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EUROPEAN PARLIAMENT

# Working Documents

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4 May 1979

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## Report

drawn up on behalf of the Committee on Agriculture

**on the proposal from the Commission of the European Communities to the Council (Doc. 46/79) for a Regulation on investment aid at the marketing and processing stage of milk products**

**Rapporteur: Mr Brøndlund NIELSEN**

12.1



By letter of 30 March 1979 the President of the Council of the European Communities requested the European Parliament, pursuant to Articles 42 and 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 on investment aid at the marketing and processing stage of milk products.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible.

The Committee on Agriculture appointed Mr Nielsen rapporteur.

It considered this proposal at its meeting of 4/5 April and 24 April 1979.

At the latter meeting the committee adopted the motion for a resolution and explanatory statement by 3 votes with 8 abstentions.

Present: Mr Caillavet, chairman; Mr Nielsen, rapporteur; Mr Albertini, Mr Bregégère, Mr Dewulf, Mr Durand, Mr Fröh, Mr Inchauspé, Mr Lemp, Mr W. Müller and Mr Pisoni.

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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 on investment aid at the marketing and processing stage of milk products

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council<sup>1</sup>
  - having been consulted by the Council pursuant to Articles 42 and 43 of the EEC Treaty (Doc. 46/79)
  - having regard to the report by Mr De Koning (Doc. 414/76) on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending certain national and Community aids in the milk and milk products sector,
  - having regard to the proposals from the Commission of the European Communities to the Council on policy with regard to agricultural structures (Doc. 47/79),
  - having regard to Council Regulation (EEC) No 355/77 of 15 February 1977<sup>2</sup> on common measures to improve the conditions under which agricultural products are processed and marketed,
  - having regard to the report by the Committee on Agriculture (Doc. 127/79),
  - whereas in its proposals on policy with regard to agricultural structures the Commission proposes that from 1 January 1980 investment aid in respect of dairy farming under Directive 72/159/EEC shall be suspended, except for farms which are not increasing their dairy herd and which have at least 35 per cent of their areas under grass, and for farms in mountain areas, the less-favoured areas of Italy and in the Mezzogiorno,
  - whereas the Commission intends to suspend Community aid for marketing and processing of milk under Regulation 355/77, by the management procedure, that is without consulting the European Parliament,
1. Opposes national aids which impede the proper operation of a common market in agricultural food produce as laid down in the EEC Treaty;

<sup>1</sup> OJ No C 88 of 4.4.1979, p. 9

<sup>2</sup> OJ No L 51 of 23.2.1977, p. 1

2. Supports, therefore, the Commission's proposal on condition that the European Parliament be kept fully informed on all the Commission's proposals concerning Community policy on national aids in order that the European Parliament may consider properly all possible policy options;
3. Believes that the Community's policy on Community and national aids should be more clearly directed to discouraging those particular aids which contribute to the surplus situation in the milk sector;
4. Welcomes the fact that the Commission proposes that exceptions should be made in the draft regulation in favour of certain outlets and research as well as to encourage energy saving and the protection of the environment;
5. Emphasizes that the Community should rationalize the production and marketing of milk products and, in order to encourage their consumption, should improve availability of fresh dairy produce to consumers throughout the Community;
6. Considers that no aid should be permitted for the production and marketing of new products which contain vegetable oils or fats or other milk-substitute products.

EXPLANATORY STATEMENT

Introduction

1. The Community is facing an increasingly difficult surplus situation in the milk sector. At the same time national aids stimulate further increases in production and distort competition between producers in the Member States.
2. The Commission proposes that national aids for marketing and processing of milk should be suspended since a number of these aids will increase production potential.

At the same time, the Commission proposes that provision should be made for certain national aids to marketing and processing to continue, and in particular:-

- liquid milk pasteurized or, possibly, homogenized and not otherwise treated;
- milk refrigeration tanks in the collection centres;
- the use of liquid skimmed milk for animal feed;
- research;
- the production and marketing of new products enabling the commercial outlets for milk to be increased;
- measures leading to energy savings;
- the protection of the environment;
- butter production undertakings having a capacity of less than 50 tonnes per year.

Related proposals

3. It should be noted that the Commission is separately proposing three related proposals, which should be considered with the present proposal:
  - (a) the Commission intends to suspend Community aid for marketing and processing of milk under Regulation 355/77, by the management procedure, that is without consulting the European Parliament;

- (b) the Commission proposes that from 1 January 1980 Community aids for milk production under Directive 72/159/EEC shall be suspended, except for farms which are not increasing their dairy herd and which have at least 35 per cent of their areas under grass, and for farms in mountain areas, the less-favoured areas of Italy and in the Messogiorno;
- (c) since national aid cannot exceed Community aid by the provisions of Directive 72/159/EEC, national production aids therefore are to be suspended.

### Conclusions

4. The Committee on Agriculture can approve the Commission's proposal and suspend national aids for the marketing and processing of milk, since distortions in competition result, together with an increase in production.
5. At the same time, the Committee on Agriculture wishes to point out that there exist three related proposals: to suspend Community aids for the marketing and processing of milk, and to suspend national and Community aids to the production of milk.

The Committee wishes to emphasize that the European Parliament is not to be consulted on all these proposals.

The Committee insists that the European Parliament be kept fully informed on policy measures concerning aids in the dairy sector and be properly consulted before decisions are taken.

6. Finally, the Committee believes that greater efforts should be made to increase consumption, particularly by increasing the availability of fresh dairy products.