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### Report

drawn up on behalf of the Committee on Agriculture

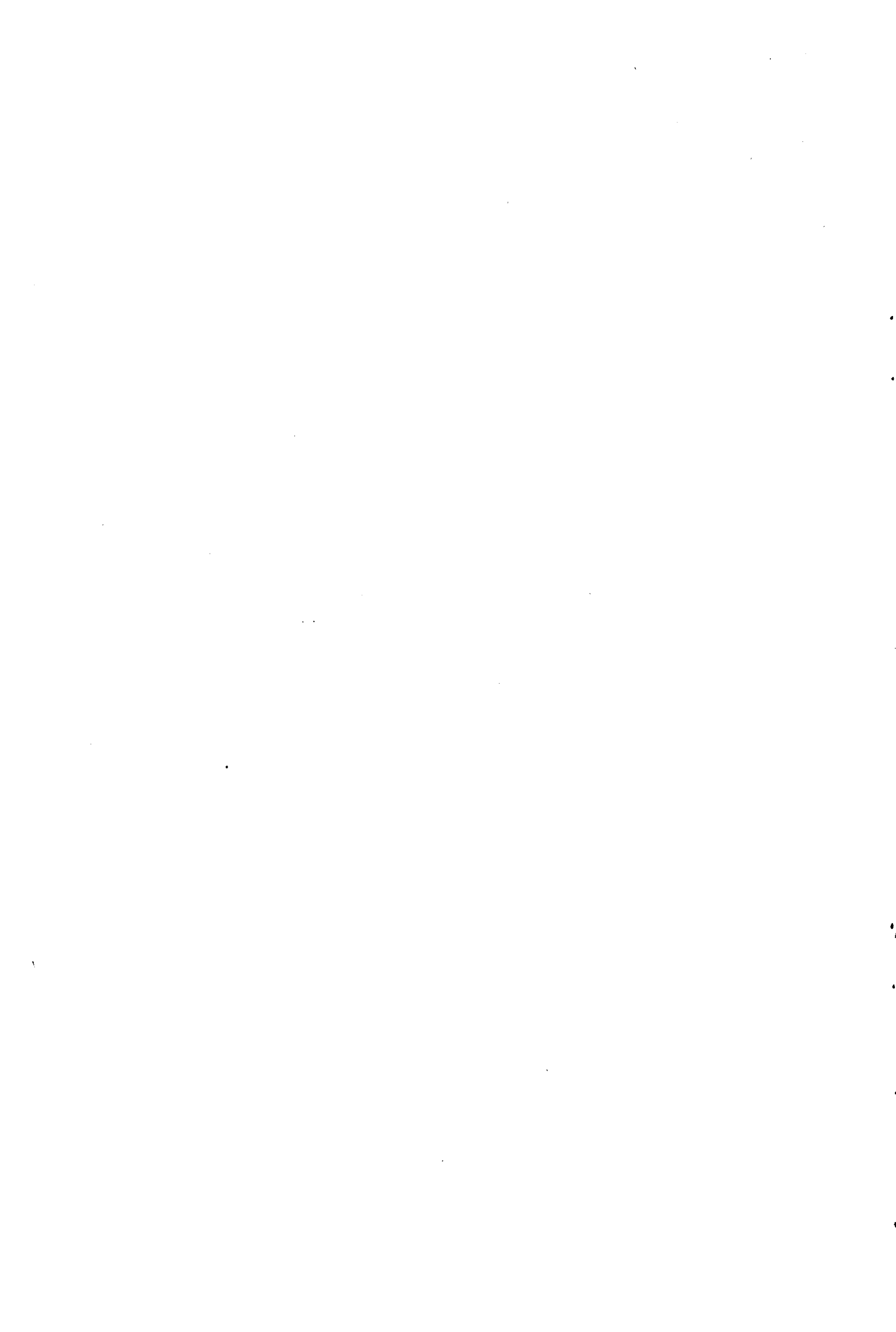
on the proposal from the Commission of the European Communities to the Council (Doc. 182/76) for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1975 harvest

Rapporteur : Mr I. FRÜH

PE 45.190/fin.

1.2.1

EP 76-77 221



By letter of 21 June 1976 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 the aid to producers for the 1975 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.

On 5 July 1976 the Committee on Agriculture appointed Mr Früh rapporteur.

It considered this proposal at its meeting of 6 July 1976 and adopted the motion for a resolution by 12 votes to 1 with 2 abstentions.

Present: Mr Houdet, chairman; Mr Laban and Mr Liogier, vice-chairmen; Mr Früh, rapporteur; Mr Boano, Mr Brégégère, Mr Frehsee, Mr Haase, Mr Howell, Mr Hughes, Mrs Kellet-Bowman (deputizing for Mr Scott-Hopkins), Mr Kofoed, Mr de Koning, Mr Suck and Lord Walston.

The opinion of the Committee on Budgets will be given orally.

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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 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 1975 harvest

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. 182/76),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 221/76 ),

approves the Commission's proposal.

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<sup>1</sup> OJ No. C 149, 1.7.1976, p.2

EXPLANATORY STATEMENT

1. Regulation No 1696/71 provides that every year before the end of April the Commission shall submit a report on the situation in regard to price trends, developments in hop gardens, production and requirements. If necessary a decision is taken before the end of June on the amount of aid to be granted per hectare for the previous year's harvest. Although it was once again impossible this year to meet the prescribed deadlines, it should be noted that the report and the proposal for a regulation were submitted to Parliament by the Council on 25 June, whereas last year they were not received until mid-August.
2. The purpose of the aid is to help ensure that hop growers earn a fair income. Generally speaking growers should be able to obtain their income from the sale of their products. This is possible only if the balance between supply and demand on the hop market is such as to ensure reasonable prices. A long-term disruption of the market or the production of varieties of hops for which there is no longer a demand from the breweries inevitably results in a decline in revenue.
3. It is clear from the figures provided by the Commission that the trend towards surplus production first noted in 1972, coupled with an accumulation of reserve stocks on the world and Community markets, has been intensified. A detailed analysis of the position reveals two main causes : a decline for technical reasons in the rate of increase of demand, combined with reconversion to varieties rich in alpha acids, and a rise in production in recent years with growers failing to adjust early enough to the altered situation.

In previous years, therefore, aid has already been granted to hop growers to make up for the substantial drop in their incomes caused by falling prices.

4. A rational policy for the hop market should be aimed at adapting production to the market in such a way that the producer can earn a fair income from his harvest as far as possible without aid. Present production structures, changes in demand, and increased stocks mean that this is not the case at the moment.

Policy must therefore be to provide additional incentives to ensure, as soon as possible, a fair income for the hop grower and

a regular supply for the consumer of the products he requires.

There are three possible ways of achieving this :

- By amending the basic regulation<sup>1</sup> it should be possible to ensure in the medium term that supply and demand are brought into line by adjusting production potential to market requirements.
- In the short term measures should be taken which would have a direct effect on hop supplies from the current year's harvest<sup>2</sup>.
- The amount of aid must be such that it effectively compensates for the reduction in the producer's income without further stimulating production.

5. The European Parliament has already delivered an opinion on the first suggestion<sup>3</sup>. The second is dealt with in a separate report and the third is the subject of the present report.

The Commission's report indicates that the revenue from the 1975 harvest is once again lower than the previous year's revenue. Taking into account the considerable rise in production costs in this period and the above-average inflation rate, it will be seen that the loss of income has been substantial. Finally, attention should be drawn to the measures taken by the producers' associations to stabilize the market in the Community's main production area with the help of Community aid, which were to some extent successful in stabilizing prices, but could not be applied to hops - approximately 80% of total production - sold under forward contract.

For the majority of varieties grown in the Community, the amount of aid proposed by the Commission will, broadly speaking, bring the average revenue up to the same level as the previous year.

Aid will, furthermore, be limited for each variety to an amount corresponding to the areas under that variety in 1974; new plantings will not, therefore, qualify for aid.

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<sup>1</sup> See Commission proposal (Doc. 562/75) and report by Mr FRÜH (Doc. 156/76) on behalf of the Committee on Agriculture.

<sup>2</sup> See COM(76) 265 final - proposal for a regulation laying down special measures for stabilizing the market in hops and draft report by Mr FRÜH (PE 45.190)

<sup>3</sup> See report by Mr FRÜH (Doc. 156/76) on behalf of the Committee on Agriculture and resolution adopted on 18.6.1976.

6. In view of the foregoing remarks, it might be questioned whether the amount of aid proposed will be sufficient to ensure a fair income for hop growers. However, since the basic regulation stipulates that the aid must take account of market trends and their effect on the future income of hop growers, this year's aid should go a long way to meeting this dual objective. At the same time the Commission should give careful consideration to the possibility of making minor adjustments in the case of specific varieties to avoid discriminating against certain groups of hop growers.

7. Subject to the above comments, the Committee on Agriculture recommends that Parliament should approve the Commission's proposal.