



# Fair Farm Incomes in a Balanced Budget

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Too high an increase in farm prices this year would put the Common Agricultural Policy in mortal danger and would bring the Community budget up to the 1% VAT ceiling within a year, Agriculture Commissioner Finn Gundelach told the European Parliament. He was unequivocal: "I repeat that I am not willing to assist the demise of the CAP".

Parliament agreed with his view and rejected the motion from its Agriculture Committee for an average 7.9% increase in farm prices, the same level advocated by the farmers. The latter were in Strasbourg in force on March 25, tearing down Member States' flags, with the Union Jack singled out for burning.

But exactly how high farm prices should be Parliament was unable to agree. A Liberal call for a 5% increase was rejected, while the Commission's own proposal for 2.4% was equally unable to find a majority. Parliament sought a fair income for farmers, measures to bring markets back into equilibrium, and was for keeping the increase in expenditure within limits compatible with a sound balanced budget.

The problem facing the house was what the Agriculture Commissioner called "to reconcile the irreconcilable". The need to stop the decline in farmers' incomes and falling employment in agriculture had to be balanced against the problem of surplus food production and the need for budgetary restraint. Rapporteur Charles Delatte (Lib/Fr) put the majority view of the Agriculture Committee on March 24. The aim of the CAP, he said, was to unify prices and markets, but operating against this were surpluses and currency fluctuations. Monetary Compensatory Amounts, both positive and negative (which aim to even out the fluctuations), are now counter-productive, he argued, and should be phased out. The European Monetary System should be the answer. He cited four reasons for a 7.9% increase in farm prices: the cost of the CAP was not as high as was claimed; many of the costs, (such as consumer and export subsidies) did not really involve agriculture so that the real cost of the CAP was only 40% of the budget; the increase recommended would only raise the VAT rate to 0.68%; the CAP was a small insurance premium for guaranteed supplies of food.

## Consistent with December

M. Delatte recognised that there were serious problems of surpluses, particularly of milk-products. The principle of discouraging further production was accepted, but there were problems in its application. The Agriculture Committee accepted a 1.5% co-responsibility levy on milk output but wanted farmers in mountain and other less-favoured areas to be exempt up to their first 60,000 litres of production a year. A less abrupt change of policy was needed. Direct aids to farmers to help maintain their incomes would be even more costly than the present price-based policy: the consumer might gain, but the taxpayer would lose. And farmers did not want to be pensioners. But their real incomes had fallen by 1½% to 2% in the past year.

Parliament's rapporteur for the general 1980 budget Pieter Dankert (Soc/NL) was not however happy with M. Delatte's

formula for financing a 7.9% rise. He doubted if co-responsibility levies on milk surpluses would raise enough revenue to offset the increase in the budget. In rejecting the draft 1980 budget last December Parliament had collectively called for a new balance in Community spending including a reduction in the share going to the CAP. The margin for manoeuvre was too limited to allow price increases more than the 2.4% average proposed by the Commission.

John Mark Taylor (Dem/UK) stressed the same approach: "What was right in December is right in March."

This attitude was echoed by other British Members, irrespective of party. European Democrat David Curry called for a freeze on all products in surplus; Socialist Barbara Castle went further in calling for a 1% cut for these products but for special aids for disadvantaged farmers.

Agriculture Committee chairman Sir Henry Plumb (Dem/UK) was in a minority among his compatriots. The 7.9% rise, he pointed out, would not offset the effects of inflation, and this view found widespread favour among continental and Irish MEPs. Ken Collins (Soc/UK), chairman of the Environment, Public Health and Consumer Protection Committee, opposed the view that an increase in producer prices had little effect on consumer prices and successfully moved that the phrase in the Delatte resolution to this effect be deleted. The positions of two other relevant committees -- Budgets, and Development and Cooperation -- were also against the 7.9% rise. The latter committee argued that a sugar surplus was unacceptable when so many developing countries depend on sugar for their very livelihood.

For the Commission it was argued that exports were no answer to surpluses. The Community's exports had risen from £7.9 bn in 1977 to £9 bn last year, while export subsidies had more than doubled to £3 bn. Exports had been "pushed to the limit". It was generally recognised that to talk of surpluses in a hungry world posed a paradox, but were the surpluses that Europe produced the sort of food that the hungry could or would eat?

Periodically, the question of the British budgetary dispute emerged. Further price increases, British Members were aware, would only aggravate the British complaint. Faced with 240 amendments to the Delatte resolution Parliament found a way out of its dilemma of opposed producer and consumer interests by refusing all amendments with percentage changes and accepted a compromise proposal from Italian Communist Carla Barbarella.

### The problem in figures The Community's degrees of self-sufficiency (1977)

Whole-milk powder	310%	Beef	96%
Skimmed milk powder	110%	Barley	103%
Butter	111%	Rye	99%
Cheese	103%	Wheat	100%
Poultrymeat	104%	Potatoes	98%
Pigmeat	100%	Sugar	111%
Veal	106%	Wine	98%

# Work in Progress

A Commission proposal or other communication is normally submitted to one committee which appoints a rapporteur to draw up a report. As accepted by the committee the report is debated in plenary session. In some cases the Commission document is also sent to

one or more other committees for a subsidiary opinion.

Copies of European Commission proposals may be obtained from the European Commission Information Office, 20, Kensington Palace Gardens, London W8 4QQ. (Tel: 01-727 8090).

Completed reports by European Parliament committees may be obtained from the European Parliament Information Office, 20, Kensington Palace Gardens, London W8 4QQ. (Tel: 01-229 9366).

Please quote reference numbers.

DOCUMENT	SUBJECT	Main Cttee.	Other Cttee.
COM(80)79 fin	Proposal for an amending Regulation on the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons from certain Mediterranean countries.	Ext.	Budget Agric.
COM(80)83 fin	Proposal for a Regulation laying down for 1980 measures for the conservation and management of fishery resources applicable to vessels flying the Swedish flag.	Agric.	
COM(80)58 fin	Amendment to the proposal for a Regulation on support for projects of Community interest in transport infrastructure.	Trans.	
COM(79)792	Proposal for an amending Directive relating to restrictions on the marketing and use of certain dangerous substances and preparations.	Env.	
COM(80)49 fin	Proposal for a Regulation laying down for 1980 certain measures for the conservation and management of fishery resources applicable to vessels flying the Norwegian flag.	Agric.	
COM(80)60 fin	Proposal for an amending Regulation on a common organization of the market in oils and fats.	Agric.	
COM(80)57 fin	Proposal concerning food aid programmes for 1980.	Dev.	Agric.Budget
COM(80)35 fin	Proposal for a directive on a special Community certification procedure for products from third countries.	Econ.	Ext.
COM(80)12 fin	Proposal for a Directive on electrical equipment for use in potentially explosive atmospheres in mines susceptible to fire-damp.	Econ.	Env.
COM(80)14 fin	Proposals for a) a Directive on the fixing of maximum levels for pesticide residues in and on cereals intended for human consumption. b) a Directive on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin.	Env.	Agric.
COM(80)40 fin	Proposal for a Directive on methods of testing and biodegradability of non-ionic surfactants.	Econ.	

## Authorisation from the President for own-initiative reports

– A report on convergence.	Budget	
– A report on convergence.	Econ.	
– Economic aspects of the exploitation of the sea-bed.	Econ.	Agric.Legal
– Second Commission report on the state of the environment.	Env.	
– Operation of STABEX.	Dev.	Control
– Relations between the European Parliament and the Commission in the context of the latter's forthcoming renewal.	Pol.	
– Relations between the European Parliament and the European Council.	Pol.	
– Relations between the European Parliament and the Council.	Pol.	
– Relations between the European Parliament and European Political Cooperation.	Pol.	
– Relations between the European Parliament and the national parliaments.	Pol.	
– Relations between the European Parliament and the Economic & Social Committee.	Pol.	
– European Parliament's powers of initiative and control and its participation in the Community's legislative process.	Pol.	
– European Parliament's participation in the procedures for negotiating and ratifying treaties of accession, association and other treaties between the Community and third countries.	Pol.	
– Creation of a framework to facilitate industrial cooperation between Member States and enable Community projects to be planned.	Econ.	
– Action taken on the recommendations of the Special Control Mission in its report on the wine sector.	Control	

# Action taken on Parliament's Opinions

Each month the European Commission reports on the action it has taken in response to the Opinions previously expressed by Parliament.

February Parliament voted on 11 proposals from the Commission. Reporting back in March the Commission said:

1. In three cases the no-report procedure was used:

- proposal for an amending Regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines in Tunisia (1-692/79);
- Commission proposal on the common organisation of the market in beef and veal (1-696/79);
- proposal for an amending Regulation opening, allocating and providing for the administration of Community

tariff quotas for certain wines in Portugal (1-708/79).

2. In five cases Parliament adopted Committee reports (working document no. given in brackets) which were favourable to Commission proposals.

- Report by Mrs Weber on a proposal for a second five-year programme on managements and storage of radioactive waste (1-576/79);
- Report by Sir David Nicolson and Miss Forster on proposals
  - (i) Decision on Community intervention in favour of the shipbuilding industry,
  - (ii) Decision on Community intervention in favour of the man-made fibres industry (1-623/79);
- Report by Mr Sablé on two proposals
  - (i) processing of ACP agricultural products
  - (ii) transitional measures up to the entry into force of the Second Lomé Convention (1-732/79).

● Report by Mr Enright on two proposals

- (i) assistance for Middle East refugees
- (ii) provision of sugar to UNWRA as food aid (1-754/79).

● Report by Mrs Squarcialupi on a decision to conclude the Convention on Long-Range Cross-Frontier Atmospheric Pollution (1-635/79).

3. In three cases Parliament proposed amendments which the Commission accepted:

- Report by Mr Fuchs on the Community's energy objectives for 1990 and on nuclear and energy policy (1-704/79)
- Report by Mr von Wogau on a proposal on Community transit (1-544/79);
- Report by Mr Sherlock on a Directive on protection of workers against chemical, physical and biological agents (1-641/79).

## Replies to Members' Questions

**Citizen Band Radio** – *Liam Kavanagh (Soc/Ire)*

Prohibition of possession or use or limitation of use rules for citizen band radio varies between different Member States. The Commission is examining implications for intra-Community free trade, and a recommendation for 27 MHz transmitter-receivers has already been made by the European Conference of Posts and Telecommunications Administrations. As far as usage is concerned the Commission says that it seems to be responding to individual demand. In Denmark alone CB users number 150,000, in Belgium, illegal "cbisters" are estimated at 100,000, so they are already considerable in number in the Community. The Commission itself sees a tendency in Member States towards liberalisation.

**Fish landings** – *Joyce Quin (Soc/UK)*

The Commission hopes that measures adopted in January to record fish landings at Community ports will be the first step to a uniform and effective system of supervising landings. The Council has not reached a decision on other Commission proposals to inspect and, in certain cases, for on-the-spot certification of landings.

**Saving energy** – *Anne-Marie Lizin (Soc/Bel)*

The Commission does not intend to propose that all Member states organise energy-saving bodies on the same basis. It does publish systematic comparisons of national policies in this field.

**Farm incomes** – *Joyce Quin (Soc/UK)*

The Commission has only limited information about farmers' and farm-workers' incomes and the average figures available cover a large range of individual levels of income. Because of the paucity of data and variations in living costs the data below should be treated with caution.

	mn/units of account <sup>1</sup>	Aver. lab. income 1977-8 <sup>2</sup>	Aver. gross cash earnings Autumn 1978 <sup>3</sup>
Belgium		9,900	7,300
Denmark		14,500	9,200
France		5,900	5,400
Germany		6,000	8,400
Ireland		8,200	3,900
Italy		5,100	4,500
Luxembourg		7,700	4,700
Netherlands		11,900	9,000
UK		8,200	4,700

<sup>1</sup> European unit of account = 67.4p on 4.10.78.

<sup>2</sup> Indication of farmers' income.

<sup>3</sup> Of male wage-paid manual workers.

**Spanish steel** – *Jean-François Pintat (Lib/Fr)*

Spanish steel proposals published in 1979 foresaw a major increase in productive capacity from 13.9 mn tonnes in 1978 to 18.6 mn tonnes in 1985. According to contacts which the Commission has had with the Spanish authorities these plans for expansion are now being reconsidered. The Commission views Spanish steel policy as a major factor in regard to Spanish accession to the Community.

**EEC oil tax** – *Winifred Ewing (EPD/UK)*

The Commission is looking at the possibility of a new initiative in the field of energy investment and when it has reached a conclusion it will then see whether Member governments support the idea of the EEC oil tax.

**Lead in petrol** – *Ken Collins (Soc/UK)*

Before making further proposals on the lead content of petrol the Commission wishes to await the outcome of the application of the directive adopted by the Council last June on the harmonisation of Member States' laws on a maximum level of 0.4 grams of lead per litre. States have the opportunity to reduce the level further to 0.15 g/l.

**Arrest of Breton trawlers** – *Sylvie Le Roux (Com/Fr)*

The Commission has taken action before the Court of Justice on the British restrictions imposed last July which the Commission considers do not meet the obligations of Community law. Since September 1979 six French vessels have been arrested by the British authorities under their unilateral rules.

**Checking POs** – *Helmut Sieglerschmidt (Soc/Ger)*

Commission answers to parliamentary questions are not submitted for the approval of the Council of Ministers, but they are sent to the Council for factual checking before transmission to Parliament. Similarly, Council replies are checked for factual accuracy by the Commission.

# Replies to Members' Questions

## **Small businessmen's forms** — *Lady Elles (Dem/UK)*

The Commission does not know how many statistical questionnaires are sent out to small businesses because, generally speaking, it has no power to do so. Most of its enquiries about business conditions are handled by national authorities which may be able to answer from their existing resources or, if not, conduct their own enquiries. In any event the number of small businesses questioned is relatively low and the questions are simplified. Only in respect of coal and steel can the Commission conduct surveys directly and this is done through trade associations. Small businesses in these industries are quite marginal.

## **BL-Honda agreement** — *Christian Poncelet (EPD/Fr)*

Honda engines and transmissions imported for the proposed joint car (and representing about 20% of the total cost) will be subject to import duty. The Commission is examining the agreement to see if it conforms with Article 86:3 of the EEC Treaty (on inter-company agreements) but has no reason to believe that it violates Article 86 (abuse of dominant positions).

## **German EEC payments** — *Alf Lomas (Soc/UK)*

If Germany, Ireland and Luxembourg in 1979 had been paying their VAT-derived Community budgetary contributions directly on the basis of their actual VAT revenue (like the UK and other five member states) instead of on a basis calculated on their gross national product, they would have paid in 2.33% more, 30.81% more, and 1.03% less respectively. Had the final payments system been in operation (as it now is) the Federal Republic's VAT-based contributions would have been 52.27 mn units of account (about £34 mn) higher. Total German gross contributions in 1979 were 4,230.75 mn units (£2,756 mn).

## **Farm Guidance Section grants** — *Joyce Quin (Soc/UK)*

Some grants under the Guidance Section of the European Agricultural Fund (i.e. capital improvements) are allocated under measures applying to the whole Community, others take account of specific regional conditions. But regional considerations also apply to the former category. Recent measures for Mediterranean and Irish regions show the Community's interest in particular regions, as do also the Commission's proposals of March 1979 for Western Scotland, Greenland and other areas.

## **Pollution by power stations** — *Rolf Linkohr (Soc/Ger)*

Intensive studies should be made before thermal discharges of air or water by coal-fired or nuclear power stations is authorised. Cooling towers constructed to the latest available technology have only a marginal effect on the surrounding climate and present no dangers.

## **Financial aid to the USSR** — *Tom Normanton (Dem/UK)*

The Commission does not believe that refunds on farm exports to the USSR (or to other countries) constitute financial aid to that country. As the aim of the refund is to match world prices the buying country derives no financial benefit from buying a Community product. The Commission has no detailed information on commercial credits to the USSR by financial institutions in the Community.

## **Satellite TV** — *Tom Normanton (Dem/UK)*

Direct television transmission by satellite could certainly be an effective way of furthering understanding between the citizens of the Community and cultural promotion, says the Commission. The technology for such transmissions was first developed by the European Space Agency. Now some European States are planning to operate direct television satellites in the 1980's. The Commission has already sent a note (COM(79)650) to the Council regarding technical and legal harmonisation, and is following closely the introduction of this new technology.

## **Capital movements** — *Will Hopper (Dem/UK)*

All Member States have accepted the obligations of the directives of 1960 and 1962 on free movement of direct and portfolio investments, personal capital and commercial credits. The Commission has, however, under the safeguard clauses, authorised Ireland, Denmark, Italy and France to impose certain restrictions on capital movements. The Commission continuously monitors the economic situation in these countries with a view, if necessary, to changing the restrictions authorised.

## **Road transport quotas** — *Horst Seefeld (Soc/Ger)*

The Commission cannot specify a date when the Council will act on the "numerous" (30 at the beginning of this year) proposals for common rules for rail, road and inland water transport, over half of which involve the harmonisation of laws.

## **Exploiting the NHS** — *Michael Welsh (Dem/UK)*

Asked about reports that some people from other countries have been going to Britain to have major operations done immediately at the expense of the NHS, the Commission argues that UK, not EEC, law is involved. 1971 EEC legislation provides for not only free treatment on a reciprocal basis but also for full reimbursement. The UK, however, has at its own request concluded bilateral agreements with most other Member States whereby reciprocal reimbursement is waived in full or in part or is subject to special arrangements.

## BOOKSHELF

### **Leigh Michael**

*Nine EEC attitudes to enlargement*

### **van Praag, Nicholas**

*European political cooperation and the Southern periphery.* Sussex European Papers No. 2. £2.00

Mr Leigh considers the attitudes at various levels — those of governments, interest groups, and the man-in-the-street — to the accession of Greece, Portugal and Spain to the EEC in the context of such issues as agriculture and stability in the Mediterranean area. Mr van Praag's aim is a political analysis of the Nine's enlargement in Southern Europe.

### **Tovias, Alfred**

*EEC enlargement, The Southern neighbours.* Sussex European Papers No. 5. £2.00

An assessment of how enlargement will affect trade between the Community and 13 neighbouring Mediterranean countries in Europe and North Africa.

## COMMITTEE NOTES

### **Economic & Monetary Affairs**

Sir Peter Vanneck (*Dem/Cleveland*) to replace Sir David Nicolson (*Dem/London Central*)

### **Youth, Culture, Education, Information & Sport**

Sir David Nicolson to replace Anthony Simpson (*Dem/Northants*)

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