

# European Communities

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Article 43

## EUROPEAN PARLIAMENT

# Working Documents

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10 October 1977

DOCUMENT 311/77

## Report

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the European Communities to the  
Council

- for a regulation laying down special measures for castor seeds (Doc. 240/77)
- for a regulation amending Regulation (EEC) No 1900/74 laying down special measures for soya beans (Doc. 238/77)

Rapporteur: Mr Jan de KONING



By letters of 9 and 8 August 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 proposals from the Commission of the European Communities to the Council for a regulation laying down special measures for castor seeds and for a regulation amending Regulation (EEC) 1900/74 laying down special measures for soya beans.

The President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 20 September 1977, the Committee on Agriculture appointed Mr De Koning rapporteur.

It considered these proposals at its meeting of 29 and 30 September 1977.

At the same meeting the committee unanimously adopted the motion for a resolution.

Present: Mr Bourdellès, acting chairman; Mr De Koning, rapporteur; Mr Albertini, Mr Anderson, Mr Dewulf, Mr F. Hansen, Mr Howell, Mr Hughes, Mr Klinker, Mr Kofoed, Mr Ney and Mr Pucci.

The opinions of the Committee on Budgets are attached.

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A

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 proposals from the Commission of the European Communities to the Council

- for a regulation laying down special measures for castor seeds;
- for a regulation amending Regulation (EEC) No. 1900/74 laying down special measures for soya beans

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council,<sup>1</sup>
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (DOC. 240/77 and Doc. 238/77),
  - having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets (Doc. 311/77),
1. Approves the Commission's proposals;
  2. Wonders, however, whether the special measures for soya beans really offer satisfactory guarantees to help this crop over the initial difficult period, but feels that it is too early to abandon the chosen scheme;
  3. Feels that the introduction of the cultivation of castor seeds in the Community is in line with efforts to promote products in areas where the natural environment is the most favourable, in this case the Mediterranean area, and that, in the first instance, the cultivation of castor seeds must make a contribution towards bringing agriculture in these areas out of its backward state by boosting agricultural productivity and improving producers' incomes;
  4. Points out that, as the cultivation of the castor seed is a new departure and yields are likely to be low in the first few years, the minimum price, which is the only guaranteed income for the producers, must be set at a sufficiently high level so as not to

<sup>1</sup> OJ No. C 192, 11.8.1977, pp. 5 and 12

discourage producers who intend to grow castor seeds;

5. Draws attention to the need to provide information to familiarize producers as quickly as possible with the proper method of cultivation and can start production as rationally as possible.

EXPLANATORY STATEMENT

(a) 1974 saw the introduction of special measures for soya beans setting up a system of aid for producers. The Council and the Commission felt that the Community's heavy dependence on imports of protein products should be reduced, in particular by stimulating soya production in the Community. The European Parliament endorsed this policy<sup>1</sup>. Three years have elapsed since then, and it would seem that the profitability of this new branch of production still leaves something to be desired and is subject to sharp fluctuations.

The Commission attributes these difficulties to the comparatively recent start on production, an insufficient grasp of growing methods and unfavourable weather conditions, and draws the conclusion that it would be premature to change the existing scheme. The Commission therefore proposes that the target yield for the next three marketing years should not be less than 1,900 kg per hectare, the subsidy being granted for production obtained by applying a target yield to the surface areas on which soya has been sown and harvested<sup>2</sup>. To set a minimum level for the target yield, a minimum yield is fixed for the granting of the subsidy and producers are encouraged to increase their yield.

The Committee on Agriculture considers that producers must be given adequate guarantees to stimulate production, but wonders whether the proposed measures are sufficient to make soya cultivation a success in the next three years. It would, however, be regrettable if the modest start made on soya production in the Community were to be wiped out. It must be remembered that the area suitable for the cultivation of soya beans in the Community is extremely small and that at present amounts only about 4,000 hectares are under soya. It is known that so far the varieties best suited to the European climate have not been used. Strains must be found that give a satisfactory yield and can be harvested early. In addition producers must be given guidance on the proper method of growing soya beans, tilling, inoculating seed and so on. In the next few years such factors will need to be given the most careful attention if soya cultivation is to be a success. Until such time, it would be premature to modify the existing scheme. The committee, which has already approved the scheme, can thus accept these modifications to the arrangements.

<sup>1</sup> KONING report, Doc. 137/74

<sup>2</sup> Article 2(2) of Regulation (EEC)No.1900/74 of 15 July 1974 - OJ No.L 201 of 23 July 1974.

The Community's soya production is, however, negligible compared with the large volume imported from the United States. This amounts to about 9,000,000 tonnes of beans and 5,000,000 tonnes a year of cake, a further 2,000,000 tonnes of beans and 1,000,000 tonnes of cake being imported from Brazil. Since there appears to be little chance of diversifying soya supply sources, the committee points out that it is very much in the Community's interest to seek stable supplies at stable prices. Soya production can fluctuate sharply, and the Community should therefore try to secure long-term supply contracts. To give Community soya production, which competes directly with soya beans imported duty free from third countries, a chance to develop further, the committee is in favour of the soya experiment being continued in the Community.

(b) The commission has also proposed special measures to develop castor seed production in the Community.

As the Commission's report to the Council on this subject states, the Community is entirely dependent for its supplies of this product on imports from third countries, and it is plausibly argued that in the Community's interest to develop its own production, especially as production in countries such as Brazil and India is of decisive importance for world exports of castor oil. These countries process most of the seeds they produce themselves. It is, however, gratifying that the tropical producer countries themselves process castor seeds into oil and that the Community is thus able to take the processed product. The Commission notes, however, that since the world market in castor seeds is already very small and may shrink still further in the years to come, supply to the Community's oil mills may pose a problem. A start should therefore be made on production in the Community.

There are in the Community a number of oil mills which process castor seeds and have a constant demand for this product. Sale of the seeds should not therefore present any problems. One argument for the development of Community production is therefore that it would reduce dependence on third countries somewhat. An important consideration in favour of introducing this product is that it could contribute to a better use of agricultural potential in the South of the Community, particularly in Italy's Mezzogiorno, where the climatic conditions are suitable for such production, so that a better balance could be achieved between the Northern and Southern regions of the Community, provided, of course, that structural measures for the development of the South were also taken. It is gratifying to note that in the South of the Community a number of products are being promoted in suitable areas, whereby rational use of agricultural potential is encouraged and the regional economy strengthened. The committee therefore approves

of the Commission's plan to launch castor seed cultivation in the Community, especially in view of the importance of agriculture in the Mediterranean area.

It should be noted that the proposed scheme follows on from the scheme for oleaginous seeds. It is proposed that an annual guide price be fixed for castor seeds, while a subsidy equal to the difference between the guide price and the world market price is to be granted. The difference, however, is that Article 2 of the proposed regulation stipulates that contracts must be concluded between the processing undertakings and the producers under which a minimum price is fixed at a level guaranteeing sales for seed producers at a price as close as possible to the guide price. By stipulating that subsidies will be granted to undertakings only if they conclude contracts with the producers, the industry is bound to obtain its supplies from Community sources as far as possible.

The Committee on Agriculture points out that the guide price to be set by the Council for castor seeds and the minimum price must be fixed at a fairly high level to enable this product to become established. Since, as with all new crops, it must be expected that the yield per hectare in the first few years will be low, care must be taken to ensure that producers who convert to, or increase their acreage of, this product and who must familiarize themselves with the proper growing methods, receive a sufficiently attractive price. The minimum price fixed by contract is the producer's only guarantee and, like the guide price, should therefore be set at a sufficiently high level, so that the producer knows he is guaranteed against the risks of conversion to a new crop and in time can make a success of it.

It is too early to say whether the proposed scheme will work satisfactorily. Much depends on developments on the world market. If world market prices rise, undertakings should, preferably, obtain their supplies from within the Community. If the reverse happens, aid will be granted to protect producers from the repercussions of a fall in prices on the world market. As has already been said, however, since there is a constant demand for this product, its sale should present no problems. The difficulty lies in getting production started efficiently. In view of the importance of specialization and rationalization of agricultural production in the Mediterranean area, the Committee on Agriculture endorses the proposal. It asks, however, that the European Parliament be kept informed on the further development of this project.

OPINION OF THE COMMITTEE ON BUDGETS

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

Luxembourg, 7 October 1977

Dear Mr Chairman,

At its meeting of 4 October 1977 the Committee on Budgets considered the proposal from the Commission of the European Communities to the Council for a Regulation (EEC) of the Council laying down special measures in respect of castor seeds (Doc. 240/77).

This proposal includes the introduction of a system of support measures to promote castor seed production. In 1975 the Community imported 58,600 tonnes of castor seeds.

As in the systems of support measures which already exist for other products, the Commission proposes the introduction of an appropriate norm price so that the aid would make up the difference between this price and the price prevailing on the world market.

The Committee on Budgets has decided merely to take note of this proposal.

Yours sincerely,

Erwin LANGE

Present: Mr Lange, chairman; Mr Amadei (deputizing for Mrs Dahlerup), Lord Bruce of Donington, Mr De Clercq (deputizing for Mr Kofoed), Mr Fröh, Mr Radoux, Mr Schwabe (deputizing for Mr Maurice Faure), Mr Terrenoire, Mr Vanvelthoven and Mr Würtz.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman to Mr Roger HOUDET, chairman of the Committee on Agriculture

Luxembourg, 7 October 1977

Dear Mr Houdet,

At its meeting of 4 October 1977 the Committee on Budgets considered the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 1900/74 laying down special measures for soya beans (Doc. 238/77).

The original Regulation was designed to encourage the cultivation of soya beans by means of a system of aid to producers.

An amendment to the 1974 Regulation is necessary since the present system of aid proved to be inadequate in view of the unfavourable weather. Consequently, additional guarantees should be provided for a limited period by the introduction of a minimum target yield for existing or developing crops.

The Committee on Budgets is called upon to give an opinion on the financial implications of this proposed regulation and notes that the proposed measures will not affect the total amount of appropriations already entered in the draft budget for 1978 and that there are no financial implications for the multiannual financial estimates.

For this reason the Committee on Budgets can agree to the amendment of this Regulation. However, the committee responsible must undertake the final assessment of the content of this proposal.

Yours sincerely

(sgd) Erwin Lange

Present: Mr Lange, chairman; Mr Amadei (deputizing for Mrs Dahlerup), Lord Bruce of Donington, Mr De Clercq (deputizing for Mr Kofoed), Mr Früh, Mr Radoux, Mr Schwabe (deputizing for Mr Maurice Faure), Mr Terrenoire, Mr Vanvelthoven and Mr Würtz.

