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COMMUNAUTES EUROPEENNES

GROUPE DU PORTE-PAROLE

Press conference, 29 September 1983

by

Mr. Poul DALSAGER, Member of the Commission, responsible for Agriculture

Subject: New Commission Proposals on Agricultural Structures Policy

Ladies and Gentlemen,

The document which the Commission approved yesterday is a key element in the Commission's overall plans for the development of the Community.

In the report we sent to the Council last July on the reform of the Common Agricultural Policy we said that the Community would have to adopt a more restrictive prices policy, which takes more account of the state of the markets.

In other words, it will become increasingly difficult to solve the problems for the poor farmers. particularly in the less-favoured regions through market policy alone. As we said in July, we will have to put more emphasis on investment aids and make them more flexible. The proposals for the revision of the present structures policy are important steps in that direction. They complement and complete our proposals for adapting the various market organisations.

Secondly, the Commission has told the Parliament and the Council that if we want greater economic convergence,

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we should think in terms of doubling the financial resources at the disposal of the Community's three structural funds, that is the Regional fund, the Social Fund and the Guidance Section of the Agricultural Fund.

Under the revised agricultural structures policy that the Commission is proposing, expenditure by the Guidance Section of FEOGA will amount to about 6 billion ECUs over the first five years. To this, one must add about 1.5 billion ECUs to finance existing regional and sectoral measures. That makes total expenditure of some 7.5 billion ECUs as opposed to 3.75 billion ECUs under the present 5-year financial ceiling. This figure does not of course take account of agricultural expenditure under the integrated Mediterranean programmes.

Thirdly, the Commission has laid down that the three structural funds should not be seen as simple instruments for redistributing financial resources between Member States. Our structural policies must be made more effective, and they must reflect more closely our policy objectives.

That gives you the overall context in which the Commission's proposals for a revised agricultural structures policy must be seen. But I would like to say something about the specific approach we have adopted.

Firstly, it is based on experience. That is to say we have taken the existing structures policy as a basis, and tried to identify where it has been ineffective, where it can be improved, and where it needs to be adapted to changed circumstances.

Secondly, we are putting greater emphasis on helping the poorer farmer, who needs it most. To do this we have introduced a fundamental change in the system of investment aids. We are relaxing the conditions and lowering the ceilings for aid.

Instead of aiding a relatively small number of farmers capable of producing a sophisticated development plan, we will be distributing smaller grants designed to raise the incomes of a very much larger group of poor farmers. Under the existing system we help fifteen to twenty thousand farmers a year; under the new policy we would be helping ten to twenty times as many.

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Thirdly, we have to see that the Community's limited financial resources are not used on unnecessary investments, which ignore the state of the market and the need to control surpluses. The proposed new regulation includes a general ban on all investment aids which increase the output of surplus products.
I cannot emphasise enough the importance of this ban which will apply both to Community and national investment aids.

There is also a significant change in the type of structural aid to farmers. In the past the emphasis was essentially on raising productivity, which contributed to the general rise in agricultural production. In our new policy the emphasis will be on reducing costs, improving living and working conditions, encouraging improvements in quality and the reconversion of surplus production. As far as the processing and marketing of agricultural products are concerned, investment in this sector will become even more important, but the criteria for improving national programmes will nevertheless have to become more selective and take greater account of the state of the market.

Fourthly, we have to do more to help not only farmers in the less-favoured areas but also certain member states such as Italy, Ireland and Greece which face particularly acute structural problems as well as economic and financial difficulties. The new policy of improving access for the poorer farmers to the general system of investment grants, will make a big difference here. We have also provided a special procedure for deciding our special measures to add to the numerous special measures we have already set up for particular regions.

Last, but not least, we have tried to open the door in the direction of non-agricultural activities such as forestry, tourism and craft industries. All of these have a contribution to make to raising farm incomes, particularly in the less-favoured areas.

May I conclude by saying that the question of agricultural structures has in the past been unduly neglected. This goes not only for governments but also for the press. Trade wars and butter mountains are fun to write about, but improving the structure of European farming is just as important.