

# European Communities

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## EUROPEAN PARLIAMENT

# Working Documents

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6 December 1977

DOCUMENT 410/77

## Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 389/77) for a regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 2601/69 laying down ~~special~~ measures to encourage the processing of certain varieties of oranges

Rapporteur: Mr E. PUCCI

PE 51.161/fin.



By letter of 11 November 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 Council regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No. 2601/69 laying down special measures to encourage the processing of certain varieties of oranges.

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 Pucci rapporteur.

It considered this proposal at its meeting of 22/23 November 1977 and at the same meeting adopted the motion for a resolution and the explanatory statement by ten votes to none with one abstention.

Present : Mr Houdet, chairman; Mr Liogier, vice-chairman, Mr Pucci, rapporteur; Mr Albertini, Mr Dewulf, Mr Durand, Mr Früh, Mr Guerlin, Mr Klinker, Mrs Krowel-Vlam, Mr Vitale.

The opinion of the Committee on Budgets will be published separately.

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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 Council regulation amending Regulation (EEC) No. 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No. 2601/69 laying down special measures to encourage the processing of certain varieties of oranges

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 Article 43 of the EEC Treaty (Doc. 389/77),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 410/77),

Approves the Commission's proposal.

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<sup>1</sup> OJ No. C 274, 15 November 1977, page 2

EXPLANATORY STATEMENT

1. The Commission proposal to amend Regulations Nos. 1035/72 (fruit and vegetables) and 2601/69 (processing of oranges) is of an essentially technical nature and comprises five main points:

Articles 1 and 2

2. Fixing of the date of the beginning and the end of the marketing year for fruit and vegetables subject to the intervention system or for which a reference price exists (tomatoes, cucumbers, cherries, peaches, cauliflowers, table grapes, plums, pears, lemons, apples and oranges): these dates are not laid down in basic Regulation No. 1035/72, and experience acquired by the Commission has revealed the need to fix the marketing year, particularly in the light of 'green currency' fluctuations and the resulting implications for price levels.

Article 3

3. With regard to table grapes, the conversion factors applied in calculating the withdrawal price are to be adjusted, in order to prevent the production of wine from these grapes which is subsequently sent for obligatory distillation; a better balance will thereby be established between this withdrawal price and that obtained from distillation.

Article 4

4. The amendment of Article 23(2) (reference price for citrus fruit) of basic Regulation No. 1035/72 on fruit and vegetables is undoubtedly the most important of the five amendments proposed. At its meeting of 25 and 26 April 1977 devoted to the 1977/78 farm price review, the Council of Ministers had noted the Commission's undertaking<sup>1</sup>,

'to examine

- the method of calculating the reference prices in the relevant Management Committee;
- as regards citrus fruit, the link between the trend of basic and buying-in prices, reference prices and marketing premiums; following this examination an appropriate proposal could, if necessary, be submitted to the Council'.

<sup>1</sup> See PE 48.829, p. 10

This examination has now been completed and it is proposed to amend Article 23(2). This stipulated that the reference price for citrus fruit (oranges, mandarins, tangerines, etc.) subject to financial compensation (the 'penetration premium') was frozen at the level of the previous marketing year, but could be adjusted by a percentage not exceeding the difference between the percentage increase in the basic and buying-in prices and the percentage increase in financial compensation. To take a practical example, if for 1977 the change in the basic and buying-in prices equalled the increase fixed by the Council for financial compensation (+3.5%), the resulting difference would be zero and the reference price would therefore remain unchanged at the level of the previous marketing year. Where the increase x was greater than 3.5%, the increase in the reference price could not exceed the percentage difference between x and 3.5%.

Under the terms of the amendment now under consideration, the reference price for citrus fruit may be increased by a percentage equal to the difference between, firstly, the percentage increase in the reference price theoretically applicable to these products on the basis of the general criteria laid down in the basic regulation for fruit and vegetables and secondly, the percentage increase in financial compensation decided by the Council.

This change in the mechanism ought to ensure more effective protection of Community producers against excessively low-priced imports from third countries where labour and production costs are lower than in the Community. For the 1977/78 marketing year, however, the reference price calculated on the basis of the new mechanism will apply to reference prices which have not yet been fixed on the date of the entry into force of the proposed regulation.

#### Article 5

5. The amendment of Articles 25, 25(a) and 26 of the basic regulation on fruit and vegetables concerns the countervailing charges applied in cases of non-compliance with the reference price by third countries. In order to avoid the complications which have arisen in the past from the application of a single charge, the Commission proposes that, even if the products in question come from different third countries, the situation of each exporting country should henceforth be treated separately. This would preclude the need for repeated adjustments to the amount of the charge on the basis of fluctuations in the entry prices recorded in the various countries, and would thus remove a source of uncertainty and concern among traders.

## Article 6

6. The last amendment proposed, concerning Article 3 of Regulation No. 2601/69, is also of a technical nature, laying down a new basis for calculating the financial compensation granted to processors of certain varieties of EEC oranges. One of the criteria applied up to now has been the 'price which processors usually pay for their supplies', in other words the price of the quantities of oranges not covered by the contracts fixed before the beginning of the marketing year on the basis of a guaranteed minimum price for producers and for which compensation was not paid.

Given that the system of financial compensation has now been extended to all quantities of oranges used by the processing industry, the price of all these quantities has, in practice, become identical to the minimum prices fixed in the contracts, to which the second factor for calculating compensation - the normal non-contract price - has not been applied. The proposed amendment stipulates that compensation will be fixed at a level such that the difference between the minimum price paid to producers and the financial compensation does not vary in relation to that recorded for the previous marketing year by a percentage exceeding the variation in the minimum price. Any increase or decrease in the minimum price will thus be reflected in the compensation. However, the Commission could well have drawn up a more simply-worded text, merely stating, for example, that: 'the level of financial compensation shall not vary from one marketing year to another by a percentage exceeding the percentage variation in the minimum price'.

## Observations

7. There is nothing in this proposal to prevent its approval by the Committee on Agriculture, given its mainly technical nature, limited scope and negligible financial incidence.

However, these amendments cannot be expected to provide a lasting solution to the problems of Community fresh fruit and vegetables and, in particular, citrus fruit, as they will merely help to bring about a technical improvement in the functioning and management of the present organization of the market in this sector.

8. Your rapporteur points out that the problems of fruit and vegetables have also been recently raised and considered in the Committee on Agriculture, in particular during the discussion on the report by Mr Ligios on Mediterranean agriculture<sup>1</sup>. These are serious problems caused by

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<sup>1</sup> PE 50.002

structural defects in production and marketing, resulting in low incomes and dissatisfaction among producers. These difficulties also affect consumers, who have to pay high prices, even though considerable quantities of these products are eventually destroyed.

9. Without wishing to go into these problems in detail, we would repeat once again the demands made by Community producers, who fear that their position may be made untenable by the projected enlargement of the Community:

- for citrus fruit, the adoption of measures designed to protect certain specialized productions at present excluded from the regulations such as bergamot oranges, citrons and grapefruit; further Community intervention measures, above all in the processing sector, to facilitate the disposal of Community production; a study of ways of increasing the effectiveness and speeding up the implementation of existing Community restructuring and conversion measures;
- for all other fruit and vegetables, a radical change in the reference price mechanism, to ensure more effective protection;
- extension of existing provisions and aid in respect of producer organizations;
- aid to promote conversion, on the lines of the current 'citrus fruit plan', to varieties produced in insufficient quantity;
- extension of the measures contained in the basic regulation to other fruit and vegetables at present excluded from it.

10. While approving the proposal under consideration, the Committee on Agriculture stresses that if it is not to deteriorate in the future, the present situation in respect of Community fruit and vegetables can only be tackled effectively by large-scale intervention measures such as those outlined above, of a structural nature but backed up by appropriate support measures.

