Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Doc. 664
29 April 1957

European Economic Community

Report[1]
Committee on Agriculture and Rural Development
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1. 1957 - 9th Session - First part

A.

B. Explanatory Memorandum submitted by M. CHARPENTIER

1. Draft Resolution

The Assembly

1. Welcomes the signature of the Common Market Treaty by the Six; Notes that, in the agricultural field, the Treaty gives promise of the implementation of ideas which have long been expressed by most of its members, and hopes that it will be speedily ratified;

2. Emphasises, however, that if the Treaty is to become a living reality, it will be necessary :

a. to grant the agricultural profession its rightful place in the Economic and Social Committee and appoint its representatives with its full consent;

b. to set up, from the outset of the first transitional period, at the end of the Conference of Ministers, a permanent Working Party, first to prepare and then to supervise the progressive implementation of a common agricultural policy based on common market organisations;

3. This Working Party should be headed by six politicians (one for each signatory country) appointed by their Governments with the consent of Parliaments ; The conclusions reached by this Working Party might, if approved by the European Commission, serve as a basis for the proposals which the latter is required by the Treaty to submit to the Council of Ministers, after obtaining the views of thè Consultative Committee and the parliamentary Assembly;

4. Hopes that the genuine effort to reach agreement between the Six and the Eleven will result in a solution whereby European cohesion and unity should be strengthened.

2.

5. The Common Market extends to agriculture and trade in agricultural produce, i. e. products of the soil, of stock-breeding and of fishing, as well as semi-manufactured goods directly related to such products. It should be pointed out, with regard to agricultural produce occurring in different lists, that wood, although not mentioned in Annex II, will be the subject of special regulations. There is a danger of excessive felling being carried out in order to satisfy the considerable requirements of the Six. Timber, apart from the economic wealth it represents, has many other advantages; for example, it helps to prevent erosion; it enables poor land to be exploited and a certain number of inhabitants to remain in areas which might otherwise become completely arid.

The regulations governing the setting up of a Common Market will be applicable to agriculture, subject to certain clauses concerning more especially :

1. the fixing of minimum prices;

2. the establishment of a preferential system within the Community and the fixing of prices for agricultural produce traded among the Six.

These measures must gradually disappear or be integrated into an agricultural policy common to the Six and founded on common agricultural marketing organisations;

Let us examine these different points :

1. Fixing of minimum prices : If the progressive abolition of customs duties and quantitative restrictions between Member States constitutes a danger for the producers of a specific product within one country, that country may fix minimum prices below which imports may be temporarily suspended or reduced, or made conditional on the price at which they take place being above the minimum fixed. This measure must not, however, bring about a reduction in the trade existing before the time when the Treaty enters into force. During the first three years the Council must, on a proposal of the European Commission, unanimously adopt objective criteria for establishing minimum prices for essential products in each country. These criteria and the procedure for revising them must be determined by a unanimous vote. Once this has been done, countries must fix their minimum prices on the basis of these criteria. The Council of Ministers, on the proposal of the European Commission, may, voting with the prescribed majority, revise the prices determined on if they do not conform to the criteria adopted. At the expiry of the transitional period, the Council of Ministers, voting with a weighted majority, will determine the system to be applied within the framework of the common agricultural policy.

2. Establishment of a preference within the Community and fixing prices on agricultural produce traded among the Six. At the beginning, a preference for Member States purchasing the Community's products will be guaranteed with regard to the quantities by agreements and long-term contracts, in respect of those products for which a national marketing organisation exists. These agreements or contracts will take as their basis the average volume of trade between Member States in the products in question during the three years preceding the entry into force of the Treaty and will provide for an increase in that volume, within the limits of existing needs, with due regard to traditional trade currents.

With regard to prices, these agreements must progressively approach the prices paid to national producers in the home market of the purchasing country. This alignment of prices must be completed by the end of the transitional period at the latest.

The Treaty provides for the establishing of a common agricultural policy founded on common agricultural marketing organisations.

Article 38 (the first Article in the Chapter on Agriculture) specifies that a common agricultural policy shall be established.

The main purposes of this policy are :

to increase productivity;

to ensure a fair standard of living for the agricultural population;

to stabilise markets;

to guarantee supplies;

t o ensure reasonable prices for deliveries to the consumer.

In order to achieve these aims the following may be provided for : [I would have preferred the word must.]

th e effective co-ordination of agricultural training schemes, research and the popularisation of agronomy;

common action to increase consumption of certain products.

The basis of this policy is to be defined by the European Commission. In order to do this the Commission will first of all convene a conference of Member States whose initial task must be to draw up a statement of their resources and needs.

Within two years of the entry into force of the Treaty, the European Commission, after consulting the Economic and Social Committee and, in particular, its Agricultural Section, will draw up proposals.

After being informed of these, and having consulted the Assembly, the Council of Ministers, voting unanimously during the first two stages and thereafter with the prescribed majority, will issue regulations and directives, take decisions or make recommendations.

The agricultural policy will be implemented mainly through common agricultural marketing organisations.

Such organisations may assume widely differing forms according to the products concerned : a system of common rules to control competition; compulsory co-ordination of national organisations; a European Marketing Board.

These common organisations may, in order to achieve the aims specified at the beginning of this report, control prices, grant subsidies to aid the production or the marketing of products, stock-pile and set in motion the common machinery for stabilising imports and exports.

Any common price policy must be based on common criteria.

Lastly, agricultural guidance and guarantee funds may be established.

The Council, voting with the prescribed majority, may replace national organisations by the common organisation :

a. if the common organisation offers to Member States opposed to this measure, and themselves possessing a national organisation for the products in question, equivalent guarantees concerning the employment and standard of living of the producers in question, due regard being paid to the rate of the adaptations that are possible and to the degrees of specialisation required;

b. if such organisation can ensure for trade within the Community conditions similar to those prevailing in national markets.

Relations between Member States of the Common Market and other countries have yet to be defined and, in particular, between the six countries of the Common Market and the eleven other European countries.

Close relations should be maintained and still further developed between the Six and the Eleven.

The Committee on Agriculture does not, however, see its way to taking up a final position on the way in which this can be achieved.

The solution could lie in a gradual extension of the Common Market, in a treaty associating the Six with other countries, or in a free trade area.

The majority in the Committee much prefers the first two solutions to the last. It is, of course, difficult for the Committee to give its views on a free trade area without knowing whether that area is agreed to by the Eleven, and whether that agreement will or will not extend to agricultural products, inclusion of which the Committee considers desirable.

The Commission seriously doubts whether, in the event of a. free trade area being set up, even if certificates of origin were required, effective control could possibly be exercised over the products imported by a member country; such products could indeed be re-exported either as received or after having been processed.

The Committee is, however, willing to give most objective consideration to any solution likely to promote-closer relations among the free countries of Europe.