

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(74) 170 final

Brussels, 20 February 1974

PROPOSAL FOR A COUNCIL DIRECTIVE

CONCERNING FORESTRY MEASURES

(submitted to the Council by the Commission)

COM(74) 170 final

EXPLANATORY NOTES

1. In its resolution of 25 May 1971 on the new guide lines of the common agricultural policy, the Council decided to adopt, later and on a proposal from the Commission, measures to encourage afforestation. On 17 April 1972 the Council decided on the first common measures relating to agrarian structure; the Commission considers that it would consequently be appropriate to submit to the Council a proposal for a common operation to encourage forestry measures for the immediate purpose of improving agrarian structure and with the broader aim of making forestry form part of a really effective pattern of land use in which it is harmonized to the best possible advantage with agriculture and the environment.

2. Forestry's major contributions to the improvement of agrarian structure are twofold. First, forestry provides employment both in the forest and subsequently in wood processing industries in rural areas where the opportunities for agricultural employment are decreasing. Secondly, forestry puts to good use land that is no longer suitable for or required for agriculture. The present proposals thus are an essential complement to the Community action already taken in this matter.

3. Forestry, however, provides much wider benefits. An important objective is the production of wood. All Member States of the Community are net importers and the Community as a whole imports nearly half of its requirements of forest products. An increase in wood production therefore seems desirable, especially as the long term wood supply position on the world market is, to say the least, uncertain. Of similar importance and, in certain circumstances of even greater importance are the contributions which forestry makes to the beauty of the landscape, to the conservation of fauna and flora and to the protection of the

soil; woodlands also shelter adjacent agricultural crops against wind. These functions are all an integral part of forest management and are therefore covered by the present proposal.

4. The Council in its resolution of 25 May 1971 mentioned recreation as an additional objective to be pursued in the context of Community measures on forestry. Provision for this important use of forests has therefore also been included in the present proposal.
5. Explanations for the detailed measures proposed are given in the preamble to the draft directive.

PROPOSAL FOR A COUNCIL DIRECTIVE
CONCERNING FORESTRY MEASURES

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article , 42 and 43 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas

1. the objectives of the common agricultural policy set out in Article 39 (1) (a) and (b) of the Treaty can only be achieved through a reform of agricultural structures;

Whereas

2. such structural reform is a basic factor in the development of the common agricultural policy;^{whereas} it should therefore be based on a Community concept and on Community criteria;

Whereas

3. because of the diversity of their causes, nature and gravity, structural problems in agriculture and forestry may require solutions which vary according to region and are capable of adjustment over a period of time;^{whereas} such solutions must contribute to the overall economic and social development of each region concerned;^{whereas} the best results can be achieved if, acting on the basis of Community concepts and criteria, Member States implement the common measures individually through their own legislative and administrative procedures, and if, in addition, they themselves determine, on the basis of conditions laid down by the Community, the extent to which such measures should be intensified in or concentrated on certain regions;

Whereas

4. there are in the Community a large number of agricultural holdings where agriculture is practiced on land which is not suitable or no longer required for this purpose but which is very suitable for forestry.^{whereas} there are also many agricultural holdings and forestry holdings with bare land or unproductive wooded areas which could be converted into productive forest at reasonable cost.

Whereas

5. afforestation and woodland improvement on such areas could enhance the economic viability of these holdings by rationalizing their structure and raising their productive capacity;^{whereas} a pre-condition for achieving this objective is that the areas to be used

.../...

for forestry as well as any areas to remain in agricultural production must each be in sufficiently large units to permit a reasonable standard of management; ^{whereas} with this aim in view, joint action by owners of adjacent land deserves to be encouraged;

Whereas

6. forestry is thus an essential complement to the measures already taken to improve agrarian structures and especially to Directive 72/160/EEC; ^{whereas} in addition forestry contributes

- to the production of timber and thus to a reduction in the Community's dependence on timber imports
- to the beauty of the landscape and its enjoyment by those seeking recreation,
- to the conservation of soil, fauna and flora and,
- in the form of windbreaks and shelter belts to the productivity of adjacent agricultural land and
- to the quality of the air.

whereas

7. in view of its influence on the characteristics and development of a region, forestry should be made to form part of a really effective pattern of rural land use in which it is harmonized to the best possible advantage with agriculture and the environment;

whereas

8. as forestry requires special skills the success of any major forestry programme depends in part on the availability of suitable training facilities in these skills; ^{whereas} under certain circumstances the Directive 72/161/EEG provides for the possibility of such training.

whereas

9. the rational management and exploitation of woodlands calls for an adequate network of forest roads and, where appropriate, other ancillary measures such as the construction of fences, drains and fire-breaks;

- Whereas
10. ~~in order to ensure that resources are put to good use, it is desirable that~~ where the production of wood for industry is the main objective, the expected yield of wood shall not be less than the average for comparable plantations in the region.
11. Whereas the creation and improvement of forest can normally only be expected if a substantial proportion of the costs are covered by subsidies; ^{whereas} this is because a large investment is needed which can only yield a return after many years; ^{whereas} under certain circumstances an additional inducement in the form of a capital grant per ha may be called for in order to achieve a desirable rate of afforestation of land that is ~~is~~ taken out of agricultural use; ^{whereas} such a grant would also assist beneficiaries in changing from farming to other occupations;
- whereas
12. in some areas special facilities may be required for the enjoyment of the public such as foot-paths, riding tracks, and picnic sites; ^{whereas} these facilities can rarely be made to yield a significant return and are only likely to be provided if a substantial proportion of the costs are covered by subsidies; ^{whereas} in some areas the state is in a better position than others to provide these facilities on land which it owns or holds on lease;
- whereas
13. in order to ensure the efficient use and adequate control of funds each forestry project should be carefully planned beforehand;
- whereas
14. as costs and other relevant factors vary between regions, it appears advisable to allow Member States to determine the amount of aids within certain limits; ^{whereas} it also seems desirable to leave it to the decision of Member States whether to give aid by direct grant, by fiscal incentives or by interest rate subsidies, or by a combination of some or all of these methods.

Whereas

15. the desired effects of afforesting areas hitherto used for agriculture would be prejudiced if aid were also granted for the conversion into agricultural use of woodlands or unused land except on a very small scale and for specific purposes such as boundary rectifications;

Whereas

16. the proposed measures are in the Community's interest and are intended to achieve the objectives set out in Article 39 (1) (a) of the Treaty, including the structural changes necessary for the proper functioning of the common market; ^{whereas} they therefore constitute common measures within the meaning of Article 6 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy;

Whereas

17. inasmuch as the Community contributes to the financing of the common measures, it must be in a position to ascertain that the provisions adopted by Member States for the implementation of these measures will contribute towards achievement of the objectives thereof; ^{whereas} to this end, provision should be made for a procedure establishing close cooperation between Member States and the Commission within the Standing Committee on Agricultural Structure set up by Article 1 of the Council Decision of 4 December 1962 on the coordination of policies on agricultural structure, and involving, as regards financial aspects, consultation with the EAGGF Committee referred to in Articles 11 to 15 of Regulation EEC No 729/70;

Whereas

18. it is desirable that the European Parliament and the Council be able, on the basis of a report submitted by the Commission, to examine annually the effects of the national and Community measures taken, so that they may assess the need to supplement or adapt the system introduced hereunder;

HAS ADOPTED THIS DIRECTIVE

Article 1

1. Member States shall establish a system to encourage:
 - a) the afforestation of agricultural land and of uncultivated land;
 - b) the improvement of existing woodlands.
2. The system shall
 - promote an effective pattern of land use which will contribute to the achievement of a fair standard of living of the agricultural community and to the production of wood for industry;
 - meet environmental and recreational needs.
3. The system shall apply to all land other than land owned or held on lease by the State subject to the provisions of Article 11 (2) below.
4. Land owned or held on lease by the State and any additional land that may be acquired by the State for forestry purposes shall be managed in a way that is consistent with the aims of this Directive.

Article 2

1. The system of encouragement referred to in Article 1 (1) shall relate to the following measures:
 - a) the afforestation of areas under agriculture and of uncultivated areas;
 - b) the conversion of unproductive or low-production woodlands into productive woodlands,
 - c) the establishment and improvement of shelter belts in the interests of agriculture and the environment;
 - d) additionally the creation of recreational facilities subject to paragraph 4.
2. The following shall be included in the measures mentioned in Paragraph 1 (a) (b) (c) :

- a) preparation of the site;
- b) supply of plants and seeds and cost of planting or sowing;
- c) for a period not exceeding four years from date of planting or sowing

- any necessary replacements,
- maintenance work and protective measures such as the creation of fences and the formation of firebreaks.

3. The construction and improvement of forest roads:

- shall be encouraged if undertaken in conjunction with the measures set out in Paragraph 1 (a) (b) (c);
- may be encouraged in isolation if the roads are necessary for the rational exploitation of existing woodlands.

4. The creation of recreational facilities in the forest such as picnic-sites and paths for pedestrians, cyclists or horse riders may also be encouraged in a way that is consistent with the measures set out in paragraphs 1 and 3.

amount to at least 60 % and not more than 90 % of the cost; this aid may be in the form of grants or fiscal incentives or interest rate subsidies or any combination of some or all of these measures;

2. For the measure listed in Article 2 (1) (a), in addition to the aid under para 1 above a capital grant may be given of a maximum of 200 UA per Ha of afforested areas which have been used for agriculture for a continuous period of at least 10 years immediately before afforestation.

Article 5

1. Member States shall prescribe the level of aids to be granted under Article 4 (1) and (2). The levels of aid may be varied between regions and according to other relevant criteria such as the species to be planted and the needs of industry and the environment. In particular in regions as defined in Article 3 of the Directive on agriculture in mountain areas and in certain other poor farming areas a higher level of aid must be given than in other regions.
2. Member States shall ensure that adequate training opportunities are available for those engaged in forestry.

Article 6

1. No aid shall be granted for any conversion of forest areas and uncultivated areas into agricultural use except as provided for in Paragraph 3;
2. Every beneficiary under Article 4 (1) must undertake not to carry out any such conversion for a period of 10 years after receiving aid except as provided for in paragraph 3.
3. The provision in Paragraph 1 and 2 need not be applied to conversion into agricultural use of small areas to rectify boundaries within the context of rationalizing land use.

Article 3

1. The provision of financial aid for the measures described in Article 2 shall be subject to the conditions that they form part of any general development envisaged for the region concerned and be harmonised with any other plans and measures relating to land use;
2. The provision of financial aid for the measures described in Article 2 (1) (a) (b) (c) shall be subject to the following additional conditions
 - a) At least three quarters of the land in each project for which aid is requested must have been in agricultural or mixed agricultural and forestry use or must have been released by someone giving up farming.
 - b) Areas to be used for forestry as well as any areas to remain in agricultural production must be in sufficiently large units to permit a reasonable standard of management; in order to facilitate the achievement of this aim, Member States may accept a single application for aid from several applicants who are in association or who have agreed to form an association for the purpose of pursuing objectives covered by this Directive.
3. Where the production of wood for industry is the main objective the expected yields of wood must at least equal the average yield of plantations on similar sites in the region.
4. The construction and improvement of forest roads must be subject to the granting of public rights of way, at least for pedestrians.
5. Each application for aid must be supported by a plan which has been approved by the appropriate authority in the Member State concerned.
6. Plantations with a primarily horticultural objective shall not qualify for aid.

Article 4

1. For the measures listed in Article 2 aid shall

Article 7

The measures provided for in this Directive constitute common measures within the meaning of Article 6 (1) of Regulation (EEC) No 729/70.

Article 8

1. The estimated time required for carrying out the common measures is ten years.
2. Five years after this Directive takes effect, the aforesaid measures shall be re-examined by the Council upon a proposal from the Commission.
3. The total contribution by the EAGGF to the cost of the common measures is estimated at 170 million units of account for the first five years.
4. The provisions of Article 6 (5) of Regulation (EEC) No 729/70 shall apply to this Directive.

Article 9

1. Member States shall forward to the Commission :
 - drafts of all laws, regulations or administrative provisions which they propose to adopt in pursuance of this Directive;
 - the texts of any provisions effectively implementing this Directive existing prior to the date on which it takes effect.

2. When submitting pursuant to paragraph 1 drafts of laws, regulations or administrative provisions or the texts of existing provisions, Member States shall also submit an explanatory memorandum showing the relationship at regional level between the measure in question and economic and structural conditions.
3. The Commission shall examine drafts forwarded in accordance with the first indent of paragraph 1 for the purpose of determining whether having regard to the objectives of this Directive and to the need for a proper connection between the various measures, such drafts comply with the Directive and thus satisfy the conditions for financial contribution by the Community to common measures within the meaning of Article 7. Within four months following receipt of any draft the Commission shall, after consulting the Standing Committee on Agricultural Structure, issue an opinion thereon.
4. Member States shall, immediately on the adoption of any law, regulation or administrative provision as referred to in paragraph 3, forward the text thereof to the Commission.

Article 10

1. With regard to provisions the texts of which are forwarded pursuant to the second indent of Article 9 (1) or to Article 9 (4), the Commission shall examine whether, having regard to the objectives of this Directive and to the need for a proper connection between the various measures, such provisions satisfy the conditions for financial contribution by the Community to common measures within the meaning of Article 7. Within four months following receipt of any text, the Commission representative shall, after consulting the EAGGF Committee on the financial aspects of the provision, submit a draft decision thereon to the Standing Committee on Agricultural Structure.

2. The Committee shall issue its opinion within a time limit to be fixed by the Chairman according to the urgency of the matters for examination. It shall decide by a majority of 41 votes, the votes of Member States being weighted as laid down in Article 148 (2) of the Treaty. The Chairman shall not vote.
3. The Commission shall adopt the decision. However, if the decision is not in accordance with the opinion issued by the Committee, it shall immediately be communicated to the Council. In that event, the Commission may defer application of the decision for a period not exceeding one month from the date of its communication.

The Council, voting as provided in Article 43 (2) of the Treaty, may within that month adopt a different decision.

Article 11

1. Expenditure incurred by Member States under Article 4 shall be eligible for assistance from the Guidance Section of the E.A.G.G.F.; revenue foregone through fiscal incentives, however, does not qualify as expenditure.
2. Expenditure incurred on land owned or held on lease by the state will also be eligible for assistance from the Guidance Section of E.A.G.G.F. provided that
 - the expenditure is in respect of measures described in Article 2 (4) and
 - the conditions laid down in Article 3 (1) are met.
3. The Guidance Section of the E.A.G.G.F. shall refund to Member States 25 % of the expenditure eligible for assistance except as provided in paragraph 4.

- (4) The Community's contribution to the expenditure eligible for assistance shall not exceed
- in respect of measures in Article 2 (2) : 200 UA/ha
 - in respect of measures in Article 2 (3) : 2.500 UA/km
 - in respect of measures in Article 2 (4) : 15 % of the amount of the reimbursement approved for each Member State in respect of the eligible expenditure under the other measures provided for in this Directive.
- (5) The detailed rules for implementing Paragraph 4 shall be adopted according to the procedure in Article 13 of Regulation No 729/70/EEC.

Article 12

1. Measures taken by Member States shall not be eligible to benefit from financial contribution by the Community unless a favourable decision under Article 10 has been given in respect of the provisions relating thereto.
2. Financial contribution by the Community shall be only in respect of eligible expenditure arising in connection with aids granted in pursuance of decisions taken after the date on which this Directive takes effect.

Article 13

1. Applications for reimbursement shall relate to expenditure incurred by Member States in the course of a calendar year and shall be submitted to the Commission before 1 July of the following year.
2. The granting of aid from the Fund shall be decided upon in accordance with Article 7 (1) of Regulation (EEC) No 729/70.
3. Payments on account may be authorized by the Commission.
4. Detailed rules for applying this Article shall be adopted according to the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 14

This Directive shall not affect the power of Member States to take, in respect of matters coming within the scope of this Directive, additional measures of aid the terms or conditions of which differ from those laid down hereir.

provided that such measures are in accordance with Article 92 to 94 of the Treaty.

Article 15

Before 1 August in each year the national and Community measures in force relating to this Directive shall be examined in the context of an annual report which the Commission shall submit to the European Parliament and to the Council, and for which Member States shall send all necessary documentation to the Commission.

The Council shall evaluate the effects of such measures, taking into consideration the rate of structural development required to achieve the objectives of the common agricultural policy, their effect on the harmonious development of the regions of the Community and the financial implications of the measures in question.

If necessary, it shall acting under the procedure laid down in Article 43 of the Treaty, adopt appropriate provisions.

Article 16

Member States shall, within one year from the date of notification of this Directive, bring into force the measures necessary to comply therewith.

Article 17

This Directive is addressed to the Member States.

Done at Brussels,

For the Council

The President

Estimate of expenditures eligible for
assistance from the EAGGF in the appli-
cation of Directive (EEC) No /74
of the Council dated
concerning forestry measures

1. Expenditures incurred under article 2 (1) (a) and (c)

a) granting of aids towards the cost of afforestation

- basis of calculation:

- . assuming that the areas that will be afforested are related to the annual areas that are being afforested now in the Community and assuming an annual increase of 10 to 20 %,
- . it is assumed that afforestation costs amount to an average of 700 U.A./ha,
- . it is assumed that the eligible expenditure amounts to an average of 80 % of the afforestation costs per ha.

- calculation of costs:

| year | area to be afforested | calculation | expenditure eligible for assistance from EAGGF (mil. U.A.) | reimbursable by the guidelines section of EAGGF (mil. U.A.) |
|------|-----------------------|-----------------------|--|---|
| 1976 | 60.000 | 60.000 x 700 x 0,8 : | 33,6 | - |
| 1977 | 70.000 | 70.000 x 700 x 0,8 : | 39,2 | 8,4 |
| 1978 | 80.000 | 80.000 x 700 x 0,8 : | 44,8 | 9,8 |
| 1979 | 90.000 | 90.000 x 700 x 0,8 : | 50,4 | 11,2 |
| 1980 | 100.000 | 100.000 x 700 x 0,8 : | 56,0 | 12,6 |
| 1981 | | | | 14 |

b) Granting of capital grant (article 4 (2))

- basis of calculation

- . 50 % of the area included under a) is eligible for a capital grant,
- . to this amount one must add lands sold by private owners for afforestation to the State. This figure is estimated at 40.000 ha/year for the Community
- . 50 % of which is eligible for a capital grant
- . the level of the capital grant is 200 U.A./ha.

- calculation of the costs

| year | area which will receive aid (ha) | calculation | expenditure eligible for assistance from EAGGF (mil. UA) | reimbursable by the guidance section of EAGGF (mil. UA) |
|------|----------------------------------|--------------|--|---|
| 1976 | 50.000 | 50.000 x 200 | 10 | - |
| 1977 | 55.000 | 55.000 x 200 | 11 | 2,5 |
| 1978 | 60.000 | 60.000 x 200 | 12 | 2,7 |
| 1979 | 65.000 | 65.000 x 200 | 13 | 3,0 |
| 1980 | 70.000 | 70.000 x 200 | 14 | 3,2 |
| 1981 | | | | 3,5 |

b) Summary a) + b)

| year | Expenditure eligible for assistance from EAGGF (mil. UA) | Reimbursable the guidance section of EAGGF (mil. UA) |
|------|--|--|
| 1976 | 43,6 | - |
| 1977 | 50,2 | 11 |
| 1978 | 56,8 | 13 |
| 1979 | 63,4 | 14 |
| 1980 | 70,0 | 16 |
| 1981 | | 17 |

2. Expenditures incurred under article 2 (1) (b)- basis of calculation

- . assuming that the area of woodland improved, thanks to public aids, is assessed relative to the improved woodlands in the Community and taking into account an annual increase in the region of 20 %,
- . it is assumed that the average cost of improvements amounts to an average of 700 UA/Ha
- . it is assumed that the eligible expenditure amounts to an average of 80 % of the afforestation per Ha.

- calculation of costs

| year | area subject to improvement (ha) | calculation | Expenditure eligible for assistance from EAGGF (mil UA) | Reimbursable by the guidance section of EAGGF (mil UA) |
|------|----------------------------------|----------------------------------|---|--|
| 1976 | 40.000 | $40.000 \times 700 \times 0,8 :$ | 22,4 | - |
| 1977 | 50.000 | $50.000 \times 700 \times 0,8 :$ | 28,0 | 6 |
| 1978 | 60.000 | $60.000 \times 700 \times 0,8 :$ | 33,6 | 7 |
| 1979 | 70.000 | $70.000 \times 700 \times 0,8 :$ | 39,2 | 8 |
| 1980 | 80.000 | $80.000 \times 700 \times 0,8 :$ | 44,8 | 10 |
| 1981 | | | | 11 |

3. Expenditures incurred under article 2 (3)

- basis of calculation

- . it is assumed that the annual rate of construction of forest roads is 3.000 km during the first 3 years and thereafter 4.000 km per year,
- . it is assumed that the cost of construction of forest roads amounts to 12.000 U.A./ km,
- . it is assumed that the eligible expenditure amounts to an average of 80 % of the costs, that is to say 9.600 U.A./km

- Calculation of the costs

| year | Construction of forest roads (km) | calculation | Expenditure eligible for assistance from EAGGF (mil. UA) | Reimbursable by the guidance section of EAGGF (mil. UA) |
|------|-----------------------------------|-----------------|--|---|
| 1976 | 3.000 | 3.000 x 9.600 = | 28,8 | - |
| 1977 | 3.000 | 3.000 x 9.600 = | 28,8 | 7 |
| 1978 | 3.000 | 3.000 x 9.600 = | 28,8 | 7 |
| 1979 | 4.000 | 4.000 x 9.600 = | 38,4 | 7 |
| 1980 | 4.000 | 4.000 x 9.600 = | 38,4 | 10 |
| 1981 | | | | 10 |

4. Expenditures incurred under article 2 (1) d)

- basis of calculation

- . it is assumed that costs in connection with recreational facilities each year in the Community, amount to an average of 10 % of the costs which are the responsibility of the Guidance section regarding points 1 to 3 above.

- Calculation of the costs

| Year | Responsibility of the Guidance section of EAGGF with regard to points 1 to 3 (mil. UA) | Reimbursable by the Guidance section of EAGGF with regard to point 4 (mil. U.A.) | Expenditure eligible for assistance from EAGGF (mil. U.A.) |
|------|--|--|--|
| 1976 | - | - | 8 |
| 1977 | 24 | 2 | 12 |
| 1978 | 27 | 3 | 12 |
| 1979 | 29 | 3 | 16 |
| 1980 | 36 | 4 | 16 |
| 1981 | 38 | 4 | |

5. Summary of total expenditure concerning application of the directive

| Year | Expenditure eligible for assistance from EAGGF (mil. U.A.) | Reimbursable by the Guidance section of EAGGF (mil. U.A.) |
|---------------|--|---|
| 1976 | 102,8 | - |
| 1977 | 119,0 | 26 |
| 1978 | 131,2 | 30 |
| 1979 | 157,0 | 33 |
| 1980 | 169,2 | 39 |
| 1981 | | 42 |
| totaux | 679,2 | 170 |

6. Observations

In case the national regulations concerning the application of this Directive can start to be implemented in some Member States in the year 1975, reimbursements from the guidance section of EAGGF would become due in 1976.