

# European Communities

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EUROPEAN PARLIAMENT

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## Working Documents

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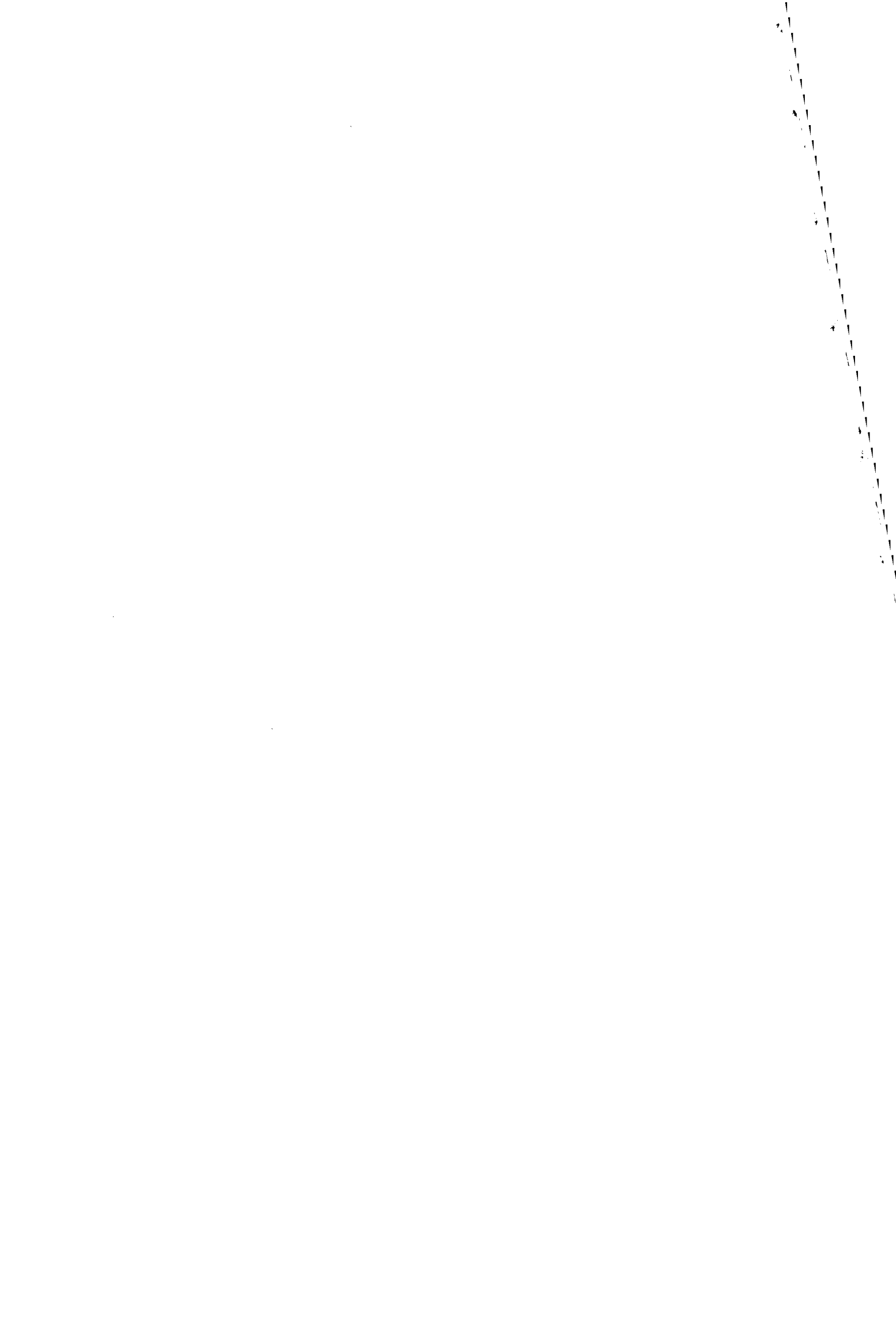
### Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 129/76) for a Directive amending Directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture

Rapporteur : Lord WALSTON

PE 45.005/fin.



By letter of 24 May 1976 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 directive amending directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture.

On 3 June 1976 the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and the Committee on Budgets as the committee asked for its opinion.

The Committee on Agriculture appointed Lord Walston rapporteur on 3/4 June 1976.

It considered this proposal at its meeting of 21/22 June 1976.

At the same meeting the committee adopted the motion for a resolution and the explanatory statement by 16 votes, with 2 abstentions.

The following were present: Mr Houdet, Chairman, Mr Laban, vice-Chairman, Lord Walston, rapporteur, Mr Bourdelles, Mr Brégégère, Mrs Dunwoody, Mr Frehsee, Mr Haase, Mr Hansen, Mr Howell, Mr Hughes, Mr Kofoed, Mr De Koning, Mr Lemoine, Mr McDonald, Mr Martens, Lord St Oswald, Mr Suck.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION .....	5
B. EXPLANATORY STATEMENT .....	6

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a directive amending Directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council <sup>1</sup>,
- having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 129/76),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 204 /76),

1. Approves in principle the Commission's proposal;
2. Notes that the object of the Commission's proposal is to maintain the value of amounts laid down in the reform directives and awaits a later review as to whether those amounts are sufficient to achieve the aims of the directives;
3. Requests that provision be made for the possibility of a review, in the annual reports provided for, of amounts laid down in the reform directives so as to take into account price changes and budgetary resources;
4. Points out that from 1980, at the latest, it will be necessary to increase the ceiling of 325 m u.a. for annual appropriations entered under the Guidance Section of the EAGGF in order to allow for the continued implementation of common measures to improve agriculture in the Community.

<sup>1</sup> OJ No. C 126, 9.6.1976, p.9

EXPLANATORY STATEMENTThe purpose of the Commission's proposal

1. The purpose of the Commission's proposal is to increase, as from 1 January 1977, amounts governing aid, and expressed in units of account, contained in certain directives on agricultural reform, in order to take into account price increases which have taken place since their adoption.

2. These amounts are to be increased as follows :

(a) a  $33\frac{1}{3}\%$  increase for the following Directives adopted on 17 April 1972:

- Directive 72/159/EEC<sup>1</sup> on the modernisation of farms;
- Directive 72/160/EEC<sup>2</sup> concerning measures to encourage the cessation of farming and the reallocation of utilised agricultural area for the purposes of structural improvement;
- Directive 72/161/EEC<sup>3</sup> concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture;

(b) A 25% increase for Directive 73/131/EEC<sup>4</sup> of 15 May 1973 establishing the level of guidance premiums provided for in Directive 72/159/EEC<sup>1</sup> on the modernisation of farms;

(c) a 15% increase for Directive 75/268/EEC<sup>5</sup> agreed upon in January 1974 (and adopted in April 1975) on mountain and hill farming and farming in certain less-favoured areas.

Necessity for an increase in amounts laid down in reform Directives

3. Between 1972 and 1976 prices within the Community have risen by an average of about 50%. There are, however, big differences in price increases between different Member States. These differences are partly cancelled out by the adjustments which have taken place in the value of national currencies expressed in units of account. After this factor is taken into account, the variation in level of price increases is between 28% to 53%.

<sup>1</sup> O.J. No L 96, 23.4.1972, p. 1

<sup>2</sup> O.J. No L 96, 23.4.1972, p. 9

<sup>3</sup> O.J. No L 96, 23.4.1972, p. 15

<sup>4</sup> O.J. No L 153, 9.6.1973, p. 24

<sup>5</sup> O.J. No L 128, 19.5.1975, p. 1

4. Therefore, the Commission proposes that amounts laid down in the reform directives adopted on 17 April 1972, on the modernisation of farms, the cessation of agricultural activity and for retraining, should be increased by 33<sup>1</sup>/<sub>3</sub>%.

5. For certain measures adopted since that date, the Commission proposes increases in amounts adjusted according to the time which has elapsed since their adoption.

6. Thus for the amounts given in the Council Directive of 15 May 1973 concerning Guidance premiums provided for in the Directive on the modernisation of farms, the Commission proposes a 25% increase.

7. For the Directive on mountain and hill farming and farming in less-favoured areas, agreed to in January 1974, though formally adopted in April 1975, the Commission proposes a 15% increase.

#### Future revision of amounts laid down in reform directives

8. It has not been the intention of your rapporteur to enter into the details of the Commission's method of calculating the proposed increases. There are two points, however, which should be noted.

Firstly, the calculations as to the resulting cost increases are based on figures supplied by Member States, except for the Netherlands and Italy, for whom Commission estimates have been employed.

Secondly, while much of this information was supplied in 1976, for France and Germany estimates were provided in 1975.

9. Clearly, there exists the possibility of discrepancies in the quality of the information used to draw up the present proposal, and, more important, that some, at least, of that information is already out of date. A certain degree of understating of requirements is inevitable, in any case, in view of the time lags in such operations based on forward estimates. This is not to say that the presently proposed increases are invalid. It is an argument, however, for requesting that amounts contained in the reform directives be automatically reviewed in the framework of the annual reports particularly in view of the very high rates of inflation which continue to be experienced within the Community.

Necessity for the revision of the ceiling on the Guidance Section of the EAGGF

10. The Annex attached to the Commission's proposal shows clearly that by 1981 the annual appropriations of 325 m.u.a., together with the Mansholt Reserve presently at 526 m.u.a. will no longer be sufficient to finance common measures already presented by the Commission. In fact, by 1981 there will be a deficit of 8 m.u.a.. Since a number of figures used to reach this conclusion are extrapolations of present expenditure, and given present rates of inflation, an increase in the present ceiling of 325 m.u.a. on appropriations for the Guidance Section will be required by 1980 at the latest. Your rapporteur would even doubt whether it is appropriate to maintain such a ceiling after that date in view of the importance of common measures to improving the income situation of those in agriculture and reducing, in the long term, the budgetary requirements of the Guarantee Section of the EAGGF.

Conclusions

11. The Committee on Agriculture approves the Commission's proposal.

12. At the same time, the Committee requests the Commission to come forward with a proposal to provide for the automatic review of amounts laid down in the reform directives in the framework of the annual reports in order that continuing high rates of inflation should be taken into account on a regular basis.

13. The Committee on Agriculture also wishes to point out that the present ceiling of 325 m.u.a. for the Guidance Section will not be sufficient to cover presently known expenditure from 1980/1981 onwards.