

EUROPEAN PARLIAMENT

Working Documents

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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. 179/73) for a regulation fixing the target price and the intervention price for olive oil for the 1973/1974 marketing year.

Rapporteur: Mr Jan de KONING

PE 34.261/fin.

By letter of 28 September 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 for a Regulation (EEC) of the Council fixing the target price and the intervention price for olive oil for the 1973/1974 marketing year.

On 4 October 1973 the European Parliament referred this proposal to its Committee on Agriculture.

On 12 September 1973 the Committee on Agriculture appointed Mr De Koning rapporteur.

The Committee discussed the proposal for a regulation at its meeting of 10 October 1973, when it also adopted the following motion for a resolution by 7 votes to 2, with 1 abstention.

The following were present: Mr Houdet, chairman; Mr De Koning, rapporteur; Mr Baas, Mr Brugger, Mr Creed, Mr Durieux, Mr Früh, Mr Gibbons, Mr John Hill, Mr Jakobsen and Mr Laban.

The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution:

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 fixing the target price and the intervention price for olive oil for the 1973/1974 marketing year.

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM (73)1630 fin.);
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 179/73);
 - having regard to the report of the Committee on Agriculture (Doc. 200/73);
1. Approves, especially taking into account the market analysis drawn up by the Commission for the 1973/1974 marketing year, the fixing of the market target price and the intervention price at the level proposed by the Executive;
 2. Deeply regrets that the Commission has omitted to couple the above proposals with proposals for improved operation of the system of subsidies for producers;
 3. Considers that the fixing of the prices in question for the 1974/75 marketing year should be made dependent on the establishment of more detailed implementing provisions for the calculation and granting of such subsidies, and therefore strongly urges the Commission to expedite the submission of the proposals in question;
 4. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTI - The proposal for a regulation

1. The present proposal and the Commission's explanatory memorandum have prompted the following observations on the part of the rapporteur.

Article 6 of Reg. 136/66 establishes the principle that the market target price shall be fixed at a level which will permit normal marketing of the products, i.e. it should be fixed as closely as possible to the actual market price. This means that the market prospects for olive oil in the period for which the prices are fixed are the chief consideration.

It also means that the amount of subsidy to producers, i.e. the difference between the production target price and the market target price (Reg. 136/66, Art. 10), is determined primarily by the production target price (which reflects the aims of Article 39 of the EEC Treaty). The production target price, with its wider margin of assessment, is thus more political in character than the market target price.

2. Insofar as the market target price is fixed in the light of estimates of future market trends, it may in practice differ from the actual market price.

In other words, if the actual market price remains below the market target price the subsidy may not cover the difference between the market target price and the production target price. Conversely, if the real market price rises above the market target price, as in 1972/1973, the subsidy is greater than intended in Regulation 136/66.

In this way producers qualify for subsidies which may sometimes be too low and sometimes too high. It is worth noting at this point that relatively low market prices in any one year will almost automatically lead to a lower market target price in the subsequent year. The opposite is true of the present proposal for a market target price.

3. At the same time the market target price unquestionably exerts a certain influence on the actual market price, on the understanding that a relatively low market target price may in itself tend to depress

prices and thus widen the gap in relation to the production target price.

4. The rapporteur is aware of the fact that the present proposal, which is mainly of interest to Italy, comes at a time when Italian agriculture is having to contend with very great problems.

In this connection reference should also be made to the proposals now being worked by the European Commission, the aim of which is to find a comprehensive solution to this undeniable problem.

5. In view of the fact that the Council has already fixed the production target price¹, and taking into account the European Commission's market analysis with which the Commission prefaces and supports its proposal for a regulation, your rapporteur concludes that the present proposal should be accepted.

The market analysis also leads one to conclude that further comment on the fixing of the intervention price for 1973/1974 is superfluous as there will be no need for intervention.

II. Granting of subsidies

6. In 1972 the Commission's proposals for, inter alia, the market target prices for 1972/1973² were accompanied by an ambitious attempt to simplify and improve the calculation and granting of subsidies for producers. Both proposals received considerable attention in Parliament, a fact borne out by the lengthy resolution devoted to the subject on 13 October 1972³. The pressing arguments for reform put forward at the time by the Commission in its explanatory memorandum met with general approval in Parliament.

Your rapporteur was, therefore, surprised to find that this still urgent question is not touched on at all in the present explanatory memorandum.

This is one reason why the rapporteur accepts, initially, the

¹ 137.17 u.a./100 kg; Reg. 1355/73

² Doc. 142/72

³ OJ C 112/72, pp. 42 ff.

present somewhat moderate proposed market target price.

Furthermore, he regrets that , along with the present price proposals, the European Commission is not able to make another attempt at least to prompt the Council to take a decision on this matter.

All in all, the rapporteur considers that the objective of efficient management of the olive oil market can no longer be put off and should be linked with the present proposals for the fixing of prices.