

EUROPEAN PARLIAMENT

Working Documents

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11 January 1982

DOCUMENT 1-648/81/ANNEX

OPINION

of the Committee on Agriculture

on the contribution of rural development to the  
re-establishment of regional balances in the  
Community

Draftsman: Mrs C. BARBARELLA



At its meeting of 27 February 1980 the Committee on Agriculture appointed Mrs BARBARELLA draftsman of an opinion.

At its meeting of 7 and 8 January 1982 the committee considered the draft opinion and adopted the conclusions thereof by 10 votes in favour and 2 abstentions.

The following took part in the vote:

Mr Delatte, vice-chairman and acting chairman; Mrs Barbarella, draftsman; Mr Barbagli (deputizing for Mr Colleselli), Mr Costanza (deputizing for Mr Ligios), Mr Diana, Mr Eyraud, Mr Gautier, Mr Hord, Mr d'Ormesson, Mr Péry (deputizing for Mr Thareau), Mr Vitale and Mr Woltjer.

1. While it may seem useful in general terms to define the concept of rurality simply in a context of town versus country in order to set the problem within a framework, it is of no specific help in producing realistic solutions to the problem of restoring regional balance. Indeed it is wrong to start from the assumption that either Community or national aid can be allocated to all rural areas indiscriminately. Even if such aid could be created in sufficiently large amounts as to be effective, it would logically lead not to reducing imbalances between the different rural areas but to irreversibly worsening them.

Since it is therefore essential to specify priorities and allocate the limited financial resources available most effectively, the least developed and therefore most needy rural areas need to be clearly identified.

2. Obviously this is not to deny the existence of general problems which beset all rural areas. It is enough to instance remoteness, the lack of adequate social amenities and ecological problems caused by the excessive use of antiparasitic chemicals and chemical fertilizers or the presence of sources of pollution. However, in tackling the ever-widening gap in income and quality of life between rich and poor regions, and since priorities have to be fixed, most emphasis should be given to aid intended to guarantee at least a reasonable standard of living. Only then can other problems be dealt with in a context which need not necessarily be restricted to rural areas alone but may also include for example the outer areas of towns.

3. This concentration of aid in the most disadvantaged rural areas is made even more urgent because the creation of the Common Market and the Common Agricultural Policy has not led to a reduction in the disparities between regions, indeed it has increased them.

In the period 1964-65, taking base 100 for the 9 EEC countries, incomes ranged from a maximum of 307 in West Nederland to a minimum of 39 in Basilicata, that is, a ratio of nearly 8 to 1. In the period 1976-77, incomes ranged from 285 in West Nederland to a minimum of 27 in Molise, that is a ratio of 10.5 to 1. Similar disparities remain even within individual countries: if we take 100 as the French national average, incomes vary from 198 in the agriculturally most prosperous region, Ile de France, to 65 for the least prosperous, Basse Normandie; in Italy, they vary from 183 in Lombardy to 42 in Molise, thus from 3 to 1 and from over 4 to 1 respectively.

Furthermore, the report submitted in January 1981 by the Commission of the European Communities on the social and economic situation in the regions clearly shows how the disparities in development between economically rich and poor regions have continued to increase throughout the seventies. In other words, regional imbalance now tends to show a Community divided into two areas distinguished by their levels of development and their capacity for increased growth (see Annex).

This report may prove useful in defining the priorities and approaches necessary for a Community regional policy. On the basis of the overall picture given in the report, it should be possible to determine those regions where aid ought to be concentrated and the sort of measures to adopt for their development.

4. The negative effects of an inconsistent price maintenance policy have been aggravated by the failure to develop an effective structural policy, which should have offset the imbalances caused by the market policy. A structural policy was begun only in 1972, with the social and structural directives, the impact of which, however, was very modest. Indeed, its effect was the reverse of what had been intended. Measures taken to modernize farms have led to development in regions which already have balanced, thriving agriculture and not in those where the need for structural modernization is greatest.

Although the awareness of the need for Community regional aid has grown over the last few years, the effort so far made in this direction still appears insufficient. The activities begun in the years 1977-81 in a few areas of the Community reflect this new awareness (see Annex), but they do not yet give reason to hope for any systematic regional aid measures which would bring about the necessary structural changes required by the seriousness of underdevelopment in some Community regions.

5. A favourable opportunity to reverse this trend may be provided by the negotiations currently under way in the framework of the 'Mandate of 30 May'. This places on the European Commission the responsibility of making specific proposals to reform the various Community policies, particularly the C.A.P. However, reforming the C.A.P. in order to reduce current spending, which is rightly or wrongly considered to be excessive, or to distribute mathematically, and thus unfairly, advantages and disadvantages among the Member States cannot be based on financial criteria alone. Reform should aim at establishing new criteria by which a process of reducing the disparities among the different rural areas of the Community can begin.

6. Thus we should not go back to the old system, by which measures approved in Brussels must be applied throughout the Community regardless of the objective conditions of the various regions. (This led for example to structural directives being issued which were inapplicable in the regions for which they were especially intended because they were too rigid.) We should, rather, take today's general awareness of regional diversity to its logical conclusion and establish a genuine regional policy, with specific aid aimed at developing a particular rural area.

7. As has already been shown, first steps in this direction have been made at Community level, with the approval of some integrated development programmes for certain areas of Scotland (Western Isles), France (department of Lozere) and Belgium. These are pilot schemes intended to provide useful information for the future, though at present they are still in the initial stages. Nevertheless, they form an interesting new development, because they do not consist only of measures for improving farm structures and marketing and processing of produce, but also of measures for improving the infrastructure, developing tourism, crafts, industry and other complementary activities which are essential if the general social and economic situation in the regions in question is to be improved.

8. These projects thus have quite different characteristics from the structural measures carried out hitherto at Community level. From the strictly agricultural point of view, they tend to strengthen those activities which are the main features of the region (fishing in Scotland, chestnut-growing and livestock rearing in Lozere etc.) and connect them to an efficient processing industry, while at the same time creating or developing other subsidiary industries and generally improving living conditions (e.g. by lessening the isolation of farms in winter).

9. Nonetheless, a precise framework for these projects is still lacking. Although they are financed by the various Community funds (Social, EAGGF Guidance, Regional, EIB), an appropriate chapter should be entered in the budget to which funds from these sources would be transferred and which would be designed solely for integrated programmes. There is a lack of coordination between the Funds and this constitutes one of the major problems both at the level of examining the requests for project aid which is at present carried out separately according to the various social, agricultural and other aspects, and at the level of financing the various operations which make up the project. The creation of an appropriate budget chapter would guarantee the coordination of the various sources of aid, which is so important.

10. The major problem with these projects is that, although they are moves in the right direction, they are not part of a genuine regional aid policy. They seem rather to be a sort of 'package deal', offered to some of the poorest regions to offset the general lack of progress on the common agricultural policy.

In view of this, it is essential in the context of the 'Mandate' negotiations, to make significant progress towards achieving a better regional balance in the effects of the agricultural policy.

Thus, there should be a systematic regional aid policy which takes into account the needs and potential of the regions concerned. Aid of this type, judiciously chosen, could be a decisive turning point in a market policy which has hitherto given grounds for much criticism owing to its cost and the surpluses it creates.

### Conclusions<sup>1</sup>

The Committee on Agriculture invites the European Parliament to include the following points in the motion for a resolution contained in the report by Mr E. FAURE:

The Committee on Agriculture:

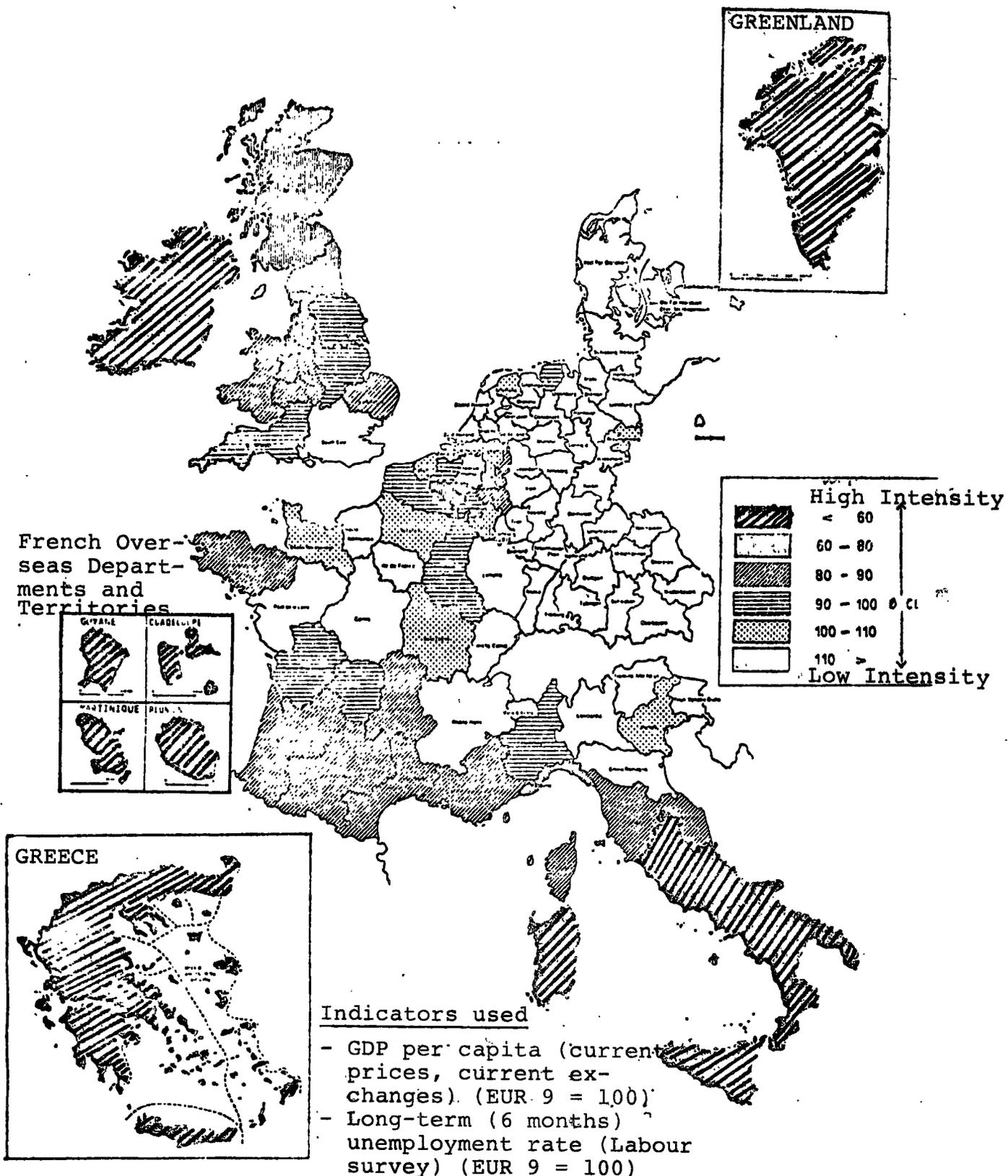
1. Believes that, in order to achieve regional balance, Community aid must be concentrated on the most backward regions in such a way as to avoid wasting resources and increasing disparities;
2. believes that the Commission report on the social and economic situation of the regions provides the necessary basis for establishing which regions require priority aid and what types of measures should be adopted in order to develop them;
3. is of the opinion that, as a step towards achieving regional balance, a systematic Community aid policy is required, concentrating on integrated regional projects, which should use the various Community funds (EAGGF Guidance, Social, Regional, EIB, NCI) available for financing projects in agricultural and associated areas (processing industry, craft industry, tourism, vocational training, etc.);
4. believes that the first steps in this direction have been taken but that the aid they provide does not yet measure up to the seriousness of the problems in the most backward regions;

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<sup>1</sup> These conclusions take account of the suggestions formulated by Mr MAHER in his motion for a resolution (Doc. 1-677/81 of 4.11.1981) on the coordination of Community and national policies on rural areas, on which the Committee on Agriculture has been asked for its opinion pursuant to Rule 47 of the Rules of Procedure

5. in this connection calls on the Council and Commission to use the 'Mandate' as the starting point for a genuine systematic regional aid policy, based on the needs and potential of the regions concerned;
6. believes that when this policy is put into effect, it must be accompanied by a reform of the agricultural market policy so as to counteract the negative effect the latter causes in certain regions, especially in southern areas of the Community;
7. considers that, to bring about a regional aid policy, coordination of funds must be guaranteed and that consequently an appropriate chapter designed to finance integrated programmes, its appropriations to be drawn from all the Community Funds, must be included in the budget.

Relative Intensity of Regional Problems in the Community  
(Based on situation 1977)



Source: First periodic report on the social and economic situation in the regions of the Community

Structural Policy - Principal measures coming into force between  
February 1977 and June 1981

Legal basis	Objectives	Areas involved	EAGGF rate	Duration (years)	Total Expenditure by EAGGF (in m. EUA)
Reg.355/77	improvement of processing and marketing conditions	EEC	25%	5	400
Reg.1760/78	improvement of public amenities in rural areas	Southern Italy, areas under Dir. 268/75 in Central and Northern Italy and Southern France	40%	5	125
Reg.1362/78	acceleration of irrigation	Southern Italy	50%	5	260
Dir.627/78	restructuring and conversion of vineyards	Southern France	35%-50%	5	105
Reg.1360/78	producer associations	Italy, Southern France, Belgium	25%-50%	5	24
Dir.628/78	acceleration of drainage operations	Western Ireland under Dir.268/75	50%	5	26
Reg.1361/78	increase of EAGGF rate under Reg. 355/77	Southern Italy and Southern France	50% (S. Italy) 35% (S. France)	5	200
Dir.173/79	acceleration of irrigation	Corsica	50%	5	12
Reg.269/79	forestry	Southern France and parts of Italy	50%	5	184
Dir.197/79	improvement of drainage	Borders of Ireland and Northern Ireland	50%	5	8
Dir.174/79	flood protection	Herault (Fr.)	35%	7	9
Reg.270/79	technical assistance	Italy	50%	12	66
Reg.1820/80	agricultural development	Areas under Dir. 268/75 in Ireland	50%	10	8
Reg.1821/80	development of sheepmeat production	Greenland	50%	10	8
Reg.1938/81	improvement of public amenities in rural areas	Some areas under Dir.268/75 in F.R.G.	30%	5	45
Reg.1939/81	integrated development programme	Western Isles, Scotland	40%	5	13
Reg.1940/81	integrated development programme	Department of Lozere, France	40%	5	12

Legal basis	Objectives	Areas involved	EAGGF rate	Duration (years)	Total Expenditure by EAGGF (in m. EUA)
Reg.1941/81	Integrated development programme	Areas under Dir.268/75 in Belgium	35%	5	5
Reg.1942/81	Stimulation of agricultural development	Areas under Dir.268/75 Northern Ireland	40%	10	48
Reg.1943/81	Processing of cattlefeed	Northern Ireland	50%	4	6
Reg.1944/81	Development of meat production	Southern Italy and areas under Dir.268/75 in Central and Northern Italy	40%	5	291
Dir.527/81	Development of agriculture	French overseas departments	40%	5	85

