



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.11.1997
COM(97) 575 final

97/0308 (CNS)

Proposal for a

COUNCIL DIRECTIVE

**on the list of less-favoured farming areas
within the meaning of Regulation (EC) No 950/97 (Denmark)**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Danish Government has sent the Commission, in accordance with Article 25 of Regulation (EC) No 950/97, a list of islands suitable for inclusion in the Community list of less-favoured farming areas and information on the particular features of these areas.

The permanent natural and geographical handicaps existing in the Danish islands result in higher production and transport costs. The extra costs, estimated by the Danish authorities at more than ECU 0.98 million, prevent farmers in these areas from obtaining from their production income on a level with that obtained by comparable farmers elsewhere in the Member State.

The areas must be defined in accordance with Council Regulation (EC) No 950/97 under which islands can be deemed less-favoured areas with specific natural handicaps (Article 25) where farming needs to be continued in order to preserve the countryside.

Incomes from farming in these less-favoured agricultural areas are low.

Thirty Danish islands representing around 23 350 ha of farm land satisfy the two-fold requirement of remoteness and a farming income below the national average (87% to 90%).

The application of these indices produces a cover of 0.84% of the utilised agricultural area of Denmark. The areas with specific natural handicaps do not exceed 4% of the surface area of the country as provided for under Community rules (1.1%).

The Community contribution towards expenditure on compensatory allowances (estimated at ECU 0.25 million/year) will be taken into consideration as part of the overall amount provided for in respect of Objective 5(a) of the Structural Funds and the forecasts for aid applications drawn up in accordance with Regulation (EC) No 1025/94 in respect of measures eligible under Regulation (EEC) No 950/97.



COUNCIL DIRECTIVE

of

on the list of less-favoured farming areas

within the meaning of Regulation (EC) No 950/97 (Denmark)

(Only the Danish version is authentic)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 950/97 of 20 May 1997 on improving the efficiency of agricultural structures¹, and in particular Article 21(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament²,


Whereas the permanent natural and geographical handicaps existing in the Danish islands result in higher production and transport costs that prevent farmers in these areas from obtaining from their production income on a level with that obtained by comparable farmers elsewhere in the Member State;

Whereas the Danish Government has sent the Commission, in accordance with Article 21(1) of Regulation (EC) No 950/97, a list of islands suitable for inclusion in the Community list of less-favoured farming areas and information on the particular features of these areas;

Whereas, with a view to identifying the areas affected by specific natural handicaps that can be deemed less-favoured areas as referred to in Article 25 of Regulation (EC) No 950/97, all islands of less than 600 km² on which adverse natural conditions contribute to a farming income below the national average have been selected;

¹ OJ No L 142, 2.6.1997, p. 1.

² OJ No



all islands of less than 600 km² on which adverse natural conditions contribute to a farming income below the national average have been selected;

Whereas the total surface area of the relevant areas does not exceed 4% of the total surface area of the Member State in question;

Whereas the nature and level of the above indices used by the Government of Denmark to define the areas notified to the Commission correspond to the characteristics of the areas affected by specific handicaps referred to in Article 25 of Regulation (EC) No 950/97,

HAS ADOPTED THIS DIRECTIVE:

Article 1

The list of less-favoured farming areas in Denmark shall be that contained in the Annex to this Directive and shall be included in the Community list of less-favoured farming areas within the meaning of Article 25 of Regulation (EC) No 950/97.

Article 2

This Directive is addressed to the Kingdom of Denmark.

Done at Brussels,

For the Council

The President

PROPOSED DANISH ISLANDS

LESS FAVOURED AREAS REQUESTED

Danske Øer	Landarealer	Landbrugsarealer
Island name	Land area Km ²	UAA ha de SAU
1 SAMSO (1)	114,3	7 831
2 LAESO	113,8	2 466
3 FANO (3)	55,8	929
Sub-total: 3 main ISLANDS	283,9	11 226
4 AGERSO (4), incl. Egholm	7,83	709
5 ANHOLT	22,37	4
6 ASKO, incl. Lilleo	3,88	215
7 AVERNAKO	5,85	289
8 BARSO	2,66	232
9 BIRKHOLM	0,92	84
10 BJORNO	1,50	158
11 BAAGO	6,23	566
12 DREJO	4,28	235
13 EGHOLM [Nordjyllands amt.] (*)	6,00	448
14 ENDELAVE	13,08	800
15 FEJO (5), incl. SKALO	16,00	1424
16 FEMO (5)	11,38	1009
17 FUR (2)	22,29	1100
18 HJARNO	3,21	287
19 HJORTO	0,90	90
20 LYO	6,05	371
21 MANDO (3)	7,63	547
22 NEKSELO	2,23	214
23 OMO	4,52	337
24 ORO	15,02	1200
25 SEJERO	12,37	557
26 SKARO	1,97	112
27 STRYNO	4,88	340
28 TUNO (1)	3,52	270
29 VENO (2)	6,46	372
30 AARO	5,68	150
Sub-total OTHER ISLANDS	199	12 120
TOTAL OF REQUEST	482,6	23 346
TOTAL DK	43 076,7	2 770 000
L.F.A. REQUEST in (%)	1,1%	0,84%

4 % de 43 077 Km² = 1 723 Km²

(*) Islands in the same archipelago.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Proposal for a Council Directive on the list of less-favoured farming areas within the meaning of Regulation (EC) No 950/97 (Denmark).

1. BUDGET HEADING INVOLVED (1996 NOMENCLATURE)

Article	B2-100	Structural operations, EAGGF Guidance Section, Community Support Frameworks.
Items	B2-1001	Objective 5(a) (outside 1 and 5(b) areas)
	B2-1002	Objective 5(a) (in 5(b) areas)

3. LEGAL BASIS

Article 42 of the EC Treaty.
Council Regulation (EC) No 950/97.

4. DESCRIPTION OF OPERATION

Objectives

The purpose of the proposal is to define the areas of Denmark affected by specific natural handicaps as referred to in Article 25 of Regulation (EC) No 950/97.

These areas need to be defined specifically for the grant of the compensatory allowance in respect of the natural handicaps provided for in Articles 17, 18 and 19 of Regulation (EC) No 950/97 and for the grant of specific aid for sheep farming and goat farming in certain less-favoured areas under Regulation (EEC) No 1743/91.

Period covered

In view of the permanent nature of the natural handicaps affecting the less-favoured areas, the duration of the proposed definition is not limited.

5. CLASSIFICATION OF EXPENDITURE

Non-compulsory expenditure

Differentiated appropriations

6. Type of expenditure involved

Under the existing rules provision is made for part-financing of 25% of eligible public expenditure subject to the forecasts made for the period 1994-99 for Objective 5(a) expenditure in general and, under Regulation (EC) No 950/97 in particular, subject to the forecasts made pursuant to Regulation (EC) No 1025/94.

7. FINANCIAL IMPACT

The proposal is for the classification of 23 346 ha of utilised agricultural area of which 8 294 ha and 5 985 LU would be eligible for the compensatory allowances referred to in Articles 17, 18 and 19 of Regulation (EC) No 950/97 on the basis of the estimates of the Danish Ministry of Agriculture.

The average aid envisaged by Denmark is ECU 75/ha and ECU 60/LU. The eligible public expenditure arising from the application of the compensatory allowance scheme can be estimated at some ECU 0.981 million per year, which would involve a cost to the Community budget of ECU 0.245 million, broken down into Objective 5(a) in 5(b) regions (ECU 0.245 million) and Objective 5(a) in 5(a) areas only (ECU 0.00 million). The specific aid for sheep farming is detailed in the Annex.

These amounts are subject to the general provisions for the financial implementation of the Structural Funds, and in particular to Articles 29 to 38 of Regulation (EC) No 950/97 and should be included with the amounts provided for under Regulation (EC) No 1025/94 on the expenditure forecasts for Objective 5(a) for the period 1994-99.

Indicative schedule of appropriations

<u>Year</u>	<u>Total amount granted</u>	<u>Item B2-1001</u> (Ob. 5(a) in 5(a) areas)	<u>Item B2-1002</u> (Ob. 5(a) in 5(b) regions)
1998	ECU 0.98m	pm	ECU 0.25m
1999	ECU 0.98m	pm	ECU 0.25m

NB The specific aid for sheep farming will be covered by the EAGGF Guarantee Section from 1999.

For subsequent years, expenditure eligible for Community financing should be the same since no structural change is expected.

8. Fraud prevention measures

The compensatory allowance scheme is subject to Articles 23 (financial control) and 24 (reduction, suspension and cancellation of assistance) of Regulation (EEC) No 4253/88 on the coordination of the Structural Funds.

Since structural assistance is involved, Regulation (EC) No 1681/94 on irregularities and the recovery of amounts unduly paid also applies.

In addition, the compensatory allowance scheme under Article 19(1)(a) of Regulation (EC) No 950/97 is covered by the integrated administration and control system introduced by Regulation (EEC) No 3508/92.

9. Elements of cost-effectiveness analysis

Objectives of the operation

Some Danish islands are affected by permanent natural and geographical handicaps resulting in higher production and transport costs that prevent farmers in these areas from obtaining from their production income on a level with that obtained by comparable farmers elsewhere.

The final beneficiaries of compensatory allowances in Denmark are farmers in less-favoured areas. The number of eligible holdings is estimated by Denmark to be 996, each beneficiary receiving average compensatory aid of around ECU 1 090/year of which ECU 250 is borne by the Community budget.

Grounds for the operation

Regulation (EC) No 950/97 acknowledges that mountain and other less-favoured farming areas affected by permanent natural handicaps should be defined.

The Danish Government has sent the Commission a list of islands suitable for inclusion in the Community list and information on their particular features.

The nature and level of the indices used to define the areas notified to the Commission correspond to the characteristics of the areas referred to in Article 25 of Regulation (EC) No 950/97.

Incomes from farming in these small Danish islands are low. On account of their remoteness the islands will be deemed less-favoured areas affected by specific handicaps where farming must be continued in order to conserve the countryside (Article 25).

Result

The application of these indices produces a cover of 0.84% of the utilised agricultural area of Denmark, i.e. around 23 346 ha. The areas with specific handicaps do not exceed 4% of the surface area of the country (1.1%).

Procedure

The Commission is required, under Article 21 of Regulation (EC) No 950/97, to forward a proposal to the Council. Strictly speaking, the operation is not a new one and, in accordance with the rules in force, there is no alternative to this form of assistance or Community financing.

Monitoring and evaluation of the operation

Since structural assistance is involved, Articles 25 (monitoring) and 26 (assessment) of Regulation (EEC) No 4253/88 on the coordination of the Structural Funds apply.

Coherence with financial programming

Funding will be provided from the budget allocation of ECU 127 million (1994 prices) for the agricultural part of Objective 5(a) for the period 1994-99 in Denmark established in Commission Decision 94/279/EC.

ANNEX

Specific aid for sheep farming and goat farming in certain less-favoured areas

Specific aid for sheep farming and goat farming of ECU (A) 6.641 per head is provided for under Regulation (EEC) No 1323/90, as amended by Regulation (EEC) No 363/93. Given a total of 399 sheep, the cost to the EAGGF Guarantee Section is ECU (A) 2 650 or ECU (B) 0.003 million. This calculation assumes payment of the premium from the 1998 marketing year. On the basis of the traditional pattern of payments in Denmark, the premium will be paid after the end of the 1998 marketing year and the expenditure will be charged to the 1999 budget.

Cost - 1998 and subsequent marketing years (12 months)	Budget (ECU million)		
	<u>1998</u>	<u>1999</u>	<u>2000 etc.</u>
ECU 0.007 m	-	0.003	0.003

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DOCUMENTS

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