
EUROPEAN PARLIAMENT

Working Documents

1979 - 1980

23 April 1979

DOCUMENT 85/79

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 22/79) for a regulation laying down special measures in the raw tobacco sector in respect of the Perustitza and Erzegovina varieties

Rapporteur: Mr M. BRÉGÈRE

121

By letter of 21 March 1979 the President of 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 laying down special measures in the raw tobacco sector in respect of the Perustitza and Erzegovina varieties.

On 30 March 1979 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.

The Committee on Agriculture appointed Mr BREGEGERE rapporteur.

At its meeting of 4 And 5 April 1979 the committee considered the motion for a resolution and adopted it by 11 votes to 1.

Present: Mr Ligios, vice-chairman and acting chairman;
Mr Albertini (deputizing for Mr Brégégère), Mr Andersen, Mr Baas,
Mrs Dunwoody, Mr Fuchs (deputizing for Mr Früh), Mr Hansen, Mr Klinker,
Mr l'Estrange, Mr Nielsen, Mr Pisoni, Mr Tolman.

The opinion of the Committee on Budgets is attached.

CONTENTS

| | Page |
|---|-------------|
| A. MOTION FOR A RESOLUTION | 5 |
| B. EXPLANATORY STATEMENT | 7 |
| Opinion of the Committee on Budgets | 9 |

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

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 laying down special measures in the raw-tobacco sector in respect of the perustitza and Erzgovina varieties

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 Article 43 of the EEC Treaty (Doc. 22/79),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc.85/79),
- whereas the Community has already adopted similar measures in respect of the Beneventano variety²,
- whereas these measures have produced satisfactory results, with a reduction in the quantities placed in intervention and reconversion to more readily marketable varieties,
- whereas it is essential to avoid a reduction in the income of producers in the less-favoured regions of the Community,
- whereas it is also important to facilitate reconversion from the two varieties of tobacco referred to in the proposal to other varieties,
- whereas the agricultural research programme relating to eastern tobaccos needs to be completed as soon as possible with a view to improving the quality of production,

¹ OJ C 88, 4 April 1979, P. 2

² See Regulation 339/77 of 14.2.1977, OJ L 48 of 19.2.1977

1. Approves the Commission's proposal to lower the intervention price for the two varieties of tobacco;
 2. Requests the Commission, however, to take immediate action through various forms of direct aid, should the measure lead to a significant reduction in the income of the producers concerned;
 3. Requests the Commission, moreover, to provide in its proposal for Community aid for producers who plant with other varieties which require substantial investments from the agricultural point of view and with a view to initial processing all or part of the areas at present under the two varieties mentioned above;
 4. Requests the Commission to carry out as soon as possible, with the aid of Community finance, the agricultural research programme aimed at improving the quality of the two varieties concerned.
-

EXPLANATORY STATEMENT

1. The basic tobacco regulation provides that, where for a variety or a group of varieties of tobacco, the quantities bought in by the intervention agencies exceed a fixed percentage of production, the Council shall take appropriate measures to redress the balance between supply and demand and to reduce stocks.

This situation has arisen in the case of two oriental varieties, Perustitza and Erzegovina: in 1976 and 1977 the quantities placed in intervention were respectively 3,683 and 2,161 tonnes for the first variety and 6,809 and 3,542 tonnes for the second.

2. The Commission therefore proposes a reduction in the intervention price from 90 to 80% of the norm price. The Commission does not consider that such a reduction would seriously affect producers because the level of the premium for the quantities normally sold on the market would remain unchanged and because, in addition, the surpluses are the result of an increase in the yield per hectare of poor quality tobacco.

3. The Community has already adopted a similar measure in the past for another variety of eastern tobacco, Beneventano.

Regulation No. 339/77¹ laid down special measures for this variety, including:

- a reduction in the intervention price from 90 to 80%;
- a considerable reduction in the quantities to be bought in by the intervention agencies;
- special aid per hectare for producers who effect a complete or partial changeover to more readily marketable varieties (particularly light tobaccos such as Bright Virginia, etc.).

This measure appears to have produced satisfactory results, with a significant reduction in the areas planted with Beneventano and in the quantities placed in intervention.

4. The present measure should also be approved by the Committee on Agriculture.

¹OJ L 48 of 19.2.77 - See also the Albertini report, Doc. 549/76

However, it is essential that guarantees should continue to be provided for producers of the abovementioned varieties in certain regions in the Italian Mezzogiorno, notably Puglia and Campania, which are relatively disadvantaged. The Commission should therefore watch the situation closely and take measures to grant special aid where necessary.

5. It is difficult to understand why the Commission has not provided for the granting of aid for reconversion as it did in the case of the Beneventano variety. The darker eastern or oriental varieties are becoming increasingly difficult to market since consumer taste is turning to the lighter varieties. Furthermore, the darker varieties are hardest hit by competition from the Mediterranean countries which are important producers. Community aid would have greatly facilitated reconversion, particularly where this would require large-scale investment.

6. Community action should not be limited to negative, not to say punitive measures such as the lowering of the Community intervention price (a measure without parallel in any other common market organization which would have far more serious consequences if applied to other structural surpluses). It is also essential that there should be positive measures to encourage producers to switch from products for which demand is low to others which are readily marketable. Since the Community imports 450,000 tonnes of raw tobacco per year, there is clearly ample scope for Community production of the right quality.

7. Lastly, it is essential to implement without delay the Community agricultural research programme aimed at improving the quality of production through research on seeds, cultivation methods and the more suitable varieties, as well as, in the long term, genetic research. This programme could be carried out within the framework of the Council's decision of 30 October 1978 adopting joint research programmes and programmes for coordinating agricultural research¹ and providing for Community financial aid for Mediterranean agriculture, a systematic search for production alternatives so as to develop agriculture, change to new varieties of farming and reconversion of production in the Mediterranean regions.

¹OJ L 316 of 10.11.1978

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the vice-chairman of the committee to Mr CAILLAVET,
chairman of the Committee on Agriculture

Rome 10 April 1979

Dear Mr Caillavet,

Proposal for a Council Regulation (EEC)
laying down special measures in the raw
tobacco sector in respect of the
perustitza and erzgovina varieties

At its meeting⁽¹⁾ of 4/5 April 1979 in Rome, the Committee on Budgets considered the Commission's proposal for a Council Regulation (EEC) laying down special measures in the raw tobacco sector in respect of the perustitza and erzegovina varieties (COM(79) 105 final) and has asked me to inform you of the views of the committee by letter.

The Committee noted that the purpose of the proposal, to reduce the intervention price in view of the marketing difficulties that had arisen in this sector, corresponds entirely with the approach of the Committee on Budgets to the problem of surpluses arising out of the Common Agricultural Policy. You will recall that this Committee has sought to prevent price increases in all sectors with structural surpluses.

As regards the financial information contained in the Commission's document, I would point out that in the original version, the financial statement does not correspond with the annex which shows the method of calculation employed. The Commission has rectified this error. It thus transpires now that in a full financial year a saving of 6.95 million EUA, under Chapter 70, 'Tobacco', would be achieved.

In view of this the Committee on Budgets felt able to give a favourable opinion to the Commission's proposal.

Yours sincerely,

M. Bangemann
Vice-Chairman
(deputizing for the Chairman)

⁽¹⁾ Present: Mr Bangemann, Vice-chairman and acting chairman, Mr Cointat, Vice-chairman, Lord Bruce of Donington, Mr Dankert, Mr Krieg (deputizing for Mr Yeats), Mr Notenboom, Mr Ripamonti, Mr Schreiber and Mr Shaw.

