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Report

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drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 39/73) for a regulation amending Regulation No. 121/67/EEC as regards the price recorded for pig carcasses in the Community

Rapporteur: Senator Charles B. McDonald

By letter of 18 April 1973, 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 amending Regulation No. 121/67/EEC as regards the price recorded for pig carcasses in the Community.

The President referred this proposal to the Committee on Agriculture.

The Committee on Agriculture appointed Senator McDonald rapporteur. It considered the proposal at its meeting of 3/4 May 1973. At the same meeting the committee unanimously adopted the motion for a resolution and explanatory statement.

The following were present: Mr Houdet, chairman; Senator McDonald, rapporteur; Mr Baas, Mr Brugger, Mr Cifarelli, Mr Frehsee, Mr Früh, Mr John Hill, Mr Hilliard, Mr Ligios and Miss Lulling.

C O N T E N T S

	<u>Page</u>
A. Motion for a Resolution	5
B. Explanatory Statement	7

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 amending regulation no. 121/67/EEC as regards the price recorded for pig carcasses in the Community

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (Doc. COM(73) 474 fin.),
 - having been consulted by the Council, pursuant to Article 43 of the EEC Treaty (Doc. 39/73),
 - having regard to the report of the Committee on Agriculture (Doc. 48/73),
1. Approves the proposed regulation;
 2. Instructs its President to forward this resolution and explanatory statement to the Council and Commission of the European Communities.

EXPLANATORY STATEMENT

1. Pursuant to Article 4,2 of Regulation No. 121/67 on the common organization of the pigmeat market, intervention measures may be taken when, on the representative markets of the Community, the average price for pig carcasses is below 103% of the basic price. Under this method the average price was hitherto determined on the basis of the average price calculated per Member State. That meant that the proportion of pigs in a given Member State in relation to the total stock in the Community was not taken into account. For instance, the proportion in the Federal Republic of Germany in relation to the total stock of pigs in the Community of the Nine is 28.7%, while in Luxembourg it is only 0.2%.

If the average prices on representative markets are used as the basis of fixing the average prices which give rise to intervention measures to maintain market prices, then the price achieved on a very tiny sector of the market has the same power as a price determined on an incomparably larger sector.

In practice the smaller market is generally very much better organized and more stable, enabling it to avoid major price fluctuations and maintain a fairly high price level, while the larger market is subject to major price fluctuations as a result of fluctuating supply and demand and swings down to a lower price level. If the share of a national market in the total market is not taken into account, that means that the higher average price fixed on a relatively small market can produce an excessive rise in the average price calculated on the total market, thereby preventing the necessary intervention measures in certain sectors of the market.

2. The amended method of calculation proposed here is designed to remove this problem by taking account of the relative national share in the market when prices are fixed. This adapts prices more closely to market realities and makes the intervention mechanism, which is an important market and price regulator, more sophisticated.

3. This amendment to the basic regulation can therefore be regarded as improving existing market mechanisms and deserves Parliament's approval.

