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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. 45/78)
for a regulation amending the Annex to Regulation
(EEC) No. 804/68 on the common organization of the
market in milk and milk products

Rapporteur : Mr M. HUGHES

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PE 53.216/fin.

By letter of 31 March 1978 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 amending the Annex to Regulation (EEC) No. 804/68 on the common organization of the market in milk and milk products.

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 opinions.

At its meeting of 17 and 18 April 1978 the Committee on Agriculture appointed Mr Hughes rapporteur.

It considered this proposal at its meeting of 27 and 28 April and adopted the motion for a resolution by 14 votes to 2 with 2 abstentions.

Present: Mr Kofoed, chairman; Mr Liogier and Mr Ligios, vice-chairmen; Mr Hughes, vice-chairman and rapporteur; Mr Brugger, Mr Cifarelli, Mr Corrie, Mrs Dunwoody, Mr Durand, Mr Fröh, Mr Herbert, Mr Howell, Mr Klinker, Mrs Krouwel-Vlam, Mr Lemoine, Mr Pisoni, Mr Scott-Hopkins and Mr Vitale.

The opinion of the Committee on Budgets is attached.

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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 amending the Annex to Regulation (EEC) No. 804/68 on the common organization of the market in milk and milk products

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council,¹
 - having been consulted by the Council pursuant to Article 43 of the Treaty establishing the European Economic Community (Doc. 45/78),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 100/78),
1. Considers that the proposed measures, the main purpose of which is to promote the use of Community milk products, will not result in any considerable reduction in the current stocks of these products;
 2. Points out that only increased consumption of milk products within the Community, combined with an extra effort in food aid, would bring about a substantial reduction in surpluses;
 3. Finally, approves the Commission's proposal despite its modest scope.

¹ OJ No. C90, 13.4.1978, p.13

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EXPLANATORY STATEMENT

1. This proposal is part of a policy of aid for the export of processed agricultural products aimed at reducing current surpluses.
2. This was the reason behind the European Parliament's recent favourable opinion at its sitting of 17 March 1978¹ on a proposal from the Commission to the Council² covering mainly the granting of export refunds for sugar in the form of processed products, as this should allow a reduction, however slight, in the substantial surpluses of this product.
3. This proposal is based on the same principles. To reduce surpluses in the milk market, at the same time encouraging the use of milk products of Community origin by exporting industries, this proposal for a regulation provides for the possibility of granting refunds on milk products incorporated in goods falling within heading 22.09 of the Common Customs Tariff, i.e. un-denatured ethyl alcohol of a strength of at least 80%, spirits, liqueurs, compound alcoholic preparations (known as 'concentrated extracts') and spirituous beverages other than rum, gin, whisky and vodka.
4. It has in fact been found that other countries are offering for consumption products which are a mixture of cream (in proportions of between 36 and 48%) and alcohol or spirituous beverages. So that firms within the Community producing the same items do not turn to cream imported as inward processing traffic, neglecting cream of Community origin, the Commission proposes to grant export refunds for such cream contained in processed agricultural products.
5. In this way, the Commission hopes to encourage the export of 1000 - 2000 tonnes of fresh cream, involving budgetary expenditure in the order of 0.73 - 1.2 m u.a.
However, a comparison between the quantities which will be exported and available stocks throws doubt on the value of the Commission proposal as a means of reducing milk surpluses. At the beginning of February 1978 public stocks amounted to 130,000 tonnes of butter (with more than 52,000 tonnes in private stocks) and 900,000 tonnes of milk powder.
6. While approving this step, which contributes in a modest way to the reduction of stocks, the Committee on Agriculture maintains its traditional position, which is to increase the consumption of milk products within the Community and to pursue a firm policy on food aid.

¹ Minutes of the sitting of Friday, 17 March 1978, page 8, (PE 52.905)

² Doc. 422/77; see Mr Scott-Hopkins' report: Doc. 566/77

7. Finally, for the sake of clarity and to take into account the new customs nomenclature for agricultural products, the Commission proposes to replace the Annex to Regulation No. 804/68, which has been amended several times, by a new annex incorporating previous amendments and the products falling within heading No. 22.09 of the Common Customs Tariff. This purely technical aspect of the Commission's proposal can be approved.

8. Consequently, and for all the above-mentioned reasons, the Committee on Agriculture approves the Commission's proposal.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the committee to Mr KOFOED, chairman of the Committee on Agriculture

Luxembourg, 28 April 1978

Dear Mr Kofoed,

At its meeting of 26/27 April 1978 the Committee on Budgets considered the proposal from the Commission for a Council regulation amending the Annex to Regulation (EEC) No. 804/68 on the common organization of the market in milk and milk products.

The proposal is concerned only with amending the Annex to the basic Regulation No. 804/68, which is now to include goods under heading No. 22.09 of the Common Customs Tariff (alcoholic drinks) to enable industries exporting these goods to use milk products of Community origin in their manufacture. Furthermore, the Annex is to be redrafted taking account of all previous amendments.

According to the figures given in the financial statement, the proposed amendment to the regulation will have very little effect on the budget (max. 1.5 m EUA per year), the cost for the current financial year (1978) being estimated at a maximum of 1.2 m EUA. Additional expenditure for 1978 is to be covered by the 120 m EUA provided for under budget Item 740 'Refunds on certain goods obtained by processing agricultural products'. The expenditure entered for export refunds will be partly compensated by a corresponding reduction in intervention expenditure on cream.

The present proposal is intended to help reduce surpluses in the milk sector and is similar to the Commission proposal to amend Regulation (EEC) No. 3330/74 on the common organization of the market in sugar (Doc. 422/77), which extended the rules applicable to export refunds to include certain sugar-based processed goods and which Parliament approved at its sitting of 17 March 1978.

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Present : Mr Lange, chairman; Mr Cointat, vice-chairman; Lord Bruce of Donington, Mrs Dahlerup, Mr Dankert, Mr Früh, Mr Ripamonti, Mr Scott-Hopkins and Mr Shaw

To conclude, it should, however, be pointed out that the effect of these measures will be very slight (1,000 - 2,000 t cream per year with butter stocks of over 100,000 t) and can make only a small contribution towards the reorganization of the interventions and refunds involved in agricultural market policy.

While emphasizing these considerations, the Committee on Budgets approves the Commission's proposal.

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(sgd.) Erwin LANGE

