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Report

drawn up on behalf of the Committee on Budgetary Control

**on the Eighth Financial Report on the European Agricultural Guidance
and Guarantee Fund 1978 — Guidance Section**

Rapporteur: Mr R. FILIPPI

By letter of 25 January 1980 the Committee on Budgetary Control requested authorization to draw up a report on the Eighth Financial Report on the European Agricultural Guidance and Guarantee Fund for 1978 - Guidance Section.

By letter of 13 February 1980 the President of the European Parliament authorized the Committee on Budgetary Control to draw up a report on this matter. The Committee on Agriculture was asked for its opinion.

On 20 November 1979 the Committee on Budgetary Control appointed Mr Filippi rapporteur.

It considered the draft report at its meeting of 31 March 1980 and 1 April 1980 and, at the latter meeting, adopted the motion for a resolution and the explanatory statement by 12 votes in favour with one abstention.

Present for the vote: Mr AIGNER, chairman; Mrs BOSERUP and Mr PRICE, vice-chairmen; Mr FILIPPI, rapporteur; Mr ANSQUER, Mr BATTERSBY, Mr COPPIETERS, Mr GABERT, Mr GOUTHIER, Mr IRMER, Mr KELLET-BOWMAN, Mr ORLANDI and Mr WETTIG

The opinion of the Committee on Agriculture is attached.

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

MOTION FOR A RESOLUTION

on the Eighth Financial Report on the European Agricultural Guidance and Guarantee Fund 1978 - Guidance Section

The European Parliament,

- having regard to the Eighth Financial Report on the European Agricultural Guidance and Guarantee Fund 1978 (COM(79) 579 final),
- having regard to the annual report of the Court of Auditors concerning the financial year 1978 accompanied by the replies of the institutions (Doc. 1-567/79),
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Agriculture (Doc. 1-137/80),

A. General aspects:

1. Stresses that the guidance policy for agricultural structures can make a decisive contribution to reducing socio-economic and regional imbalances in the Community;
2. Welcomes the fact that the selection criteria used by the Commission provide for restrictions which exclude from the Fund investments which might lead to an increase in production in a number of sectors which are in surplus;
3. Believes that in order to guarantee that the funds available are channelled to the less prosperous regions a simpler system of financing should be introduced and the Member States encouraged to adopt less complicated bureaucratic procedures;
4. Stresses once more the need to establish effective coordination of the instruments (in particular the Social Fund and the Regional Fund) which are capable of making a practical contribution to solving the problems of economic development;

B. The use of appropriations in the year in question:

5. Regrets the fact that only 52.4% of commitment appropriations and only 26% of payment appropriations have been used;
6. Points out that such low rates of use are not only unsatisfactory but indeed incompatible with the very objectives of the Guidance Section of the EAGGF;

7. Notes the responsibility which the Member States must bear for not submitting, or submitting late, applications for aid and calls upon the Commission to adopt suitable provisions to encourage the governments to be more active in this sector;

C. Specific aspects relating to the implementation of projects:

8. Welcomes the fact that from the first half of this year the Commission will be able to choose projects from a range of sectoral programmes thus guaranteeing that aid from the Fund will be granted on the basis of genuine economic policy criteria;
9. Reserves its judgment as to the extent to which the possibility of taking an overall view will enable the Commission to choose measures which can be completed within a reasonable time;

D. Management aspects:

10. Awaits with interest the outcome of the comparative survey carried out by the Task Force on the criteria for choosing projects on which Community aid is based;
11. Will assess the impact of the measures taken to rationalize and harmonize applications for aid on payments carried out in 1979;
12. Will also examine when delivering its opinion on the report for the next year what improvements have been made in the payment of advances, following the approval of the relevant programmes by the Commission;
13. Refers, as regards more specific comments on decisions to grant aid, to the remarks set out in the explanatory statement;

E. Inspection activities:

14. Recognizes that the most important checks should be carried out by the national authorities, but regrets the insufficient number of inspections carried out by the Commission and points out that this is likely to give rise to serious doubts about the proper use of Community funds in sectors which provide ample opportunities for fraud; calls, therefore for an increase in the number of Commission staff assigned to this kind of work;

15. Stresses that, given the total lack of external checks by the Court of Auditors, ~~there is no possibility~~ in remedying the shortcomings indicated by the Commission;
16. Insists strongly that both the Commission and the Court of Auditors must make suitable provisions in this respect and hereby makes its opinion on the management of the fund for next year subject to a satisfactory solution to this problem;

F. On the basis of the above comments:

17. Delivers, subject to the above reservations, a favourable opinion on the management of the Guidance Section of the EAGGF in 1978;
18. Instructs its President to forward this resolution to the Council and the Commission,

B
EXPLANATORY STATEMENT

Introductory remarks

1. The financing of the Guidance Section of the EAGGF began with Regulation No. 17/64 of 5 February 1964¹, which laid down the conditions for contributions from the Fund to investment projects aimed at improving agricultural structures.
2. Since the adoption of Regulation (EEC) No. 729/70², the Guidance Section of the Fund can provide finance for :
 - common measures decided on by the Council to achieve the aims of the common agricultural policy set out in Article 39 of the EEC Treaty;
 - special measures adopted by the Council prior to the adoption of Regulation 729/70;
 - individual projects to improve agricultural structures under Regulation 17/64.
3. It should be borne in mind that :
 - (a) the common measures and the special measures have priority in the allocation of appropriations;
 - (b) the annual endowment of the Guidance Section of the EAGGF was, for 1978 too, 325 million units of account. This ceiling has remained unchanged since 1973;
 - (c) according to the provisions of Article 6 of Regulation 729/70, the financing of individual projects should have ceased in 1978. However, in view of the large number of applications for aid submitted under Regulation 17/64, the application of that regulation was continued into 1978 and 1979.

Appropriations available in the reference year

4. For Title 8 'EAGGF - Guidance Section -', the 1978 budget authorized :
 - 473 m EUA in commitment appropriations
 - 423 m EUA in payment appropriations

¹ OJ No. L 34, 27 February 1964, p. 586

² OJ No. L 94, 28 April 1970, p. 13

5. As regards commitment appropriations, to the initial appropriations were added the appropriations remaining from 1977 (26,633,852 EUA) and the appropriations recovered in 1978, in accordance with Regulation 3171/75¹ (12,010,933 EUA). Furthermore, since the endowment of Title 8 was increased by 21 m EUA in transfers, the total appropriations available in 1978 thus amounted to 533,144,785 EUA.

An analysis of the various budgetary headings shows that only 52.4% of these appropriations were used². Among the explanations put forward by the Commission to justify this figure are delays in the adoption of the various decisions by the Council, the time taken by Member States to implement a number of projects or to complete the measures already begun and the administrative and procedural delays in the examination by the EAGGF of project applications.

6. As regards payment appropriations, taking into account transfers and carry-overs, they totalled 1,245,704,269 EUA of which only 26% were used³. It should be stressed that the lowest rate of use was recorded for individual projects, whereas for common measures and special measures the remarks made above on commitment appropriations apply⁴.

According to the information provided by the Commission these payments were broken down as follows among the Member States :

¹ OJ No. L 315, 5 December 1975, p. 1

² See Court of Auditors: 'Annual report concerning the financial year 1978 accompanied by the replies of the institutions', p. 46

³ Ibid. p. 46

⁴ Ibid. p. 47

in '000 EUA

Measures	Individual projects		Common measures		Special measures		Total	
Member States		%		%		%		%
Germany	55,590	35.3	69,450	43.0	28	0.7	125,068	38.6
Belgium	13,604	8.6	2,143	1.3	-	-	15,747	4.8
Denmark	7,265	4.6	8,598	5.3	96	1.8	15,959	4.9
France	28,951	18.4	31,430	19.4	104	2.0	60,485	18.6
Ireland	3,963	2.5	12,840	7.9	-	-	16,803	5.1
Italy	26,191	16.6	284	0.1	14,829	94.5	31,304	9.6
Luxembourg	1,141	0.7	306	0.1	-	-	1,447	0.4
Netherlands	8,369	5.3	7,949	4.9	-	-	16,318	5.0
United Kingdom	12,015	7.6	28,402	17.5	50	0.9	40,467	12.5
Total	157,809	100	161,402	100	5,107	100	323,598	100

The table shows a number of anomalies in implementation of payments and an attempt will be made to explain these in the report. For the time being it is sufficient to point out that a rate of use of 52.4% for commitment appropriations and 26% for payment appropriations is not only unsatisfactory but indeed incompatible with the objectives of the Guidance Section of the EAGGF.

Measures implemented in 1978

7. Among the more important measures implemented in 1978 the Commission mentions :

- common measures to improve the processing and marketing of agricultural products,
- premiums for the non-marketing of milk and dairy products,
- measures on mountain and hill farming and farming in certain less-favoured areas,
- measures to encourage the modernization of farms.

Among the new initiatives adopted in 1978 were those on the Mediterranean regions, irrigation works in the Mezzogiorno, the improvement of public services in rural areas, agricultural conversion and the operation of producers' associations.

Other more specific measures were those on the inshore fishing industry, aquaculture, and drainage operations in the less-favoured areas of the west of Ireland.

In its eighth financial report on the Guidance Section of the EAGGF, the Commission also notes a certain number of measures begun in 1979 which will be covered in the opinion on the next financial year.

Specific aspects relating to the implementation of projects financed in 1978

- Regulation 355/77

8. This regulation which concerns common measures to improve the structures for marketing and processing agricultural produce merits special attention. Firstly, the appropriations available were 80 m EUA for the Community as a whole and a further 42 m EUA for cases referred to in Regulation No. 1361/78.

The Commission's figures show that, out of this total, only 102.9 million units of account were used for 377 projects out of 917 applications. Of the applications rejected, 45 were considered inadmissible, 32 did not comply with the provisions of the basic regulation and 404 were not accepted because of shortage of funds.

9. At the meeting of the Committee on Budgetary Control of 31 January 1980, your rapporteur asked the Commission to explain the criteria for deciding which projects were admissible. This request seemed justified by the fact that of the measures financed, 19 concerned the modernization and rationalization of dairy industries which, as is known, represent a sector producing large surpluses in which any increase in production must be avoided.

An examination of the selection criteria which the Commission has sent to the committee secretariat shows that in this sector restrictions are laid down which exclude from the Fund investments which lead to an increase in production, marketing or the capacity for using surplus products. Similar restrictions are laid down for sugar, beef and veal, wine, fishery products, etc.

10. Further information was obtained on the compatibility of projects with the specific programmes of the Member States. Although on 1 June 1979 only 3 of the 39 sectoral programmes already submitted had been approved, the Commission has said that on 1 January 1980 24 programmes had been approved and 40 more were under consideration. Thus, from the first half of this year, when choosing projects the Commission will have a spread of programmes which will guarantee that the granting of aid from the Fund will be on the basis of genuine economic policy criteria. It is clear that this kind of information will have to be verified by the Committee on Budgetary Control during the coming year.

Regulation 17/64

11. We have seen above that because of the high number of applications submitted, Regulation 17/64 on the financing of individual projects was extended into 1978 and 1979.

When asked to explain why during the course of the year it had not been possible to take decisions on the appropriations (70 m EUA) made available for this type of measure, the Commission said that since the appropriations available fell a long way short of the applications for aid, it had to apply a selection process which could not be begun until all the applications had been submitted. Since in any case by 20 June 1979 all the appropriations had been committed the question of the use of appropriations in this sector could be considered solved.

Management aspects

- Coordination

12. In reply to the request to provide a number of examples of the results achieved by the setting up of the 'Task Force' within the Commission to co-ordinate the financial instruments with structural objectives, the Commission stressed that not only was the Task Force already considering the selection criteria mentioned in point 9 but that a similar comparative examination would be carried out on the criteria on which the intervention of the various funds was based.

- Administrative procedures

13. In the light of the eighth financial report on the activities of the Guidance Section of the EAGGF your rapporteur asked the Commission for further clarification of a number of administrative aspects.

The Commission's replies can be summarized as follows:

- (a) As regards the rationalization and harmonization of applications for aid, the Commission points out that the effects of Regulation 1685/78, which improves the payments system will take time to appear since the regulation in question only entered into force in 1978.
- (b) As regards payments of advances it pointed out that in 1978 only Ireland had submitted the appropriate documentation and the Commission had then approved a whole series of programmes for which advance payments would be made. The Commission's reply does not indicate either the number of programmes approved nor the Member States which submitted them.
- (c) As regards the use of appropriations the Commission believed that it was natural that major investment projects (such as the infrastructure projects financed by Regulation 17/64) were designed to be implemented over a number of years and for this reason payments would be staggered in consequence.

For other measures (repayment) the problem lay in implementation of measures by the Member States and would lead to difficulties in the budget estimates. This illustrated the view often put forward by the Commission that the lack of use of payment appropriations was a result of failure by the Member States to submit applications for reimbursements. Although these explanations are perfectly acceptable, it remains true that when the ratio of projects submitted to projects declared admissible is 3 to 1, as is the case in the Guidance Section of the EAGGF, it should be possible to choose projects which can be completed in reasonable time. Furthermore, no information was provided on what measures might be taken to correct this state of affairs.

Comments on the implementation of the decisions to grant aid

- Individual projects

14. As regards payments in 1978, the Commission received 1,559 applications of which 1,388 were examined during the year. These applications gave rise to payments for a total sum of 157.1 million units of account; on 89 of the applications payment was held up pending the provision of further information.

Your rapporteur asked the Commission why Italy, Ireland and France had been the countries in which the rate of payment was slowest. He was informed that as regards Italy in particular the decisions on the state's contribution were only taken after Community aid was granted. In other words the actual project, which then required a very long and complex procedure, was determined only after the decision on granting aid from the EAGGF. This meant that another two years passed before the project could commence.

This factor, for which a solution appears to have been found in the transfer of decision-making powers to the regions, would explain the large proportion of projects which never reach completion, and the fact that sometimes the final payment is not carried out until ten years after the decision to grant Community aid.

It should also be stressed that in view of the gravity of this situation the Commission and the Member States concerned should long ago have taken more consistent action.

15. As regards amendments to projects, the Commission received 231 requests to which must be added 49 from the previous year. Of this total (280) 178 were agreed to.

When asked to explain this phenomenon, the Commission pointed out that the fact that 180 amendments had been accepted without changes in the initial decision demonstrated that in fact these were simply minor or technical adjustments. Changes of this kind should therefore be considered perfectly normal and should not even be referred to the Commission.

Bearing this in mind, the number of real amendments does not appear particularly high, particularly when it is considered that projects often cover a period of years, which may make it necessary to adjust them, during implementation, to unforeseen requirements.

- Special measures

16. In 1978 the Guidance Section of the EAGGF contributed to the financing of the following measures :

(a) Aid for fruit and vegetable producer groups :

The expenditure incurred by the Member States under this heading is reimbursed by the EAGGF at the rate of 50%. Your rapporteur was anxious to discover the reasons why France and Italy, at the request of the Commission, organized two enquiries in order to check compliance with the Community rules by the producer organizations. He learned that some organizations had been set up with the sole aim of benefiting from the Community provisions without respecting the rules in the basic regulation (Regulation EEC 1035/72).

Pending the outcome of these enquiries the EAGGF intends to go ahead with provisional reimbursement excluding the organizations which were in breach of the regulation.

(b) Aid for producers' organizations in the fishing industry :

In this case too expenditure by the Member States is reimbursed by the EAGGF at the rate of 50%.

(c) Improvement of production and marketing of citrus fruit :

The EAGGF reimburses 50% of expenditure. This measure is applied in France and Italy. It is interesting to note that at the same date (31 January 1977), the total expenditure incurred by Italy totalled 9% of the expenditure provided for in the plan, whereas in France it totalled 19%.

(d) Lump-sum aid to Italy :

Problems have arisen as regards delays in payments carried out by Italy of the aid fixed as a lump sum. Proceedings have been brought in the Court of Justice against Italy for infringement since it failed to provide the detailed report of expenditure incurred and payments carried out and at the same time failed to respect the programme laid down.

Common measures

17. In the year in question the Guidance Section of the EAGGF granted aid for the following measures :

(a) common measures for the reform of agricultural structures,

(b) measures concerning the modernization of farms :

It has been ascertained that the absence of applications for reimbursement by the Italian State can be explained by the considerable delay in Italy in the application of Directive 72 /59. From information provided by the Commission it is clear, however, that in a number of regions only the EAGGF paid in 1979 advances equal to 75% of applications for reimbursement of expenditure carried out from 1975 to 1978.

(c) measures for mountain and hill farms and less-favoured areas :

Under this heading the United Kingdom with 46.7% of reimbursements by the EAGGF in 1978 is the biggest beneficiary of Community aid. For Italy, which is in last position with 0.3% the same considerations apply as in the previous point.

(d) measures to encourage the cessation of farming :

Italy and Luxembourg submitted no applications for reimbursements in 1978.

(e) measures concerning socio-economic guidance :

This measure is applied in all Member States except Luxembourg but in 1978 only 6 Member States qualified for Community aid.

(f) premiums for the non-marketing of milk and dairy products :

For the first time this measure has been entirely financed by the EAGGF: 60% by the Guarantee Section and 40% by the Guidance Section. This measure is not applied in Italy in view of the deficit in production in the milk sector.

The Commission explains the failure of the measure in question, which has not prevented deliveries to dairies from increasing by 5% in 1978 by the fact that the increase in capital and the improvement in productivity led to an increase in yields in farms which did not receive this aid.

- (g) other Community measures are of less importance and do not call for special comment.

Inspections and irregularities

18. The eighth financial report on the activities of the EAGGF Guidance Section for 1978 shows that for individual projects the Commission carried out in 1977 only six inspection visits; for special measures only one visit was carried out in Italy, while four inspection visits were made for common measures.

In reply to your rapporteur's comment that it was unacceptable that such a large number of projects should not be more carefully supervised by the Commission, the Commission replied that its departments had concentrated their efforts on speeding up payments and that the staff situation was such that it could not fulfil both requirements at the same time.

19. In view of the importance which the Committee on Budgetary Control attributes to verifications of the Community's management of the three operational funds in particular, your rapporteur must consider the Commission's reply unsatisfactory and points out that this lack of control gives rise to serious doubts about the proper use of the Community's funds in sectors which, as has been seen in the past, provide ample opportunities for fraud. It is therefore necessary that the Commission should take suitable measures as soon as possible.

Your rapporteur also stresses that the lack of any action¹ by the Court of Auditors to check on projects financed by the EAGGF means that the Commission's failure to act cannot be remedied in this way.

20. As regards irregularities, under Article 3 of Regulation 283/72, the Member States notify the Commission of any cases which occur.

Since almost all of the 458 cases notified from 1971 to 31 January 1978 concern premiums for the non-marketing of milk, this accounts for the fact that Italy has notified no cases since the system of premiums does not apply there.

It remains to be asked whether the absence of irregularities notified in other sectors means that procedures are in fact being correctly applied. The Commission does not provide very clear information on this point.

¹ See Court of Auditors : 'Annual report concerning the financial year 1978 accompanied by the replies of the institutions'.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman : Mr R. BOCKLET

At its meeting of 28 and 29 November 1979 the Committee on Agriculture appointed Mr Bocklet draftsman.

It considered the draft opinion at its meeting of 17, 18 and 19 March 1980 and adopted it unanimously.

Present: Sir Henry Plumb, chairman; Mr Fröh, vice-chairman; Mr Bocklet, draftsman; Mr Battersby, Mr Blaney (deputizing for Mr Skovmand), Miss Brookes (deputizing for Mr Kirk), Mr Costanzo (deputizing for Mr Diana), Mr Dalsass, Mr De Keersmaeker (deputizing for Mr Tolman) Mr Helms, Mr Key (deputizing for Mr Lynge), Mr Louwes (deputizing for Mr Caillavet), Mr Maher, Mr Mertens (deputizing for Mr Clinton), Mr d'Ormesson, Mr Provan, Mr Wettig and Mr Woltjer.

I. INTRODUCTION

1. Every year since 1971 the Commission submits to the Council and to the European Parliament a financial report on the administration of the EAGGF during the preceding financial year and, in particular, on the state of its resources and the nature of expenditure and the conditions under which Community financing has been effected.

The first part of this report covers EAGGF Guarantee Section expenditure and Community financing of food aid in 1978. The second part deals in particular with expenditure in the EAGGF Guidance Section.

2. The Eighth Financial Report shows that the Commission has made a real effort to provide the European Parliament and the Council with detailed information, in particular statistics. Like its predecessors, this report will enable the European Parliament to exercise retrospective control over EAGGF management and enable it to determine whether the measures taken in 1978 to combat certain surpluses have been effective and whether they should be strengthened, or even whether they can be dropped.
3. In drawing up its opinion, the Committee on Agriculture will leave it to the Committee on Budgetary Control to consider the specific budgetary control aspects of the Eighth Financial Report, including the liquidity position and the management of appropriations, as well as the clearance and closing of accounts. It will confine its attention to the aspect which naturally falls within its terms of reference, i.e. consideration of the extent to which the activities carried out in 1978 were compatible with the objectives of the common agricultural policy.

II. EAGGF - GUARANTEE SECTION

4. Expenditure carried out in 1978 under the EAGGF Guarantee Section reflects the rules and regulations in operation at the time. It is interesting in this connection to compare actual expenditure in 1978 with the estimates entered in the 1978 budget (Annex I).

It will be observed that the overall appropriation for the Guarantee Section is fairly accurate, but that there are considerable differences in each of the sectors concerned. This shows that the overall accuracy of the appropriation is more a matter of luck than of reliability of the forecasting mechanisms.

5. The differences in each of these sectors are hardly surprising, since market support expenditure is bound to be unpredictable because of basic agricultural factors such as production levels or internal and world market price levels, which inevitably lead to discrepancies between actual expenditure and the expenditure forecasts when the budget is drawn up.

Moreover, the estimates are made even more unreliable by non-agricultural factors. These include developments in the monetary situation, which can influence the level of MCA and dual rate expenditure (since the introduction of the EUA for the 1979 budget, dual rate expenditure has now disappeared). It is also worth noting that variations in the time elapsing between an operation and the payment for it made by the paying agencies in the Member States can have the effect of increasing or reducing expenditure from one year to the next. The Commission points out that 'this time lag is generally one to two months, but can be much more for certain measures or countries. It is particularly lengthy in Italy as regards payments of aid for the production of olive oil and the calving premium, although it is becoming shorter¹'.

6. The Commission has conducted a sector-by-sector analysis of discrepancies between actual expenditure and budgetary estimates². There is therefore no need to dwell on this. It is worth considering, however, whether some of the expenditure which has been carried out has brought the expected results.
7. In the dairy products sector, an ideal test sector if ever there was one, 1978 was the first year in which the co-responsibility levy was introduced at the rate of 0.5% of the target price for milk with the objective of expanding the market for dairy products and stimulating consumption. It should be noted that utilization of revenue in 1978 was no higher than 34%, the principal measures being sales of butter at reduced prices for the manufacture of ice cream (28.2m EUA), deliveries of milk at reduced prices for consumption by school children (10.3m EUA), and promotional measures (10.1m EUA) - (Annex II). As regards the latter measures it would have been helpful if the Commission had been able to provide a breakdown of expenditure, showing in particular the amounts of dairy products disposed of in this manner. The same applies to the other measures referred to. Similarly, the Commission points out that the 'Christmas butter' scheme made it possible to dispose of 123,000 tonnes of butter. It should also have stated how much this cost.
8. To sum up, as at 1 January 1978 the levels of public stocks of milk powder and butter were 988,000 tonnes and 142,000 tonnes respectively. The corresponding figures as at 31 December 1978 were 722,000 tonnes and 258,000 tonnes respectively. There therefore seems to have been a transfer from milk powder to butter. It is worth pointing out that the

¹COM(79) 596 final, p.13

²ibid., pp.17 to 22

current intervention price of butter is 284.97 ECUs/100 kg, while that of milk powder is 115.79 ECUs/100 kg.

9. When drawing up subsequent financial reports the Commission should make an extra effort to show its objectives sector by sector, and to indicate clearly, in terms of cost and quantities involved, the effectiveness of the measures taken to realize these objectives. Nothing short of this will enable the European Parliament to evaluate the effectiveness of the measures taken and to exercise its right to establish whether optimal use has been made of Community funds.
10. That having been said, certain comments are in order on the breakdown of expenditure by economic category (Annex III). The Commission states that expenditure on refunds has continued to increase in absolute terms as a result of the Community's export drive on the world market, particularly in respect of dairy products (mainly sales of butter to the USSR and food-aid refunds), sugar and non-Annex II processed products. This expenditure accounts for about the same proportion as in 1977, at approximately 45%¹.

Compensatory aid in the form of aid to the internal market (aid for sales of skimmed milk for animal feed or production aid for olive oil) have fallen in relative value from 33% in 1977 to just over 27% in 1978. Finally, expenditure for storage, the third major category of intervention expenditure, accounted for about 24% of market support expenditure.

11. It will be noted that the export policy costs nearly double the storage policy. It is eight times more expensive to export a given amount of butter, for example, than to store it. It is therefore worth considering whether the Community should not review its management of the surpluses produced under the common agricultural policy and give preference to a storage policy rather than an exporting policy.

A storage policy would have to:

- . satisfy internal consumption;
- . regularize agricultural markets;
- . release the quantities necessary for a food-aid policy;
- . gradually build up emergency stocks to cover two months' consumption in the event of a major political crisis.

¹ibid. p.22

In the present troubled international situation the last of these objectives is especially important in that agriculture is a high consumer of energy. It goes without saying that an oil embargo would soon affect the level of agricultural production. It is therefore essential to make provision for the most vital products (milk powder, butter, cereals, proteins) by organizing minimum stocks for consumption in a crisis. A minimum stockpile covering two months' consumption would seem reasonable.

12. The storage policy, which should be put into operation in the medium term, over a period of say five years, need not be incompatible with a food exports policy to the extent that supplies are available. However, any export policy should be based on a global approach and not on the restricted approach which has been adopted hitherto.
13. The objective of the present export policy is to reduce the level of stocks by selling on the world market irrespective of cost. It would be much more satisfactory to use exports of foodstuffs, which are the Community's principal natural resource, as an instrument of trade. The Community should conclude long-term agreements with its client countries for deliveries by them of the primary products the Community lacks. This would enable the Community to diversify its sources of supply. Moreover, in the case e.g. of butter the export price is the subject of political negotiation.
14. Another important aspect of the financial reports is consideration of frauds committed in connection with the EAGGF Guarantee Section.

The Commission points out that it decided on 25 January 1978 to set up an interdepartmental working group responsible for coordinating inspection visits to the Member States in connection with the Community's own resources and with expenditure financed by the Guarantee Section of the EAGGF. This is a welcome step.

The Commission goes on to describe the different checks which it carried out in 1978¹. It is clear that verification of the validity of MCAs, in particular, is causing serious problems; because the administrative departments of the Member States are not suitably organized.

The Commission points out that the Member States must take the necessary steps to:

- satisfy themselves that the transactions financed by the Fund are actually carried out and are executed correctly;
- prevent and deal with irregularities;
- recover amounts lost owing to irregularities or negligence;
- inform it of the measures taken and of the progress of administrative and legal proceedings.

¹Ibid., pp. 40 to 44

15. Regulation (EEC) No 283/72 of the Council concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organization of an information system in this field¹ stipulates that the Member States shall communicate to the Commission the rules, regulations and administrative provisions which they have adopted in order to achieve the objectives set out above. The Commission states that there has been little opportunity to follow up the analysis of the communications that have been sent to it by Member States, or to send the latter the necessary reminders, since this work has had to be held up to give priority to other activities in the campaign against irregularities.²
16. However, there has been effective cooperation between the Commission and the national administrations in the campaign against irregularities. Meetings of national officials have been held with the 'EAGGF Irregularities' group enabling the national officials concerned to familiarize themselves with Community legislation and to experience the problem of fraud from a Community perspective.
- In the same way, training and information programmes for EAGGF inspectors have enabled the Member States to coordinate measures more effectively and to assist each other in the campaign against irregularities.
17. Anti-fraud measures have been bearing fruit, since in 1978 there were 117 cases of fraud involving a total of 3m EUA, a total of 1m EUA of which were recovered. By comparison, in 1977 there were 152 cases involving a total of 9.5m EUA (see Annex IV).
- It is interesting to note that 58 cases of fraud involved MCAs, 20 involved dairy products and 19 involved beef and veal. With MCAs the frauds arose from the complicated nature of the system. With dairy the reason was 'merry-go-rounds' and weaknesses in supervision, and with beef and veal it was basically the absence of a Community scale for carcasses.
18. It should also be noted that the Special Committee of Inquiry (SCI) submitted a report on the wine sector in 1978³, on which the Committee on Agriculture adopted an opinion as well as undertaking a survey of the cereals sector. The work of the SCI is an important contribution to the effort to improve Community legislation in the sectors inspected. It should clearly be given every encouragement.

¹OJ No. L 36, 10.2.1972, p.1

²Ibid., p.45

³See PE 56.187/fin. - Draftsman: Mr Frankie Hansen

19. As regards financial ~~implementation~~ of food aid, for which the EAGGF Guarantee Section finances the 'refund' component, the Committee on Agriculture has no special comment to make, except to express regret that the Council rejected for the purposes of the 1980 draft budget the Commission's proposal of 16 May 1978 that all food-aid appropriations, including refunds, be entered in a single chapter. This would have made for improved budgetary transparency, since food-aid refunds cannot be considered as agricultural expenditure. Moreover, the Community has asserted repeatedly that it considers food aid to be independent of the existence of agricultural surpluses?

III. EAGGF - GUIDANCE SECTION

20. The objective of the EAGGF Guidance Section is not only to help to bring Community agriculture up to date and raise the standard of living of the agricultural community, but also to influence certain production trends which no longer correspond to market needs. It is in this perspective that the measures taken and sums spent by the EAGGF Guidance Section in 1978 should be considered.

21. The EAGGF Guidance Section finances three types of measures:

- (a) common measures decided on by the Council to achieve the aims defined in Article 39(1)(a) of the EEC Treaty;
- (b) special measures adopted by the Council prior to the adoption of Regulation (EEC) No. 729/70;
- (c) capital subsidies for projects to improve agricultural structures pursuant to Regulation No. 17/64/EEC.

Common and special measures are given financing priority under Regulation (EEC) No. 729/70. Only appropriations remaining available up to the limit of the annual ceiling of 325m EUA are allocated to projects financed under Regulation No. 17/64/EEC. This regulation should have ceased to apply in 1978. However, because of the large number of applications for aid already submitted, its validity was extended into 1978 and 1979 by Regulation (EEC) No. 2992/78¹, and the Community intends to spend 70m EUA on financing these 'individual' projects.

22. Before considering these three types of measures in more detail, a comment should be made on the method employed. Regulation (EEC) No. 355/77² on common measures to improve the conditions under which agricultural products are processed and marketed, the basic principle of which is to grant direct subsidies for investment projects, was first implemented in

¹OJ No. L 357, 21.12.1978, p.3; Doc. 522/78 - Rapporteur: Mr JOXE

²OJ No. L 51, 23.2.1977, p.1

1978. It replaces Regulation No. 17/64/EEC as regards the marketing and processing of agricultural products. But since this regulation is of the same economic nature as Regulation No. 17/64/EEC, the two can be considered jointly.

(A) - COMMON MEASURES (excluding Regulation (EEC) No. 355/77)

23. Common measures include firstly the three socio-economic directives of 1972 (72/159/EEC, 72/160/EEC and 72/161/EEC) and Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured regions, which was the first attempt at a regional approach to the common agricultural policy.

The EAGGF reimburses 25% of eligible expenditure to the Member States; this figure is however, raised to 65% in the case of expenditure incurred by Ireland and Italy under Directive 72/160/EEC, and to 35% for the same Member States as regards the award of the compensatory allowance provided for under Title II of Directive 75/268/EEC.

It should be noted (Annex V) that Germany is the principal beneficiary under Directive 72/159/EEC (modernization of farms), with the United Kingdom, the Netherlands, Denmark and Ireland a long way behind. These five are the countries that have submitted the largest number of development plans, always a sign of dynamic and well-organized agricultural structure.

The United Kingdom is the principal beneficiary under Directive 75/268/EEC (mountain and hill farming and farming in less-favoured regions), followed by Germany and Ireland. France is the country which benefits most from Directive 72/161/EEC (socio-economic guidance).

Directive 72/160/EEC (cessation of farming) is very little used, and since its introduction has accounted for reimbursements totalling only 412,000 EUA, compared with 190.9m EUA under the other directives. The Commission should therefore review the economic usefulness of this instrument, from which only 1,314 farmers (1,030 of them in Germany) benefitted in 1978.

In general, aid under these four directives does not necessarily go to the Member States which need it most. Thus, apart from Ireland, aid goes principally to Germany and the United Kingdom. Italy, however, gets very little benefit from these measures. To a certain extent, this can be blamed on administrative inflexibility, but it is only fair to ask whether the Commission should not review certain of the criteria for granting this aid in order to ensure that it goes to the regions which need it most. It is from this point of view that the new Commission proposals on agricultural structural policy should be considered¹.

¹COM(79) 122 final, Doc. 47/79

24. 1978 was also the year in which an overall plan for the less-favoured regions of the Community was put into operation.

In the first place there was the 'Mediterranean package', comprising:

- Regulation (EEC) No. 1360/78¹ of 19 June 1978 on the establishment, recognition and operation of producer groups;
- Regulation (EEC) No. 1361/78² of 19 June 1978 amending Regulation (EEC) No. 355/77 in respect of certain Mediterranean regions;
- Regulation (EEC) No. 1362/78³ of 19 June 1978 on a programme for the acceleration and guidance of collective irrigation works in the Mezzogiorno;
- Regulation (EEC) No. 1760/78⁴ of 25 July 1978 on a common measure to improve public services in certain rural areas;
- Directive No. 78/627/EEC⁵ of 19 June 1978 on the programme to accelerate the restructuring and conversion of vineyards in certain Mediterranean regions of France.

Then there was Directive No. 78/628/EEC⁶ on a programme to accelerate drainage operations in less-favoured areas of the West of Ireland.

There was also Regulation (EEC) No. 1852/78⁷ on an interim common measure for restructuring the inshore fishing industry and aquaculture.

These common measures, which extend the scope of the socio-economic directives of 1972, will help to bring about regionalization of structural policy, and that can only be welcomed. It is quite unrealistic in a grouping like the European Community to attempt to impose uniform solutions to the problems of regions that display a considerable social, economic and cultural diversity that should be considered one of the richest features of life in the Community. As regards the impact of the new programme, any conclusions as to its scope will have to await publication of the EAGGF report for 1979.

25. There is also a whole series of common measures in specific sectors, some of which are directly linked to the operation of the market organizations:

- (a) Regulation (EEC) No. 1696/71 provides for launching aid for producer groups and for aid for changing to different varieties and restructuring plantations.

¹OJ No. L 166, 19.6.1978, p.1

²OJ No. L 166, 19.6.1978, p.9

³OJ No. L 166, 19.6.1978, p.11

⁴OJ No. L 204, 28.7.1978, p.1

⁵OJ No. L 206, 29.7.1978, p.1

⁶OJ No. L 206, 29.7.1978, p.5

⁷OJ No. L 211, 1.8.1978, p.30

The EAGGF reimburses 25% and 50% respectively of expenditure by the Member States. The principal beneficiaries of this measure are the two Member States which are the major producers of hops, Germany and the United Kingdom. The measure is effective to the extent that it enables the price of hops in the Community to be supported while improving the balance of supply and demand.

- (b) Regulation (EEC) No. 1353/73 provides for measures to encourage the development of beef and veal production, with the EAGGF reimbursing 50% of their expenditure to the Member States. It turns out that the United Kingdom is the principal beneficiary of the measure, since its farmers hold the largest number of cows. It is followed by Germany and then France. It is, however, Germany that has the largest number of beneficiaries (7,243). It should be noted that Italy is authorized not to apply this measure, since milk production there is lower than in other regions of the Community.
- (c) Regulation (EEC) No. 1078/77 authorizes the payment of premiums for the non marketing of milk and milk products and for the conversion of dairy herds. The EAGGF covers the total expenditure incurred by the Member States. It is intended to complement the previous measure, and is aimed at combatting milk surpluses. For the same reasons as apply to the previous measure, it is not applicable in Italy.

Expenditure resulting from this measure is financed at the rate of 60% by the Guarantee Section and at the rate of 40% by the Guidance Section.

By the end of 1978, a total of 55,000 applications had been approved. Between July 1977 and December 1978, 2.82% of milk producers had ceased production, withdrawing about 638,000 dairy cows, or 2.55% of the total herds, from production. The quantity of milk not marketed represents 2.5% of the quantities delivered to dairies in 1977. The percentage was highest in Germany (5.2%) and lowest in Ireland (0.7%).

The Commission nevertheless recognizes that the ultimate objective of withdrawing 1.3 million cows from dairy production will be far from being achieved: at most 750,000 cows will be withdrawn. Thus despite these withdrawals, the quantities of milk delivered to dairies increased by 5% in 1978, essentially owing to increased output per cow.

Even if the measure has been a partial failure in the short term, however, the Commission still believes that in the medium term the maintenance of a policy restricting prices in the dairy sector might increase interest in it.

It may well seem doubtful whether the Commission will be able to maintain its policy of freezing prices in the dairy sector for much longer. It would be preferable, in conjunction with a co-responsibility levy that would effectively discourage production not dependent on land, while sparing small producers, to make the measure more attractive by increasing the amount of the premiums. To this end it would be better to abolish the non-marketing premium and use the money thus released to encourage conversion to

- beef and veal production,
- the rearing of nurse cows.

The conversion premium must therefore be made more attractive by doubling it if necessary. Moreover, the fact that the Commission's price proposals for the 1980-81 marketing year contain provisions to encourage farmers to raise calves with nurse cows can only be welcomed.

- (d) Directive 75/108/EEC instituted a survey on the structure of agricultural holdings, and the EAGGF reimburses 12 u.a. to Member States for each farm in respect of which data is supplied to the Commission. This is making it possible to build up a more complete picture of farming structures in the Community.
- (e) Regulation (EEC) No. 794/76 is aimed at rationalizing fruit production in the Community by grubbing up fruit trees bearing apples of the 'Golden Delicious', 'Starking Delicious' and 'Imperatore' varieties and pears of the 'Passe Crassane' variety. The EAGGF reimburses 50% of Member States' expenditure. The principal beneficiary is France.
- (f) Regulation (EEC) No. 1163/76 provides for conversion premiums in wine growing for the grubbing up of low-quality vines. France is the sole beneficiary with 10,543 French winegrowers having taken advantage of the scheme in 1977.

B. SPECIAL MEASURES

26. In 1978 the EAGGF Guidance Section granted aid for the following measures (see Annex VI):

(a) Launching aid for fruit and vegetable producer groups

The expenditure incurred by the Member States, calculated on the basis of the value of the products marketed by these groups, is reimbursed by the EAGGF at the rate of 50%.

Italy is the principal beneficiary from the measure in terms of value. Fifty one producer groups have been set up there.

France is the Member State where the number of producer groups formed was highest (167), but expenditure committed by France accounted for only a small proportion of the aid declared to the

EAGGF. Its level is still considerably below the authorized maximum limit. While the measure is practically completed in Germany, it is still under way in France and Italy, where two enquiries are being carried out to determine whether the producer groups have complied with Community rules. Pending the outcome of these enquiries, the Commission decided to suspend reimbursement.

(b) Launching aid for producers' organizations in the fishing industry

The expenditure incurred by Member States, calculated on the basis of the value of the products marketed by these groups, is reimbursed by the EAGGF at the rate of 50%.

This aid has enabled 22 producer groups to be set up. 11 of them in France, six in the United Kingdom, three in Germany, one in Ireland and one in Italy.

(c) Improvements in the production and marketing of Community citrus fruit

Regulation (EEC) No. 2511/69 provides for aid from the EAGGF for converting existing plantations of orange and mandarin trees to other varieties and for the establishment, improvement and enlargement of handling, storage and processing installations for citrus fruit, and additional aid for farmers who undertake conversion. The EAGGF reimburses 50% of Member States' expenditure. Italy and France are the beneficiaries of this measure, the importance of which will increase considerably with the accession of the new Mediterranean countries to the Community.

C. INDIVIDUAL PROJECTS (Regulations Nos. 17/64/EEC and 355/77)

27. The application of Regulation No. 17/64/EEC was extended into 1978 and 1979 by Regulation (EEC) No. 2992/78. Since the projects to be financed had to be put into effect before 1 January 1979, the Commission has been unable to reach a decision in respect of them, and has confined itself to allocating 12.01m EUA, corresponding to appropriations recovered under the provisions of Article 2 of Regulation (EEC) No. 3171/75 amending Regulation No. 17/64/EEC¹. Italy, with eight projects financed to a total of 9m EUA, is the principal beneficiary of this operation (Annex VI). Although the extension of Regulation No 17/64/EEC by Regulation (EEC) No 2992/78 is to be welcomed, it is regrettable that no Community financing could be made available for a number of projects for which the applicants had hoped to receive aid from the Community. The Commission should therefore ensure that applicants are informed rapidly so that they are not kept in suspense over a period of several years, since it is important for an investor to know what sources of finance he can count on.
28. Regulation (EEC) No. 355/77, first implemented in 1978, replaces Regulation No. 17/64/EEC as regards the financing of projects to improve marketing and processing structures for agricultural products. Appropriations available for this measure amounted to 80m EUA for the whole Community; an additional 42m EUA was held in reserve for the Mediterranean regions. Of the latter appropriations, only 22.9m EUA has been committed, owing to a lack of eligible projects. The remaining appropriations have been carried forward to 1979.
29. The Commission authorized 102.9m EUA for 377 projects out of a total of 917 submitted. 404 projects failed to receive EAGGF aid in the absence of available funds.

It is regrettable that less than half the projects received a favourable opinion from the EAGGF, especially in view of the time wasted by the applicants in administrative procedures and the time it takes national and Community administrations to consider these projects.

It would have been better to have increased the total appropriations so that more projects could have been accepted, or to have restricted the number of sectors in which projects might be eligible for Community financing.

¹ OJ No L 315, 5.12. 1975, p.1

The appropriations granted were allocated as follows:

Member State	Number of projects financed	Aid granted (mEUA)	Total investment (mEUA)
BELGIUM	30	3.56	23.49
DENMARK	23	3.86	28.52
GERMANY	68	16.64	83.06
FRANCE	47	23.14	99.09
IRELAND	25	6.16	34.60
ITALY	80	34.35	125.51
LUXEMBOURG	1	0.20	0.81
NETHERLANDS	13	4.68	17.35
UNITED KINGDOM	90	10.33	63.70
TOTAL	377	102.92	476.09

The projects financed are broken down as follows:

Dairy products	: 47 projects
Meat	: 78 projects
Wine	: 36 projects
Fruit and vegetables	: 84 projects
Flowers and plants	: 7 projects
Fisheries products	: 27 projects
Cereals	: 29 projects
Animal feedingstuffs	: 18 projects
Seeds and propagating material	: 14 projects
Eggs and poultry	: 22 projects
Olive oil	: 1 project
Tobacco	: 5 projects
Others	: 9 projects
Total	377 projects

It is surprising to find such a high number of investment projects in the dairy sector (modernization and rationalization of dairies: 19 projects; purchase and installation of additional milk-processing equipment: 8 projects) in view of the existing surpluses and considering that projects of this kind tend to push up production since they must be kept profitable. The Commission should refuse to finance any project liable to increase dairy production, because it is absurd to complain about the existence of surpluses while continuing to help to create them.

30. One of the essential differences between Regulation (EEC) No. 355/77 and Regulation No. 17/64/EEC is that projects eligible for consideration for aid as part of the new measures must be entered in a sectoral programme approved by the Commission.

As at 1 June 1979, the Member States had put forward 39 programmes, 13 of them for the Federal Republic of Germany, 9 for the Netherlands, 7 for Denmark, 5 for the United Kingdom, 3 for France and 2 for Ireland. Italy, Belgium and Luxembourg had not as of that date forwarded any programmes.

The Committee on Agriculture deplores the administrative delays which have been noted in certain Member States and which prevented farmers from benefiting from a financial instrument made available to them.

The programmes apply to the following sectors: fruit and vegetables (12), meat (8), milk (4), others (15).

As at 1 June 1979, three programmes had been approved, concerning:

- Pigmeat in Denmark;
- Beef and veal in Ireland and
- Nursery products in Schleswig-Holstein, Federal Republic of Germany.

IV. CONCLUSIONS

31. The Eighth EAGGF financial report clearly suggests certain conclusions about the management of the common agricultural policy. This is an important aspect of Community activity, especially at a time when the only integrated policy the Community has is under attack by certain interests whose aim is to destroy what has been accomplished since 1951.
32. As regards the Guarantee Section, it is fortunate that the Commission has specified the cost for the Community as a whole. The Guarantee Section accounted for 0.42% of Community GDP in 1978, allowing for expenditure not directly covered by the common agricultural policy, i.e. expenditure in relation to external Community commitments (food aid, ACP sugar and New Zealand butter imports) and expenditure attributable to the absence of economic and monetary union (MCAs and the dual rate).
33. In these circumstances, it is important to note that expenditure in the dairy products sector amounted to 2,895.9m EUA, or about 41% of Guarantee Section expenditure after deduction of agri-monetary expenditure. This percentage is high, but it is the result of the regulations in force in 1978 in the dairy sector.

The direction of dairy policy must therefore be changed by penalizing industrial milk production and strengthening significantly the programme for the conversion of dairy herds and encouraging the raising of nurse cows. Only if this is done will there be any possibility of reducing expenditure in the dairy sector, for the measures taken until now have not been effective.

34. It is also important to combat fraud in both the Guarantee and Guidance Sections, not only as a matter of public morality but in order to protect the common agricultural policy from unjustified attack. In fact fraud accounts for only a tiny percentage of total expenditure.
35. As regards the Guidance Section, the financial instruments have failed to reduce disparities within the Community. It is for this reason that the Commission is submitting new proposals on agricultural structural policy.
36. Community aid is in fact concentrated on the Member States where agriculture is the most prosperous. This is true of Directive 72/159/EEC in particular, but it also applies to the financing of individual projects (see Annex VII).

Since the implementation of Regulation No. 17/64/EEC, extended by Regulation (EEC) No. 355/77, the Member States have received the monies listed below:

	1964-1978 (mEUA)	%
BELGIUM	78.987	7.93
DENMARK	29.091	2.92
GERMANY	334.990	33.63
FRANCE	213.357	21.42
IRELAND	14.936	1.50
ITALY	167.304	16.79
LUXEMBOURG	6.257	0.63
NETHERLANDS	95.692	9.61
UNITED KINGDOM	55.484	5.57
EEC	996.098	100

This state of affairs clearly reveals the inadequacy in many cases of national administrative structures at using Community funds rapidly. In these circumstances it is not surprising that the disparities between the different regions of the Community are increasing rather than diminishing. The Commission should consider, in liaison with the Member States, to what extent administrative procedures can be speeded up, in particular by decentralizing decision-making.

37. In addition to this failure to meet the needs of the least-prosperous regions of the Community, it is also the case that large numbers of individual projects have been financed in the dairy sector. It is legitimate to ask whether this policy is compatible with the objective of reducing dairy surpluses and whether the Commission can be sure that the projects the Community is financing in this sector will not contribute to a growth in these surpluses. There can be no doubt that measures taken hitherto to reduce the surpluses have been a failure. This is true of milk non-marketing premiums, which it would be better to drop, and of reconversion premiums for dairy herds, which are not sufficiently attractive.
38. The Committee on Agriculture therefore asks the Committee on Budgets to include the following points in its motion for a resolution:

The Committee on Agriculture

- (a) Recalls that the common agricultural policy, which is the only integrated Community policy, accounts for less than 0.5% of the Community's gross domestic product;
- (b) Points out that this cost is extremely modest in view of the security of supplies which the common agricultural policy provides to the Community as a whole, a situation which is particularly beneficial to Community consumers;
- (c) Acknowledges that the dairy sector poses a serious problem which should be resolved by discouraging industrial milk production, by operating a common policy for oils and fats and by making premiums for the non-marketing of milk and the conversion of dairy herds to beef production much more attractive; welcomes in this connection the introduction of a nurse cow premium as suggested by the Commission in its plan for improving the common agricultural policy;
- (d) Urges the Commission to stop aiding any projects liable to increase dairy production in the Community;
- (e) Asks the Commission to determine, in close collaboration with the European Parliament, the detailed terms of a storage policy for food products and animal feedstuffs which would shield the Community from the dangers of the current international situation;
- (f) Calls on the Commission and the Member States in this connection to promote studies on how Community agriculture can reduce its energy consumption;

- (g) Requests the Commission to review the agricultural structural policy in order that priority can be given to directing Community aid to the least prosperous regions of the Community;
- (h) Considers in particular that there must be effective coordination of the three Community funds (EAGGF Guidance Section, European Regional Development Fund and Social Fund) in order to reduce income disparities between the regions of the Community;
- (i) Deplores the delays by certain Member States in implementing Community structural measures which penalize their farming populations; calls on the Commission and the Member States to consider jointly how the administrative procedures now in force can be speeded up so that Community aid reaches those entitled to it as quickly as possible;
- (j) Urges the Commission to give more careful scrutiny to ensuring that the projects it finances are consonant with the objectives it is pursuing in its management of the agricultural markets;
- (k) Requests the Commission also to state clearly in its future EAGGF financial reports the cost and the economic effect of measures taken, whether under the Guarantee Section or the Guidance Section, in order that their effectiveness may be assessed;
- (l) Urges the Commission to intensify its campaign against fraud, both as a matter of public morality and in order to protect the common agricultural policy from unjustified criticism.