

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

1980 - 1981

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6 October 1980

DOCUMENT 1-444/80

## Report

drawn up on behalf of the Committee on Agriculture

~~on the~~ destination of Community aid for rice seed

**Rapporteur: Mr H. JÜRGENS**



On 14 April 1980 Mr Sergio PININFARINA tabled a motion for a resolution pursuant to Rule 25 of the Rules of Procedure on the destination of Community aid for rice seed.

On 14 April 1980 the President of the European Parliament referred the motion for a resolution to the Committee on Agriculture.

On 19 May 1980 the Committee on Agriculture appointed Mr H. JÜRGENS rapporteur.

At its meeting of 23-25 September 1980 the committee considered the draft report and adopted the motion for a resolution by 19 votes to 1 with 4 abstentions.

Present: Sir Henry Plumb, chairman; Mr Früh, vice-chairman; Mr Dalsass (deputizing for the rapporteur); Mr Barbagli (deputizing for Mr Bocklet), Mrs Barbarella, Mr Battersby, Mr Clinton, Mr Colleselli, Mr Davern, Mr Diana, Mr Gatto, Mr Gautier, Mr Helms, Mrs Herklotz, Mr Hord, Mr Nielsen, Mr d'Ormesson, Mr Pranchère, Mr Provan, Mr Skovmand, Mr Sutra, Mr Tolman, Mr Vitale and Mr Woltjer.



The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement

MOTION FOR A RESOLUTION

on the destination of Community aid for rice seed

The European Parliament,

- having regard to the motion for a resolution tabled by Mr Pininfarina on the destination of Community aid for rice seed (Doc. 1-69/80),
- having regard to the report of the Committee on Agriculture (Doc. 1-444/80),
- noting that, in adopting two regulations (Nos. 2878/79 and 2879/79 of 17 December 1979<sup>1</sup>), the Council of the European Communities has given final effect to the decision to bring the production of certified rice seed under the system of aid which the common organization of the market in seeds has provided for other varieties since 1971,
- noting with satisfaction that these provisions were intended to meet the need to improve the productivity and quality of Community rice production (almost entirely located in Italy) and the need to provide compensation for the reduction in the level of production guaranteed to Community rice producers in the face of competition from the USA following the negotiations within GATT of April 1979,
- recalling the opinion on this matter of the Economic and Social Committee of the EEC (27 September 1979) which declared that 'in order to ensure that the Commission's aims are more successfully attained, the Committee considers that the aid should be granted directly to the users of the selected seed',
- recalling finally that on 26 October 1979 Parliament gave its approval to the Commission proposal while recommending nevertheless that 'the Commission carefully examine the possibility of granting this aid directly to the users of certified seed, so as to ensure greater efficacy of the aid'<sup>2</sup>

<sup>1</sup>OJ No. L 325, 21.12.1979, pp. 1 and 5

<sup>2</sup>OJ No. C 289, 19.11.1979, p. 49

1. Considers that, for the 1980/81 rice year, the Community should change the criterion by which the aid provided for under the abovementioned regulations is granted, allocating it to rice growers using certified seed instead of the seed producers and therefore asks the Community's institutions to take urgent steps in this direction;
2. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

1. In July 1979 the Commission submitted a proposal (Doc. 1-278/79) extending to rice for sowing the production aid already granted for other varieties of seed on the basis of Regulation No. 2358/71 on the common organization of the market in seeds, and recommending that the amount of this aid should be fixed at 12.1 ECU/100 kg and granted to rice producers who had the seed they produced certified by the competent authorities.

2. On the basis of a report by Mr Dalsass (Doc. 1-396/79), the European Parliament approved this proposal, but called upon the Commission to examine the possibility of allocating the aid directly to users of certified seed rather than to seed producers, to ensure that it was used more effectively.

3. With the adoption of two regulations (Nos. 2878/79 and 2879/79 of 17 December 1979 - OJ No. L 325 of 21.12.1979), rice for sowing was included among the seeds eligible for production aid and the amount of the aid was fixed, for the 1978/79, 1979/80, 1980/81 and 1981/82 marketing years, at 12.1 ECU/100 kg. Parliament's recommendation that the aid should be granted to seed users rather than seed producers was not, however, accepted.

4. On 14 April 1980 Mr Pininfarina tabled a motion for a resolution (Doc. 1-69/80) on the destination of Community aid for rice seed. This resolution, which calls upon the Community institutions to take urgent steps to amend the present regulations and to allocate the aid to users of certified seed rather than to seed producers, was referred to the Committee on Agriculture.

5. Such is the position at present. The European Parliament should support the request made by the author of the above resolution for the reasons briefly set out in the following paragraphs.

6. Rice for sowing was automatically included in the basic 'seeds' Regulation and hence made subject to its provisions, notwithstanding the differences characterizing its production and use. The basic Regulation was adopted primarily with a view to stimulating the production of oil seeds, grasses and legumes of which there is a shortage in the Community, which is therefore dependent on imported supplies. Moreover, fodder cultivation stops at the production of feed and it is only thanks to Community aid, which offsets the increased costs and greater risks, that seed production is possible at all.

7. In the case of rice, however, the situation is different. Apart from the fact that there is no shortage of certified seed, once rice production has started seed production automatically follows. Faced with the higher cost of certified seed compared with ordinary paddy rice, many rice producers prefer to re-use directly as seed, a substantial quantity of the farm output which, in most cases, is of poor quality. The amount of certified seed used each year is about 150,000 - 160,000 quintals, i.e. approximately 45% of the required amount of about 340,000 quintals.

8. It is essential, therefore, to reduce the cost of certified seed. At present, the difference between the price of ordinary paddy rice intended for industry and that of first generation seed is put at 18,000 - 19,000 lire per quintal.

This difference is attributable to the higher costs borne by seed producers at the various stages of production, selection and preparation of certified seed.

The Community subsidy of 12.1 ECU (equivalent to approximately 13,500 lire) could bring about a substantial reduction in the cost of certified seed and, hence, encourage producers to purchase it. Such a reduction could only be achieved, however, if the aid was paid to the users rather than the producers of certified seed.

9. There is a danger that seed producers might consider the Community aid as an additional source of profit and pass on only part of it, if any, in the price at which they sell the product to users. If this were to happen, the measure would be virtually ineffectual because the cost of rice for sowing would not fall sufficiently to persuade rice producers to purchase it. For their part, seed producers, having secured fairly high profits thanks to the Community subsidy, would be able to face the marketing year with equanimity, since they would be under no great pressure to dispose of unsold stock, which could always be placed on the normal market and sold for food at current market rates.

10. A survey of the results achieved at the end of the first year of application (1979/80 marketing year) reveals that some of the seed produced and selected which had obtained Community aid was not sold to rice growers. The amount was apparently of the order of 220,000 quintals, of which a proportion - difficult to quantify - was sold to rice-mills for processing into foodstuffs.



11. It is obvious, therefore, that savings can be made for the Community and EAGGF resources more rationally used if the aid is granted to the user, since the amount of certified seed purchased by him will not exceed his sowing requirements, whereas the quantity of certified seed produced by the seed producer, for which he receives aid, may well be in excess of the rice producers' actual requirements.

12. For all these reasons, the Committee on Agriculture reaffirms its previous position, as set forth in the Dalsass report cited above, and endorses the recommendation in the resolution tabled by Mr Pininfarina that the present machinery should be reviewed.

MOTION FOR A RESOLUTION (Doc. 1-69/80)

tabled by Mr PININFARINA

pursuant to Rule 25 of the Rules of Procedure

on the destination of Community aid for rice seed

The European Parliament,

- noting that, in adopting two regulations (Nos. 2878/79 and 2879/79 of 17 December 1979), the Council of the European Communities has given final effect to the decision to bring the production of certified rice seed under the system of aid which the common organization of the market in seeds has provided for other varieties since 1971,
  - noting with satisfaction that these provisions were intended to meet the need to improve the productivity and quality of Community rice production (almost entirely located in Italy) and the need to provide compensation for the reduction in the level of production guaranteed to Community rice producers in the face of competition from the USA following the negotiations within the GATT of April 1979,
  - recalling the opinion on this matter of the Economic and Social Committee of the EEC (27 September 1979) which declared that 'in order to ensure that the Commission's aims are more successfully attained, the Committee considers that the aid should be granted directly to the users of the selected seed',
  - recalling finally that on 26 October 1979 Parliament gave its approval to the Commission proposal while recommending nevertheless that 'the Commission carefully examine the possibility of granting this aid directly to the users of certified seed, so as to ensure greater efficacy of the aid',
1. Considers that, for the next rice year, the Community should change the criterion by which the aid provided for under the abovementioned regulations is granted, allocating it to rice growers using certified seed instead of the seed producers and therefore asks the Community's institutions to take urgent steps in this direction;
  2. Instructs its President to forward this resolution to the Council and Commission.