

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 359 final.

Brussels, 11 July 1975

Proposal for

REGULATION (EEC) OF THE COUNCIL

amending Regulation No 17/64/EEC on the conditions for
granting aid from the European Agricultural Guidance
and Guarantee Fund

(submitted to the Council by the Commission)

COM(75) 359 final.

EXPLANATORY MEMORANDUM

1. It has been noted for some time that an increasing number of projects for which aid has been granted by the Guidance Section of the E.A.G.G.F. under Regulation No. 17/64/EEC have not been carried out or have been only partially completed. In the main these projects are for regions of the Community in which the agricultural structure is extremely unsatisfactory and in which there is therefore a particular need for investment in agriculture.
2. One effect of such failure to use all or part of the funds allocated for projects in respect of which the Commission has decided to grant aid is that the appropriations have to be withdrawn, either because the beneficiary has notified the Commission of his intention to abandon the project or because, in accordance with Article 6(5) of the financial regulation, after a period of five years the appropriations are no longer carried forward. Thus, not only can the appropriations in question no longer be used for projects to which the Commission wished to contribute, they are also permanently lost for all purposes of improving agricultural structures.
3. According to information received by the Commission the situation is getting worse, mainly as a result of the economic situation and, in particular, of price increases and the very high interest rates prevailing on the money market. Moreover, it is particularly in those regions which are least developed from the economic point of view, where agriculture is of more than average importance in the Community and where the agricultural structure is most in need of improvement, that the effects of that trend are increasingly being felt.
4. It seems necessary therefore to prevent the situation arising in which part of the appropriations intended for the improvement of agricultural structures, and an ever increasing part, are not expended for that purpose. Provisions should therefore be adopted such as to ensure that, as far as possible, funds allocated are in fact used.

5. Under Regulation No. 45/64/EEC applicants for aid must specify in their applications the dates on which the work in question is expected to begin and to be completed. If, however, the work does not begin within a certain period of time following the Commission's decision to grant the aid, the chances of the project being completed are considerably reduced. It would therefore seem necessary, if the beneficiary is not in a position to give the necessary guarantees that the project will be executed, to suppress the grant and to assign the community contribution to another project whose execution is assured, and so safeguard the credits engaged for the improvement of the agricultural structure.
6. It is therefore proposed to provide in Regulation No. 17/64/EEC that the Commission may suppress the aid and instead utilise the funds for other projects where :
- the beneficiary abandons the project;
 - the beneficiary carries out only a part of the project (in this case, only the aid in respect of the part not carried out is to be transferred);
 - the beneficiary has not started work within two years following the date of the notification of the decision, contrary to the information contained in his application and in the Commission decision, and has been unable to provide adequate assurances before the end of this period that the project be completed.
7. In order to adapt the system to take account of the different categories of project, it has for several years been found necessary in certain specific cases to depart, for the purposes of provisions concerning the financial contribution of the beneficiary and the percentage of aid from the Fund, from the provisions of Regulation No. 17/64/EEC.

These adjustments have proved useful. It seems appropriate therefore to incorporate them in the body of the Regulation and thus obviate the need to grant fresh derogations each year.

Proposal for a
REGULATION (EEC) OF THE COUNCIL
amending Regulation No.17/64/EEC on the conditions for granting aid
from the European Agricultural Guidance and Guarantee Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 43 and 209 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas, in order to take account of the difficulties experienced in certain sectors, the maximum amount of aid from the European Agricultural Guidance and Guarantee Fund for projects relating to production structure, being projects submitted in accordance with Council Regulation No.17/64/EEC¹⁾ of 5 February 1964 on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund, as last amended by Regulation (EEC) No.2684/74²⁾, should be raised to 45%; whereas, however, it is only in the case of certain projects that these difficulties justify aid being granted in excess of 25% of the total amount of the investment;

Whereas provision should also be made for the financial contribution by the beneficiary to vary according to whether the project relates to marketing structures or to production structures;

Whereas under Article 6 of the Financial Regulation³⁾ of 25 April 1973 applicable to the general budget of the European Communities (73/91/CECA, EEC, Euratom) appropriations committed for the financing of projects shall lapse if the relevant payments have not been made by the end of a certain period;

Whereas provisions should be made to ensure as far as possible that appropriations allocated for the improvement of the agricultural structure are not lost to agriculture; whereas, therefore, where it appears doubtful whether a project or part of a project will be carried out, the aid should, after a certain period, be cancelled or reduced and assigned to another project, thus enabling the appropriations concerned to be utilised within the period prescribed by the Financial Regulation;

1) O.J. No 34, 27 February 1964, p. 586/64

2) O.J. No L 288, 25 October 1974, p. 5

3) O.J. No L 116, 1 May 1973, p. 1

HAS ADOPTED THIS REGULATION:

Article 1

The text of the first subparagraph of Article 18(1) of Regulation No. 17/64/EEC is replaced by the following:

"For a given project, in relation to the investment made:

- the subsidies granted by the Fund may not exceed 25%, however, in the case of certain projects satisfying the requirements of Article 11(1)(a) or (b) subsidies of up to 45% may be granted by the Fund;
- the financial contribution of the party benefiting from the improvement shall not be less than:
 - 20%, in the case of projects satisfying the requirements of Article 11(1)(a) or (b), or
 - 38%, in the case of projects satisfying the requirements of Article 11(1)(c) or (d)".

Article 2

1. In Article 22 of Regulation No. 17/64/EEC a new paragraph 3 as follows is inserted:

"Without prejudice to the principles of Article 6(5) of the Financial Regulation, aid awarded by the Fund may be cancelled or reduced and the corresponding credits utilised to finance other projects:

- if the beneficiary abandons the project, or,
- if the beneficiary, contrary to the information as contained in his application and set out in the decision to grant aid, has not within two years from the date of notification of that decision commenced the work furnished assurances sufficient to ensure that the project will be carried out, or
- if the beneficiary reduces the investment provided for in the decision to grant aid.

A decision under the preceding subparagraph to cancel or reduce aid shall be taken in accordance with the procedure laid down in Article 19(1); the decision shall be made by the Commission, after consultation with the Fund Committee on the financial aspects. The decision shall be notified to the Member State concerned and to the beneficiaries."

2. Paragraph 3 of Article 22 of Regulation No. 17/64/EEC becomes paragraph 4.

Article 3

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

5

