

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

REGULATION (EEC) OF THE COUNCIL

amending Regulation (EEC) No 1900/74 laying down special
measures for soya beans

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SERIALS UNIT

(submitted to the Council by the Commission)

The development of Soya production in the Community

At the meeting of 25/26 April 1977, the Council took note of the Commission's undertaking to examine the development of soya production in the Community and whether existing arrangements for market organization are sufficient to achieve the aims referred to in Regulation (EEC) No 1900/74 and to report on these topics before 1 July 1977, and if necessary to make suitable proposals.

This document is the report in question, and also serves as the explanatory memorandum for a proposal for a Council Regulation amending Regulation (EEC) No 1900/74 laying down special measures for soya beans.

The Commission believes that the aims of Regulation (EEC) No 1900/74, particularly the promotion of soya production, have not been fully achieved to date mainly on account of factors unconnected with the subsidy scheme. It would, therefore, be premature to abandon the scheme, but it should be modified to provide producers with a better guarantee of income for a limited period.

Report from the Commission to the Council on the Development of Soya Production in the Community

1. The soya bean scheme which came into effect on 1 November 1974 provides for a subsidy (equal to the difference between the guide price and the world market price) applied to production as estimated on the basis of a target yield per hectare.

The following are the figures involved in calculating the subsidy :

	<u>Guide price</u> u.a./100 kg	<u>Average market price</u> u.a./100 kg	<u>Subsidy</u> u.a./100kg	<u>Target yield</u> kg/ha
1974/75	23.310	23.398	0	1,900
1975/76	26.110	15.189	10.921	1,950
1976/77	28.500	20.271	8.229	1,950
1977/78	30.640			

Despite the introduction of this scheme, the cultivation of soya beans in the Community is encountering serious difficulties in moving beyond the experimental stage, as the following table shows.

	ha	t	<u>Ø yield kg/ha</u>	
			for all ha	for not yet by weather damaged ha
1974	4,300	5,400	1,256	1,900
1975	1,500	3,000	2,000	2,000
1976	1,600	2,000	1,250	1,900
1977	1,600 (est)			

2. The Commission believes that the take-off has been more difficult than expected due largely to exceptionally unfavourable weather, in particular in 1976, and as yet insufficient knowledge of growing methods. These have seriously affected yields and profitability. It is therefore still too early to conclude that the scheme has failed to achieve its purpose, and it would be premature to abandon it.
3. Experience shows that, since cultivation of this crop is still in its infancy, a greater incentive is needed than for well-established crops if soya bean production is to be developed in the Community.
The Commission therefore believes that, if farmers are not to be discouraged by failures with soya in the first few years, additional incentives should be provided for a limited period, but one sufficient to overcome ^{the} difficulties inherent in launching a new crop.

Accordingly, it is proposed that the Council add to Regulation (EEC) No 1900/74 a provision that the target yield shall not be less than 1 900 kg/ha in the 1977/78, 1978/79 and 1979/80 marketing years.

The Commission considers that if the Council adopts the proposed measure, and if the target yield concept is more effectively applied by the Commission, the aims of Regulation (EEC) No 1900/74 will be achieved.

Experience in the transitional three-year period should make it possible to determine whether or not the scheme will lead to the development of soya in the Community.

Proposal for a
COUNCIL REGULATION (EEC) No/77
of

amending Regulation (EEC) No 1900/74 laying down special measures for soya beans

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,⁽¹⁾

Having regard to the Opinion of the Economic and Social Committee,⁽²⁾

Whereas Council Regulation (EEC) No 1900/74 of 15 July 1974, laying down special measures for soya beans⁽³⁾ introduced a system of aid to promote the development of soya bean production in the Community; whereas Article 2 (2) thereof provides that a subsidy shall be granted for production obtained by applying a indicative yield to the areas on which soya has been sown and harvested;

Whereas experience has shown that due to difficulties in introducing this crop in the Community there are wide fluctuations in yields; whereas such fluctuations are likely to jeopardize producers' incomes and consequently hinder the development of this crop;

Whereas in order to counteract these disadvantages the subsidy should be granted for a limited period on the basis of a minimum yield, in order to ensure a fair income for producers who take up this new crop; whereas an addition should therefore be made to Regulation (EEC) No 1900/74,

HAS ADOPTED THIS REGULATION :

(1) OJ No L

(2) OJ No L

(3) OJ No L 201, 23.7.1974, p. 5

Sole Article

The following subparagraph is hereby added to Article 2 (2) of Regulation (EEC) N° 1900/74:

"For the marketing years 1977/78, 1978/79 and 1979/80 the indicative yield shall not be less than 1 900 kilograms per hectare."

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

FINANCIAL STATEMENT

DATE : 1.7.1977

1. BUDGET LINE CONCERNED : Line 6341 - Aids for soya beans

2. ACTION : Draft proposal for a Council Regulation amending Regulation (EEC) 1900/74 foreseeing special measures for soya beans

3. LEGAL BASIS : Article 43 of the Treaty

4. OBJECTIVES : Adaptation of the existing regulation to ensure that producers have a better guarantee of income, for a limited period

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (77)	FOLLOWING FINANCIAL YEAR (78)
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET (FUND/INTERVENTIONS)			
- CHARGED TO NATIONAL ADMINISTR.	- (1)	-	-
- CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
- COM. RESOURCES OF THE EC (LEVIÉS/CUSTOMS DUTIES)			
- NATIONAL			

YEAR ...1978..... YEAR1979..... YEAR1980..

5.0.1 TRIANNUAL PATTERN OF EXPENDITURE

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

5.2 METHOD OF CALCULATION

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ?

YES/

~~6.1 FINANCING POSSIBLE BY FINANCIAL RESOURCES OF CURRENT BUDGET ?~~

~~YES/NO~~

~~6.2 FINANCING POSSIBLE BY SUPPLEMENTARY BUDGET ?~~

~~YES/NO~~

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ?

YES/

COMMENTS :

(1) Given the level of the indicative yield currently in force, namely 1950 kg/ha, this proposal will not give rise to any supplementary expenditure, compared to the credits provided for in the budget and the multi-annual forecasts.