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Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (COM(83) 559 final - Doc. 1-1000/83 - Part II) for a regulation amending Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed and Regulation (EEC) No. 1820/80 on the stimulation of agricultural development in the less-favoured areas of the West of Ireland

- Part A: Motion for a resolution

Rapporteur: Mr G. VITALE

PE 88.802/fin./A
Or. I.

By letter of 31 October 1983 the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Articles 42 and 43 of the EEC Treaty, on the proposals for Council regulations (EEC)

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

On 14 November 1983 the 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 an opinion.

On 27 April 1982 the Committee on Agriculture appointed Mr G. VITALE rapporteur on the second proposal concerning Regulation No. 355/77.

On 15 November 1982 the motion for a resolution tabled by Mr BARBAGLI and others, pursuant to Rule 47 of the Rules of Procedure, on the revision of Regulation No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed (Doc. 1-786/81), was referred 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 an opinion.

On 18 May 1983 the motion for a resolution tabled by Mr KYRKOS, pursuant to Rule 47 of the Rules of Procedure, on the development of the agricultural products processing sector in Greece (Doc. 1-288/83), was referred to the Committee on Agriculture as the committee responsible and to the Committee on Regional Policy and Regional Planning and the Committee on Social Affairs and Employment for an opinion.

At its meetings of 27 April 1982 and 12 July 1983 respectively, the Committee on Agriculture decided to include these motions for resolutions in the draft report by Mr VITALE.

It considered the draft report at its meetings of 19/20 April 1983, 1 December 1983, 21/22 February 1984 and 20/21 March 1984.

At the last of these meetings the committee approved the Commission's proposal, as modified by its own amendments, by 16 votes in favour with 6 abstentions.

The committee then adopted the motion for a resolution by 16 votes in favour and 6 abstentions.

The following took part in the vote: Mr Curry, chairman; Mr Colleselli, vice-chairman; Mr Vitale, rapporteur; Mr Barbagli (deputizing for Mr Diana), Mr Blaney, Mr Dalsass, Mr Eyraud, Mr Gatto, Mr Helms, Mrs Herklotz, Mr Hord, Mr Jurgens, Mr Kaspereit, Mr Keating (deputizing for Mr Lyngé), Mr Maffre-Baugé, Mr Maher, Mr McCartin (deputizing for Mr Clinton), Mr Martin (deputizing for Mr Pranchère), Mr Mertens, Mr Provan, Mr Sutra and Mr Thareau.

The report was tabled on 23 March 1984.

The opinions of the Committee on Regional Policy and Regional Planning are attached. The Committee on Social Affairs and Employment decided not to deliver an opinion.

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

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

Amendments to the proposal for a regulation¹

AMENDMENT No. 1

Amended text

Text proposed by the Commission

Article 1 (1)a (new)

1a (new). After the third recital, insert the following new recital 3a:

whereas the industries and the distribution network attached to the agricultural sector enjoy financial assistance from the CAP, either directly in the form of aid or indirectly in terms of the security it lends to their activities, and whereas this advantage implies in return compliance with the objectives of the CAP, particularly as regards production guidance and the prices paid to farmers.

¹ complete text: see OJ No. C 347 of 22 December 1983

AMENDMENT No. 2

Amended text

Text proposed by the Commission

Article 1(2)

2. The first two sentences of Article 2 become paragraph 1 and the following paragraphs are added:

'2. When the period for which a programme has been approved in accordance with Article 5 expires, or pending the updating of a programme or the presentation of a new programme with the same objectives, the Member State must present to the Commission a report on the programme's development. This report must contain at least the following information:

- a progress report on the programme, including details of public funds made available and the take-up rate of the aid granted,
- a description of the development of the situation as regards the processing and marketing of the products covered by the programme and the results achieved by it,
- an assessment of the financing decisions in the light of the priorities indicated by the programme,
- proof that the producers of the basic product are sharing in the economic advantages arising from the programme's implementation, pursuant to Article 9.

2. The first two sentences in Article 2 become paragraph 1 and the following paragraphs are added:

'2. If the time limit envisaged for the execution of a programme approved in accordance with Article 5 or the period for which a programme has been approved in accordance with Article 5 has expired, the updating of a programme which has expired or approval of which has expired or a new programme with the same objectives may be approved by the Commission only if the new programme or the updated programme includes, in addition to the details referred to in Article 3, the following information:

- a progress report on the programme approved, including details of public funds made available for its execution,
- a description of the development of the situation as regards the processing and marketing of the products covered by the programme, showing that there is still a particular need for an updated or new programme.

Amended text

3. With effect from 1 January 1985 and, in Greece, from 1 January 1986, programmes submitted for the first time or additions to existing programmes may be approved only:

- if they cover products intended for new markets or new technologies, or are connected with forestry, or
- if they meet regional needs or if they contribute in particular to the success of integrated Community development measures in these regions.

3a. Periodically, and at any rate at least once every three years, the Member State shall present a progress report on the programme approved, as laid down in paragraph 2. On examination of this report, the Commission may ask the Member State in question to modify the programme already under way.

4. For each programme referred to in paragraphs 2 and 3, the Member State concerned shall indicate the priority assigned to it as against the programmes already submitted.

AMENDMENT No. 3

Amended text

Text proposed by the Commission

3. With effect from 1 January 1985 and, in Greece, from 1 January 1986, programmes submitted for the first time or additions to existing programmes may be approved only:

- if they cover products intended for new markets or new technologies, or
- if they meet regional needs or if they contribute in particular to the success of Community development measures in these regions.

4. For each programme referred to in paragraphs 2 and 3, the Member State concerned shall indicate the priority assigned to it as against the programmes already submitted.'

Article 1 (4)a

Insert a new paragraph 4a as follows:

4a. In Article 3(1), insert a new letter c)a:

'c)a. An indication of the priority that is to be followed in the different regions with regard to :

- the agricultural sectors to be developed in keeping with the aims of the common agricultural policy;
- the beneficiaries, pursuant to Article 9 of the present regulation;
- the new technologies and the new products that are to be developed;'

AMENDMENT No. 4

Amended text

Text proposed by the Commission

Article 1 (6)a (new)

Insert a new paragraph 6a as follows:

6a. The following paragraph 3 is added to Article 6:

'3. Should the investment project referred to in paragraph 1 of the present article be implemented directly by agricultural producers, either individually or in associations, the expenditure needed to prepare the project, such as market or feasibility studies, and the costs of technical assistance shall be eligible for Community aid.'

AMENDMENT No. 5

Text proposed by the Commission

Amended text

Article 1 (6)a (new)

After paragraph 6, insert a new paragraph 6a

6a Add a new paragraph 3 to Article 6:

'3. To provide agricultural production with adequate bargaining power on the market, and guarantee a fitting share in the added value deriving from processing and marketing operations, the beneficiaries of the aid must, as a matter of priority, be the individual agricultural producers or associations thereof. Financial support for mixed undertakings may also be considered, provided that the agricultural partner in such undertakings does not hold a minority interest.'

AMENDMENT No. 6

Amended text

Text proposed by the Commission

Article 1(a)

9. The following paragraph 3 is added to Article 9:

'3. The condition referred to in paragraph 1 may, however, be waived in the case of pilot or experimental projects, or high-risk projects using new technology and products intended for new markets, provided that the aim of the experiment is to provide long-term benefits for agricultural producers.'

9. The following paragraph 3 is added to Article 9:

'3. The condition referred to in paragraph 1 may, however, be waived in the case of pilot or experimental projects, or high-risk projects using new technology and products intended for new markets.'

AMENDMENT No. 7

Amended text

Text proposed by the Commission

Article 1(a) (new)

Insert a new paragraph 9a as follows:

9a. The following letter (d) is added to Article 10:

'(d) control the allocation of funds and take the formal decision with regard to the amount of aid to be granted by the Member State.'

AMENDMENT No. 8

Amended text

Text proposed by the Commission

Article 1(a) a (new)

9a. Article 11(1): after subparagraph (b),
insert the following new subparagraph (b) (i):

(b)(i) that they promote exports to third
countries by making marketing channels
more competitive;

AMENDMENT No. 9

Amended text

Text proposed by the Commission

Article 1(11)a

Insert a new paragraph 11a as follows:

11a. Amend Article 17(1) as follows:

'1. Aid from the Fund shall consist
of capital grants or, in whole or in
part in interest subsidies, paid in a
lump sum or in instalments.'

Article 1(12)

- (a) unchanged
- (b) unchanged
- (c) The aid granted by the Fund shall not exceed:
- 50% of the cost of investment calculated on the date that work is begun for projects carried out in the Mezzogiorno, in the less-favoured regions of the West of Ireland, in all the regions of Greece with the exception of Greater Athens and in the French overseas departments;
 - 35% of the cost of investment calculated on the date that work is begun for projects carried out in Languedoc-Roussillon and for those relating to wine carried out in the departments of Vaucluse, Bouches-du-Rhone, Var, Ardeche and Drome;
 - 25% of the cost of investment calculated on the date that work is begun for projects implemented in the other regions; however, the Commission may, under the procedure laid down in Article 22, raise the ceiling to 30% in the case of projects referred to in Article 11(c).
- (d) Advance payments may be granted to an amount not exceeding 80% of the aid granted by the Fund as laid down in paragraph (c) of the present article.'
12. Article 17(2) is replaced as follows:
- '2. For each project, as proportion of the total investment :
- (a) the financial contribution of the beneficiary must be at least 50%, this minimum shall, however, be only:
- 35% for projects in the Languedoc-Roussillon, and for those relating to wine in the departments of Vaucluse, Bouches-du-Rhone, Var, Ardeche and Drome.
 - 25% for projects in the Mezzogiorno, in the less-favoured regions of the West of Ireland, in all the regions of Greece with the exception of Greater Athens and in the French overseas departments;
- (b) the financial contribution of the Member State on the territory of which the project is to be executed must not be less than 5%;
- (c) the aid granted by the Fund shall not exceed:
- 50% for projects carried out in the Mezzogiorno, in the less-favoured regions of the West of Ireland, in all the regions of Greece with the exception of Greater Athens and in the French overseas departments,
 - 35% for projects carried out in Languedoc-Roussillon and for those relating to wine carried out in the departments of Vaucluse, Bouches-du-Rhone, Var, Ardeche and Drome,
 - 25% in the other regions: however, the Commission may, under the procedure laid down in Article 22, raise the ceiling to 30% in the case of projects referred to in Article 11 (c).'

AMENDMENT No. 11

Amended text

Text proposed by the Commission

Article 1

Amend paragraph 17 as follows:

17. The following paragraph 6 is added to paragraph 19:

'6. The Commission shall decide on the criteria for the choice of projects taking account of the market situation for agricultural products, the individual situation of the various regions and the priorities laid down for other Community structural measures.

The criteria shall be published in the Official Journal of the European Communities.

Should the situation of the agricultural markets undergo any significant changes, the Commission may ask for the programme and the criteria for the choice of the projects contained within it to be revised.'

17. The following paragraph is added to Article 19:

'6. The Commission shall decide on the criteria for the choice of the projects taking account of the market situation for agricultural products. The criteria shall be published in the Official Journal of the European Communities.'

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed and Council Regulation (EEC) No. 1820/80 on the stimulation of agricultural development in the less-favoured areas of the West of Ireland

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(83) 559 final - part II)¹;
 - having been consulted by the Council pursuant to Articles 42 and 43 of the EEC Treaty (Doc. 1-1000/83);
 - having regard to the motion for a resolution tabled by Mr BARBAGLI and others on the revision of Regulation No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed (Doc. 1-786/81 of 19 November 1981);
 - having regard to the motion for a resolution tabled by Mr KYRKOS on the development of the agricultural products processing sector in Greece (Doc. 1-288/83 of 13 May 1983),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-70/84);
 - having regard to the result of the vote on the Commission's proposal;
- A. having regard to Parliament's resolution of 17 November 1983 (Thareau report) on certain new guidelines for the policy on agricultural structures within the Community²;
- B. whereas in its resolution of 29 October 1982³ it approved the extension of Regulation No. 355/77 to enable it to be reviewed together with other structural measures and to guarantee coordination and cohesion between the different Community measures on agricultural structures;

¹ OJ No. C 347 of 22 December 1983

² OJ No. C 342 of 19 December 1983, p.96

³ OJ No. C 304 of 22 November 1982

1. Stresses the importance that the improvement of processing and marketing conditions entails for the balanced development of Community agriculture as it enables agricultural production to be upgraded and market outlets to be expanded resulting in a real increase in agricultural productivity to the advantage of producers and consumers;
2. Draws attention in this connection to the need for closer links between the production and distribution sectors, since it is vitally important to open up new outlets on both the internal and foreign markets so that producers may be guaranteed greater profits, obtainable only by an apposite extension and development of marketing circuits;
3. Notes also the importance of the regulation for the whole agro-industrial system and for re-establishing regional balance within the Community;
4. Approves therefore the Commission's approach¹ in considering these common measures as a Community structural intervention priority and also approves the subsequent increase in the financial endowment proposed by the Commission;
5. Reaffirms its request that the regulation be fully incorporated within a new Community structural policy giving it more force and guaranteeing complementarity between the different existing measures;
6. Emphasizes that, in order to provide agricultural production with adequate bargaining power on the market, and guarantee a fitting share in the added value deriving from processing and marketing operations, the beneficiaries of the aid provided under Regulation No. 355/77 must, as a matter of priority, be the individual agricultural producers or associations thereof.
Financial support for mixed undertakings may also be considered, provided that the agricultural partner in such undertakings does not hold a minority interest;
7. Considers that complementarity would be better guaranteed if the measures to assist agricultural production and those to improve processing and marketing were grouped together in regional development programmes, an aim which should be particularly pursued in the integrated Mediterranean programmes;
8. Is convinced that the measures provided for in Regulation No. 355/77, although they have led to satisfactory results, must be improved in the light of the experience gained in recent years and having regard to the new economic situation within the countries of the Community;

9. Approves the Commission proposal, believing that it is based on equitable criteria aimed at strengthening common measures to improve the conditions under which agricultural products are processed and marketed; however, stresses certain shortcomings and therefore calls on the Commission to accept the proposed amendments;
10. Considers that the role of the individual programmes should be defined precisely and strengthened and, to this end, considers it essential that:
- (a) the programmes clearly define their objectives, the connection between the measures provided for and the aims of the common agricultural policy, the effects on the development of agricultural markets, the effects on the income of producers and the impact on the regional economy;
 - (b) the programmes lay down priorities in different areas in respect of the agricultural sectors, the nature of the beneficiaries, - with particular encouragement for producer organizations - and the necessary investments as well as on the basis of the new technologies which are to be promoted: they must therefore lay down the criteria for a greater degree of selectivity with regard to financing;
 - (c) periodically, and in any case at the end of individual programmes, there should be a progress report on the programmes checking to what extent approved projects meet with the aims indicated in the programmes and that the producers of the basic product have had an effective share in the resulting economic benefits (Article 9);
 - (d) the programmes specify the necessary financial resources and the appropriations to be committed by the national authority;
11. Agrees that, subject to the provision laid down under Article 9, the regulation's scope may be extended to:
- (a) the processing and marketing of forestry products;
 - (b) plants for processing by-products and wastes derived from agricultural production for energy purposes;
 - (c) the processing of basic agricultural products into products which may not be listed in Annex II of the Treaty, on the basis of a Commission decision, provided that an adequate and lasting benefit to the agricultural sector is assured;

12. However, requests that for projects implemented directly by agricultural producers and their associations, Community aid be extended to other types of expenditure, such as market and feasibility studies, technical assistance, etc.;
13. Agrees that particular attention should be paid to simplifying the procedures for granting Community aid, both at national and Community level, so as to increase the rate of effective utilization of the funds provided and, to this end, considers it essential that:
 - (a) the national authority undertake a financial commitment as a prerequisite for eligibility for Community aid;
 - (b) a deadline be fixed for the commencement of the work following approval of the project and for the conclusion of the project once it is under way; in this context, approves the deadline proposed by the Commission;
14. Stresses that if a deadline were fixed for the completion of the work following approval of the project, a more realistic price review mechanism would not only avoid abuses, but also enable projects to be implemented in more depressed regions where at present they often fail because of the sharp increase in costs;
15. Strongly urges the Commission therefore to take steps to ensure that the prices indicated in the project estimate are revised so as to take greater account of the different economic situations of the different countries in the Community;
16. Approves the different rates of Community aid (25%-35%-50%) based on the level of development of the Community regions, but the maximum levels of assistance must equally be employed for the other disadvantaged regions of the Community. Requests that the regulation allow advance payments of up to 80% to be made on the aid granted, based on the provisions already in force for other Community measures;

17. Calls on the Commission to amend its proposal, pursuant to the second paragraph of Article 149 of the EEC Treaty, on the basis of the amendments adopted by Parliament;
18. Instructs its President to forward to the Commission and the Council, as Parliament's opinion the Commission's proposal as voted by Parliament and the corresponding resolution.

