

EUROPEAN PARLIAMENT

# Working Documents

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## Report

drawn up on behalf of the Committee on Agriculture

**on the conclusions to be drawn from the proceedings of the Seminar held  
by the Committee on Agriculture in Echternach**

**Rapporteur: Mr H. CAILLAVET**

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The Committee on Agriculture held a seminar at Echternach from 25 to 27 October 1978 to study

- I. new guidelines for the common agricultural policy;
- II. strengthening the role of the European Parliament and of its Committee on Agriculture in the formulation of this policy.

At the end of this seminar, it decided to draw up a draft report on the conclusions to be drawn from the Echternach seminar attaching, in annex to the motion for a resolution, the observations made in committee by the minority and, as explanatory statement, the summary report of the seminar proceedings as well as the working documents drawn up in preparation for the seminar.

It also instructed its chairman to draw up and present this draft report.

By letter of 14 December 1978, the Committee on Agriculture requested from the Bureau authorization to draw up an own-initiative report on the conclusions to be drawn from the work of the Echternach seminar. By letter of 26 January 1979, the Bureau granted it the necessary authorization.

The Committee on Agriculture considered the report and the relevant motion for a resolution at its meeting of 18/19 December 1978, 25/26 January 1979 and 22/23 March 1979.

At this last meeting it adopted the motion for a resolution and the report by 11 votes in favour with 2 abstentions.

Present: Mr Caillavet, chairman and rapporteur; Mr Liogier and Mr Hughes, vice-chairmen; Mr Dewulf, Mr Früh, Mr Joxe, Mr Klinker, Mr L'Estrange, Mr Nielsen Brøndlund, Mr Pucci, Mr Tolman, Mr Vernaschi (deputizing for Mr Pisoni) and Mr Vitale.

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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

on the conclusions to be drawn from the proceedings of the Seminar held by the Committee on Agriculture in Echternach

The European Parliament,

- having regard to the report of the Committee on Agriculture (doc.128/79),
- having regard to Article 39 of the Treaty of Rome,
- having regard to the seminar on the common agricultural policy, held by the Committee on Agriculture in October 1978 in Echternach, in the presence of Mr Ertl, President-in-Office of the Council,
- having regard to the serious and persistent imbalance of the market in a number of agricultural sectors,
- having regard to the very difficult situation in respect of the incomes of agricultural producers in a number of regions and sectors,
- having regard to the obligation to ensure reasonable prices to the consumer;

1. NEW GUIDELINES FOR THE COMMON AGRICULTURAL POLICY

Political objectives and instruments

1. Considers that the common agricultural policy has in certain respects played a positive role by eliminating barriers to intra-community trade, as a result encouraging specialization, and that it has in this way often increased the efficiency of production for the benefit of producers and consumers, as stipulated in Article 39 of the Treaty of Rome;
2. Rejects any attempt to modify the fundamental principles of the CAP, namely unity of the market, financial solidarity, common prices and the system of Community preference;
3. Regrets, however, that the CAP has not been able to ensure the balanced and equitable development of agriculture in the Community and that it has so far failed to attain a number of its essential social objectives;

4. Deplores in particular that:
  - (a) regional disparities in incomes are continuing to widen at an increasing rate, contrary to the fundamental objective of the CAP;
  - (b) as at present conceived, the market instruments are primarily favourable to the larger industrial agricultural enterprises and do not ensure equitable incomes for small producers and family farms in certain sectors;
  - (c) the Community has failed to provide reasonable incomes for certain producers in the Southern and less-favoured regions more particularly those whose products do not benefit from guarantees comparable to those offered for certain products of the Northern regions;
5. Invites the Community authorities therefore to give closer attention to Southern products (fruit, vegetables, wine) and to see to it that they benefit from guarantees analogous to those granted for the Community's Northern products; points out that a measure of this kind would help in part to solve the problems confronting the Community's Southern regions;
6. Stresses that, from the angle of regional and social solidarity, the CAP cannot be pursued without a coherent set of structural back-up measures of a general nature or with a specific agricultural or rural character;
7. Does not believe, in particular, that a single instrument, i.e. support for certain producer prices, has been able to ensure equitable incomes for all producers in all regions of the Community;
8. Stresses once again that the production of surplus stocks threatens to undermine the CAP and hence to jeopardize the guarantees intended to ensure adequate incomes for producers;
9. Points out that certain surpluses are a result of the importing of substitute products;
10. Points out also that both the appearance of large surplus stocks and the occurrence of shortages, as happened in 1973 and 1974, reflect the lack of production targets on the one hand and of a commercial strategy on the other, with an accompanying obvious lack of cohesion;
11. Considers therefore that the CAP can only function successfully if it forms part of an overall policy under which short, medium and long term production targets and commercial strategies are laid down on the basis of ongoing evaluations;

12. Emphasizes that price policy cannot be used, as it is at present required, to guarantee reasonable incomes to producers and to regulate the supply of agricultural produce;
13. Observes therefore that to the extent that the price policy is used primarily to maintain the level of incomes, reliance on intervention mechanisms without specific production and commercial targets has:
  - (a) compelled producers to step up their output at all costs in order to maintain their earnings;
  - (b) constantly increased the debt level of the agricultural community;
  - (c) led to an apparent worsening of the problem of surpluses as a result of the structural policies implemented to increase the economic viability of production, instead of these structural policies serving to remedy the imbalance of the market as was the intention;
14. Notes furthermore
  - (a) the fact that the conditions in which producers operate are frequently aggravated by excessive taxation, capital equipment requirements and the burden of transfer from one generation to another;
  - (b) the fact that high capital expenditure is frequently a serious problem in agriculture in view of the latter's inherently low rate of capital turnover;
15. Considers it essential to maintain agricultural incomes at equitable levels, to safeguard the economic viability of the rural regions and to ensure the possibility of economic development of agricultural industry;
16. Points out, at the same time, that agricultural support may be implemented in a number of ways - support of produce prices, direct support of incomes or quota arrangement - and that these might be granted on a selective or differentiated basis.
17. Believes it illusory to imagine that the co-responsibility of farmers for surplus production can be implemented effectively and equitably by means of price freezes and taxes;  
  
And that, therefore, the market organization should be modified in such a way that the farmer is encouraged to adapt his production methods and objectives to the requirements of internal and external markets;

18. Calls upon the Commission and Council to make a close examination of the role of producers and market organizations in terms of regional and social policy to enable the potential of agricultural resources and individual regions to be exploited to the full;
19. Considers consequently that the price/market support policies must be more closely adapted to the characteristics of each sector and that there is a clear economic case, and even more evident social reasons, for introducing, without delay, a system of income support (rather than market price support) for those products for which:
  - demand is elastic and consumption can be increased,
  - self-sufficiency is low,
  - consumption has been drastically reduced by existing price levels, or
  - production should be encouraged in order to obtain a more balanced overall pattern of production.
20. Regrets the lack of an overall Community structural policy and of the instruments required by such a policy; an agricultural and rural structural policy can only be envisaged in the context of an economic, regional and social policy which is at one and the same time integrated, based on solidarity and selective;
21. Stresses that agriculture makes an important contribution to the protection of the rural environment and that this aspect is assuming increasing significance;
22. Invites the Commission accordingly to prepare proposals for the revalorization of certain regions through better protection of the rural environment (perhaps by ending or redirecting the agricultural use of low-yield land);
23. Calls upon the Commission to encourage research into the use of ethyl alcohol of agricultural origin as a fuel;



### Structural policy

24. Points out that structural policy must not lead to a worsening of the situation of surplus products in the Community;
25. Maintains that structural policy must not bring special benefits to particular types of holding but must on the contrary give every holding identical chances of development;
26. Believes that the structural policy will be incomplete and lacking in effect until such time as it is underpinned by a Community land policy promoting mobility of the farming community under conditions which are identical for all Community farmers;
27. Believes in fact that a Community land policy would enable young people to remain on the land, thus avoiding the depopulation of rural areas;
28. Considers that the structural policy should encourage, on a purely voluntary basis, producer groupings in order to ensure for the latter advantages equivalent to those enjoyed by persons active in industry or in the services sector, without any resulting distortion of competition;
29. Considers also that a structural policy should promote the establishment of food processing industries in the regions of production so as to avoid depopulation of the rural areas;
30. Believes that structural policy must favour production in regions which have particular natural advantages in order to bring about a genuine division of labour between the regions of the Community;
31. Notes that the Community's structural policy as defined in Directives 72/159/EEC, 72/160/EEC, 72/161/EEC and 75/268/EEC and in Regulation (EEC) No. 355/77, has by no means attained the objectives set for it, namely to enable farmers to attain comparable earnings for their work, to modernize agricultural holdings in order to make agriculture a competitive sector of the economy and to reduce the disparity between the rich and poor regions of the Community;
32. Considers that the blame for this rests in part with the Member States which have not always made use of the financial instrument offered to them by the Community;
33. Considers, however, that a structural policy defined in an excessively uniform manner, cannot meet the specific requirements of each of the Community's regions;

34. Encourages all forms of initiative in the area of a regional structural policy in the spirit of Directive 75/268/EEC on farming in mountain areas and certain less-favoured regions;
35. Notes with satisfaction that the Community authorities are coming increasingly to view structural policy as a set of specific measures to be implemented in certain Community regions, including irrigation, drainage and reforestation measures;
36. Urges the Commission, however, to ensure cohesion between the individual actions undertaken so as to ensure that the different regions of the Community enjoy harmonious development;
37. Believes that the financial resources available to the Guidance Section of the EAGGF must be strengthened; that the share of Community financing should be adjusted in line with the wealth of each of the Member States concerned, and that in certain cases the share of Community financing may exceed the generally accepted rule where projects are of high priority to the Community (projects of Community interest);
38. Calls for agricultural structural policy not to be isolated from regional and social policy; considers that it is, at the very least, important to coordinate the action of the EAGGF, Guidance Section, and of the Regional and Social Funds, so as to ensure that the financial resources made available to the regions are employed in the most effective possible manner; wonders whether a European Rural Fund would not be best able to replace the action of the three abovementioned funds in the rural regions;
39. Calls upon the Committee on Agriculture to examine and report on the desirability of creating, outside the framework of the existing funds, a European Rural Fund specifically intended to supplement the aid measures for the rural regions taken under the agricultural, regional and social policies, and to eliminate the adverse effects of uncoordinated rural planning;
40. Is of the opinion that an end must be put to the existence of artificial production structures resulting from economic or monetary factors which are not directly linked to the common agricultural policy; welcomes in this connection the birth of the European Monetary System which should ultimately lead to the disappearance of monetary compensatory amounts, thus eliminating a factor which distorts competition between the Member States.

41. Stresses the need for the Community to make energetic efforts to harmonize policies of agricultural investment at both national and Community levels in order to avoid in future the lack of cohesion apparent at present both internally and externally (for example in the case of sugar);

The common agricultural policy and the Community's external relations

With the industrialized countries

42. Is aware of the fact that the Community which accounts for some 42% of world trade is heavily dependent on the outside world and must therefore pursue a judicious and coherent commercial policy;
43. Stresses that this commercial policy must aim at establishing an overall balance between imports and exports in the best interest of all the economic sectors of the Community and of its harmonious internal development;
44. Regrets the lack of cohesion at world level in agricultural trade relations and the lack of cohesion and continuity in the Community's agricultural trade policies both at the global level and in the context of its policies of association and enlargement;
45. Calls upon the Community to play the role of a mediator and catalyst at world level in order to promote an international agricultural policy based on solidarity and recognition of the value of the rural and agricultural world whose progress must be promoted;
46. Warns against the dangerous concepts of free trade proclaimed by the United States and also against the myth of an international division of labour in which the developing countries, with their comparative cost advantages, would become the privileged suppliers of low cost agricultural products.

47. Criticizes strongly the stubborn protectionism of the United States in the agricultural sector which is prejudicial to the European Community's agricultural exports, and points out that the low exchange rate of the dollar is artificially stimulating imports into Europe of large quantities of low cost vegetable and fodder products, a fact which is still further undermining the balance of trade relations and preventing a decisive solution to the problem of equilibrium of the market for dairy products;
48. Calls therefore for the introduction, in the context of the GATT negotiations and by joint agreement between the parties, of effective protection against excessive imports<sup>1</sup> of vegetable protein products and oils and fats of vegetable origin;
49. Considers moreover that by taking energetic steps to solve its internal problems of market equilibrium and by orienting its external policy towards stabilization of the international markets, the Community can improve its trade relations with the United States and Australia; points out that it would be possible to reduce in this way the disparity between Community and world prices, and hence to cut back export refunds;
50. Considers that distortions of competition, deterioration of prices and dumping practices on export markets must be avoided at all costs; hopes that the Community will negotiate in GATT the fixing of minimum prices guaranteeing an equitable level of incomes for producers and enabling export refunds to be reduced so as to improve its relations with third countries which export agricultural products;
51. Expresses the hope that measures to offset the fall in value of the dollar and the creation of a zone of monetary stability in Europe will improve the balance of trade between the Community and the United States and contribute to the more equitable development of agricultural production and to the restoration of the unity of the common agricultural market.

With the developing countries

52. Stresses that the existing and potential capacity for food production in the Community must be exploited to the full in order to remedy as far as possible the serious food problems facing the world;

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<sup>1</sup>OJ C 28/79, page 18  
imports of agricultural products from the USA in 1977: 5.901 thousand million EUA  
exports of agricultural products to the USA in 1977: 1.563 thousand million EUA

53. Considers that the Community must show an increasing awareness of the need to promote the export of agricultural products from the developing countries since improved utilization of the potential for agricultural production in these countries, necessarily accompanied by an increase in agricultural exports to the industrialized countries, can alone enable the developing countries to attain a certain level of purchasing power and initiate the process of economic development in them.
54. Is of the opinion that in organizations such as GATT and UNCTAD the Community must negotiate to bring about a new international division of labour so as to achieve a permanent and stable growth of world trade in agricultural products, with access of industrial exports from the developing countries to the industrialized nations no longer distorted by artificial barriers such as import duties, quotas or other barriers to trade and with a reduction in the export subsidies applied under the common agricultural policy and adversely affecting the competitiveness of agricultural exports from the developing countries;
55. Draws attention to the need for the common agricultural policy to be accordingly adjusted so as to improve production specialization and reorganize those markets which show a structural surplus; this must be achieved by a market and structural policy which does not violate the principle of the liberty of the individual farmer to determine his own production and makes due allowance for the social and economic significance of agriculture;
56. Notes that in the area of export revenue stabilization and trade relations between the developing countries and countries outside the Community, the convention of Lomé should serve as a model and that international product agreements must be concluded to stabilize the markets in primary commodities such as cereals, beef and veal and dairy products, and vegetable oils and fats, since this will promote agricultural development and moderate the effects of fluctuations in food prices;
57. Considers that the Community, as the principal importer of agricultural products, can play an important role in this context and that given the great technological advances which have been made in Community agriculture, it can help to upgrade agricultural production and develop an effective agricultural policy for the developing countries;

58. Points out that, given the need to secure regular supplies of the raw materials and energy which will be vital for the Community in the next few decades, the Community also has an interest in reaching agreement with the developing countries in the appropriate bodies on the conditions required to achieve the best possible trade in agricultural products;
59. Notes the dramatic deterioration of the world food situation, especially in Africa, and, since food aid will be temporarily indispensable, at least over the next few years, urges the Council and Commission to grant food aid also in the form of cereals
- (a) flexibly in the most serious emergencies,
  - (b) adapted to the needs of the population,
  - (c) to encourage - a varied range of food aid based on periodic reviews of the world food situation,
  - (d) to continue pursuing a food aid policy based on continuity and not subject to the vagaries of the Community's agricultural policy;
60. Considers it essential for the supply of skimmed milk powder and butteroil as food aid to be linked with aid for specific projects designed to encourage the setting up of dairy and foodstuffs industries in the recipient countries themselves;
61. Is of the opinion that, given the unpredictable fluctuations in food production, international buffer stocks of cereals and protein-rich products should be set up under international control so as to achieve price stability and a better guarantee of food supplies in the event of shortages;

II. REINFORCEMENT OF THE ROLE OF THE EUROPEAN PARLIAMENT AND THE COMMITTEE ON AGRICULTURE IN THE FORMULATION OF THE CAP

Within the Institution

62. Considers that the necessary strengthening of the role of the Committee on Agriculture, and therefore of Parliament as a whole, in the formulation of the CAP must be preceded by an improvement in the working procedures and functioning of that committee;

63. Is of the opinion that such improvement calls for the following:
- (a) the setting up of expert working parties both to formulate long-term political strategies and to draw up constructive proposals for statutory texts for submission to the other Community institutions,
  - (b) closer contact with public opinion through public meetings, press conferences and the media,
  - (c) more frequent use of specialist agencies and university research and study centres,
  - (d) easier access to direct sources of information, in particular through the organization of 'hearings' and contacts with local opinion in the areas affected by Community measures,
  - (e) the possibility of administering a small annual budget to finance the above activities,
  - (f) the attribution of greater political weight to minority opinion through the introduction of procedures enabling minorities to make their opinions better known in committee and in plenary session (minority reports, decisions taken by a qualified majority),
  - (g) greater efforts by the committee to improve the quality of its documents, particularly by refusing to deliver opinions when the deadlines forced on it by other institutions are too short,
  - (h) more frequent exercise of the right to refuse totally to deliver an opinion, whenever this seems necessary, so as to block completely the passage of a proposal,
  - (i) stricter control over the legal acts of the other institutions and, possibly, recourse to the Court of Justice if the consultation procedure is in any way infringed,
  - (j) a procedure whereby the Commission is given strict deadlines for acting on own-initiative proposals from the Committee on Agriculture;

Relations with the other institutions

64. Calls for the deletion of the clause stipulating that the conciliation procedure with the Council can only be applied to general Community acts whose adoption is not necessitated by pre-existing acts, since this rules out conciliation, for example, on the annual farm price review;
65. In view of the fact that, when proposals are considered by the Committee on Agriculture, they are concurrently under review and often substantially amended, without any parliamentary control, by the Council's Special Committee on Agriculture in collaboration with groups of national experts and the Commission itself, requests that the rapporteur(s) or other members of the Committee on Agriculture should be permitted to take part, at least as observers, in meetings of the CSA and, possibly, those of the expert groups as well;
66. Considers it essential for Parliament to have a direct say in the appointment of the members of the European Commission;
67. Insists on the need to arrest the present moves in the Community to undermine the institutional balance by reducing the Commission's status to that of a secretariat to the Council and forcing Parliament into a position in which its opinions are a mere formality, serving only to confer legal validity on decisions already taken by the Council;
68. Calls upon the Commission to refrain in future from the kind of tactics which enable it to evade consultations with Parliament on agricultural and fisheries matters, e.g. the practice of invoking Treaty articles under which consultation is not mandatory or linking issues to previous regulations;
69. Considers it imperative that Parliament be associated in the negotiations both with the third countries (trade agreements, enlargement) and in GATT and other international organizations;

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70. Calls upon the Commission and the Council to open a constructive dialogue with the European Parliament and the Committee on Agriculture with a view to establishing, on the basis of this resolution, common guidelines both on the future of the CAP and on the question of strengthening the role of the Committee on Agriculture and Parliament in formulating this policy;
71. Instructs its President to forward this resolution to the Council and the Commission.

ANNEX

TO THE MOTION FOR A RESOLUTION

The European Parliament wishes to bring to the attention of the Council and Commission of the European Communities the observations made by the minority and expressed during the vote on the motion for a resolution in the Committee on Agriculture on 22 and 23 March 1979.

The minority:

1. Refers to the observations made by President Jenkins on rural policy in his address on the Commission's programme of activities for 1979;
2. Regrets that the common agricultural policy had not been able fully to meet the objectives laid down in the Treaty, since the Member States maintain substantial national aid schemes, and calls for the adoption of a plan to bring about the elimination of all such schemes;
3. Regrets that the CAP has not been able to ensure the balanced and equitable development of Community agriculture but stresses that, given the situation prevailing in a number of areas, this task must be carried out primarily with the backing of the Regional and Social Funds;
4. Regrets that, in the case of certain products, Community consumers are obliged to pay artificially high and unacceptable prices while subsidizing exports to third countries;
5. Considers it imperative to:
  - 1st alternative - design other instruments since existing intervention mechanisms are essentially favourable to agricultural holdings in the Northern regions and in no way contribute to the attainment of regional and social objectives;
  - 2nd alternative - adapt the existing instruments, particularly that of the intervention mechanisms which tend to be more favourable to agricultural holdings in the Northern regions without at the same time furthering the attainment of regional and social objectives;
6. Finds that since the prices policy is used primarily to maintain incomes, the almost exclusive reliance on intervention mechanisms has had the effect of increasing production costs through the increasingly extensive use of costly resources - technology, equipment, pesticides and fodder - which encroach on the earnings of farmers;

7. It would be preferable in some sectors, particularly in that of dairy products, for the funds allocated for storage, drying and exports to be used directly to safeguard the earnings of producers and encourage consumption in the Community;
8. The Commission should move towards a policy of flexible quotas in the spirit of the wheat market organization which used to exist in France; this would be a rational component of the common agricultural policy and its more general application would help to avoid structural surpluses in the various sectors of Community agriculture.

EXPLANATORY STATEMENT

## MINUTES OF PROCEEDINGS - SUMMARY RECORD

NEW GUIDELINES FOR THE COMMON AGRICULTURAL POLICY25 October 1978

The meeting was opened at 4.50 p.m. with Mr Caillavet in the chair.

The chairman welcomed Mr Kofoed, Minister of Agriculture of the Kingdom of Denmark and former chairman of the European Parliament's Committee on Agriculture, Mr Houdet, former Minister of Agriculture of the French Republic and former chairman of the European Parliament's Committee on Agriculture, and Professor PRIEBE, Director of the Agricultural Structures Research Institute at the University of Frankfurt.

Professor PRIEBE

The common agricultural policy could be credited with having supplied 260 million consumers continuously and regularly from a very small area. There had been a sharp increase in European agricultural productivity in recent years because of both the introduction of new production methods and the application of biological discoveries. The effect of this increase in productivity had however been that the market in many products had already reached saturation point. Demand was stagnant and indeed the question had been raised, in some areas, of overnutrition.

In the early years of the CAP, priority had been given to the prices and market policy and regional policy had been rather neglected. The Treaty of Rome, for instance, made no mention of regional structural policy. It was not until later that this instrument had been developed in the Community and by then the gap between rich and poor regions of the Community had widened. At present, the income of the poorest regions of the Community represented only 20% of the income of the richest regions. The CAP alone had not been able to help the least-developed regions of the Community to catch up with the most-favoured regions, either through its prices policy or improvements in agricultural structures.

The growth of agricultural production as a result of the use of modern production techniques created further problems that the Community would have to overcome one day such as the impact on the environment of the use of fertilizers and pesticides. Furthermore, this modern form of agriculture which used large quantities of energy and imported raw materials made the Community's supplies of foodstuffs largely dependent on the outside world.