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DOCUMENT 1-682/81

INTERIM REPORT

drawn up on behalf of the Committee on
Economic and Monetary Affairs

on the ~~Commission's~~ response to the mandate
of 30 May 1980

Rapporteur: Mr W. HOPPER

By letter of 9 July 1981 the Commission's response (Doc. COM(81) 300 fin.) to the mandate of 30 May 1980 was referred to the Committee on Economic and Monetary Affairs as the committee responsible, and to the Committees on Budgetary Control, Agriculture, Budgets, Energy, Political Affairs, Social Affairs and Regional Policy and Regional Planning for their opinions.

At its meeting on 22-23 September 1981 the Committee on Economic and Monetary Affairs approved Mr W. HOPPER as rapporteur.

It considered the draft interim report at its meetings on 1-2 October, 20-21 October and 27-28 October 1981 and adopted it at this latter meeting unanimously with four abstentions.

Present: Mr J. Moreau, chairman; Mr Macario, vice-chairman; Mr Deleau, vice-chairman; Mr Hopper, rapporteur; Mr van Aerssen (deputizing for Mr von Wogau), Mrs Baduel Glorioso (deputizing for Mr Fernandez), Mr Beumer, Mr von Bismarck, Mr Bonaccini, Mr Caborn, Mr Combe, Mrs Desouches, Mr Dimopoulos (deputizing for Mr Zighdes), Mrs Forster, Mr I. Friedrich, Mr Gautier (deputizing for Mr Schinzel), Mr Giavazzi, Mr Herman, Mr Leonardi, Mr Markozanis, Mr Martens (deputizing for Mr Franz), Mr Mihr, Mr Petronio, Mr Purvis, Mr Seal (deputizing for Mr Rogers) and Mr Wagner.

The opinions of the Political Affairs Committee, the Committee on Agriculture, the Committee on Budgets, the Committee on Energy and Research, the Committee on Regional Policy and Regional Planning and the Committee on Budgetary Control are attached.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on the mandate of 30 May 1980

The European Parliament,

- taking account of the proposals of the Commission¹
- recalling its past opinions²,
- having regard to the Interim Report and the opinions of the Political Affairs Committee, the Committee on Agriculture, the Committee on Budgets, the Committee on Energy and Research, the Committee on Regional Policy and Regional Planning and the Committee on Budgetary Control (Doc. 1-682/81),

Objectives of the mandate exercise

1. Welcomes the opportunity given by the mandate exercise to evaluate afresh the objectives of the Community and to alter the balance of its activities in order to provide a more equitable and dynamic framework for its future development;
2. Considers that the primary objective of the mandate should be to promote convergence, i.e. harmonization of economic policies designed to achieve better results for all the Member States and, in addition, to lessen the economic disparities between these States;

Hopes that the debate on the Commission's document on the mandate will have the effect of promoting convergence and will lead to a better integration of Community policies and hence to a better allocation of resources resulting from economies of scale and the elimination of duplication;

3. Stresses the fact that the mandate must be interpreted on the scale and lines defined by Parliament in its previous resolutions and that it should not be seen as concerning just one Member State, nor interpreted as supporting the narrow concept of 'juste retour';

General comments on the Commission's mandate document³

4. Notes the broad guidelines put forward by the Commission in its mandate document concerning the development of Community policies;

¹ Doc. COM(81) 300 final

² Opinions on restructuring of economic and monetary policies (doc. 1-256/81), (OJ C 172 of 13.7.81), on the future of the Community budget (Doc. 1-264/81), (OJ C 172 of 13.7.81), on Community own resources (Doc. 1-772/80)(OJ C 101 of 4.5.81), and on convergence and budgetary questions (Doc. 1-136/80/rev) (OJ C 50 of 9.3.81) and Doc. 1-512/79 (OJ C 309 of 10.12.79)

³ Doc. COM(81) 300 final

5. Points out that the Commission document, while drawing attention to certain valuable criteria relating to the revival and restructuring of the common policies, is excessively general and lacks the necessary practical proposals for an overall assessment to be made of it;
6. Believes that the mandate document lacks structure and a clear sense of direction;

Progress in the restructuring of the Community budget and of its policies with budgetary consequences must, as the Commission rightly points out in the mandate document, be accompanied by accelerated progress in the achievement of the Community's other objectives - notably the internal market;

7. Fails to understand why the implications of enlargement for the mandate exercise have not been more clearly spelled out in the mandate document; many of the problems faced now are likely to reappear later with greater sharpness;

Community policies other than agriculture

8. Agrees with the Commission's stated objectives with regard to the need to build economic and monetary union, and to reinforce the EMS, but again underlines the fragility of the latter until a greater degree of economic convergence has been achieved;

Requests therefore the Commission and Council to take, with appropriate determination and celerity, the steps necessary to complete the EMS and strengthen the convergence of the Member States' economies;

9. Requests the Commission to clarify what it means by an 'employment policy capable of affording a coherent answer at Community level to the employment problem' (in point 9); the document puts forward few concrete suggestions to this end;
10. Agrees with the Commission's emphasis on the promotion of stronger regional and social policies at Community level, which are clearly central to any attempt to achieve the longer term objectives of the mandate; further agrees with the Commission's view that appropriations for these policies will have to grow faster in future than the general budget as a whole;
11. Recognizes that not all Community action in the energy field will require Community funding (e.g. alignment of energy pricing and co-ordination of national efforts) but regrets the lack of specific proposals for action in energy and research which would have the advantage of ensuring that an increased Community contribution would rapidly have a positive effect on employment, economic development and the balance of payments; but understands that the Commission intends bringing forward such proposals in the near future;

12. Underlines that the borrowing and lending activities of the European Community can strongly reinforce the process of convergence and have the effect of stimulating the structurally weakest economies, on the basis of adequate proposals;

Believes that such lendings should be commensurate with the possibility of raising funds on the capital markets and with the need to implement projects capable of improving the situation of the Community and enabling it to carry through its policies;

13. Calls for a strong Community role in the promotion of new infrastructure projects of Community-wide interest;
14. Stresses the strategic role which the policy of cooperation and development can and must have and the need to endow it with the necessary resources and instruments;

Agriculture

15. Noting the opinion of the Committee on Agriculture emphasizes that, while contributing to the effective attainment of other vital Community objectives, the common agricultural policy has not eliminated disparities between agricultural regions; considers that the attenuation of these disparities, accompanied by the elimination of systematic (structural) surpluses, should be a fundamental objective of all Community restructuring policy;
16. Stresses the need to reform the common agricultural policy without calling into question its basic principles but by dealing with the problem of surpluses with a view to making full use of our production capacity through better adjustment to world market trends, and welcomes the fact that the Commission has set targets based on this concern;

Budgetary mechanisms

17. Recognises the key role to be played by the Community budget in implementing the mandate, and that it must, therefore, be changed in nature and increased in size, with these twin objectives proceeding hand-in-hand, on the basis of respect for the principle of own resources;
18. Hopes that the development of appropriate structural policies (e.g. regional and social policies) will be pursued with the necessary instruments and celerity and will obviate the need for special budgetary mechanisms aimed at correcting unacceptable situations for individual Member States;

19. Seeks more details about the budgetary mechanism suggested by the Commission in its mandate document (paras. 42-44) but fears that such a mechanism could well prove politically unacceptable from the outset because of its particularity of application;
20. Requests the Commission to look carefully at other mechanisms, particularly those which could help to promote convergence in the Community as a whole.

Regrets in this context that the idea of a budgetary equalisation scheme to help the weaker Member States, which has been suggested several times by the Parliament, has not been commented upon by the Commission in its mandate document.

Further considers that the advantages and disadvantages of new, and perhaps more progressive forms of such resources, need to be reviewed within the general framework of Community fiscal policies, the underlying aim being to increase the Community's own resources;

Concluding remarks

21. Considers that the European Community should periodically re-define its objectives and assess the results of its policies; believes, in particular, that the redistributive impacts of all Community policies should be made much more transparent, possibly through formal statements on the likely impacts of each policy on convergence; such statements to be published by the Commission when proposing new policies and in reviewing old ones;
22. Calls for a Commission study into the non-budgetary aspects of membership: recognises the difficulties of quantifying such aspects, but feels that such an analysis is absolutely necessary if the prevalent over-emphasis on national budgetary balances is to be put within a fairer perspective;
23. Recognises that a number of documents about specific areas such as agricultural policy reform, the special problem of the Mediterranean area, energy, job creation and industrial innovation are now being prepared by the Commission;
24. Requests that the European Parliament should be consulted on all these documents and insists that only then can Parliament adopt a more definitive view on the implementation of the mandate;
25. Instructs its President to forward this resolution to the Council and Commission.

OPINION OF THE POLITICAL AFFAIRS COMMITTEE

Letter from the chairman of the committee to Mr Jacques MOREAU, chairman of the Committee on Economic and Monetary Affairs

Luxembourg, 30 October 1981

Dear Mr Chairman,

Please find attached the opinion in the form of a letter adopted unanimously by the Political Affairs Committee at its meeting of 27 and 28 October 1981¹ on the report of the Commission of the European Communities on the mandate of 30 May 1980 (COM(81) 300 final).

Please attach this opinion to Mr Hopper's report on behalf of your committee.

Yours sincerely,

(sgd) Mario RUMOR

Annex

¹Present: Mr Rumor, chairman; Lord Bethell and Mr Haagerup, vice-chairmen; Mr de la Malène, draftsman; Mrs Baduel Glorioso (deputizing for Mr Berlinguer), Mr Bangemann (deputizing for Mr Berkhouwer), Mr Bettiza, Mr Blumenfeld, Mr Bocklet (deputizing for Mr Klepsch), Mrs Cassanmagnago Cerretti, Mr D'Angelosante (deputizing for Mr Segré), Mr Diligent, Lord Douro, Mr Donnez, (deputizing for Mr Dambreaux), Mr Fergusson, Mr Hänsch, Mrs van den Heuvel, Mr Jaquet, Mr Lomas, Mrs Macciocchi (deputizing for Mrs Hammerich), Mr Motchane, Mr Normanton (deputizing for Lady Elles), Mr Schieler, Sir James Scott-Hopkins, Mr Seitlinger and Mr Simmonds (deputizing for Mr J.M. Taylor).

Letter from Mr M RUMOR, Chairman of the Political Affairs Committee, to
Mr J MOREAU, Chairman of the Committee on Economic and Monetary Affairs

Dear Mr Chairman,

On 9 July 1981 the Political Affairs Committee was asked to provide an opinion for the Committee on Economic and Monetary Affairs on the report of the Commission of the European Communities to the Council on the mandate of 30 May 1980.

On 24 September 1981 the Political Affairs Committee appointed Mr de la MALENE draftsman and at its meeting of 27 and 28 October adopted the attached opinion which it has instructed me to forward to you in the form of a letter.

In keeping with the committee's terms of reference, its reflections are centered more on the principle of the mandate and the manner in which the Commission has carried it out rather than on the technical points of substance which are the responsibility of other committees whose opinions have also been sought.

The first point of interest to the members of the Political Affairs Committee was the fact that the document submitted to the European Parliament is the product of a Council initiative although it deals with matters falling within the area of competence of the Commission.

Although it is clear that under the Treaty the Council may ask the Commission to submit proposals, it is nevertheless surprising to find that the latter waited to be asked before considering measures which clearly fall within its area of responsibility and could at least alleviate if not end the crisis facing the Community and threatening its equilibrium.

This astonishment is all the greater as the Commission's report reflects a certain degree of assurance in its analysis of the causes of the crisis and the appropriate remedies.

Given the powers of the Commission and its place in the Community's institutional structure there would have been some justification for expecting it to take the initiative at the time the imbalances were foreseen and to put forward, and strongly argue for, proposals credible to those hit by the crisis.

While appreciating the scope of the action proposed and recognizing the interdependence of the measures, the members of the Political Affairs Committee noted with regret that the Commission document contains no more than a list of technical measures, the political implications of which are insufficiently clear and which have been put forward with the utmost timidity as far as their implementation is concerned.

The report should contain a series of specific proposals which could be directly put into effect. Although such proposals have been put forward in the case of the common agricultural policy and the U.K. contribution, the same is unfortunately not true of the other policies. These seem to have been forgotten or rather to have been catered for by excessively vague guidelines for the future.

The Commission refers in its report to the proposals which it intends to put forward at a later stage. It is difficult, however, to see what connection there is between these and the procedure proposed by the President of the Commission in his letter to the Heads of State and of Government of the Member States of 24 June 1981.

It is of the utmost importance that the Commission should clarify the procedure to be followed before Parliament and give it assurances that formal proposals will be drawn up as soon as possible and implemented rapidly.

While it is aware that when the mandate was given to the Commission on 30 May 1980 the new Commission had not yet taken up office, the Political Affairs Committee would like this institution to adopt a much more forceful approach to the crisis facing the Community and its plans to be backed up by clearly stated political intentions that have been discussed in advance in the European Parliament with a view to gaining widespread popular support in the Member States of the Community.

Yours sincerely,

Mariano RUMOR

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman: Mr Charles DELATTE

On 21 September 1981 the Committee on Agriculture appointed Mr Delatte draftsman.

The committee considered the draft opinion at its meetings of 20 and 21 October and 26 and 27 October 1981. At the latter meeting it adopted the draft opinion by 19 votes to 12 with 4 abstentions.

Present: Sir Henry Plumb, chairman; Mr Delatte, vice-chairman and draftsman; Mr Battersby, Mr Blaney (deputizing for Mr Skovmand), Mr Clinton, Mr Curry, Mr Dalsass, Mr Davern, Mr De Keersmaecker (deputizing for Mr Bocklet), Mr Eyraud, Mr Gatto, Mr Gautier, Mr Helms, Mrs Herklotz, Mr Hord, Mr Jürgens, Mr Key (deputizing for Mrs Castle), Mr Kirk, Mr Ligios, Mr McCartin (deputizing for Mr Colleselli), Mr Maher, Mr Marck (deputizing for Mr Früh), Mr M. Martin (deputizing for Mr Maffre-Baugé), Mr B. Nielsen, Mr d'Ormesson, Mr Péry (deputizing for Mr Thareau), Mr Pranchère, Mr Provan, Miss Quin, Mr Sutra, Mr Tolman, Mr Vernimmen, Mr Veronesi (deputizing for Miss Barbarella), Mr Vitale and Mr Woltjer.

I. INTRODUCTION

1. At the close of its meeting of 30 May 1980, the Council published a series of conclusions¹ on the United Kingdom contribution to the financing of the Community budget. It thereby fixed the manner in which the United Kingdom's net contribution to the financing of the Community budget would be calculated for 1980 and 1981.

2. In order to prevent such a situation recurring for any other Member State in 1982, the Council instructed the Commission to propose structural changes by the end of June 1981. What was envisaged was a development of Community policies, without calling into question the common financial responsibility for these policies which are financed from the Community's own resources, or the basic principles of the common agricultural policy².

3. The European Council, meeting on 1 and 2 December 1980 in Luxembourg, reiterated the mandate given to the Commission. On 24 June 1981 the latter adopted a report entitled 'Report pursuant to the mandate of 30 May 1980' which, according to its president, Mr Thorn, goes beyond the framework of the task with which it had been entrusted. Mr Thorn stressed that 'the report submitted by the Commission should be considered as an overall view of both the Community and the functioning of the institutions'³ and that it showed the way to a 'second-generation Community'⁴.

II. ANALYSIS OF THE AGRICULTURAL ASPECTS OF THE REPORT

4. The Commission considers that the Community, before advancing in other policy areas (energy policy, harnessing of new technologies, active competition policy), must put its budgetary affairs in order. With this aim in view, it states that the major effort must centre on the CAP.

5. In recognizing that the objectives set by the Treaty of Rome have been achieved (security of food supplies, increased productivity, growth in incomes of farmers, the Commission emphasizes that the cost of the CAP, which represents 0.5% of Community GNP, is not excessive. It stresses that its renationalization would cost Member States more.

6. As regards the three fundamental principles of the CAP (market unity, Community preference and financial solidarity) which remain essential, the Commission considers that adjustments are possible and necessary. In particular, there is a need for improved control of the unwelcome effects of the operation of market organizations, linked to increased productivity.

¹ OJ No. C 158, 27.6.1980, p.1.

² Idem see paragraph 7.

³ See verbatim report of proceedings of 7.7.1981, p.41.

⁴ See Europe 'Documents' No. 1159, 27.6.1981.

1. The Commission has accordingly drawn the following conclusions:

- (a) Price policy, which remains an essential instrument of agricultural policy, must be based on a narrowing of the gap between Community and world prices and on a hierarchy of prices designed to improve the balance of production.
- (b) The Community must pursue an active commercial policy in compliance with its international commitments. A particular aim of this policy should be to stabilize prices by means of cooperation agreements with other major exporters. The Community should also conclude long-term export contracts, and monitor import trends that might cause market imbalances to ensure that its commercial and agricultural policies are mutually consistent.
- (c) The guarantees offered to agricultural producers should be adjusted in line with Community production targets. These targets should encompass projected market trends and the desired degree of self-sufficiency. They should also allow for the volume of imports arising out of the Community's international commitments and its concern to take its place as a structural supplier on a world market which is persistently in deficit for a number of essential products.

Once these production targets are reached, producers would be required to contribute or the intervention guarantee would be reduced.
- (d) The Community should pursue an active structures policy tailored to the needs of each agricultural region. The Commission will give special consideration to the Mediterranean regions, for which it will propose medium-term Community programmes encompassing action concerning incomes, the market, production and structures.
- (e) In certain specific cases, the Community will pursue a policy of direct income aid which, given the cost, will be confined to small-scale producers. Decisions on such aid and on the criteria therefor will be taken by the Community. On this basis a Community contribution to their financing will be envisaged.
- (f) Provision should be made for increased Community control of the quality of products. The Commission should be given its own powers and means of control in managing the agricultural funds for which it is responsible.
- (g) The Commission advocates strict discipline in relation to national aids to avoid undermining Community policies.

8. The Commission believes that if these guidelines are adopted, their application will mean that agricultural spending will grow less rapidly than the Community's own resources. This will make it possible to release additional resources to reinforce Community solidarity in other sectors. In particular, the Commission stresses that the reduction of regional imbalances remains a priority Community objective. To this end, the Regional and Social Funds should be given greater importance.

9. Concluding its study, the Commission stresses that the problem of the British contribution is partly linked to the fact that the United Kingdom obtains a much smaller financial benefit from the CAP than the other Member States on account of the special features of its agriculture. It affirms that Community solidarity demands that a remedy be found to this inequitable situation and that the funds made available to the United Kingdom should be used to finance activities designed to increase convergence of the economies.

III. POSITION OF THE COMMITTEE ON AGRICULTURE

10. First of all, the Committee on Agriculture is critical of the Commission for its amalgam of the problem of the British contribution and that of reforming the common agricultural policy.

The fact that one Member State does not receive sufficient money from the Community should not mean that the entire process of European unification, in particular the existing policies, is called into question.

The real need is to operate the necessary transfers of resources between all the Community Member States by effectively increasing resources under the Regional Fund and the Social Fund, even if this might lead to a raising of the 1% ceiling on VAT. The European Parliament has previously declared itself in favour of an increase in the Community's own resources.

11. Secondly, the Committee on Agriculture would criticize the weakness and imprecision of the Commission report: it is weak inasmuch as it does not stress sufficiently the need to pursue a vigorous agricultural exports policy, if necessary by setting up a Community export agency¹; the Commission report is imprecise inasmuch as the intentions expressed therein are more vague than those contained in the document entitled 'Reflections on the common agricultural policy'² on which the Committee on Agriculture expressed its position within the framework of the report by Sir Henry Plumb (Doc. 1-250/81) on possible improvements to the common agricultural policy.

¹ See Doc. 1-37/80 - report by Mr Delatte on the 1980/81 farm prices.

² COM (80) 800 final.

Indeed, the new Commission proposals should be examined in the light of the considerations expressed on that occasion.

12. Above all, when the Commission states that the common agricultural policy should bear the major consequences of a reorganization of the Community budget, it takes a resigned view of the status quo according to which the Community's own resources are subject to a ceiling and the EAGGF - Guarantee Section will inevitably use up all existing appropriations. The rectitude of this view is yet to be proved. Furthermore, if the Community wishes to achieve a greater degree of integration, it must implement new policies and overcome the barrier represented by the 1% ceiling on VAT. The Commission and Parliament are in favour of such action and it would seem that this idea is gaining support within the Council. We can only hope that the Council will soon acknowledge the practical implications of the VAT ceiling.

13. The renationalization of the common agricultural policy, on the pretext that it is too expensive, would spell the end of that policy and the beginning of the end of the free movement of products within the Community. This would mean the negation of the process of European unification launched in the early 1950's. Such a solution is therefore unacceptable.

If we deduct the expenditure unjustly attributed to the common agricultural policy (trade agreements, food aid, MCAs etc.), the cost of that policy is closer to 0.4% than 0.5% of the Community's gross domestic product and agriculture's share of the Community budget is well below 50%. Its cost is modest when we consider that its objectives have been achieved.

14. The Commission pays tribute to the fundamental principles of the common agricultural policy. However, the adjustments which it advocates must not lead to its dismantling or, indeed, make it weaker.

It would be dangerous to penalize European agriculture for no good reason at a time of world crisis, given that it can represent a dynamic factor in economic development if it benefits from the necessary investment, particularly in the agri-foodstuffs sector, and if an effort is made to promote agricultural development in both the less-favoured regions and in mountain and hill areas. It should not be forgotten that agriculture, at the different stages of the production process, creates employment and thus wealth. In consequence, any unjustified penalization of European agriculture would be dangerous for the Community's prosperity.

15. Caution is therefore required when advocating, as the Commission does, the bringing of Community prices closer to those ruling in the principal competing countries, or to world prices. Firstly, these countries enjoy

very different production conditions from those of European agriculture. Secondly, the world market in agricultural products is marginal by comparison with world agricultural production and world prices are somewhat artificial: the truth of the matter is that all States, be they large or small-scale producers, subsidize their agriculture.

The Commission admittedly refers to an 'organized' world market, but it is essential to specify the type of organization envisaged, given that the countries competing with the EEC show little interest in creating any form of organization of the world markets. Such a policy nevertheless remains vital.

16. The common agricultural policy should be based on a price system but those prices should enable the farmer to earn a living. In particular, account must be taken of production costs in the Community if we wish to safeguard the independence of its food supplies. For example, competition from American soya bean oil cakes which enter the Community at zero duty hampers the development of products containing protein. There are thus legitimate grounds for fearing that the alignment of Community prices on a marginal price - that of the world market - may cause the disappearance of small and medium-sized farms in the Community. It is to be hoped that this is not the Commission's objective. In any case the Committee on Agriculture advocates that agricultural prices should be fixed on the basis of the results provided by the objective method.

On the other hand, the Committee on Agriculture is in favour of a hierarchy of prices to ensure a better balance of products (see para. 17 of Doc. 1-250/81).

17. The Committee on Agriculture is able to support the Commission's proposals with regard to commercial policy. It considers that its commitments to the Third World must be respected. At the same time, it has come out in favour of concluding long-term export contracts for both the creation and the management of buffer stocks.

As regards imports, they must be kept under close review inasmuch as they affect the overall amount of refunds or storage expenditure, but there is above all need to restore, by appropriate measures (taxes, levies) concerning certain duty-free imports, competition with Community products, the development of which should be encouraged.

The Committee on Agriculture reiterates the need to indicate in the budget the cost of the Community's international commitments, including those covering ACP sugar, New Zealand butter, imported cheese, food aid: refunds, supplies of food products to certain countries such as Poland, etc.

18. The idea put forward by the Commission of Community production objectives is on the same lines as that of an overall Community quantum, for each sector, as proposed by the Committee on Agriculture. The Commission proposal seems balanced, but a definition must now be reached of the way in which it is to be applied.

As regards the limitation of the guarantee, there again the detailed rules for its application must be examined to ensure against discrimination between producers. The idea of co-responsibility would appear feasible, provided that exemption be given to farmers in difficult regions having low incomes or small-scale production. Clearly, in the event of a generalized co-responsibility levy being adopted, the producers should be involved in the management of funds. In this connection, the co-responsibility levy introduced in the dairy sector has been transformed from an instrument exclusively designed to find new outlets for dairy products into a disguised own resource. Its main contribution is to finance Community expenditure in the dairy sector¹.

Your draftsman would point out in passing that the Commission's reflections on the common agricultural policy (COM(80) 800 final) were more precise in describing the instruments designed to control expenditure for certain markets. We might have expected the latest Commission report to take its analysis further by envisaging at the present time certain rules of application.

19. The Committee on Agriculture considers that the structures policy should aim at reducing regional disparities. It is therefore necessary to promote a regional approach to structures policy through coordinated intervention by the three Funds within the framework of integrated action. It would also be desirable for Community action to be harmonized with action undertaken by the Member States under their own regional policies.

The Mediterranean regions merit particular attention, given that Spain and Portugal will be joining the Community. In this connection, we can approve the spirit of the Commission proposals for action concerning incomes, the market, production and structures. But once again, we must wait for the first concrete proposals in order to see whether these programmes effectively meet the needs of the Mediterranean regions.

20. Particular attention must also be paid to mountain and hill regions, where the conditions of exploitation are especially difficult. Aid provided for mountain and hill farming must be substantially increased

¹ See preliminary draft budget for 1982, Volume 7/A.