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DOCUMENT 1-731/81

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the
European Communities to the Council

(Doc. 1-576/81) for a regulation on producer
groups and associations thereof in the cotton
sector

Rapporteur: Mr E. PAPAEFSTRATIOU

English Edition

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By letter of 5 October 1981 the President of the Council of the European Communities requested the European Parliament, pursuant to the Act of Accession of the Hellenic Republic and in particular paragraph 9 of Protocol No 4, to deliver an opinion on the proposal for a Council regulation on producer groups and associations thereof in the cotton sector.

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.

On 20 October 1981 the Committee on Agriculture appointed Mr E. PAPAEFSTRATIOU rapporteur.

It considered this proposal at its meeting of 10 and 11 November 1981 and unanimously adopted the motion for a resolution.

Present: Mr Früh, vice-chairman and acting chairman; Mr Papaefstratiou, rapporteur; Mr Barbagli (deputizing for Mr Colleselli), Mr Clinton, Mr Cronin (deputizing for Mr Fanton), Mr Curry, Mr Davern, Mr De Keersmaeker (deputizing for Mr d'Ormesson), Mr Eyraud, Mr Kirk, Mr Ligios, Mr Marck (deputizing for Mr Bocklet), Mr Mertens (deputizing for Mr Helms), Mr Thureau and Mr Tolman.

The Committee on Budgets has decided not to deliver an opinion for lack of time.

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

AMENDMENT

tabled by the Committee on Agriculture:

Proposal for a Council regulation on producer groups and associations thereof in the cotton sector
(Doc.1-576/81)

Articles 11 and 12 to read as follows:

Article 11

3. Community expenditure on the application of this regulation is estimated at 21 million ECU.

Article 12

The Community shall refund to the Member States 50% of their expenditure on the measures provided for in Articles 5 and 6.

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 producer groups and associations thereof in the cotton sector

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Protocol No. 4 on cotton annexed to the Act of Accession of the Hellenic Republic (Doc. 1-576/81).
 - having regard to the report of the Committee on Agriculture (Doc. 1-731/81),
 - having regard to the great importance of cotton production for the agriculture and economy of Greece,
 - having regard to the special position of Greek cotton producers,
1. Regrets the late submission of the draft regulation and urges that every endeavour be made to apply the relevant measures as quickly as possible;
 2. Asks the Commission to submit before 1 July each year a summary of the reports produced by the Member States concerned for the Commission on the implementation of this regulation;
 3. Requests the Commission to incorporate in its proposal, pursuant to the second subparagraph of Article 149 of the EEC Treaty, the following amendment relating to the financial contribution of the Community;
 4. Approves the Commission's proposal subject to these reservations.

¹ OJ No. C 272, 24.10.1981, p.4.

EXPLANATORY STATEMENTI. OUTLINE OF THE PROPOSAL

1. This draft regulation supplements the provisions included in Protocol No. 4 on cotton annexed to the Act of Accession of the Hellenic Republic to the European Communities.

An initial proposal was submitted by the Commission to the Council in April 1981 laying down the general rules for the system of aid for cotton and the minimum price for the 1981/1982 marketing year (Doc. 1-82/81). The Committee on Agriculture delivered its opinion (Doc. 1-172/81), and the relevant regulations were published in the Official Journal No. L 211 of 31 July 1981. In the regulation fixing the guide price for unginned cotton, the Commission complied in part with the wishes of the Committee on Agriculture by fixing the guide price at 76 ECU per 100 kgs. The Commission proposed a price of 73.50 ECU, whilst the rapporteur had requested 84.85 ECU. The Committee on Agriculture regrets that its proposal was not adopted and hopes that in future the Commission will heed its wishes.

The proposal now under consideration contains three titles:

- recognition of producer groups and associations thereof,
- development and rationalization programmes,
- financial and general provisions.

2. The provisions relating to cotton apply to the entire territory of the Community. However, they are particularly significant for Greece and, to a lesser extent, Italy (99% and 1% respectively of Community cotton production).

II. RECOGNITION OF PRODUCER GROUPS AND ASSOCIATIONS THEREOF

3. The proposals on producer groups are based on Council Regulation (EEC) No. 1360/78 of 19 June 1978 on producer groups and associations thereof (OJ No. L 166, 23.6.1978) which lays down general provisions applicable throughout the Community and for a large number of products.

They relate in particular to:

- the marketing of members' entire production through groups and associations thereof,
- the exercise by the latter of adequate discipline over production and marketing,
- the minimum level of economic activity for such groups and associations,
- the rules governing the withdrawal of members.

4. The following criteria are laid down in respect of the economic activity of producer groups and associations thereof:

- groups must represent at least 10 producers and must control a volume of unginned cotton production amounting to at least 175 tonnes,
- associations must represent at least 100 groups controlling a volume of production of 17,500 tonnes.

However, in the case of Italy the associations must represent recognized producer groups existing at the level of each production region.

In view of the structure of Greek agriculture, with its often small and widely-scattered farms and in many cases non-intensive production, the rapporteur does not consider it possible for the Commission's objectives, namely rational production and marketing, to be achieved if groups have to represent 10 producers and associations 100 groups with a production of 175 and 17,500 tonnes respectively. However, the Committee on Agriculture did not support the amendment he tabled which called for the Commission to amend its proposal to take greater account of the special position of Greek producers.

Marketing covers the following operations:

- centralization of supply,
- preparation for sale, and
- supply to bulk buyers.

The remaining provisions are taken from the abovementioned Regulation No. 1360/78 on which the Committee on Agriculture delivered its opinion in a report by Mr VITALE (Doc. 375/77).

III. AID FOR IMPROVEMENT OF THE SUPPLY AND MARKETING STRUCTURE FOR PRODUCER GROUPS AND ASSOCIATIONS THEREOF

5. The Commission proposes two different measures:

- launching aid for the first five years following recognition. This is similar to the aid to producer groups in other sectors;
- aid of up to 50% for investments required to implement the common rules on production and marketing.

The Committee on Agriculture is in favour of this investment aid which is needed to facilitate the setting up of producer groups and associations thereof whose purpose is to achieve rational production and marketing.

In its explanatory memorandum to the proposal the Commission makes it clear that:

- cotton production is not included in Annex II to the Treaty and therefore cannot benefit from investment aid under other CAP measures;
- cotton production should be maintained not only as a source of income and employment in less-favoured regions of the Community but also because it provides a viable alternative to the production of agricultural products which could give rise to problems.

However, investment aid should only be granted for programmes where a detailed analysis has been made of the existing situation and projected improvements.

In the rapporteur's view, however, this investment aid should not be restricted to harvesting machines but should also be expressly provided for tillage equipment and planting machines. This is extremely important for the smaller producers, for whom it will be a further incentive to expand and rationalize their cotton production.

IV. DEVELOPMENT AND RATIONALIZATION PROGRAMMES

6. The intention is that Member States should draw up programmes to effect the development and rationalization of cotton production and marketing.

These programmes must include the following information:

- the area and the activities concerned;
- the initial situation and production and marketing trends;
- the objectives, and the funds required to achieve them;
- the effects of the programmes on farm incomes;
- aid from Member States;
- the period required for implementation.

V. FINANCIAL PROVISIONS

7. In addition to a financial statement indicating the expenditure under the Community budget from 1983 to 1986, the Commission gives in an annex a detailed breakdown of the percentage of Member State aid and of its reimbursement by the Community for the four categories of expenditure provided for by this proposal for a regulation:

- aid for the setting up and operating costs of producer groups for the first five years. On the hypothesis that 130 producer groups will be set up annually, the total costs for Member States over a five year period will be 12.525 m ECU, 5.010 m ECU of which will be financed from the Community budget;

- aid for the setting up of associations of producer groups. It is estimated that one association will be set up each year. The maximum aid is 100,000 ECU per association. For four associations, 400.000 ECU must be paid by Member States, of which the Community will reimburse 40% or 160,000 ECU;
- harvesting machines could cost Member States approximately 25.25 m ECU per year over five years. The Community's contribution to these machines is 40% or 10.145 m ECU;
- other investment for ginning, storage and packaging is estimated at 7.5 m ECU over five years, 50% of which falls to the Member States, i.e. 3.75 m ECU. The Community reimburses 40% or 1.5 m ECU.

VI. CONCLUSION

8. The Committee on Agriculture agrees with the underlying aims of the Commission's proposal for the following reasons:

- as Community production amounts to only 15% of the Community's cotton requirements and, moreover, since it originates almost entirely in one Member State, there is no reason why the greatest possible effort should not be made to support cotton production in these well-defined areas and thus improve the income of the farmers concerned;
- as cotton does not appear in the list in Annex II to the Treaty so that no investment aid is possible under the CAP, the necessary measures must be taken to offer cotton producers the opportunity to use modern aids for the production, ginning, storage, and packaging of their products.

9. The Committee on Agriculture regrets that the measures concerned will not be implemented within the deadline provided for in Protocol No. 4 i.e. 1 August 1981, so that it is doubtful whether they can be applied to products harvested in 1981, as provided for in Article 12 of this Protocol.

It calls upon the Council and the Commission to take the necessary decisions to put the measures proposed into practice in the near future so that they can be applied to 1982 production.