

Opinion on the proposal for a Council Regulation (EEC) on the introduction of a limit to the granting of production aid for processed tomato products⁽¹⁾

(93/C 108/04)

On 8 December 1992 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 5 February 1993. The Rapporteur was Mr Pricolo.

At its 303rd Plenary Session (meeting of 24 February), the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. The principle of aid for the processing of certain fruits and vegetables, fresh tomatoes in particular, was confirmed by the Council in its May 1978 'Mediterranean package' of measures designed to strike a balance more favourable to the Community's Mediterranean regions. The need to encourage industrial processing of fresh produce, avoiding withdrawal from the market and the destruction of intervention stocks underlay the decision. The emphasis was on incentives capable of building a modern agro-industrial structure in highly rural areas—essential in order to tackle the prevailing high level of under-employment.

1.2. The aid system was designed to provide financial compensation (processing premium) funded by the European Agricultural Guidance and Guarantee Fund (EAGGF) for processing companies, the cost to be borne by the EAGGF, to offset the remaining raw material differential between EC and third country products—which, as is widely known, are more competitive due to low pay. The granting of aid depended, however, on the company entering into contracts with farmers, guaranteeing them a minimum fair price.

1.3. It should be emphasized that provision of aid under these arrangements simultaneously benefits processors, farmers and consumers: processors are enabled to place the finished product on the market more efficiently; farmers receive a worthwhile price from the sale of raw material, and can rely on the industry to absorb their crop; and consumers pay a lower price for the finished product.

1.4. Lastly, it should be noted that the arrangement has largely eliminated the grave, recurrent tensions which used to disrupt all aspects of product delivery to the processing industry, and has provided farmers' associations with substantial room for manoeuvre: as a result, they have grown considerably in strength.

1.5. Council Regulation (EEC) No 989/84 of 31 March 1984 introduced machinery to penalize any excess of the 'guarantee threshold', then set for the entire Community at 4 700 000 tonnes of fresh product intended for processing, and divided up between the three sub-categories of 'tomato concentrate', 'tinned whole peeled tomatoes' and 'other tomato products'. Where Community production of fresh tomatoes earmarked for processing exceeded the pre-determined levels, production aid for the following marketing year would be reduced proportionately (ie. a 1 % reduction in aid for each percentage point of excess). In calculating the thresholds, account was taken not of annual volumes, but of the average production over the three marketing years preceding the marketing year for which aid was to be set.

1.6. It was subsequently found that the system, as designed, was an obstacle to effective production control policy, for the obvious reason that reducing aid did not always deter producers from exceeding guarantee limits.

1.6.1. It was therefore decided to introduce more restrictive measures for the 1985/1986, 1986/1987 and 1987/1988 marketing years, restricting aid to production of pre-determined amounts. In the meantime, it was established that in the event of guarantee thresholds being exceeded, account would be taken only of those amounts for which aid had been granted over the three preceding marketing years.

1.6.2. In other words, the production 'quota system' was introduced: with a number of extensions, this remained in force until the 1991/1992 marketing year.

1.6.3. The quota system lapsed naturally with the 1991/1992 marketing year: the 'guarantee threshold' system has automatically come back into force for the 1992/1993 marketing year since no decision has been taken to extend the validity of the quota system arrangements.

2. General comments

2.1. The Committee believes that the aims and content of the Commission's proposal to reintroduce, from

⁽¹⁾ OJ No C 328, 12. 12. 1992, p. 6.

the 1993/1994 marketing year, arrangements limiting the granting of production aid for processing fresh tomatoes, meaning aid only for pre-determined amounts earmarked for processing, merit support.

2.2. The production quota mechanism unquestionably possesses a number of advantages for both farmers and processing concerns: under it, farmers sow in line with the amounts of fresh produce to be supplied to the industry; processing companies can adjust their production capacity in line with the amounts agreed with farmers.

2.3. Lastly, the 'quota system' provides both farmers and the industry with stable benchmarks for their production. Above all, it removes the element of chance and uncertainty of the system involving aid reductions in the event of guarantee limit excess. As has been seen in the past, it may be worthwhile under the latter system to put up with reduced aid when production dramatically outstrips guarantee limits.

2.4. It should also be pointed out that the Commission's initiative reflects the Council decision—made when the 1992/1992 farm prices were set—to restore the quota system for the 1993/1994 marketing year.

2.5. The reintroduction of this system is therefore legal.

2.5.1. The Committee also endorses the Commission's intention to apply the arrangements for an indeterminate period: it is hard to imagine one system being used for one or two marketing years, and then being replaced by another.

2.5.2. It goes without saying that review of the system depends on any subsequent changes to the Common Agricultural Policy (CAP) and the conclusion of the negotiations on the General Agreement on Tariffs and Trade (GATT).

2.6. The Committee has no comment to make on the 'overall volumes' of fresh tomatoes allocated to each producer country. As in the past, this is to be handled by the processing industry.

2.6.1. The Committee nevertheless calls upon the Commission to review the overall quantities assigned to the various producer countries in the future, to reflect their real production capacity.

2.6.2. It is hoped that careful thought will be given to the 'agent' to whom quota management is to be entrusted.

2.6.3. The Committee wonders whether a formula should not be devised empowering the Member States to assign management responsibility. The question is

of considerable importance, since farmers' associations in the tomato sector in some countries have assumed such proportions that at the very least, a review of the situation is justified.

2.7. While convinced of the desirability of returning to the 'quota system', the Committee nevertheless considers that a number of minor amendments need to be made to the system as operated until 1991, in order to reflect changed market and agricultural organization circumstances. A 'degree of flexibility' should be introduced in order to offset the rigidity of the earlier quota scheme.

2.8. More specifically, it should be borne in mind that allocation of each country's overall production volume into three separate sub-quotas,

- a) tomato concentrate
- b) tinned whole peeled tomatoes
- c) other tomato products,

was shaped by a situation which has, in part, been altered by different market trends.

2.8.1. It has been noted that for a number of years, for example in Italy, the 'tinned whole peeled tomatoes' sub-quota has not been fully used, while the 'other tomato products' sub-quota (juices, pulps, etc) has consistently been exceeded.

2.8.2. Consequently, it would be illogical to maintain the quantitative sub-division as applied in the past. It should be revised so that for each overall volume allocated for each country, the sub-quotas are divided on a new basis, reducing those which are hardly used and increasing by the same amount which have proved to be insufficient.

2.9. The Committee believes that flexibility is also needed with regard to the inter-quota transfers under the draft Regulation: in particular, such transfers should be permitted for individual marketing years, so that these amounts cannot be consolidated in when quotas for undertakings are being calculated for subsequent marketing years.

3. Specific comments

3.1. In the light of the above comments, the Committee recommends the following amendments to the text:

3.1.1. Article 1.1 should be amended in order (a) to reduce, for Italy, the volume of tomatoes earmarked for processing into 'tinned whole peeled tomatoes' by at least 100 000 tonnes (b) to increase the quantity for 'other tomato products' by the same amount.

3.1.2. The 5 % maximum, laid down in Article 1.2, second indent, for transfer from 'concentrate' to 'other

tomato products', should be increased up to a maximum of 15 % in specific short-term circumstances.

3.1.3. It should also be made possible to raise the 5 % limit set out in Article 1.2, third indent, for transfer from 'other products' to 'concentrate', up to a

maximum of 15 % in specific short-term circumstances.

3.1.4. Article 1.3(c) should be completed as follows:

'Where the quantity constituted using the 2 % reserve is not fully used or is partly used for new initiatives, it shall be returned to the quantity to be assigned to individual undertakings.'

Done at Brussels, 24 February 1993.

*The Chairman
of the Economic and Social Committee*

Susanne TIEMANN

**Opinion on the proposal for a Council Regulation (EEC) amending Regulation (EEC)
No 2299/89 on a Code of Conduct for Computerized Reservation Systems**

(93/C 108/05)

On 11 February 1993, the Council decided to consult the Economic and Social Committee under Article 84(2) of the Treaty establishing the European Economic Community on the abovementioned proposal.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 12 February 1993. The Rapporteur was Mr Moreland.

At its 303rd Plenary Session (meeting of 24 February 1993), the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. There has been concern that the development of computer reservation systems (CRS) owned by airline companies may operate more in the interests of promoting those airlines than in ensuring that travel agents are able to present a comprehensive and objective display of airline services available to the customer.

1.2. As a result of this concern, the Commission agreed in July 1988 a block exemption regulation on certain categories of agreements between undertakings relating to CRS for air transport. In July 1989 the

Council agreed a regulation on a code of conduct for computerized reservation systems. The Committee gave its Opinion on these proposals. The Regulation is largely reflective of the Committee's Opinion.

1.3. Article 2.3 of the Council regulation stated 'The Council shall decide on the revision of this Regulation by 31 December 1992 on the basis of a Commission proposal to be submitted by 31 March 1992 accompanied by a report on the application of this Regulation'. However, the report and the draft proposal were not published by the Commission until late in 1992.