

## Opinion of the Economic and Social Committee on the 'Commission proposal on the prices for agricultural products (2000/2001)'

(2000/C 168/06)

On 13 March 2000 the Council decided to consult the Economic and Social Committee, under Articles 43 and 198 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 19 April 2000. The rapporteur was Mr Strasser.

At its 372nd plenary session held on 27 April 2000, the Committee adopted the following opinion by 71 votes to 12 with eight abstentions.

### 1. Content of the Commission proposal

#### 1.1. Price proposals

1.1.1. In the introduction to its proposal the Commission refers to the decisions taken in May 1999 within the framework of Agenda 2000. Because of these decisions, institutional prices or amounts must now be fixed annually in only a few sectors. For the 2000/2001 marketing year it is necessary to fix the monthly increments for cereals and rice, the various prices and amounts in the sugar sector, the aid for silkworms, the basic price for sheepmeat and the basic price for pigmeat. The Commission is proposing that the so-called multiannual approach be continued, i.e. that the institutional prices and amounts for the sectors in question — with the exception of sugar — be fixed for an indefinite period.

1.1.2. In accordance with the Agenda 2000 decisions, the intervention price for cereals (currently EUR 119,19/tonne) is to be reduced by 7,5 % for the 2000/2001 marketing year to EUR 110,25/tonne and by a further 7,5 % for the 2001/2002 marketing year to EUR 101,31/tonne. At the same time the per hectare premium will be increased from the present EUR 54,34/tonne to EUR 58,67 and then EUR 63,00. The Commission is further proposing that the monthly increments be reduced from EUR 1/tonne/month to EUR 0,93 in 2000/2001 and EUR 0,85 from the 2001/2002 marketing year. The intervention period for Sweden, which at present runs from 1 December to 30 June, is also to be brought into line with the period applicable in all other Member States (apart from the southern ones).

1.1.3. The basic amount applicable to direct aid for oilseeds is to be reduced in three stages to the level for cereals and set-aside.

1.1.4. In accordance with the May 1999 decisions, the compulsory set-aside rate has been set at 10 % for the period 2000-2006. However, the rate can be altered in the light of market conditions.

1.1.5. The Commission is proposing that the monthly increments for rice be left unchanged at EUR 2/tonne/month.

1.1.6. In the case of sugar the proposal is that both the institutional prices (basic, minimum, intervention and guide) and the monthly reimbursement of storage costs be kept at the present level. The Commission points out that as part of the EU's commitments under GATT the production quotas for the 2000/2001 marketing year may have to be reduced in accordance with Article 26 of the basic regulation.

#### 1.2. Budgetary situation

1.2.1. In January 2000 the Commission estimated that appropriations totalling EUR 37,471 million were required for 2000. This is EUR 582 million more than provided for in the budget (as adopted by the Commission on 16 December 1999) and EUR 119 million more than the financial perspectives ceiling set by the Berlin European Council.

1.2.2. The Commission points out that its January estimate of EUR 37,471 million for EAGGF Guarantee Section appropriations took account of the fact that the economic assumptions and legal framework on which the budget was based had since changed. The Commission emphasises that the price proposals have no effect on the appropriation requirements for 2000, as estimated in January.

1.2.3. The rate of the euro against the dollar was fixed at 1:1,12 in the budget. If the average value of the euro throughout the financial year is USD 1,04, savings of around EUR 400 million could be made according to the Commission.

1.2.4. The appropriations required for sheep- and goatmeat, for the dairy sector and for wine and olives have been revised downwards, whereas for beef, textile plants and sugar they are now higher than at the time of the budget forecasts.

## 2. General comments

2.1. The Committee notes with regret that unlike previous years the Commission farm price proposals for 2000/2001 refer neither to the general situation in agriculture nor to trends in agricultural and food production, farm incomes or food prices.

2.2. The Committee would point out once again that it has repeatedly asked the Commission to examine the effects of the CAP — and especially the effects of lower producer prices for agricultural products — on consumer prices, food quality, the environment and employment, etc. The Committee notes that, in a paper published in February 2000 analysing the effects of the CAP reform, the Commission lists — inter alia — possible benefits for consumers. This paper covers, however, only some of the ground which the Committee thinks it should cover.

2.3. Already in last year's farm price opinion the Committee voiced concern about the trends in farm incomes in most EU Member States. The fear that the pressure on incomes would continue was unfortunately confirmed by the trends in 1999. According to Eurostat estimates, farm incomes dropped 2,8 % in real terms in 1999. The steepest drops were in Ireland (-11,7 %), Denmark (-10,5 %), Belgium (-9,1 %) and the Netherlands (-5,8 %). Countries where livestock production predominates were hardest hit, since prices for all livestock products (and especially for pigmeat) fell sharply. In some regions (Spain in the case of cereals, and Spain, Greece and Portugal in the case of olives) the earnings of many farmers have been hit by extremely poor harvests.

2.4. Given the unsatisfactory trend in farm incomes and the tight situation on major agricultural markets, the Committee considers that the CAP instruments available must be exploited to the full. The Committee also trusts that — apart from being necessary in the context of the WTO negotiations — last year's reform decisions will remain intact for the sake of the requisite continuity and that funds required and also agreed on for the reform will be made available.

2.5. At the Berlin European Council, the heads of state and government promised farmers that in all events the requisite funds would be provided for the reform measures. The Committee therefore thinks that the so-called 'margin' (the difference between the theoretical and actual ceiling on expenditure) must also be available for CAP measures, if

necessary. On no account can corrections be made to agreed measures in the first year after the reform's entry into force in order to make savings.

2.6. The Committee recognises that the programme for rebuilding Kosovo is necessary, but notes with satisfaction that at the March 2000 Lisbon summit, influential heads of state and government spoke out against the transfer of funds from the agricultural budget to the Balkan stability pact. The Committee trusts that the Commission will comply with this and will observe the Berlin Agenda 2000 decisions in full. This is necessary not least for the sake of its credibility.

2.7. The Committee would also refer to the opinion submitted by the agricultural committee of the European Parliament to the budget committee stating that the financial implications of special budgetary requirements must be split evenly between all budgetary headings.

2.8. Finally, the Committee would point to the difficulties facing important agricultural markets as a result of the growing pressure of imports. It trusts that the Committee will make efficient use of the instruments and budget funds available for marketing measures, and suggests an increase in funds. The Committee thinks that there are grounds for arguing that the budgetary funds provided for promoting the sale of ornamental plants and flowers should be deployed in the year 2000/2001, too, since any interruption will undermine the efficiency of proven marketing measures.

## 3. Specific comments

### 3.1. Cereals

3.1.1. The proposed cuts in the monthly increments are rejected by the Committee, since there is no objective justification for them. Storage costs are made up of not only financing costs but also other cost factors, such as staffing, building and energy costs. The costs are completely independent of the trend in the value of cereals as a commodity. The same is true of the general level of interest rates. The Committee would point out that a cut in the monthly increments would not only trigger a further drop in prices but would also reduce external protection.

3.1.2. The Committee supports, in principle, suitable measures for promoting quality production, but it regrets that the Commission tightened up the minimum criteria for intervention for the 2000/2001 marketing year at a time when producers were no longer able to adjust to these new conditions since autumn sowing had already taken place. This approach is also out of tune with last year's reform, since the tightening up clearly restricts intervention's function as a safety

net and will subsequently exert additional pressure on prices. The Committee accepts the provision about minimum grain size in the case of barley, but calls for the remaining intervention criteria to be reviewed when a decision is taken about the price package. It should not be overlooked that because of their dependence on the weather, farmers cannot influence all factors which are decisive for quality, such as water content or falling number in the case of rye.

3.1.3. In view of the tight situation on the cereals markets, the Committee would ask the Commission to check to what extent other world market suppliers help to take the pressure off the market and also, in the light thereof, to verify the compulsory set-aside rate for the marketing year 2001/2002.

3.1.4. The Committee welcomes the Commission proposal that the monthly increments for rice remain unchanged. The difficult situation facing rice producers demonstrates that basically it will also be impossible in future to dispense with the CMO instruments for rice.

### 3.2. Sugar

3.2.1. The Committee welcomes the Commission proposal that the institutional prices and storage cost reimbursements for sugar be left unchanged this time.

3.2.2. The Committee assumes that suitable action will be taken in time to reduce production quotas in order to comply with the EU's commitments under the Uruguay Round. In this way, the EU sugar industry will also be making an important contribution towards taking some sugar off the world market.

### 3.3. Flax and hemp

3.3.1. The Commission apparently assumes in the context of the budget for its price proposals that the proposed reform of the flax/hemp common market organisation will enter into force in the marketing year 2000/2001 already. The Committee regards this as unacceptable, since an appropriate preparatory period is necessary for implementation and discussion, as the Committee made clear in its opinion on flax and hemp grown for fibre. It calls on the Commission to take up the objections raised in that opinion and take sufficient account of them in its review of the reform proposals.

### 3.4. Fruit and vegetables

3.4.1. The Committee would point out that the practical implementation of the current EU threshold values for products processed from citrus fruits and the quota arrangements for products processed from tomatoes has caused difficulties and that these quantities must therefore be adjusted upwards. Therefore, steps should be taken to examine whether it would not be possible to take better account of production and market requirements by laying down national threshold values for processors of citrus fruits and tomatoes.

3.4.2. The Committee notes that low-price imports are steadily increasing the pressure on a number of special fruits and vegetables such as nuts, asparagus and garlic. Many jobs are threatened as a result, since most of these production sectors are very labour-intensive. The Committee therefore advocates that appropriate support measures be continued and/or that special safeguards be applied.

### 3.5. Animal products

3.5.1. The Committee welcomes the fact that the basic prices for sheep- and pigmeat are to remain unchanged and that no extra budgetary funds will be required for these sectors of production. However, the Committee would ask how, with beef prices falling in the wake of the Agenda 2000 reform (mid-year reduction of institutional prices by a further 6,7 %) and the comparatively high pressure exerted by imports, the Commission's optimistic price expectations for sheepmeat are to be fulfilled. Account should also be taken of the fact that sheepmeat is being imported from third countries more and more as chilled fresh produce rather than in frozen form, thereby exerting further pressure on prices on European markets.

3.5.2. The Committee notes that the institutional prices for beef are to be lowered in three stages under the Agenda 2000 reform and that no additional appropriations will be required for 2000. It trusts that the Commission will explore all avenues available to stabilise the beef market further.

3.5.3. The Committee notes critically that when the Commission attempts to push through joint EU-Member State

funding for the first time for a CMO measure, it just happens to pick on the school milk scheme which is so important for children and adolescents. The Committee trusts that a quick

decision will be taken to ensure the continuation of the school milk programme, in accordance with the Committee's opinion on the Commission proposal.

Brussels, 27 April 2000.

*The President*  
*of the Economic and Social Committee*  
Beatrice RANGONI MACHIAVELLI

### **Opinion of the Economic and Social Committee on the 'Proposal for a Council Decision creating a European Refugee Fund'**

(2000/C 168/07)

On 6 March 2000 the Council, acting under Article 262 of the EC Treaty, asked the Economic and Social Committee for an opinion on the above-mentioned proposal.

The Section for Employment, Social Affairs and Citizenship, which was instructed to prepare the Committee's work on this subject, adopted its opinion on 11 April 2000. The rapporteur was Mrs zu Eulenburg.

At its 372nd plenary session, held on 27 April 2000, the Committee adopted the opinion set out below, with 107 votes in favour and one abstention.

#### **General observations**

##### **1. Gist of the Commission's proposal**

Under the Proposal for a Decision, measures covering the reception of asylum-seekers, the integration of refugees and voluntary repatriation are brought together in an instrument which is to be valid for a period of five years.

The proposed European Refugee Fund is based on Article 63(2)(b) of the EC Treaty. The aim of the Fund is to promote 'a balance of effort between Member States in receiving and bearing the consequences of receiving refugees and displaced persons'.

Finance is thus to be allocated between the Member States in proportion to (a) the number of asylum-seekers whom they take in ( $\frac{2}{3}$ ) and (b) the number of refugees to whom they give accommodation in their territory ( $\frac{1}{3}$ ). Co-financing by the European Refugee Fund (ERF) is set at 50 %. The proportion can, however, be increased to 75 % in the case of Member States receiving support from the Cohesion Fund in order to help them compensate for a lack of the requisite facilities.

Two target groups are identified as beneficiaries of the measures to be funded by the ERF, namely: 'refugees' (persons having refugee status and asylum-seekers) and 'displaced persons' (persons who benefit from any form of international protection or have applied for such protection).

Priority is to be given to supporting concrete measures, focusing on, for instance:

- reception conditions: the development or adaptation of infrastructures and services for providing accommodation, material assistance (e.g. clothing or food), and social or administrative assistance in connection with the asylum procedure;
- integration facilities: the provision of assistance in finding accommodation, claiming social and medical benefits and taking part in language courses and help to enable people to provide for themselves, in particular, help in finding jobs;
- voluntary repatriation to the country of origin and reintegration into that country: the provision of information on available return programmes and the situation prevailing in the countries concerned, general educational measures and vocational training measures and actual resettlement;