

Newsletter on the Common Agricultural Policy

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Activities of the Guidance Section of the EAGGF

The development of a common agricultural policy with its common organization of agricultural markets and common farm prices is bringing about far-reaching changes in the structure of the national agricultural policies of the Member States.

The new Community agricultural policy necessitates an adaptation of structural conditions in agriculture, both at production and at marketing level, to meet the changed situation of a bigger market. Community aid will be available for this through the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), which, as its name implies, has the task of furthering the adaptation process.

Since 1962/63, the Guidance Section has been subsidizing selected structural projects in the Member States to a maximum of 25% of the total cost. The Community pays the subsidies through the Guidance Section direct to the persons responsible (the beneficiaries) for such projects, which may be connected with either production structure (for example, soil improvement) or with market structure (for example, silo construction).

So far, expenditure on structural improvement in production and marketing has been limited by the Council of Ministers to one-third of the expenditure on export refunds and market support (see "Newsletter on the Common Agricultural Policy" No. 10, Guarantee Section of the Fund); structural expenditure increased with increased expenditure by the Guarantee Section. In other words, for every additional 30 million u.a. paid out for export refunds and support costs by the Guarantee Section, 10 million u.a. more were placed at the disposal of the Member States by the Guidance Section. Payments under the one head (Guarantee payments) therefore act as a financial yardstick for payments under the other head (Guidance payments).

Administration of the Guidance Section

It would be impracticable to try to obtain the approval of the Council of Ministers for every one of the day-to-day decisions connected with the implementation of the Common Market. The Member States for their part are very reluctant to transfer full competence to the Commission. For this reason management committees were created to act as intermediaries between the Council of Ministers and the Commission. The Commission has to consult these committees on a number of important questions, for example the practical implementation of market organization measures and the administration of the Fund.

Representatives of the Member States sit on these management committees and have voting rights. The chair is taken by a representative of the Commission. France, Italy and the Federal Republic of Germany have four votes each, Belgium and the Netherlands two each, and Luxembourg one, making a possible total of 17 votes. There must be at least twelve votes in favour of a Commission decision before it can be approved, and at least twelve votes against before it can be turned down.

The Commission submits its proposals to such a management committee. If a proposal is rejected, the Commission cannot proceed with it; but it may refer the matter to the Council of Ministers. There is also considerable room for manoeuvre between full acceptance and outright rejection by the management committee.

For instance, if the Commission makes a proposal to the management committee and the committee votes 11 for and 6 against, the proposal has not been approved but the Commission may nevertheless proceed with its implementation. For there must be 12 votes against a Commission proposal before the Commission is prevented from carrying it out.

If, therefore, only one of the larger Member States and one of the smaller ones (Belgium or the Netherlands) come out in favour of a Commission proposal, the Commission has already won six votes and only eleven can possibly be against it. So it is free to implement its proposal.

The EAGGF is administered on these lines, with Commission and management committee working hand in hand. For structural matters, i.e. those coming under the Guidance Section, there are two such committees, the Standing Committee on Agricultural Structures and the Fund Committee proper. In the Structures Committee proposals by the Commission are voted on in accordance with the procedure outlined above, with due regard to the Committee's role in co-ordination of the agricultural structures policies of the Member States. The sole function of the Fund Committee vis-à-vis the Guidance Section is an advisory one; it can only make recommendations to the Section on various financing aspects.

Assistance by the Guidance Section in the first three years

The first applications for grants for structural projects within the framework of the EAGGF were lodged by the Member States with July 1964 as deadline; a second series of applications was lodged between then and October 1964; and a third series before October 1965.

The applications for refunds submitted up to July 1964 related to expenditure in 1962/63. Applications could not be made any earlier because the implementing regulations for the Fund were not adopted until February 1964.

This delay gave rise to a complicated budgetary problem. Normally the Fund reimburses expenditure by the Member States under the Guarantee heading at the end of a crop year. The Fund's financial year runs from 1 January to 31 December, and applications from the Member States for refunds must be lodged before 1 October. After this date the Commission's departments can proceed to examine the applications and determine the amounts to be refunded. These amounts should normally be decided towards the end of the year following that in which the relevant expenditure was incurred by the Member States.

However, claims in respect of 1962/63 were not settled until 1965. As we have explained, in the 1965 budget a sum amounting to one third of the total amount of Guarantee Section expenditure was at the disposal of the Guidance Section.

The Guarantee Section paid out slightly more than 27 million u.a. in 1962/63; as a result, approximately 9 million u.a. were available to the Guidance Section for distribution to applicants.

In July 1964, the Commission's offices received a large number of applications from the Member States, for settlement in the financial year 1965. The total amount of these applications came to 51 million u.a. but, as already mentioned, only 9 million u.a. were available to meet them. So a selection had to be made. The applications fell into three categories: 108 projects to improve production structure, amounting to 21 million u.a.; 164 projects to improve marketing structure, amounting to more than 20 million u.a.; and 5 "mixed" projects, amounting to 10 million u.a.

This made 277 projects in all. Payments were made to beneficiaries at the end of 1965 and amounted to 9 057 000 u.a. Of this, 4 147 000 u.a. went to structural improvements at production level and 4 910 000 u.a. to improvements at marketing level, which means that marketing projects were granted several hundred thousand units of account more than production projects. This would seem to indicate that the Commission considers that 40% expenditure on production structures and 60% on marketing structures represents a proper balance.

The applications which were officially to be settled in the 1965 accounting year were lodged by the Member States in October 1964. There was therefore a period of only about three months between the receipt of the first and second set of applications. Time was too short for the Member States to submit very many more applications than in the first series. Two thirds of the applications concerned production projects and one third marketing projects, although it must be borne in mind that projects cannot always be neatly classified under production or marketing alone.

This second set of applications, which should have been decided on during 1965, were not dealt with until July 1966. On this occasion slightly more than 17 million u.a. were available, representing one third of the estimated expenditure by the Guarantee Section for 1963/64. This sum was apportioned as follows:

Production and mixed projects	..	8 940 000 u.a.
Marketing projects	..	8 194 000 u.a.

production and mixed projects predominate here, though doubtless some individual projects, without being demonstrably "mixed", may span both the production and marketing spheres.

Breakdown of Guidance Section expenditure

A. Improvements in production

In 1966 the Commission was able to make the following payments:

Consolidation of holdings	..	733 000 u.a.
Water management, drainage, irrigation, etc.	..	1 990 000 u.a.
Miscellaneous (of which 4 million u.a. alone went to the building of factories for animal feedingstuffs)	..	6 000 000 u.a.

B. Improvements in marketing

Reimbursements were made as follows:

Silo construction	..	1 640 000 u.a.
Powdered-milk factories and other milk-processing plants, cheese-making plants, etc.	..	595 000 u.a.
Slaughterhouses, cold stores and the like, for the meat trade	..	1 316 000 u.a.
Cold stores for fruit and vegetables, auction installations, packing and dispatch centres and other aids to marketing	..	2 063 000 u.a.
Miscellaneous	..	2 578 000 u.a.

Reimbursements for expenditure in 1962/63 were divided as follows between the Member States:

Federal Republic of Germany	..	2 560 000 u.a.
Belgium	..	700 000 u.a.
France	..	1 950 000 u.a.
Italy	..	3 070 000 u.a.
Netherlands	..	770 000 u.a.

This breakdown by countries shows that Italy received most, followed by Germany, France, the Netherlands and Belgium.

Reimbursements for 1963/64 were divided as follows:

Federal Republic of Germany	..	4 969 000 u.a.
Belgium	..	755 000 u.a.
France	..	3 692 000 u.a.
Italy	..	5 866 000 u.a.
Luxembourg	..	275 000 u.a.
Netherlands	..	1 577 000 u.a.

Basis and criteria for action by the Commission

The Commission's choice was based on an objective assessment of all projects presented. Each project has to fulfil the administrative and legal conditions laid down in the rules of the Fund. Its technical and financial aspects are then examined, and care is also taken to see whether it satisfies the criteria contained in the Regulation. The question as to whether a given project satisfies "priority criteria" must also be considered.

If it is found that there are more projects meeting the priority criteria than there is money available to finance them, the Council's provisions for "a harmonious apportionment" over the whole Community area must be applied. These seem rather cryptic, since they speak of an "even and harmonious" apportionment without saying what exactly is meant by this.

The difference between the money paid by a Member State into the Guidance Section and the sum it eventually receives from the Fund is not very large. This is pure coincidence, but it has already led hasty commentators to conclude that the Guidance Section of the Fund is little more than a "piggy-bank" from which each Member State eventually withdraws what it has deposited. This view is quite mistaken.

In the case of the Guarantee Section there really is an element of compensation. The Finance Minister of a member country contributes to the Section and in return receives a proportion of the expenditure incurred by his country.

In the case of the Guidance Section, on the other hand, although the Finance Minister actually pays into the "kitty" it is individual citizens of the Community who receive the money paid out by the Community.

Furthermore, the amounts paid by the individual Member States are adjusted to a number of economic facts, some of which also serve as guidelines for a "harmonious apportionment" of aid. The scale of contributions to the Fund therefore has some bearing on the scale applied by the Commission in granting aid. The relationship is, however, an indirect one; it is not merely a matter of ready reckoning.

Coincidence would have it that the Federal Republic of Germany contributed 28% and received a little more than the same percentage back. In the case of Italy, however, coincidence ceases to apply; Italy also contributed 28%, but received 34%.

Limitation of expenditure by the Guidance Section

As a result of the Council's decisions of 11 May 1966, expenditure by the Guidance Section is no longer automatically a third of the total expenditure by the Guarantee Section; in future it will have an upper limit. The one-third rule will continue to apply; but, as from 1 July 1967, expenditure must not exceed 285 million u.a. (or DM 1 140 million). However, this ceiling can, in case of need, be raised by the Council, acting on a proposal of the Commission.

As already reported in "Newsletter on the Common Agricultural Policy" No. 10, Italy is to receive from the Guidance Section (1967 budget) a fixed compensation of 45 million u.a., for olive oil and fruit and vegetables. From the 1969 budget, a fixed payment of 15 million u.a. will now be made for tobacco. Despite these advances, Italy retains under current conditions the same entitlement as the other Member States to the remaining resources of the Guidance Section of the Fund.

However, a change recently made in the conditions of administration of funds will favour Italy still more in obtaining a share of the remaining monies of the Guidance Section.

Up till now, the Fund's contribution towards a given project had not to exceed 25% of the total cost. Henceforth, subsidies may be as high as 45% of the total cost for certain types of project. Details of the types concerned will be given in the forthcoming Community programmes, which will shortly be adopted by qualified majority on a proposal of the Commission.

In the Community programmes the Council had to take account of the necessity to improve agricultural structures in Italy and Luxembourg. The Commission has to apply the same criteria when granting aid from the Fund, that is to say, in the financial administration of the Guidance Section.

Final remarks

With the limiting of expenditure by the Guidance Section to 285 million u.a., 10% of structural investment in agriculture is now influenced by the Community. It has been estimated that in 1969/70 investment of this kind in the six member countries will amount to 11 000 million u.a.; this will cover not only investment in the production sector but also in the marketing and processing sector, in other words, the whole gamut of structural investment in agriculture.

Assuming that an average subsidy of 25% could be granted for structural projects, it would be possible for the Community, with the 285 million u.a. at its disposal, to influence investments in the region of 1 140 million u.a., which would represent roughly 10% of total agricultural investments.

Expenditure by the European Social Fund and Development Fund could be estimated at 300 million u.a. In addition to the 285 million u.a. for the Guidance Section of the EAGGF, a further 1 200 million u.a. would have to be provided for the Guarantee Section. This would bring operational expenditure for the entire Community to something like 2 000 million u.a. for the year 1970.

.../...

Commission proposal for a directive on the marketing of material for the vegetative propagation of grape vines

As a second step towards harmonization in the field of agricultural seed and seedlings, the Commission proposed to the Council a directive on the marketing of material for the vegetative propagation of grape vines. This proposal closely keeps to the directives adopted by the Council on 14 June 1966 in respect of the marketing of beetroot, forage and cereal seed and seed potatoes (+), which were discussed in detail in issue No. 6 of "Newsletter on the Common Agricultural Policy".

These directives have provided the general framework for the draft, and wherever there are parallels the proposed provisions were brought into line with them.

This is true in particular as regards their scope, i.e. marketing within and between the Member States, and for the definitions of "basic reproductive material" and "certified reproductive material" subject to official approval. The same applies to the basic principles according to which in future only varieties of reproductive material conforming to the directives may be marketed; at the same time this material will no longer be subject to any trade restrictions in the Community. Mention should also be made of the proposals for the equal treatment of similar systems of certification and control applied in non-member countries, for cases of shortage of supply and for excluding reproductive material that is shown to be intended for export to non-member countries. On the other hand there are provisions diverging from other directives wherever called for by the special nature of the grape vine (*Vitis L.*). Such a distinction is justified as wine-growing is a special field of agriculture subject to rules of its own. Grape vines are perennials characterized by asexual, i.e. vegetative propagation whose final product, the grapes, is mostly fermented to wine. So it is mainly by the product obtained after processing that the quality of the type of grape vine used can be recognized. Contrary to many other plants in agriculture, with the grape vine marketing cannot from the outset be restricted to "basic reproductive material" and "certified reproductive material" to be obtained by clonal selection. The draft therefore provides for an additional category of "standard reproductive material" to cover grape vine reproductive material approved for marketing. This material must, however, satisfy the criteria of varietal identity and purity and must have been produced at least by mass if not by clonal selection. Its stock must also be subject to official checking on these lines although it has to meet less strict requirements than reproductive material to be certified. However, the category of "standard reproductive material" is to be abolished gradually. This mainly depends on whether demand can be sufficiently satisfied by the supply of reproductive material of the two other categories of higher quality. Provision is therefore made in the draft to empower the Commission to restrict, as from certain dates, the sale of

(+) Official gazette of the European Communities No. 125, .../...
11 July 1966.

certain varieties of grape vine material to certified reproductive material. As long as the Commission does not use this power, the Member States may take corresponding measures of their own for their respective countries. The draft defines several types of reproductive material; these definitions presented special difficulties as sometimes conditions differ from country to country. The draft distinguishes between "grape vine ready for planting" and "parts of grape vine". Grape vine ready for planting is subdivided into rooted cuttings and vine for grafting. This is ungrafted vine partly serving as stock, and graft vine. The "parts of grape vine" comprise cane (year-old shoots), which can be "cuttings suitable for grafting", "scions", and "cuttings for propagation by rooting". In addition, definitions are given for "mother vine" and "vine nurseries".

The provisions for establishing lists of varieties are to be the same as in the other directives on seed and seedlings. Accordingly, grape vine varieties will only be entered, i.e. will qualify for approval or inspection if they differ from other varieties by morphological or physiological properties and are sufficiently homogeneous and stable. The draft leaves in abeyance, however, the question of restrictive lists of varieties which exist in some Member States and which require, in addition to the above-mentioned characteristics, that the varieties can profitably be grown. It is still left open whether this additional feature will finally be taken into consideration; according to the draft, its prerequisites should be harmonized by an EEC catalogue of varieties to be established by 1 January 1970. This is principally due to the fact that for grape vine in particular, in view of the final product - wine - a certain decisive importance attaches to mainly regional and ecological conditions. When studying the proposal the Council will therefore have to examine again whether the requirement of profitability of growth should not be dropped for the admission of grape vine varieties. Then it could be solely left to the common organization of the wine markets to introduce rules for cultivation making due allowance for different regional conditions. These rules would have to ensure that only such varieties of grape vine are approved for growth in the Community which with certainty allow the production of good quality wine.

In any case, such provisions are not excluded by the draft directive, and it must be asked whether there would really be much point in also examining, for the whole Community, the value presented by the cultivation and utilization of grape vine varieties and in making this value a prerequisite for the marketing of reproductive material.

The quality requirements provided in the draft for reproductive material intended for sale include a certain grading by size for parts of grape vine. In such grading it will also be determined which packages may be marketed.

The provisions for sealing the packages or bundles and for marking are different from those of the directives already adopted. Sealing and marking will not be done officially - although specified labels will be used which have the same colour as those described in several other directives (+) - but shall be carried out by those responsible for the material. Here there will still be scope for a certain easing of national provisions on small quantities and on pot grape vine and grape vine packed in cases and cardboard boxes.

The Member States will be obliged to check materials on the market, at least by sampling, with a view to ensuring the identity of the reproductive material from gathering until delivery to the wine-grower.

Later, the introduction of common tests for judging the quality of grape vine reproductive material produced in the Community or imported from non-member countries will imply some sort of supra-regional control over the working of the system. Contrary to the directives adopted so far, however, these tests will not have as their main feature the setting up of growth trial stations.

The directives call for a number of implementation measures of a technical nature. It would appear appropriate to leave them to the Commission. However, in order to ensure close co-operation with the Member States it is suggested to use the services of the Standing Committee on agricultural, horticultural and forestry seeds and seedlings (++)).

It remains to be seen what will be the opinion of the European Parliament and the Economic and Social Committee, and what final decision the Council will take. The Commission is continuing independently with the preparation of proposals for further directives which refer to law relating to seed and seedlings and which cover in particular vegetable seed and seedlings and an EEC catalogue of agricultural seeds.

.../...

(+) White for basic reproductive material
Blue for "certified reproductive material" and in addition
Brown for "standard reproductive material".

(++) Official gazette of the European Communities No. 125,
11 July 1966.

Commission proposals for directives on the control of some
types of plant pest

On 31 March 1965 the Commission put before the Council of Ministers a proposed directive on measures to prevent the introduction into Member States of plant pests (i.e. harmful animal and vegetable organisms, including insects, bacteria, fungi and viruses).

In its opinion on the proposal, the European Parliament has expressed the wish that the Commission should also devote attention to common measures for controlling plant pests by chemical and biological means.

The opinion rendered by the Economic and Social Committee emphasizes the need for co-ordination and co-operation between the services dealing with plant-pest control in the Member States, with a view to creating a uniform Community system of plant protection.

The Commission realizes that measures to prevent the introduction of plant pests into Member States can only have a limited effect unless positive pest control is carried out systematically in the Community at the same time and steps are taken to contain any pest.

In this context it should be remembered that in August 1961 the Commission submitted a proposed directive on the control of blue mould of tobacco. Admittedly, the Council did not adopt this directive, owing to differences of opinion on the legal basis; but, having realized the importance of the proposal, the Member States have proceeded to apply its provisions in their respective territories.

In the same field of plant protection, the Commission has now submitted to the Council two proposed directives on the control of potato wart disease and potato eelworm. *Synchytrium endobioticum*, the cause of wart disease of potatoes, and the golden eelworm, both of which are viable throughout the Community, are among the most noxious potato pests.

The Commission's proposal is based on Article 43 of the Treaty of Rome, for plant protection is one of the most important means by which agricultural productivity can be increased.

The proposals list the minimum requirements that appear to be necessary for effective pest control in the Community, but leave the Member States free to introduce or maintain additional or stricter provisions in their territories. This is justified by the differences in the climates of the individual countries and the consequent dangers of pest propagation. However, the steps taken by the

Member States must be justified as means of controlling *Synchytrium endobioticum* and the potato eelworm; under no circumstances must they lead to new discriminatory restrictions on trade.

The proposed control measures make allowance for the special dangers and phenotypes of the two pests.

Some of the measures against potato wart and eelworm are of the same nature, while others relate to one of these two pests only. The minimum requirements provide for:

1. Preventive measures

- (a) Prior official inspection of soil under cultivation. Seed potatoes must only be grown in areas which have been inspected officially and are certified to be free from eelworm. Similar preventive measures are not considered necessary for potato-wart control as sufficient information is available in the Member States on the few centres of infestation.
- (b) Prohibition of the keeping of these pests. It is forbidden to keep cultures of *Synchytrium endobioticum* or potato eelworms.

2. Detecting infestation and demarcating areas liable to be infested

For detecting infestation with *Synchytrium endobioticum* and potato eelworms the Member States must use the customary international methods. The application of common criteria is in fact a prerequisite for the effectiveness of any common control of these pests.

Once the competent authorities of a Member State have detected infestation they demarcate the infested area plus, in the case of infestation with *Synchytrium endobioticum*, an additional zone. Such a zone does not appear to be necessary in the case of infestation with potato eelworm, as there it is possible to delimit the centre of infestation exactly by taking a sufficient number of soil samples.

3. Treatment measures

(a) Ban on cultivation

In order to eradicate *Synchytrium endobioticum* and potato eelworms, as a rule no potatoes must be grown on infested soil nor must seed potatoes for reproductive purposes be grown, earthed or stored there. On the other hand, certain potato varieties are resistant to one or several species of the pests mentioned.

Consequently they do not favour the propagation of these pests. For this reason Member States may allow areas infested with eelworms to be planted with such potato varieties as are resistant to the particular species of eelworm present there. Similarly, the cultivation of resistant potato varieties should be permitted in the additional zones around the centres of infestation with *Synchytrium endobioticum*.

There should be a common method for determining resistance, and farmers should be informed about the resistant varieties. On the basis of data received from the Member States the Commission will therefore publish annual lists of varieties passed for marketing and resistant to the pests mentioned, specifying the species to which they are resistant.

(b) Treatment of infested plants

The tubers and foliage of potatoes grown in areas infested with *Synchytrium endobioticum* must be treated so as to destroy the fungus. If it is impossible to ascertain where the infested tubers were gathered, the whole consignment in which the tubers were found has to be treated. No similar provision is envisaged for potato eelworm; however, seed potatoes infested with potato eelworms must be neither marketed nor planted as such. The Member States are not allowed to discontinue the measures taken to control the two types of pest until it has been established that there is no longer any infestation.

4. Exceptions

In order to promote improvement of phytosanitary control measures and to permit further development of breeding and testing, the Member States may allow exceptions to the prevention and control measures described above. However, these exceptions must not impair control nor must they entail any danger of further spreading of pests.

5. Application of the directives

The proposed directives oblige the Member States to bring their legal and administrative rules and regulations into line with the directives, within one year after their promulgation.

The Commission proposals are the result of close co-operation with the government experts of the Member States. In addition, the interested trade organizations grouped together at EEC level were heard; they did not raise any fundamental objections.

The two Commission proposals represent a first step towards the common control of plant pests within the Community. The competent Commission departments will try to work out further Community rules as soon as possible, particularly for controlling San José scale and fruit-tree viruses.
