

EUROPEAN PARLIAMENT

# Working Documents

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10 May 1979

DOCUMENT 181/79

## Report

drawn up on behalf of the Committee on Agriculture  
on the proposal from the Commission of the European  
Communities to the Council (Doc. 144/79) for a  
regulation laying down, in respect of hops, the  
amount of the aid to producers for the 1978  
harvest

Rapporteur: Mr I. FRÜH

PE 58.297/fin.



By letter of 2 May 1979 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the Treaty establishing the EEC, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1978 harvest.

On 3 May 1979 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.

The Committee on Agriculture appointed Mr Früh rapporteur.

It considered this proposal at its meeting of 9 May 1979 and adopted the motion for a resolution by 6 votes in favour with 3 abstentions.

Present: Mr Caillavet, chairman; Mr Früh, rapporteur; Mr Albertini, Mr Baas (deputizing for Mr Cifarelli), Mr Cunningham, Mrs Dunwoody, Mr Howell, Mr Brønlund Nielsen and Mr Tolman.

The opinion of the Committee on Budgets is attached.

C O N T E N T S

	<u>Page</u>
A - MOTION FOR A RESOLUTION .....	5
B - EXPLANATORY STATEMENT .....	6
Opinion of the Committee on Budgets .....	9

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 laying down, in respect of hops, the amount of the aid to producers for the 1978 harvest

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(79) 213 final),
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 144/79),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 181/79),

Approves the Commission proposal.

EXPLANATORY STATEMENTI. THE SITUATION ON THE HOP MARKET IN 1978A) World market

1. In 1978, world hop production amounted to 107,800 tonnes, which was less than was needed by the world brewing industry. This situation brought about a depletion of stocks, which were no more than 15% above normal compared with 35% previously.

As a result, prices on the free market rose, which was of particular advantage to the Federal Republic of Germany, the world's major exporter of hops.

2. For the 1979 harvest, the world acreage can be expected to increase by 800 hectares. It is difficult at present to assess world hop production in 1979 as it depends on the yield.

In the medium term the market balance will depend mainly on strict control of the area under hops, since, in spite of an annual increase of about 3.5% in world beer production, the demand for hops only rises by 1 to 1.5% as a result of technical improvements in the use of hops in brewing.

B) Community market

3. In 1978 the Community accounted for 39% of world hop production and 32% of world acreage. In 1971 the proportions of alpha acid varieties and aromatic varieties were 29% and 70% respectively of Community production. In 1978 each of these varieties accounted for 49%.

4. The Community programme of reorganization and varietal conversion, plus 40% reduction in acreage, led to a reduction of 1959 hectares in the area under hops, broken down between Member States as follows:

Federal Republic of Germany	1,628 ha
France	120 ha
Belgium	131 ha
United Kingdom	80 ha

The acreage of aromatic varieties has decreased by 1211 hectares since 1977 and that of bitter varieties by 668 hectares.

5. In 1978 there was a general improvement in income per hectare compared with 1977; for the aromatic varieties the returns per hectare were 3,338 u.a. compared with 2,781 in 1977 (+20%), for the bitter varieties 3,011 u.a. compared with 2,945 (+2%) and for the other varieties 2,642 u.a. compared with 2,045 (+29%).

6. Community production was 42,600 tonnes in 1978 compared with 47,600 in 1977. The drop in production is a reflection of the effort made by the Community to bring about a balance on the hop market: it was also helped by a reduction in the average yield in the Community (33.7 quintals<sup>1</sup> per hectare in 1978 compared with 34.9 quintals/hectare in 1977).

This drop in production should have a favourable effect on the level of stocks, which were 45% above normal at the beginning of the 1978 harvest and in 1979 should be only 20% above normal.

7. Advance contract prices have remained at the same level as 1977, and non-contract prices have risen. The percentage of hops offered on the open market decreased substantially compared with 1977 because of the reduction in acreage in the Federal Republic of Germany. The quantity sold on the open market in 1978 was only 166,000 quintals compared with 327,000 in 1977.

8. For the 1979 harvest, the reduction in acreage compared with 1978 can be estimated at about 500 hectares. Despite this reduction and with a normal yield, production could amount to 41,000 tonnes. Advance contract sales would represent 31,000 tonnes and the open market 10,000 tonnes.

9. The growers' total returns have shown a favourable development since in 1978 the total per grower was 11,114 u.a. compared with 9,469 u.a. in 1977.

## II. COMMISSION PROPOSAL

10. The Commission notes that its conversion and restructuring programme has produced positive results and that the new Community certification system has given better quality control and greater transparency of marketing networks.

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<sup>1</sup> 1 quintal = 50 kg

11. The Commission proposal laying down the aid for the 1978 harvest is based on the following objectives;

- (1) to provide an adequate supplement to growers' incomes which, despite improvements, are still insufficient, having regard also to the expense involved in certification (Article 12(5) (a) of Regulation (EEC) No. 1696/71);
- (2) to steer production in the direction of general and lasting equilibrium between supply and demand;
- (3) to ensure, by means of differential aid, a rational distribution of production by hop type in accordance with the trend of demand.

12. The Commission proposes to grant aid to all the areas registered. This will amount to 350 u.a./ha for aromatic varieties, 300 u.a. for bitter varieties and 400 u.a. for the other varieties.

13. Average income per hectare (including aid) will move from 3179 u.a. in 1977 to 3491 u.a. in 1978, and per varietal group from

3,156 u.a. to  $\pm$  3,688 u.a. for aromatic varieties  
3,230 u.a. to  $\pm$  3,311 u.a. for bitter varieties  
2,545 u.a. to  $\pm$  3,042 u.a. for other varieties

14. This measure in favour of Community hop producers will cost 10m EUA to be charged to the 1979 budget.

### III. CONCLUSION

15. Having regard to the trends in the world hop market and the Community hop market, and the improvement in growers' incomes, the Committee on Agriculture approves the Commission proposal laying down the amount of aid for the 1978 hop harvest.



OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman to Mr Henri CAILLAVET, chairman of the  
Committee on Agriculture

Luxembourg, 8 May 1979

Subject: Proposal for a Council Regulation laying down, in respect  
of hops, the amount of the aid to producers for the 1978  
harvest (COM(79) 213 final)

Dear Mr Caillavet,

The Committee on Budgets considered the above proposal at its  
meeting of 7 May 1979.

The proposed measure, which is designed to safeguard the incomes of  
hop producers, concerns only the 1979 budget. On the legal basis of  
Article 12 of Council Regulation No. 1696/71, intervention must take the  
form of an aid funded by Article 732 of the budget. The overall cost of  
the measure amounts to 10.5 m EUA.

The financial statement is perfectly clear. The measure is restricted  
to a period of twelve months. The Committee on Budgets was accordingly  
able to deliver a favourable opinion.

Yours sincerely,

Erwin Lange

Present: Mr Lange, chairman; Lord Bruce of Donington, Mrs Dahlerup,  
Mr Dalyell, Mr Dankert, Mr Notenboom, Mr Ripamonti, Mr Shaw  
and Mr van Aerssen.

