

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 88 final.

Brussels, 18 March 1977.

P r o p o s a l

for a Council Decision modifying Council Decision
no. 76/402/EEC on the level of interest rate subsidy
provided by Directive 72/159/EEC on the modernization
of farms to be applied in Italy

(submitted to the Council by the Commission)

COM(77) 88 final.

EXPLANATORY MEMORANDUM

On the proposal of the Commission based on the request of the Italian Government, the Council authorized by his decision of the 6th April 1976 (1) the Italian Republic to raise the level of interest rate subsidy, provided for in the first subparagraph of Article 8 paragraph 2 of Directive 72/159/EEC (2) to 11 % for the Mezzogiorno and the less-favoured regions of Northern and Central Italy, including their mountain areas, and to 9 % for the other regions.

The Italian Government has made a new request this time to raise the level of interest rate subsidy to 12 % in the mountain areas as laid down by Directive 75/268/EEC of the 28th April 1975 (3) explaining that because of the present level of interest rate, a subsidy of 11 % leaves an interest rate payable by the beneficiary of a minimum of 4,15 %. Such a high rate of charge on the beneficiary corresponding to double the minimum laid down by the Directive will result in a very large reduction of the potential for the modernization of farms in these particularly less-favoured regions.

(1) OJ no. L 108 of 24.4.1976, p. 39

(2) OJ no. L 96 of 23.4.1972, p. 1

(3) OJ no. L 128 of 19.5.1975, p. 1

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Directive 72/159/EEC of 17 April 1972 on the modernization of farms (1), and in particular the second subparagraph of Article 8 paragraph 2 thereof,

Having regard to the proposal from the Commission,

Whereas the second subparagraph of Article 8 paragraph 2 of Directive 72/159/EEC provides that Member States may be authorized to grant interest rate subsidies exceeding 5 %, if such action is warranted by the situation of the capital market in the Member States, and to reduce to 2 % the minimum rate payable by beneficiaries in certain regions;

Whereas the Italian Government has requested authorization to raise the level of the interest rate subsidy to 12 % in the mountain area laid down by Directive 75/273/EEC of 28 April 1975 (2);

Whereas the anticipated interest rate subsidy of 12 % leaves an interest rate payable by the beneficiary higher than the minimum charge prescribed by Directive 72/159/EEC;

Whereas the requested increase in interest subsidy is made especially necessary by the fact that having regard to the present level of interest rates, this subsidy leaves a rate of interest payable by the beneficiary which is more than twice the minimum rate foreseen in the Directive; which have very negative consequences on the efforts made for modernization of farms in these particularly less-favoured regions;

HAS ADOPTED THE FOLLOWING DECISION :

(1) OJ no. L 96 of 23.4.1972, p. 1

(2) OJ no. L 128 of 19.5.1975, p. 72

Article 1

Article 1 of the Council Decision of 6 April 1976 (1) on the level of interest rate subsidy provided by Directive 72/159/EEC on the modernization of farms to be applied in Italy is modified with effect from 7 December 1976 as follows :

"The Italian Republic is hereby authorized to increase the interest rate subsidy provided for in the first subparagraph of Article 8 paragraph 2 of Directive 72/159/EEC to 12 % for the mountain areas as laid down in the Council's Directive 75/268/EEC of 28 April 1975, to 11 % for the Mezzogiorno and the less-favoured regions of Northern and Central Italy and to 9 % for the other regions."

Article 2

This Decision is addressed to the Italian Republic.

Done at

For the Council

(1) OJ no. 108 of 26.4.1976, p. 39

FINANCIAL STATEMENT

DATE : 1.3.1977

1. BUDGET LINE CONCERNED : 8100

2. ACTION : Proposition for Council Decision, to modify the Council's Decision 76/400/EEC, relating to the level of interest rate subsidies laid down in Directive 72/159/EEC, concerning the modernisation of farms, to be applied in Italy.

3. INSTRUMENT : Article 6 of Council Regulation 729/70/EEC of 28 April 1970, relating to the financing of the common agricultural policy.

4. CONSIDERATIONS : Due to the relatively high interest rates of Italian loans, the Government of Italy wish to encourage an increased investment in the framework of the modernisation of farms by granting higher interest rate subsidies to those farmers situated in the less favoured areas as set out in Directive 75/273/EEC. Nevertheless the minimum charges as laid down in the Directive to be borne by the beneficiary are respected.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (77)	FOLLOWING FINANCIAL YEAR (78)
5.0 EXPENDITURE			
-CHARGED TO THE EC BUDGET (REVENUES/INTERVENTIONS)		-	5,5
-CHARGED TO NATIONAL ADMINSTR.		29,2	29,2
-CHARGED TO OTHER NATIONAL GROUPS		-	-
5.1 RECEIPTS			
-COM RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)		-	-
-NATIONAL		-	-

	YEAR ..1978.....	YEAR ..1979.....	YEAR ..1980.....
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	5,5 Mua	7,3 Mua	7,3 Mua
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS	-	-	-

5.2 METHOD OF CALCULATION

1. The proposed Italian law has not changed the ceilings of expenditure fixed for those directives. As these ceilings have already been taken into consideration in the calculation of the global estimates for the directive, this proposed change cannot increase the costs to FEOGA as these are already estimated at the maximum.
2. The main budgetary effect of this proposition will be to insure that the costs estimated by the Italian Government Services are achieved.

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/NO

None

COMMENTS :

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