

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 550 final.

Brussels, 28 November 1977.

PROPOSAL FOR A COUNCIL DIRECTIVE

amending Council Directive 72/159/EEC of 17 April 1972
on the modernization of farms

PROPOSAL FOR A COUNCIL DIRECTIVE

amending Council Directive 75/268/EEC of 28 April 1975
on mountain and hill farming and farming in certain less-
favoured areas

PROPOSAL FOR A COUNCIL DIRECTIVE

amending Council Directive 72/160/EEC of 17 April 1972
concerning measures to encourage the cessation of farming
and the reallocation of utilized agricultural area for the
purposes of structural improvement

PROPOSAL FOR A COUNCIL DIRECTIVE

on the programme to accelerate drainage operations in the
less-favoured areas of the West of Ireland

(submitted to the Council by the Commission)

COM(77) 550 final.

INTRODUCTION

1. Under Article 16 of Directive 72/159/EEC, Article 7 of Directive 72/160/EEC and Article 9 of Directive 72/161/EEC, the Council, on a proposal from the Commission, is required to re-examine the measures taken at the end of the initial period of implementation of the said Directives.

Concomitantly with these proposals, the Commission is presenting a report on the implementation of the Directives in the Member States. This report, which mainly covers the period preceding 31 December 1975, outlines the results obtained. It also deals with the question of the adaptation and development of Community policy on agricultural structures, taking account of the change in the socio-economic situation during the initial period of implementation of this policy, especially in regions of the Community with particular difficulties.

I. PROPOSAL FOR A COUNCIL DIRECTIVE.

..... amending the Council
Directive of 17 April 1972 on the modernization
of farms (72/159/EEC).

Explanatory Memorandum

Under Article 14(2)(a) of Council Directive 72/159/EEC of 17 April 1972 on the modernization of farms, Member states may, within five years from the entry into effect of that Directive, grant temporary aid to farmers unable to attain the level of earned income referred to in Article 4 of the said Directive and not yet eligible for the annuities provided for in Article 2(1) of Council Directive 72/160/EEC of 17 April 1972 concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purpose of structural improvement.

The above mentioned period, extended by Council Directive 77/390/EEC of 17 May 1977, expires on 31 December 1977.

The difficulties and strains caused by the change in the general economic situation encountered in implementing the selective scheme are becoming increasingly acute, even in regions other than those classified as mountain and less-favoured areas. There are therefore grounds for making the general guidelines of the Directive more flexible so as to enable Member States, within certain limits, to grant adequate investment aid to farmers who are at present unable to attain the comparable income but not yet eligible for the annuity for the cessation of farming provided for in Directive 72/160/EEC.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Whereas Article 16 of the Council Directive of 17 April 1972 on the modernization of farms (Directive N° 72/159/EEC) (3) provides for the Directive to be re-examined by the Council upon a proposal from the Commission after a period of five years ;

Whereas Member States should be allowed to continue granting temporary investment aid in order to ease the situation of farmers who cannot at present, for various reasons, take advantage of the agricultural reform measures,

HAS ADOPTED THIS DIRECTIVE :

(1) OJ N° C

(2) OJ N° C

(3) OJ N° L 96, 23.4.1972, p. 1

Sole Article

Article 14 (2) (a) is amended to read as follows :

"a) With effect from the 1st January 1978, Member States may grant temporary aid to farmers who

- practise farming as their main occupation and are unable to attain the earned income fixed in accordance with Article 4 ;
- do not yet qualify for the annuities provided for in Article 2 (1) of the Council Directive of 17 April 1972 concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement (1) ;
- undertake to keep accounts for not less than five years.

This temporary aid may be granted only in respect of a maximum investment of 10 000 u.a. and may not be granted on more favourable terms than those laid down in Article 8, account being taken of the provisions of Article 9 (1) of the Council Directive of 28 April 1975 on mountains and hill farming and farming in certain less-favoured areas (75/268/EEC) (2).

The granting of this temporary aid does not prejudice the subsequent benefit of the system of aid laid down in Article 1 paragraph (1) of Article 14, paragraph (2)."

This Directive is addressed to the Member States.

Done at

For the Council

(1) OJ N° L. 96, 23.4.1972, p. 9

(2) OJ N° L. 128, 19.5.1975, p. 1

FINANCIAL STATEMENT

VI/2677/77-E

DATE : 30.9.1977

1. RELEVANT BUDGET HEADING CODE : 8.100

2. MEASURE : Proposed Council Directive amending the Council Directive of 17 April 1972 on the modernization of farms (72/159/EEC).

3. LEGAL BASIS : Article 6 of Regulation 729/70/EEC.

4. OBJECTIVES : To permit Member States to grant aid which is limited to those holdings which do not attain the comparable income.

5. FINANCIAL implications	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
5.0 EXPENDITURE		()	()
- chargeable to Cbm. Budg.			
- chargeable to Nat. Budg.			
- chargeable to other sectors at National level			
5.1 RECEIPTS			
- EEC own resources (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

YEAR YEAR YEAR

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

5.2 METHOD OF CALCULATION

6.0 Project can be financed from appropriations entered under relevant chapter of current budget ? YES/NO+

6.1 Project can be financed from appropriations transferred between chapters of current budget. YES/NO

6.2 Supplement budget required YES/NO

6.3 Appropriations to be entered under future budgets. YES/NO

COMMENTS :

II. PROPOSAL FOR COUNCIL DIRECTIVE

No

Amending the Council Directive of 28 April 1975 on
mountain and hill farming and farming in certain
less-favoured areas (Directive 75/268/EEC)

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Explanatory Memorandum

The economic recession, the general economic situation and the negative short- and medium-term outlook in mountain and other less-favoured areas - in those of Ireland and Italy in particular, especially the West of Ireland and the Mezzogiorno - are weighing heavily on the possibilities for adapting agricultural structures in these regions.

As matters stand at the moment, the shortage of available financial resources in these two countries means that there is a likelihood of considerable delay in implementing Council Directive 75/268/EEC of 18 April 1975 on mountain and hill farming in certain less-favoured areas and of Council Directive 72/159/EEC of 17 April 1972 on the modernization of farms. Implementation of the latter is in danger being halted altogether in the regions eligible for assistance under Directive 75/268/EEC.

The Commission's contribution to national expenditure under Directive 75/268/EEC, set at the moment at 25% of the compensatory allowance and 35% of other expenditure, is insufficient to enable the two countries to apply the Directive adequately, particularly in the severely handicapped regions of the West of Ireland and the Mezzogiorno (including the Italian islands).

An increase to 50% in the EAGGF Guidance Section's contribution to the compensatory allowances in the mountain, hill and less-favoured areas in Ireland and Italy and the cost of aid given under Article 9 of the Directive to development schemes in the particularly handicapped regions of the West of Ireland and Mezzogiorno (including the islands) is vital for the adequate implementation of the socio-structural policy in these regions.

VI/2677/77-E

II.

The schemes referred to in Article 11 of Directive 75/268/EEC are particularly important for the realization of structural improvements in the mountain, hill and less-favoured areas of the Mezzogiorno; such schemes must, therefore, also be given increased assistance.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission ¹,

Having regard to the Opinion of the European Parliament ²,

and in the regions of the French overseas departments

Whereas in the Mezzogiorno region (including the islands)/the minimum area of three hectares of utilized agricultural land required for holdings to qualify for the compensatory allowance referred to under Title II of Council Directive 75/268/EEC of 28 April 1975 on mountain and hill farming and farming in certain less-favoured areas ³ is too high; because of the large number of very small holdings, whereas the minimum should be set at two hectares;

Whereas in the less-favoured agricultural areas, as defined in Directive 75/268/EEC, of the Mezzogiorno (including the islands) and the West of Ireland (Western region), the rate of reimbursement set in Article 15 of the Directive of 25% of expenditure under the incentive scheme for farmers presenting development plans is insufficient to secure adequate implementation of the farm modernization measures provided for in Council Directive 72/159/EEC ⁴; whereas this rate should be set at 50%;

Whereas in the Mezzogiorno region (including the islands), the schemes referred to in Article 11 of Directive 75/268/EEC are of special importance; whereas the rate of reimbursement of the related expenditure is proving insufficient to secure the effective implementation of such schemes;

.../...

¹ OJ No C ...

² OJ No C ...

³ OJ No L 128, 19 May 1975, p. 1

⁴ OJ No L 96, 23 April 1972, p. 1

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Whereas, therefore, the rate of reimbursement should be set at 50% and the Community's maximum financial participation at 40 000 u.a. per joint investment scheme and 200 u.a. per hectare of pasture or hill grazing land improved or equipped;

Whereas in Italy and Ireland the rate of reimbursement of 35% of eligible expenditure on compensatory allowances set in Article 15 of Directive 75/268/EEC is proving inadequate to secure effective implementation of the measure; whereas the rate should be set at 50%,

HAS ADOPTED THIS DIRECTIVE :

1. The following sub-paragraph is inserted after the first sub-paragraph of Article 5 (1) of Directive 75/268/EEC:
and in the regions of the French overseas departments
"In the Mezzogiorno region, including the islands, the maximum utilized agricultural area shall be two hectares."
2. Article 15 of Directive 75/268/EEC is replaced by the following:

"Article 15

1. Expenditure by Member States in respect of measures taken under Articles 5 to 11 shall be eligible for assistance from the Guidance Section of the EAGGF, as provided for in Article 19 of Directive No 72/159/EEC.

For the Mezzogiorno region, including the islands, and the West of Ireland (Western region), the rate of reimbursement for expenditure pursuant to Article 8 (2) and 10 of Directive 72/159/EEC and Article 9 above shall be 50%. For the Mezzogiorno region, including the islands, the rate of reimbursement for expenditure pursuant to Article 11 shall be 50%.

2. The Community's contribution to aid granted pursuant to Article 11 shall not exceed 20 000 u.a. per joint investment scheme and 100 units of account per hectare of pasture or mountain land improved or equipped.

For the Mezzogiorno region, including the islands, the Community contribution shall not exceed 40 000 u.a. per joint investment scheme and 200 units of account hectare of pasture or mountain land improved or equipped.

3. The EAGGF Guidance Section shall reimburse 25% of eligible expenditure by Member States on compensatory allowances granted pursuant to Title II.

.../...

For Italy and Ireland the rate of reimbursement shall be 50%.

Expenditure on compensatory allowances shall not be eligible for reimbursement where the farmer receives a retirement pension".

Article 2

1. The amendment provided for by Article 1 (1) above shall take effect on 1 January 1978.
2. The amendments provided for in Article 1 (2) shall apply only to aid granted for 1977 and subsequent years.

Article 3

This Directive is addressed to the Member States.

Done at

For the Council,
The President,

FINANCIAL RECORD

VI/2677/77-6

DATE : 27.10.1977

1. BUDGET HEADING CODE : 8100 AND 8103

2. MEASURE : PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING DIRECTIVE 15/268/EEC ON MOUNTAIN AND HILL FARMING IN CERTAIN LESS-FAVOURED AREAS.

3. LEGAL BASIS : Art. 6 of Regulation (EEC) N° 729/70.

4. OBJECTIVES : MORE ADEQUATE IMPLEMENTATION OF THE DIRECTIVE IN THE MEZZOGIORNO (INCLUDING THE ISLANDS) AND WEST OF IRELAND REGIONS (AS DEFINED IN DIRECTIVE 15/272/EEC).

5. FINANCIAL IMPLICATIONS	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
5.0 EXPENDITURE		()	()
- chargeable to Commun. Bud. (REFUNDS/INTERVENTIONS)		-	7,17
- chargeable to Nat. budg.		0,286	2,848
- chargeable to other sectors at Nat. level		-	-
5.1 RECEIPTS			
- EEC OWN RESSOURCES (LEVIES/CUSTOMS DUTIES)		-	-
- NATIONAL		-	-

	YEAR 1978	YEAR 1979	YEAR 1980
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	8.17 million EUA	16.17	21.7
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS	-	-	-

5.2 METHOD OF CALCULATION

See annex

6.0 PROJECT CAN BE FINANCED FROM APPROPRIATIONS ENTERED UNDER RELEVANT CHAPTER OF CURRENT BUDGET YES/NO

6.1 PROJECT CAN BE FINANCED FROM APPROPRIATIONS TRANSFERED BETWEEN CHAPTERS OF CURRENT BUDGET YES/NO

6.2 SUPPLEMENTARY BUDGET REQUIRED YES/NO

6.3 APPROPRIATIONS TO BE ENTERED UNDER FUTURE BUDGETS YES/NO

COMMENTS :

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A. ARTICLE 1 (1) REDUCTION OF MINIMUM UTILIZED AGRICULTURAL AREA PER FARM FROM 3 HA TO 2 HA IN THE MEZZOGIORNO

- 38.8 % of the allowances are granted in the Mezzogiorno.
- Beneath the 3 ha limit, 34 % of the animals were eligible.
- Beneath the 2 ha limit, another 7 % of the animals would be eligible.

Total cost for Italy : $38.8 \% \times \frac{100}{84} \times 0.07 =$ additional cost.

Year	Total cost for Italy	Additional cost	Reimbursement at 35 %	Addit. cost for reimburs. at 50 %	Reimbursement : at 50 %
1978	45,66	1,476	-	-	-
1979	67,47	2,18	0,517	0,221	0,738
1980	67,47	2,18	0,763	0,327	1,09
1981	67,47	2,18	0,763	0,327	1,09
1982	67,47	2,18	0,763	0,327	1,09
1983			0,763	0,327	1,09

B. ARTICLE 1 (2) AMENDMENT OF ARTICLE 8 (2) OF DIRECTIVE 72/159

- Italy

Assumption : 41.4 % of the utilized agricultural area in Italy is situated in the Mezzogiorno
45 % of the utilized agricultural area in the Mezzogiorno is situated within the less-favoured areas as defined in Directive 75/268.

Year	Est. expenditure in art. 8 (2)	Amount to Mezzogiorno	Amount to less-favoured areas in Mezzogiorno	Reimbursement 25 %	Addit. cost for 50 % reimbursement
1977	11,16	4,330	2,079	-	-
1978	22,32	8,660	4,158	0,52	0,52
1979	27,9	10,825	5,178	1,04	1,04
1980	27,9	10,825	5,178	1,29	1,29
1981	27,9	10,825	5,178	1,29	1,29
1982				1,29	1,29

IRELAND

Assumption : - Applying Article 9 of Directive 75/268 will give a 5 % increase in the rate of aid.

Standard rate of aid : buildings 30 %
drainage 50 %

- Half the aid is for buildings and the rest for drainage.

YEAR	Buildings				Drainage				Total additional cost to EAGGF
	Cost of addit. 5%	Total cost of aid (35) 5	25 % reimbursement	Addition. cost for 50 %	Cost of addit. 5 %	Total cost of aid (55) 5	25 % reimbursement	Addition. cost for 50 %	
1977	0,077	0,539	-	-	0,077	0,847	-	-	-
1978	0,092	0,644	0,135	0,135	0,092	1,012	0,212	0,212	0,347
1979	0,115	0,805	0,161	0,161	0,115	1,265	0,253	0,253	0,414
1980	0,115	0,805	0,201	0,201	0,115	1,265	0,316	0,316	0,517
1981	0,115	0,805	0,201	0,201	0,115	1,265	0,316	0,316	0,517
1982			0,201	0,201			0,316	0,316	0,517

Total for the two regions

YEAR	ITALY	IRELAND	TOTAL
1978 ^o	0,52	0,347	0,867
1979	1,04	0,414	1,454
1980	1,29	0,517 ^s	1,807
1981	1,29	0,517	1,807
1982	1,29	0,517	1,807

C. Article 1 (2) Amendment of Article 10 of Directive 72/159

- ITALY

Assumption : 41.4 % of Italian expenditure is in the Mezzogiorno
45 % of the Mezzogiorno is a less-favoured area

<u>Year</u>	<u>Cost of guidance premiums</u>	<u>Amount to Mezzogiorno</u>	<u>Amount to less-favoured areas in Mezzogiorno</u>	<u>25 % Reimb.</u>	<u>Addition. cost for 50 % reimbursement</u>
1977	2,536	1,05	0,473	-	-
1978	6,087	2,52	1,134	0,118	0,118
1979	8,116	3,36	1,512	0,284	0,284
1980	8,116	3,36	1,512	0,374	0,374
1981	8,116	3,36	1,512	0,374	0,374
1982				0,374	0,374

- IRELAND

Assumption : 22 % of the development plans are in the Western Region

<u>Year</u>	<u>Total expend. under Art. 10 Direct. 159</u>	<u>Expenditure Western Region</u>	<u>Reimbursement at 25 %</u>	<u>Additional cost for 50 % reimbursement</u>
1977	0,307	0,068	-	-
1978	0,307	0,068	0,017	0,017
1979	0,307	0,068	0,017	0,017
1980	0,307	0,068	0,017	0,017
1981	0,307	0,068	0,017	0,017
1982			0,017	0,017

- Total for the two regions

<u>Year</u>	<u>Italy</u>	<u>Ireland</u>	<u>Total</u>
1978	0,118	0,017	0,135
1979	0,284	0,017	0,301
1980	0,374	0,017	0,391
1981	0,374	0,017	0,391
1982	0,374	0,017	0,391

M

D. Article 1 (2) Increase for Mezzogiorno in rates of aid under Article 11 of Directive 75/268

- Increase in ceiling
- Increase in reimbursement rate

- Increase in ceiling :

Assumption : 38.8 % of the cost is attributable to the Mezzogiorno,

- The existing ceiling affects only one third of the applicants ;
- The average additional expenditure would be about 30.000 u.a.

<u>Year</u>	<u>Cost of 268 Article 11</u>	<u>Amount to Mezzogiorno</u>	<u>Additional Cost of new ceiling</u>	<u>Reimbursement at 50 %</u>
1977	4,423	1,716	0,286	-
1978	21,22	8,233	1,372	0,143
1979	32,54	12,626	2,104	0,686
1980	20	7,76	1,293	1,052
1981	20	7,76	1,293	0,647
1982				0,647

- Increase in reimbursement rate :

<u>Year</u>	<u>Amount to Mezzogiorno</u>	<u>Reimbursement at 25 %</u>	<u>Additional cost of reimbursement at 50 %</u>
1977	1,716	-	-
1978	8,233	0,429	0,429
1979	12,626	2,058	2,058
1980	7,76	3,157	3,157
1981	7,76	1,94	1,94
1982		1,94	1,94

- Total cost for this proposal

<u>Year</u>	<u>Ceiling</u>	<u>Rate</u>	<u>Total</u>
1978	0,143	0,429	0,572
1979	0,686	2,058	2,744
1980	1,052	3,157	4,209
1981	0,647	1,94	2,587
1982	0,647	1,94	2,587

E. Article 1 (2) Cost of increasing the rate of reimbursement for expenditure pursuant to

Title II of Directive 75/268/EEC from 35 % to 50 % for Ireland and Italy

(million EUA)

Year	IRELAND				ITALY			Increase in EAGGF expenditure
	Eligible expenditure	Rate of reimbursement		Eligible expenditure	Rate of reimbursement		Difference	
		35 %	50 %		35 %	50 %		
1977	26,9	-	-	10,14	-	-	-	
1978	26,9	9,42	13,5	45,66	3,55	1,52	5,6	
1979	26,9	9,42	13,5	67,47	15,98	6,85	10,93	
1980		9,42	13,5		23,61	10,13	14,21	
TOTAL						18,5	30,74	

F. Summary of costs to EAGGF

Year	Article 1(1)		Article 1 (2)					TOTAL
	at 35% at 50%		Art.15(1)	Art.15(1)	Art.15(1)	Art.15(2)	Art.15(3)	
	A (8103)	A (8103)	B (8100)	C (8100)	D (8103)	D (8103)	E (8103)	
1978	-	-	0,867	0,135	0,429	0,143	5,6	7,174
1979	0,517	0,221	1,454	0,301	2,058	0,686	10,93	16,167
1980	0,763	0,327	1,807	0,391	3,157	1,052	14,21	21,707
1981	0,763	0,327	1,807	0,391	1,94	0,647	14,21	20,085
1982	0,763	0,327	1,807	0,391	1,94	0,647	14,21	20,085
	<u>2,806</u>	<u>1,202</u>	<u>7,742</u>	<u>1,609</u>	<u>9,524</u>	<u>3,175</u>	<u>59,16</u>	<u>85,218</u>

III. PROPOSAL FOR A COUNCIL DIRECTIVE

nr. amending the Council directive of 17 April 1972
concerning measures to encourage the cessation of farming and the
reallocation of utilized agricultural area for the purposes of
structural improvement (directive 72/160/EEC)

Explanatory memorandum

In the present economic situation in the Community and in the light of the Community's needs and its scope for giving direction to production and markets, the two objectives of Council directive 72/160/EEC of 17 April 1972 concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement, i.e., to offer an alternative income to those unable or unwilling to develop their farms and reallocate the land thus released to farms submitting a development plan within the meaning of directive 72/159/EEC, take on a new importance.

Greater efforts must be made to achieve these two objectives so that the directive serves its purpose of providing an alternative income for elderly farmers, especially in less-favoured regions, and promoting the allocation of all land released to farms submitting a development plan.

The exclusion of certain categories of potential recipients on grounds of age (e.g. persons receiving a statutory old-age pension) in almost all member States means that land which will be of considerable importance in the future as regards the adaptation of production structures is not being used for that purpose. The provisions of the directive should therefore be extended to such categories of beneficiaries.

Experience gained from the implementation of the directive shows that in many cases the measures adopted under the directive are inadequate to encourage farmers giving up farming to allocate their utilized agricultural area to farms which have submitted a development plan.

III.

The granting of an additional premium to recipients of the annuity, subject to the land released being allocated to such farms, might offer such an incentive.

In the severely handicapped regions of the West of Ireland and the Mezzogiorno, including the Italian islands, measures taken under the directive must make a greater contribution to increasing employment for those who cannot find an alternative occupation and have to continue to operate very small farms. Eligibility for the annuity should therefore be extended in the case of these two regions to fulfil that objective.

proposal for a Council Directive

amending the Council directive of 17 April 1972 concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement (directive 72/160/EEC).

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

having regard to the treaty establishing the European Economic Community,
and in particular article 43 thereof,

having regard to the proposal from the Commission, (1),

having regard to the opinion of the European Parliament, (2),

whereas article 7 of the Council directive of 17 April 1972 on measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement (3), (directive 72/160/EEC) provides for the directive to be re-examined by the Council upon a proposal of the Commission after a period of four years;

whereas the exclusion of certain categories of potential recipients of the premium or the annuity owing to their age has hindered the application of the directive, and particularly the exclusion of categories of recipients receiving a state old-age pension;

(1) OJ Nr. C

(2) OJ Nr. C

(3) OJ Nr. L 96 of 23.4.1972, p. 9

III.

whereas, in view of the experience gained from the implementation of the Council directives of 17 April 1972 on the reform of agriculture, it is advisable that the reallocation of land to farms being modernized in accordance with the Council directive of 17 April 1972 on the modernization of farms (1) (directive 72/159/EEC) should be intensified; whereas for this purpose, in those member States where the granting of the annuity is not dependent on the land being reallocated in accordance with article 5¹ and 3, there is ground for providing for the grant of a premium to beneficiaries of the annuity;

whereas the amount of the premium must be sufficiently high to promote effective land mobility;

whereas, having regard to the present general economic and employment situation in agriculture in the less-favoured agricultural areas of the West of Ireland and the Mezzogiorno, including the islands, the Community should assist those regions in offering elderly farmers an alternative income by granting a cessation annuity.

HAS ADOPTED THIS DIRECTIVE :

Article 1

Directive 72/160/EEC is amended as follows :

1. The words "age or" are deleted from the second indent of the second subparagraph of article 2^{1a)}.

./.

(1) OJ Nr. L 96 of 23.4.1972, p. 1

2. Article 2^{1b)} is amended to read as follows :

"b) the grant of a premium, which shall be at least equal to four times the rental value of the utilized agricultural area released, to farmers applying therefor.

Member States may :

- pay the premium in instalments,
- refuse to grant all or part of the premium to any person receiving an annuity as provided for in subparagraph a) where the receipt of this annuity is dependent on the conditions laid down in article 5¹ and 3 for the reallocation of released agricultural areas.

Premiums shall be eligible for assistance from the guidance section of the EAGGF up to the amount of 300 Units of Account per Hectare of utilized agricultural area released".

3. The following sentence is added to article 2² :

"The granting of the premium to recipients of the annuity is dependent on the conditions for the reallocation of land laid down in article 5¹ and 3".

4. The following sentence is added to the first subparagraph of article 2³ :

"Furthermore, these annuities or premiums may not cause the recipients thereof to lose social security benefits which would otherwise be accorded to them".

5. Article 7² is amended to read as follows :

"The total contribution by the EAGGF to the cost of the common measures is estimated at 55 million units of account for the next five years".

III.

6. The first subparagraph of article 10^{1a)} is amended to read as follows :

"a) The expenditure incurred by member States on any measure taken under article 2^{1a)b) or c)} shall be eligible for assistance ...".

7. The following subparagraph is added to article 10¹ :

"c) In the less-favoured agricultural areas referred to in paragraph 2 above, which

- in Italy form part of the Mezzogiorno, including the islands

- in Ireland form part of the West of Ireland

the annuity provided for in article 2^{1a)} shall also be eligible for assistance where the utilized agricultural area released serves to expand a farm whose owner practises farming as his main occupation but fails to obtain the comparable earned income.

The second subparagraph of paragraph 1a) shall therefore apply by analogy".

8. The second subparagraph of article 10² is amended to read as follows :

"... the guidance section of the EAGGF shall refund 65% of the eligible expenditure referred to in paragraph 1a) of this article".

Article 2

The member States shall bring into force the measures to comply with the conditions of this directive by the 31st December 1978 at the latest.

Article 3

This directive is addressed to the member States.

Done at Brussels,

For the Council,
The President

FINANCIAL STATEMENT

VI/2577/77-E Rev. 2

DATE : 21/11/1977

1. BUDGET LINE CONCERNED : 8101

2. ACTION : Proposal for a Council Directive amending Directive 72/160/EEC concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for purposes of structural improvement.

3. LEGAL BASIS : Article 6 of Regulation 729/70/EEC

4. OBJECTIVES : As provided for in Article 7, paragraph 1, the objective of these amendments is, following the experience gained during the first years of application, to bring the measures provided for by the Directive more into line with current needs for the structural reform of agriculture.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (77)	FOLLOWING FINANCIAL YEAR (78)
5.0 EXPENDITURE			
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)		-	pm
-CHARGED TO NATIONAL ADMINISTR.		pm	42
-CHARGED TO OTHER NATIONAL GROUPS		-	-
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)		-	-
-NATIONAL		-	-

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE YEAR ...1979..... YEAR ...1980..... YEAR1981....
 12,4 million UA 12,6 million UA 12,9 million UA

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

5.2 METHOD OF CALCULATION

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/NO

COMMENTS :

A N N E X

CALCULATION OF COSTS.

The costs of this action can be subdivided into 4 parts:

- the cost of the premium,
- the increase in the number of annuities due to the greater financial attraction of the premium,
- the cost of the removal of the upper age-limit of 65,
- extension of eligibility for annuities.

A. Cost of premium.

The areas eligible for this premium in 1975 amounted to 29 721 ha, say 30.000 ha. Due to the increase expected following the adoption of this measure, plus the greater number of retired farmers eligible due to the increase in the number developing their farms, it is estimated that the premium would be payable on 45 000 ha per year. Eligible expenditure by Member States shall be reimbursed by the EAGGF at the rate of 25%, except for Ireland and the greater part of Italy for which the rate shall be 65%. Ireland and this greater part of Italy represent 32% of the utilized agricultural area of the Community.

Therefore:

- cost to Ireland and the greater part of Italy :
 $45.000 \times 32\% \times 300 \text{ UA} = 4.32 \text{ million UA}$
- cost to the remainder of the Community:
 $45.000 \times 68\% \times 300 \text{ UA} = 9.18 \text{ million UA}$
- reimbursement by the EAGGF:
 $(4.32 \times 65\%) + (9.18 \times 25\%) = 5.1 \text{ million UA.}$

B. Increase in the number of annuities.

The additional area of 15 000 ha represents approximately 1 000 holdings

The average annuity is taken as 1 000 UA per holding.

Annual cost to the EAGGF

$1.000 \times 1.000 \times 25\% = 0.25 \text{ million UA.}$

Budget year	Year of retirement					Total
	1978	1979	1980	1981	1982	
1979	0.25					0.25
1980	0.25	0.25				0.5
1981	0.25	0.25	0.25			0.75
1982	0.25	0.25	0.25	0.25		1
1983	0.25	0.25	0.25	0.25	0.25	1.25
<u>Total</u>						<u>3.75</u>

C. Removal of age-limit.

The number of farmers in the Community aged 65 or over with farms of 20 ha or less is 992 000.

Statistics show that 22.8% of these farmers have successors, leaving 77.2% without successors.

Consequently the number of farmers without successors aged 65 or over with farms of 20 ha or less is 766.000.

It is assumed that 10% of these will, over a 10-year period, retire and sell their holdings to farmers, implementing development plans.

It is estimated that the average size of these holdings will be 12 ha.

The annual cost to member States is estimated at:

$$7\ 600 \times 300 \times 12 = 27.4 \text{ million UA.}$$

Cost of EAGGF contribution of 25% = 6.8 million UA.

D. Extension of eligibility for early retirement annuities granted in certain other cases in the less-favoured areas of the West of Ireland and the Mezzogiorno.

- Ireland

It is assumed that this proposal will double Irish eligible expenditure.

Year	Estimated eligible expenditure	EAGGF refund 65%	Additional cost 25%	Total
1978	0.112			
1979	0.152	0.073	0.028	0.101
1980	0.152	0.099	0.038	0.137
1981	0.152	0.099	0.038	0.137
1982	0.152	0.099	0.038	0.137
1983	0.152	0.099	0.038	0.137
			<u>0.18</u>	

- Italy

Assumptions

1. 41.4% of Italian expenditure will be in the Mezzogiorno.
2. As a result of this measure, almost all Italian expenditure will be eligible for a 25% refund.

Year	Estimated expenditure	Allocation Mezzogiorno	Refund 25%
1978	2.029	0.84	
1979	2.029	0.84	0.21
1980	2.029	0.84	0.21
1981	2.029	0.84	0.21
1982	2.029	0.84	0.21
1983	2.029	0.84	0.21
			<u>1.05</u>

Total EAGGF expenditure

Year	Ireland	Italy	Total
1978	-	-	-
1979	0.028	0.21	0.238
1980	0.038	0.21	0.248
1981	0.038	0.21	0.248
1982	0.038	0.21	0.248
1983	0.038	0.21	0.248
			<u>1.23 MUA</u>

E. Total cost of action

Year	Premium	Increase in annuities	Removal of age-limit	Extension of eligibility	Total
1978	pm	pm	pm	pm	pm
1979	5.1	0.25	6.8	0.238	12.388
1980	5.1	0.5	6.8	0.248	12.648
1981	5.1	0.75	6.8	0.248	12.898
1982	5.1	1	6.8	0.248	13.148
1983	5.1	1.25	6.8	0.248	13.398
				<u>1.23</u>	<u>64.48</u>

The total cost of the action for a 5-year period is estimated at 65 million UA.

ml

IV.

IV. PROPOSAL FOR A COUNCIL DIRECTIVE

**on a programme to accelerate drainage operations
in the less-favoured areas of the West of Ireland**

IV.

Explanatory memorandum

A number of areas in the West of Ireland suffer from low income levels and under-employment in agriculture. In addition, production potential is seriously handicapped by drainage problems; there is no arterial drainage and very little field drainage.

Removing or alleviating this handicap would mean a vast improvement in yields and productivity and would be a significant step in furthering the common measures aimed at agricultural reform.

A common measure to accelerate drainage operations in the less-favoured areas of the West of Ireland would enable Ireland to remove this drawback with rapid and lasting effects on agricultural incomes.

Improvements in production structures can be ensured only through a comprehensive programme for installing arterial and field drainage throughout the areas concerned. Community financial assistance can be given only for such a programme.

33

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas Article 39(2)(a) of the Treaty provides that account should be taken of the social structure of agriculture and the structural and natural disparities between agricultural regions in determining the common agricultural policy;

Whereas to achieve the objectives of the common agricultural policy set out in Article 39(1)(a) and (b), measures appropriate to the production conditions of the least-favoured agricultural zones should be adopted at Community level;

Whereas certain regions in the West of Ireland are in an unfavourable situation as regards agricultural incomes and suffer from underemployment not only in agriculture but also in general;

Whereas the agricultural population constitutes an important section of the total working population in these regions;

Whereas action should be concentrated on basic aspects of the structural development of these regions to ensure rapid and lasting effects on agricultural incomes;

Whereas agricultural production in the West of Ireland is seriously handicapped by drainage problems due both to the lack of arterial drainage and the scarcity of field drainage;

(1) OJ No C
(2) OJ No C

Whereas Community aid is needed to accelerate the provision of drainage networks;

Whereas the conditions and limits set out in Articles 14 and 19 of Council Directive of 17 April 1972 on the modernization of farms⁽¹⁾ (Directive No. 72/159/EEC) are not well suited, as regards drainage, to the special structural situation of the regions of the West of Ireland;

Whereas field drainage will increase agricultural potential and therefore enable production to be better oriented;

Whereas drainage schemes should be encouraged only when they concern areas showing worthwhile productivity and are to be carried out on rational lines, where possible by groups of farmers;

Whereas aid should be provided for the purchase of the machinery needed by agricultural cooperatives for drainage works;

Whereas these objectives should be furthered by a common measure combining these elements and covering all the less-favoured areas of the West of Ireland (Western Region) as defined in the Council Directive of 28 April 1975 concerning the Community list of less-favoured farming areas within the meaning of Directive No. 75/268/EEC⁽²⁾ (Directive 72/272/EEC), constituting a special programme extending over several years;

Whereas it follows from the foregoing that the measures referred to constitute a common measure within the meaning of Article 6 of Council Regulation No (EEC) 729/70 of 21 April 1970 on the financing of the common agricultural policy⁽³⁾;

HAS ADOPTED THIS DECISION:

(1) OJ No L 96 of 23.4.1972, p. 1
(2) OJ No L 128 of 18.5.1975, p. 68
(3) OJ No L 94 of 28.4.1970, p. 13

Article 1

With a view to increasing agricultural incomes in the less-favoured regions in the West of Ireland (Western Region) within the meaning of Directive No. 75/272/EEC and improving basic structures, thus contributing to the modernization of farms, a common measure within the meaning of Article 6(1) of Regulation (EEC) No. 729/70 shall be introduced, to be implemented by Ireland for the purpose of accelerating arterial and field drainage operations.

Article 2

1. The conditions and limits in Articles 14(2) and 19(1) and (3) of Directive 72/159/EEC shall not apply to drainage operations forming the object of this common measure.
2. The Community's financial contribution shall be used only in the framework of a comprehensive programme covering all drainage operations in the less-favoured regions of the West of Ireland (Western Region) within the meaning of Directive No. 75/272/EEC. This programme shall be submitted to the Commission by Ireland.
3. The financial aspects of the programme shall be examined and approved after consultation with the EAGGF Committee in accordance with the procedure laid down in Article 18(2) and (3) of Directive 72/159/EEC.

Article 3

The following information shall be given in the programme submitted:

- (a) with respect to public arterial drainage works:
 - (i) the extent of the catchment areas to be drained under the programme;
 - (ii) the number of hectares of agricultural area whose drainage will be improved, and the number of hectares to be fully drained as a result of the operation;
 - (iii) the location of and timetable for the above works;
 - (iv) a cost benefit analysis for each catchment area concerned;
 - (v) the estimated cost of draining the catchment areas.

- (b) with respect to field drainage works:
 - (i) the number of hectares to be drained under the programme;
 - (ii) provisions ensuring that only those agricultural areas will be drained which, on completion of the work, will reach an adequate level of productivity;
 - (iii) details of related works needed to ensure rational utilization of the drained areas;
 - (iv) provisions ensuring that drainage will be carried out in such a way as to exploit the productive potential of the land concerned to the full;
 - (v) details of measures to encourage joint drainage plans;
 - (vi) details of arrangements made to encourage the execution of works by agricultural cooperatives, by providing aid for the purchase of the machinery needed for drainage in areas where such operations are indispensable;

- (vii) the nature and amount of the aid envisaged; the estimated cost of such aid.
- c) documented estimates of public expenditure in the less-favoured areas of the West of Ireland in the fields referred to under (a) and (b) showing the complementary nature of Community participation.

Article 4

1. Expenditure on the following operations by Ireland under the special programme referred to in Article 2 shall be eligible for aid from the EAGGF Guidance Section:
- public arterial drainage works referred to in Article 3(a), up to a maximum of 30 000 hectares of catchment areas;
 - field drainage works referred to in Article 3(b), up to a maximum of 100 000 drained hectares;
 - grants towards the purchase by agricultural cooperatives during the first two years of the programme of the machinery referred to in Article 3(b)(vi), up to a maximum of 5% of the eligible expenditure for field drainage works referred to in the previous indent.
2. The EAGGF Guidance Section shall reimburse 50% of the eligible expenditure to Ireland. However, the amount of eligible expenditure referred to in the second indent of the preceding paragraph shall not be more than 700 u.a. per drained hectare and the amount referred to in the third indent shall not be more than 25% of the purchase price of the machinery.

Article 5

1. The duration of the measure shall be limited to five years
2. The total estimated EAGGF share of the cost of the common measure shall be 21 million u.a. for the entire period.

Article 6

When the special programme referred to in Article 2(3) is approved, the Commission shall, in agreement with Ireland, determine the manner in which it is to be kept informed of the progress of the programme. Ireland shall, at the same time, designate the body responsible for the technical execution of the programme.

Article 7

1. Requests for reimbursement shall relate to expenditure incurred by Ireland during one calendar year and shall be presented to the Commission before 1 July of the following year.
2. Aid from the Fund shall be granted in accordance with Article 7(1) of Regulation (EEC) No. 729/70.
3. The Commission may agree to make advance payments equal in amount to those granted by Ireland for the special programme.
4. Detailed rules for the application of this Article shall be adopted under the procedure laid down in Article 13 of Regulation (EEC) No. 729/70.

Article 8

This directive is addressed to Ireland.

Done at Brussels,

For the Council

DATE:

1. BUDGET HEADING CODE:

2. MEASURE: Draft proposal for a Council Directive on the programme to accelerate drainage operations in the less-favoured regions of the West of Ireland.

3. LEGAL BASIS: Article 6 of Regulation (EEC) No 729/70

4. OBJECTIVES : To increase agricultural incomes in the less-favoured regions of the West of Ireland by improving the basic structures (arterial drainage and field drainage).

5. FINANCIAL IMPLICATIONS

	DURING THE MARKETING YEAR	CURRENT FINANCIAL YEAR (77)	FOLLOWING FINANCIAL YEAR (78)
5.0 EXPENDITURE			
-CHARGEABLE TO COMMUNITY BUDGET (REFUNDS/INTERVENTIONS)		-	-
-CHARGEABLE TO NATIONAL BUDGETS		-	7.05 MUA
-CHARGEABLE TO OTHER SECTORS AT NATIONAL LEVEL		-	-
5.1 RECEIPTS			
-EEC OWN RESOURCES (LEVIES/CUSTOMS DUTIES)		-	-
-NATIONAL		-	-

YEAR .1979.

YEAR .1980.

YEAR .1981.

5.0.1. PLURIANNUAL PATTERN OF
EXPENDITURE

3.53 MUA

4.42 MUA

4.3 MUA

5.1.1 PLURIANNUAL PATTERN OF
RECEIPTS

-

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5.2 METHOD OF CALCULATION

See Annex

6.0 PROJECT CAN BE FINANCED FROM APPROPRIATIONS ENTERED UNDER RELEVANT
CHAPTER OF CURRENT BUDGET

YES/NO

6.1 PROJECT CAN BE FINANCED FROM APPROPRIATIONS TRANSFERRED BETWEEN CHAPTERS
OF CURRENT BUDGET

YES/NO

6.2 SUPPLEMENTARY BUDGET REQUIRED

YES/NO

6.3 APPROPRIATIONS TO BE ENTERED UNDER FUTURE BUDGETS

YES

1979 - 3.53 m u.a.; 1980 - 4.42; 1981 - 4.3; 1982 - 4.3; 1983 - 4.2

COMMENTS

Method of calculation1. Arterial drainage

The three drainage schemes in the less-favoured regions of the West of Ireland (Western Region) concern the catchment areas of Corrib/Mask and Bonet.

Preliminary estimates show that the cost of public works in these three areas will be around 14 m u.a., of which 50% will be payable by the EAGGF (7 m u.a.) over a five-year period. Expenditure in the first year will be very much less than in the following years due to the low cost of planning and preparatory work. Estimated costs are as follows:

Year	Member State	EAGGF
1978	1.4 m u.a.	-
1979	3.2 m u.a.	0.7 m u.a.
1980	3.2 m u.a.	1.6 m u.a.
1981	3.2 m u.a.	1.6 m u.a.
1982	3 m u.a.	1.6 m u.a.
1983	-	1.5 m u.a.
Total	14 m u.a.	7 m u.a.

2. Field drainage

- (a) Average area to be drained annually : 18 000 ha
- (b) Average cost of drainage per hectare : 500 u.a./ha
- (c) The Member State proposes to grant aid of 60% of the costs.
- (d) EAGGF reimburses 50% of the aid granted by the Member State.

Annual cost for the Member State

$$18\ 000 \times 500 \times 60\% = 5.4 \text{ m u.a.}$$

Annual cost for the EAGGF

$$5.4 \times 50\% = 2.7 \text{ m u.a.}$$

(e) Expenditure over a five year period:

Year	Member State	EAGGF
1978	5.4 m u.a.	-
1979	5.4 m u.a.	2.7 m u.a.
1980	5.4 m u.a.	2.7 m u.a.
1981	5.4 m u.a.	2.7 m u.a.
1982	5.4 m u.a.	2.7 m u.a.
1983	-	2.7 m u.a.
	27.0 m u.a.	13.5 m u.a.

3. Purchase of drainage machinery by cooperatives: this item is limited to 5% of the annual expenditure for field drainage and will be incurred in the first two years of the programme. The cost of purchasing machinery by cooperatives is estimated at 1 million u.a. per year; aid granted by the Member State will amount to 250 000 u.a. per year. This aid will be refunded at the rate of 50%, entailing an annual expenditure of 125 000 u.a. by the EAGGF.

4. Total cost of the EAGGF proposal:

Year	Arterial drainage		Field drainage		Purchase of machinery		Total EAGGF Cost
	Member State	FEOGA	Member State	FEOGA	Member State	FEOGA	
1978	1.4	-	5.4	-	0.25	-	-
1979	3.2	0.7	5.4	2.7	0.25	0.13	3.53
1980	3.2	1.6	5.4	2.7	-	0.12	4.42
1981	3.2	1.6	5.4	2.7	-	-	4.3
1982	3	1.6	5.4	2.7	-	-	4.3
1983	-	1.5	-	2.7	-	-	4.2
TOTAL	14	7	27	13.5	0.5	0.25	20.75

Total cost will therefore amount to 20.75 million u.a., or in round figures 21 m u.a.

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