

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## CONCLUSIONS OF THE REPORT

in accordance with Article 25 of Regulation (EEC) No 4253/88

EAGGF - GUIDANCE SECTION - 1989

(presented by the Commission)

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This report relates to 1989, the first year of implementation of the reform of the structural Funds; it concerns a transitional year during which the reform was introduced. The measures implemented are the continuation of those already existing, with the new programmes in the course of drafting, discussion or approval. The EAGGF Guidance Section contributes with the two other Funds towards measures implemented in the regions covered by Objective 1 and in the areas covered by Objective 5(b); it bears the full burden of financing general measures under Objective 5(a).

The measures financed by the EAGGF Guidance Section differ by the method of contribution, i.e. they are either direct measures taking the form of financing of individual projects or indirect measures taking the form of reimbursement to the Member States of part of their expenditure. Since the reform of the Funds, EAGGF Guidance Section contributions for Objectives 1 and 5(b) also follow the new procedures for the Community support frameworks; the new methods of financial contribution have begun to be introduced in the framework of some operational programmes; this type of contribution will develop in the future.

I. Analysis by objective

Depending on the objectives, the type of work carried out during 1989 varied substantially. Under Objective 1, development plans presented for each region by the Member States were analysed, then the corresponding Community support frameworks were drawn up and approved by the Commission; agriculture receives only part of the Community contribution; the bulk of the appropriations come from the Regional Development Fund.

As regards areas covered by Objective 5(b), work related mainly to the selection of areas for inclusion under that objective. As for Objective 5(a) measures, a certain number had to be re-examined to take account of the objectives of the reform of the structural Funds and the guidelines of the common agricultural policy. This review resulted in a change in existing legislation and/or in a change in the co-financing rates.

### Objective 1 regions

As the regions were defined in Council Regulation (EEC) No 2052/88 of 24 June 1988, the main task involved analysing the agricultural and rural aspects of the development plans presented by the Member States, negotiating with national authorities in the framework of partnership having regard to applications submitted and available appropriations and defining the agricultural and rural development aspects of the Community support frameworks for each country concerned.

The main aspects selected for total financing or for contributions from the EAGGF Guidance Section are as follows :

- improvement of competitiveness of farming;
- improvement of quality and marketing of agricultural products in line with market requirements;
- taking account of and protecting the environment;
- diversification of production;
- rural development.

The Community support frameworks were adopted by the Commission on 31 October 1989, with the exception of the CSF for Greece (adopted on 30 March 1990).

Total appropriations earmarked for the EAGGF Guidance Section for the period 1989-93 amount to ECU 5 427 million, or 15% of the total appropriations earmarked for that objective (ECU 36 200 million).

### Objective 5(b) areas

In 1989 the Member States presented their proposals for the list of areas to be included in the rural areas under Objective 5(b). Those proposals complied with the criteria laid down in Article 4(1) of Regulation (EEC) No 4253/88 :

- high share of agricultural employment in total employment;
- low level of agricultural income, notably as expressed in terms of agricultural value added by agricultural work unit;
- low level of socio-economic development assessed on the basis of gross domestic product per inhabitant.

The Commission approved the list of areas relating to Objective 5(b) on 10 May 1989, taking into account the areas which also complied with one or more of the criteria set out in Article 4(2) of that Regulation. The areas selected cover 17% of the Community area and 5% of the population. All countries which are not included totally in regions relating to Objective 1 have one or more areas classified in Objective 5(b) areas.

The Member States submitted their development plans before 23 October 1989, with the exception of Belgium, which presented its plan on 22 November 1989. In the framework of partnership, negotiations began with the Member States; 56 plans were presented.

On 20 December 1989, the Commission decided to apportion among the Member States ECU 2 493 million out of the total of ECU 2 785 million earmarked for Objective 5(b).

## Objective 5(a)

In the context of the implementation of Objective 5(a) concerning the adaptation of agricultural structures, the general structural measures were slightly adjusted. The main changes related to measures benefiting agricultural holdings, provisions on investments in the marketing and processing of agricultural products and the co-financing rates.

For measures benefiting agricultural holdings provided for under Regulation (EEC) No 797/85, as amended by Regulation (EEC) No 3808/89, the main changes involved investment aids (extension to include part-time farmers and widening of the category of eligible investments to include tourism, craft trades, etc.); aids for the installation of young farmers (part-time farmers; increase in eligible maxima for aid for first installation); aids to less-favoured areas (adjustment of conditions for granting of the compensatory allowance); aids to environmentally sensitive areas, etc..

For aids for the processing and marketing of agricultural products, a new regulation was proposed to the Council laying down new conditions and new methods of financing. The system of individual projects is abandoned. Financing will henceforward take the form of aid to operational programmes or applications for global subsidies. Such aid applications must comply with the selection criteria adopted by the Commission after consulting the Member States and must be in line with the sectoral plans submitted by the Member States to the Commission, which will specify the priority intervention areas in a Community support framework. That regulation was adopted on 29 March 1990 by the Council, together with the one on forestry products (Regulations (EEC) Nos 866/90 and 867/90).

Lastly, the Community co-financing rates were adjusted to take account of Article 13 of Regulation (EEC) No 2052/88 on the reform of the structural Funds.

## II. Budget execution in 1989

Total commitments amounted to ECU 1 462 million, including ECU 862.1 million for regions relating to Objective 1<sup>1</sup>; ECU 516.2 million for Objective 5(a), ECU 28.8 million for areas relating to Objective 5(b) and ECU 56.8 million for transitional measures. It should be stressed that the amounts under Objective 5(b) relate to regionalized measures only. This presentation differs from that for Objective 1 as all expenditure, including that resulting from general measures (Objective 5(a)) are included for the latter.

The main recipient countries were Italy (ECU 263.6 million), Greece (ECU 235.3 million), Spain (ECU 203.9 million), France (ECU 179.8 million) and Portugal (ECU 179.4 million).

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1 Including expenditure under Objective 5(a) in those regions.

As regards measures, the greater part of the appropriations was spent within the framework of Regulation (EEC) No 797/85 on improving the efficiency of agricultural structures; that Regulation involves numerous categories of expenditure in all Community regions. The most important are those for the compulsory allowance (Article 15), equalling ECU 282.7 million, investments in agricultural holdings (Article 4), equalling ECU 90.8 million, and young farmers (Article 7), equalling ECU 42.6 million.

Aid granted in respect of projects for the processing and marketing of agricultural and fishery products amounted to ECU 361.6 million, including ECU 319.3 million for agricultural projects (Regulation (EEC) No 355/77).

Among the most important regional measures, ECU 66.6 million was granted under Regulation (EEC) No 1975/82 on the acceleration of agricultural development in certain regions of Greece; ECU 65.8 million was granted under Regulation (EEC) No 3828/85 on a specific programme for the development of Portuguese agriculture; and ECU 63.6 million was granted under Regulation (EEC) No 1118/88 on a specific measure to encourage the development of agriculture in certain regions of Spain.

A last category of important expenditure relates to premiums for the definitive abandonment of vine-growing areas, involving ECU 166.6 million.

Lastly, it should be stressed that the first three operational programmes approved in 1989 by the Commission received aid amounting to ECU 12.8 million (in Greece : combating phylloxera and conversion of apricot trees; in Ireland : pollution control in farming).