

EUROPEAN PARLIAMENT

Working Documents

1977 - 1978

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16 June 1977

DOCUMENT 164/77

REPORT

drawn up on behalf of the Committee on  
Agriculture

on the proposal from the Commission of the  
European Communities to the Council (Doc. 160/77)  
for a regulation/laying down, in respect of hops,  
the amount of aid to producers for the 1976  
harvest

Rapporteur: Mr I. FRUH

PE 49.223/fin.



By letter of 9 June 1977 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, in respect of hops, the amount of aid to producers for the 1976 harvest.

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 Früh rapporteur.

At its meeting of 13 June 1977 the committee considered this proposal and adopted the motion for a resolution by 12 votes to nil with 2 abstentions.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman, Mr Früh, rapporteur; Mr Albertini, Mr Brégégère, Mr Cifarelli, Mr Durand, Mr F. Hansen, Mr Hughes, Mr Klinker, Mr Kofoed, Mr De Koning, Mr Lemp and Mr Martens.

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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 laying down, in respect of hops, the amount of the aid to producers for the 1976 harvest

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(77) 214 final),
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 160/77).
- having regard to the report of the Committee on Agriculture (Doc. 164/77),

1. Approves the Commission's proposal;
2. Requests the Commission to arrange for the necessary steps to be taken to bring about, by means of an agreement with other producing areas in third countries, the adaptation of production to the market situation.



EXPLANATORY STATEMENT

1. Regulation No. 1696/71 stipulates that each year before the end of April the Commission must submit a report on price trends and developments in hop gardens, production and requirements. The amount of aid per hectare for the previous year's harvest must, if necessary, be fixed before the end of June each year. Even though this year, once again, the prescribed time-limit was not fully adhered to, it should be noted that the report and the proposal for a regulation were forwarded to Parliament by the Council in early June.

2. The purpose of the aid is to enable hop producers to achieve a fair income. Generally speaking, growers should be able to obtain their income from the sale of their products. However, this is possible only if the interplay of supply and demand on the hop market yields reasonable prices. Any long-term disruption of market equilibrium or the production of varieties which are no longer in step with the changed requirements of the breweries will inevitably result in a decline in revenue.

3. It is clear from the data compiled by the Commission that the trend towards a surplus production, first noted in 1972, coupled with an accumulation of reserve stocks on the world market and, to a certain extent, on the Community market as well has more or less persisted.

This is chiefly attributable to the following causes:

- The sharp increase in the areas under hops from 1970 to 1973, encouraged by good prices in 1971 and 1972, caused production to outstrip demand;
- The increased conversion to varieties rich in alpha acids has meant an increase in supply in terms of bitter content and a corresponding decrease in demand;
- A decline, due to technical and consumer factors, in the quantity of hops required to produce a unit of beer.

4. Nevertheless, last year's drought produced a smaller harvest in the hop-growing regions of the Community with the result that stocks within the Community have attained a relatively normal level. It still proved impossible, however, to achieve satisfactory prices last year in the face of rising production costs in the Community; and, in the light of this, the Commission proposes that this year again aid be granted on a per hectare basis for 20 varieties comprising approximately 90 % of total

hop acreage in order to guarantee a fair income for producers.

5. What is the reason for the relatively weak price situation with regard to hops?

A characteristic feature of the hop market is the considerable volume of international trade. Approximately 40 % of Community hop production is exported, while 15 % of the Community's own consumption is imported. In contrast to the relatively stable supply and demand situation in the European producing areas, the United States, one of the largest hop producers in the world, has substantial stocks at its disposal. These surplus stocks not only force down prices on the world market but also have a far-reaching influence on the price of hops traded in the Community.

6. An objective assessment of the position leads to the conclusion that the supply and demand situation is structurally defective. Only fluctuations in supplies caused by climatic conditions are occasionally able to bring about a certain degree of equilibrium. In conformity with the opinion adopted by the European Parliament on 17 December 1976<sup>1</sup>, the Council adopted on 26 April 1977 an amendment to the basic regulation providing, inter alia, for the stepping up of structural measures and, in particular, for a ban on extending the areas planted for the next two years.

Furthermore, in accordance with the provisions of the basic regulation, the Commission has proposed that areas newly planted in 1976 should not qualify for Community aid, in order to discourage any increase in areas planted.

7. Given that the objective of a balanced policy for the hop market must be to adapt production to market demand in such a way as to ensure that the producer can as far as possible derive his income from the harvest without aid from an external source, the measures introduced by the amendment to the basic regulation afford the prospect, at least as far as the Community is concerned, of progress being made towards solving this problem within a reasonable period.

There still remains, however, the question of reaching agreement with the other producing areas in the world, particularly the United States of America, and your committee takes the view that this ought to be treated as a matter of urgency, if the self-restraint of Community producers is not to be partly invalidated by a lack of discipline outside the Community.

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<sup>1</sup> See Parliament's resolution OJ No. C 6, 10.1.1977

8. Your committee takes the view that the effects of the poor harvest in 1976 and the endeavour to achieve a better adaptation of production to the trend of demand justify the proposal made by the Commission for aid on a per hectare basis. The Committee therefore recommends that Parliament approve the proposal for a regulation.

