

EUROPEAN PARLIAMENT

361.9

# Working Documents

1976 - 1977

---

15 June 1976

DOCUMENT 173/76

## REPORT

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the European Communities to the Council (Doc. 165/76) for

- a decision on the assimilation of the disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill farming and certain less-favoured areas applies
- a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976
- a regulation on the Community contribution towards repairing infrastructural damage caused by the Friuli earthquake of May 1976

Rapporteur: Mr L. MARTENS



By letter of 9 June 1976 the President of the Council of the European Communities consulted the European Parliament, pursuant to Articles 42, 43, 209 and 235 of the EEC Treaty, on the proposals from the Commission of the European Communities to the Council on

- a decision on the assimilation of the disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill farming and certain less favoured areas applies
- a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976
- a regulation on the Community contribution towards repairing the infra-structural damage caused by the Friuli earthquake of May 1976.

The President of the European Parliament referred the proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport for their opinions.

The Committee on Agriculture appointed Mr Martens rapporteur on 14 June 1976.

At its meeting of 14 June 1976 it considered the proposals and unanimously adopted the motion for a resolution and explanatory statement.

Present: Mr Laban, vice-chairman and acting chairman; Mr Martens, rapporteur; Mr Frehsee, Mr Hansen, Mr Kofoed, Mr De Koning, Mr Meintz (deputizing for Mr Premoli), Mr Nyborg (deputizing for Mr Gibbons), Lord St. Oswald, Mr Schwabe (deputizing for Mr Cifarelli), Mr Suck and Lord Walston.

The opinions of the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport are attached to this report.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION .....	5
B. EXPLANATORY STATEMENT .....	6
Opinion of the Committee on Budgets .....	9
Opinion of the Committee on Regional Policy, Regional Planning and Transport .....	14

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 proposals from the Commission of the European Communities to the Council for

- a decision on the assimilation of the disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill farming and certain less-favoured areas applies
- a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976
- a regulation on the Community contribution towards repairing infra-structural damage caused by the Friuli earthquake of May 1976 (COM(76) 279 final)

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(76) 276 final, 278 final and 279 final),
- having been consulted by the Council pursuant to Articles 42, 43, 209 and 235 of the EEC Treaty (Doc. 165/76),
- having regard to its previous resolution on the earthquake in Italy<sup>1</sup>,
- having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport (Doc. 173/76),

1. Approves the Commission's proposals;
2. Invites the responsible Italian and Community authorities to do their utmost to ensure that projects eligible to benefit from the various Community aids are submitted and approved as soon as possible so that an effective contribution can be made to the economic recovery of the devastated areas;
3. Calls on the Commission to provide in its proposals for the possibility of extending, if necessary, the time limits laid down for the submission of applications for aid.

---

<sup>1</sup> See OJ No. C 125, 8.6.1976, p. 24.

EXPLANATORY STATEMENTI. Content of the proposals

1. Following the disastrous earthquake which took place in the Friuli region on 6 May, the Community decided to participate in the national and international aid measures for the reconstruction of this severely hit area. The Community effort will be directed particularly towards aiding a return to normal of farming which is of vital importance to the population of the region, and which was severely affected by the loss of cattle sheds, animals, farm machinery and existing infrastructures. Community help will amount to 60 million u.a., to be financed by a supplementary budget (see COM(76) 277 final).
2. In the wake of the decisions of principle already taken by the Council of Foreign Ministers at its meeting of 30 May and 1 June, the Commission has now submitted three formal proposals for the Council's decision.

The following measures are involved:

- (a) Assimilation of the disaster-stricken communes with the mountain areas to which Directive 75/268 applies

Some of the worst-hit communes, situated in the provinces of Udine and Pordenone, are already included, in whole or in part, in the list of less-favoured areas as defined in Directive 75/268 on hill farming and certain less-favoured areas. This Commission proposal assimilates into these areas those disaster-stricken communes and parts of communes which do not figure on the Community list. The benefits available under this directive would thus be equally applicable to them, in the framework of common measures to be financed by the Guidance Section of the EAGGF, valid for four years.

- (b) Contribution towards repairing the damage caused to agriculture

Through the Italian authorities, the victims of the Friuli earthquake may submit projects for the reconstruction or improvement of production conditions in agriculture or on farms and of facilities for marketing or processing agricultural products. The projects should contribute to economic recovery in agriculture and take account of the need to increase productivity. The Community may grant aid up to 45% of the amount invested; the beneficiary must contribute at least 10% if the restoration or improvement relates to plant for the marketing or processing of agricultural products. The Italian Government has to meet the remaining costs. Applications should be submitted before 31 October 1976; applications relating to farm investments can be submitted up to 31 December. The Commission must take a decision within not more than six weeks, if necessary

without consulting the Standing Committee on Agricultural Structures if this should not prove possible. Community help for agricultural structures will amount to 45 million u.a.

(c) Assistance for repairing infrastructural damage

The Community will set aside a sum of 15 million u.a. for reconstruction or repair of damaged or destroyed infrastructures (roads, bridges, electricity supply networks, water mains, etc.) and make use of the procedures and experience of the Regional Development Fund. Community participation will be 30% in the case of investments below 10 million u.a. and 10 - 30% in the case of investments above that figure. The contribution may be in the form of a 4% interest subsidy on loans raised by the public authorities. Applications should be lodged not later than 31 December 1976 and the Commission will give urgent consideration to the matter, possibly without consulting the committees concerned.

II. Observations

3. The Commission deserves credit for having taken prompt action in favour of Friuli earthquake victims, both with the visit of President Ortolí and, above all, the proposal to allocate 60 million u.a. for their benefit and the subsequent submission of the present proposals for utilizing these funds to aid the agriculture and infrastructure of the stricken areas.

The Committee on Agriculture hopes that the Community procedures for putting these measures into practice, and, in particular, the adoption of the supplementary budget, will take place as quickly as possible. In the second phase - the submission and approval of applications for help - an effort will be required on the part of the Italian regional and government authorities, and, consequently, the Commission, to ensure that no time is lost and the aid can be granted as soon as possible so as to provide effective and rapid assistance to all those people who are still living in extremely precarious conditions, exacerbated by concern for the future. The Commission should also provide technical assistance to the Italian authorities when the applications and relevant paper-work is being drawn up so that lengthy enquiries resulting from omissions in the applications themselves can subsequently be avoided.

4. Having said that, some remarks concerning the three Commission proposals are called for. In the first place, doubt must be expressed as to the immediate effectiveness of the measures concerning the assimilation of the disaster-stricken communes with the mountain areas to which Directive 75/268 applies. In fact, the law implementing the Community directive has only recently been approved by the Italian Parliament, and the regional administrations concerned have yet to adopt the required regional legislation.

Consequently, the communes affected will probably not be able to benefit in the short term from the aids provided for by the directive. In any case, it will be up to the Commission to evaluate the situation and possibly,

according to circumstances, extend the four-year time-limit specified in the proposal during which the stricken communes are to be effectively assimilated with those appearing on the Community list in the directive in question.

5. The time-limits laid down in the other two proposals may also prove to be too short. In the case of applications for help in repairing or improving agricultural structures, the date is 31 October 1976, and applications for aid relating to farm investments and for infrastructures are to be submitted by 31 December 1976. In view of the date of entry into force of these measures, the volume and the rate of submission of the applications, and above all the funds which it may still have available, the Commission should consider the possibility of extending these deadlines for a few months after their expiry. If the point of the exercise is to give effective and rapid aid to the victims of the earthquake, the means of granting that aid should be as flexible as possible. Only experience, therefore, will show whether the time-limits laid down are realistic or whether, on the other hand, it may be necessary to extend them to allow full use to be made of the available funds.

6. As regards the amount of money, the system of utilization (based on that provided for under the Guidance Section of the EAGGF and the Regional Fund), the simplification of the procedure for the examination and approval of applications for aid, the distribution of the funds amongst the Community, the Italian State and the beneficiaries, as well as all the other technical aspects of implementing the aid measures, the Committee on Agriculture approves the Commission's approach, but at the same time recommends all possible flexibility with a view to achieving maximum effectiveness in the use of the aid itself.



OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Lord BRUCE OF DONINGTON

On 14 June 1976 the Committee on Budgets appointed Lord BRUCE OF DONINGTON draftsman.

At the same meeting the committee considered the draft opinion and adopted it unanimously.

Present: Mr Lange, chairman; Mr Aigner, vice-chairman; Lord Bruce of Donington, draftsman; Lord Ardwick (deputizing for Mr Dalyell), Mr Artzinger, Mr Bangemann, Lord Bessborough, Mr Cointat, Mr Gerlach, Mr Lautenschlager, Lord Reay (deputizing for Mr Shaw), Mr Notenboom and Mr Patijn.

### Background to the proposals

1. The earthquake which affected the region of Friuli on 6 May 1976 resulted in the loss of almost 1,000 lives and caused widespread damage to buildings, means of communication and the general infrastructure of the area.

The damage caused to property has yet to be quantified fully. As well, productive capacity has suffered a severe setback in an area which had been rather less-favoured economically and which was beginning to experience real economic development.

As a result of the earthquake damage, some 15,000 workers in industry, agriculture and other occupations have been rendered unemployed.

### Reason for the proposals under consideration

2. The Commission of the European Communities has outlined the extent of the damage suffered by the devastated area and has suggested that the destruction is so serious as to make it impossible for the people of the area to reconstruct swiftly. The Commission has concluded that the gravity of the situation is such that it is beyond the capacity of the population affected and of the Member State in question to restore normal economic and social conditions.

### Nature of the proposals

3. The Commission's proposed Community solidarity programme to aid with the reconstruction has three parts which can be summarized as follows:

- (a) The assimilation of the communes affected by the disaster with the mountain areas to which Directive 75/268/EEC regarding mountain farming in certain less-favoured areas (COM(76)276 final) applies.

Some of the Friuli region is already included within the scope of this directive (by virtue of the list in Directive 75/273/EEC). The Commission proposes that all of the disaster area be treated as though it came within the scope of Directive 75/268/EEC - but only for a limited period of four years.

The justification given is that the area affected can be considered to be handicapped for so long as the damage caused by the earthquake persists.

The impact of this measure on the general budget of the European Communities would be that the Guidance Section of the EAGGF would bear

35 per cent of eligible expenditure for the compensatory allowance referred to at Title II of Directive 75/268/EEC.

This step, which the Commission proposes should be effected by way of a distinct common action, would not constitute a permanent addition to Directive 75/268/EEC.

The Commission's text does not indicate what this particular proposal could be expected to cost the general budget of the European Communities.

- (b) A special Community contribution to repair the damage caused to agriculture (COM(76)278 final).

This proposal is justified at paragraph 2 of the Commission's text which outlines the extent of the damage caused to farm buildings and co-operative establishments' general infrastructure. The list given - and which is not exhaustive - indicates the extensive nature of the catastrophe.

This proposal envisages an adaptation of the dispositions applied in 1966 when disastrous flooding struck Italy. The Commission envisages that those affected by the disaster would transmit to it, through the Italian authorities, projects for the reconstruction and improvement of

- (i) agricultural means of production; and
- (ii) installations for the sale and processing of agricultural products.

It is envisaged by the Commission that Community aid for projects concerned could amount to 45 per cent of the amount of investment involved; the Italian State would make up the difference between the amount of the Community aid plus the share borne by the beneficiary and the total investment involved.

No estimate has been furnished by the Commission for the total amount likely to be involved.

- (c) The third prong of the Commission's suggested programme concerns special emergency assistance to help with the reconstruction and improvement of economic and social structures in the Friuli area (COM(76)279 final).

The Commission envisages that the Council could adopt an ad hoc regulation to cover the situation and refers to the possibility of setting aside 15 m.u.a. for the purpose of infrastructural reconstruction. Ceilings of 30 per cent are suggested for the Community's share of public authority

outlay where investments of less than 10 m.u.a. are concerned and of between 10 per cent and 30 per cent where investments of over 10 m.u.a. are involved. Community participation could also take the form of an interest subsidy of four points on loans contracted by public authorities in connection with the infrastructural work in question.

#### Time limit on the proposals

4. The proposed Community solidarity action is not open-ended:
- in the case of draft decision (COM(76)276 final) (less-favoured areas), the duration of the common action is fixed at four years (Article 2(2));
  - in the case of the proposal regarding the general reconstruction and improvement of the agricultural potential (COM(76)278 final), the final deadline for the submission to the Commission is 31 December 1976 (Article 3(a)); and
  - for the infrastructural proposal involving the Regional Fund (COM(76)279), a deadline of 31 December 1976 for the submission of requests for aid is set, also (Article 4(2)).

These deadlines would have the effect of ensuring that the special Community solidarity action did not drag on and that the special simplified procedures do not continue to operate over an inordinately long period.

#### Control aspects

5. In regard to proposal (COM(76)276 final), the general financial dispositions of Directive 72/159/EEC will apply; in the case of (COM(76) 278 final), Regulation 99/64/EEC should enable effective control to operate. In both of these cases, therefore, a satisfactory level of control should be possible.

In regard to (COM(76) 279 final), however, it is proposed that the Commission may reach decisions in an expedited manner without necessarily consulting the Regional Policy and the Regional Fund Committees.

#### Financial implications

6. While the three proposals of the Commission do not set out particulars of the likely cost of the special measures in question, it is indicated in the draft supplementary budget (No. 1) of 1976 that the action in favour of the Friuli would cost 60 m u.a. - of which 45 m u.a. would be expended in relation to agriculture and 15 m u.a. in relation to infrastructures - for COM(76) 278 final and COM(76) 279 final.

The supplementary budget in question is the subject of a separate report prepared by Mr COINTAT. The cost of COM(76) 276 final, which deals with the assimilation of the communes affected by the disaster with the other communes included under Directive 75/268/EEC, has not been set out separately and may, in fact, not be considerable.

### Conclusions

#### 7. The Committee on Budgets

- noted with concern the grave situation which exists in the Friuli area following the disastrous earthquake and recognized that there is need for Community solidarity action to alleviate the problems and to help restore normal economic and social conditions;
- realized that in the disaster situation prevailing, quantification of the probable level of demands for assistance arising in the Friuli area is fraught with difficulties;
- accepted, therefore the absence of the usual financial statements;
- asked the Commission to report fully on the budgetary aspects of the Community solidarity action in next year's report on the EAGGF;
- approved of the setting of close deadlines for the submission of applications under the proposed arrangements;
- welcomed the fact that, in proposing what might be done to provide emergency aid in this instance, the Commission used to the full the possibilities of existing Community arrangements;
- recognized the need for swift action in the difficult situation prevailing and congratulated the Commission on the speed with which it put forward these proposals;
- asked its Sub-Committee to pay special attention to the control of the expenditure envisaged, in view of the fact that some of the normal checks and verifications may be curtailed when dealing in an accelerated fashion with applications.

Letter from the vice-chairman of the committee to Mr Houdet, chairman of the Committee on Agriculture

Strasbourg, 14 June 1976

Dear Mr Houdet,

The Committee on Regional Policy, Regional Planning and Transport has been asked to give its opinion on the three proposal from the Commission to the Council concerning Community help for Friuli.<sup>(1)</sup> At its meeting of 14 June 1976 <sup>(2)</sup> the Committee considered these three proposals and requested me to write you this letter as representing its unanimous opinion.

The Committee on Regional Policy, Regional Planning and Transport warmly welcomes the speedy initiative taken by the Commission and the swift response by the Council in proposing to make available, by supplementary budget, the sum of 60 m.u.a. to the region of Friuli which suffered the effects of a severe earthquake on 6 May 1976. The Committee recognises also how appropriate it is that the Community should take such swift action to give assistance to a region the inhabitants of which have over the years themselves played a significant role in the development and prosperity of other parts of the Community.

two  
On / of the three Commission proposals the Committee has no specific comments to make since they derive principally from Council Directive No.75/268/EEC on hill-farming and certain less-favoured agricultural areas and from Council Regulation 17/64/EEC on the conditions of giving aid from the European Agricultural Guidance and Guarantee Fund. The Committee would stress, however, that it is highly desirable that Community assistance to Friuli should be given largely in the framework of those instruments bearing in mind the predominantly agricultural nature of the region.

---

<sup>1</sup> COM(76) 276 final, COM(76) 278 final, COM(76) 279 final

<sup>2</sup> Present: Mr Nyborg, acting chairman and draftsman; Mr Meintz, vice-chairman; Mr Gerlach, Mr Hamilton, Mr Kofoed (deputizing for Mr De Clercq), Mr De Koning (deputizing for Mr Mursch), Mr Laban (deputizing for Mr Albers), Mr Martens (deputizing for Mr van der Gun), Mr Premoli (deputizing for Mr Bangemann), Mr Seefeld, Mr Schwabe, Lord Walston (deputizing for Mr Ellis)

The third proposal which will make 15 m.u.a. available for special assistance for repairing infrastructural damage caused by the earthquake is derived from Council Regulation (EEC) 724/75 which set up a European Regional Development Fund. The 15 m.u.a. are of course derived from the supplementary budget and not from the resources of the Regional Development Fund. The Committee notes with satisfaction that though the measures for a posteriori control of assistance are retained in the proposal derogations have been made from those articles of the Fund Regulation which might result in delays in making assistance available. The Committee also welcomes the fact that, though assistance from the Regional Development Fund is mainly confined to industrial projects, in the case of the proposal contained in COM (76)279 fin. Article 1 specifically provides for assistance in the reconstruction of economic and social infrastructures. In the Friuli region it will be necessary not only to give specific help to agriculture but also to the public service, transport and other social infrastructures such as schools and hospitals which form an essential part of the region.

The only reservation the Committee has with regard to this proposal is that Article 4(2) limits applications for assistance to the Commission to 31 December 1976. While recognising the necessity for swift action the Committee considers that this time limit could be unreasonably restrictive and it urges the Commission to ensure that this period can if necessary be extended, if only for a limited time. The same observation applies to the limits of 31 October 1976 and 31 December 1976 laid down by Article 3 of the proposed regulation contained in COM(76)278 final.

Subject to these comments the Committee on Regional Policy, Regional Planning and Transport welcomes the three proposals and hopes that they will be put into effect without delay.

Yours sincerely,

Kai NYBORG  
(Vice-Chairman)

