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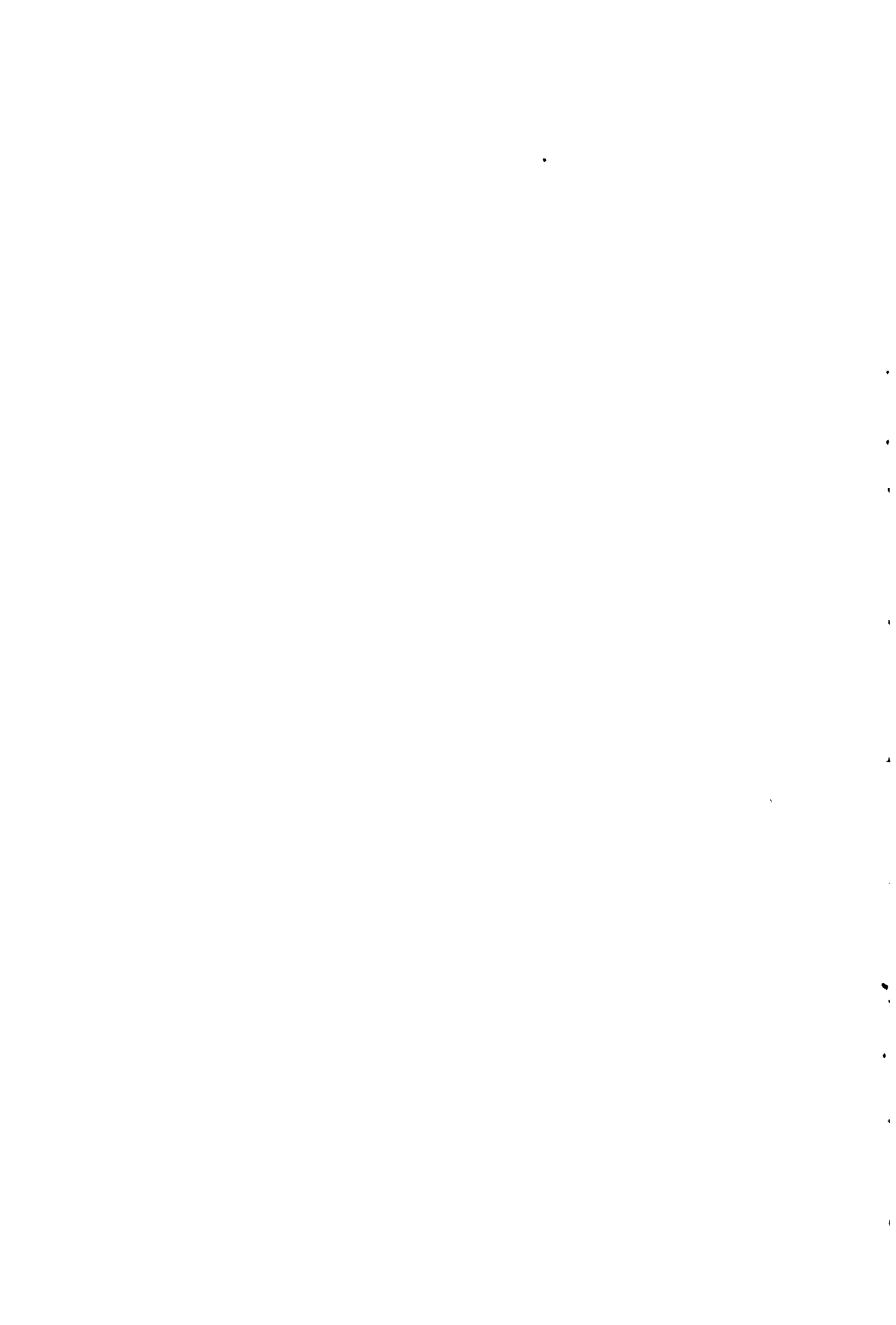
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Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (doc. 438/76) for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

Rapporteur: Mr E. PUCCI



By letter of 25 November 1976 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 amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit.

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 20 and 21 January 1977 the Committee on Agriculture appointed Mr Pucci rapporteur.

It considered this proposal at its meeting of 20 and 21 January 1977 and unanimously adopted the motion for a resolution.

Present: Mr Houdet, chairman; Mr Ligios, vice-chairman, deputizing for the rapporteur; Mr Liogier, vice-chairman; Mr Albertini, Mr Artzinger, (deputizing for Mr Lücker), Mr Bourdelles, Mr Frehsee, Mr Früh, Mr Gibbons, Mr Haase; Mr F. Hansen, Mr Howell, Mr Hughes, Mr Kofoed, Mr Ney, Mr Nolan (deputizing for Mr Hunault), Lord St. Oswald, Mr Scott-Hopkins, Mr Suck and Lord Walston.

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 amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

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. 438/76),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 528/76),

Approves the proposal of the Commission.

¹ OJ No. C 287, 4.12.1976, p.10

EXPLANATORY STATEMENTI. Content of the proposal

1. Regulation No. 2511/69 lays down special measures for improving the production and marketing of Community citrus fruit including two medium-term measures to be partly financed by the EAGGF Guidance Section. These are :

- aid for replanting orange and mandarin groves with varieties more adapted to consumer tastes;
- additional aid amounting annually to 1,000 u.a. per replanted hectare of orange trees and 1,200 u.a. per replanted hectare of mandarin trees paid in five annual instalments to small farmers as partial compensation for the loss incurred.

2. This additional aid is paid, in accordance with Article 4 of Regulation No. 2511/69 as amended by Regulation No. 2481/75¹, to growers of oranges and mandarins as their main crop, on condition that :

- the area of their undertaking which is fit for agricultural use does not exceed 5 hectares,
- the income derived from their undertaking does not exceed the income derived from two hectares of orange and mandarin trees,
- at least half the area used for growing orange and mandarin trees is replanted at one time,
- an area of at least 20 ares is replanted.

3. It has been found that these four conditions are, however, too restrictive because they exclude smallholdings which, because of their general economic situation, should logically have benefitted from the aid.

In particular it was observed that some farmers engaged in extensive cultivation of an area greater than 5 hectares with much marginal land derived an inadequate level of income, less than that obtained from 2 hectares of orange and mandarin groves. Consequently, the new proposal omits this condition. In addition, the income restriction is relaxed: income must be no greater than that derived from 4 hectares (instead of 2) of orange and mandarin trees. This change is justified by the increase in the cost of living and inflation.

¹ OJ No. L 254, 1.10.1975

Finally, the area to be replanted at one time is reduced from the present 50% to 40% of the area under orange and mandarin trees.

4. The new conditions for the granting of aid to farmers are therefore as follows:

- the income derived from their holding must not exceed the income derived from 4 hectares of orange and mandarin trees,
- at least 40% of the area used for growing orange and mandarin trees must be replanted at one time.

The final condition remains unchanged i.e. the area replanted must be at least 20 ares.

5. These revised conditions for the granting of aid will not entail any extra charge on the budget. Chapter 89 (Article 893) of the 1976 budget set aside 7 million u.a. (as compared with 19 million in 1975) for the general improvement of structures in the citrus fruit sector including the other measures provided for under Regulation No. 2511/69 such as promoting the sales of citrus fruit products on the Community's import markets (a marketing premium), improving their presentation and industrial processing facilities. The appropriation authorized for 1977 for all these measures is 15 million u.a.

II. Comments

6. The Committee on Agriculture is familiar with the Community's citrus fruit problem which is at its most serious in Italy and has often considered it in the past. Inadequate farm structures, farms often too small, insufficiently irrigated and badly organized; an absence or shortage of plant for sorting, sizing and packaging the product; consumer tastes in the importing countries which favour a different quality of citrus fruit from that traditionally produced in southern Italy; ever-increasing competition of citrus fruit from other Mediterranean countries linked to the Community by commercial agreements; these were the factors which prompted the Community to take various measures in the short and medium terms as laid down in Regulation No. 2511/69. The European Parliament expressed a favourable opinion on these measures and subsequent modifications at the time they were proposed¹.

7. The Committee on Agriculture therefore has no particular remarks and criticisms to make about the present proposals which do not entail any extra financial burden to the Community but which will facilitate the granting of additional Community aid to smallholders who would not otherwise be encouraged

¹ See reports by Mr SCARDACCIONE (Doc. 158/69) and Mr KOFOED (Doc. 256/75)

to undertake replanting. Without any aid of this type designed to compensate for losses in income caused by replanting, producers would be unwilling to undertake the onerous task of replanting which becomes profitable only after a certain number of years. This is demonstrated by the fact that since 1975 the year in which the medium-term measures contained in the regulation were begun, about 1000 hectares have been replanted. For this scheme to succeed therefore it is essential that the greatest possible number of small and medium-sized firms should benefit from the additional aid even though its value has appreciably declined with the passage of time as a result of inflation.

8. It should be noted that although initially it was estimated that the area liable to benefit from the additional aid was approximately 21,370 hectares, this has been amended to a more realistic figure of 13,650 (see the financial statement attached to the proposal). Apart from the limited area replanted, various citrus fruit processing installations have been established or modernized. Given that the medium-term measures laid down by Regulation No. 2511/69 expire on 31 December 1978, one might very well ask whether this period ought not to be extended in order to allow the completion of projects which have meanwhile got under way.

9. The change in the conditions for the granting of the premiums, even though it is very important and has been requested with insistence by producers and the government concerned, will not be sufficient in itself to resolve the problem of Community's citrus fruit which competition from Mediterranean countries is increasingly squeezing out of the common market. Community solidarity dictates other measures, some in the long term, as for example a better and more rational price policy and market policy and the integration of these with a more adequate structural policy as suggested by the Memorandum recently presented to the Commission by its Vice-President, Mr Scarascia Mugnozza, on Mediterranean policy.

In the short term, the Commission should consider the possibility of adopting some of the measures which citrus fruit producers are pressing for, e.g.

- Community measures to facilitate the industrial processing of lemons by providing a refund equal to the difference between the international market price and the price which industrialists have to pay farmers, the latter being fixed at a rate equal to the maximum price obtaining at the harvest centres;
- Financial compensation for processing pigmented oranges equal to that at present granted for processing pale oranges.

- Extension to growers of bergamot oranges and citrons of all the positive short and medium term measures already laid down for other citrus fruits.

The only part of the world where these fruits can be grown is a limited area in Calabria, and they require a more sizeable and more specialized labour force than other citrus fruits.

Marketing problems due to labour costs have worsened in recent years, particularly in the case of bergamot oranges. A further difficulty has been the emergence of substitute products for essences.

It would thus be consistent with the objectives hitherto pursued within the framework of the common agricultural policy to:

- guarantee a selling price for these fruits (or a supply price to existing associations or cooperatives) which would ensure a fair return (taking account of their originality), and would not be subject to the frequent falls in prices experienced over the last few years, in order to prevent the disappearance of products which, given their naturalness and originality, are irreplaceable and originate from a single Community area, which is moreover particularly depressed;
- promote the reorganization of plants whose situation cannot be remedied by the above measures owing to the existence of structural defects.

10. In conclusion, the Committee on Agriculture approves the Commission's proposal even though it considers that the problems of Community citrus fruit production can only be solved by more incisive measures in the short and long term.

Opinion of the Committee on Budgets

Letter from the chairman to Mr Houdet,
Chairman of the Committee on Agriculture

Luxembourg, 1 February 1977

Subject: Proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruits (Doc. 438/76)

Dear Mr Chairman,

At its meeting of 18/19 January 1977, the Committee on Budgets considered the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 2511/69 laying down special measures for improving the production and marketing of Community citrus fruits (Doc. 438/76).

The committee established that the criteria laid down in the original regulation relating to maximum income and areas eligible for replanting have in practice unduly limited the number of recipients of additional aid. It noted that the object of the amendments proposed by the Commission, which concern the production and marketing of citrus fruit, is to create an incomes situation which corresponds to that in small orange and mandarin holdings. In this context, the committee regretted that in its proposal the Commission did not consider the basic problem of adjusting these incomes to incomes in related occupations and to the cost of living.

As regards the budgetary implications of the proposed measure, the Commission's representative stated the following: the measures cannot be financed from the appropriations entered under Chapter 89 or by a transfer between chapters of the current budget. However, no supplementary budget will be necessary.

The committee was also satisfied with the estimate of 6.3m u.a. expenditure in both 1979 and 1980 to be charged to the Community budget, i.e. double the 1978 figure.

Having received this additional information, it approved the allocation of the payments over the period 1978-1983. Since the originally estimated expenditure of 31.5m u.a. will not be exceeded as a result of the new proposals, the committee as a whole was able to deliver a favourable opinion on the proposal.

Yours sincerely,

Erwin LANGE

Present: Mr Lange, chairman; Lord Bruce of Donington, Mr Clerfayt,
Mr Cointat, Mr De Keersmaeker (deputizing for Mr Colombo),
Mr Fletcher, Mr Fruh, Mr Gerlach and Mr Yeats

