WRITTEN QUESTION E-0220/04
by Mario Borghezio (NI) to the Commission
(30 January 2004)

Subject: Threats to Po Valley producers as a result of the euro's excessive rise against the dollar

The European Trade Commissioner, Pascal Lamy, recently expressed concern at the strength of the euro exchange rate against the dollar, saying that this could harm Europe's competitiveness, yet at the same time the spokesman for the Commissioner for economic and monetary affairs, Gerassimos Thomas, confirmed the Commission's determination to pursue a strong euro.

Statements by ECB President Jean-Claude Trichet that the strengthening of the single currency is having a negative impact on exports seem to confirm Mr Lamy's concern, but he goes on to say that exports are holding up despite the strong euro.

What measures does the Commission intend to take to allay the fears expressed, in particular by small businesses in the Po Valley, that any further strengthening of the European currency could cause losses of around two billion euros to producers in the north-east of the Po Valley within a few months?

Answer given by Mr Solbes Mira on behalf of the Commission
(5 March 2004)

The euro has undergone an appreciation of around 25 per cent against the dollar since the start of 2003. However, what matters for competitiveness is the real effective exchange rate. The real effective exchange rate is based on the evolution of the euro against a basket of currencies, weighted according to their importance in the external trade of the euro area. It also takes into account differences in inflation rates. The euro-area real effective exchange rate has only appreciated by around 8% since January 2003 (when deflated by nominal unit labour costs) and by 3% since 1999.

While a strengthening euro does have a negative impact on the competitiveness of euro-area exports, this effect has been offset by a rebound in the growth of world trade, as economic activity in the major regions of the global economy continues to strengthen. Furthermore, a stronger euro helps to support higher domestic demand in the euro area.

The Commission believes that a stable exchange rate is in Europe's interest. It will closely monitor developments in foreign exchange markets over the coming months.

Concerning small businesses (up to 50 employees) in the Po Valley, one of the major objectives of Structural Funds actions in Italy is to promote an increase in the competitiveness of firms, notably by promoting product and process innovation, in order to strengthen their export-capacity: Small and medium-sized enterprises (SMEs) also benefit from the leverage effect of venture capital and guarantee instruments managed by the European Investment Fund.

WRITTEN QUESTION P-0222/04
by María Ayuso González (PPE-DE) to the Commission
(26 January 2004)

Subject: Cotton

France has recently presented a 'European Cotton Initiative' in support of Africa's cotton-based economies, advocating the reform of the Community cotton industry subsidy arrangement, so as to reduce the allegedly market-distorting subsidies granted by the EU.
Does the Commission believe that the French Government’s major interests in the African cotton sector via the French Company for Developing Textile Fibres, which has a large network of branches in Africa, might underpin the way in which the Community negotiators tolerated the belligerency of a group of African countries at the WTO ministerial meeting in Cancun, when those countries attacked the Community arrangements?

The problem of African cotton’s inability to compete with cotton from elsewhere and with other textile fibres will not be resolved by the disappearance of the Community cotton industry. Does the Commission therefore believe that the interests of a single country justify launching a proposal to reform the sector which could put an end to the viability of EU cotton farming, given that, moreover, our cotton production represents merely 2% of world production, our exports 1.5% of world trade, we import cotton virtually duty free, and we do not grant export refunds?

Answer given by Mr Fischler on behalf of the Commission

(26 February 2004)

The proposal for reform of the Community cotton aid scheme has no link whatsoever with the interests of the French-owned textile industry in West and Central Africa. Its justification can be found in the terms of the Luxembourg Council compromise of June 2003 whereby political agreement was obtained on fundamental reform of the common agricultural policy and the Commission was charged with presenting legislative adjustments for Mediterranean products on the same lines.

In the Doha Development Agenda negotiations the Union has pointed to the very marginal role of European cotton on the world market and in particular its very limited impact on the world price of the fibre. Not being a net exporter but on the contrary the biggest importer, the Union has to accept prices and does not determine them. At the WTO ministerial meeting in Cancun, following a request by a number of African countries for measures to address the depression in world market prices for cotton, the Commission proposed a constructive solution, within the overall DDA agricultural negotiations on the three pillars of market access, export support and domestic support, that addressed the trade issues related to the price depression. This solution was further elaborated in the Commission Communication Reviving the DDA Negotiations of 26 November 2003 that has been endorsed by the Member States.

The reform proposal for cotton is a response both to the compromise and to the abovementioned commitment. There is definitely no aim of abolishing Community production to the benefit of the production chain in any non-EU country.

We must also stress that the WTO initiative of these African countries concerned needs to find an adequate response. It is essential that the developing countries integrate themselves more fully into world trade and also into the negotiating fora for international trade, particularly the WTO.

(2004/C 84 E/0631)

WRITTEN QUESTION P-0230/04
by Konstantinos Hatzidakis (PPE-DE) to the Commission

(26 January 2004)

Subject: Utilisation of Community appropriations in the Member States at the close of 2003

Can the Commission provide a breakdown for each Member State of the level of commitments and expenditure effected by the close of 2003 under the Community Support Frameworks?