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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. 307/73) for a regulation establishing a system of production aids for tinned pineapple, processed from fresh pineapples

Rapporteur: Mr Albert LIOGIER

PE 35.520/final

By letter of 21 December 1973 the Council of the European Communities consulted the European Parliament, pursuant to Article 43 of the EEC Treaty on the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of production aids for tinned pineapple processed from fresh pineapples.

At its meeting of 14 January 1974 the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and the Committee on Budgets as the committee asked for its opinion.

The Committee on Agriculture appointed Mr Liogier rapporteur and considered the proposal at its meeting of 15 January 1974.

The Committee on Budgets considered the proposal and delivered its opinion at its meeting of 15 January 1974.

At its meeting of 24 January 1974 the Committee on Agriculture adopted the following motion for a resolution by 19 votes in favour with two abstentions.

The following were present: Mr Vetrone, vice-chairman, acting chairman; Mr Liogier, rapporteur; Mr Baas, Mr Bourdelles (deputizing for Mr Durieux), Mr Cipolla, Mr Creed, Mr Della Briotta (deputizing for Mr Cifarelli), Mr Durand (deputizing for Mr Houdet), Mr Frehsee, Mr Früh, Mr Gibbons, Mr John Hill, Mr Kavanagh, Mr Lemoine, Miss Lulling, Mr McDonald (deputizing for Mr Lücker), Mr Mitterdorfer (deputizing for Mr Brugger), Lord St. Oswald, and Mr Scott-Hopkins.

The opinion of the Committee on Budgets is attached.

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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 establishing a system of production aids for tinned pineapple, processed from fresh pineapples.

The European Parliament

- having regard to the proposal from the Commission of the European Communities to the Council¹
 - having been consulted by the Council pursuant to Article 43 of the Treaty establishing the EEC (Doc. 307/73);
 - having regard to the report of the Committee on Agriculture, and the opinion of the Committee on Budgets (Doc. 358/73);
1. Approves the Commission's proposal,
 2. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

¹
O.J. No C8, 31 January 1974, p.31

EXPLANATORY STATEMENT

1. The common organization of the market in products processed from fruit and vegetables established by the Council in 1968 (Regulation No 865/68, O.J. No L 153 of 1 July 1968) lays down that imports of these products to the Community shall be subject to a levy on the various added sugars and to the customs duty of the Common Customs Tariff.

The products covered by these arrangements include those falling within Subheading 2006 B of the Common Customs Tariff, namely pineapples prepared or preserved with or without the addition of sugar or spirit.

2. Moreover, in 1969 the Commission submitted to the Council a regulation unifying the import arrangements for products processed from fruit and vegetables. This regulation repeated and supplemented the trade policy provisions already laid down in the 1968 proposal, which provided for the abolition of quantitative restrictions (in force by virtue of national legislations) against third countries by establishing a floor price for certain sensitive products. These proposals gave rise to long and difficult discussions in the Council.

3. At its meeting of 19 June 1973 the Council, considering the problem of what concessions should be offered to third countries under Article XXIV paragraph 6 of GATT (concessions following the enlargement of the Community) and to the Mediterranean countries, laid down that the arrangements in respect of products processed from fruit and vegetables should be liberalized with the proviso that, in order to avoid imports at excessively low prices, minimum or 'floor' prices should be maintained for certain 'sensitive' products.

Pineapples, which in the Community are produced only in Martinique, are not classified as 'sensitive' products. In order to maintain pineapple production, which is quite an important factor in the Martinique economy, the Council agreed, as stated in the explanatory memorandum of the proposed regulation under consideration, to examine the possibility of granting financial compensation to Community production.

4. This is the objective of the present proposal for a regulation, which lays down that aid, to be fixed each year by the Council, shall be granted to processors who undertake to pay at least a minimum price, also fixed by the Council, for fresh pineapples harvested in the Community. (Art. 1 to 4).

The regulation sets forth the general conditions of eligibility for this aid (Art. 5), while the implementing procedures will be fixed by the Management Committee for products processed from fruit and vegetables (Art. 6).

5. The explanatory memorandum of the proposal indicates that the aid, which will be based on world and Community supplies, would involve the EAGGF in expenditure of 2 m u.a. and amount to a maximum of 2.5 m u.a. for a production figure of 12,000 t of preserved pineapples.

6. In this connection the Committee on Budgets, in its Opinion, criticized the financial schedule on the grounds of inadequacy, while the Committee on Agriculture also thought it necessary to carry out a more detailed study of the economic situation as regards production in Martinique and the other producing countries and also of the terms on which processed pineapples are imported into the Community.

7. It should be pointed out first of all that the production figures for Martinique are roughly 10,000/12,000 t a year as opposed to world production figures of about 2 million t. The major producers are the United States, Hawaii, Brazil, Taiwan, and the Ivory Coast; traditional imports to the Community may be broken down as follows: 60,000 t a year from the Ivory Coast; 41,000 t from South Africa; 21,000 t from the Philippines and Hawaii and 20,000 t from Taiwan.

8. There is a fairly large difference between production costs in Martinique and the other producing countries, due mainly to the differences in wages and social charges. Thus, a ton of fresh pineapples produced in Martinique costs about 90 u.a. as opposed to about 27 u.a. for a ton produced in the Ivory Coast.

9. In view of these differences in the price of fresh fruit, the price of supplies of processed fruit on the world market is such that the aid proposed appears necessary to ensure that processors pay the same prices as paid to producers of fresh pineapples in Martinique. Any processor operating on Community territory will of course be eligible for the aid

the aid provided for in the proposed regulation but it is also clear that, taking account of the costs of transport, the real beneficiaries will be the undertakings based in Martinique.

10. As regards Article 7 of the proposal, which provides for the application of Article 40 (4) of the Treaty (participation of the Guarantee Section of the EAGGF) to the French Overseas Departments in respect of pineapple preserves and which seems contradictory to Article 227 of the Treaty since paragraph 2 of the latter excludes the application of Article 40 (4) to such departments, it should be noted that:

Article 227 (2) of the EEC Treaty distinguishes two categories of provisions:

- (a) those mentioned in the first subparagraph, which were applicable without restriction as soon as the Treaty entered into force; and
- (b) the other provisions of the Treaty, for which the Council had to determine the conditions of application within two years of the entry into force of the Treaty.

When the sugar regulations were adopted in 1967 (Provisional Regulation No 44/67 in O.J. No 40 of 3 March 1967 followed by Regulation No 1009/67 in O.J. No 308/67) the question arose as to whether the Council could still decide on the conditions of application of Article 40 (4) despite the expiry of the two-year deadline laid down by Article 227 (2). The conclusion was that Article 227, paragraph 2, subparagraph 2 did not confer an option but imposed an obligation on the Council. The fact that this obligation was not discharged within the timelimit set could not render it void.

This interpretation was adopted several times afterwards, not only in respect of Article 40 (4) but also, for example in respect of Article 100 (see Article 16 of the cocoa directive, O.J. No L228 of 16 August 1973, p.23).

11. In view of the above facts the Committee on Agriculture raises no objections to the proposed regulation under consideration and therefore delivers a favourable opinion.

OPINION OF THE COMMITTEE ON BUDGETS

Letter of 15 January 1974 from Mr SPENALE, Chairman
of the Committee on Budgets, to Mr HOUDET, Chairman of
the Committee on Agriculture

Dear Mr Houdet,

At its meeting of 14 January the Committee on Budgets considered the proposal for a Council regulation establishing a system of production aids for tinned pineapple, processed from fresh pineapples (Doc. 307/73).

The committee, which was consulted on this proposal on 11 January, delivered a favourable opinion on its basic content. However, it considered the financial statement annexed to the Commission's proposal extremely inadequate, particularly in regard to world prices, prices guaranteed to producers and the breakdown of expenditure according to the budgetary nomenclature.

Yours sincerely,

(sgd.) Georges SPENALE

The following were present: Mr SPENALE, Chairman; Mr AIGNER, Vice-Chairman; Mr ADAMS, Mr FABBRINI, Mr GERLACH, Mr MEMMEL, Mr MUELLER, Mr NOLAN, Mr PETRE, Mr PISONI, Mr POUNDER, Sir Brandon RHYS WILLIAMS

