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EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-770/82

REPORT

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the European Communities to the Council (Doc. 1-575/82 - COM(82) 440 fin.) for

- I. a directive amending Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas
- II. a regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed

Rapporteur: Mr K. KALOYANNIS



By letter of 2 September 1982 the President of the Council requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on a proposal from the Commission of the European Communities to the Council for a directive amending specific conditions for the application, in certain areas of the Hellenic Republic, of Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas and for a Council regulation amending, for specific areas of the Hellenic Republic, certain implementing provisions of Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed.

On 13 September 1982 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 their opinions.

On 10 October 1982 the Committee on Agriculture appointed Mr Kaloyannis rapporteur.

It considered the proposal and the draft report at its meeting of 19 October 1982. At the same meeting the Committee decided by 13 votes to 1 with 1 abstention to recommend that the Commission's proposal be adopted unamended and adopted the motion for a resolution in its entirety.

The following took part in the vote: Mr Curry, chairman; Mr Kaloyannis, rapporteur; Mr Clinton, Mr Cronin (deputizing for Mr Davern), Mr Dalsass, Mr Helms, Mr Kirk, Mr Maher, Mr M. Martin (deputizing for Mr Pranchère), Mr McCartin (deputizing for Mr Mertens), Mr Mouchel, Mr d'Ormesson, Mr Thareau, Mr Tolman and Mr Vgenopoulos.

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

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

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for

- I. a directive amending Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas
- II. a regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed

The European Parliament,

- having regard to the proposals from the Commission to the Council<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-575/82),
  - having regard to the result of the vote on the proposals from the Commission,
  - having regard to the report of Committee on Agriculture and the opinions of the Committee on Budgets (Doc. 1-770/82), and the Committee on Regional Policy and Regional Planning,
- A. Recalling its resolution of 10 July 1981 on the Community List of less-favoured farming areas in Greece and in particular the paragraph in which the Commission is called upon to propose arrangements for the less-favoured farming areas in Greece similar to those applicable to the Mezzogiorno and the West of Ireland<sup>2</sup>;
  - B. Recalling its resolution of 13 March 1980 on policy with regard to agricultural structures, in particular paragraph 2 thereof in which it is pointed out that a well-designed structural policy can contribute significantly to reducing disparities in farm productivity and income

<sup>1</sup> OJ C 209 of 12.8.1982, page 6

<sup>2</sup> OJ C 234 of 14.9.1981

levels in the Member States and provide an important means of bringing greater overall balance to the common agricultural policy<sup>1</sup>;

- C. Recalling its resolution of 17 June 1981 on possible improvements to the common agricultural policy, in particular paragraph 44 thereof which points to the particular problems faced by the less-favoured, mountainous and Mediterranean regions and calls on the Council and the Commission to take all necessary measures as soon as possible to provide effective assistance for these regions through programmes yielding rapid returns<sup>2</sup>;
- D. Having regard to the motion for a resolution by Mr BARBAGLI and others on the revision of Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed<sup>3</sup>;
- E. Whereas the continuing deep-rooted disparities between the agricultural structures in the Community hinder a more uniform development of European farmers' incomes;
- F. Having regard to the need to promote horizontal and vertical integration in the agricultural sector;

- 1. Approves the Commission proposals;
- 2. Proposes that the arrangements for Directive 75/268 and Regulation 355/77 be applied retroactively from 1.1.1981;
- 3. Proposes that, if, after the retroactive application of these measures to Greece, the five-year EAGGF Guidance endowment provided for in Regulation 729/70, as amended by Regulation 3509/80 should still prove insufficient then the endowment should be adjusted accordingly;

With regard to mountain and hill farming and farming in certain less-favoured areas

- 4. Welcomes the Commission proposal which, taking into account the specific features of Greek agriculture, recommends that the same arrangement be applied to these regions as to the Mezzogiorno and the West of Ireland;
- 5. Reserves the right, when delivering its opinion on the proposals concerning the structural directives which the Commission is to submit shortly, to deal in greater detail with the specific measures for the least-developed regions of the Community and hopes that the integrated programmes which the Commission intends to present will be implemented as rapidly as possible;

<sup>1</sup> OJ C 85 of 8.4.1980

<sup>2</sup> OJ C 172 of 13.7.1981

<sup>3</sup> Doc. 1-786/81

With regard to improvements in conditions of processing marketing

6. Agrees with the Commission that an efficient marketing and processing structure helps to guide production, and that consequently this proposal effectively complements other structural measures;
7. Calls on the Commission to inform it of the results of the application of Regulation 355/77 in order that, on the basis of specific data, advice may be given on the form of a further extension of the regulation in question beyond 1983.

EXPLANATORY STATEMENT

I. PROPOSAL ON MOUNTAIN AND HILL FARMING AND FARMING IN CERTAIN  
LESS-FAVOURED AREAS

1. Specific measures have already been adopted and others proposed for Greece in the field of structural policy:
  - Council Directive of 20 July 1981 concerning the Community list of less-favoured areas within the meaning of Directive 75/268/EEC (OJ L 238 of 24.8.81);
  - Council Regulation (EEC) No. 1947/81 of 6 July 1981 laying down the conditions on which the Hellenic Republic may maintain on a transitional basis certain national aid measures falling within the scope of the socio-structural directives (OJ L 197 of 20.7.1981);
  - Council regulation No. 1975/82 (EEC) on the acceleration of agricultural development in certain regions of Greece (OJ C 84 of 3.4.82).
2. The proposal under consideration complies entirely with the European Parliament's request that the Commission submit as soon as possible a new proposal extending to mountain and hill farming and farming in less-favoured areas in Greece arrangements similar to those applicable to the Mezzogiorno and the West of Ireland under Directive 75/268/EEC (Papaefstratiou report, paragraph 2 of the motion for a resolution, Doc. 1-353/81).
3. The specific measures proposed by the Commission are:
  - reduction of the minimum agricultural area of a holding required to qualify for the compensatory allowance from 3 to 2 hectares;
  - increasing of the investment aid for farms with development plans and for joint investment in fodder production and grazing land from 25% to 50%.



The cost of these proposals is estimated at 61 million ECU.

Through these proposals the Commission is extending to the mountainous and less-favoured regions in Greece the same incentives as those laid down previously for the Italian Mezzogiorno and the French Overseas Departments, and which were approved by the European Parliament in a report by Mrs Barbarella (Doc. 1-824/79).

4. Both the report by Mr Papaefstratiou on a proposal for a directive concerning the Community list of less-favoured farming areas in Greece (Doc. 1-353/81) and the report by Mr Kaloyannis on a proposal for a regulation on the acceleration of agricultural development in certain regions of Greece (Doc. 1-411/82) describe the particular features of Greek agriculture in detail.

To illustrate the situation one need only refer to the first periodic report on the social and economic situation of the regions of the Community (COM(80) 816 final, pp 98-9), which, in the chapter on Greece, states that:

'Because of the mountainous terrain and the poor quality of much of the soil, only just over two-thirds of the land area of 13 million hectares is considered as agricultural land and less than 4 million hectares or 30% of the total land is cultivated. Of this last, 40% is mountainous. Greek farms are very small, almost threequarters of the holdings being between 1 and 5 ha (68% in Italy) and 93% are less than 10 ha (85% in Italy). 43% of agricultural area in use is in holdings of 1-5 ha (22% in Italy). Only 10% (45% in Italy) is on holdings greater than 20 ha. Agricultural productivity as measured by value added per employed person is also low, being 10% lower than that of Italian agriculture and 30% below that of Ireland.'

5. In view of the difficulties of Greek agriculture it is only logical that the minimum utilized agricultural area eligible for the compensatory allowance should be reduced to 2 ha, in line with the measures already taken in respect of other less-favoured areas on the periphery of the Community which also suffer from particularly serious and permanent natural handicaps.

By analogy with the Mezzogiorno and the areas of the West of Ireland, the rate of reimbursement of expenditure incurred in the modernization of farms (Directive 72/159/EEC) for the relevant areas of Greece, is fixed at 50%. This measure is not only justified but also urgently necessary if one believes that the purpose of the structural policy is to contribute to reducing the disparities between the regions. Particularly in areas where a high percentage of the working population is engaged in agriculture and where opportunities for changing over to other sectors of industry are extremely limited, every effort should be made to improve agricultural structures.

6. In conclusion, it can be said that this proposal from the Commission accommodates the wishes expressed by the European Parliament and that it will enable farming areas which have similar structural problems, namely the Mezzogiorno, West of Ireland and Greece, to improve their structures and hopefully thereby increase farmers' incomes in the regions concerned, but the Committee notes that the Commission should have acceded to Greece demands and made this proposal in the first year of Greek accession and therefore proposes that this measure be applied retroactively with regard to Greece as from 1.1.81.

Since the Commission intends to submit new proposals in the course of 1982 amending the various structural directives, the Committee on Agriculture reserves the right to discuss specific measures for the least-favoured regions in greater detail at that time.

## II. PROPOSAL ON THE PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS

7. Certain measures have already been adopted in respect of the processing and marketing of agricultural products:
  - Council Regulation (EEC) No. 3086/81 of 27 October 1981 amending, consequent upon the accession of Greece to the European Communities, Regulation (EEC) No. 1360/78 on producer groups and associations thereof (OJ L 310 of 30.10.1981);

- Council Regulation (EEC) No. 389/82 of 15 February 1982 on producer groups and associations thereof in the cotton sector (OJ L 51 of 23.2.1982);
- Commission Regulation (EEC) No. 1616/82 of 23 June 1982 amending Regulation No. 2083/80 laying down detailed rules of application concerning the economic activity of producer groups and associations thereof (OJ L 180 of 24.6.1982).

Broadly speaking the purpose of the above regulations is to extend the scope of existing EEC directives to include Greece, taking into account the particular circumstances of Greek agriculture.

8. The purpose of the Commission proposal is to extend to Greece the support measures laid down for Italy in Regulation (EEC) No. 1361/78 (OJ L 166 of 23.6.78).
9. In the explanatory memorandum to its proposal the Commission rightly points out that expansion and nationalization of the facilities for the processing and marketing of agricultural produce influence the whole agricultural economy. Moreover, an efficient marketing and processing structure makes it possible for production to be guided, which is also the object of the measures adopted under the policy on agricultural structures and in particular in connection with specific common projects in the areas concerned. It is urgently necessary, particularly in a country where there are many small agricultural holdings trying to market their products, that an attempt be made to organize and rationalize marketing and processing arrangements.

The object of Regulation 355/77 (OJ L 51 of 23.2.77) is to develop and rationalize undertakings involved in the marketing and processing of agricultural products. Under this regulation the recipient must bear at least 50% of the cost. The report by Mr HOWELL on this proposal for a regulation (Doc. 162/76) already pointed out that this financial contribution is very high and could mean that those undertakings most in need might not be able to take advantage of these measures.

In Regulation (EEC) No. 1361/78, the Council decided that the financial contribution of the recipient in the case of projects in the Mezzogiorno and the Languedoc-Roussillon region, and in the case of projects concerning wine carried out in certain French Departments should not exceed 25% and 35% respectively and that the aid granted by the fund was to be increased to 50% and 35% respectively (OJ L 166 of 23.6.78).

This proposal places Greece on the same footing as the Italian Mezzogiorno.

10. The European Parliament has always attached great importance to common measures aimed at improving the arrangements for marketing and processing agricultural products. It has frequently raised this problem and notes with satisfaction that various relevant measures have been approved by the Council. The European Parliament, however, does not wish to be seen simply as an institution which is expected to rubber-stamp proposals without being given any explanation.

The proposal under consideration states in Article 1.1: 'The estimated cost for 1983 is 156 million ECU'. This means that the additional cost of implementing this regulation in Greece will be 16 million ECU in 1983. The Commission anticipates that around 90% of the Greek projects eligible for aid will be in areas where the financial contribution is 50%.

The Committee on Agriculture notes that the low level of the Community contribution provided for until now and the expectation that the regulation will be amended have led to considerable delays in implementing the projects for which aid has been approved.

It believes that interest in investment will increase considerably once the amendment provided for has been made.

It considers that the sum earmarked for Greece is exceptionally low to meet existing requirements in the processing and marketing sectors and recommends that it be substantially increased so as to allow the structures to be improved within a relatively short space of time.

Since the Commission intends to submit in the near future proposals designed to extend the scope of Regulation 355/77, the Committee on Agriculture calls on the Commission to inform it as soon as possible of the practical improvements in marketing and processing structures which have resulted from the implementation of this regulation in the Member States and also trusts that the Commission, will take account of the following points when it reviews these arrangements:

- it is extremely important that efforts be made to gear agricultural production as far as possible in terms of both quantity and quality, to consumers' needs and tastes. Particularly at a time when the financing of the common agricultural policy is coming under heavy fire, it is important that the existing measures are applied as efficiently as possible;
- in view of the trend in farm incomes in recent years, characterized by increasing disparities between the regions and between the various types of production, the contribution that even the Mezzogiorno, France and Greece are being asked to make towards financing may be so high that they will not be able to improve their marketing and processing structures.

11. In conclusion, the Committee on Agriculture agrees with the Commission proposals because they offer Greece an opportunity to begin to rationalize and modernize its marketing and processing structures.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the committee to Mr CURRY, chairman of the  
Committee on Agriculture

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Brussels, 30.9.1982

Subject: Proposal amending Directive 75/268/EEC on mountain and hill  
farming and Regulation (EEC) No. 355/77 on common measures to  
improve the conditions under which agricultural products are  
processed (Doc. 575/82)

Dear Mr Chairman,

The Committee on Budgets considered the Commission's proposal at  
its meeting of 22 and 23 September.

In view of the opinion delivered by the European Parliament on  
9 July 1982 on the proposal for a regulation on the acceleration of  
agricultural development in certain regions of Greece, the Committee on  
Budgets is able to deliver a favourable opinion on the above proposals,  
the purpose of which is likewise to extend to Greece measures already  
being applied in similar regions.

In addition, it draws the attention of the Committee on Agriculture  
to the fact that such measures would not have been possible in the absence  
of the Council's decision to transfer veterinary appropriations above the  
ceiling from the EAGGF Guidance Section. The European Parliament has  
thus been vindicated in its repeated opposition to provisions establishing  
ceilings for certain measures.

This opinion was unanimously adopted.

Yours sincerely,

(sgd) Erwin LANGE

The following took part in the vote: Mr Lange, chairman; Mrs Barbarella,  
vice-chairman; Mr Ansquer, Mr Arndt,  
Mr Balfe, Mr Bonde, Mrs Boserup, Mr Fich,  
Mr Gouthier, Mr Kellett-Bowman, Mr Louwes,  
Mrs Nikolaou, Mr Price, Mr Protopapadakis  
and Mr Simonnet.



OPINION OF THE COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

Letter of the Chairman of the Committee to M. CURRY, Chairman of the  
Committee on Agriculture

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Brussels, 20.10.1982

Subject: Proposals from the Commission of the European Communities to the Council for a Directive amending Directive 75/268/EEC on mountain and hill farming and farming in certain less favoured areas and for a Council Regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed.

Dear Mr Chairman,

At its meeting of 18/19 October 1982 the Committee on Regional Policy and Regional Planning gave its consideration to the above proposals.

The Committee on Regional Policy and Regional Planning would request the Committee on Agriculture to take note of the following text in its motion for a resolution:

- welcomes the proposals by the Commission to amend Directive 75/268/EEC and Regulation (EEC) No. 355/77 and thus include Greece thereby recognising the peripheral situation of this country, the low level of development and regional disparities within Greece;

- notes that the averaging method used by the Commission for aggregating and for comparison conceals extreme cases of regional disparities; thus it is proposed that a region-by-region approach should be followed, which implies a selective approach for Community regional policy;

../..

- points to the fact that the regional impact of the CAP on peripheral regions like those of Greece is very small and contributes little to the convergence of regional imbalances; in some cases it even hinders the development of peripheral regions;

- suggests that the guidance system of the CAP should be coordinated with the ERDF and that the Commission should prepare proposals by which this coordination could be materialised;

- supports not only proposals like Community financing of processing and marketing structures which encourage the efficient distribution of agricultural products and thereby prepare the ground for production to be guided, but also requests the strengthening of such measures and thus enabling their effectiveness to be increased.

Yours sincerely,



Pancrazio DE PASQUALE

Chairman of the Committee  
on Regional Policy and  
Regional Planning.

The following took part in the vote:  
Mr de Pasquale (chairman), Mrs Fullet (1st vice-chairman),  
Mrs Boot, Mr Gendebien, Mr Harris, Mr Kazazis,  
Mrs Kellett-Bowman, Mr Klinkenborg (deputizing for  
Mr Schön), Mr O'Donnell (deputizing for Mr Vandewiele),  
Mr Pöttering and Mr Puletti.