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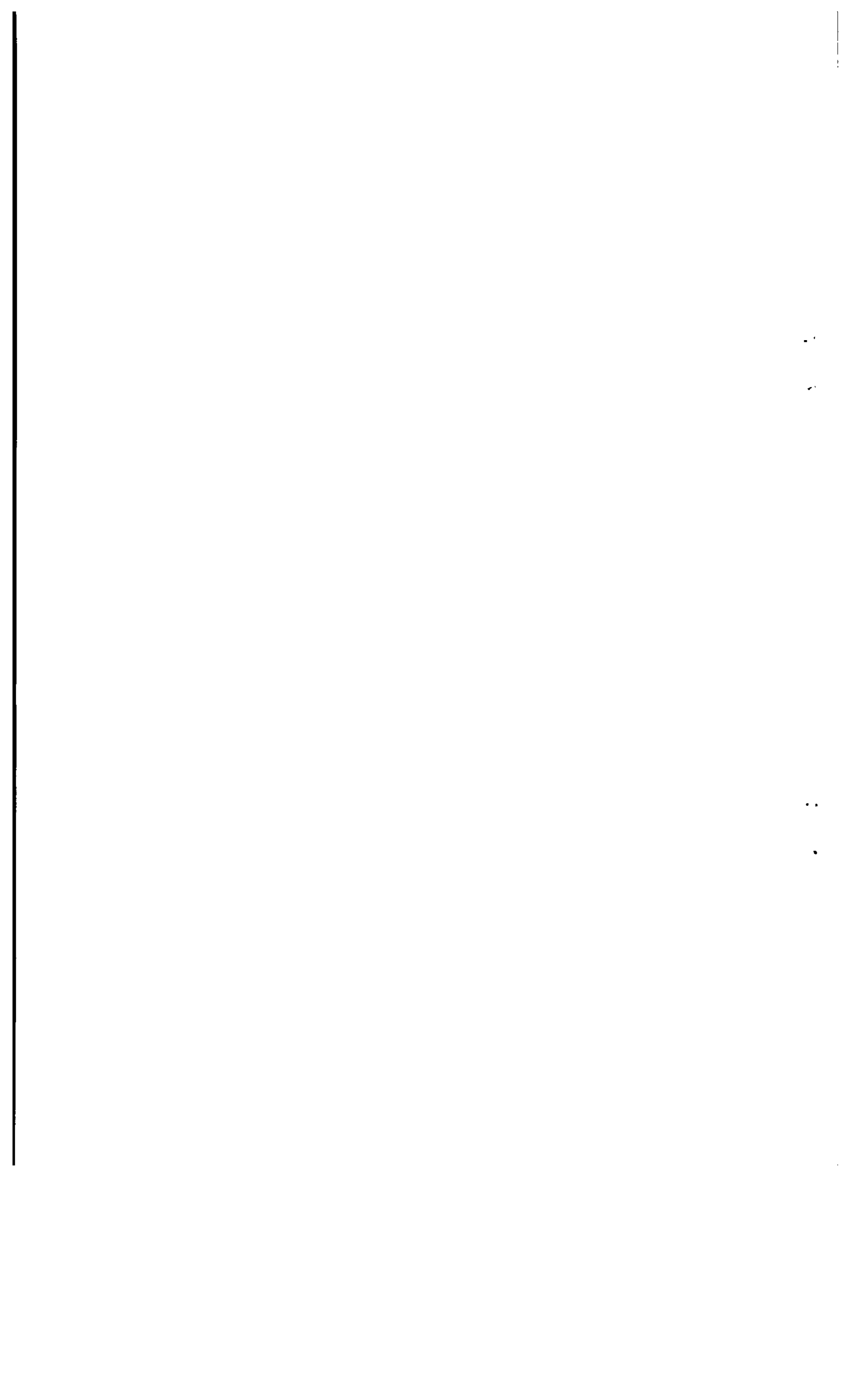
drawn up on behalf of the Committee on External
Economic Relations

on the proposal from the Commission of the European
Communities to the Council (Doc. 1-352/84 -
COM(84) 297 final) for a regulation on the conclusion
of the Agreement in the form of an exchange of
letters between the European Economic Community and
the Portuguese Republic concerning the implementation
of specific financial aid for improving agricultural
and fisheries structures in Portugal

Rapporteur: Mr I. TZOUNIS

PE 91.454/fin.
Or Fr

English Edition



By letter of 21 June 1984, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 235 of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for a regulation on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Portuguese Republic concerning the implementation of specific financial aid for improving agricultural and fisheries structure in Portugal.

On 24 July 1984, the President of the European Parliament referred this proposal to the Committee on External Economic Relations as the Committee responsible and to the Committee on Budgets and the Committee on Agriculture, Fisheries and Food for their opinions.

At its meeting of 20 September 1984, the Committee on External Economic Relations appointed Mr TZOUNIS rapporteur.

The committee considered the Commission's proposal and the draft report at its meeting of 16 October 1984.

At this meeting the committee unanimously decided to recommend to Parliament that it approve the Commission's proposal without amendment.

The following took part in the vote: Dame Shelagh ROBERTS, chairman, Mr HINDLEY, vice-chairman; Mr TZOUNIS, rapporteur; Mr CHRISTENSEN (deputizing for Mr HEINRICH), Mr FORD, Mrs van ROOY, Mr SEELER, Mrs WIECZOREK-ZEUL, Mr ZAHORKA and Mr ZARGES.

The opinions of the Committee on Budgets and the Committee on Agriculture, Fisheries and Food are attached.

The report was tabled on 19 October 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

A

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 on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Portuguese Republic concerning the implementation of specific financial aid for improving agricultural and fisheries structures in Portugal

The European Parliament,

- having regard to the proposal from the Commission to the Council¹,
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 1-352/84),
 - having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Budgets and the Committee on Agriculture, Fisheries and Food (Doc. 2-805/84),
 - having regard to the result of the vote on the Commission's proposal,
- A. whereas it is necessary to improve economic structures in Portugal, particularly in the fisheries sector, before its accession to the EEC,
- B. whereas it wishes to help create the optimum conditions for Portugal's accession to the EEC as soon as possible,
1. Approves this proposal;
 2. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

¹ OJ C 171, 30.6.1984, p. 4

EXPLANATORY STATEMENTI. Legal basis

Article 235 of the EEC Treaty provides that 'if action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures'.

The aid in question will be charged to Article 960 of the Community budget (financial cooperation with Portugal) - 960: Portugal - Specific aid to improve agricultural structures.

II. Types of operation covered by the aid (Article 3)

- infrastructure,
- the veterinary situation and means of action in that field,
- statistical organization,
- research,
- development of a spirit of association among agricultural producers and others for the purposes of marketing agricultural products,
- the establishment of producers' organizations in the fisheries sector,
- the training of administrative staff.

III. Beneficiaries of aid in the framework of cooperation projects or programmes and technical assistance operations (Article 8)

- the Portuguese State,
- with the agreement of the Portuguese Government, public or private undertakings having their registered place of business or a place of business in Portugal.

IV. Procedure for applying for aid (Article 9)

1. Possible beneficiaries will submit their applications for aid to the Commission of the European Communities.

2. Examination of the eligibility of projects, programmes or operations will be carried out by the Community with a view to preparing Portugal for accession in the light of the mutual interests of both parties concerned and with due account being taken, in the selection of projects, of the objectives of coherence in an enlarged Community.

3. The Community will appraise the requests for financing in conjunction with the Portuguese State and the beneficiaries and inform them of the decisions taken on such requests.

V. Execution and control of projects (Article 10)

1. The execution, management and maintenance of schemes which are the subject of financing under the agreement will be the responsibility of Portugal or of the other beneficiaries.

2. The Community is to satisfy itself that financial aid which it has granted is expended in accordance with the agreed allocations and to the best economic advantage.

Conclusion

The pre-accession aid that may be granted by the Community to the fisheries sector may not exceed the sum of 500,000 ECU. No new financial commitment in respect of the overall total of 50 million ECU of aid may be made after the date of accession (Article 2).

The Community's financial contribution to the projects concerned may not exceed 50% of their total costs except in duly defined cases¹.

The relatively modest amount of aid, the need for both partners to improve Portugal's economic structures prior to accession and the wish to achieve Portuguese accession as soon as possible make it desirable that the proposal concerned should be approved with all due dispatch.

¹ - up to 65%

- the financial contribution may cover the total cost of technical assistance operations

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the Committee on Budgets to Dame Shelagh ROBERTS,
chairman of the Committee on External Economic Relations.

Luxembourg, 10.10.1984

Subject: Proposal for a Council Regulation (EEC) on the inclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Portuguese Republic concerning the implementation of specific financial aid for improving agricultural and fisheries structures in Portugal (COM(84) 297 final - Doc. 1-352/84)

Dear Dame Sheilagh,

The Committee on Budgets recently considered the above proposal, which it is prepared to approve^{1,2}. The committee, after its exchange of views, wishes to make the following comments for conclusion in the report drawn up by your committee.

The agreement provides for expenditure of up to 50 m ECU by way of pre-accession aid, for various preparatory operations to facilitate the application of the common agricultural and fisheries policies within Portugal after Portuguese accession. This amount would be committed before accession, that is during 1985 if Portugal joins the Community on 1 January 1986, and is provided for in the 1985 draft budget probably to be presented by the Council.

¹ Meeting of 26 and 27 September 1984

² Present: Mr COT, chairman; Mr CURRY and Mr BARBARELLA, vice-chairmen; Mr ARNDT, Mr CHRISTODOULOU, Mr DI BARTOLOMEI, Lord DOURO, Mr LALOR, Mr PORDEA (deputizing for Mr ANTONY), Mr SCHRIEBER (deputizing for Mrs HOFF) and Mr VARFIS

Parliament has always believed that these appropriations can be made only within the budget and not by legislative action, and this figure of 50 m ECU can be for guidance only.

The Commission is proposing that this expenditure be classified as compulsory. Certain similar operations conducted by the Community are rightly classified as non-compulsory expenditure, but the agreement is a commitment towards a third party and of limited duration.

The Council delivered a negotiating brief on the matter on 13 March 1984, and an agreement between Portugal and the Community was concluded one month later. Parliament has not been consulted until now, at a stage where the implementing provisions for this agreement have to be adopted. As has already been said, Parliament should be consulted at a much earlier stage in negotiations with non-Community countries.

Although it is not strictly the committee's business, it would point out that the Commission proposal COM(84) 297 wrongly states that the texts do not differ from the Council Decision of 13 March; article 2 now sets a ceiling on aid for the fisheries sector (of 500,000 ECU, which is not very much in relation to the size of the industry).

Yours sincerely,

(sgd.)

Jean-Pierre COT

O P I N I O N

(Rule 101 of Rules of Procedure)
of the Committee on Agriculture,
Fisheries and Food

Draftsman: Mrs N PERY

At its meeting of 18/19 September 1984, the Committee on Agriculture, Fisheries and Food appointed Mrs Nicole PERY draftsman.

At its meeting of 15 and 16 October 1984 the committee considered the draft opinion, and adopted its conclusions by 22 votes to 1.

The following took part in the vote: Mr TOLMAN, chairman; Mr EYRAUD and Mr GRAEFE ZU BARINGDORF, vice-chairmen; Mrs PERY (deputizing for Mr SUTRA) draftsman; Mr BATTERSBY, Mr BOCKLET, Mr BORGIO, Mr CHRISTENSEN, Mr CLINTON, Mr DALSSASS, Mr EBEL (deputizing for Mr MERTENS), Mr ELLES (deputizing for Mr PROVAN), Mr FRÜH, Mr GATTI, Mr GIUMMARRA (deputizing for Mr F PISONI), Mr GUARRACI, Mr GUERMEUR (deputizing for Mr FANTON), Mrs JEPSEN, Mr N PISONI, Mrs ROTHE, Mr SPÄTH (deputising for Mr DEBATISSE), Mr STAVROU and Mr WETTIG.

I. INTRODUCTION

1. On 13 March 1984, the Council, acting on a proposal from the Commission, decided to ease the accession of Portugal to the European Community by granting it special financial aid amounting to 50 million ECU. The purpose of this aid is to help improve Portugal's agricultural and fishery structures and thus facilitate the application of the common agricultural policy and the common fisheries policy.
2. During the negotiations held in Brussels on 13 April 1984, the Community and Republic of Portugal delegations settled the terms and detailed arrangements for the implementation of this 'pre-accession' aid, thus reaching final agreement on the texts which are the subject of the proposal for a regulation.
3. In these circumstances, the Committee on Agriculture, Fisheries and Food cannot do more than make a few general observations on the proposal, on which it has been asked for its opinion.

II. A BRIEF SURVEY OF PORTUGUESE AGRICULTURE¹

4. In Portugal, 4.1 million hectares are given over to agriculture, as against 28 million hectares in Spain and more than 100 million hectares in the Community as a whole.
Although 31% of the Portuguese working population are employed in agriculture, productivity is low, with the result that the sector's share of the country's gross domestic product is only 15%.
5. In recent years, Portugal's trade balance in the agricultural products sector has been in deficit owing to a rise in the consumption of imported food products and a decline in exports.

¹ See also the report by Mr Sutra on Mediterranean agriculture and the problems of the enlargement of the Community towards the South (Doc. 1-785/82).

6. Because of the low profitability of agricultural holdings, the lack of adequate machinery and infrastructures, low rainfall and the infertility of the soil, the Portuguese agricultural sector is less productive than any other in Western Europe.

In addition, there are considerable structural imbalances in Portuguese agriculture which are bound eventually to pose serious problems for certain groups of Portuguese farmers when the common agricultural policy becomes fully applicable in their country. The north of the country is characterized by an excessive number of smallholdings, whereas the large farms tend to be concentrated in the south. In the north, farms of fewer than 4 hectares comprise 78.9% of the total and take up 46.1% of the land area. In the south, on the other hand, farms of fewer than 4 hectares account for 56.8% of the total and occupy 3.6% of the land area, while farms of more than 100 hectares comprise 3.4% of the total and take up 63.5% of the land area. It is quite obvious from these figures that the Community's agricultural structures policy will not by itself be able to repair Portugal's structural defects and that there will be a need for national back-up modernization measures.

7. In 1980, only 14.3% of Portugal's agricultural imports came from the Community (cereals, food industry residues, sugar, etc.), the country's leading supplier of agricultural products being the USA. In the same year, on the other hand, 39.62% of Portuguese agricultural exports (wine, sardines, tomatoes, fruit, etc.) went to the European Community.

III. A BRIEF SURVEY OF THE PORTUGUESE FISHERIES SECTOR¹

8. In Portugal and in the autonomous regions of the Azores and Madeira, the fisheries sector provides employment for about 47,000 fishermen and for some 14,000 workers in the fish processing and refrigeration industry. The fleet (14,886 boats in 1982) consists mostly of small vessels for non-industrial inshore fishing, many of which are non-motorized boats (9,425). However, there is also a number of large trawlers designed for fishing in distant waters (57 vessels with a gross registered tonnage of over 1,000 tonnes).

¹ See working document by Mrs Péry on the fisheries sector in Portugal and the state of negotiations on accession to the EEC (PE 89.972)

9. Portugal exports its fishery products mainly in the form of tinned sardines and tuna, and these account for more than 80% of its total exports. Roughly 50% of Portuguese fishery products are exported to the Community.

However, Portugal is also a major importer of fish, since its level of consumption is higher than that of most of the existing Community countries. Its net balance of trade in fishery products, which for years was in surplus, moved into deficit and remained in deficit almost throughout the 1970s, despite some improvement between 1978 and 1980.

10. All this serves to show that Portugal must set about rationalizing and modernizing its fleet and fish processing industries and improving market organization, in particular by setting up producer associations with the aim of increasing the productivity of its fisheries sector. It is not inconceivable that the impetus needed for such modernization will be provided by the common fisheries policy once it is applied in Portugal.

IV. CONSIDERATION OF THE COMMISSION'S PROPOSAL

11. The above surveys demonstrate quite clearly the fragility of the agricultural and fisheries sectors of the Portuguese economy, and it is to be feared that, once the frontiers have been abolished, they will not be able to withstand the competition from the same sectors both within the existing Community States and in Spain, should she enter the Community at the same time as Portugal. The example of Greece argues strongly for the adoption of a cautious approach, and it is essential that the applicant countries should prepare themselves for accession forthwith.

12. The agreement concluded between the Community and Portugal provides that the latter should receive a 'pre-accession' subsidy of 50 million ECU for the modernization of its agricultural structures and its fisheries sector, although it should be noted that the fisheries sector would receive only 500,000 ECU out of the total envisaged.

13. It is proposed that this subsidy should be used first and foremost to finance projects concerned with :
- the promotion of advisory services,
 - the development of infrastructures (including projects similar to those covered by Regulation (EEC) No. 355/77),
 - the state of the veterinary service and the measures needed for its improvement, and
 - the organization of a viable statistical service.
14. It is further proposed that action ought to be taken to :
- foster a spirit of association between agricultural producers and commercial agents for the marketing of agricultural products,
 - set up producers' organizations in the fisheries sector,
 - encourage research, and
 - promote the training of administrative personnel.
15. The Commission specifies that, when it comes to selecting appropriate technical aid programmes, particular attention should be paid to projects which would help Portugal to adapt to the advances already made by the Community.
16. It is recommended that the Community's financial contribution to these different projects should not exceed 50% of the total cost. Exceptionally, however, a higher rate of up to 65% might be authorized in duly justified cases, i.e. for the priority measures specified above and where difficulties might be seen to arise in preparing Portugal for accession. It is also proposed that the financial contribution might cover the entire cost of the technical aid programmes.
17. This is not the place to expatiate on the practical procedures for the submission of applications or on the rules governing their admissibility, since these are similar to those followed and applied in the administration of the Guidance Section of the EAGGF.

CONCLUSIONS

18. The Committee on Agriculture, Fisheries and Food submits the following conclusions to the Committee on External Economic Relations :

The Committee on Agriculture, Fisheries and Food

1. Approves the agreement concluded between the Community and Portugal under which the applicant country is to receive a 'pre-accession' subsidy of 50 million ECU, which it will use to start modernizing its agriculture and its fisheries sector prior to its accession to the Community;
2. Regrets, however, that, in allotting to the fisheries sector no more than 500,000 ECU, the contracting parties failed to give sufficient recognition to the need to modernize Portugal's fishery structures, bearing in mind that the sector is characterized by a large workforce and low productivity, which will surely call for large-scale modernization and restructuring measures following Portugal's accession.

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