

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(89) 382 final

Brussels, 1 August 1989

Proposal for a  
COUNCIL REGULATION (EEC)

on national compensation aid granted in the event of a fall in  
agricultural prices in national currencies consequent on the  
automatic dismantling of the monetary compensatory amounts

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(presented by the Commission)

## EXPLANATORY MEMORANDUM

In trying to cope with the problem that as a result of the automatic dismantling of monetary compensatory amounts the prices for agricultural products in the Member State concerned might fall, the Council has provided for the possibility that Member States might compensate for these price falls by granting national aids "according to a procedure to be determined by the Council, acting by a qualified majority on a proposal from the Commission" (Article 6(3) second subparagraph of Council Regulation (EEC) No 1677/85, as amended by Council Regulation (EEC) No 1889/87). The present Draft Regulation lays down the rules and procedures for granting such aids.

According to Article 6(3) of Regulation No 1677/85, the aids "must be directed towards the socio-structural field and may not be linked to production". The present Draft Regulation contains a list of all types of national aids which are regarded as fulfilling these criteria.

In trying to delimit the "socio-structural field", and given the fact that the term is nowhere defined in Community legislation, reference has been made to the measures indicated in the relevant Council Regulations namely No 2052/88 (concerning the coordination and reform of the structural funds) and Council Regulation No 4256/88. This definition would include aids directed towards the socio-structural field that in accordance with established Community policy are considered compatible under Article 92(3)(c) of the Treaty on the grounds that they facilitate agricultural development.

Moreover as common socio-structural measures may include action "to ensure a fair standard of living for farmers" (Reg. 2052/88 Art. 3(3)(c)) or to "support agricultural incomes" (Art. 2(2) 4th indent of Reg. 4256/88), certain national operational aids that fall within this field, such as aid to reduce administrative or insurance costs, have also been included in the present Draft Regulation.

In order to take account of the nature of the aid in question as compensation and thus in addition to what is normally accepted by the Commission, Article 1(2) of the draft makes provision for aid outwith the normal limits set by the existing frameworks, provided that such aid is not restricted to any agricultural sector.

Finally, aids which do not directly benefit the individual farmer, have also been included given their minimal link with production.

As the Draft Regulation only sets up the framework for the granting of national aids, there will be no financial impact for the Community.

Proposal for a  
COUNCIL REGULATION (EEC)

on national compensation aid granted in the event of a fall in  
agricultural prices in national currencies consequent on the automatic  
dismantling of the monetary compensatory amounts

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1677/85 of 11 June 1985 on  
monetary compensatory amounts in agriculture (1), as last amended by  
Regulation (EEC) No 1889/87 (2), and in particular the second subparagraph of  
Article 6(3) thereof,

Having regard to the proposal from the Commission,

Whereas if under the arrangements for automatic dismantling of the monetary  
compensatory amounts a fall in agricultural prices in national currencies  
occurs as the result of a reduction, under the first subparagraph of Article  
6(3) of Regulation (EEC) No 1677/85, in prices fixed in ecus, the Member  
States concerned are authorized under the second subparagraph of that  
paragraph to grant national compensation aid; whereas it is specified that  
such aid must be directed towards the socio-structural field and may not be  
linked to production; whereas detailed rules on this subject were left to be  
determined;

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(1) OJ No L 164, 24.6.1985, p. 6.

(2) OJ No L 182, 3.7.1987, p. 1.

Whereas in order to ensure that the aid in question meets the abovementioned requirements and in particular is not linked to the volume or value of the production of the recipients, the specific purposes for which such aid may be given in the socio-structural field should be laid down;

Whereas the rules to be adopted must guarantee that the total amount of aid granted does not exceed the losses for which it is intended to compensate,

HAS ADOPTED THIS REGULATION:

Article 1

1. In cases of application of the authorization provided for in the second subparagraph of Article 6(3) of Regulation (EEC) No 1677/85, national compensation aid may be granted for the following socio-structural purposes:

a) farm-level aid:

- aid for the dissemination of new techniques and the training of farmers;
- aid for technical assistance through the provision of information and for accounting support for farmers;
- aid to cover administrative costs in connection with the establishment and keeping of herd books;
- measures to improve agricultural product quality by quality control;
- measures to improve working conditions in agriculture:
  - . encouragement of the use of replacements for holiday periods and periods of illness
  - . training of replacement workers
  - . encouragement and development of joint use of machines

- aid to cover in part the cost of insurance against extraordinary weather conditions
- aid for combating animal and plant diseases

b) agricultural product marketing aid:

- launching aid for producer groups;
- aid for publicity for agricultural products.

c) aid for research in the following areas:

- computerization
- protection of the environment
- product diversification in line with CAP reform aims.

2. Should the need arise, the restrictions imposed by the relevant frameworks determined by the Commission may be waived to cover the grant of the aid indicated in paragraph 1.

No aid may however be:

- determined on the basis of the volume or value of the production of recipients, or
- restricted to one or more agricultural production sectors.

Article 2

Member States shall take whatever action is necessary to ensure that the total volume of compensation to be granted under the second subparagraph of Article 6(3) of Regulation (EEC) No 1677/85 does not on a yearly basis exceed the fall in gross agricultural product consequent on the fall in prices referred to in that provision.

To this end:

- a) along with the notification indicated in Article 93(3) of the Treaty they shall send the Commission an estimate of the yearly amount of the above losses and of annual expenditure on the compensation measures provided;
- b) compensation aid may not be granted for more than three years following the monetary event and the amount granted must fall by 25% per year.

Article 3

The aid referred to in this Regulation shall be subject to the procedure provided for in Article 93 (3) of the Treaty.

Article 4

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council  
The President

6

Note on the impact of legislative acts on  
SME and employment

1. Administrative obligations resulting from the application of the legislation for the enterprise :

None.

2. Advantages for the enterprise :

No.

The measure is meant to compensate farmers for agricultural price falls resulting from the dismantling of monetary compensatory amounts. There will be no particular impact on the competitiveness of enterprises or on non-agricultural employment.

3. Inconveniences for the enterprises :

No.

4. Effects on employment :

None (see 2).

5. Y a-t-il eu concertation préalable avec les partenaires sociaux ?

Non.

6. Y a-t-il une approche alternative moins contraignante ?

Non.





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