

EUROPEAN PARLIAMENT

# Working Documents

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DOCUMENT 1-411/82

REPORT

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 1-36/82 - COM(82) 72 final) for a regulation on the acceleration of agricultural development in certain regions of Greece

Rapporteur: Mr K. KALOYANNIS



By letter of 18 March 1982, the Council of the European Communities consulted the European Parliament, pursuant to Article 43 of the EEC Treaty, on a proposal from the Commission of the European Communities to the Council for a regulation on the acceleration of agricultural development in certain regions of Greece.

On 22 March 1982 the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

At its meeting of 31 March and 1 April 1982, the Committee on Agriculture appointed Mr Kaloyannis rapporteur.

On 21 June 1982 the Council asked Parliament to treat the proposal as urgent, pursuant to Rule 57 of the European Parliament's Rules of Procedure.

The Committee on Agriculture considered the Commission proposal and Mr Kaloyannis' draft report at its meeting of 22 and 23 June 1982.

At this meeting it decided by 13 votes to 2 with 3 abstentions to approve the Commission proposal, subject to the following amendments.

The Commission did not adopt a position on the amendments tabled.

The Committee on Agriculture then adopted the motion for a resolution as a whole by 13 votes to 2 with 3 abstentions.

The following took part in the vote: Mr Curry, chairman; Mr Delatte, vice-chairman; Mr Kaloyannis, rapporteur; Mr Battersby, Mr Clinton, Mr Dalsass, Mr Diana, Mr Eyraud, Mr Gatto, Mr Georgiadis (deputizing for Mr Sutra), Mr Hord, Mr Howell, Mr Marck, Mr B. Nielsen, Mr J.D. Taylor (deputizing for Mr Kirk), Mr Tolman, Mr Vgenopoulos and Mr Woltjer.

The opinion of the Committee on Budgets is attached.

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

Amendments

Commission text

to the proposal for a regulation on the acceleration of agricultural development in certain regions of Greece  
(Doc. 1-36/82)

Preamble, recitals and Articles 1 - 17 unchanged.

Article 18

Article 18

1. unchanged
2. unchanged

Amendment No. 1

Add the following new paragraph 2a:

2a. Should it be found, while the programme is being implemented, that certain operations, as provided for in Articles 4, 6, 8, 10, 12 and 14, are unable to utilize in full the total appropriations committed to them as set out in detail in the preceding paragraph, it shall be possible to transfer the unutilized appropriations, up to a maximum of 20% of the total amount approved for each operation, to other operations that can utilize them.

The need to transfer appropriations between operations shall be confirmed by the Greek Government in its report to the Commission in which it shall explain and justify the need to do so in detail. The Commission shall thereupon approve by decision the transfer of these appropriations.'

3. unchanged

Amendment No. 2

Add the following new paragraph 4:

4. The total amounts referred to in paragraph 2(b) of the present Article are purely indicative.

Articles 19 - 22 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 the acceleration of agricultural development in certain regions of Greece

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(82) 72 final)<sup>1</sup>,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-36/82),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-411/82),
- having regard to the result of the vote on the proposal from the Commission,

1. Approves the Commission's proposal;
2. Expresses its reservations, however, with regard to the ceiling on expenditure on the construction of irrigation works, and urges that it should be possible to transfer any unutilized appropriations to finance other operations referred to in the regulation;
3. Instructs its President to forward to the Commission and the Council the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

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<sup>1</sup> OJ No. C 84, 3.4.1982, p.5

EXPLANATORY STATEMENTA. INTRODUCTION

1. Now that the Commission has proposed a draft regulation on the acceleration of agricultural development in certain regions in Greece, it has to be acknowledged that several years ago the Community adopted within the framework of the CAP a more energetic stance in the shape of support for farms in less-favoured areas.

2. Aid for common measures financed through the EAGGF - referred to as the 'Fund' in the draft regulation - was increased from 12% of its capital in 1978 to 35% of its capital in 1980. Estimates for 1982 are that this trend in favour of less-favoured areas will continue, rising to an amount representing 45% of commitment appropriations.

3. It is now being correctly understood that, in general, the expenditure allocated for the CAP is designed to enable Community agriculture to help in the struggle against the crises of the 1970s and early 1980s.

4. Furthermore, it is essential that agriculture should not sink into a state of depression, since at a certain point drastic measures would have to be taken that would have social consequences similar to those already perceptible in certain sectors of industry, such as the iron and steel industry and the textile industry. Rationalization of the agricultural sector means that agriculture can contribute to the Community's general economic development.

5. If proper heed is not paid to agriculture, the farming community will be discouraged and will rapidly migrate from the countryside to the urban centres, thereby contributing to a rise in the number of unemployed either by ousting workers from their jobs or by their failure to find employment in other sectors.

B. CHARACTERISTICS OF THE LESS-FAVOURED AREAS OF GREECE

6. The draft regulation provides for a programme covering the less-favoured mountain areas of some 22 prefectures of mainland Greece whose area extends over 4.64 million hectares comprising approximately

50% of the total area of mountain and less-favoured areas or 35% of Greece's total area.

7. These areas were chosen because they are particularly less-favoured areas characterized by their total dependence on agriculture, the low income level of their inhabitants and continual depopulation resulting in an inversion of the age pyramid to an extent that places the viability of these areas in jeopardy (within the meaning of Directive 81/645/EEC). This situation is due to:

- (a) the mountainous nature of the region;
- (b) the small percentage of cultivated areas;
- (c) the large number of small plots of cultivable land;
- (d) the remoteness from major commercial and cultural centres;
- (e) the lack of basic infrastructures (agricultural, economic, educational and social).

#### Some significant figures

In the period 1961-71 the population in the less-favoured areas decreased by 22% whereas it rose by 15.5% in other areas. In these areas farm and other road networks are worse than inadequate, being primitive or even non-existent. Only one-third of all households are supplied with drinking water.

Approximately half of the area is grassland and one-quarter forest. Cultivable land in the less-favoured areas accounts for only 17% compared to 30% in other regions.

The gross agricultural product per hectare or holding in the less-favoured areas is less than 30% of the corresponding figure in other areas.

#### C. COMMENTS ON THE DRAFT REGULATION

8. We can agree with both the form and substance of the wording and the arguments put forward in the preamble of the proposal for a regulation.

9. The draft regulation submitted by the Commission to the Council on which Parliament has been asked to give its opinion is divided into eight titles with a total of 22 articles and the annex.

Article 1 refers to the less-favoured areas in some 22 prefectures in Greece, within the meaning of Directive 81/645/EEC, and also names the villages in the prefectures in which the common measure for the acceleration of their development is to be implemented.

In accordance with paragraph 3 of the same article, the Community may grant aid for the common measure by financing through the Fund (EAGGF) precise measures relating to:

- (a) the improvement of rural infrastructure;
- (b) irrigation;
- (c) land improvement;
- (d) the development of cattle, sheep and goat farming;
- (e) the improvement of facilities for agricultural training;
- (f) forestry improvement and the provision of drinking water as referred to in Article 4(a).

The Greek Government is, quite rightly, to be responsible for drawing up the programme to implement the measures. Articles 2 and 3 go on to describe what the programme is to consist of and the procedure to be followed by the Commission in approving it.

10. The ranking order of the measures, as laid down in the proposal for a draft regulation, in accordance with the level of financing for each measure (project), is in principle sound.

#### D. RESERVATIONS ON CERTAIN PROVISIONS OF THE REGULATION

11. Irrigation work

- (a) The proposed ceiling (4,800 ECU/hectare) is already far too low. The average cost of irrigation work in Greece today is 6,500 ECU/hectare.
- (b) These works are to be carried out by private contractors and therefore it is not possible to reduce the cost. However, the other projects referred to in the regulation which are

subject to a ceiling on unit costs are to be carried out by state agents and they have a better chance of depressing construction costs.

- (c) In terms of actual size, the irrigation works planned in the regulation represent roughly one-third of the total appropriations allocated for the whole programme.

Our reservation therefore concerns the existence of a ceiling for expenditure on the construction of irrigation works, the cost of which should instead be controlled by whatever method or procedure the Community desires.

It is estimated that if a ceiling of 4,800 ECU/hectare is imposed on the Community's contribution to the common measure on irrigation, the amount actually contributed by the Community will end up being no more than 18-20% when inflation over the five years that the programme is to run is taken into account.

12. The efforts made during the preparation of the draft regulation to arrive at an accurate forecast of the amount of work required in each area of activity covered by the programme affords some guarantee that realistic estimates have been made. However, when the programme is implemented the actual figures may be up to 20% out in either direction.

It would be senseless to return to the Fund appropriations that had not been utilized because estimated expenditure had been too high when these appropriations could be utilized to fund operations for which estimates had been too low.

The practice of transferring appropriations up to a limited amount within the field of operations designed to promote development is well known and is regularly applied in similar development programmes, thereby ensuring that the programme is implemented in a flexible, practical and effective manner.

In laying down fixed amounts and financial limits, Article 18 places restrictions on each operation thereby making the programme rigid and inflexible.

This situation is the justification for the rapporteur's proposed amendment.

13. In view of the above the Committee on Agriculture approves the Commission's proposal for a regulation in question.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr A. GEORGIADIS

On 29 April 1982 the Committee on Budgets appointed Mr GEORGIADIS draftsman.

The committee considered the draft opinion at its meeting of 21 June 1982 and adopted it by 15 votes for, with one abstention.

Present: Mrs BARBARELLA, acting chairman; Mr GEORGIADIS, draftsman; Mr ADONNINO, Mr ARNDT, Mr BAILLOT, Mr BALFOUR, Mr BONDE, Mrs BOSERUP, Mr CLUSKEY, Mr FICH, Mr GOUTHIER, Mr R JACKSON, Mr LOUWES, Mr NEWTON DUNN, Mr PROTOPAPADAKIS, Mr SABY, Mr KONRAD SCHON, Mrs SCRIVENER.

A. EAGGF - GUIDANCE SECTION

I. The Fund's financial situation

1. Regulation (EEC) No. 929/79 amended the system for the annual payment of appropriations to the EAGGF Guidance Section which had been in operation until that time. Since 1 January 1980 there is no longer a fixed annual allocation, appropriations being fixed in accordance with the regular budget procedure on the basis of projected requirements.
2. The total amount for the five-year period 1980-84 was fixed at 3,600 million ECU in commitment appropriations. With the implementation of Regulation (EEC) No. 3509/80, this amount was increased by 155 million ECU to 3,755 million ECU in order to take into account the effects of Greek membership.
3. The annual breakdown of the amount for the five-year period 1980-1984 is as follows:

	<u>million ECU</u>	
(a) Remainder 1979-80	180	
(b) 1980 Budget	454	
(c) 1981 Budget	735	
(d) 1982 Budget	791	2,160
(e) 1983 and 1984 Budget	<u>        </u>	<u>1,595</u>
TOTAL		3,755

4. Commitment appropriations allocated to different operations during the five-year period 1980-1984 are as follows:

	<u>million ECU</u>
Chapter 30 Projects for the improvement of agricultural structures	733.6
Chapter 31 General socio-structural measures	627.7
Chapter 32 Measures to assist less-favoured areas	1,539.9
Chapter 33 Structural measures connected with the common organization of markets	687.4
Chapter 46 Measures to improve fisheries structures	118.3
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TOTAL COMMITMENTS	3,707.1
REMAINDER AVAILABLE FOR COMMITMENT	47.9
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GENERAL TOTAL FOR THE PERIOD 1980-84	3,755

5. The total of commitment appropriations in the 1982 budget was allocated as follows:

<u>Chapter</u>	<u>Operations</u>	<u>Million ECU</u>
30	Projects for the improvement of agricultural structures	148
31	General socio-structural measures	114
32	Measures to assist less-favoured areas	357
33	Structural measures connected with the common organization of markets	147
46	Measures to improve fisheries structures	25
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	TOTAL	791

## II. The need to increase the Fund's appropriations

### 1. Given that :

(a) the total amount (3,755 million ECU) allocated to the EAGGF Guidance Section for the 1980-84 period is a purely indicative sum which can be adjusted during the normal budget procedure,

(b) the unutilized commitment appropriations only amount to a trifling figure of some 48 million ECU (see point I.4 above) and

(c) there is a great need to fund additional measures in this sector,

it is considered essential that

the appropriations allocated to the Guidance Section in the 1983 budget and in the budget for the following years be increased substantially.

2. In addition to the more general arguments in favour of such an increase, there are also more specific arguments connected with the funding of the special programme for Greece at present under discussion and with other programmes and demands for adjustment in the pipeline. These arguments are set out in point III below.

3. In its summary of the 1983 draft preliminary budget, the Commission does not appear to share this opinion, since it proposes that appropriations be increased by only 2.9% in comparison to 1982. Parliament should therefore take the initiative to propose a substantial increase in resources for the EAGGF Guidance Section.

## III. Greece's share in the Fund

1. Not all the regulations and the directives relating to the EAGGF Guidance Section have as yet been fully implemented in Greece. These include for example :

(a) Directive 72/159 (EEC) on the modernization of farms,

(b) Directive 72/160 (EEC) concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural areas for the purposes of structural improvement,

(c) Directive 72/161 (EEC) concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture,

(d) Regulation (EEC) 1360/78 on producer groups and associations thereof, etc..

Furthermore, Directive 72/268/EEC on mountain and hill farming and farming in certain less-favoured areas has only been partly implemented, in other words only with regard to the payment of compensatory allowances. The other provisions, such as interest subsidies, aid for producer groups and for the craft and tourist industries have still not been implemented. Finally, even in the case of directives and regulations which have begun to be implemented, either adjustments need to be made to bring the sums received up to the level of those accorded to other Member States (i.e. Directive 72/268/EEC) or else the level of commitment appropriations so far allocated has been decidedly low (e.g. Regulation (EEC) 355/77).

2. It is considered essential that all structural regulations and directives be implemented and adapted to Greece's circumstances, not only because of the special structural backwardness of Greek agriculture, but also to ensure that Greece receives equal treatment when compared with other regions of the Community, which are already enjoying the advantages provided by these operations. Furthermore, the need for such action is referred to in the final text of the agreement on farm prices for 1982/83, which devotes a special chapter to Greece, where the special nature of Greek problems is acknowledged and the Council of Ministers undertakes to look into special measures to aid the development of Greek agriculture. The Commission has also stated that it will submit proposals during 1982 for the implementation in Greece of the special structural arrangements currently in force in Italy, while the Council has given an undertaking to take a decision on this matter in 1982.
3. For some time now several structural programmes for Greece have been before the Commission but their approval is being unreasonably delayed. These include :
  - (a) the programme for irrigation work in southern Greece,
  - (b) the programme for afforestation, and
  - (c) the programme for fire-ravaged areas etc..
4. Finally, the need to increase the Fund's resources to solve the above problems is further substantially increased by the absolute necessity to review both the rate of financing and the total cost of the special programme now under discussion as analysed below (see points B, III and B.V).

B. CONTENT OF THE SPECIAL PROGRAMME FOR GREECE

- I. The Commission's proposal for a regulation provides for a package of various measures to accelerate agricultural development in certain less-favoured regions of Greece. Similar measures have already been implemented in other regions of the Community which have similar characteristics and problems. The measures which are being extended by the present regulation to take account of the circumstances in Greece have been applied in stages in other regions. In other words, there is to be a delayed adaptation.
- II. The programme is to run for five years (1983-88) and the total cost, according to the Commission, will be 420.4 million ECU. The expenditure under the EAGGF Guidance Section will, according to the Commission, come to a total of 198.6 million ECU, broken down as follows in accordance with the Commission's proposal :

<u>Financial year</u>	<u>Annual EAGGF expenditure</u>	<u>Aggregate expenditure</u>
1983	6	6
1984	28	34
1985	46	80
1986	46	126
1987	46	172
1988	26.6	198.6

Only the expenditure for 1983 and 1984, in other words 34 million ECU (6 + 28), is to be included in the financing of the five-year programme (1980-84) under the Guidance Section and this can be financed from the remainder of the appropriations not already committed (47.9 million ECU).

- III. Seeing that the Greek proposal was submitted to the Community in June 1981, the Commission's statement that the programme will be approved by July 1983 is unacceptable. Measures should be taken to speed up the procedure for approving the programme so that it can be implemented in full, starting in 1983. This means that appropriations will be utilized more quickly and so a further commitment of appropriations is required for the first two years 1983-84 and a corresponding increase in the Fund's endowment.

- IV. By virtue of Article 18 (2) of the proposal for a regulation, the Fund is to reimburse Greece 40% - 50% of the expenditure actually incurred in carrying out the programme. According to the Commission's calculations (see the proposal's Financial Statement), the programme will cost a total of 420.4 million ECU and the cost to the EAGGF will amount to 198.6 million ECU which, in accordance with Article 16 (3), is a purely indicative amount. However, the fact that this amount is correctly referred to as indicative is completely negated by the absolutely binding total expenditure figures referring to each particular item in Article 18(2)(b). Consequently, for the indicative nature of the total expenditure to be maintained, either this wording should be repeated in Article 18 or the maximum total expenditure figures referred to in Article 18 (2) (b) should be omitted, leaving only the maximum expenditure per item and the area in which the different measures are to be implemented. An amendment to this effect to Article 18 of the regulation is annexed to the present opinion.
- V. The maximum expenditure figures per item referred to in Article 18 differ, by being greater or smaller, from the corresponding figures contained in similar regulations in the past. These divergencies are justified by the special physical and economic conditions prevailing in the region where the programme is to be implemented. Taking these figures per item, the total cost of implementing the programme will amount to 493.3 million ECU, the cost to the EAGGF being 235 million ECU and not 198.6 million ECU as arbitrarily calculated by the Commission on the basis of average unit costs. For this additional reason the indicative nature of the total cost to the EAGGF should be preserved and at the same time efforts should be made to increase the Fund's appropriations.

C. CONCLUSIONS OF THE COMMITTEE ON BUDGETS

- I. The maximum amount allocated to the EAGGF Guidance Section for the period 1980-84 is purely indicative and, given the sector's major requirements, this figure should be increased substantially during the budget procedure.
- II. The amount that Greece receives from the fund is still not commensurate with the enormous backwardness of the country's agricultural sector, nor does it compare with the amounts received by other regions of the Community faced by similar problems. Measures should therefore be taken to increase this amount substantially.

- III. The rate of the special programme's financing should be accelerated and its total cost reviewed so that the amount provided by the Fund may be adjusted in line with the true facts of the situation.
- IV. The indicative purport of the programme's total funding should be preserved, either by deleting the figures referring to maximum total expenditure per item in Article 18 or by repeating in this article the wording of Article 16 (3). An amendment to this end is annexed to the opinion.
- V. Subject to the above observations and proposals, the Committee on Budgets approves the proposal for a regulation and requests that it be adopted and implemented without delay.

AMENDMENT

to Article 18 of the proposal for a Council Regulation (EEC) on the acceleration of agricultural development in certain regions of Greece.

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Proposal for a  
Regulation

Addition to  
Article 18

Article 18

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paragraph 1      unchanged  
paragraph 2      unchanged  
paragraph 3      unchanged

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paragraph 1      unchanged  
paragraph 2      unchanged  
paragraph 3      unchanged  
paragraph 4      The total amounts  
referred to in  
paragraph 2 (b) of  
the present Article  
are purely indicative.

