

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 31 October 1977

Proposal for a
COUNCIL REGULATION

amending Regulation (EEC) No 1035/72 on
the common organization of the market in
fruit and vegetables and Regulation (EEC)
No 2601/69 laying down special measures
to encourage the processing of certain
varieties of oranges

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

SUBJECT : Proposal for a Regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges.

Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organization of the market in fruit and vegetables, as last amended by Regulation (EEC) No 1034/77, does not fix the dates of the beginning and end of the marketing years or seasons for products subject to the intervention system or for products for which there is a reference price.

Experience acquired in particular when the representative rates for the various currencies were adjusted has proved the need to fix marketing years or seasons for these products.

With respect to table grapes, there is considerable over-production which may result either in massive withdrawals or in the making of wine which is then turned into alcohol in undesirable quantity. Pending the results that the Council measures⁽¹⁾ to remedy the situation will no doubt have, it seems advisable to take steps to establish a balance between the price the producer would obtain for his table grapes if they go to intervention and their price if used for making wine.

Such a balance could be achieved by applying conversion factors in the calculation of the withdrawal price, and it is proposed to amend Regulation (EEC) No 1035/72 to this effect.

(1) Council Regulation (EEC) No 1163/76 of 17 May 1976 on the granting of a conversion premium in the wine sector
(OJ No L 135, 24.5.1976, p. 34)

With respect to reference prices for products subject to financial compensation under Council Regulation (EEC) No 2511/69 of 9 December 1969 laying down special measures for improving the production and marketing of Community citrus fruit, the link that has been made between changes in the base and purchase prices, changes in financial compensation and changes in the reference prices has tended to erode Community preference and it would seem as well to remedy the situation.

The fixing of a single countervailing charge where the prices of a given product entering from several non-member countries are below the reference price has led, in particular at the beginning of the 1977 marketing year, to repeated changes in the countervailing charges. Such a situation can only engender uncertainty and confusion and it is proposed that the situation relating to each provenance should be treated separately and, if appropriate, the countervailing charge should be fixed at a suitable level for each one and treated separately.

It is stipulated in Council Regulation (EEC) No 2601/69 of 18 December 1969 laying down special measures to encourage the processing of certain varieties of oranges, as last amended by Regulation (EEC) No 2483/75, that one of the factors to be used in calculating the financial compensation to be granted to processors is "the price processors usually pay for their supplies, such a price being calculated on the basis of the prices prevailing in the industry during the three marketing years preceding the one for which that compensation is granted", the other factor being the "minimum price" to be paid by processors for the oranges which they buy.

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Initially reserved for tonnage in excess of the average quantities processed during the three marketing years preceding 1969/70, the granting of financial compensation was extended in 1975 to all the quantities of products processed by processors. Since then, the concept of "price processors usually pay for their supplies" has tended to become merged with that of "minimum price", which would have the effect, on the basis of the present text, of reducing the financial compensation to a derisory amount.

In order to ensure that Regulation (EEC) No 2601/69 retains its practical effects, the criteria for fixing the financial compensation should be altered.

PROPOSAL FOR A COUNCIL REGULATION

amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organization of the market in fruit and vegetables¹, as last amended by Regulation (EEC) No 1034/77², does not fix the dates of the beginning and end of the marketing years or seasons for fresh fruit and vegetables produced in the Community; whereas experience has shown the need, in particular when the representative rates for the various currencies are adjusted, to fix marketing periods at least for products subject to the intervention system or for which there are reference prices;

Whereas Article 16 (4) of Regulation (EEC) No 1035/72 provides that the price at which the products subject to intervention are bought in pursuant to Article 19 shall be calculated by applying conversion factors to the buying-in price; whereas, with respect to grapes, there are structural surpluses of this product for which corrective measures have already been taken; whereas, pending the results of these measures, conversion factors should be applied to the buying-in price to maintain a balance between the intervention price for table grapes and the price obtained by the producer for that same product when intended for wine-making;

(1) OJ No L 118, 20.5.1972, p. 1

(2) OJ No L 125, 19.5.1977, p. 1

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Whereas Article 23 of Regulation (EEC) No 1035/72 lays down the criteria for fixing reference prices; whereas in the case of products qualifying under the system of financial compensation provided for in Council Regulation (EEC) No 2511/69 of 9 December 1969 laying down special measures for improving the production and marketing of Community citrus fruit⁽¹⁾, as last amended by Regulation (EEC) No 1034/77⁽²⁾, reference prices are fixed at the same level as for the previous marketing year, and may be adjusted by a percentage not exceeding the difference between the percentage change in the base and purchase prices and the percentage change in financial compensation compared with the previous marketing year; whereas the way in which the system has been applied has eroded Community preference for the products concerned; whereas this situation should be remedied by measures providing for an appropriate increase in reference prices, account being taken of the increase in financial compensation;

(1) OJ No L 318, 18.12.1969, p. 1

(2) OJ No L 125, 19. 5.1977, p. 1

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Whereas Article 25 of Regulation (EEC) No 1035/72 provides that where it would be appropriate to apply a countervailing charge in respect of a number of exporting countries for the same product and the same period, a single charge shall be applied in respect of those countries unless the entry prices for one or more of those countries are abnormally low in relation to entry prices recorded for the other exporting country or countries concerned; whereas recent experience has shown that application of these provisions results in repeated adjustments to the countervailing charge, causing uncertainty among traders; whereas this) could be prevented if the situation of each exporting country were treated separately; whereas, appropriate measures should, therefore, be provided for;

Whereas Council Regulation (EEC) No 2601/69 of 18 December 1969 laying down special measures to encourage the processing of certain varieties of oranges¹, as last amended by Regulation (EEC) No 2483/72², lays down the criteria on the basis of which the financial compensation granted to processors is fixed; whereas one of these criteria is the price which processors usually pay for their supplies, which is calculated on the basis of the prices prevailing in the industry during the three marketing years preceding the one for which financial compensation is granted; whereas, following the extension of the granting of financial compensation to include all quantities of oranges bought by the industry, the prices prevailing in the industry are tending to become identical to the minimum price; whereas new criteria should therefore be laid down for fixing the financial compensation; whereas these criteria should establish a direct relationship between the movement of the minimum price and changes in the proportion of that price which is payable by the processor,

HAS ADOPTED THIS REGULATION :

Article 1

The following paragraph 3 is added to Article 1 of Regulation (EEC) No 1035/72 :

- "3. The marketing years or seasons shall be as follows :
- for tomatoes and cucumbers, from 1 January to 31 December,
 - for cherries, from 1 April to 30 September,
 - for peaches, from 1 May to 31 October,
 - for cauliflowers and grapes, from 1 May to 30 April of the following year,
 - for plums, from 1 June to 31 October,
 - for pears and lemons, from 1 June to 31 May of the following year,

(1) OJ No L 324, 27.12.1969, p. 21

(2) OJ No L 254, 1.10.1975, p. 5

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- for apples, from 1 July to 30 June of the following year,
 - for oranges, from 1 October to 30 June of the following year,
 - for mandarins (including tangerines and satsumas), clementines, wilkings and other similar citrus hybrids, from 1 November to 30 April of the following year.

For the other products, the marketing years or seasons shall be determined, if necessary, in accordance with the procedure laid down in Article 33.

Article 2

The third subparagraph of Article 16(1) of Regulation (EEC) No 1035/72 is amended to read as follows :

"In determining the period for which these prices are to apply, slack market periods at the beginning and at the end of the marketing year shall be disregarded"

Article 3

The following subparagraph is added after the second subparagraph of Article 16 (4) of Regulation (EEC) No 1035/72 :

"With respect to table grapes, the conversion factors shall be so fixed as to maintain a balance between the price at which the product is bought in under Article 19 and the price obtained for grapes produced with a view to the obligatory distillation of wine made from table grapes."

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Article 4

Article 23(2) of Regulation (EEC) No 1035/72 is amended to read as follows

"2. Reference prices shall be fixed :

- on the basis of the arithmetic mean of producer prices in each Member State plus, with respect to products subject to the system of financial compensation provided for in Article 8 of Regulation (EEC) No 2511/69, the amount defined in paragraph 4,
- account being taken of the average changes in the base and purchase prices.

However, if application of the above criteria to products subject to the system of financial compensation provided for in Article 8 of Regulation (EEC) No 2511/69 results in an increase in reference prices, this increase shall be limited to the difference between the amount of the increase arising from application of the said criteria and the amount of the increase in financial compensation compared with the previous marketing year."

Article 5

1. Paragraph 2 of Articles 25 and 25a of Regulation (EEC) No 1035/72 is deleted. Paragraph 3 of these Articles becomes paragraph 2.

2. The first subparagraph of Article 26(1) of Regulation (EEC) No 1035/72 is amended to read as follows :

"Where, after the charge introduced under Article 25 has come into effect, there are changes in the items used to calculate it, such changes shall not be taken into account unless and until they result in a change over three successive market days of more than 1 unit of account in the said charge."

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Article 6

Article 3(1) of Regulation (EEC) No 2601/69 is amended to read as follows :

"1. Member States shall grant financial compensation to those processors who have concluded contracts in accordance with the provisions of Article 2.

The financial compensation shall be fixed so that the difference between the minimum price and the financial compensation does not vary in relation to that recorded for the previous marketing year by a percentage exceeding the percentage variation in the minimum price.

The financial compensation shall be paid to those concerned at their request as soon as the supervisory authorities in the Member State where processing is carried out have ascertained that the products under contract have been processed.

The amount of such financial compensation shall be fixed before the beginning of each marketing year."

Article 7

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

Article 4 shall, however, for the 1977/78 marketing year apply only to those reference prices which have not yet been fixed at the date of entry into force of this Regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels

For the Council

The President

1. BUDGET LINE CONCERNED : Chapter 10, Chapter 68, item 6813
2. ACTION : Proposal for a Council Regulation amending Reg. (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Reg. (EEC) No 2601/69 laying down special measures (processing of certain varieties of oranges)
3. LEGAL BASIS : Article 43 of the Treaty
4. OBJECTIVES : Introduction of dates for the beginning and end of the marketing year or season for certain products; change in the method of calculating the financial compensation to be granted to processors of oranges.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (77)	FOLLOWING FINANCIAL YEAR (78)
5.0 EXPENDITURE			
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	negligible	negligible	negligible
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)	negligible	negligible	negligible
-NATIONAL			

	YEAR	YEAR	YEAR
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	}	Negligible	
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS			

- 5.2 METHOD OF CALCULATION
- (a) intervention : the change in the method of calculating the financial compensation is of a technical nature and therefore results in a negligible change in the financial effects.
- (b) countervailing charge : these are also changes of a technical nature; the financial effects therefore remain negligible.

- 6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO
- 6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO
- 6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO
- 6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/NO

COMMENTS :