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DOCUMENT 1-50/84 **A**

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European
Communities to the Council (COM(83) 559 final -
Doc. 1-1000/83/I)

for a regulation on improving the efficiency of
agricultural structures

PART I:

Directives 72/159/EEC, 72/160/EEC and 72/161/EEC

Part A: Motion for a resolution

Rapporteur: Mr R. BOCKLET

PE 87.334/fin. **A**
Or. De.

By letter of 31 October 1983, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 43 of the EEC Treaty, on the proposals from the Commission of the European Communities for

- I. a Council regulation (EEC) on improving the efficiency of agricultural structures
- II. a Council regulation (EEC) amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed and Council Regulation (EEC) No. 1820/80 on the stimulation of agricultural development in the less-favoured areas of the West of Ireland.

On 14 November 1983, the President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on Regional Policy and Regional Planning for opinions. The Committee on Agriculture appointed Mr BOCKLET rapporteur on Part I (Directives 72/159/EEC, 72/160/EEC and 72/161/EEC).

The Committee on Agriculture considered the Commission proposal and the draft report at its meetings of 30 November/1 December 1983 and 21/22 February 1984. At its meeting of 20/21 March it decided unanimously to recommend to Parliament that it should approve the Commission's proposal subject to the following amendments.

The committee then adopted the motion for a resolution as a whole unanimously.

The following took part in the vote:

Mr Curry, chairman; Mr Colleselli and Mr Delatte, vice-chairmen; Mr Bocklet, rapporteur; Mr Barbagli (deputizing for Mr Diana), Mr Blaney, Mr Caillavet (deputizing for Mr Vernimmen), Mrs Castle, Mr Dalsass, Mr Eyraud, Mr Gatto, Mr Helms, Mr Hord, Mr Hutton (deputizing for Mr Simmonds), Mr Jürgens, Mr Keating (deputizing for Ms Quin), Mr Ligios, Mr Lückner (deputizing for Mr d'Ormesson), Mr Maffre-Baugé, Mr Maher, Mr Martin (deputizing for Mr Papapietro), Mr McCartin (deputizing for Mr Clinton), Mr Mertens, Mr Pranchère, Mr Provan, Mr Sutra, Mr Thareau, Mr Tolman, Mr Vgenopoulos and Mr Vitale.

The report was tabled on 23 March 1984.

The opinions of the Committee on Budgets and the Committee on Regional Policy and Regional Planning are attached to this report.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Agriculture hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

Proposal for a Council regulation (EEC) on
improving the efficiency of agricultural structures

Amendments tabled by the
Committee on Agriculture

Text proposed by the Commission

Preamble and recitals unchanged

Article 1

Paragraphs 1 and 2 unchanged

Amendment No. 1

After paragraph 2 insert a new paragraph to read as follows:

3. Where ceilings are laid down in these articles or on the basis of these articles, no additional production above this ceiling will be permitted from any undertaking in the Community.

Article 2

1. In order to contribute to the improvement of agricultural incomes and living, working and production conditions on agricultural holdings, Member States shall introduce a system of investment aids to holdings where the farmer:

Amendments tabled by the
Committee on Agriculture

Text proposed by the Commission

- (a) practices farming as his main occupation,
 - (b) possesses adequate occupational skill and competence,
 - (c) submits a plan for materially improving his holding; this plan must show, by means of specific calculations, that the investments are profitable and that they will bring about a lasting improvement in the economic results of the undertaking,
 - (d) undertakes to keep simplified accounts,
- and whose labour income per MWU is less than the comparable income as defined in paragraph 2.

Amendment No. 2

Insert the following sentence
at the end of paragraph 1:

The total income per working family member including non-agricultural income shall be taken into account where it exceeds the limits laid down in paragraph 3 proportionally.

Rest unchanged

Article 3

Paragraph 1 unchanged

Paragraph 2(a)

2(a) No aid shall be granted towards the type of investment referred to in paragraph 1(b) where the effect of such investment is to increase the holding's production of products for which there is no normal market outlet.

Where the area of the holding has been extended within the three years preceding the submission of the aid application, account shall be taken of such increase in area when compliance with this requirement is being established; on completion of an investment in the milk production sector, however, the stocking density may not exceed 2 livestock units (LU) per ha. of forage area. Livestock shall be converted into LU in accordance with the table referred to in Article 15.

Amendment No. 3

Paragraph 2(a) fourth sentence to read as follows:

The Council shall determine the products as referred to in the preceding paragraphs in accordance with Article 43 of the EC Treaty.

The Commission shall define the products as referred to in the preceding paragraphs in accordance with the procedure laid down in Article 25.

Paragraph 2(b) and
Paragraph 3, first subparagraph
unchanged

Amendment No. 4

Paragraph 3, second subparagraph to read as follows:

- in the pig sector, only if the investment does not increase the number of fattening pig places to more than 500 per holding, with the proviso that on completion of the investment programme at least 35% of the feed consumed by the pigs can be produced on the holding. The place required by one breeding sow corresponds to 6.5 fattening pig places.

Amendment No. 5

Paragraph 4 to read as follows:

4. The investment aid referred to in paragraph 1 may only be granted in the eggs and poultry-meat sector if improvements are connected with the environment and animal welfare and do not involve increased production.

Amendment No. 6

Paragraph 5 to read as follows:

5. The granting of investment aid shall be dependent on the income level when the application is made. Investment aid under paragraph 1 may not be granted if the improvement plan mentioned in Article 2(1)(c) provides for a labour income in

Paragraph 3, second subparagraph:

- in the pig sector, only if the investment does not increase the number of fattening pig places to more than 550 per holding, with the proviso that on completion of the investment programme at least 35% of the feed consumed by the pigs can be produced on the holding. The place required by one breeding sow corresponds to 6.5 fattening pig places.

Paragraph 4:

4. The investment aid referred to in paragraph 1 may not be granted in the eggs and poultrymeat sector.

Paragraph 5:

5. The investment aid referred to in paragraph 1 may not be granted if the improvement plan mentioned in Article 2(1)(c) provides for a labour income in excess of 120% of the labour income referred to in paragraph 2 of that Article.

excess of 120% of the labour income referred to in paragraph 2 of that Article.

Articles 4 to 7 unchanged

Article 8(1) unchanged

Amendment No. 7

Paragraph 2 to read as follows:

2. Where Member States grant aids for investment in holdings which do not satisfy the conditions laid down in Article 2, such aids may reach the amounts laid down in Article 4.

Paragraph 2:

2. Where Member States grant aids for investments in holdings which do not satisfy the conditions laid down in Article 2, such aids must be at least one third less than the aids granted pursuant to Article 4, with the exception of aids granted for:

- energy saving,
- the protection and improvement of the environment,
- land improvement

which may reach the amounts laid down in Article 4(2).

Rest unchanged

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation on improving the efficiency of agricultural structures - Part I (Directives 72/159/EEC, 72/160/EEC and 72/161/EEC)

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(83) 559 final)¹,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-1000/83),
- having regard to its resolution of 16 June 1982 on the proposal from the Commission of the European Communities to the Council for a directive amending Directives 72/159/EEC, 72/160/EEC and 72/161/EEC in relation to agricultural structures - report by Mr Dalsass (Doc. 1-184/82)²,
- having regard to its resolution on new guidelines for the Community's structural policy in the agricultural sector - report by Mr Thareau (Doc. 1-923/83)³,
- having regard to its resolution on the communication from the Commission of the European Communities to the Council on its proposals regarding the common agricultural policy - report by Mr Curry (Doc. 1-987/83)⁴,

¹ OJ C 347 of 22.12.1983, p. 1

² OJ C 182 of 19.7.1982, p. 41

³ OJ C 342 of 19.12.1983, p. 98

⁴ OJ C 342 of 19.12.1983, p. 121

- having regard to its resolution on ways of increasing the effectiveness of the Community's structural funds, especially that of the EAGGF Guidance Section - report by Mr Davern (Doc. 1-990/83)¹,
 - having regard to its resolution on the establishment of young farmers in the Community - report by Mrs Martin (Doc. 1-922/83)²,
 - having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets and the Committee on Regional Policy and Regional Planning (Doc. 1-50/84),
 - having regard to the result of the vote on the Commission's proposal,
- A. whereas the Community policy for agricultural structures, in addition to price and market policy, is a vital element in the common agricultural policy,
 - B. whereas, in view of the difficult situation with regard to employment, the future policy for agricultural structures must have the preservation of about 8.5 million jobs in agriculture as its prime objective,
 - C. whereas the Community's policy for agricultural structures hitherto has been unable to assist improvements in farm operating conditions to the same degree, as these differ according to region and farm size,
 - D. whereas aid for structural improvements has hitherto been most effective in the most highly developed agricultural areas and whereas better use has been made of the available aid in these areas than in others,
 - E. whereas smaller holdings have hitherto been excluded from aid because of the aid criteria,

¹ OJ C 342 of 19.12.1983, p. 88

² OJ C 10 of 16.1.1984, p. 99

- F. whereas Directive 72/160/EEC has had little impact due to the fact that the award of aid for the cessation of agricultural activities was conditional on the land thus released being brought under development plans, but its lack of success should not lead to the abandonment of further action on that front, which is one of the most effective in terms of the restructuring of holdings and, more particularly, the establishment of young farmers,
- G. whereas the policy for agricultural structures pursued hitherto has jeopardized the existence of small-scale farming,
- H. whereas the policy hitherto has to some extent encouraged holdings to invest in sectors in which very large surpluses are already being produced,
- I. whereas some Member States have found it difficult, for political or administrative reasons, to transpose the socio-structural directives effectively into national legislation,
- K. whereas the expiry of the validity of the socio-structural directives provides a welcome opportunity to replace these directives with improved provisions,
1. Points out that the prime objective of the structural policy must be the retention of as many viable small-scale family holdings in rural areas as possible;
 2. Stresses that the structural policy must not be a substitute for an inadequate market and price policy;
 3. Calls for the agricultural structures policy to be coordinated with the measures that must be taken, in the context of market organizations, to stabilize markets and feels that it cannot succeed unless it is geared to more urgent objectives such as controlling the output of products with which the potential market is already saturated, encouraging the production of all commodities of which the Community has a deficit, including those unsuitable for mass production, and organizing the export of agricultural products;

4. Holds the view that the effectiveness of the common policy for agricultural structures can best be improved if the Community concentrates on a few broad measures; the Community should accordingly focus its activities on:
 - incentives for investment in agricultural holdings,
 - measures to aid agriculture in the less-favoured regions and other problem regions,
 - measures above the single farm level;
5. Welcomes the plan contained in the proposal for increased flexibility of the agricultural structures policy;
6. Considers, therefore, that a directive is the appropriate instrument for the policy on agricultural structures, but in view of the difficulties in certain Member States is prepared to accept a regulation if it is flexible enough;
7. Welcomes the reduction of the aid threshold and the fact that, under the proposal for a regulation, smaller farms will in future also qualify for aid for farm investments without having to submit a six-year development plan with specific income objectives, as required under Directive 72/159/EEC;
8. Welcomes the fact that one of the main criteria for receiving aid will simply be the presentation of a holding improvement plan;
9. Considers that, in future, priority must be given to raising incomes by reducing production costs, improving living and working conditions and achieving energy savings, rather than to increasing productivity;
10. Supports the requirement that the investment thus aided must be economically viable and lead to a lasting improvement in a farm's results;

11. Welcomes the fact that measures taken by individual farms in the field of environmental protection will be taken into account in the award of structural aid;
12. Takes the view that the aid criterion of 'simplified accounts' is no obstacle to receiving aid and can be met by any farmer (even in the interests of his own financial control), and in this context welcomes the fact that management accounts (previously compulsory) are now to be made optional;
13. Approves the principle of granting derogations from the restrictions or prohibitions on aid for producers whose market outlets are saturated, and calls for such derogations to be restricted to farms where there is no substitute for a particular product because of a combination of natural and structural circumstances;
14. Insists that, in the event of a ban on aid for extensions of capacity, aid for rationalization measures should also be limited to stocks of 40 cows and 500 fattening pig places per holding, in order to give preference to improvements in small farms;
15. Rejects the total ban on aid in the egg and poultrymeat sector; advocates aid in this sector if it is desirable in the public interest or for reasons of environmental or animal protection, provided that it does not lead to any increase in capacity;
16. Welcomes the fact that the proposal sets upper limits for livestock herds eligible for aid, but considers that these upper limits, leading to total exclusion from aid, must be applied to all farms in the Community;
17. Calls for the products in surplus, for which aid will not be granted, to be determined by the Council and not by the Commission;
18. Welcomes the limitation of aid to a specific percentage of income but calls for the prosperity clause to be geared to the total income per family worker, including non-agricultural income; the prosperity clause should relate solely to the income situation at the time of the application;

19. Calls for the aid criteria to put holdings which are the main, secondary or auxiliary source of income on an equal footing and rejects any restriction of aid for holdings which are the secondary or auxiliary source of income to a specific percentage of aid for holdings which are the main source of income;
20. Considers that it is essential for the common policy on agricultural structures to take more account than it has done hitherto of the variety of agricultural regions and agricultural holdings;
21. Welcomes the differentiation of aid between less-favoured and more prosperous areas;
22. Regards the introduction of capital subsidies as the main form of aid as a substantial improvement over the forms of aid currently available (interest rebates, guarantees and optional capital aid); emphasizes, however, that investment in heavy farm equipment should not be favoured at the expense of other factors for the improvement of productivity,
23. Welcomes the substantial increase in the amount of special aid for the establishment of young farmers, which will ease the increasing difficulty of obtaining capital, but advocates that the value of the additional aid should not exceed 50%; but emphasizes most strongly that the annual number of newly established farmers shown in the financial statement annexed to PE 64.000 is manifestly inadequate to guarantee the objectives of the CAP in future,
24. Notes the withdrawal and non-replacement of Directive 72/160/EEC and thus the abolition of the land release annuity; considers, however, that the cessation of agricultural activities by elderly farmers and the reallocation of the land thus released to others is a priority in regions where there is a high proportion of elderly farmers and small farms, calls on the Commission to draw up an addendum to the existing proposal for a regulation to tackle this problem on a different basis from Directive 72/160/EEC by linking it, subject to an age limit, to the compensatory allowance in respect of certain handicaps;

25. Considers that, in addition to the existing aid for farm assistance services, the new, optional aid for farm relief services and management services by agricultural associations constitutes an appropriate and effective improvement in rationalization measures for agricultural activities;
26. Welcomes the inclusion of woodland improvement measures on agricultural holdings in the list of optional investment areas, as an intensification of agricultural wood production can reduce the output of agricultural products in surplus, on the one hand, and cut the Community's deficit in wood production, on the other;
27. Welcomes the flexible continuation of the aid provisions for basic and advanced agricultural training and the aid for pilot schemes and information systems concerning the improvement of agricultural structures for those Member States that wish to make use of them;
28. Points out that the resources of the EAGGF Guidance Section, which supports the structural policy, have been insufficient from the start (currently about 5% of the total EAGGF budget) and therefore welcomes the increase in resources earmarked for the projects under the future structural aid system;
29. Points to the importance of the continuing integrated regional programmes, which can be more closely attuned to existing regional disadvantages and needs than general, Community-wide provisions;
30. Calls for the reimbursement procedure to be simplified in such a way that the reimbursement payment can be made to the Member State in a lump sum and does not extend for the duration of the interest subsidy as at present;
31. Instructs its President to forward to the Council and the Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.