

EUROPEAN PARLIAMENT

# Working Documents

1982-1983

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15 October 1982

DOCUMENT 1-678/82

## Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 1-336/82 - COM(82) 168 final) for a regulation amending Regulation (EEC) No. 355/77 concerning common measures to improve the conditions under which agricultural products are processed and marketed

Rapporteur: Mr G. VITALE



By letter of 8 June 1982 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 amending Regulation (EEC) No 355/77 concerning common measures to improve the conditions under which agricultural products are processed and marketed.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion. At its meeting of 27 April 1982 the Committee on Agriculture appointed Mr Vitale rapporteur.

The Committee on Agriculture considered the Commission proposal and the draft report at its meeting of 30 September and 1 October 1982 and unanimously decided to recommend the European Parliament to approve the proposal without modification.

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

The following took part in the vote: Mr Curry, chairman; Mr Colleselli, vice-chairman; Mr Vitale, rapporteur; Mr Barbagli (deputizing for Mr Ligios), Mr Blaney, Mr Bocklet, Mr Dalsass, Mr Davern, Mrs Desouches (deputizing for Mr Thareau), Mr d'Ormesson, Mr Eyraud, Mr Gautier, Mr Helms, Mr Hord, Mr Marck, Mr Mertens, Mr Mouchel, Mr Newton-Dunn (deputizing for Mr Kirk), Mr Nielsen, Mr Pranchère, Mrs Péry (deputizing for Miss Quin), Mr Provan, Mr J.D. Taylor (deputizing for Mr Battersby), Mr Vgenopoulos and Mr Wettig.

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

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

#### MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 355/77 concerning common measures to improve the conditions under which agricultural products are processed and marketed

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(82) 168 final)<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-336/82),
  - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-678/82),
  - having regard to the result of the vote on the proposal from the Commission,
- A having regard to the important role played by Regulation No. 355/77 in increasing the value of farm products and modernizing processing and marketing structures,
- B having regard to the Commission's stated objective of making the regulation 'a more positive instrument in furthering the development of agriculture, particularly in the Mediterranean regions',
- C having regard to the imminent expiry of numerous structural measures and the preparation of integrated programmes for the Mediterranean regions,

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<sup>1</sup>OJ No. C 147, 11.6.1982, p.7

- D convinced of the need to revise the regulation in the light of developments in the economic situation,
1. Approves the Commission's proposal to extend the validity of Regulation No. 355/77 by one year, in view of the imminent expiry of other important structural measures and the need to coordinate and simplify Community action on agricultural structures;
  2. Believes, furthermore, that developments in the economic situation, notably the high rates of inflation in many Community countries, have created difficulties - in some cases insurmountable ones - in the application of this regulation and have thus reduced its effectiveness, particularly in the less-favoured regions;
  3. Calls, therefore, on the Commission to incorporate a number of amendments in its proposal to avoid a falling off in the use of this regulation;
  4. Suggests that one measure which could be immediately proposed is the amendment of point 4.5 of Annex A of Regulation No. 219/78<sup>1</sup> on applications for aid from the Guidance Section of the EAGGF for projects to improve the conditions under which agricultural products are processed and marketed, in such a way as to specify clearly either that the cost to be indicated when submitting applications is the cost at the time when the work is to be carried out, or that the cost can be reviewed in the light of the period of time elapsing between the submission of the project and the execution of the work;
  5. Calls on the Commission to appear before Parliament for a debate on agricultural structures policy before it submits the proposals for the renewal of all the structural measures due to expire on 31 December 1983;
  6. Instructs its President to forward to the Commission and the Council the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

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<sup>1</sup> OJ No. L 35, 13.1.1978

## Explanatory statement

The application of Regulation No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed expires on 31 December 1982.

On 25 May 1982 the Commission of the European Communities submitted a proposal for a Council regulation<sup>1</sup> to extend the validity of the present regulation until 31 December 1983, a proposal on which Parliament is required to give its opinion.

In addition, the European Parliament's Committee on Agriculture has been instructed to draw up an own-initiative report on the basis of a motion for a resolution tabled by Mr Barbagli and others<sup>2</sup> on the revision of Regulation 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed.

Of all the structural measures taken, Regulation No. 355/77 has certainly been exceptional in its success, as evidenced by the large number of projects for which finance has been sought under its terms.

Nevertheless, this favourable assessment does not mean that the regulation can continue to operate soundly for the next five years without amendment.

The first period of its application certainly provided enough pointers to prompt reflection on how the regulation's effectiveness could be further improved in the near future.

One factor to have emerged as the cause of problems in the application of the regulation in some countries, especially those with high rates of inflation, is the period of time which elapses between the submission of a project and the date on which the work actually starts.

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<sup>1</sup> Doc. 1-336/82 - COM(82) 168 final

<sup>2</sup> Doc. 1-786/81

As this period grows longer, the initial cost estimates become unrealistic and this often presents a serious obstacle in moving from the planning to the action stage - a factor which to a large extent undermines the original willingness to invest.

That is why a number of worthwhile projects have been abandoned in countries with high rates of inflation, in some cases after work had already started.

For this reason, it is necessary to modify, with effect from 1 January 1983, the presentation of the application forms (Reg. No. 219/78, Ann. A, point 4.5), in order to ensure either that the cost of the work at the expected date of execution is indicated in a uniform manner in all Member States or that a mechanism is established for reviewing costs on the basis of coefficients linked to the different rates of inflation.

The early introduction of this amendment would improve the utilization of the regulation, with immediate effect from 1 January 1983.

As I have also been appointed rapporteur by the Committee on Agriculture for the own-initiative report on the revision of Regulation No. 355/77, I intend to give a more detailed analysis in that document of the functioning of the regulation, its real effect in improving the conditions under which agricultural products are processed and marketed, and of possible areas of improvement.

Nevertheless, that should not prevent us from asking at this point a series of questions to which replies must be found so as to determine along what lines possible amendments ought to be made over and above the extension of the regulation on which we are required to decide today.

The first of these questions is whether Regulation No. 355/77 should be autonomous and independent in relation to other structural measures in the agricultural sector such as the 1972 directives - also being revised at present - and the other EAGGF Guidance Section intervention measures, or whether it would be preferable to coordinate the different structural measures and revise the different procedures in order to speed up the various phases and improve the presentation of the various projects.



It would perhaps be useful to give some thought to how a system of advance payments could be introduced to avoid penalizing farmers in countries with high rates of inflation.

It might also be worthwhile to look at what problems exist at national level and what methods could be used to reduce their unfavourable effects on the application of the regulation.

This is particularly important for the Mediterranean regions, for which the Commission is currently drawing up integrated development programmes. In fact, improving the value of agricultural products will be a priority objective of these programmes and the regulation on processing and marketing will play a central role.

In addition to these general issues, other questions must be asked about the role of the programmes and the extent to which they should be binding; a further question is whether the field of application of the regulation should be extended in order to adapt to new technologies and to the new requirements of modern agriculture.

All these questions, together with others which may arise, will be dealt with in greater depth in the own-initiative report. Nevertheless, all these factors seem to argue in favour of the extension of the regulation proposed by the Commission.

The extension is advisable not only because it will enable all the problems connected with Regulation No. 355/77 to be examined in depth, but also because, by ensuring that the renewal of the regulation coincides with that of the other structural directives of 1972, it will create the conditions for a renewal of the Community's structural policy as from 1 January 1984.

It is an important opportunity which must not be wasted. The European Parliament, and particularly the Committee on Agriculture, will have to discuss agricultural structures at great length in 1983.

In calling for this motion for a resolution to be adopted, and thus for the extension to be approved, the Committee on Agriculture also wishes to invite the Commission to appear before it, not later than March 1983, for a comprehensive discussion not only of the renewal of regulation No. 355/77, but also of structural policy as a whole.

