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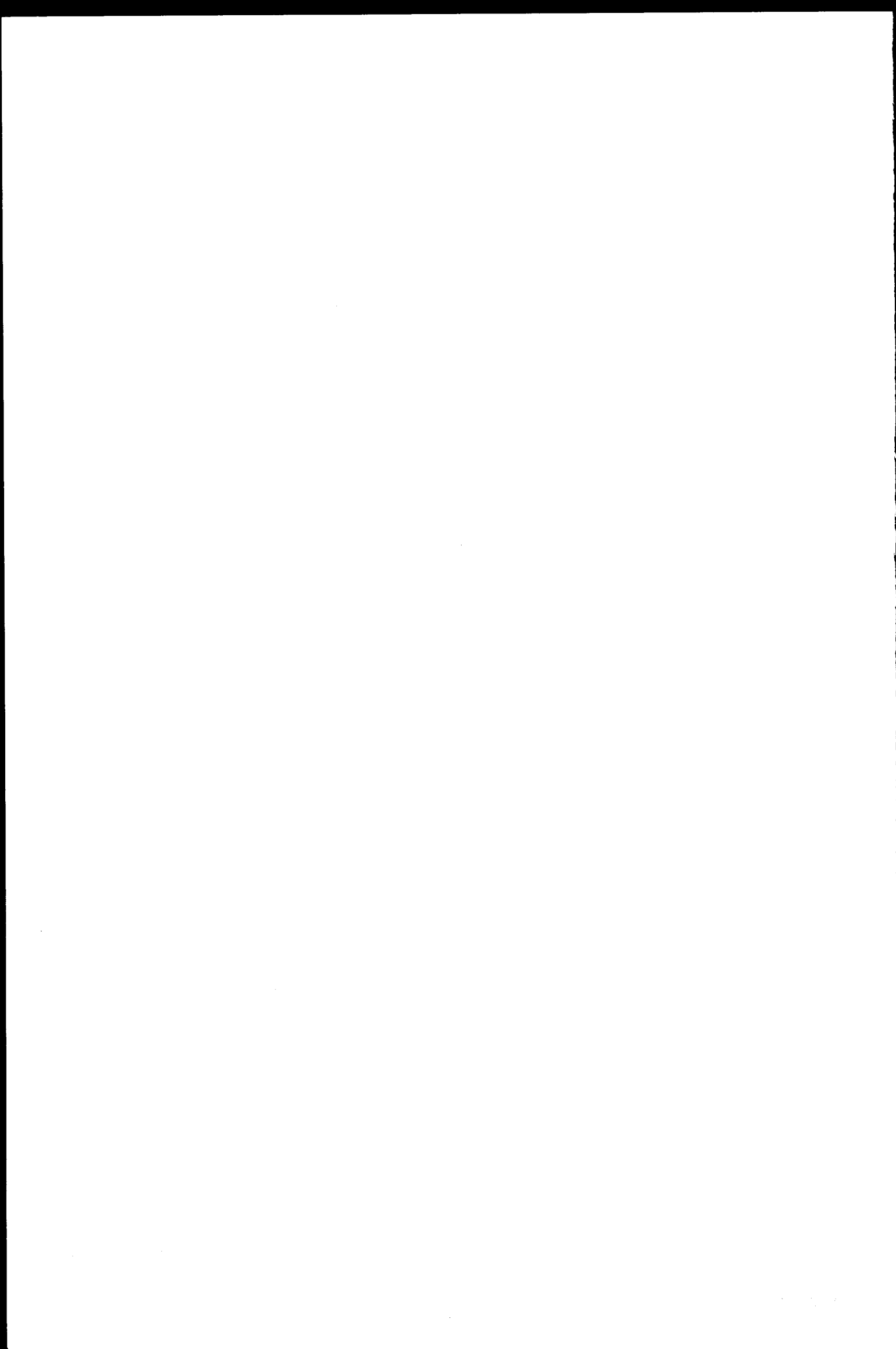
drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 317/74) for a regulation on the allocation for 1974 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and certain final dates for the years 1974 and 1975

Rapporteur : Mr A. LIOGIER

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By letter of 21 October 1974, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation (EEC) of the Council on the allocation for 1974 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and certain final dates for the years 1974 and 1975.

On 30 October 1974, Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 4 November 1974, the Committee on Agriculture appointed Mr Liogier rapporteur.

It considered this proposal at its meeting of 21 November 1974. At the same meeting the committee adopted the motion for a resolution by 12 votes to 1.

Present: Mr Vetrone, vice-chairman and acting chairman; Mr Liogier, rapporteur; Mr Baas, Mr Della Briotta, Mr De Keersmaecker, Mr Frehsee, Mr Früh, Mr Hansen, Mr Howell, Mr Hunault, Mr De Koning, Mr Ligios, Mr Scott-Hopkins.

At its meeting of 23 and 24 January 1975, the Committee on Agriculture heard and approved a statement by the rapporteur listing the changes he had been obliged to make to certain statistics included in the explanatory statement following additional information from the Commission of the European Communities.

These changes did not affect the motion for a resolution or the actual content of the report.

The opinion of the Committee on Budgets is attached.

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A

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 a proposal for a regulation (EEC) of the Council on the allocation for 1974 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and certain final dates for the years 1974 and 1975

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(74) 1579 final),
 - having been consulted by the Council pursuant to Article 43 of the Treaty establishing the EEC (Doc. 317/74),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 373/74 /rev.),
1. Approves in principle the Commission's proposal;
 2. Regrets once more the delays that have held up the decisions to be taken by the Commission of the European Communities on the requests for aid under the Guidance Section of the European Agricultural Guidance and Guarantee Fund and deplores the harm thus caused to agriculture in the Community;
 3. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENT

1. A proposal for a regulation on aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund in 1974 and on certain final dates for the years 1974 and 1975 has been referred to the Committee on Agriculture as the committee responsible.

The purpose of the proposal is twofold:

- the allocation for 1974 of EAGGF (Guidance Section) appropriations;
- the putting back of certain final dates for submitting requests for aid from the Fund.

I. The allocation for 1974 of EAGGF (Guidance Section) appropriations

2. Article 1 of the draft regulation states that Guidance Section appropriations available for the year 1974 amount to 325,000,000 u.a. It should be remembered that this amount was laid down in Regulation No. 729/70 of 27 April 1970 of the Council¹, which set the ceiling for Guidance Section expenditure at 325,000,000 u.a. per annum. The Committee on Agriculture has always expressed reservations on this ceiling. Guidance Section appropriations are in fact very small when one considers the importance of the agricultural structural policy and compares them with the expenditure required to finance the organization of the agricultural markets.

Such being the case, Article 1 of the proposal in question proposes that the appropriations available for 1974 should be allocated as follows²:

A. 3. 21,538,103 u.a. should be used to finance measures required under Community regulations

- fruit and vegetables producers group	4,000,000 u.a.
- premiums for slaughtering cows and for withholding milk and milk products from the market	7,073,483 u.a.
- grubbing-up grant for fruit trees	6,952,518 u.a.
- fishery producers group	12,102 u.a.
- settlement of balances for previous years	3,500,000 u.a.
Total	21,538,103 u.a.

4. The regulations in question were adopted by the Council between 1969 and 1972 and were the subject of opinions delivered by Parliament.

¹ OJ No. L 94, 28 April 1970

² On the basis of estimates of expenditure received from Member States

B. 5. 235,000,000 u.a. should be used to finance individual projects as defined in Regulation No. 17/64/EEC of 5 February 1964¹.

6. Originally, 170,000,000 u.a. were proposed. As 1,473 requests for aid, amounting to 660,000,000 u.a. were made in 1974, only 25% of them could be met by the 170,000,000 u.a. Because of the importance of the aid requested, the amount was increased to 235,000,000 u.a. by adding:

- 33,100,000 u.a. taken from the appropriations entered under Chapter 87 of the 1974 budget to cover expenditure on joint schemes and special measures;
- 41,135,178 u.a. taken from the appropriations entered under Chapters 81, 82, 84 and 89 of the 1974 budget for joint schemes and special measures. As the Commission points out, these appropriations cannot be used in full, since the requests amount to only 27,264,822 u.a., which releases the 41,135,178 u.a. mentioned above.

7. Altogether, the financing of individual projects can be broken down as follows:

- Original amount	170,000,000 u.a.
- Amount taken from Chapter 87	33,100,000 u.a.
- Amount taken from Chapters 81, 82, 84 and 89	41,135,178 u.a.
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	244,235,178 u.a.
- Amount withheld as a safety margin	- 9,235,178 u.a.
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balance:	<u>235,000,000 u.a.</u>

8. It should be stressed immediately that, as the requests for aid amounted to 660,000,000 u.a., the amount earmarked for their financing will not meet even 50% of the aid requested.

The amount withheld, i.e. 9,235,178 u.a. is intended to meet any expenditure in excess of actual claims for reimbursement by Member States.

C. 9. Finally, the remainder, amounting to 59,226,719 u.a. should be used to finance Community measures constituting common measures within the meaning of Article 6 of Regulation No. 729/70 of the Council of 27 April 1970². This amount includes an appropriation of 50,000,000 u.a. for financing development operations in high-priority agricultural areas.

These allocations prompt the following comments:

¹ OJ No 34, 27 February 1964.

² OJ No L 94, 28 April 1970.

10. - The way in which the allocation of appropriations is presented in the Commission's explanatory memorandum is summary and lacks clarity. In fact, the text submitted to Parliament mentions only two amounts: total appropriations (325,000,000 u.a.) and appropriations for individual projects (235,000,000 u.a.). Moreover, the comments on the proposed transfers of appropriations from one Chapter to another deserve further amplification. So that it may be able to deliver an informed opinion, Parliament requests the Commission to submit in future a fuller and more detailed explanatory memorandum.
11. - The Commission proposes to allocate 235,000,000 u.a. of the Guidance Section's total annual appropriations of 325,000,000 u.a. for the financing of individual projects in 1974. Although this amount is higher than that for last year, it should be noted that, as mentioned above, it will cover only part of the aid requested which, according to the Commission, amounts to 660,000,000 u.a. This being so, the fact that appropriations allocated for the financing of individual projects represent two-thirds of total Guidance Section appropriations is due to the still insufficient number of common structural measures. Certain common measures, including the 1972 directives on agricultural reform, are being implemented only slowly. In its opinion on the report on the draft general budget of the European Communities for 1974¹, the Committee on Agriculture pointed out that 'the breakthrough to a common structural policy in May 1971 raised hopes that supplementing the market and price policy by a structural policy based on Community criteria would lead to a gradual improvement of agricultural structures and to a more balanced market as a result of some reorganization of production.' The Committee on Agriculture hopes that the structural policy, given its importance as a supplement to the common agricultural policy, will quickly become effective.
12. - Since 1969, Guidance Section appropriations have been regularly set aside for the Community financing of joint projects in accordance with Regulation No 729/70 on the improvement of structures. The amount set aside in 1973 was 46,000,000 u.a. The total reserve accrued since 1969 amounted to 538,525,700 u.a. as at 31 December 1973. The Commission has not envisaged the setting up of such a reserve for 1974, assuming that the reserve accrued will make it possible to meet foreseeable expenditure in the coming years.

¹ See report drawn up on behalf of the Committee on Budgets by Mr Pounder (Doc. 231/73) 12 November 1973).

13. The Committee on Agriculture has on several occasions objected to these reserves - the legal status of which is not clear - since they are in the hands of the Member States, not of the Community, although the latter is the legal owner. They represent a considerable sum, however, which remains unused and is subject to continuous devaluation as a result of monetary erosion. The Committee on Agriculture therefore requests the Commission to inform it in what circumstances these appropriations will be used. Parliament itself has continually requested in the intervening years that they should be used in full and as soon as possible for the reform of agricultural structures.

II. Putting back of certain final dates for applications for aid from the EAGGF Guidance Section

14. In Articles 2 and 3 it is proposed that:

- the final date as specified in the second sentence of the first subparagraph of Article 20(1) of Regulation No 17/64/EEC for a decision by the Commission on applications for aid for 1974 from the Guidance Section of the Fund submitted to it before the dates specified in Article 2 of Regulation No 429/74 of 18 February 1974, extending for the years 1972, 1973 and 1974, certain time limits for granting aid from the EAGGF, should be postponed from 31 December 1974 to 31 July 1975.

15.- the final date as specified in the first sentence of the first subparagraph of Article 20(1) of Regulation No 17/64/EEC for the submission of applications for aid from the EAGGF Guidance Section in respect of applications for aid for 1975 should be postponed from 1 October 1974 to 1 June 1975.

16. These are in fact requests for deferral which are made every year and have now become a permanent feature. The deadlines fixed in Regulation No 17/64 have never been met since the regulation came into force, in other words, since 1964. The delays were due partly to the fact that the departments of the EAGGF were unable to give consideration to applications or allocate aid because of shortage of staff and partly to the considerable increase in applications for aid (from 226 in 1964 to 1,473 in 1974). It is also true that each year part of the delay has been made up. Nevertheless, extended deadlines and delay in granting aid have deprived the interested parties of appropriations for improvements in the agricultural sector. Furthermore, the cost of the projects continually increases because of the delay in implementing them. The Committee on Agriculture therefore urges once more that every possible effort be made to avoid delays operating to the disadvantage of recipients of aid.

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17. Bearing in mind the reservations expressed in the course of the above explanatory statement, the Committee on Agriculture invites the European Parliament to deliver a favourable opinion on the proposal for a regulation submitted to it.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman : Mr Vernaschi

On 25 November the Committee on Budgets appointed Mr Vernaschi draftsman.

It considered the draft opinion at its meeting of 25 November and adopted it unanimously.

Present: Mr Pêtre, acting chairman; Mr Vernaschi, draftsman; Mr Artzinger, Mr Boano, Mr Cointat, Mr Fabbrini, Mr Gerlach, Mr Lagorce, Mr Lautenschlager, Lord Lothian, Mr Schmidt, Mr Shaw and Mr Terrenoire.

1. The aim of this proposal is :

- to allocate the appropriations of the Guidance Section of the EAGGF for 1974;
- and to defer certain final dates for the submission of requests for aid from the Fund.

2. As regards the first aim, the Commission proposes to allocate, for 1974, 235 million u.a. out of the 325 million u.a. of the annual appropriation for the financing of individual projects. Although this fact should be welcomed, it should also be noted that such an allocation, which is quite a substantial one for individual projects, is only possible because an insufficient number of common measures have as yet been decided upon.

If this were not the case, a greater proportion of the 325 million u.a. of the annual appropriation would be allocated to common measures, as provided for in the basic regulation.

3. As regards the deferment of the final dates for the granting of EAGGF aid from the Guidance Section (which deals with applications for aid), the Committee on Budgets must once more express its reservations, such deferment having become an annual practice.

CONCLUSIONS

4. The following summary of the above constitutes the conclusions of this opinion :

The Committee on Budgets considers that the allocation of the 325 million u.a. from the Guidance Section for 1975, as proposed by the Commission, is the result of an insufficient number of common measures to be financed. It recalls also that, in considering the budget of the Communities for 1975, Parliament adopted a proposed modification with a view to withdrawing 100 million u.a. from the Mansholt reserve for financing individual projects which it wished to see changed into common measures.

5. As regards the deferments of the final dates for the granting of aid from the EAGGF Guidance Section, the Committee on Budgets greatly deplores the fact that these are requested every year and are thus becoming a habit.