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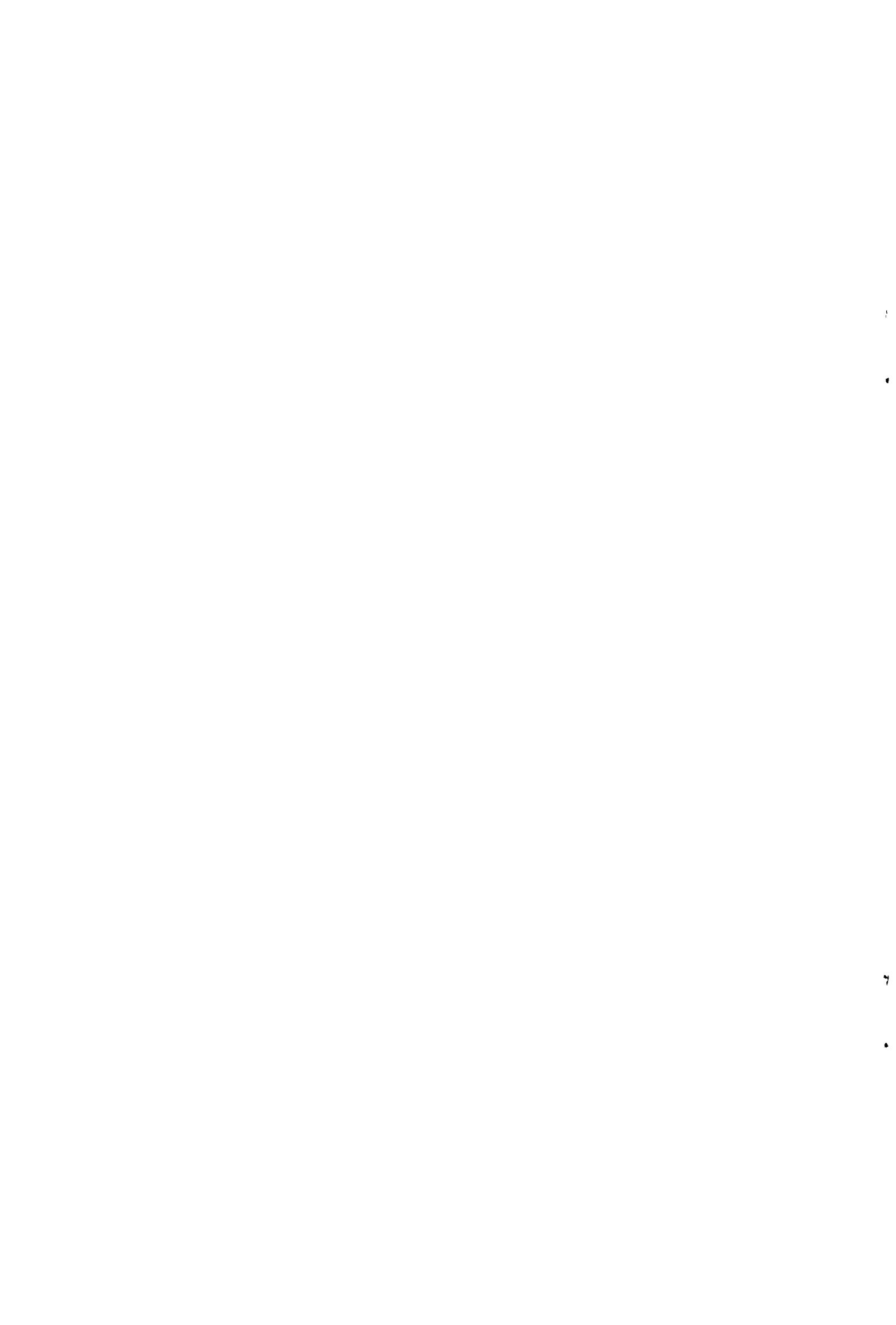
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Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 20/75) for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year

Rapporteur: Mr A. LIOGIER



By letter of 24 March 1975 the President of the Council of the European Communities consulted the European Parliament, pursuant to Article 43 of the Treaty establishing the EEC, on the proposal from the Commission of the European Communities to the Council for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year.

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 17 April 1975 the Committee on Agriculture appointed Mr Liogier rapporteur.

It considered this proposal at its meeting of 22 April 1975 and adopted the motion for a resolution by 13 votes and one abstention.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mr Liogier, rapporteur; Mr Baas, Mr Bourdellès, Mr Brégégère, Mr Frehsee, Mr Früh, Mr de Koning, Mr Martens, Mr Brøndlund Nielsen, Lord St Oswald, Mr Scott-Hopkins, Mr Zeller.

The opinion of the Committee on Budgets is attached.

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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 proposal from the Commission of the European Communities to the Council for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year.

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 EEC Treaty (Doc. 20/75),
 - having regard to the report of the Committee on Agriculture, and the opinion of the Committee on Budgets (Doc. 57/75);
1. Urges the Commission to submit further proposals on the system for fixing a common price for oil producers as soon as possible, in accordance with the European Parliament's repeated requests;
 2. Approves, **however**, the fixing of the market target price and the intervention price at the level proposed by the Commission for the 1975/1976 marketing year;
 3. Greatly regrets that the Commission of the European Communities has not accompanied this proposal by an analysis of the state of the olive oil market;

¹O.J. No. C.78, 9 April 1975, p.1

EXPLANATORY STATEMENT

1. The European Parliament has been consulted on a proposal for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year.

I. General remarks

2. Article 6 of Regulation No. 136/66 stipulates that the market target price must permit normal marketing products, in other words it must be as close as possible to the actual market price. This means that the forecasts concerning the state of the olive oil market during the period for which these prices have been fixed play an important part in the calculation.

3. It also means that the amount of subsidy granted to producers, in other words the difference between the production target price and the market target price, is determined primarily by the first of these prices. The production target price is established with reference to the objectives listed in Article 39 of the EEC Treaty; it is thus calculated according to broader and more politically-based criteria than the market target price.

4. Since, as has been mentioned above, the market target price is based on an estimate of market trends, the committee greatly regrets that this proposal for a regulation is not accompanied by an analysis of the state of the olive oil market. This would have enabled the European Parliament to give its opinion with all the relevant facts at its disposal.

5. The market target price may differ from the actual market price. If the actual market price is lower, the subsidy would not cover the whole of the difference in relation to the production target price. If the opposite is the case, the subsidy would be higher than the level laid down in Regulation No. 136/66.

The producers thus receive either too little aid or too much.

6. Finally, the committee wishes to recall a point to which it has referred in the past in connection with the system of aid to producers. It has frequently called attention to the complexities of the system of controls, which did not provide an effective check on the validity of applications for subsidy.

It therefore welcomes Council Regulation No. 154/75 on the establishment of a register of oil cultivation in the Member States producing olive oil,

which should ensure a more effective system of aid by making it possible to obtain the information necessary to assess the Community's potential production of olive oil. The costs involved in setting up the register are to be covered by withholding part of the aid granted to producers. The sum withheld for the 1973/1974 marketing year amounts to 1% of the aid, and 5% for the following marketing year.

II. Proposal for a regulation

7. On 10 and 11 February 1975, the Council adopted the following decisions concerning olive oil for the 1975/1976 marketing year:

- the production target price was fixed at 185 u.a./100 kg (for the 1974/1975 marketing year the amount was 144.03 u.a./100 kg);
- the production subsidy is to be maintained at a level corresponding to the amount in Italian lire received by the producers of that state for the 1974/1975 marketing year, i.e. 35.04 u.a./100 kg.

8. On the basis of the above decision the Commission proposed to fix the market target price for 1975/1976 at 149.96 u.a./100 kg. Compared with the target price for the preceding marketing year, the new price represents an increase of 48.10 u.a.

The committee takes note of this considerable increase, but wonders whether the trend towards higher prices should be encouraged in the future.

9. Finally, the intervention price has been fixed at 142.71 u.a./100 kg. Since the reasons which led to the fixing, for the 1974/1975 marketing year, of a difference of 7.25 u.a./100 kg between the market target price and the intervention price remain valid, the same difference is to be maintained for 1975/1976.

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10. In the course of the debate on the present motion for a resolution the Committee on Agriculture pointed out, as it had on many occasions in the past, that it had reservations as to the very principle of the present system for fixing a common price for oil producers.

It expressed the hope that the Commission of the European Communities would submit proposals to modify this unsatisfactory system as soon as possible. This request has been incorporated in the motion for a resolution.

In the light of the above observations, your committee requests the European Parliament to approve this proposal for a regulation.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from Mr Erwin LANGE, chairman, to Mr HOUDET, chairman of
the Committee on Agriculture

Brussels, 24 April 1975

Dear Mr Houdet,

At its meeting of 23 April 1975 the Committee on Budgets considered the proposal for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year (Doc. 20/75).

On the basis of the information supplied by the Commission the committee was not able to assess the effects of the proposed prices on the budget as a whole.

However, the verbal information given by the Commission at the meeting indicates that this proposal will not affect the expenditure of the EAGGF 'Guarantee' section.

The committee was given the following price and quantity figures for the previous year:

	<u>1974/75 Marketing year</u>	<u>1975/76 Marketing year</u>
Production target price	144.03	185.00
Production subsidy	42.17	35.04
Market target price	101.86	149.96

In the light of this additional information the Committee on Budgets decided in favour of the proposal.

Yours sincerely

Erwin LANGE