

European Communities

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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. 208/75) for a regulation amending Regulation No. 17/64/EEC on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund

Rapporteur: Mr C. LABAN

By letter of 29 July 1975 the President of the Council of the European Communities requested the European Parliament, pursuant to Articles 43 and 209 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 17/64/EEC on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund.

On 29 August 1975 the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

The Committee on Agriculture appointed Mr Laban rapporteur.

It considered the proposal at its meeting of 2 and 3 October 1975 and unanimously adopted the motion for a resolution.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman and rapporteur; Mr Boano, Mr Bourdellès, Mr Brégégère, Mr De Koning, Mr Della Briotta, Mrs Dunwoody, Mr Frehsee, Mr Hansen, Mr Hughes, Mr Kofoed, Mr Liogier, Mr Martens and Mrs Orth.

The opinion of the Committee on Budgets is attached.

However much one must deplore the fact that a number of farmers in agriculturally weak areas are incapable, even with EAGGF aid, of wholly financing their projects, compelling the entire or partial cancellation of the aid in such cases, it is important to look into the causes of this situation.

Among them are inflation, the general rise in cost of material, etc., and high interest rates.

Since the projects in question relate mainly to agrarian infrastructure, and show a return only in the fairly long term, it is clear that a period of some length elapses between starting work and the time when the investment makes a higher financial yield possible. Interest charges therefore remain a burden throughout this period, which makes repayment obligations more difficult.

4. Your committee therefore shares the opinion of the Commission of the European Communities that measures towards rational use of the appropriations are essential.

In the event of the beneficiary voluntarily abandoning his project, it is clear that it must be possible to withdraw the aid. If delays arise, chances are high that the project will not be completed in time, so that the appropriations lapse and can no longer be used to improve agricultural structures.

5. However, the Committee on Agriculture draws attention to the need to keep the cancelled appropriations for structural improvements in agriculture.

Moreover, your committee considers it important for appropriations withdrawn on the basis of the present proposal to be used preferentially for financing projects in the same region. In any case, steps should be taken to avoid too many appropriations being cancelled in one area, whilst capital accumulates in regions where there is already a good infrastructure, so that agricultural structure in affected areas falls increasingly behind. Moreover, a reasonable geographical distribution should be aimed at.

In 1964 the Council in a resolution advocated the principle of reasonable geographical distribution.

Again, your committee is of the opinion that procedures must be sought for selecting projects in good time in cooperation with Member States, so that projects that offer adequate guarantees of completion and also meet the conditions set can receive financial support at an early stage. At

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr Durand

On 16 September 1975 the Committee on Budgets appointed Mr Durand draftsman.

It considered the draft opinion at its meeting of 7 October 1975 and adopted it unanimously.

Present: Mr Lange, chairman; Mr Durand, vice-chairman and draftsman; Lord Bessborough, Lord Bruce of Donington, Mr Dalyell, Mr De Keersmaeker (deputizing for Mr Galli), Mr Fabbrini, Mr Gerlach, Mr Kirk, Mr Lautenschlager, Mr Radoux, Mr Rivierez (deputizing for Mr Terrenoire), Mr Shaw and Mr Yeats.

a two-year period from the notification of a decision to grant aid.

However, time limits as long as these make it doubtful whether any further utilization of the appropriations within the five year period prescribed by the Financial Regulation would be possible.

Consequently, the proposed system is likely to have little effect in practice and merely serves to make the rules even more complex than they already are.