteeing compliance by means of all sanctions introduced by these organizations for their members;
 - (c) updating of guide prices (taking account of inflation) and improvement in the withdrawal price mechanism with a view to providing acceptable financial compensation (from the EAGGF Guarantee Section) in the case of withdrawal;
 - (d) modulation governed by time (season) and, possibly, area to take better account of market characteristics; possible institution of a bracket within which producers' associations might withdraw produce from the market according to circumstances; introduction of a differential rate of financial compensation according to the quantities withdrawn;
 - (e) extension of aid to private storage (for all products covered by Annex I A to Regulation No. 100/76) at present restricted to certain frozen products (particularly where the aid to be granted amounts to less than the cost of withdrawals);
 - (f) strengthening of the rules relating to marketing standards and institution of a proper technical and health control system for varieties marketed, especially those from third countries;
 - (g) preference for varieties for human consumption.

