

EUROPEAN PARLIAMENT

# Working Documents

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22 January 1982

DOCUMENT 1-931/81

REPORT

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc.1-721/81) for a regulation providing for special aid for raw tobacco following the earthquake in Italy in November 1980 and derogating from Article 12a of Regulation (EEC) No. 727/70

Rapporteur : Mr R. COSTANZO



By letter of 6 November 1981, the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the Treaty establishing the European Economic Community, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a Council regulation providing for special aid for raw tobacco following the earthquake in Italy in November 1980 and derogating from Article 12a of Regulation (EEC) No. 727/70.

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.

At its meeting of 1/2 December 1981 the Committee on Agriculture appointed Mr COSTANZO rapporteur.

It considered the proposal at its meeting of 7/8 January 1982 and approved the proposal for a regulation and adopted the motion for a resolution by 9 votes to 2 with 1 abstention.

The following took part in the vote: Mr Delatte, vice-chairman and acting chairman; Mr Costanzo (deputizing for Mr Ligios), rapporteur; Mr Barbagli (deputizing for Mr Colleselli), Mrs Barbarella, Mr Diana, Mr Eyraud, Mr Gautier, Mr Hord, Mr d'Ormesson, Mr Péry (deputizing for Mr Thareau), Mr Vitale and Mr Woltjer.

The opinion of the Committee on Budgets will be distributed separately.



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 providing for special aid for raw tobacco following the earthquake in Italy in November 1980 and derogating from Article 12a of Regulation (EEC) No. 727/70

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(81) 527 final)<sup>1</sup>,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-721/81),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc.1-931/81),
- considering the very serious damage to tobacco-growing in Campania as a consequence of the disastrous earthquake in 1980,
- considering that the proposed measures could make an effective contribution to maintaining tobacco farmers' incomes, to enabling them to adapt to market requirements and to restoring the normal conditions for on-farm tobacco processing,

Approves the Commission's proposal.

<sup>1</sup>OJ No. C 285, 7.11.1981, p.6

B  
EXPLANATORY STATEMENT

INTRODUCTION

1. The earthquake of 23 November 1980 completely devastated a large area of the Campania, Basilicata and, to some extent, Puglia regions of southern Italy.

This disaster caused considerable damage in terms of human lives, material damage (which it is difficult to quantify), the extent of territory devastated (more than 300,000 hectares) and the number of people who suffered damage of one kind or another (more than 5 million inhabitants).

The area devastated by the earthquake was that of the southern Apennines which has always been considered one of the poorest parts of Italy.

2. In the areas concerned agriculture, although underdeveloped, has greater importance for the economy and employment than anywhere else in Italy or the Community.

In the worst-hit areas of Campania agriculture is split up into small and very small family farms for which tobacco-growing represents an irreplaceable source of income and employment.

In the Campania region more than 25,000 hectares are planted with tobacco every year, with production reaching almost 70,000 tonnes. The number of farms concerned is put at about 40,000 and the average area given over to tobacco-growing per farm is less than 62 ares. Farming on these farms accounts for more than 5 million working days. Tobacco-growing is carried out almost exclusively on family-run farms.

3. Turning from the farming stage to the processing stage (which employs an estimated 10,000 people) the figures which emerge are equally significant. The major part of the industrial stage (65%) is carried out in the worst-hit areas of Campania (the inland parts which are also the poorest) in cooperative establishments which are partly financed by the Community's EAGGF (Guidance Section).

A closer study shows that the worst-hit areas (the disaster belt and the seriously damaged belt of communes) are marked particularly by their poor agricultural structures and society and by especially difficult conditions for tobacco-growing.

4. These are the areas which grow and produce almost all the Community's dark tobacco (Kentucky, F. Havanna IIC, Paraguay, B. Geudertheimer and Beneventano) which because of the change in consumer habits and the Community's policy of tariff preferences, have less commercial success than the light American tobaccos (Burley and Maryland).

A very large proportion of this tobacco (66%) is processed in cooperative undertakings.

Consequently, the work of the tobacco cooperatives in Campania is carried out in difficult conditions which in turn means poor returns for the farmers (at best a hectare of tobacco will bring no more than 2,500 ECU) with a very slight added value since there is no effective Community support to protect their product from competition from non-Community tobacco.

#### DAMAGE CAUSED BY THE EARTHQUAKE TO TOBACCO PRODUCTION

5. The damage caused by the earthquake to tobacco farms consisted mainly of the total destruction of 2,600 curing and storage plants and damage to 2,300 others.

In many of the family farms the buildings for the curing and storage of tobacco are joined on to the living quarters and this has made it impossible to count them all.

As some first processing centres were also badly damaged and made unsafe, immediate intervention operations for the storage and final curing of the tobacco had to be concentrated on less badly damaged centres.

6. With some warranted pressure from the local authorities (prefects, mayors etc.) the processing centres made their facilities available to producers, taking in tobacco which, because of the breakdown in normal seasonal conditions, had not at the time of the earthquake completed the curing and maturing process. The curing and maturing processes were also held up because the growers had to cope with more urgent requirements arising from the tragic aftermath of the earthquake.

7. So part of the damage suffered at the farming stage was thus transferred to the industrial processing stage.

All this has clearly also compromised investments for the next farming year. One particular shortcoming from the 1981 harvest has been the lack

of transplant seedlings and places to look after them, which has forced many producers to construct makeshift huts so that the social damage caused by the earthquake will not be augmented by equally serious damage as regards future production. This precarious situation has led producers to abandon the cultivation of more marketable types of tobacco in favour of more easily cultivated types of tobacco, which are of less value and provide a smaller return.

8. The exceptional situation outlined above warrants the unusual measures proposed by the Commission in its proposal for a Council regulation (COM(81) 527 final of 15 October 1981).

The proposed regulation provides for three kinds of assistance. The first takes the form of direct aid to tobacco producers to compensate for damage to installations for the storage or curing of tobacco from the 1980 harvest: the aid is 1 ECU per kg for those whose premises or tobacco-handling installations were destroyed and 0.70 ECU for others. The second is 0.30 ECU per kg for undertakings engaged in the first processing which bought in or collected tobacco from the damaged farms. The third, on the other hand, concerns the suspension of the application of Article 12a of Regulation (EEC) No. 727/70 for undertakings engaged in the first processing and market preparation of tobacco in Campania and the immediate vicinity.

Article 12a of Regulation (EEC) 727/70 provides that where the quantities of baled tobacco sold into intervention by an undertaking engaged in the first processing and market preparation exceed, for a single variety and a single harvest, 25% of the production of that undertaking, they are to be bought in at the derived intervention price minus 10%.

9. The aid to tobacco-growers as set out in the proposed regulation has a threefold aim :

- (a) to help maintain the income of tobacco-growers who were adversely affected by the earthquake;
- (b) to help recreate normal conditions for growing, curing and market preparation on the farm;
- (c) to provide tobacco-growers with an opportunity to adapt to market requirements.

These aims can be attained as long as the producers receive the aid very soon.

The Committee on Agriculture therefore approves the Commission's proposals and asks the European Parliament to adopt them at the earliest opportunity.