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Report

of the Audit Board of the European Communities to the European Parliament

on the flat-rate aid granted to Italy from the EAGGF, Guidance Section, with a view to improving production and marketing structures in the unmanufactured tobacco, olives, olive oil and fruit and vegetable sectors

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EUROPEAN COMMUNITIES

AUDIT BOARD

Chairman

Brussels, 8 June 1976

120 rue de la Loi

Tel: 358040

Mr G. SPENALE

President of the European Parliament

European Centre

Kirchberg

LUXEMBOURG

Dear Mr President,

I have the honour to send you the report drawn up by the Audit Board comprising a detailed analysis of the soundness of the financial management of the flat-rate aid granted to Italy with a view to improving production and marketing structures in the sectors of unmanufactured tobacco, olives, olive oil and fruit and vegetables.

This report has been prepared to meet the requirement in point 7 of the European Parliament's resolution of 14 October 1974 on the Second Financial Report of the EAGGF (1972) presented by the Commission of the European Communities to the Council and the European Parliament.

The Audit Board first examined the documentary evidence submitted by Italy to the Commission of the European Communities but, finding it inadequate, it decided on 14 May 1975 to approach the Italian authorities for facilities to consult the document and dossiers of the appropriate national administrations. These consultations, comprising on-the-spot visits to the bodies concerned in Rome and in some of Italy's regions, could be begun only on 24 October 1975. They were carried out under highly satisfactory conditions and completed at the end of March last.

Yours sincerely,

G. FREDDI

Subject of the report

At its sitting of 14 October 1974 the European Parliament adopted a resolution on the Second Financial Report on the EAGGF (1972) which had been presented to it by the Commission of the European Communities.

In the resolution Parliament invited the Audit Board to draw up, on the basis of Article 90 of the Financial Regulation of 25 April 1973, a detailed analysis of the soundness of the financial management of the flat-rate aid granted with a view to improving production and marketing structures in the sectors of unmanufactured tobacco, olives, olive oil and fruit and vegetables.

The above-mentioned Second Report briefly described the state of utilization by Italy of the flat-rate aid initially granted to it to the total amount of 147.3 m.u.a.

Decisions to grant aid

These flat-rate aids were granted under Articles 4 and 12 of Council Regulation No. 130/66 of 26 July 1966 and under Article 12 (4) of Council Regulation No. 159/66 of 25 October 1966.

The resulting grants break down as follows:

	Tobacco	Olives, olive oil, fruit and vegetables	Fruit and vegetables
<u>Art. 4, R.130/66</u>		45m u.a.	
<u>Art.12, R.130/66</u>	15m u.a.		
<u>Art.12(4),R.159/66</u>			
1st half of 1967			20,000,000 u.a.
1967/68 marketing year			22,969,486
1968/69 marketing year			31,948,124
2nd half of 1969			12,381,929
Totals	15m u.a.	45m u.a.	87,299,539 u.a.
Overall total	147,299,539 u.a.		

The Regulations stipulate that proof of utilization of these sums need only be submitted retrospectively and that the relevant reports must be accompanied by supporting documents.

A derogation was granted in respect of Article 11(2) and Articles 13 to 22 of Regulation No. 17/64 EEC governing the Guidance Section to which these flat-rate aids were charged.

This left as the only applicable provision of the regulation, the definition of structural improvement actions, that is, those which, by the terms of Article 11(1), relate to:

- (a) the adaptation and improvement of conditions in agriculture;
- (b) the adaptation and guidance of agricultural production;
- (c) the adaptation and improvement of the marketing of agricultural products;
- (d) the development of outlets for agricultural products.

The meaning of these four concepts is defined by Article 12 of the same regulation, which also remains in force (see Annex I).

In addition, for tobacco, Article 12 of R.130/66 stipulated that the programme of measures proposed by Italy should be communicated to the Commission before 1 July 1967.

It follows from the above that to be able to assess the regularity and compliance with rules of the actions undertaken, the Audit Board must satisfy itself that:

- the actions were, within the financial limits stipulated, confined to the three strictly limited sectors referred to in the above provision;
- that they can be considered as measures defined in Article 11 in the customary meaning given to that provision by Article 12 of R.17/64.

Furthermore, by the terms of Articles 4 and 12 of R.130/66, the Audit Board must satisfy itself that the expenditure incurred was effected:

- after 1 November 1965 for olive oil
- after 1 January 1966 for fruit and vegetables
- after 1 July 1967 for tobacco.

Availability of funds

The Audit Board's first task with the competent Italian authorities was to satisfy itself that the sums paid out were recorded in the national accounts. The following table shows the information drawn from the financial records consulted at the Italian Treasury:

Grant: m u.a.	Lit	Date of payment by Commission	Date entered in revenue records ¹
45m u.a.	28,125,000,000	1.8.67.	5. 1.68
15	9,375,000,000	10.3.70.	15! 7.70
87.3:			
- 20.000.000	12,500,000,000	31.3.69.	27.11.69
- 22,969,486	14,355,928,750	26.1.70.	4. 6.70
- 31,948,124	19,967,577,500	26.1.71.	1.10.71
- 12,381,929	7,738,705,625	22.12.71.	19. 2.72

¹According to the information obtained, the time-lag is due to processing by the exchange authorities.

Authorization of expenditure by Italian domestic budgetary channels

Italy chose to place the financing of actions thus subsidized by the Community within the framework of the 'green plans' which are governed by two laws, the Law of 2 June 1961 (No. 454) and that of 27 October 1966 (No.910).

Further, Italy has made the allocation of these aids subject only to Article 20 of the Law of 1961 and Articles 9 and 10 of the Law of 1966. Article 20 (of the 1961 Law) and Article 9 (of the 1966 Law) aimed essentially to establish producers' cooperatives and develop relations between them, the idea of processing and marketing of the products being added in 1966. As for Article 10 (of the 1966 Law), investments qualifying for financial aid were designated with a view to providing financial support to development-promoting bodies, or, in areas where these are not active, to agricultural producers' cooperatives, consortia or associations.

An appropriation of 25,000 million Lit was provided for the purposes stipulated in Article 10 of the Law of 1961, to be granted at the rate of 5,000 in a year in the financial years from 1960-61 to 1964-65 while under the Law of 1966 the grants for the financial years 1966 and 1967 are 11,000m Lit each (7,000m under Article 9 and 4,000m under Article 10).

and for the financial years 1968-69 and 1970 they are 16,300m Lit each (11,000m under Article 9 and 5,300m under Article 10).

These appropriations were not broken down by individual economic sectors.

The receipt by Italy of the 45m u.a. did not result in funds additional to the existing national appropriations becoming available: the amount was simply entered in the budget revenue and thus included in the normal budgetary resources for the 'green plan'.

As regards the 15m u.a. granted for tobacco, its allocation, and the rules for its distribution to the beneficiaries, were governed by the Law of 1 August 1969. A corresponding appropriation was made by means of a budgetary amendment.

Two further Laws, one of 18 December 1970, the other of 7 August 1973, were used similarly to increase the appropriations granted to the Ministry of Agriculture under the 'green plan', the first providing for 12,500,000,000 Lit for activities under Article 9 of the Law of 27 October 1966 (No. 910) and 14,355,928,750 Lit under Article 10 of this Law, and the other for 14,706,283,125 Lit under Article 10 of this Law, and the other for 14,706,283,15 Lit for activities under Article 9 of the Law of 27 October 1966 and 13,000m Lit for activities under Article 10 of this Law.

Altogether, then, the national budgetary resources were increased by 102.5 million u.a., while the 45 million u.a. was used within existing appropriations.

Work on documentary material in the Commission's possession

On receipt of Parliament's resolution, the Audit Board availed itself of the documents in the Commission's possession.

The initial exchange of information between the Italian authorities and the Board was conducted on the basis of rather oddly assorted documents, since the form and content of the reports to be submitted had not been agreed in advance. The Board's efforts, therefore, concentrated first of all on obtaining from the Italian authorities standardized evidence on the basis of an agreed schedule.

The first returns were received on 12 August 1973 for tobacco and in February and April 1974 for the other products. There was provision for subsequent six-monthly updating.

These returns were not accompanied by any proper supporting documents. The Audit Board, as stated in its report for 1974 (No.76), decided to approach the Italian authorities for facilities to consult domestic records and extract from them such information as the documentation available to the Commission did not bring out sufficiently clearly.

It was, in fact, impossible to determine exactly the present value of ongoing investments, assess their economic usefulness, or even simply get a clear view of their financial implications, from schedules which originally merely showed the name and registered address of the beneficiary, a very brief description of the project and of its regional location, the amount admissible and estimates on the time for its completion, and which were updated even more laconically with only the dates and the amounts of successive clearance orders.

Work on the Italian authorities' records

The Audit Board approached the Italian authorities by letter of 14 May 1975, and the first meeting was held on 24 October 1975 in Rome.

Since then, successive missions first concentrated on familiarizing themselves with the principles of Italian Civil Service accounting. The major difficulty encountered was that the various flat-rate aids granted by the EAGGF were not shown separately in the budget: information on the commitments and the payments effected had to be obtained from sources other than accounts.

In these circumstances, the work of verification had to be carried out in several stages. Data cards for each project were prepared by consulting the dossiers of completed projects and drawing from them all the necessary information, descriptive and technical as well as financial, so as to identify the completed projects and obtain an accurate picture of the overall financial situation. The choice of completed projects alone as the basis of this work is explained by the fact that under Community regulations retrospective accounts are recognized as proof of the allocation of the funds.

From the same material it was possible to set up a check by means of a survey of a representative sample of investment projects carried out with Community subsidies: the projects were selected mainly for their own special features, or those of the agricultural sector subsidized or of the location of the project.

Finally, for a picture of the state of progress of ongoing projects, data on commitments and payments were obtained: generally from the 'regionera centrale', or, to a lesser extent, from the files of the Ministry of Agriculture.

The results of these checks, which required the examination of many hundreds of dossiers, are shown, for the situation at 31 December 1975, in the tables in Annexes II, III, IV and V.

In addition, Annex VI contains a brief summary of the findings of on-the-spot visits (71) to beneficiaries of the aids (40 in the fruit and vegetable sector, 19 in the olives and olive oil sector and 12 in the tobacco sector).

Comments by the Audit Board

In Italy the procedures for making Community resources available to beneficiaries are those which apply to the implementation of the 'green plans'.

The local Agricultural Inspector draws up a short report on each application.

The commitment to grant a subsidy - of 40% to a maximum of 50% for projects falling directly or by analogy (tobacco) under Article 9 of the Law of 1966, of 100% for those falling under Article 10 of that Law - is effected by a ministerial (or regional) granting decree.

All applications for partial or total payment require a 'Collaudo' (report of approval). This acceptance of the work carried out is embodied in a report signed by three (in the autonomous regions: one only) officials, representing the Central Administration, the local Inspector and the Civil Engineering Department. The report states the nature and real cost¹ of the investment and the amount admissible for subsidy.

On receipt of the acceptance report, the Central or Regional Administration issues a 'clearance order' on which the 'authorization of payment' can follow.

Under the domestic regulations a percentage of the amount to be cleared (usually 3%) is levied on most projects as an administrative fee together with a stamp duty of 150 Lit.

¹ It should be noted that the cost of civil engineering work is not counted as the amount invoiced, but is computed globally from the quantity recorded by the Department at a fixed rate per m³ which is laid down by the Ministry of Public Works.

Once payment has been effected, details of the amounts paid (gross, deductions, net) are entered by the Treasury in its accounts.

The state of progress on payments made to beneficiaries and, consequently, the amount of utilization of appropriations earmarked for the purposes laid down in the Community regulations, are shown in the statement for 31 December 1975.

It will be seen that only the following operations have been fully completed and hence definitively charged by Italy to Community aid:

11,452,672 u.a. (or 25.5% of the 45m u.a.) for olives, olive oil and fruit
and vegetables - Annex III

8,086,306 u.a. (or 53.9% of the 15m u.a.) for tobacco - Annex III

17,326,478 u.a. (or 19.8% of the 87,299,539 u.a.) for fruit and
vegetables - Annex IV

In other words, transactions relating to on-going projects cannot be definitively accounted for, since the total amounts involved are subject to all kinds of changes (cancellations, cuts, etc.). And this, indeed, is one of the reasons why it is extremely difficult to sort out the successive reports submitted to the Commission of the European Communities.

It can at best be said that by the end of 1975:

- under Article 4 of R 130/66 commitments for on-going projects were very considerably in excess of actual needs for completion of the operation. But it is impossible to discover how much of the 53.3% paid out on these projects should be added to the 25.5% to obtain the total outlay on the projects on which reports have been submitted (Should it be 35,459,669 u.a. or 78.8% of the 45m u.a.?).
- under Article 12 of R 130/66 the commitments now figuring in the accounts amount to nearly the total of the grant (53.9% + 45.4% = 99.3%), indicating that further projects can still be accepted, since the payments amount to 53.9% + 16.6%, i.e. 70.5% of the 15m u.a. (= 10,576,825 u.a.)
- under R 159/66 commitments so far cover only 78.7% of the grants, payments effected representing only 29.8% of the 87,300,000 u.a. (= 26,052,778 u.a.).

Obviously, any comments on uncompleted projects must be provisional, not only because of the uncertainty as to the 'definitive' total amounts, but also as to the admissibility of some of the projects - a question which has not been examined and is not dealt with in the present report.

Some remarks are called for on the regularity of the operations measured against Community rules.

If the date of the granting decree (commitment) is accepted as the date of the 'expenditure incurred' (within the meaning of Articles 4 and 12 of Regulation 130/66), it can be asserted that all completed projects are admissible since in each case this date is subsequent to those stipulated in the regulation (see page 2 above).

On the other hand two completed projects¹ have been wrongly attributed to agricultural sectors eligible for this aid:

- project No. 14 R 130/66: enlargement of a sugar refinery at a cost of Lit. 122,860,000 or 196,576 u.a.
- project No. 10 R 159/66: (Lit. 34,733,245 or 55,573 u.a.) where what was constructed as a 'fruit and vegetable centre' is used exclusively for potatoes and cereals.

It was recalled above (page 2) that the concept of structural improvement had the meaning given to it explicitly by Regulation 17/64 (Articles 11(1) and 12 - see Annex I). The relevant jurisprudence has consistently refused to recognize the purchase of property² as eligible for Community financing. If this rule is applied, as it should be, to the activities discussed in the present report, a whole series of completed projects, all in the fruit and vegetable sector, whether or not they have been inspected on the spot, can be identified as outright property purchases:

¹This was pointed out in the Audit Board's report in connection with an on-going project with a commitment of 6,140,000,000 u.a. for a flower-growing centre which was classified among public-sector fruit and vegetable projects. This goes to illustrate the provisional nature of any information concerning uncompleted projects.

²Italy considers that the acquisition of property is an acceptable type of investment. The Community has consistently held out against property purchases on the argument that mere change of ownership is not a structural improvement within the meaning of Articles 11 and 12 of R 17/64.

Regulation	Project No.	Inspection		Totals under the regulation	
		on the spot	documentary	in Lit.	in u.a.
130/66	12		37,377,500	411,200,555	657,920
	13		16,930,045		
	24	99,690,000			
	26		94,306,200		
	30		162,896,810		
Total		99,690,000	311,510,555		
159/66	59	333,994,850		1,948,527,755	3,117,644
	68	458,719,600			
	81		108,801,510		
	128		128,612,850		
	132	162,800,975			
	167	200,804,620			
	168		192,919,350		
	20 T		286,700,000		
24 B		75,174,000			
Total		1,156,320,045	792,207,710		
Overall totals		1,256,010,045	1,103,718,265	2,359,728,310	3,775,564

Financial management

The samples selected for an extensive tour through the Italian provinces and regions (both with and without special status) where the completed subsidized projects are located, provide useful information on three points:

- execution of the project in conformity with the granting decision
- achievement of the economic objectives pursued
- appraisal from the results achieved, of the soundness of the financial management.

The findings under the first heading are altogether favourable, since, in all the projects visited, the buildings and installations - which are generally described in the 'collaudo' report - were found to correspond to the proposal on the basis of which financial aid had been granted. Even in those cases where subsequent replacements had been made, the financial arrangements were such that the effectiveness of the subsidy granted had not been diminished.

Essentially, Italy's aim - both in respect of actions falling under Article 4 of R.130/66 and those under R.159/66 - was, as indicated by the texts of the national legislative acts on which the financing of the completed¹ projects was based, to develop cooperative activities.

¹No project falling within the scope of aids to public development-promoting bodies (Article 10 of the Law of 1966) had been completed by the end of 1975.

On the whole, this objective has been attained where this was possible, i.e. in those localities (particularly in the south of Italy) where there was still a need to initiate or encourage cooperative activity: striking examples are provided by the growth of the cooperatives in the Campania, in Apulia, the Abruzzi, the Marches, and the Aosta Region.

Elsewhere, the projects were used rather to modernize existing installations of already well-established cooperatives (this was the case of the special-status regions, except Aosta). Indeed some of the work done seems, if not peripheral, at least more remotely related to the concept of production (re-roofing - No.19 R. 159/66, Trento; roadworks and partition walls - Nos. 12, 25 and 26, R. 159/66, Trento).

Appraisal of sound financial management proved, in the circumstances, a particularly difficult and delicate task.

Italy has incorporated the actions in favour of the olive-oil, olive, and fruit and vegetable sectors into two 'green plans', and in fact almost exclusively that for 1966-1971.

It is impossible, therefore, to obtain an overall view of the policy pursued under these 'green plans' without making an appraisal of the plans themselves - something which the Audit Board obviously cannot do, both on principle and in practice.

This is why, it is from the findings reported above, and from them alone, that the validity of these actions under the aspects here considered must be judged - with all the ambiguities that the method implies.

It should, however, be added that among the projects visited:

- some of the investments resulted in a productive capacity out of proportion to actual needs (compare Nos. 30 and 102 in Umbria) .
- others had failed to achieve the expected improvement in production (No. 170 in Umbria, No. 15 in Veneto, Nos. 161 and 1025 in Apulia, No.22 in the Abruzzia)
- the siting of similar installations in the same locality or in close proximity suggests that some non-economic considerations may have played a part in the granting of aids (Nos. 126 and 15 in Veneto, Nos. 11 and 3 in Apulia, Nos. 63 and 48 in the Abruzzi).

The replication of investment projects in the same or proximate geographical areas is all the more unprofitable because work in the agricultural sectors to which the aid applies is strictly seasonal. The oil-mills operate for only 100 days in the year and there are no other opportunities for employment of the local population: at best it can be

said that in the most favourable cases the cooperative members can use the mill as a warehouse for their produce. On the other hand, while work on fruit and vegetables is also seasonal, centres having sufficiently large capacity - provided they can also be used for quite sophisticated processing of the produce (e.g. down to prepacking for retail sale), can operate nearly all the year round. This is also the case when product diversification allows staggering of the work.

The above observations, resulting from a comparison of the projects visited, can, however, only lead us to deplore the lack of a coordinated programme for actions financed by the Community. In the absence of such a programme it is extremely difficult to judge whether the actions are on the whole economically advantageous.

The last remark does not apply to tobacco, for which the programme of 26 June 1967 proposed by Italy has been dealt with by a Commission recommendation of 6 May 1968 (Annex VII).

Briefly, Italy's aim was to give priority to bodies (existing or to be established) of the producers' association type so as to reduce the fragmentation of the various production stages. The productive and marketing structures were to be developed and modernized (by purchase of equipment, irrigation, agricultural water supply, pest control). The Commission, on its part, required new experimental work to promote conversion to more competitive varieties of tobacco and the establishment of minimum production capacities for installations intended to improve the market value of the product.

Visits to the undertakings confirmed that where there has been sufficient substitution of the 'Bright', 'Burley' or 'Kentucky' varieties for the native varieties of tobacco (e.g. No. 217 in Lazio, No.823/1 in Veneto, No. 1025 in Apulia), the enterprises do not encounter the difficulties in disposing of their product to which the factories producing too high a proportion of the traditional (Oriental) varieties are exposed (e.g. No. 1204 in Lazio, No. 539/540 in Apulia).

Finally, there is the fact that the lengthy delays in completing the projects - delays on which the Audit Board may not pronounce, since on this particular point the Commission of the European Communities has started proceedings under Article 169 of the Treaty - considerably reduce the effectiveness of these actions, the cost of which over ten years has increased very significantly. But here, again, the situation varies between sectors. It is more satisfactory in the tobacco sector, where Community financing has imposed new large-scale initiatives, and where, by the end of 1975, the entire (99.7%) funds available had been committed and the greater part (53.9%) of the projects had been completed and paid for (Annex III).

In the other sectors it was the domestic provisions (the 1961-66 and 1966-71 'green plans') which applied and were operative.

The appropriations had been made under the Italian budget and the 45m u.a. had merely been included in the budgetary resources. The initial two-year delay in releasing funds under Regulation 159/66, however, is explained by the date at which the last tranche of the finance was made available (in 1973).

It will be noted that the applications were submitted during the years covered by the 'green plans' and that the applications for a considerable part of those projects which have now been completed had been submitted long before the regulation was issued.

An examination of the time-lags at different stages in the procedure shows that the delays are essentially due to the time which elapses before the initial granting decision is made - though the matter is not serious enough to call for an extensive investigation.

CONCLUSIONS

After the above factual account of the positive, the less positive, features noted in the Audit Board's examination, its main comments must now be summarized.

Adequate data for an external audit exercised at a time when the activities in question have already been planned and are underway cannot be obtained without a minimum of preliminary organization that would enable the auditors to grasp the objectives, the accountancy and the background of the individual actions being financed.

In particular, it is essential for the report which is required under the regulations and is submitted retrospectively to be accompanied by supporting documents. Elementary principles of administrative practice would have required the Community and Italy to have come to a prior understanding as to the nature and scope of this supporting evidence. Similarly, the form of the vouchers to be submitted to the Community could have been easily agreed in advance on the basis of Italian domestic practice. Thus the 'collaudo' report could have been used as an essential piece of evidence if it was always drawn up - as it is in many cases - in a standard and precise form, comprising:

- the quantity of civil engineering work and its cost
- a schedule of invoices for the equipment, with sufficient information to identify each item.

Drawn up in this way, such a document, given its official nature, could be easily verifiable, providing an ideal basis for preparatory work to spot-checking.

If accounts only were to be relied on, it would have been essential, both to the bodies administering the aids and to the Community authorities, to be able to cross-check them easily and at all times with the public accounts. In the absence of such arrangements, the Audit Board was obliged to devote a tremendous amount of time to reconstituting the accountancy data.

The numerical statements thus obtained appear to be anything but an improvement on those contained in the Audit Board's previous reports which were based solely on the documentation available to the Commission of the European Communities. One reason for the difference is a certain laxity in the joint preparatory work on the requirements for supporting evidence.

In the first place, what is to be considered as aid to the beneficiary must incontestably be the actual amount received by him, that is, the amount clear of any deductions. The amount shown in the partial reports is always a gross amount.

Secondly, payment must be considered to have been effected at the moment when the finance is made available to the ultimate beneficiary, that is, to the person in charge of the investment project, and not - as in the statements submitted - the moment at which, for administrative reasons, the money is received by an intermediary (when it is entered in a regional budget, for example).

Finally, as regards national projects, there has been a departure from the proper concept of commitment which is directly linked with the act of signing of the granting decree by the appropriate Minister.

In the appraisal of the supporting evidence, the task of auditing was made easier by the fact that all the completed projects had only been subsidized up to 50% of the qualifying amounts invested. This meant, in particular, that, whenever the total of the vouchers submitted equalled or exceeded the subsidy, it was possible to disregard partial purchases below that percentage and to omit lengthy searches in old documents. This, however, will not be the case for the 'national' projects which are financed at 100% and which will require more detailed, and therefore more laborious, checking.

If the fundamental criteria for the eligibility of projects described in the present report were to be ultimately applied, the proportion of completed and paid up operations would become much smaller still: for

whereas the data concerning tobacco would remain unchanged, the number of completed projects falling under Article 4 of R 130/66 (Annex II) would reduce to 144, accounting for 23.55% of the 45 m.u.a. grant, and completed dossiers under R 159/66 (Annex IV) to 142, accounting for 16.2%.

Finally, it is worth emphasizing the value of direct contracts between the external audit body and the agencies administering Community aid. Had the Financial Regulation offered this opportunity earlier, it would have been possible to discuss some of the fundamental problems referred to in this report and to settle the question of the supporting evidence at a time when the aid-administering State was still in a position to alter its practices.

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Sections of Regulation 17/64 applicable to actions
stipulated in Regulations 130/66 and 159/66

GUIDANCE SECTION

1. Field of application

Article 11

1. Action taken by the Guidance Section of the Fund shall relate to:

- (a) the adaptation and improvement of conditions of production in agriculture;
- (b) the adaptation and guidance of agricultural production;
- (c) the adaptation and improvement of the marketing of agricultural products;
- (d) the development of outlets for agricultural products.

2. The types of action indicated in 1 (a) and (b) may be taken in respect of agriculture; those indicated in 1 (c) and (d) may be taken in respect of agricultural products when these products are made subject to the common organisation of markets.

Article 12

1. For the purpose of Article 11 (1) 'adaptation and improvement of production conditions' means the promotion by action on the farms themselves, or within a group of farms, or externally, of an effective combination of the factors affecting agricultural production, in order to make the best possible use thereof within the framework of the economy as a whole.

2. For the purposes of Article 11 (1) 'adaptation and guidance of production' means:

- (a) the quantitative adaptation of production to outlets;
- (b) improvements in the quality of the products.

3. For the purposes of Article 11 (1) 'adaptation and improvement of the marketing of agricultural products' means the provision of facilities, on the farms themselves, or within a group of farms, or externally, in respect of the following aspects:

- (a) improvement of storage and preservation;
- (b) obtaining the best return from agricultural products;
- (c) improvement of marketing channels;
- (d) better knowledge of the data relating to price formation on the markets for agricultural products.

4. For the purposes of Article 11 (1) 'development of outlets for agricultural products' means action by the Community to increase the consumption of certain agricultural products within the framework of the common agricultural policy in accordance with Article 41 (b) of the Treaty.

Regulation 130/66 - Article 4 (Grant 45:m u.a.)

in Lit

	Projects completed		Projects not completed			Total	
	Number	Net payments	Number	Commitments	Net payments	committed	paid
<u>Olives and olive oil</u>							
Article 10, Law of 1966 (Public sector)			2	6,980,979,700	5,539,360,730	6,980,979,700	5,539,360,730
Article 9, Law of 1966 (Development of cooperatives)	120	5,064,858,079	28	1,702,395,447	303,064,361	6,767,253,526	5,367,922,440
Totals in Lit	120	5,064,858,079	30	8,683,375,147	5,842,425,091	13,748,233,226	10,907,283,170
Totals in u.a.		8,103,773		13,893,400	9,347,880	21,997,173	17,451,653
<u>Fruit and Vegetables</u>							
Article 10, Law of 1966 (Public sector)			5	19,372,525,500	9,142,642,901	19,372,525,500	9,142,642,901
Article 9, Law of 1966 (Development of cooperatives)	30	2,093,061,955	1	35,000,000	19,305,310	2,128,061,955	2,112,367,265
Totals in Lit	30	2,093,061,955	6	19,407,525,500	9,161,948,211	21,500,587,455	11,255,010,166
Totals in u.a.		3,348,899		31,052,041	14,659,117	34,400,940	18,008,016
Overall totals in Lit	150	7,157,920,034	36	28,090,900,647	15,004,373,302	35,248,820,681	22,162,293,336
Overall totals in u.a.		11,452,672		44,945,441	24,006,997	56,398,113 ¹	35,459,669
Percentage of the 45 million u.a.		25.5 %		99.9 % ¹	53.3 % ²	125.3 % ¹	78.8 %

¹ Including current commitments, the committed supplement becomes 11,398,113 u.a.

² The part payments are given for the whole of current commitments and it is impossible to express them as a percentage of the projects for which evidence will be submitted.

Regulation 130/66 - Article 12 - Tobacco

(Grant: 15 m u.a.)

in Lit.

Location	Projects completed				Projects not completed						Total	
	administered by the Ministry		decentralized		administered by the Ministry			decentralized			committed	paid
	Num ber	Net payments	Num ber	Net payments	Num ber	Commitments	Net payments	Num ber	Commit- ments	Net pay- ments		
National project	1	82,395,615									82,395,615	82,395,615
Veneto	7	181,130,365	8	61,143,660	2	101,869,700	95,890,530				344,143,725	338,164,555
Marches	1	21,452,845									21,452,845	21,452,845
Tuscany			8	49,410,840	1	602,622,000					652,032,840	49,410,840
Umbria	8	3,293,500,050			3	1,593,949,520	691,080,815				4,887,449,570	3,984,580,865
Lazio	4	373,600,470	5	56,286,800				1	8,094,000		437,981,270	429,887,270
Campania	5	277,885,620	213	180,442,270	1	611,217,200	338,721,625				069,545,090	797,049,515
Abruzzi			1	5,443,920							5,443,920	5,443,920
Apulia	3	314,757,185	138	156,491,852	5	1,338,338,000	430,881,535				1,809,587,037	902,130,572
Totals in Lit	29	4,544,722,150	373	509,219,342	12	4,247,996,420	1,556,574,505	1	8,094,000		9,310,031,912	6,610,515,997
Totals in u.a.		7,271,555		814,751		6,796,794	2,490,519		12,950		14,896,051	10,576,825
Total commitments		8,086,306					6,809,745				14.99 %	
Total payments		8,086,306							2,490,519			10 %
Percentage of the 15 million u.a.		53.9 %				45.4 %		16.6 %			99.3 %	70.5 %

Regulation 159/66 - Fruit and vegetables
in Lit.

Annex IV

	Projects completed		Projects not completed			Total	
	Number	Net payments	Number	Commitments	Net payments	committed	paid
Article 9, Law of 1966 (Development of cooperatives)	81	7,704,225,336	93	11,669,567,630	1,564,725,825	19,373,792,966	9,268,951,161
Article 10, Law of 1966 (Public sector)	-	-	6	18,457,403,000	3,125,205,071	18,457,403,000	3,125,205,071
Totals in Lit	81	7,704,225,336	99	30,126,970,630	4,689,930,896	37,831,195,966	12,394,156,232
Totals in u.a.		12,326,761		48,203,153	7,503,889	60,529,914	19,830,650
Carry-over on projects of regions with special status, in u.a.	71	4,999,717	16	3,161,816	1,222,411	8,161,533	6,222,128
Overall total in u.a.	152	17,326,478	115	51,364,969	8,726,300	68,691,447	26,052,778
Percentage of the 87,229,539 u.a.		19.8 %		58.8 %	10 %	78.7 %	29.8 %

PE 45.093/Ann.IV.

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Regulation 159/66 - Fruit and vegetables
Special-status regions
in Lit

	Grant	Projects completed		Projects not completed			Remainder of grant	
		Number	Net payments	Number	Commitments	Net payments	to be committed	to be paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1) - (5+3)	(8) = (1) - (6+3)
Sicily	1,900,000,000	1	885,289,830	-	-	-	1,014,710,170	1,014,710,170
Sardinia	2,500,000,000	1	132,684,515	4	754,068,435	425,169,960	1,613,247,050	1,942,145,525
Val d'Aosta	310,000,000	1	27,476,433	1	173,593,017	114,688,000	108,930,550	167,835,567
Friuli Venezia Giulia	650,000,000	1	289,954,797	4	253,704,663	-	106,340,540	360,045,203
Trentino-Upper Adige	600,000,000	28	600,000,000	-	-	-	-	-
Prov. of Bolzano	1,070,000,000	21	385,361,678	5	684,596,900	191,247,655	41,422	493,390,667
Prov. of Trento	930,000,000 ¹	18	804,056,100	2	110,172,000	32,901,120	15,771,900	93,042,780
Total in Lit.	7,960,000,000	71	3,124,823,353	16	1,976,135,015	764,006,735	2,859,041,632	4,071,169,912
Total in u.a.	12,736,000		4,999,717		3,161,816	1,222,411	4,574,467	6,513,872

¹ 13,000 Lit were made available to the Ministry of Agriculture

Summary of on-the-spot findings

Province of Lazio

1. No. 24 R. 130/66 - Tarquinia amount paid: Lit 99,690,000
Purchase of tomato packaging equipment for 250 million Lit. Had been inoperative before addition of this equipment. Some of the existing machinery was useless.
2. No. 72 R. 130/66 - Canino amount paid: Lit 44,725,270
Enlargement of an oil-mill needed to cope with increased production (from 1,000 tonnes in 1969/70 to 23,000 tonnes in 1974/75). The producers were getting 800 Lit per kilogramme of oil in 1969/70 and 1,820 Lit in 1974/75.
3. No. 10 R. 159/66 - Grotte di Castro amount paid: Lit 34,733,245
Construction of a fruit and vegetable harvesting, processing and marketing centre.
Designed for a capacity of 10,300 tonnes of potatoes and 400 tonnes of strawberries: quantities handled:
2,800 tonnes of potatoes in 1974
4,300 tonnes of potatoes + 800 tonnes of wheat +
100 tonnes of strawberries in 1975.
Membership fell from 492 in 1969 to 136 in 1975.
4. No. 217 R. 130/66 - Tobacco - Viterbo amount paid: Lit 234,523,100
Extension and equipping of tobacco drying and processing plant. The 600 members were thus able to increase the output of 'Bright' tobacco, 20% of which went to the export market.
5. No. 1204 R. 130/66 - Tobacco - Sutri amount paid: Lit 38,606,230
Sorting and drying/fermenting plant for Oriental tobacco. In contrast to the preceding project, the size of the unsold stocks in this case illustrates the difficulty in disposing of this type of tobacco.

Province of Umbria

6. No. 30 R. 130/66 - Trevi amount paid: Lit 26,273,910
Construction of an oil-mill with a capacity of 1,200 tonnes of olives, while since 1970 output had not exceeded 500 tonnes. Specializing in high quality products, the partners were able to obtain 1,740 Lit per kilogramme of oil compared with 700 Lit per kilogramme in 1968. Only 50% of productive capacity, however, is being utilized.

7. No. 102 R. 130/66 - Spello amount paid: Lit 33,735,885
 Construction of an oil-mill with a capacity of 4,500 quintals of olives.
 The new plant is identical with that in the preceding project, but here the capacity corresponds to actual requirements.
8. No. 1230 - Tobacco - Deruta amount paid: Lit 54,106,040
 Research project: construction of 10 driers for 'Bright' tobacco to a new design, more profitable than the traditional model, and comprising specialized equipment. Many cooperatives have installed equipment of this type.
9. No. 836 R. 130/66 - Tobacco - Città di Castello amount paid: Lit 496,873,920
 Establishment of 7 tobacco-drying units of the Deruta pilot-plant type.
10. No. 1224 R. 130/66 - Tobacco - Città di Castello amount paid: Lit 433,051,130
 Development of the preceding project. In both cases an attempt has been made to introduce modern methods allowing improved processing of larger quantities of tobacco which individual producers were not able to achieve.
11. No. 31 R. 130/66 - Città di Castello amount paid: Lit 20,164,295
 Construction of an ice making and storing plant for a fruit and vegetable centre.
12. No. 170 R. 159/66 - Città di Castello amount paid: Lit 28,748,895
 It was originally intended to enlarge the centre by constructing 5 cold-storage rooms; only the walls have been built, so that the covered space has been extended without, however, increasing long-term storage capacity.
 Highly diversified output, including peppers, strawberries and even chrysanthemums (29,000 in 1973).

Emilia Region

13. No. 100 R. 159/66 - Forlimpopoli amount paid: Lit 186,279,330
 Purchase (for 90,000,000 Lit) and extension of an old fruit and vegetables firm, the total cost of the project being Lit 455,373,519. Fruit output rose from 1,962 tonnes in 1969/70 to 3,982 tonnes in 1972/73, to 4,844 tonnes in 1974/75 and to 7,371 tonnes in 1975/76.
 The sum shared out among partners increased tenfold between 1970 and 1975.

14. No. 68 R. 159/66 - Cotignola amount paid: Lit 485,719,600
Purchase of 2 firms producing fruit juices and syrups.
Affects approximately 8,000 producers belonging to 32 cooperatives.
15. No. 14 R. 130/66 - Ostellato amount paid: Lit 122,860,000
Enlargement of sugar refinery.
16. No. 167 R. 159/66 - Migliarino amount paid: Lit 200,804,620
Purchase of a fruit and vegetable cold store by a second-level cooperative body grouping 80 cooperatives and 420 individual members.
17. No. 19 R. 130/66 - Portomaggiore amount paid: Lit 114,191,275
Construction of a fruit and vegetable cold store, which, although undertaken in the expectation of production rising to 13,000 tonnes has not produced any appreciable improvement in that respect (output was 4,000 tonnes in 1966/67 and 4,500 tonnes in 1975, while membership rose from 80 to 85).
18. No. 4 R. 130/66 - Fiesso Umbertino amount paid: Lit 77,113,930
Construction of a fruit and vegetable cold store justified by an increase in output from 2,900 tonnes in 1969/70, and 3,200 tonnes in 1973, to 9,700 tonnes in 1974. The last figure was partly the result of other, subsequent, extensions.

Veneto Region

19. No. 15 R. 130/66 - Rovigo amount paid: Lit 144,141,110
Construction of a new 8,000 tonne cold store raising processing capacity to 11,000 tonnes.
Actual output was only 3,400 tonnes in 1971, 8,600 tonnes in 1973, 7,100 tonnes in 1974 and 6,000 tonnes in 1975.
20. No. 830/1 - Tobacco - Noventa Vicentina amount paid: Lit 47,271,755
Conversion and modernization of heating and electrical equipment and cleaning, sorting and drying installations for 'Forchheimer', 'Havana IIc' and 'Nostrano del Brenta' tobaccos.
Output: 300 tonnes in 1973, 330 tonnes in 1974 and 430 tonnes in 1975.
The enterprise failed to obtain orders for 50% of the last harvest: it is now experimenting with the 'Maryland' variety for which demand is greater.

21. No. 823/1 - Tobacco - Sanguinetto amount paid: Lit 31,085,975
Connection of a dryer and other installations.
Annual output: 250 tonnes of several varieties which are easily exported (to Germany, Portugal, etc.).
22. No. 126 R. 159/66 - Terrazzo amount paid: Lit 200,965,890
Extension of refrigerated storage capacity for fruit and vegetables.
Output rose from 10,000 tonnes in 1972/73 to 14,000 tonnes in 1975.
23. No. 15 R. 159/66 - Begosso di Terrazzo
amount paid: Lit 107,707,300
Refrigerated storage capacity for fruit and vegetables increased to 6,500 tonnes.
Output fell from 11,500 tonnes in 1972 to 8,800 tonnes in 1974.

Campania Province

24. No. 7 R. 130/66 - Tobacco - S. Maria Capo Vedere
amount paid: Lit 82,395,615
Building and equipment of a plant at Ponte Cagnano and additional equipment for the S. Maria Capo Vedere factory. This is a public-sector enterprise. Although the productive capacity has been raised to 100,000 quintals, the factory's output is only 69,000 quintals.
25. No. 45 R. 130/66 - Giffoni Valle Piana
amount paid: Lit 55,509,905
Construction and equipment of an oil-mill. Membership has risen from 180 to 220. Oil output is up to 2,000 quintals from 10,000 quintals of olives.
26. No. 88 R. 159/66 - Montemiletto amount paid: Lit 25,797,125
Construction of a walnut production centre. Membership has risen from 230 to 280, but the output from 706.48 hectares dropped from 11,300 quintals to 5,500 quintals.
27. No. 64 R. 130/66 - Paduli amount paid: Lit 4,225,755
Producer with an output of 80 quintals of Burley and Kentucky tobacco.
28. No. 246 R. 130/66 - Paduli amount paid: Lit 1,471,670
Producer with an output of 50 quintals of Burley and Kentucky tobacco.
This was for drying-sheds of a type which enable small farmers to give the tobacco a preliminary drying before despatching it to the factory.

Apulia Region

29. No. 110 R 130/66 - Squinzano amount paid: Lit 80,155,710
Construction and equipment of an oil-mill. Membership has risen from 129 to 234. The output of olives has increased from 43,000 quintals to 69,000 quintals, but only 24,000 quintals are used for making oil. The plant works 100 days per year with an annual output of 4,000 quintals of oil.
30. No. 146 R. 130/66 - Carmiano amount paid: Lit 52,546,735
Construction and equipment of an oil-mill. Membership has risen from 48 to 262. The expected output of 1,900 quintals of oil from 10,000 quintals of olives has been achieved and is returned in full to the producers. The cost of processing is 1,490 Lit per quintal of oil.
31. No. 9 R. 159/66 - Galatina amount paid: Lit 11,361,660
Modernization of equipment in a fruit and vegetable centre. Membership has increased from 40 to 150. Output is up to 8,000 quintals of water melons, 6,000 quintals of potatoes, 2,000 quintals of peppers and 2,000 quintals of various vegetables. Operates 4 months in the year.
32. No. 14 R. 159/66 - Brindisi amount paid: Lit 36,119,065
Construction and equipment of a fruit and vegetable centre. Membership has increased from 199 to 3,800, including 2,000 individuals and 7 cooperatives. Output includes 30,864 quintals of artichokes, 51,357 quintals of table grapes, 21,289 quintals of peaches, 10,069 quintals of melons and 16,000 quintals of other items. There is full utilization of capacity.
33. No. 2 R. 130/66 - Ostuni amount paid: Lit 63,580,595
Construction and equipment of an oil-mill. Membership is 800, including 500 individual producers (compared with 122 in 1965). The output is 20,000 quintals of olives, giving 3,800 quintals of oil (full capacity utilization).
34. No. 5 R. 130/66 - Ostuni amount paid: Lit 39,040,785
Construction and equipment of an oil-mill. Membership has increased from 200 to 1,200. Output rose from 10,000 quintals in 1974 to 19,000 quintals of olives in 1975, with an average 20% yield of oil. Operates 120 days in the year.

35. No. 161 R. 159/66 - Castellana Grotte amount paid: Lit 13,837,090
Extension of a cherry-processing centre.
Membership has risen from 328 to 384. Output, which was 4,450 quintals in 1971, fell to 1,420 quintals and rose again to 1,877 quintals in 1975, while capacity is 20,000 quintals.
36. No. 36 R. 130/66 - Castellana Grotte amount paid: Lit 48,959,650
Construction and equipment of an oil-mill. Membership has risen from 131 to 430. Although the capacity is 10,000 quintals of olives, it was possible to process 33,000 quintals of olives in 1971/72 by extending the working period. The oil yield was 20%. In 1973/74 the amount processed was 13,500 quintals of olives and in 1974/75 8,500 quintals.
37. No. 106 R. 130/66 - Castellana Grotte amount paid: Lit 44,755,075
Construction and equipment of an oil-mill.
Membership rose from 188 to 390. The quantity of olives processed was 9,435 quintals in 1971, 5,500 quintals in 1974/75 and 10,000 quintals in 1975/76, close to the plant's capacity of 13,000 quintals.
38. No. 3 R. 130/66 - Molfetta amount paid: Lit 53,816,990
Construction and equipment of an oil-mill. Membership rose from 113 to 244. 15,000 quintals of olives were processed in 1971/72, with an oil yield of 3,100 quintals; in 1973/74 8,300 quintals of olives and in 1974/75 20,000 quintals. Capacity: 13,000 quintals.
39. No. 10 R. 130/66 - Andria amount paid: Lit 50,902,740
Construction and equipment of an oil-mill. Membership rose from 20 to 139. 6,600 quintals of olives were processed in 1971/72, 12,900 quintals in 1972/73 and 19,800 quintals in 1974/75. Operates 100 days in the year on average.
40. No. 38 R. 130/66 - Canosa amount paid: Lit 68,539,730
Construction and equipment of an oil-mill. Membership rose from 124 to 282. 8,160 quintals of olives were processed in 1971/72, 10,690 quintals in 1972/73 and 12,900 quintals in 1974/75. Restricted capacity meant that a number of orders had to be turned away and were given to private oil-mills of the industrial type.
41. No. 132 R. 159/66 - Trinitapoli amount paid: Lit 162,800,975
Purchase of a fruit and vegetable centre.

42. No. 11 R. 130/66 - Cerignola amount paid: Lit 89,226,485
 Enlargement of a processing plant for table olives. Membership rose from 243 to 473. The quantity of olives processed in 1971/72 was 8,500 quintals, in 1972/73 8,640 quintals and in 1974/75 9,000 quintals. The plant has a capacity of 12,000 quintals and employs 52 workers throughout the year.
43. No. 3 R. 130/66 - Cerignola amount paid: Lit 72,294,435
 Construction and equipment of a processing plant for table olives. Turnover was 250 million Lit in 1971/72, 394 million in 1972/73 and 386 million Lit in 1974/75.
44. No. 539/540 R. 130/66 - Tobacco - Copertino amount paid: Lit 264,831,500
 The 1,050 members produce mainly Oriental tobacco (2,500 quintals per year). The buildings comprise 1 hectare of working area of which only one quarter is taken up by a production line. The situation is similar in the rest of the premises. A large part of those intended for the administration remain unoccupied.
45. No. 1025 R. 130/66 - Cavallino amount paid: Lit 21,006,685
 Construction and equipment of a tobacco processing plant. A private producer who processes the tobacco he grows himself (500 quintals of Herzegovina tobacco). Sells entire output abroad (Germany).

Abruzzi Region

46. No. 63 R. 130/66 - S. Loreto Aprutino amount paid: Lit 45,606,665
 Construction and equipment of an oil-mill. Membership has increased from 112 to 200. In 1971/72 3,941 quintals of olives were processed, in 1973/74 5,434 quintals and in 1974/75 6,500 quintals. The plant's processing capacity is 10,000 quintals, the storage capacity 1,350 quintals, but the oil output is approximately 1,000 quintals per annum.
47. No. 48 R. 130/66 - S. Loreto Aprutino amount paid: Lit 32,384,525
 Construction and equipment of an oil-mill. Membership increased from 58 to 168. In 1971 4,588 quintals of olives gave 900 quintals of oil, in 1973, 3,344 quintals and in 1975 5,229 quintals. Operates only 50 days in the year.
48. No. 25 R. 130/66 - Penne amount paid: Lit 40,213,465
 Construction and equipment of an oil-mill. Membership rose from 279 to 347. In 1971 7,494 quintals, in 1973 4,492 quintals and in 1975

10,329 quintals of olives were processed.

Operates 40 to 50 days in the year.

49. No. 22 R. 130/66 - Ortona amount paid: Lit 33,024,600
Construction and equipment of a table-grape processing plant.
Membership fell from 255 to 136.
In 1971 15,000 quintals, 1973 17,200 quintals, 1975 9,220 quintals were processed.
The plant is too large for the needs it serves, an output of 80,000 quintals having been envisaged in the application.
50. No. 7 R. 159/66 - Ortona amount paid: Lit 22,691,620
The plant being inaccessible, it was inspected from outside: its dimensions appeared consistent with the description.
51. No. 97 R. 130/66 - S. Vito Chietino amount paid: Lit 34,012,565
Construction and equipment of an oil-mill. Membership rose from 112 to 153. In 1971/72 32,869 quintals, in 1972/73 2,397 quintals and in 1974/75 3,900 quintals of olives were processed.
52. No. 17 R. 159/66 - S. Vito Chietino amount paid: Lit 23,131,245
Construction of a table-grape processing plant. Membership fell from 68 to 49. The forecast output of 20,000 quintals has not been reached: 4,774 quintals in 1971, 7,060 in 1972, 3,138 quintals in 1973 and only 844 quintals in 1974 were processed.

The Marches Region

53. No. 59 R. 159/66 - S. Benedetto del Tronto amount paid: Lit 333,994,850
Purchase of a fruit and vegetable centre.
54. No. 27 R. 159/66 - Pedaso amount paid: Lit 56,821,770
Enlargement of a fruit and vegetable plant.
Membership rose from 13 to 37. Output rose from 6,946 quintals in 1972, through 5,820 quintals in 1973, to 17,530 quintals in 1975.
Operates 8 months in the year with an average of 10 workers.

Friuli-Venezia Giulia

55. No. 1 R. 159/66 - Fiumicello amount paid: Lit 289,954,797
Construction of a fruit and vegetable centre.
Output: 87,660 quintals of fruit in 1973 compared with 50,000 quintals in 1971.
Cold store capacity: 40,000 quintals.
Membership rose from 26 to 128 in 1975.

65. No. 11 R. 159/66 - Andriano amount paid: Lit 6,600,000
Purchase of 2 fork-lift trucks.
Membership rose from 32 in 1947 to 75 in 1975.
Production capacity reached 63,000 quintals in 1975 (compared with 54,000 in 1974) and cold storage capacity is 52,000 quintals.
60% of output is exported.
66. No. 6 R. 159/66 - Appiano amount paid: Lit 29,400,000
Purchase of automatic potato processing line, 2 fork-lift trucks and 1 packing machine.
Membership was 70 in 1935; it is now 230.
Output capacity has risen from 40,000 to 80,000 quintals and cold storage capacity is 60,000 quintals.
67. No. 3 R. 159/66 - Eqna (Unifrut) amount paid: Lit 7,686,000
Modernization of fruit store and purchase of weighing machine.
There were 50 members in 1953; now there are 120.
Output capacity rose from 16,000 quintals to 94,000 quintals in 1975; cold storage capacity is 60,000 quintals.
68. No. 22 R. 159/66 - Eqna (Neufrucht) amount paid: Lit 15,480,000
Purchase of a grader and of a packing machine for fruit.
Membership was 20 in 1960; it is now 230.
Output capacity rose from 11,000 quintals to 103,000 quintals and storage capacity is 70,000 quintals.
69. No. 14 R. 159/66 - Magré amount paid: Lit 34,860,000
Construction of 4 air-conditioned refrigeration units to a capacity of 128,000 quintals.
70. No. 17 R. 159/66 - Magré amount paid: Lit 45,840,000
Purchase of a processing and packing machine for fruit.
Membership was 50 in 1960; it is now 382.
Output capacity was increased from 16,000 to 120,000 quintals (with the possibility of reaching 160,000 quintals) and cold storage capacity is 100,000 quintals.
By combining two operations in one machine it has been possible to reduce the work-force from 60 to 35 persons. 50% of output is exported.

Region of Aosta

71. No. 2 R. 159/66 - St. Pierre amount paid: Lit 27,476,433
Conversion of 2 units to air-conditioning and installation of electric power line.
There are now 340 members associated in a centre with an output capacity of 15,000 to 18,000 quintals of fruit. 70% of output is exported.

Text of the recommendation of the Commission of the European
Communities to Italy

I. Actions eligible for financing

A. Production structures

1. Construction, extension and modernization of facilities for the processing of tobacco on a single isolated holding or for several holdings;
2. Purchase of mechanical equipment for operations specific to the cultivation of tobacco, including equipment needed for harvesting and processing;
3. Structural improvements on holdings where mainly tobacco is grown;
4. Construction of facilities and purchase of equipment for pest control in tobacco-growing.

B. Structures for improving the market value of the product

Construction, extension and modernization of facilities and purchase of equipment for the harvesting, processing, baling and storage of dried raw tobacco.

C. Experimentation

A programme of experimental work - excluding that on fixed installations - for promoting the conversion of tobacco-growing to more popular and more competitive varieties.

II. Terms for the granting of financial aid

A. Actions concerning the production and processing of tobacco referred to in point I. A. (1), (2) and (3).

If restricted to a single holding, these actions should result in an overall improvement of all the conditions of production and convert the holding into an undertaking capable of making the optimum use of all the factors involved in the production process.

B. Actions on pest control

These actions should be extended to the entire area where anti-pest treatment is needed to achieve successful pest control.

C. Actions for improving the market value of the product

1. Where new facilities are to be installed, these, on completion, should be capable of processing at least 5,000 quintals of dried raw tobacco per year.
2. Where existing facilities are to be modernized, these should, on completion of the work, be capable of processing at least 2,500 quintals of dried raw tobacco per year.

III. Priorities

A. Production structures

Actions undertaken by bodies, already in existence or to be set up, on a broad associative basis, which offer a sufficient guarantee that the improvement of agricultural structures to be carried out will produce a durable, positive economic effect.

B. Structures for improving the market value of the product

Actions undertaken and administered by tobacco producers' groups.

Done at Brussels,

6 May 1968

For the Commission, the President

(s) Jean REY