

Opinion on the Commission proposals on the prices for agricultural products and on related measures, 1988/1989

(88/C 175/12)

On 6 April 1988 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned Commission proposals.

The Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 13 April 1988. The rapporteur was Mr Schnieders.

At its 255th plenary session held on 27 and 28 April 1988, the Economic and Social Committee adopted the following Opinion by a large majority with no votes against and 3 abstentions.

1. Preliminary comments

1.1. The Committee's Opinions of 19 November 1987 and 27 January 1988⁽¹⁾ supported the adoption of effective and appropriate measures for controlling and curbing surplus production and agricultural spending. The principles underlying 'stabilizers' were approved at the 11/12 February 1988 Summit and Farm Ministers have since adopted the relevant Regulations.

1.2. The funding arrangements for agricultural market and structural policy measures have thus been fixed for a five-year period. In order to maintain budgetary discipline and restore balance to the market, the prices for market regime products will fall sharply if the thresholds now applicable to all products are exceeded. These price cuts will affect all producers equally, regardless of whether they have increased or reduced production.

1.3. The Council has given producers the chance to participate in set-aside programmes on a modest scale to help ensure that the thresholds for cereals, rape and leguminous vegetables are not reached. The implementing provisions are to be adopted by the Commission by 30 April 1988. The Committee delivered an Opinion on the Commission proposal on 24 February 1988⁽²⁾.

2. General comments

2.1. This is the background to the Commission's proposals for the 1988/1989 farm prices and the related measures. The Committee accepts in principle the efforts of the Commission and the Council to maintain budgetary discipline and restore balance to the market. Hence it approves in principle the freezing of intervention prices. It has, however, considerable reservations about the proposed related measures. These are set out in detail below. The Committee would also

reiterate its previous demand that any loss of income caused by the restrictive price policy be cushioned by structural, regional and income measures.

2.2. The Committee notes that the Commission proposes to reduce intervention prices in the case of durum wheat only. This gives the impression that the Commission has not proposed any changes in farm prices. In reality, however, many of the related measures proposed by the Commission will result in a further fall in market prices.

2.3. The following cuts have already been fixed on the basis of the current forecasts for the 1988/1989 harvest: cereals approximately 3%, rape, soya and protein plants 5-8%, sunflowers about 10%. Moreover the related measures that have been proposed will exacerbate the price cuts which are likely to result from the 'stabilizers decision'.

2.3.1. Since the tillage and planting for the 1988 harvest has already taken place and the implementing regulations for the set-aside programme are still only at the preparatory stage, it is now too late for farmers to be able to act. The Committee has already pointed this out in its Opinion of 27 January 1988⁽³⁾.

2.4. Several Committee Opinions in the past have already drawn attention to the fact that efforts to stabilize agricultural markets can be frustrated by imports from non-Community countries which have not taken similar measures to curb production. This is particularly true of imports of cereal substitutes, which increased from 15 to 17 million tonnes last year. This increases the expenditure on the storage and export of EC cereals. The Committee would therefore urge the Commission to heed the European Council's request 'to ensure, in the context of the Uruguay Round and having regard to the provisions of the General Agreement on Tariffs and Trade (GATT), that the Community's measures with respect to prices and quantities are given due consideration, and to press for an appro-

⁽¹⁾ OJ No C 356, 31. 12. 1987 and OJ No C 80, 28. 3. 1988.

⁽²⁾ OJ No C 95, 11. 4. 1988.

⁽³⁾ January 1988: OJ No C 80, 23. 3. 1988.

appropriate solution to the problems arising in connection with imports of cereal substitutes, oilseeds and protein plants into the Community.⁽¹⁾

2.5. A number of Committee Opinions have already called for effective and appropriate measures to curb overproduction and agricultural spending—up by 106 % since 1980. The Council has heeded this request, laying down a 28 600 million ECU guideline for spending by the European Agricultural Guidance and Guarantee Fund (EAGGF). The Committee approves this guideline.

2.6. This guideline and the implementation of the stabilizers instrument mark the beginning of a policy which requires big sacrifices from farmers and particularly family farms and all those who farm in the disadvantaged regions where the exodus from the land is more pronounced. EC statistics show that since the beginning of the seventies the net incomes of farmers have fallen in all the Member States, although EAGGF spending has risen sharply and farm incomes rose in some years. Incomes fell by 5 % in 1987. In its Opinion of 19 November 1987⁽²⁾ the Committee has already noted that 'the social situation of the majority of those gainfully employed in agriculture has deteriorated'.

2.7. Discussing the prerequisites for reform in its Opinion of 19 November 1987⁽²⁾, the Committee said that 'the process of adjustment must be carried out in a socially acceptable manner'. The Committee therefore calls upon the Council to do everything in its power, when fixing the farm prices for 1988/1989, to ensure that the related measures—especially those which according to Part II of doc. COM(88) 120 final (financial implications) will have no impact on the budget—do not result in a loss of income for farmers. Instead, all avenues should be explored which are compatible with the principles laid down by the Committee (Opinion of 19 November 1987)⁽²⁾ but remain within the budget guideline.

2.8. The Committee therefore calls for the promotion of all measures that will help to improve the quality of foodstuffs, as already recommended by the Committee in its Opinion of 19 November 1987⁽²⁾. This means first of all making sure that quality standards for agricultural products, e.g. fruit and vegetables, wine, livestock and meat are maintained and improved in all EC countries. It also means maintaining and where possible improving the high nutritional value of basic foodstuffs during processing.

2.9. The Committee would point out to the Council that the stabilizers instrument lacks flexibility. Farmers are able—insofar as alternative solutions exist—to have some influence over acreage and the size of cattle herds. Harvests, on the other hand, also depend on what the weather has been like—something which lies outside the control of human beings. The Committee therefore asks the Commission to come forward with proposals on ways of balancing out surplus and shortfall production over a number of years to take into account the biological cycles of certain crops (e.g. olives), without exceeding the budget guideline. Such measures are already in force, albeit in rudimentary form, in the sugar beet and wine sectors.

2.10. The Committee believes that regulations on small producers should all be tailored in practice to the particular structures and production patterns of the farms themselves. By carefully combining acreage with output it should be possible to exempt small producers from the restrictions placed on the quantities of agricultural products offered for sale.

2.11. The Committee would re-emphasize the great importance it attaches to structural policy. Greater efforts should therefore be made to improve marketing and processing structures, transportation and infrastructure, agricultural credit, support for projects by individual farms, job opportunities outside agriculture, the purposeful utilization for other ends (e.g. fibre plants, ornamental plants, wood, etc.) of agricultural resources no longer needed for food production.

2.12. The Committee is strongly in favour of the adoption of appropriate measures (in particular closer cooperation on economic and monetary policy) whereby Member States' currencies are so closely tied together by 1992 that upward or downward realignments of exchange rates will no longer undermine common farm prices. All Member States should therefore commit themselves to operating within a common band of permissible currency fluctuations. This should ensure that the monetary compensatory amounts (MCA) can be abolished by 1992. Therefore the Committee proposes that visible action be taken to remove existing MCA, taking into account the Council's decisions when adopting the farm prices and related measures for 1987/1988.

3. The Economic and Social Committee has the following comments to make on individual products

3.1. Cereals

The halving of the monthly increases means a further indirect price cut of 2 % on average and will further destabilize the markets at harvest time. The Committee calls for the increases to remain as they are. The only

⁽¹⁾ Declarations of the European Council concerning agricultural policy, Annex II to the overall compromise of the European Council of 11 and 12 February 1988.

⁽²⁾ OJ No C 356, 31. 12. 1987.

changes which should be made are those necessitated by the changes in interest costs.

The sharp fall in the intervention price for durum wheat should be further cushioned by an increase in aid. The use of certified seed should be encouraged in the traditional durum wheat areas.

The Committee believes that the Community should return to the 16% moisture content level required for processing.

The Committee considers that suitable administrative means should be found to avoid the advance payment of the supplementary levy.

The Committee welcomes the Commission's plan to introduce aid to boost the use of cereals for animal feed. This measure should be tailored to practical realities. Regions and farms where up until now there has been a high percentage of cereals in compound feedingstuffs must not find themselves at a disadvantage. Not only funds from co-responsibility levies but also savings from export refunds should be made available under the aid schemes.

3.2. *Peas and field beans*

The Committee thinks that when the aid is calculated, allowance should be made for other raw materials which compete with grain legumes in compound feedingstuffs.

3.3. *Dried fodder*

The Committee is opposed to the increase in the minimum protein content from 14 to 16%. This will not save any money. All it will achieve is to exclude from the aid schemes plants which in the past have been eligible, e.g. grasses. The effect on existing infrastructure will be considerable.

3.4. *Tobacco*

The Committee welcomes the Commission's intention to divide up the guaranteed quantity not only according to groups of varieties but also according to varieties. Consideration should be given to the possibility of exempting group I varieties from the restriction. The Committee reiterates its proposal of 27 January 1988⁽¹⁾ that socio-structural measures be adopted in the less-developed regions to help eliminate gradually the imbalance on the tobacco market.

3.5. *Fruit and vegetables*

3.5.1. *Fresh fruit and vegetables*

The Committee would point out that prices have fallen by more than 40% in real terms as a result of the

conversion factors applied by the Commission to buying-in prices.

The Committee cannot understand why the Commission has still not submitted a report on the situation in the citrus fruit sector, yet puts forward proposals for the coming marketing year. A system of processing aid to increase the value of Community production would be more rational and economical for the Community.

The difficulties of the fruit and vegetables sector could best be solved by reinforcing the principle of Community preference.

The Committee is of the view that encouragement should be given to the initiatives already undertaken in the southern European countries to expand the production of semi-tropical and exotic fruits (avocados, kiwis, pineapples, bananas, etc.). Some of these crops—which are still imported in large quantities from third countries—are traditionally grown in certain island regions of the Community (bananas in the Canaries, Martinique, Guadeloupe, Madeira, pineapples from the Azores, etc.). The Commission should look into these problems more closely to ensure that preference is given to Community produce and that fresh and processed products compete on equal terms.

3.5.2. *Processed fruit and vegetables*

The Committee cannot approve such a restriction on peaches in syrup at a time when imports from third countries are rising sharply and the Commission is not proposing any stabilizing mechanism.

3.6. *Cotton*

In view of the deficit in cotton and the alternative which this offers to other products in surplus, the Committee regard the guarantee threshold of 752 000 t as too low.

3.7. *Soya, sunflowers and oilseeds*

The Committee considers that the guarantee thresholds for these crops are too low in view of the fact that there is a considerable production shortfall. The Committee calls on the Commission to submit proposals on how the opportunities for disposal can be better exploited without breaching the budget guidelines.

3.8. *Beef*

The Committee thinks that the proposed changes in the intervention system go too far. Since the Commission has announced that it will be proposing changes to the beef market regime in autumn, and since it is expecting an easing of the situation on the beef market and does not expect the proposed measures to lead to EC budget savings, the Committee would recommend that no changes be made in this sector.

⁽¹⁾ January 1988: OJ No C 80, 28. 3. 1988.

The Committee is also opposed to the tendering system which has been announced for beef. Differences in the quality of beef make this measure unsuitable. Small and medium-sized processing plants would also be discriminated against. In the Committee's view the quotas for beef imports from third countries far exceed domestic demand. The Committee would like to see the Commission draw up proposals on how the supply of live calves for fattening could be improved in certain deficit regions (e.g. Greece).

Done at Brussels, 28 April 1988.

3.9. Milk

In view of the situation on the Community and world milk market, the Committee suggests that the Commission draw up a proposal cancelling the temporary 1,5% quota suspension due for the 1988/1989 marketing year.

*The Chairman
of the Economic and Social Committee*

Alfons MARGOT

Opinion on the Communication from the Commission: 'Towards a competitive community-wide telecommunications market in 1992 - Implementing the Green Paper on the development of the Common Market for telecommunications services and equipment - State of discussions and proposals by the Commission.'

(88/C 175/13)

Acting in accordance with the provisions of Article 198 of the Treaty, the EC Commission asked the Committee, on 26 February 1988, for an Opinion on the abovementioned communication.

The Committee's Section for Transport and Communications, which was instructed to prepare the work on the matter, issued its Opinion on 13 April 1988 (rapporteur: Mr Rouzier).

At its 255th plenary session on 27 and 28 April 1988 (meeting of 27 April 1988), the Economic and Social Committee adopted the following Opinion by 85 votes to 8, with 25 abstentions.

1. The Committee records its satisfaction at having been asked for an Opinion by the Commission on this communication, which is designed to facilitate consideration of the Green Paper and future EC telecommunications policy. The communication sets out a programme of action both as regards measures to be undertaken by the Commission under Community competition rules and its general mandate, and as regards future proposals to the Council, in order to achieve progressive opening of the telecommunications market in the Community to competition.

1.1. The communication is therefore a follow-up to the Green Paper. It draws attention to the wide-ranging debate prompted by the Green Paper and does not diverge from it in any substantial way. The communication does, however, provide a number of important clarifications in respect of the Commission's priorities for action. The communication comprises three parts, namely:

- a) areas where the development of concrete policy actions is possible now;
- b) areas where comprehensive policy consensus still has to be worked out;