

EUROPEAN PARLIAMENT

Working Documents

1975-1976

22 September 1975

DOCUMENT 257/75

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 227/75) for a regulation on the production subsidies which the United Kingdom is authorized to retain in respect of cereals

Rapporteur: Mr N.A. KOFOED

By letter of 7 August 1975 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation on the production subsidies which the United Kingdom is authorized to retain in respect of cereals.

On 29 August 1975 the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible.

The Committee on Agriculture appointed Mr Kofoed rapporteur.

It considered this proposal at its meeting of 16 and 17 September 1975.

At the same meeting the committee adopted the motion for a resolution and explanatory statement by 10 votes to 3 with 2 abstentions.

The following were present: Mr Houdet, chairman; Mr Vetrone and Mr Laban, vice-chairmen; Mr Kofoed, rapporteur; Mr Bourdellès, Mrs Dunwoody, Mr Frehsee, Mr Früh, Mr Hughes, Mr de Koning, Mr Ligios, Mr McDonald, Mr Ney, Lord Walston and Mr Zeller.

C O N T E N T S

	Page
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	6

A

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation on the production subsidies which the United Kingdom is authorized to retain in respect of cereals.

The European Parliament,

- having regard to the proposal¹ from the Commission of the European Communities to the Council¹,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 227/75),
- having regard to the report of the Committee on Agriculture (Doc. 257/75),

Notes that the proposal of the Commission is no longer justified in view of the international price levels of cereals, and in consequence rejects the Commissions proposal.

¹ OJ No. C 210, 12.9.1975, p.4

EXPLANATORY STATEMENTThe purpose of the Commission's proposal

1. The purpose of this proposal is to provide for the continuation of production subsidies for cereals in the United Kingdom until 1 August 1976. These production subsidies would normally be terminated following the new representative rate for the pound sterling established on 4 August 1975.

Production subsidies in the United Kingdom

2. The Agricultural Acts, 1947/1957, of the United Kingdom laid down a system of guaranteed prices, in which the difference between a guaranteed price and the market price was granted directly to the producer by means of production subsidies.

3. The Act of Accession provided for a transitional period, up to 31 December 1977, during which the generally lower prices prevailing in the United Kingdom would be progressively aligned with the common prices fixed in accordance with Community rules.

The United Kingdom was authorized, by Article 54 of that Act, to retain production subsidies for such time as a difference between these two sets of prices remained.

Paragraph 3 of Article 54 established that these subsidies should not have the effect of raising returns to producers above levels resulting from the application of the rules for the progressive alignment of prices.

Accordingly, Regulation (EEC) No. 749/73¹ laid down that the system of guaranteed prices should be discontinued before 31 December 1977 in the case that the adjusted intervention prices² equalled or exceeded the guaranteed prices.

4. On 4 August 1975, a new representative rate³ was introduced for the pound sterling, which resulted in a 5% devaluation of the green pound.

¹ Article 7: OJ No. L.72, 20.3.1973, p.1.

² or basic price for pigs and the guide price for beef.

³ £1 sterling = 1.86369 u.a. : Reg. (EEC) No. 1925/75, OJ No. L.195, 26.7.1975, p.35.

5. This resulted in an automatic increase in the adjusted intervention prices applicable in the United Kingdom, since these are converted into national currencies from a common price expressed in units of account (but not, of course, an increase in the guaranteed prices which are fixed in pounds sterling within a purely national system).

Following these increases, the adjusted intervention prices exceed the guaranteed prices of these products, as follows :

£ sterling per long ton	Adjusted intervention prices		Maximum guaranteed prices
	Before 4.8.1975	After 4.8.1975	
Wheat	51.87	54.60	51.88
Barley	45.95	48.37	46.44
Oats	44.10	46.42	44.63

6. This situation should result in the guaranteed price system being discontinued for the products in question, according to Article 7 of Regulation 749/73.

7. However, it was considered prudent to continue these guaranteed prices until 1 August 1976 in view of the fact that :

- the production plans of British farmers had been originally established for the campaign 1975/76 on the basis of guaranteed prices fixed earlier in the year;
- the Community market year for 1975/76 had begun juridically on 1 August 1975;
- and a certain time would be required for the conversion to the new system.

Conclusions

8. Following the establishment of a new representative rate for the £ sterling, the system of guaranteed prices applicable to cereals in the United Kingdom should have been discontinued. The Committee on Agriculture believes that it cannot approve the Commission's proposal to continue the system of guaranteed prices in respect of cereals until 1 August 1976, since it will have no practical effect given that world cereal prices are above intervention and guaranteed prices.