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EUROPEAN PARLIAMENT

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DOCUMENT 521/78

REPORT

drawn up on behalf of the Committee on Agriculture  
on the agricultural aspects of the proposal  
from the Commission of the European Communities  
to the Council (Doc. 383/78) for a regulation  
amending Regulation (EEC) No. 729/70 concerning  
the amount allotted to the EAGGF, Guidance  
Section

Rapporteur: Mr P. JOXE

1.2.1



By letter of 11 October 1978 the President of the Council of the European Communities consulted the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible for the agricultural aspects of the proposal and to the Committee on Budgets as the committee responsible for its budgetary and financial aspects.

The Committee on Agriculture appointed Mr Joxe rapporteur.

It considered the proposal at its meeting of 30 November/1 December 1978.

At its meeting of 13 December 1978 the committee adopted the motion for a resolution with 5 votes for, 2 against and 5 abstentions.

Present: Mr Caillavet, chairman; Mr Liogier and Mr Ligios, vice-chairmen; Mr Hughes, vice-chairman, deputizing for Mr Joxe, rapporteur; Mr Andersen, Mr Corrie, Mr Früh, Mr Halvgaard, Mr Hoffmann, Mr Klinker, Mr Scott-Hopkins and Mr Tolman.

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the agricultural aspects of the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council<sup>1</sup>,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 383/78),
- having regard to the report of the Committee on Agriculture (Doc. 521/78),

1. Welcomes the Commission's move to increase substantially the appropriations which the EAGGF, Guidance Section, may spend annually on the improvement of agricultural structures in the Community;
2. Supports the idea of placing a five-year ceiling on expenditure by the EAGGF, Guidance Section, since the budget of 4200 m EUA envisaged means that the investments required to improve agricultural structures in the Community will have to be planned over five years;
3. Approves, therefore, the Commission's proposal.

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<sup>1</sup> O.J. No. C 244 of 14.10.1978, p.4

EXPLANATORY STATEMENT

1. This proposal for a regulation follows a request put by the Council to the Commission at its 516th meeting of 8 to 12 May 1978, to increase the amount allocated to the EAGGF Guidance Section with a view to financing structural measures taken by the Community in the agricultural sector.
  2. The amount originally allocated to the EAGGF, Guidance Section, by Regulation (EEC) No. 729/70<sup>1</sup> was 285 m.u.a.; this was increased to 325 m.u.a. in December 1972 to take account of the enlargement of the Community (see Regulation (EEC) No. 2788/72<sup>2</sup>).
  3. This sum proved insufficient to finance the Community's structural measures in 1978, which totalled 423.5 m.u.a., as shown in the 1978 budget<sup>3</sup>. The difference was covered by funds from the Mansholt reserve, which consists of appropriations set aside by the Council between 1969 and 1977 to finance common measures within the meaning of Article 6 of Regulation (EEC) No. 729/70. Since commitment appropriations amounted to 478.5 m EUA, 153.5 m EUA had to be withdrawn from the Mansholt reserve, which then stood at 531.089 m EUA. Following this transaction, the reserve amounted to 377.589 m EUA.
  4. The 1979 draft budget adopted by the Council provides for 351.4 m EUA payment appropriations and 508.33 m EUA commitment appropriations for the EAGGF, Guidance Section. 183.33 m EUA will therefore have to be withdrawn from the Mansholt reserve, which will then contain only 194.259 m EUA.
- The Commission has submitted a letter of amendment to its preliminary draft budget for the financial year 1979<sup>4</sup>; if the Council agreed with the Commission's proposed expenditure, there would remain only 62.619 m EUA in the Mansholt reserve.
5. The depletion of the Mansholt reserve means that the ceiling of 325 m EUA will have to be reviewed, if the Community is to finance in the next few years a major structural programme, in addition to the traditional common measures - such as measures to help Mediterranean agriculture (1026.15 m EUA) or measures aimed at gradually restoring balance on the wine market (350.5 m EUA) - and the structural measures which will be required in the applicant countries (Greece, Portugal and Spain) once they have joined the Community.

<sup>1</sup> OJ No. L 94, 28.4.70, page 13

<sup>2</sup> OJ No. L 295, 30.12.72, page 1

<sup>3</sup> OJ No. L 36, 6.2.78, page 408

<sup>4</sup> COM(78) 450

6. With this in mind, the Commission has assessed the annual cost of the structural measures to be implemented in the next few years and estimates that it should amount to approximately 840 m EUA, as shown in the financial statement attached to its proposal, giving a total of 4200 m EUA for the years 1980 to 1984.

7. The Commission, heeding the fears of certain Member States that the abolition of a ceiling on the financial resources of the EAGGF, Guidance Section, would lead to an uncontrolled escalation in structural expenditure, proposes that this sum of 4200 m EUA should be a five-year ceiling, which the Community could not exceed. The Commission feels that this system has the advantage of being flexible, since annual expenditure can vary around the average of 840 m EUA, and enables control to be kept over structural expenditure, since, under this programme, the latter cannot exceed 4200 m EUA over a five-year period.

Furthermore, it feels that its proposal offers the considerable advantage of multiplying the annual resources available to the EAGGF, Guidance Section, by 2.5.

8. The Committee on Agriculture, while noting the extent to which experience has shown that estimates of expenditure by the EAGGF, Guidance Section, are subject to error, approves the Commission's proposal for the following reasons:

- a) it is necessary to increase the level of appropriations allocated annually to the EAGGF, Guidance Section. It is certain that the 'Mediterranean package' and the measures aimed at gradually restoring balance on the wine market, which will be additional to the more traditional common measures, will entail expenditure in excess of the 325 m EUA at present allotted to the EAGGF, Guidance Section;
- b) the committee is glad to note that the new amount allotted to the EAGGF, Guidance Section, will rise to an average 840 m EUA each year. This substantial increase in the appropriations assigned to the EAGGF, Guidance Section, will open up new possibilities through the combination of guidance and market support measures;
- c) it is glad, finally, that a five-year budget of 4200 m EUA has been set, since this will oblige the Community authorities to plan investments over five years.

9. The Committee on Agriculture considers that the budget of 4200 m EUA would have to be revised if the Community were enlarged by the accession of new Member States.

This being so, the Committee on Agriculture recommends that the European Parliament approve the Commission's proposal as it stands.