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EUROPEAN PARLIAMENT

# Working Documents

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15 November 1976

DOCUMENT 420/76

## Report

drawn up on behalf of the Committee on Agriculture

on the amendments to the proposal from the Commission of the European Communities to the Council (Doc. 340/76) for a regulation amending Regulation (EEC) No. 1696/71 on the common organization of the market in hops

Rapporteur: Mr I. FRÜH

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PE 46.242/fin.



By letter of 30 September 1976, the President of the Council of the European Communities requested the European Parliament, pursuant to Articles 42, 43, 113 and 235 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 Regulation (EEC) No. 1696/71 on the common organization of the market in hops.

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 30 September 1976 the Committee on Agriculture appointed Mr Früh rapporteur.

It considered this proposal at its meeting of 4/5 November 1976.

At the same meeting the committee adopted the motion for a resolution by 11 votes to none with 5 abstentions.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mr Früh, rapporteur; Mr Brégégère, Mr Frehsee, Mr Gerlach (deputizing for Mr Hansen), Mr Haase, Mr Hughes, Mr de Koning, Mr Martens, Mr Ney, Mr Pisoni, Mr Pistillo, Mr Pucci, Lord St. Oswald and 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 amendments to the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops

The European Parliament,

- having regard to the amendments to the proposal from the Commission of the European Communities to the Council<sup>1</sup>,
  - having been consulted by the Council pursuant to Articles 42, 43, 113 and 235 of the EEC Treaty (Doc. 340/76),
  - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 420/76),
1. Approves the Commission's proposal subject to the following amendments;
  2. Requests the Commission to specify in Article 10a of its proposal the measures which may be taken in the event of market imbalance;
  3. Calls on the Commission to incorporate the proposed amendments in its proposal pursuant to Article 149, second paragraph, of the EEC Treaty.

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<sup>1</sup>OJ No. C 240 of 13.10.1976, p.7

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Council regulation  
amending Regulation (EEC) No 1696/71  
on the common organization of the market in hops

Preamble, recitals and Articles 1 to 4 unchanged

Article 5

Article 5

Paragraphs 1 and 2 unchanged

3.

3.

Sub-paragraphs (a), (b), (c), (d) unchanged

(e) include in their statutes provisions aimed at ensuring that the members of a group or union who wish to give up their membership may do so after a three-year period of membership and provided that they inform the group or union of their intention at least 2 years before they leave; these provisions shall apply without prejudice to the national laws or regulations designed to protect, in specific cases, the group or union or creditors thereof against the financial consequences which might arise from a member leaving, and prevent a member from leaving during the budgetary year;

deleted

The rest unchanged

Articles 6 to 12 and Annex unchanged

EXPLANATORY STATEMENTObjective

1. The aim of the amendments to the basic Regulation<sup>1</sup> is to reduce the structural surpluses on the hop market and to establish a balance between supply and demand.

Means

2. - For a fixed period, any increase in the area under hops is to be prohibited.

- Aid granted to varietal conversion and the reorganization of hop gardens is to be extended provided that such operations entail a reduction of at least 40% in the area concerned.

- In cases where there is a danger of creating surpluses or of a disturbance in the supply structure of the market, the Council and the Commission may take any measure needed to prevent market imbalance.

Assessment

3. In February this year the Commission proposed certain amendments to the basic regulation, on which Parliament delivered its opinion on 18 June 1976 on the basis of a report by the Committee on Agriculture<sup>2</sup>. These amendments, whose introduction had also been strongly urged by the European Parliament<sup>3</sup>, were intended to adjust hop production to actual market requirements. Essentially this was to be achieved by improving quality, strengthening the position of the producer groups and extending the availability of aid for varietal conversion.

4. In view of the significant deterioration of the hop market and rapid decline in producer incomes, in June 1976 the Commission was obliged to propose special measures to stabilize the market, which, if possible, were to

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<sup>1</sup> Regulation (EEC) No 1696/71 of 26 July 1971 on the common organization of the market in hops, OJ No. L 175, 4 August 1971

<sup>2</sup> See report by Mr Früh (Doc. 156/76) of 14 June 1976 on behalf of the Committee on Agriculture

<sup>3</sup> See report by Mr Früh (Doc. 288/75) of 11 October 1975 on behalf of the Committee on Agriculture

have an immediate regulating effect on the next harvest. Producers were to be persuaded to relinquish part of the 1976 hop harvest. Those who agreed to restrict their production in this way and at the same time undertook to implement before the 1976 harvest operations of varietal conversion and the reconstructing of their hop gardens, were to be granted aid calculated per hectare.

5. Finally, in its resolution of 20 July 1976<sup>1</sup> the Council undertook to decide by 15 December 1976 on the Commission's proposals to prohibit any increase in the area under hops and to extend the availability of conversion aid.

6. Discussions among experts and also in your committee clearly revealed that the non-harvesting premium was not considered an effective means of stabilizing the market. The Commission withdrew the relevant proposal and, pursuant to the Council resolution, submitted the present proposal<sup>2</sup> to the Council.

7. It had already been pointed out during an exchange of views in the Committee on Agriculture on adjustments to the market organization, that market balance could best be restored by introducing, for a fixed period, a freeze on the existing area under hops. This prohibition would have to be accompanied by better adjustment of production to market requirements with a simultaneous reduction of the area being converted to the new, more productive varieties.

8. Article 5(3) lays down the conditions governing the recognition of producer groups. In its opinion on the amendments to the basic regulation Parliament deleted sub-paragraph (e) of this article and amended sub-paragraph (h). Although the Commission adopted the amendment to sub-paragraph (h), it rejected Parliament's proposals concerning sub-paragraph (e) and in fact made the conditions contained therein more stringent. We therefore again propose that this provision be deleted.

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<sup>1</sup> Council Resolution of 20 July 1976 on the new guidelines for stabilizing the market in hops, OJ No. C 176, 31 July 1976 p.3

<sup>2</sup> See Doc 340/76 Amendments to a proposal for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops



9. Article 7 contains a prohibition for a fixed period on any increase in the area under hops. This article also provides for the continuation of the aid of conversion, linked to a corresponding reduction in the area under cultivation. This proposal is in line with the opinions expressed in your committee. However, particular emphasis must be laid on the responsibility of the Member States to keep a check on the implementation of these measures. According to information from the Commission the Member States and the producer associations have at their disposal the necessary means for effective supervision. However, since the aid for conversion is partly financed from Community funds, the Commission should also be given an opportunity of exercising control.

The increase in aid per hectare to meet rising costs is totally justified.

10. A new article 10 a enables the Commission and the Council 'in cases where there is a danger of creating surpluses or of a disturbance in the supply structure of the market ..... to take any measure needed to prevent market imbalance.'

This gives the Community institutions the legal authority to use all appropriate means to correct any persistent disruption of market balance. This possibility of introducing far-reaching measures affecting market organization has the disadvantage that the producers are unaware which measures may be taken to reorganize the market. The possible consequences of over-production could be made quite clear to growers by the prior publication of the means of intervention open to the Community institutions.

On the other hand, it cannot be completely ruled out that a particular situation may necessitate the implementation of certain measures which could not previously have been envisaged. One possible practical solution might be for the text of the regulation to name the classical measures, such as the non-marketing premium, export aid, etc, as the principal options, without excluding the possibility of additional measures in exceptional cases. Your committee urges the Commission to consider and include in its proposal a corresponding amendment to Article 10 a.

11. Subject to the proposed amendments your committee recommends that the proposal for a regulation be approved.

