

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-1068/81

REPORT

drawn up on behalf of the Committee on Agriculture
on the proposal from the Commission of the European
Communities to the Council (Doc. 1-671/81)

for a regulation amending Regulation (EEC) No.2511/69
laying down special measures for improving the pro-
duction and marketing of Community citrus fruit.

Rapporteur : Mr V. GATTO

PE 76.370/fin.

By letter of 27 October 1981 the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the Treaty establishing the European Economic Community, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit.

On 4 November 1981 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 24 November 1981 the Committee on Agriculture appointed Mr Gatto rapporteur.

The Committee on Agriculture considered this proposal at its meetings of 24/25 November 1981, 4/5 February 1982 and 23/24 February 1982.

At its meeting of 23/24 February the Committee on Agriculture unanimously adopted the amendment, the motion for a resolution and the explanatory statement.

The following took part in the vote : Mr Frdh, vice-chairman and acting chairman; Mr Colleselli, vice-chairman; Mr Gatto, rapporteur; Mr Abens, (deputizing for Mr Vernimmen), Mr Barbagli (deputizing for Mr Diana), Mrs Barbarella (deputizing for Mr Papapietro), Mr Battersby, Mr Costanzo (deputizing for Mr Bocklet), Mr Dalsass, Mr Giummarra (deputizing for Mr Mertens), Mr Howell (deputizing for Mr Hord), Mr Kaloyannis, Mr Ligios, Mr M. Martin (deputizing for Mr Adamou), Mr d'Ormesson, Mr Pranchère, Mr Sutra, Mr Thareau, Mr Vgenopoulos, Mr Vitale and Mr Woltjer.

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

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The Committee on Agriculture hereby submits the following amendments and motion for a resolution to the European Parliament on the basis of the accompanying explanatory statement:

Proposed amendment:

Article 1, paragraph 8, point 2 of the proposal for a regulation (Doc. 1-671/81)

AMENDED TEXT

2. For lemons and clementines the amount of financial compensation shall be fixed each year before the beginning of the marketing year in accordance with the procedure laid down in Article 43(2) of the Treaty; however, the percentage variation in the financial compensation in relation to the preceding marketing year may not exceed the percentage variation in the basic and buying-in prices.

TEXT PROPOSED
BY THE COMMISSION

2. For lemons and clementines the amount of financial compensation shall be fixed each year before the beginning of the marketing year in accordance with the procedure laid down in Article 43(2) of the Treaty, on the basis of the previous amount reduced successively, by one quarter, one third and one half. Financial compensation shall be abolished with effect from the 1985/1986 marketing year.

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 amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(81) 402 final)¹,
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-671/81),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc.1-1068/81),
 - whereas the amendments proposed to the 1969 Regulation are aimed at removing some of the major restrictions to a more effective conversion of Community citrus production,
 - whereas the serious problems confronting production as a result of the total opening-up of the market to imports from third producer countries and the forthcoming entry into the Community of Spain, a major producer country of citrus fruit,
 - whereas the clementine is particularly disadvantaged by Community regulations,
1. Stresses that an effective revival of production in the Mediterranean regions of the Community can only be achieved through an overhaul of the CAP which would provide guarantees and support for these products comparable to those enjoyed in other sectors;
 2. Calls in particular for the reference price to be updated and reviewed annually on the basis of developments in the basic and buying-in prices;
 3. Considers that the structural measures in question can only be effective if they are accompanied by increased market intervention;
 4. Requests that clementines be included in the common organization of the market in citrus fruit to enable them to benefit from the basic and buying-in price mechanisms, and that they be classed as 'sensitive products' and granted aids for processing;
 5. Emphasises the importance of marketing premiums which should be maintained as long as market conditions, open to competition from imports from third countries, require;
 6. Rejects, therefore, the progressive abolition of marketing premiums proposed by the Commission;
 7. Calls for refunds to be granted for the export of clementines;

¹OJ No. C 276, 28.10.1981, p.6

8. Requests that the amount of aid for conversion be periodically re-adjusted to take account of inflation;
9. Recommends that the conversion measures be presented alongside all the other structural improvement measures envisaged as part of the Mediterranean 'package' in order to increase their impact;
10. Approves the Commission's proposals as amended in this resolution.

EXPLANATORY STATEMENTThe 1969 Regulation

1. Community measures on the production of citrus fruit were taken in response to the need for a solution to the severe difficulties in this sector and the attendant economic and social problems. Some of the major causes of the crisis in a production sector of such vital importance for whole regions of the Community were inadequate production structures on farms, which were in general too small, badly organized and without irrigation; the lack or scarcity of centres for sorting packaging and processing produce; the varieties of produce which were often unsuited to the tastes of foreign consumers; increasing competition from other Mediterranean countries, in particular Spain and Israel, in a common market protected by mechanisms such as the reference price which were largely ineffective because too inflexible, in contrast with the protection given to other products.

2. In 1969 the Council approved Regulation No 2511/69 which laid down special measures for improving the production and marketing of Community citrus fruits. This regulation has been amended at various intervals and in its present form provides for the allocation of aid for projects, to be initiated by 1983 and functioning by 1986, for the reconversion of citrus orchards, and the setting-up, improvement and enlargement of processing centres for citrus fruits.

3. Farmers who undertake these conversion measures are given complementary aid over a period of five years to make up the loss in income amounting to 1,000 u.a per hectare of oranges and 1,200 u.a. per hectare of mandarins. This aid is however subject to certain conditions which at present are:

- these farmers practise agriculture as their main occupation;
- the income derived from their holding does not exceed the income derived from 4 hectares of orange or mandarin trees;
- at least 40% of the area under cultivation is converted at one time;
- an area of at least 20 ares is converted.

In addition to these structural aids, Regulation 2511 also provided for the granting of a marketing premium to facilitate sales of Community oranges, mandarins, clementines and lemons in the other Member States.¹ With regard to lemons, grants of these premiums was limited to 1 June 1982. The premiums are financed by the Guarantee Section of the EAGGF.

4. The new proposal by the Commission aims to amend this regulation whose original intention was to facilitate conversion from certain varieties of produce (in particular blood oranges) to other types in greater demand on the market. The Community allocated 144.5 m u.a. to this end and the conversion was to involve, in theory, over 42,000 ha of orange and mandarin orchards in Italy, where the need was greatest. In France, it concerned only a few hundred hectares in Corsica.

The failure of the citrus fruit plan

5. The objectives of the regulation were achieved only in very small part, particularly as regards the conversion of varieties. Plans involving about 8,000 ha were put forward, but actual conversion involved a lower figure.

The reasons for this failure can be summed up as follows:

- the initial Regulation laid down too many conditions for the granting of complementary aid (aimed at compensating for the loss of income caused by conversion); in particular the applicant had to practise agriculture as his main occupation on an undertaking of not more than 5 hectares; it was not at all clear how the actual income of each undertaking was to be calculated in comparison with the income from 4 hectares of citrus orchards which was to be taken as a basis; unfortunately, this lack of clarity still obtains in the new Regulation;

¹For the 1981/82 marketing year, dating from 1 October 1981 for mandarins and oranges, and from 1 June 1981 for lemons, the marketing premiums have been fixed as follows:

- 12.83 ECU per 100 kilos for oranges of the Moro, Tarocco, Calabrian Oval, Belladonna, Navel, Valencia Late varieties;
- 11.01 ECU per 100 kilos for oranges of the Sanguinello variety;
- 7.25 ECU per 100 kilos for oranges of the Biondo Comune and Sanguigno varieties;
- 11.01 ECU per 100 kilos for mandarins;
- 6.43 ECU per 100 kilos for clementines;
- 7.86 ECU per 100 kilos for lemons.

- the problems of application have also delayed the formulation of national and regional legislation required for implementing the Community Regulation: the citrus fruit plan was passed under Italian law on 30 March 1973, the relevant financial regulation on 6 June 1974 and the regional law in Sicily which lays down provisions for citrus fruit cultivation is dated a year later (Law of 3 June 1975, No 24);
- the incentives provided were insufficient to encourage producers to uproot their orchards and to replant them more rationally with more suitable varieties;
- no distinction was made between replanting and regrafting, with the result that farmers preferred the easier method of regrafting, although only replanting, with uprooting and careful preparation of the land, by adopting a more rational layout and the strict application of scientific and plant health techniques, could have produced satisfying results all round;
- the application of strict plant health laws has caused an almost total shut-down of the Italian market to foreign citrus fruits; add to this the powers of the intervention agency (AIMA) to order the withdrawal of produce (sometimes of poor quality), and send it to processing industries or to be destroyed, and one can see how all this ultimately reduced the effectiveness of Community measures for reconversion.

The Commission's new proposals

6. In attempting to revive the citrus fruit plan, the Commission has proposed a whole series of amendments to the 1969 Regulation, in an effort to eliminate those conditions which are most difficult to implement and to improve Community production, particularly in view of the future accession to the Community of Spain, a country with a high production potential.

7. In the new text of Article 1, paragraph 1 the original deadline of 31 December 1983 for implementing restructuring projects has been put back to 31 December 1990. Lemon plantations are also to be included as eligible for conversion. Finally, included in the projects to be financed are measures for structural improvement such as the renewing of production areas, making reproductive material available, etc. In paragraph 2 of the same article producers of lemons have been included among the beneficiaries of additional aid.

8. Article 2, first subparagraph limits the geographical area of application of the regulation to those States (i.e. Italy and Greece) where there are serious problems as regards the varieties of fruit grown and serious structural defects. These States are to draw up by 31 December 1982 a new citrus fruit plan in collaboration with the Commission, or to adapt the current one to take account of the amendments to the regulation.

9. A new subparagraph (d) added to Article 3(1) defines more clearly the new measures for structural improvement referred to in Article 1(1)(c). It refers to technical and health controls for reproductive material, the reduction of production costs, encouraging the abandonment of citrus fruit growing on less suitable land and the improvement of quality in line with market demand.

10. The amendments to paragraph 1 of Article 4 are among the most important in that they aim to provide greater flexibility in the granting of additional aid, thereby eliminating one of the main reasons for the lack of success in implementing the 1969 Regulation;

First and foremost the stipulation that the farmer 'practise agriculture as the main occupation' is relaxed, since aid may also be paid to part-time farmers if they are involved in a collective reconversion operation.

Furthermore, the stipulation that the holding from which income is derived be equal to that of 4 hectares of orange and mandarin orchards has been increased to 5 hectares, including lemon orchards; it is not clear, however, by what method this income is to be calculated.

The amount of aid has been increased to 2200 ECU (instead of 1000 u.a.) for the first 4 years, 1500 for the fifth year, and 1000 for the sixth and seventh years, in this case only for growers who replant. The aid is increased by 10% for mandarin and lemon trees. This takes into account two basic necessities of making the incentives envisaged more attractive and of distinguishing between simple regrafting and replanting for which aid will be granted for 7 years instead of 5.

A review of the amount of aid is also envisaged for 1984 to take account of changes in general economic conditions (inflation, increased costs, etc.).

11. The amendment to paragraph_1 of Article_5 is a drafting amendment, to take account of the insertion of a new subparagraph (c) in Article 1(1), which concerns new structural measures.

12. The amendment to Article_6 restricts the granting of the marketing premiums to those Member States which have drawn up a conversion plan. This restriction seems appropriate since the two measures are structurally linked, and the premiums are intended to facilitate the marketing of citrus fruits until reconversion has become fully effective.

13. The new Article_7 lays down the procedure for fixing marketing premiums with one notable addition to the current regulation: for oranges and mandarins premiums are to be reduced with effect from the 1990/91 marketing year and abolished with effect from the 1993/94 marketing year.

Compensation for lemons and clementines is to be abolished with effect from the 1985/86 marketing year. According to the Commission, the reason for this difference in treatment is that Community markets are more receptive to Community lemons and clementines than to oranges and mandarins to which imported products are preferred. The Committee on Agriculture considers that such differentiation is unjustified and that therefore the proposal to abolish these premiums with effect from the 1985/86 marketing year should be rejected.

14. Finally the proposal states that the cost envisaged for reconversion measures is 285.7 m ECU spread out until the end of 1998.

Conclusions

15. Although these proposals, prompted both by practical experience and by the entry of Greece into the Community, represent an improvement on the original Regulation of 1969, they remain within the logic of an ill-conceived agricultural policy which lays down different guarantee provisions for products from different zones, thereby establishing a hierarchy that is most damaging to the interests of individuals, in other words the farmer-producers.

A European agricultural policy whose first concern was with the individual, as producer and consumer, could not fail to rectify this situation, and by reviewing its attitude towards Mediterranean production, could provide comparable protection and support for all types of production.

16. In this sense, although the new amounts of aid provided for in the proposals under review may appear adequate to experts in the field, they will be judged on their impact in real terms and whether they can be protected from erosion by inflation. This can be countered initially by early implementation of the measures envisaged.

17. The discrimination with regard to financial compensation between on the one hand oranges and mandarins and on the other lemons and clementines seems entirely without justification; hence our proposal for an amendment designed to eliminate such discrimination.

Furthermore, the notion that the system of compensation is to be abandoned entirely appears unconvincing in the present circumstances, unless the whole rationale behind the CAP is to be re-examined, as mentioned earlier.

18. One final observation is that the reconversion projects must be implemented not independently but in conjunction with other Community measures for structural improvement, particularly those envisaged in the Mediterranean 'package', concentrating all the available aid to ensure maximum impact. This will involve, in particular, the measures to improve infrastructure (rural highways, electrification, supplies of drinking water) as laid down in Regulation 1760/78; irrigation (Regulation 1352/78); the development of agricultural advisory services (270/79); finally, Regulation 355/77 on measures to improve the conditions under which agricultural products are processed and marketed which could help to provide an efficient network of centres to prepare products for sale.

