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REPORT ON THE APPLICATION OF THE COUNCIL

DIRECTIVES ON AGRICULTURAL REFORM OF 17 APRIL 1972 (31.12.75)

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INTRODUCTION

In accordance with the Council Directives on the reform of agriculture of 17 April 1972, the Commission is required to submit an annual report to the European Parliament and to the Council describing the national and Community measures in force relating to these Directives, as well as the effects of such measures.

The Directives provide that, on the basis of this report, the Council will examine the measures and their effects, taking into consideration the rate of structural development required to achieve the objectives of the common agricultural policy, their effect on the harmonious development of the regions of the Community, and their financial implications, so that, acting on Commission proposals, it may assess the need to supplement or adapt them as necessary.

Thus, the report is intended as a basis for evaluating the evolution and adaptation of the common agricultural policy, and, in particular, of the common structural policy.

However, more than three years after the adoption of the Directives on the reform of agriculture, the Commission is still not in a position to present a report which will completely satisfy these requirements. To begin with, the Member States were late in applying the Directives. When the time limit for application, which had already been extended, ran out on 31 December 1973, only four Member States had actually implemented Directive 72/159/EEC and only three Directive 72/160/EEC. This means that the Commission has at its disposal only limited initial results which can hardly be regarded as adequate for a definitive evaluation of the effects to date of Community and national measures. Consequently a detailed assessment of the effects of these measures is not yet possible.

In these circumstances the principal aim of the first report on the application of the Directives on the reform of agriculture is to describe how the Member States have interpreted the Community concept , in their implementing provisions, how they have adapted their existing systems in order to execute common measures, and the methods and criteria employed by the Commission to ascertain whether the implementing provisions adopted by the Member States lead to the effective realization of the aims of the common measures. Where appropriate, it will also be necessary to examine difficulties which have arisen at this first stage of transforming Community policy into national implementing provisions. However, it will be impossible as yet to deal with the implementation of Directive 75/268/EEC on mountain and hill farming and farming in certain less- favoured areas since, in fact, this Directive has only been implemented in one Member State.

Part I: Background and conception of the common agricultural structural policy according to the Council Directives of 17 April 1972

Chapter 1: The socio-structural situation of agriculture

1. Climate, morphology and soil fertility combine to give agriculture in the Community a very varied character which is also marked by varying demographic, structural and economic conditions.

   Compared with the major producer countries of the world, the structure of agriculture in the Community can be described as inadequate. This inadequate structure is reflected, first of all, in the adverse man/land ratio which prevails. On average, there are no more than 9 ha of UAA per man-work unit against 126 ha in the USA, for example.

   The average size of farm is slightly less than 17 ha ; almost 80% of farms are less than 20 ha and account for about 30% of the utilized agricultural area ; on the other hand, 22% of farms cover more than 20 ha and account for about 70% of the utilized agricultural area.

2. This adverse structure which represents the situation as it existed in 1973 nevertheless takes account of the restructuring process which has developed since 1950 and which essentially, has been characterized by a reduction in the active farm population (from about 12 000 000 in the middle of the 1960's to scarcely 8 000 000 in 1974 in the original Community) and in the number of farm holdings (from about 6.4 million in 1960 to about 5 000 000 in 1973 in the original Community). The situation in the new Member States tends to follow a similar pattern. However, at the same time there has been an increase in production and, above all, in labour productivity (an annual increase of 6.6% in the original Community between 1968 and 1972).

3. The average size of holding (about 17 ha in the Community) varies substantially among and within Member States. Thus, the average size of holding in Italy is about 7 ha, as against 62 ha in the United Kingdom. In the Federal Republic of Germany, Belgium and the Netherlands (13-14 ha) it is below the Community average, but above the average in Denmark, Ireland, France and Luxembourg (22-23 ha). These differences are repeated at regional level in most Member States. Furthermore, they are reflected in the proportion of holdings with an area of 20 ha and over, as well as in the proportion of the total utilized agricultural area occupied by such holdings.

The proportion of holdings covering more than 20 ha UAA is substantially above the Community average (22%) in the United Kingdom (55%), Luxembourg (47%) and France (34%) : it is considerably below this average in Italy (7%) and slightly below it in Germany (20%) and Belgium (19%).

During the period 1967-70 the reduction in the number of holdings in the original Community amounted to 3.9% per year, with a minimum of 3.5% in the Federal Republic of Germany and a maximum of 5.2% in the Netherlands. Between 1970 and 1974 the annual rate of reduction may have fallen slightly (estimated at 3.5%), possibly due to the decreased trend in the Netherlands and in France (2.7%).

However, this overall picture is made up of a series of varying trends in the evolution of holdings within different size groups. In recent times, there has been a considerate reduction in the number of smaller holdings - up to 20 ha - in all Member States. By contrast, apart from in the United Kingdom, the number of holdings of 50 ha and over has increased.(Data for Ireland and Italy are not available for the 1970-74 period).

In the Federal Republic of Germany, Belgium and the Netherlands, the reduction in the number of holdings applies also to those of 20 to 50 ha, and in the United Kingdom even to those of 50 ha and over. However, these are only global figures which obscure the diverse nature of the evolution of farm size both within the various regions as well as within individual size groups. In particular, it cannot be concluded from them that the only holdings which increased in size in the past were those which had already attained 20 ha or more.

4. The active farm population in the original Community fell from about 12.2 million in 1964 to 7.9 million in 1974, or by 4% per year. The rate of decline was highest in Belgium (6%) and Luxembourg (9%), and lowest in the Netherlands (2%). During the same period it was below the Community average in the United Kingdom and Ireland. . Since 1970, the rate of decline has diminished, mainly because of the fact that up to that year both hired and family workers were considerably reduced in number, but during the past ten years, the reduction in both categories has eased off. Consequently, an increasing decline in the farm population since then would have taken place only if the number of holdings were correspondingly reduced.

However, the age stucture of the active agricultural population shows clearly that a continued fall in the number of persons engaged in agriculture must be expected, quite independent of overall economic trends. In fact, the proportion of persons aged from 45 to 64 years (47%) is very much higher than for the corresponding age group in other occupations (33%) ; on the other hand, only 22% of the active agricultural population is aged between 14 and 34 years, as against 41% for all other occupations.

In this connection, it is worth noting that the difference in age structure between the active farm population and the active population as a whole has intensified since 1968 : at that time 26 per cent of the active agricultural population was between 14 and 34 years age. Here again, it is necessary to emphasize that the above are only global figures which tend to hide differences in the evolution of the farm population which has taken place within regions.

Chapter 2: The agricultural structural policy of the Member States in the areas covered by the Directives on the reform of agriculture prior to the introduction of these Directives

In most Member States agricultural structural policy was reorientated and intensified from about 1954/55 with the object of improving farm structures.

1. Initially many measures to encourage investments had as their primary objective an increase in production or a compensation for inadequate prices for certain agricultural products. However, at the same time, measures introduced in various Member States aimed at improving the economic situation of the large number of extremely small holdings. Until the introduction of the Directives, however, these two aims were sometimes pursued side by side by means of different measures (e.g.in the Federal Republic of Germany, France and Denmark).

The measures taken in the Federal Republic of Germany (1955) and in most other Member States between 1960 and 1965 for the improvement of farm structures generally had a common aim. Essentially they attempted to do no more than provide the available labour potential of the farm family, normally assumed to consist of two labour units, with additional land and capital. Thus, in many cases the measures emphasised the need to increase theareas of small farms (for example in the Federal Republic of Germany, Denmark and Ireland) particularly through increasing the area owned by the farmer. It was primarily in this area of support that practical objectives relating to the development of agricultural holdings were established for the first time. Very soon, these objectives came to be regarded as the achievement of "parity" incomes (in the Federal Republic of Germany and Belgium, in principle also in France and the United Kingdom), or at least a certain size of farm (Denmark, United Kingdom) or a size of farm (Federal Republic of Germany, France), regarded as necessary to achieve the parity income on the basis of prevailing prices and yields. However, these aims often contained a static element since the minimum surfaces aimed at frequently tended to bethemaximum surfaces for which aid was given.

On the other hand, aid for other investments, basically the provision of farm capital (buildings and machinery), was often not linked to specific objectives, and particularly not to development objectives. In the Federal Republic of Germany, Belgium and the United Kingdom, however, there were certain exceptions, though they did not necessarily apply to all aid measures in this area. At the same time, these measures were largely based on the idea that such investments of necessity resulted in an improvement of structures, since they involved an improvement of conditions of production or a rationalization of production. Measures of this nature were introduced in the Federal Republic of Germany and Italy (1966), Denmark (1971) and France as late as 1973. It should be mentioned that such measures have never existed in the Netherlands.

At the beginning of 1971, in two Member States, (Federal Republic of Germany and the United Kingdom), measures to encourage investments in agricultural holdings were grouped together and placed on a new basis. In both countries targets were introduced based upon incomes to be achieved after the completion of investments, and as a result the aid schemes became selective in character.

Although already existing in an elementary form in other Member States, the farm development plan was evolved in the Federal Republic of Germany. At first, however, it was mainly restricted to proving that the planned investments were economic as such, and that the holding involved was capable of supporting the charges arising from the investments. When aid policy was reorganized in 1971, the development plan then became the means of proving that the required development target would be achieved.

2. When the Directives on agricultural reform were introduced, measures to encourage farmers to leave the agriculture already existed in five Member States (Belgium, Federal Republic of Germany, France, the Netherlands and the United Kingdom). In France this measure was introduced as far back as 1963, and was restricted until 1968 to farmers who had reached the age of 65 years and received the normal old age pension. In the Netherlands (1964) , in Belgium (1965) and in the United Kingdom (1967) it applied generally to all farmers who were not yet eligible for the old age pension and in the Federal Republic of Germany (1969) to farmers aged at least 60 years. In addition, in the Federal Republic of Germany, comparable, though isolated measures existed for younger farmers.

In general, these measures had two objects : firstly, to facilitate the withdrawal from agriculture of low income farmers with inadequate holdings ; secondly, to increase "land mobility" in order to facilitate the enlargment of other holdings. Thus, to some extent, in the Federal Republic of Germany, Belgium and initially also the Netherlands, the schemes applied only to very small holdings.

However, except in the United Kingdom and in the Netherlands, there was no general attempt to specify who should take the land over. Outside these two countries, the land released was not used to achieve existing objectives of agricultural structural policy, with the result that the social policy aspect was predominant. In France where, at least since 1968, specific criteria for the use of released land had been established, the granting of retirement annuities related in practice mainly to the transfer of farms between owners and successors.

In the Netherlands (1968 and 1971) as in the Federal Republic of Germany and Belgium (1971) the categories of farmers eligible for such aid measures were later extended in some cases even quite considerably. At the same time, in the Federal Republic of Germany and in Belgium a distinction was made between measures on behalf of older farmers (retirement annuity) and younger farmers (special premium). This change meant that in the Federal Republic of Germany the majority of farmers became eligible to benefit from aid measures of this kind.

3. With the exception of the Netherlands, and to a limited extent the Federal Republic of Germany, none of the Member States accompanied or supported structural policy measures with socio- economic guidance within the meaning of Directive 72/161/EEC. The total absence of such guidance probably contributed to the low success rate of the measures summarized in 2 above.

4. Finally, as regards support for the acquisition of vocational skills by persons engaged in agriculture, it is apparent that , in all Member States, even before the introduction of the Directives, efforts were being made to increase the general level of training of persons engaged in agriculture ; to some extent legislation to this effect was already in existence. Not only was there an attempt to raise the level of basic training, i.e. beyond lower secondary school level, but also an increased range of specialized training in the context of advanced training courses was made available. However, it must be noted that these efforts were often restricted to younger farmers, and that they scarcely applied to older farmers who had already been engaged in agriculture for many years without having had adequate training.

Chapter 3 : Objectives and basic content of the Directives on agricultural reform

The above analysis of the structural development of agriculture has shown that, despite the high rate of migration from agriculture, and a not inconsiderable reduction in the numbers of farm holdings, the structural adjustment and development process has progressed relatively slowly. National structural policies were often restricted to easing cases of hardship resulting from adverse farm structures and the consequent inadequate productivity of farm labour. Therefore, they had mainly a social character, comprising a type of incomes policy, and generally envisaged neither the evolution and effective improvement of agricultural structures nor the corresponding improvement in productivity - objectives which would have necessitated recourse to specific and selective reform measures. Not until 1970/71 was a certain change of direction apparent in some Member States in this respect.

As far back as 1962 the Council had concluded that the functioning and development of the common market in agricultural products would have to proceed hand in hand with the establishment of a common agricultural policy, one component of which is agricultural structural policy. The realization of the objectives of Article 39 (1) (a) and (b) of the EEC Treaty , i.e. :

- to increase agricultural productivity by developing technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, particularly labour ;
- to ensure thereby a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture ,

require both the maintenance of a sound agricultural structure and the elimination of structural inadequacies in agriculture. Furthermore, the achievement of land and labour mobility and the encouragement of an effective utilization of the factors of production were considered indispensable.

The structural policy measures implemented by the Community to attain these aims were restricted initially to the coordination of national structural policies through the Standing Committee on Agricultural Structure set up by the Council Decision of 4 December 1962 on the coordination of policies on the structure of agriculture (1) and through the financial support from the Guidance Section of the EAGGF for the financing of individual investment schemes (2).

On 21 December 1968 the Commission presented a memorandum on the reform of agriculture in the European Economic Community, in which it was pointed out that the market and price support policy alone could not solve the fundamental problems of agriculture, which were primarily the result of inadequate agricultural structures. The production capacity of the large majority of farmers in the Community is only small ; on the one hand, this results in an inbalance between the production factors of labour and land ; and on the other between size of holding and a profitable return on invested capital. In the circumstances many farmers cannot achieve a reasonable income. In many cases, as for example in the milk products sector, they are forced to pursue highly intensive production methods. Moreover, prevailing structural policy measures had proved inadequate for introducing at Community level schemes aimed at bringing the size of holding into line with farm labour potential, at guaranteeing a profitable return on invested capital and thus providing as many farmers as possible with the structural, economic and personal means of farming necessary to enable them to achieve an income and level of living comparable with those of other occupational groups.

As a result, in its memorandum, the Commission considered that a "far- reaching reform of agricultural structures", leading to an increase in the size of production units and a reduction in the number of persons engaged in agriculture was necessary. Thus, it put forward an appropriate set of measures as a basis for discussion.

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(1) O J N° 136, 17 December 1962, p. 2892/62

(2) Regulation n° 17/64/EEC, 5 February 1964, OJ N° 34, 27 February 1964

On the basis of this memorandum the Council, in its Resoultion of May, 25 1971 (1), adopted the principles for a new orientation of the common agricultural policy.

On 17 April 1972 the Council adopted the following Directives on agricultural reform:

- Directive 72/159/EEC on the modernization of farms (2)

- Directive 72/160/EEC concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement (3)

- Directive 72/161/EEC concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture (4).

These Directives were later followed by the following implementing Directives :

- Directive 73/131/EEC of 15 May 1973 on the guidance premium provided for in Article 10 of the Directive of 17 April 1972 on the modernization of farms (5).

- Directive 73/440/EEC of 11 December 1973 on general provisions for the regional differentiation of certain measures provided for in the Directives of 17 April 1972 on the reform of agriculture (6)

- Directive 74/493/EEC of 2 October 1974 on the level of interest rate subsidy referred to in Article 8 (2) of Directive 72/159/EEC (7)

- Council Decision of 21 October 1974 regarding the list of agricultural regions where unfavourable conditions exist within the meaning of Directive 72/160/EEC, situated in Ireland and Italy (8)

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(1) OJ N° C52, 27 MAY 1971
(2) OJ N° L 96, 23 April 1972, p. 1
(3) OJ N° L96, 23 April 1972, p.9
(4) OJ N° L96,23 April 1972, p. 15
(5) OJ N° L 153, 9 June 1973 p.24
(6) OJ N° L 356,27 December 1973 p35
(7) OJ N° L268,3 October 1974,p.15
(8) OJ N° L290,29 October 1974,p.7

The three Directives on agricultural reform were later followed by Directive 75/268/EEC of 28 April 1975 on mountain and hill-farming and farming in certain less-favoured areas. (1).

The Directives of 17 February 1972 on agricultural reform.

The Directives, which complement each other and constitute a single package, are primarily aimed at achieving a common objective : the establishment and development of farms of a structure and size which make possible not only the rational use of the factors of production, but also the adaptation of the farm to future economic developments and which assure a fair income and satisfactory working conditions for persons working on them (2). The development of such farms implies an improvement in existing man/land ratios. This improvement demands on the one hand, that farmers release land, and on the other, that such farms be created through increasing farm size, and that the land released should, therefore, be allocated by way of priority to these farms (3). As a result, the Directives also state that agricultural structures cannot be reformed unless a large number of those working

(1) OJ N° L 128, 19 May 1975 p.1

(2) Fifth Recital of Directive 72/159/EEC; Fourth Recital of Directive 72/160/EEC; article 1 (1) of Directive 72/159/EEC.

(3) Tenth recital of Directive 72/159/EEC, Fourth and Fifth recitals of Directive 72/160/EEC, Fourth and Fifth recitals of Directive 72/161/EEC.

in agriculture make a fundamental change in their occupational orientation, either within agriculture or by transferring to other occupations (1), or give up farming before retirement age (2).

The aim of these Directives is therefore to provide farmers with the necessary means to enable them to decide on their future with full knowledge of the existing opportunities and of the consequences of this decision, and to act in accordance with this decision, either by modernizing their farms, or by early retirement from farming or, in the case of younger farmers, by taking up another occupation outside of agriculture.
These means, which should be made available under the agricultural structural policy, are as follows :

- the establishment of a system of socio-economic guidance aimed at providing farmers, particularly those whose farms do not fulfil the requirements of a modern agriculture, with the necessary information which will enable them to decide on their future and solve their social and economic problems ;

- the introduction of a scheme to promote further vocational training and retraining of persons engaged in agriculture, enabling them to improve their farming skills or to acquire new skills and thus increase the productivity of their farms and enabling them to manage a modern farm;

- the introduction of a selective system to encourage those farmers who have decided to adapt their farms in accordance with the requirements of modern agriculture, who possess the necessary occupational skills and who can prove, by the submission of a farm development plan, that, after the investments have been made, their farms can through the use

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(1) Fifth recital of Directive 72/161/EEC

(2) Fifth recital of Directives 72/160/EEC, and Article 1 (1) of the same Directive.

of rational methods of work and production, achieve a "comparable earned income", a reasonable return on the capital invested in the farm, and reasonable living conditions. The comparable earned income is defined as the average gross wage of non-agricultural workers in the area concerned. The basis of this selective aid system is as follows :
- the allocation of released land to these holdings

- the granting of aids in respect of the investments necessary for carrying out the development plan. Essentially these aids take the form of interest rate subsidies not exceeding 5% (according to Directive 74/493/EEC, 6% until 31 December 1975) for loans up to 40 000 u.a. per labour unit over a period not exceeding fifteen years, or twenty years for investments in immovable property and ten years for all other investments. The rate of interest remaining payable by the beneficiary may not be lower than 3%, but provision is made here for certain exceptions. In addition, in the case of particularly high investments, Member States can increase the aids still further. Aid for certain investments or branches of production are restricted (pig sector, purchase of cattle) or excluded (purchase of pig and calves intended for slaughter, investments in the egg and poultry sector).

- the provision of guarantees for loans in cases where no adequate security is available

- the granting of a guidance premium where it is provided in the development plan that the farm will concentrate on the production of beef, mutton and lamb.

- the possibility of additional incentives where the development of the farm is undertaken within the context of schemes for consolidation of holdings or irrigation schemes.

This selective aid system is completed by the granting of aid for the introduction of account-keeping and launching aid for group farming operations.

To guarantee the required extent of farm modernization, the selective aid system also envisages the concentration of financial aid from Member States on the development of agricultural holdings as described above (1). As a result, farmers who do not submit a development plan may receive only smaller amounts of aid while the minimum interest payable by the beneficiary must than amount to 5%. The aim here is to avoid encouraging farms whose viability is not assured to plan expensive investments, which might prove to be a capital loss at some later date(1). Only for a transitional period are Member States permitted to grant temporary aids on certain restrictive conditions to farmers who are not eligible to benefit from the agricultural reform measures.

- the introduction of an aid system to help those farmers who have decided to make a fundamental change of occupation or to give up farming before normal retirement age, so that these farmers release their land and make the areas available to those farmers who wish to develop modern farms.

Essentially, this aid system provides for :

- the introduction of an annuity for farmers practising farming as their main occupation who are aged between 55 and 65 years and are giving up farming,

- the granting of a premium to all farmers, the amount of which is proportionate to the area released. The granting of this premium can be restricted to those farmers who do not receive the annuity referred to above.

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(1) cf. seventeenth recital of Directive 72/159/EEC.

Consideration of regional aspects

Article 39 (2) of the Treaty states that in working out the common agricultural policy, account shall be taken of the particular nature of agricultural activity, which results from, amongst other things, structural and natural disparities between the various agricultural regions.

Accordingly, the Commission memorandum of 21 December 1968 already stresses the varying levels of agricultural development in the different regions of the Community and the need to take account of these variations in the structural policy, so as to seek appropriate solutions to them.

The Directives on agricultural reform similarly operate on the basis that, because of the diversity of their causes, nature and gravity, structural problems in agriculture may require solutions which vary according to region which can be adjusted over a period of time, and which will contribute to the overall economic and social development of the region concerned.(1).

The Directives themselves take these regional differences into account as follows :

- the comparable earned income, to be achieved per labour unit on completion of the development plan, is differentiated according to region and fixed at the level of the gross income of non-agricultural workers in the region in which the farm concerned lies ;

- in certain regions the available aid can be extended and the minimum interest rate payable by the beneficiary reduced to 2%

(1) cf. eg Third recital of Directive 72/159/EEC.

- depending on the effort required of farmers in the different regions as regards modernization, both aids for farm modernization and aid granted for early retirements from agriculture can be fixed at different levels, provided, however, that the maximum aid laid down in Directive 72/159/EEC is not exceeded ;

- in regions where structures are good, where at least 75% of areas form part of modern farms, Member States may refrain from introducing any or all the measures provided for in the Directives on agricultural reform and thus help concentrate financial aid on those regions where the greatest effort is required to change existing structures and modernize farms.

For certain regions, where the maintenance of the minimum level of population is not assured and where a certain amount of farming is essential in view of the need to conserve the countryside, special aid measures can be adopted in accordance with Directive 72/159/EEC.

Council Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas defines more precisely and extends the above provision.

The Directive is based on the consideration that more than a quarter of the utilized agricultural area forms part of farms which are situated in mountain and hill areas or in other less-favoured areas and which, because of permanent natural handicaps, have to contend with adverse natural conditions of production which make any substantial increase in productivity and the associated achievement of reasonable living and income standards either very difficult or impossible. Consequently the objectives of the Directives on agricultural reform can only be realized with the help of additional measures. These specific problems imply not only that an increase in labour productivity is difficult or impossible, but in addition, that the conservation of the countryside or the maintenance of a minimum level of population is frequently no longer assured, since farmers are giving up agricultural activity and leaving the region.

For this reason, Directive 75/268/EEC aims, on the one hand to assure the continuance of agriculture by compensating for permanent natural handicaps, and on the other to promote as far as possible in these areas the modernization of agriculture as described above. Accordingly, the special aid systems set out in this Directive essentially comprise the following additional measures :

- the granting of a compensatory allowance proportionate to the permanent natural handicaps which hinder farming. In principle, the compensatory allowance is granted independently of production and is intended primarily to make up for increased production costs;

- increased provision for selective aid measures to help farms with a development plan, and in mountain and hill areas the opportunity of incorporating a greater degree of non-agricultural activities in the development plan ;

- under certain conditions, increased investment support for farms without a development plan ;

- additional aid for collective investments in fodder production and for the improvement and equipment of alpine pastures which are jointly farmed.

Part II : Implementation of the Directives on the reform of agriculture

Chapter 1: Introduction

The Directives on the reform of agriculture are based on the premise that the best result can be achievedif, acting on the basis of Community goals, concepts, criteria and conditions, each Member State implements the common measures through its own legislative or administrative procedures. Within one year of the Directive coming into force, i.e. by April 19, 1973, the Member States therefore had to introduce laws, regulations and administrative provisions to implement the common measures. In view of the practical and political difficulties experienced in some Member States when the Directives were introduced, and not least because Denmark, Ireland and the United Kingdom acceded immediately before the end of this period, the Council, acting on a proposal from the Commission, extended the time-limit to 31 December 1973.

Although the implementation of the Directives is the responsibility of the Member States, the Directives reserve for the Community, working in close cooperation with the Member States, the right to ascertain that the provisions adopted by the Member States contribute towards the achievement of the objectives of the common action and that the conditions for a financial contribution by the Community towards the costs of the common action are satisfied. The Directives therefore provide for a two-stages procedure which permits the Commission, in close cooperation with the Standing Committee on Agricultural Structure, to examine first the draft provisions and then final provisions with a view to determining if, in terms of their conformity with the Directives, and having regard to the objectives of these Directives and to the need for a proper connection between the various measures, they satisfy the conditions for a financial contribution to the common measures.

The procedures for the examination of draft provisions has proved necessary and useful since a large number of the drafts prepared by Member States showed that a more precise interpretation of the Directives was required on many points, and that opinion varied as to the amount of discretion each Member State was allowed in their implementation. Most of the questions and problems arising were clarified or solved during this initial procedure.

In every decision taken so far on agricultural reform measures, the Commission has been able to confirm at the second stage of the procedure, that the conditions for financial contribution by the Community have been fulfilled, thanks mainly to the fact that, at the drafting stage, many issues were clarified with the Member States.

When assessing the implementing provisions, the Commission has tried to make due allowance for the particular nature of the agricultural activities carried out in the various Member States, the original structure of the farms, the particular difficulties a Member State faces when attempting to introduce agricultural reforms, and the existing socio-structural policy of the Member States. The essential criterion in all cases was whether the implementing measures of the Member States would make it possible to achieve the aims of the Directives or whether individual implementing provisions might significantly hinder their achievement. Hence the Commission regarded minor departures from the Directives, i.e. measures having little effect on the achievement of the aims of the Directives (e.g. aids for drainage), as no obstacle to the authorization of a financial contribution by the Community. In each case, however, the departures were clearly indicated in the relevant Opinions and Decisions and, where necessary, approval was made conditional on a subsequent examination of their effects.

In many cases, consultation with the Standing Committee on Agricultural Structure proved indispensable for the assessment of the implementing provisions of the Member States. In the absence of the additional details, figures and explanations given at these consultations it would often have been impossible to clearly understand the measures proposed and to form an opinion on them.

Chapter 2: Implementation of Council Directive 72/159/EEC on the modernization of farms.

1. Whilst with one exception all Member States forwarded their draft laws, regulations and administrative provisions for the implementation of the Directives before the agreed deadline, there were considerable delays in the actual application of the common measures. By 31 December 1973 the essential laws, regulations and administrative provisions were in force in only four Member States (Netherlands, Federal Republic of Germany, United Kingdom, Denmark). By mid-1974 three further Member States had followed suit (Belgium, Luxembourg, Ireland). Although a number of implementing provisions were enacted in France at the beginning of 1974, they were not applied until 1975, but additional provisions, particularly for the alignment of national aids, still do not exist. In Italy the adoption of the Directives coincided with the delegation, from the central government to the regions, of certain powers relating to agriculture. This meant that the Italian Parliament was unable to adopt a law for the implementation of the Directive of 17 April 1972 before May 1975. Here, too, supplementary provisions are still required for full implementation (cf. table 1).

2. Generally speaking, the implementation in the Member States of the common measures adopted in Directive 72/159/EEC is determined by three factors :

   - the objectives of the development plan (Article 4)

   - the type and amount of aid available to farmers who have submitted a development plan (Article 8 and 14 (1)).

   - aids available for other farms (Article 14 (2)) which at the same time defines the degree of "selectivity" in the provision of incentives for farms whose modernization is planned.

2.1. As regards fixing the modernization objective, here again there are three main factors :

- the determination of the "comparable earned income" and the man-hours on which the comparable earned income is based ;

- the fixing of the modernization objective taking account of the duration of the development plan ;

- the assessment of an adequate return on the capital invested in the farm.

In this respect the Directive allows Member States a certain margin, but it fixes minimum and maximum values in respect of the comparable earned income and the man-hours required.

2.1.1. When fixing the comparable earned income, seven Member States based their calculations on the minimum value given in the Directive, i.e. the gross wage for a non-agricultural worker minus employer's contribution to social insurance. In the United Kingdom, on the other hand, the comparable earned income is set at the upper limit given in the Directive, i.e. includes the total contributions by employers, while the Netherlands deducted only a proportion of these contributions up to 1975, but plans to deduct the full amount from 1976.

The comparable earned income used in each country in respect of development plans commencing in the period 1973 to 1975 was as follows :

	1973	1974	1975
Belgium	-	Bfrs 262 000	Bfrs 318 000
Denmark	-	Dkr 54 200	Dkr 63 000
Federal Republic of Germany	DM 17 300	DM 18 800	DM 22 000
France	-	-	FF 27 700
Italy	-	-	-
Ireland	-	£ 1 800	£ 1785- £ 2 540
Luxembourg	-	Lfrs 274 000	Lfrs 332 000
United Kingdom	-	£ 2070- £ 2300	£ 2445- £ 2 700
Netherlands	Fl 20 800	Fl 23 400	Fl 26 000

In six Member States this earned income relates to the maximum annual working period per man-work unit of 2 300 hours. Only Denmark (2 100 hours), the Netherlands (2 210 hours) and the United Kingdom, apart from Northern Ireland (2 200 hours) choose to relate the comparable earned income to a shorter annual working period.

Whilst Belgium, Denmark, Luxembourg, the Netherlands and, in 1974, Ireland fixed a comparable earned income for the whole of their territory, the other Member States differentiated this income by region. The Federal Republic of Germany is divided into 27 regions of various sizes with the comparable income varying between 78 and 111 % of average. In France, the comparable earned income is fixed per departement and the values are between 69 and 140 % of average. As from 1975 Ireland created three and the United Kingdom two regions (Great-Britain and Northern Ireland). In Italy the comparable income will be fixed for each province.

2.1.2. Depending on the duration of a development plan, the comparable earned income fixed for the year in which a development plan is submitted is increased each subsequent year in all Member States by a percentage which reflects either the estimated real increase in non-agricultural earnings (Denmark, the Federal Republic of Germany, Belgium, France), or the average real increase in non-agricultural earnings over a period of several years preceding the year of the application.

Thus, the Member States have fixed the following annual adjustement rates for farm development plans submitted during the period 1973 to 1975 :

	1973	1974	1975
Belgium	-	4%	3%
Denmark	-	3.3%	3.3%
Federal Republic of Germany	3.5%	2%	2%
France	-	-	1-3% according to département
Ireland		3%	3%
Italy	-	-	-
Luxembourg	-	3%	2%
Netherlands	3%	3%	3%
United Kingdom	-	3.5%	3.5%

2.1.3. In addition to the comparable earned income, an adequate return on the capital invested in the farm is also to be achieved through the development programme. This return was in almost all cases fixed by first differentiating between land and other capital. Whereas the percentage on land is usually the same as the statutory or customary rent required of a tenant farmer, the percentage on other capital is often around the lower limit of what may still be regarded as an adequate return. Details are given in the following table :

MEMBER STATE	LAND	OWN CAPITAL (excluding land)	LOAN CAPITAL
Belgium	statutory rent	6%	6%
Denmark	customary rent	4%	actual interest
Federal Republic of Germany	3.5% but at least 3 500 DM/farm		actual interest
France	statutory rent	4% of value as new	4% of value as new
Ireland	2%	5%	actual interest
Italy	2%	Interest as laid down by law	actual interest
Luxembourg	average rent	5%	actual interest
Netherlands	customary rent(3.5%)	7-7½ %	7-7½ %
United Kingdom	customary rent	10% at a depreciation rate of 12½ % per year	

2.2. As regards incentives for farms implementing a development plan, only Belgium, Italy and the Netherlands have introduced a system of aid which consists solely of interest rate subsidies on loans taken up, although this system is the general rule provided for in the Directive. By contrast, the United Kingdom grants capital subsidies only. The systems in force in the Federal Republic of Germany, France and Luxembourg are a combination of interest rate subsidies and/or loans bearing reduced interest and capital subsidies. In Ireland, there is a choice between capital subsidies and interest rate subsidies, whilst in Denmark a partially capitalized interest rate subsidy is paid.

In Article 8 the Directive provides for an interest rate subsidy not exceeding 5% and covering a period of 15 years, or 20 years for investments in immovable property and 10 years for other investments. Only the Federal Republic of Germany, Italy and to some extent France are making full use of this provision, and, in particular, of the possible extension of the term of the subsidy in the case of investments in immovable property. By contrast, all the other Member

States grant less investment aid than is possible under the Directive-with some limited exceptions in respect of immovable property. This applies particularly to investments in buildings. Here, in all cases, a 5% interest subsidy is granted over 15 years for investments in buildings, and the equivalent capital subsidy in the United Kingdom is even lower. What is more, the term of the interest rate subsidy (or the equivalent capital subsidy) for other investments is in some cases much less than ten years (e.g. five years in Ireland). In addition, the Dutch interest rate subsidy for certain investments (increasing the production of pigs and calves for slaughter, extending greenhouses, purchasing cattle) is a mere 1%.

Only the Federal Republic of Germany has made use of the possibility of temporarily raising the interest rate subsidy from 5 to 6%, as provided for by the Directive 74/493/EEC until 31/12/1975. No other Member State has made use of this possibility. But in this connection, attention should be drawn to the fact that Italy plans, should the occasion arise, to take up the option, provided for in the second indent of Article 8 (2), of lowering the minimum rate payable by the beneficiary to 2% in certain regions.

In some Member States the total investments eligible for aid is also limited. In the Federal Republic of Germany and the Netherlands, aid is allowed for a maximum investment of 120 000 u.a., which corresponds to the amount for three man-work units, whilst for Denmark the figure is 80 000 u.a. equivalent to the amount for two man-work units.

No Member State is currently applying different levels of aid for different regions as provided for in Directive 73/440/EEC. However, one can assume that the application of Title III of Directive 75/268/EEC will result in an increased regionalization of the amounts of aid in certain Member States.

2.3. Only a few Member States have availed themselves of the opportunity to grant additional national aid to farms with a development plan pursuant to Article 14 (1) of the Directive. In the Federal Republic of Germany the aids can at times be increased considerably for the construction or transfer of farm buildings to a new site provided that the amount of the investment exceeds 60 000 DM on farms with a certain proportion of grassland and 80 000 DM on other farms ; the aids are then given for an investment of more than 40 000 U.A. per man-work unit and for a longer period. This type of aid may account for as much as 45-53% of building costs, or 55-70% in the case of farms with a certain propprtion of grassland. To a lesser extent, and sometimes only in certain regions, additional aid for investment in farm buildings is also granted in France and Luxembourg. In Belgium additional aid can be granted only for that proportion of an investment exceeding 40 000 u.a. per man-work unit.

Finally, there is provision for additional aid for land improvement, particularly drainage, in France, Ireland and the United Kingdom . In practice, Article 14(1) of the Directive is not applied in Denmark or the Netherlands.

2.4. As regards incentives to farms not undertaking a development plan within the meaning of the Directive, a distinction should be drawn between :

a) the fact that Member States may, during a period of five years from the entry into force of the Directive, grant temporary aids to farmers who are not capable of attaining the comparable earned income and are not eligible for the annuity provided for in Directive 72/160/EEC (Article 14 (2) (a));

b) aid to other farms (Article 14(2), first sentence).

2.4.1. Temporary aids, generally equivalent to the incentives for farms which have submitted a development plan, are granted in Belgium and Ireland ; in France, the possibility of granting such aid is provided for. In the Federal Republic of Germany, for a maximum investment of DM 40 000 (DM 45 000 for grassland farms) farmers under 60 years of age who cannot submit a development plan are currently granted an interest rate subsidy of 6% on 80% of the eligible investment, over a maximum period of 20 years, but no investments aid is given for non-land using farm enterprises.

2.4.2. As regards investments aid for other farms without a development plan, a distinction can be made between two groups of measures :

- permanent aid to such farms ;
- temporary aids to such farms, usually for short-term economic reasons.

2.4.2.1. Apart from the special provision for Luxembourg, valid until 31 December 1975, (Article 23), permanent investment aid for farms without a development plan exists only in Belgium, Ireland and the United Kingdom. Whilst Belgium grants an interest rate subsidy of 3% for all investment running for terms of between five years (livestock) and 15 years (buildings), Ireland grants an interest rate subsidy of 3% for 15 years, or the equivalent value in the form of capital subsidies for investments in buildings, and an interest rate subsidy of 7% or a capital subsidy of 40% for land improvement projects; provision is made in the United Kingdom for a capital subsidy which is on average 5% lower than the equivalent aid to farms submitting a development plan; in this case, however, many investments (e.g. farm equipment) are not eligible for any form of aid. By the time the project is completed, the farm receiving a subsidy must provide a satisfactory living for one person.

In the Federal Republic of Germany, farms which submit a development plan but which can achieve the comparable earned income only with the help of income from forestry, tourism or some other non-agricultural use of the land, or farms in particular areas which achieve only 90% of the comparable income, may receive the same subsidies as farms submitting a development plan. The Commission has made the point that it considers this provision to be incompatible with Article 14 (2) of the Directive (1). In all other cases, farms without a development plan are not subsidized.

In France and Italy the national aids have not so far been sufficiently aligned with the provisions of the Directives. In both Member States this is particularly true of certain regions only parts of which appear in the Community list of less-favoured areas.

In the Netherlands there is a permanent system of investment aid only for projects such as drainage, land improvement, farm consolidation paving of farm yards etc. The subsidies for drainage is higher than is provided for in the Directive. Denmark grants reduced interest loans for the transfer of buildings to new sites.

Moreover, some Member States subsidize the purchase of land (France, Denmark, Italy and, within the limits described above, the Federal Republic of Germany).

2.4.2.2. In addition to these general incentives, two Member States introduced short-term measures during the period under review, the main purpose being to stimulate building activity. The effects of such measures were limited to a few weeks or months.

Currently the Netherlands grantd an aid of 20% subject to a maximum of FL 10.000, for investments in buildings, the total cost of which does not exceed a maximum of FL 70.000. Recently Denmark introduced a similar system which provides for net aid of 16% for a maximum investment of Dkr 300 000 in a construction project. The same aid is also granted for drainage.

3. The review of the measures introduced by Member States to implement Directive 72/159/EEC on the modernization of farms shows firstly that - with one exception which will be dealt with in greater detail in Part IV - the Community examination procedure has enabled satisfactory solutions to be found for all problems which have arisen so far in connection with fixing the modernization objective (Article 4 of the Directive). Even where it has not yet proved possible to take a decision on financing, it can be seen that the Member States' provisions relating to the fixing of a modernization objective are generally consistent with the aims of the Directive, even where they conform to the minimum rather than the maximum limits.

At the same time, however, the review clearly shows that there has been far less alignment with the aims of the Directive where aid is concerned.

This applies, in the first place, to the amount of aid which may be granted to farms carrying out a development plan. In many cases the full range of aids provided for in the Directive is not granted, particularly when the development of a farm requires heavy investment, notably in buildings.

However it applies above all to the national aids which can be granted to farms not submitting a development plan.

In this field the necessary amendments to the legal and administrative provisions have not yet been made, or not completely made in France or Italy.

In a number of Member States (for instance the Netherlands, Ireland, United Kingdom), there are certain investments aids for land improvement which are higher than permitted under the Directive. In the course of the examination procedure, the Commission noted that such aids were formally incompatible with the Directive ; it did not, however, make the decision on financing dependant on the abrogation of these measures, since it felt that basically such measures have little influence either way on the achievement of the aims of the Directive.

In addition, the Federal Republic of Germany grants aid to certain limited categories of beneficiaries (e.g. mixed farming and forestry), which are incompatible with Article 14 (2) of the Directive.Here, too, the Commission proposed that the measures to implement the Directive should be financed, but only because it has been proved that, in terms of the total number of grant-aided farms, these measures were only of minimal importance.

Since the full range of aids which the Directive proposes for farms undertaking a development plan has not been exploited, the Commission has repeatedly had to concern itself with the central issue of the Directives on the reform of agriculture, namely the introduction of "selective incentives to farms suitable for development". Clearly, Directive 72/159/EEC provides for the granting of a varying system of incentives for farms suitable for development which are distinctly more favourable than those available to other farms. Only in this way can farmers be encouraged to make the necessary efforts to modernize their farms. Within the framework of the Community's examining procedure, it has been possible to define the minimum requirements for a selective system of incentives , whereby the aims of the Directive may be achieved and whereby these achievements will not be jeopardized by the granting of excessive aid to other farms.

It is clear that the Directive requires a minimum difference of 2 points between the level of the aids (in a system of interest rate subsidies). On the one hand, in application of Article 14 (1) of the Directive, authorization was given to create this difference where necessary, by means of additional national aids for farms suitable for development. On the other, a difference of less than 2 points was regarded as acceptable only if there were significant additional limitations as regards incentives to other farms, thus offsetting the small difference between the levels of the aid. Such limitations could take the form of a restriction on the total investment eligible for aid, or a reduction in the types of investments for which incentives may be granted.

At the same time it became apparent that, if correctly applied, the Directive provides sufficient scope to deal with certain emergency situations, e.g. short-term measures affecting agriculture. Problems relating to the level of aid permitted, and to selectivity, arose only where the provisions for subsidizing farms with a development plan were not fully exploited, which meant that the admissibility of aid for any other farms was limited.

This report on the implementation of Directive 72/159/EEC in the Member States shows that the measures introduced are extraordinarily varied. Thus, apart from those cases where, for reasons not justifiable under the Directive, national aids have not yet been sufficiently aligned, the Directive has proved to be a highly flexible instrument, making it possible to take due account of the varied requirements of structures of the Member States without compromising the basic objectives.

Chapter 3 : The implementation of Directive 72/160/EEC concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement

1. The Commission had received the drafts of all the Member States on the implementation of Directive 72/160/EEC by 31 December 1973, the end of the adjustment period (1). However, here too, there is evidence of a delay in the acutal application of the Directive. Only three Member States (Netherlands, United Kingdom, Federal Republic of Germany), were applying the Directive by the end of the adjustment period. Four Member States (France , Belgium, Ireland, Luxembourg) had published provisions implementing the Directive by the beginning of May 1974. In Italy it was not possible to enact the legislation necessary to implement the Directive before May 1975, for the reasons already mentioned above (cf. table2).

2. The introduction of an annuity or a premium for farmers who cease working in agriculture and who make the utilized agricultural area available for the purposes of structural improvement, thus achieving the Directive's objective as described above, is influenced by three main factors :

- the definition of the group entitled to benefit from the measures;

- the amount and, where appropriate, the duration of the payments;

- the conditions governing payment i.e. in particular, the reallocation of the land released and the extent to which the resulting land mobility is used to achieve the objectives of the Directives on the reform of agricultural structures.

2.1. As regards the definition of the group entitled to benefit from the measures, Article 2 of the Directive provides that in principle

(1) Directive 74/645/EEC of 9 December 1974 authorized Denmark not to apply
Directive 72/160/EEC until 31 December 1976

the annuity is to be granted to all farmers who practice farming as their main occupation and who are aged between fifty-five and sixty-five, and the premium at least is to be granted to all other farmers who cease working in agriculture. However, on the grounds of age or means of the prospective beneficiary, Member States may vary the amount of or refuse to grant the annuity or premium.

2.1.1. Belgium and Luxembourg grant the retirement annuity to farmers who practice farming as their main occupation and are aged between fifty-five and sixty-five years, the Netherlands to farmers aged between fifty and sixty-five years and Ireland and the United Kingdom to farmers aged fifty-five years or over. Italian legislation also provides for the annuity to be granted to farmers who practise farming as their main occupation and who are aged between fifty-five and sixty-five who farm no more than 15 hectares, but only in areas other than mountain areas. In the Federal Republic of Germany, the annuity is granted to farmers aged between sixty and sixty-five years, and, by way of exception, to farmers aged between fifty-five and sixty years if they can no longer obtain a new occupation. In France, however, apart from cases of invalidity etc, only farmers aged sixty years and over receive an annuity. Farmers leaving agriculture before this age can, however, get a provisional certificate which gives them the right to receive the annuity on reaching the age of sixty years or, where appropriate, sixty-five years.

On the other hand, the premium is in principle granted irrespective of the recipient's age. Only the Netherlands and Belgium impose restrictions here : neither country provides for special financial incentives for farmers who have reached the age of sixty-five and release land for the purposes of structural improvement.

2.1.2. All the Member States restrict the group of people entitled to benefit from the annuity or the premium to a greater or lesser extent, depending on the size of the farm or the income of the farmer.

Only in Italy is the premium granted irrespective of the size and income of the farm. In the other Member States the limits for granting the annuity or the premium are the same, i.e. a farmer whose farm exceeds a specific size or whose income is over a specific amount, may not receive either the annuity or the premium on ceasing farming, even if he were prepared to make the land available for the purposes of structural improvement.

The following picture emerges :

France, Ireland, Italy and Luxembourg apply a limit based purely on area, the upper limit in France being fixed at four times a "minimum farming area" (approximately 60 to 200 ha, depending on the region), in Ireland at some 18 ha, in Italy at 15 ha (but this applies only to the annuity for the cessation of farming and to farmers aged between fifty-five and sixty years in areas other than mountain areas) and in Luxembourg at 20.8 ha. The Federal Republic of Germany applies a criterion which also, by and large, amounts to a limit of area, the maximum being somewhere between 20 and 25 ha, depending on the region. In the Netherlands and Belgium, however, the limit is based on income; in the Netherlands the current limit is a taxable income of Fl 20 000, and in Belgium a taxable income of Bfrs 100 000, although an increase in this latter amount is planned. In the United Kingdom, on the other hand, farms with a labour requirement of under 600 standard man-days qualify for an annuity or premium.

The Federal Republic of Germany, Luxembourg and Ireland permit exceptions to these restrictions. In these countries larger farms may also receive the annuity or premium, if they do not provide the comparable earned income as defined in Directive 75/159/EEC and cannot be developed accordingly. In Ireland, moreover, the payments are granted to larger farms if it can be proved that the area released is required for the implementation of approved development plans.

Additional restrictions exist in Belgium and Luxembourg :

In both countries farmers whose non-agricultural income exceeds a specific amount, which may be less than half the total income, are debarred from being granted the annuity or premium. In both countries this rule also applies if the non-agricultural income of the spouse exceeds this amount. In this connection it should also be noted that in France, Ireland, Luxembourg and to a lesser extent in the United Kingdom, farmers practising farming as a subsidiary occupation may not receive the premium, irrespective of the amount of land that may be released by them .

2.2. The Member States use very different methods for deciding the amount of the annuities and premiums.

While the Federal Republic of Germany, France, Luxembourg,Ireland Italy and the Netherlands pay a standard annuity, Belgium and the United Kingdom grant a basic annuity and an additional sum calculated by reference to the area released; in Belgium the amount of this additional sum varies according to the use made of the land.

Five Member States calculate the premium per hectare of area released (Belgium, Germany, Ireland, Italy and Luxembourg). In France and the United Kingdom the premium comprises a basic sum unrelated to area and an additional sum, calculated by reference to the area released. In the Netherlands the premium consists of an amount per hectare of area released and an amount calculated by reference tothe volume of the farm business.

In France, Ireland Italy and the Netherlands. the premium is granted in addition to the annuity; however, in the Netherlands only that part of the premium is paid which is calculated by reference to the area released. In addition, Ireland and Italy provide that where a tenant farmer ceases farming the premium is granted to the landlord and the annuity to the tenant.

In France and the United Kingdom the premium is converted into an annuity, if the farmer ceasing farming is aged 65 or over.

In Germany the premium is granted only where the land released is leased. In Ireland the amount of the premium varies according to whether the land released is sold or leased. In the latter case the amount may be twice as much as in the former.

All the Member States except Italy stipulate, either directly or indirectly, a maximum amount for the premium. As a general rule, this maximum amount is that for 30 ha and above, but Belgium and Luxembourg grant the premium only for 10 hectares.
In Luxembourg and the Netherlands all payments pursuant to the Directive cease once the beneficiary reaches the age of sixty-five years. In Belgium, the annuity is granted for a period of ten years, and in France the payment of the annuity continues but on a considerably reduced scale once the recipient reaches the age of sixty-five years . In the other Member States the annuity is granted for life although the normal old-age pension may be taken into account.
In all Member States except Luxembourg and the Netherlands, farmers are still at a financial advantage even after the age of sixty-five years provided they ceased farming between the age of fifty-five and sixty-five years . In Belgium, the later farming ceased, the greater is this advantage.

The detailed arrangement and the rules relating to the amount of the annuities or premiums are shown in the following tables :

Annuity for the cessation of farming in accordance with Article 2 (1) (a)

Member State	Recipient		Amount	Duration
	age	Limits		
Belgium	55-65 years	- the taxable net income from the farms must not have exceeded Bfrs 100 000 per annum - the non-agricultural taxable income of the applicant or spouse must not have exceeded Bfrs 50 000 (increase in amounts is envisaged)	fixed part: Bfrs 45 000 variable part: Bfrs 3 000 per 50 ares. Maximum: 90 000 per annum The variable part may be increased by one third, or by 100% in the case of certain land reallocations. Maximum Bfrs 135 000	10 years maximum
Federal Republic of Germany	60-65 years, in exceptional cases from 55 years	Farms up to approximately 20-25 ha ; larger farms only if comparable income is not attained or cannot be attained	Married persons : DM 5 268 per annum Single persons: DM 3 492 per annum Regular adjustment is envisaged.	For life
France	from 60 years	4 times minimum farming area (approximately 60-200 ha in mixed farming, depending on the region).	Married persons between 60 and 65 years : FF 8 200 per annum Single persons between 60 and 65 years : FF 4 800 per annum From 65 years a standard FF 1 500 per annum for both categories	For life

Annuity for the cessation of farming in accordance with Article 2 (1) (a)(Contd)

Member State	Recipient		Amount	Durati
	Age	Limits		
Ireland	from 55 years	up to a maximum of 45 acres of good multi-purpose land; larger farms if farm produces earned income appreciably below the comparable income or if the land is needed for the development of other farms.	Married: £600 per annum persons Single: £400 per annum persons	For life
Italy	(a) 55-60 years (b) 60-65 years	(a) up to a maximum of 15 ha unlimited in mountain areas. (b) generally unlimited	Married: 900 u.a. per annum persons Single persons: 600 u.a. per annum	For life
Luxembourg	55-65 years	up to maximum of 20.8 Ha; farms between 20.8 and 30 ha only if farm cannot be adapted - the household's non-agricultural income must not have exceeded the minimum wage.	Married persons: Fl 100 800 per annum Single persons: Fl 90 700 Level of annuity is index-linked. Partial deduction for non-agricultural income.	Up to the end of the year of age
Netherlands	50-65 years	maximum taxed net income from the farm 1974: Fl 16 000 per annum 1975: Fl 20 000 per annum	Lump-sum premium: Fl 1 000-4 000 per ha (1974) Fl 1 200-4 800 per ha (1975) Annuity: 720 u.a. per annum.	Up to the e 65th year o age
United Kingdom	from 55 years	farms of less than 600 standard man-days	Annuity: £ 250 per annum for the first 10 acres + £2 per annum for each additional acre Max. £450 for 110 acres	for life; fa between 55 years may al for the lum sum premium

Premium in accordance with Article 2(1) (b)

Member State	Recipient: Age	Recipient: Limits	Amount
Belgium	under 55 years	-taxable net income from the farm must not exceed Bfrs 100 000 per annum -taxable non-agricultural income of the applicant or spouse must not exceed Bfrs 130 000 per annum	BF 20 000 per ha up to a maximum of 200 000 BF; this amount may be increased by 1/3 or by 100 per cent for certain land reallocations.
Germany	no age limit but accumulation with the annuity excluded	as for annuity, but includes farmers who practice farming as a subsidiary occupation	DM 500 per ha up to a maximum of DM 20 000. Special crops: DM 1 200 per ha.
France	no age limit	as for annuity	Fixed part : FF 3 000; variable part for areas over 5 ha but less than the minimum farming area : FF 100 per ha. For farmers over 65 years : conversion to annuity.
Ireland	no age limit	as for annuity	(a) 10% of the purchase price up to a maximum of £ 1 500 (b) where leased : twice the annual lease rent up to a maximum of £ 3 000
Italy	no age limit	no limits, and in addition applies to landlords whose tenants receive the annuity.	8 times annual lease rent; in the case of landlords who cannot receive the annuity because of limit on size, 6 times annual lease rent.
Luxembourg	no age limit but accumulation with annuity excluded	as for annuity	1 500 Fl per ha up to a maximum of 150 000 Fl.
Netherlands	Farmers up to 50 years	as for annuity	(a) premium 1975 : between Fl 1 200 and Fl 4 800 per ha. (b) premium calculated by reference points which set a value on the farm: Fl 2.4 per point, maximum Fl 24000, minimum : 6 000 Fl
United Kingdom	Farmers under 55 years	as for annuity	£ 1 000 for the first 10 acres + £ 20 for each additional acre Maximum £ 3 000 for 110 acces.

2.3. As for the conditions relating to the reallocation of the land released which must be fulfilled for the annuity or the premium to be granted, with one exception all the Member States make it obligatory to transfer the land released to farms carrying out development plans. However, where the farmer ceasing farming finds it impossible to comply with this condition, these Member States also permit other kinds of reallocation - apart from long-term-non-agricultural use. In these cases, Ireland, Italy and the Netherlands specify transfers to a "land agency" or comparable public body, which for their part must use the land for farms with development plans, although in Italy they may also reallocate it for the enlargement of other farms.

Belgium and Germany likewise provide for transfers to land agencies, but also permit reallocation to other farms not carrying out a development plan, as do Luxembourg and the United Kingdom. Apart from Luxembourg, these countries however set specific requirements for the minimum size or area to be reached, which in Belgium and Germany may be considerably below the size aimed at by Directive 72/159/EEC.

For the time being (up to December 1976), France sets no special conditions for the reallocation of the released land when granting the annuity, so that the annuity may be paid even when the farm is not wound up as an independent economic unit, but, for example, passes to an heir as a whole. Thus, the Commission has so far been unable to issue a favourable financing decision on the French provisions for the implementation of the Directive. However, the authorities responsible for the implementation of the Directives were instructed to ensure some coordination between the release of farmland on the one hand and the development of farms on the other. On the other hand, the premium is granted only in specific and narrowly restricted cases, unless the land is being transferred to a farm carrying out a development plan.

2.4. In two Member States measures exist or are planned, which still fall within the scope of the Directive, even though they do not constitute measures within the meaning of Article 2. The Netherlands intends to introduce a measure enabling farmers aged 50 years or over, who undertake to make their farm available for the purposes prescribed by the Directive within six years at the latest to receive the annuity during this period, while the additional premium per hectare will be paid only when the land has actually been made available.

A similar rule already exists for some time in France, where farmers too young to receive the retirement annuity may, under specific conditions and in specific regions receive an "anticipatory annuity", if they undertake to cease farming on reaching the appropriate age.

2.5. Annuities for hired or family workers aged between fifty-five and sixty-five years who lose their jobs as a result of the transfer of the farm have not been introduced in the Federal Republic of Germany, Ireland and the United Kingdom because of the extensive systems of unemployment benefits already existing in these countries. In Germany however, a non recurring lump-sum is paid. The other Member States are introducing an annuity of this kind; in the Netherlands, Luxembourg and Belgium it will be the same as the annuity for farmer-owners, and in France and Italy, it is fixed at the level of the annuity for single farmers. In Luxembourg family workers receive 60% of this amount. In Belgium skilled farmworkers are virtually excluded from such arrangements, since hired workers whose income has exceeded a specific amount do not receive the annuity.

3. As the table of measures in the Member States shows, the application of Directive 72/160/EEC has thrown up a number of problems.

3.1. All the Member States have to a greater or lesser extent made use of the authorization in the Directive not to grant the annuity or premium for the cessation of farming on grounds of the prospective beneficiary's means. In many cases considerations of social policy were applied to restrict the Directive's scope: persons who possess assured assets in the form of their farm or who achieve, in particular through non-agricultural activity, incomes which are above a certain minimum level, need no additional aids to cease farming.

Against this, the Commission has stressed the Directive's structural nature, which alone could justify a Community measure within the framework of the common agricultural policy. But the Directive's structural significance consists in making land available for the purposes of agricultural reform, i.e. for the development of suitable farms and in granting financial incentives for this. It was, however possible to reach some deal of agreement within the Community's examination procedure so that the above-mentioned social policy considerations are applied only when the prospective beneficiary achieves from his farm an income which is not appreciably less than the comparable income as defined in Article 4 of Directive 72/159/EEC. All the Member States except Belgium and the Netherlands, have made the relevant adaptations wherever this problem was posed by their provisions.

In all the cases the Commission was therefore able to issue favourable decisions on eligibility for financing, but in cases where this adaptation was not made, it has reserved the right to review the decisions in the light of trends in comparable non-agricultural incomes.

3.2. In this connection it seems appropriate to refer to the problem presented by the level of payments under Article 2 (1) (a) and (b) of the Directive. Almost all the Member States provide for an annuity greater than the amount specified in the Directive as being eligible for financial assistance by the Community. But in all Member States th annuity has been set at a level which gives rise to doubts as to whether it constitutes a genuine alternative for farmers whose farms do not provide the comparable income, even if the additional income from the lease or disposal of the farm is taken into account. The Member States' measures would seem to benefit mostly the very small farms, which, however, can release only small areas of land for agricultural reform.

The latter also applies to the level of the premium specified in Article 2 (1) (b) of the Directives: the total amount or the amount per hectare is so low in some cases that it is hardly likely to provide much incentive to release land for the purposes of structural improvement. This is especially true of cases where this premium constitutes the sole payment.

3.3. The success of the Directive depends, however, on the released land being used for the enlargement of farms suitable for development as defined in Directive 72/159/EEC. All the Member States except France have provided for the land to be reallocated by way of priority to farms for which a development plan has been approved .In almost all the Member States however, the land may also be used to enlarge other farms, if at the time when the farm is released no other farm is available which has submitted a development plan. In France, the land may even be reallocated for the creation of a new farm, on which no requirements are imposed as to their viability or suitability for development.

On the one hand, the lack of proper measures to coordinate the release and the reallocation of farmland, measures which should also help to create a medium-term assessment of available land, and on the other, the lack of measures facilitating interim uses for the land released, would seem in many cases to indicate that the measures provided for by the Directive do not perform the "guidance function" which is in fact the structural justification of these measures.

Although land agencies as referred to in Article 5 (3) of the Directive exist in almost all Member States, it may be said that only in the Netherlands are these agencies used as really effective instruments in the reallocation of land. In addition, in all Member States scarcely any real attempt is made to reallocate for structural improvements land which does not fall within the scope of the measures provided for by the Directive.

In this connection, it is also worth mentioning that in some Member States there is hardly any structural reallocation of land released by farmers who have reached the normal retirement age and have no farming successors.

Chapter 4: The implementation of Title I of Directive 72/161/EEC concerning the provision of socio-economical guidance for and the acquisition of occupational skills by persons engaged in agriculture.

1. In all Member States the implementation of Directive 72/161/EEC began considerably later and more slowly than Directives 72/159/EEC and 72/160/EEC. Before expiry of the adaptation period only German and Italy had sent the Commission draft laws for implementing Title I of Directive 72/161/EEC (provision of socio-economic guidance). Other Member States followed in the course of 1974, and France at the beginning of 1975. So far Belgium and Luxembourg have not forwarded draft laws for implementing this part of the Directive.

   By the end of 1974 only Germany and the United Kingdom actually applied the section of the Directive concerning the provision of socio-economic guidance, though it should be pointed out that an extensive socio-economic service already existed in the Netherlands before the Directive was issued. Ireland and Denmark followed by mid-1975. Italy laid down the legal basis for the introduction of socio-economic guidance in May 1975. So far the Commission has not received the definite text of the French laws (for details see Table 3).

2. In Title I, Directive 72/161/EEC restricts itself to outlining the aims and content of the socio-economic guidance and setting out a certain framework for:

   - the organization of socio-economic guidance and the professional qualifications of persons to be appointed as socio-economic counsellors;

   - the training and advanced training of socio-economic counsellors.

2.1. Although all those Member States which so far have adopted regulations for implementing the Directive or drawn up draft laws to this effect, have followed, in these provisions, the aims and responsibilities of socio-economic guidance as defined in Article 3 of the Directive, the nature of this guidance reveals various shifts of emphasis. Evidence of this is provided not only by the different qualifications required in the selection of the socio-economic counsellors but also by the different priorities set in the training courses for future socio-economic counsellors.

The main emphasis of socio-economic guidance in Germany, for instance, appears to be directed towards the analysis of a farm's economic situation and development potential on the one hand and towards an analysis of the farm family's situation and its further evolution on the other. But in the Netherlands and Ireland, the emphasis lies more on a general social and legal advice such as questions relating to the leasing of land, and, in particular, problems connected with inheritance. Finally, the selection criteria used in Italy suggest that questions of farm development and management will be foremost.

2.2. As regards the organization of socio-economic guidance, all Member States incorporate it into the existing agricultural advisory services more or less as a special sector. Apparent dissimilarities result mainly from the different organization of advisory work. In the Federal Republic of Germany, Ireland and the United Kingdom, the provision of socio-economic guidance forms part of the public agricultural advisory service; in Denmark, France and the Netherlands the professional agricultural organizations provide socio-economic guidance under State control. Italy, on the other hand, plans to set up new centres at both State level and at the level of the professional organizations. In Ireland, professional organizations may also provide socio-economic guidance under certain conditions.

With the exception of Italy, the Member States select their socio-economic counsellors from members of the general agricultural advisory service. Agricultural Advisers, who normally have a university education or at least technical school training or equivalent qualifications in agriculture and similar subjects, and occasionally in law (Netherlands) or veterinary science or biology (Italy), and who must have a certain length of experience as agricultural advisers or in occupations which have brought them into constant contact with the farming community, may be admitted to special training courses in socio-economic guidance. Only Italy fails to stipulate any practical professional experience for counsellors with a university education or even for those with no more than an agricultural training at secondary level.

Socio-economic counsellors in the Federal Republic of Germany, France, Ireland , Italy and the Netherlands are engaged in socio-economic guidance on a full-time basis ; in the United-Kingdom specialist socio-economic counsellors are at first being appointed only at regional level ; special-interest socio-economic advisers are appointed at area level, while a selected number of advisers from the general advisory service are being entrusted additionally with socio-economic guidance at the local level. At present Denmark plans to appoint four full-time counsellors, two of whom will operate at national level - one for horticulture, and one for agriculture - and the other two at regional level. Also, initially, a certain number of agricultural advisers will provide socio-economic guidance, in addition to their other duties.

The Commission considers the latter arrangement as still acceptable for parts of the United Kingdom and for Denmark for a certain initial period only (1).

The number of socio-economic counsellors appointed or planned can be broken down as follows :

Denmark	Germany	France	Italy	Ireland
4 full-time counsellors;100 general counsellors providing socio-economic guidance in addition to their normal duties	534 counse-llors by 1977.	200 counsellors initially; it is planned to increase this number by 75 a year to reach a total of 500.	not known	4 counse-llors at national level; initially 27 counse-llors at county level.

Netherlands	United Kingdom
183 counsellors at present; 205 planned.	England and Wales: 7 counsellors at regional level approx. 50 special-interest counsellors in 31 areas Scotland : initially 3 counsellors at regional level. Northern Ireland : initially 2 specialist and 6 special-interest counsellors Local advisers belonging to the general advisory service are also available to give a limited amount of socio-economic guidance.

2.3. All Member States provide special training courses and methods for the socio-economic counsellors, though with varying intensity and varying emphasis as regards the content of this training. (see above 2.1.).

The length of these courses vary among the Member States and may, for example, extend to 6 months of integrated theoretical and practical training in the Federal Republic of Germany. Training

(1) Commission Decision 75/99/EEC of 20 January 1975
Commission Decision 75/644/EEC of 17 October 1975

will last one year in Ireland and consists of around [illegible] hours of courses plus practical project work. No decision has not been taken on the length of training courses in Italy. Furthermore Member States plan regular annual retraining courses which will normally last up to a week. It is to be noted that the only counsellors who will be admitted to these further training courses in Italy, are those with three year's experience of socio-economic guidance ; this means that the first training courses will not take place until 1979 at the earliest.

3. In a few Member States, the implementation of Title I of Directive 72/161/EEC proved more difficult than in the case of Directives 72/159/EEC and 72/160/EEC. These difficulties still cannot be considered as completely overcome. The decisive problem arising during the Community examination procedure was whether the normal economic or technical agricultural advisory services could provide socio-economic guidance on a part-time basis. Considering that the most important aim of the Directive was to reach those farmers who normally have little or no contact with the general "technical and economic" advisory services, the Commission has from the very outset held the view that the socio-economic guidance defined by the Directive is a special type of advice which demands special qualifications and special training for the counsellors. Thus it cannot be provided by technical or economic advisers in addition to their normal duties. This does not of course rule out the possibility of advisers of this type helping socio-economic counsellors in their activities. The arrangements made for Denmark and parts of the United Kingdom can therefore only be considered as the beginning of a system of socio-economic guidance for persons engaged in agriculture, as defined in Articles 1 and 3 of the Directive.

Chapter 5 : The implementation of Title II of Directive 72/161/EEC concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture.

1. In all Member States the implementation of Title II of Directive 72/161/EEC (occupation skills) began with as much delay as Title I. (cf. Table 4). But it should be noted that in some Member States existing training courses already largely corresponded to the provisions of Directive, or needed only minor alterations in order to be considered training courses in the sense of Title II.

2. Even though it is not always easy to classify them distinctly there are, generally speaking, five basic types of training courses for persons engaged in agriculture that come within the scope of Title II :

2.1. "Catching-up" courses for persons already fully engaged in agriculture who have received little, if any,basic training but who are older than 18 and have normally been engaged in agriculture for a number of years. Lengthy courses of this type, intended to enable the recipient to catch up on normal basic training, are provided particularly in France, (courses of 800–1 200 hours), Ireland (courses of 800 hours) and the Netherlands (courses of 288 hours in agriculture and 408 hours in horticulture). The minimum duration of these courses is 150 hours in Italy, 120 hours in Denmark and 75 hours in Belgium. While advanced training courses already existing in Germany have been concentrated into units which must total at least 80 hours, the United Kingdom restricts itself to making normal training courses for younger people also accessible to older persons already engaged in agriculture.

2.2. Special "catching-up" courses for farmers who have submitted or wish to submit a development plan. Courses of this type have been set up in France and Ireland. They last at least 200 hours in France and are compulsory for farmers who wish to carry out a development plan without possessing specific basic training. These courses are offered in various forms in Ireland and last between 100 and 300 hours.

2.3. Special courses for young farmers already engaged in agriculture, to prepare them for taking over a farm, exist in Ireland, Italy and the Netherlands. While this course lasts three years in Ireland and also covers practical training, courses in Italy last ten weeks and in the Netherlands between 125 and 170 hours.

2.4. Comprehensive advanced training courses for those farmers who already possess appropriate basic training, sometimes as a direct continuation of the courses listed in 2.1. Courses of this type are planned in nearly all Member States with the exception of Germany. They usually take various forms and last various lengths of time. In Ireland they last up to 800 hours as a continuation of basic training, as against only 75 hours in Belgium. Normally the length of these courses amounts to between 100 and 200 hours. The United Kingdom, where such courses are also numerous, is making the second cycle of the normal training for young persons accessible to farmers already engaged in the profession as long as they satisfy the necessary conditions.

Furthermore, almost all Member States normally have a broad range of shorter specialized courses which are devoted to specific subjects and last between 20 and 60 hours. A programme assuming the character of a comprehensive retraining scheme can often be built up from this range. This is particularly true in Germany where participatin in such courses not only depends on basic training qualifications but also involves the obligation to follow a specific minimum programme for a specific minimum period. The Irish and Dutch training regulations also contain obligations of this type.

3. The implementation of Title II of Directive 72/161/EEC in the Member States has above all raised the problem of distinguishing normal agricultural training courses from the special arrangements to promote further vocational training and retraining of persons engaged in agriculture. Here too, the Community's examination procedure was able to find a satisfactory solution. But there do appear to be grounds for stating that some Member States have restricted themselves to making extremely minor changes to the existing training and further training programmes. In the circumstances, there is justification for asking whether there has really been any improvement in the quality of the range of training for those persons already engaged in agriculture who do not possess professional qualifications which satisfy the requirements of modern agriculture.

Part III : First results of the application of the Directives in the Member States.

The delayed application of the Directives and the fact that the Member States' application for refunds in respect of 1973 and 1974 have not yet all been received have resulted in a state of affairs where the Commission possesses few and incomplete dat about the first results of application of the Directives. Furthermore, this information often consists of no more than a few general figures which reveal little that is conclusive if only because they relate to the initial stages of implementation of the measures. For the time being, therefore, it is not possible to perform a thorough assessment and analysis of the results obtained from the application of the Directives, including their financial implications in 1973 and 1975.

The first, extremely provisional, evaluation of the application of Directive 72/159/EEC reveals that by the end of 1974 4 000 development plans were approved in Denmark, 7 600 in Germany, 1 200 in Ireland, 4 200 in the Netherlands and 149 in the United Kingdom. The average volume of investments per development plan amounted to 31 000 u.a. in Denmark, 44 150 u.a. in the Netherlands,(excluding horticulture) and 26 650 u.a. in the United Kingdom (excluding horticulture) (1). 95 of the development plans in Germany and 50 of those in the United Kingdom are directed towards the production of beef and veal or mutton . Information about aid for other farms which have not submitted a development plan as defined by the Directive is available only from Germany (1 200 cases) and the United Kingdom (28 000 cases with average investment of 4 025 u.a.). These few general figures reveal that no assessment or comparison of the results of applying the Directive is possible at present, especially as the figures cover widely varying periods of application (e.g. Netherlands 1 January 1973, Ireland from mid-1974).

(1) caloulated at the exchange rate of 4 August 1975.

As the following Table demonstrates, the information currently available to the Commission does not allow the results achieved in applying Directive 72/160/EEC to be thoroughly assessed either.

	Belgium	Germany	France	Ireland	Netherlands	United Kingdom
Number of annuities and premium granted in 1974	228	approx. 5 000	approx. 3 260	171	(Oct.72-74) 156	160
Total of annuities to farmers aged 55-65 years	191	approx. 3 100	approx. 2 550	not available	72	not available
Number of applications rejected during this period	114	not available	66	126	249	197

The number of applications rejected in four Member States (Belgium, Ireland, the Netherlands and the United Kingdom) is very high compared with the number approved. It may be assumed that one reason for the high number of rejections is the severe restriction of the categories of person entitled to forward claims.

The number of annuities for the cessation of farming which satisfies the conditions for reimbursement from the EAGGF is still very small. In 1974 out of a total of about 3.100 retirement annuities, the Federal Republic of Germany submitted no more than 70 cases for reimbursement ; the Netherlands submitted no more than 3 out of 72. Even when it is considered that for these Member States, the Community helps to finance only annuities granted to farmers aged between 60 and 65 years, this ratio suggests that a large proportion of the land areas released has not been reallocated to the modernization of farms that have submitted development plans, nor to permanent non-agricultural uses such as afforestation, and that therefore the "guidance-function" of Directive 72/160/EEC can hardly be said to operate.

In this connection one must wonder whether a better coordination between cessation of farming and the development of farms might not evolve through the adoption of measures permitting a medium-term assessment of available land and an increase in the interim use of released areas as well as through the extension of the measures contained in the Directive.

The Commission does not yet possess sufficient information about the results of the application of Directive 72/161/EEC, which most Member States did not implement until 1974 or 1975.

Part IV : Conclusions

1. It can be stated that the Member States have introduced, albeit in certain cases with some delay, the agricultural structural policy as envisaged in the Directives. Where this process has not yet been completed (Belgium, France, Italy), the Commission has taken the steps provided for in the Treaty establishing the EEC to do all in its power to ensure that Community law and Community policy are applied in a uniform manner.

The delay in introducing this policy and the problems arising when it was introduced are often influenced or caused by events that have no connection at all with the substance of the agricultural structure policy.

2. The Community procedure for ascertaining whether the conditions for the Community's financial participation have been satisfied has stood the test. This is particularly true of its first phase as it had led to a discussion and to a better understanding of the draft implementing provisions of the Member States. Many problems and questions arising from differences between the text of the Directives on the one hand and the interpretation of this text on the other were thus unanimously and satisfactorily solved, thus strengthening Community legislation to a certain extent.

The value of the first phase of this procedure has been particularly evident in cases where, contrary to the provisions of the Directives, Member States did not submit their draft implementing provisions, and the problems arising could not therefore be solved before the national implementing provisions took effect. Occasionally in such cases it was particularly difficult to avoid a negative financing decision.

3. Indeed because of the success achieved in this first phase of the Community's procedure devoted to the Member States' draft implementing provisions, the Commission was able to state

during the second phase of the procedure
and for all decisions taken up to the present that the final provisions for implementing the Directives which have been introduced in the Member States satisfy the conditions for financial participation by the Community.

However, in some cases where the measures taken by the Member States to achieve the aims of the Directives could only be considered adequate for a certain period, or where the influence of certain minor divergencies from the Directives on the achievement of these aims could not be finally assessed, the Commission reserved the right to reexamine these decisions, possibly on the basis of a report requested from the Member State-.

- It is clearly apparent that the Directives on the reform of agriculture constitute a framework which the Member States have a high degree of latitude to fill in - on the basis of Community concepts and criteria. The Directives have therefore proved to be flexible enough to take account of the specific situations of the Member States as well as of certain particular circumstances.

It can be stated that the Member States have made very different use of the opportunities granted to them. One remarkable feature is that no Member State except Italy has so far planned to regionalize aid or increase the amount of aids in specific areas even though the Directives expressly allow this possibility. However,in some Member States the implementation of Directive 75/268/EEC will represent an increase in the regionalization of aid measures.

Equally it should be noted that the increase to 6% in the interest rate subsidy provided, because of the generally high level of interest rates, for farms carrying out development plans under Directive 72/159/EEC, was availed of only by one Member State in 1975.

5. The first results of the application of the Directives on the reform of agriculture and the information available to the Commission in this respect do not yet allow an assessment to be made on the effects, including financial effects, of either Community or national measures.

But, as regards Directive 72/160/EEC, one might justificably consider how released agricultural areas can be utilized to a greater extent than at present for the development of farms in accordance with the conditions of Directive 72/159/EEC. In this context, the problems of aids for land purchases in certain Member States will arise ; this problem has repeatedly arisen because of lack of clarity in the text of the Directive.

6. As regards Directive 72/159/EEC, a number of problems have arisen, or remain unresolved, either because the text of the Directive has not permitted them to be solved, or because they result from developments in the non-agricultural sectors.

In particular, continuing inflation has led to a progressive increase in farm costs. In turn, this has given rise to a situation in which the amounts expressed in units of accounts have continually dropped in value since 1972/73. It therefore seems appropriate to increase these amounts so that the effects of the Directive are not jeopardized and especially that the aids fixed retain their economic effects.

That is also true for Directives 72/160/EEC and 72/161/EEC.

The continual cost increases have had a particular impact on investments in pig farming. It would, therefore, seem appropriate to provide for a solution which will guarantee that incentives intended for this sector remain independent from non-agricultural developments.

State of progress of bringing into effect the Council Directives of 17th April 1972 on the reform of agriculture (situation as at 31st December 1975).

Table 1 Implementation of Directive 72/159/EEC

Member States	Draft (Article 17, paragraph 1, Ist indent		Final text (Article 18)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
Federal Republic of Germany	22.9.72	6.12.72-COM(72)1480	(20.6.73 (25.10.73	20.4.73	n° 74/185/EEC-13.3.74 O.J L 94-4.4.72 p.22
	version 74		(22.3.74 (16.9.74 (21.11.74		n° 75/476/EEC-8.7.75 O.J L 212-9.8.75 p. 13
	version 75: 25.10.74	20.12.74-COM(74) 2205	(23.5.75 (9.6.75 (24.7.75		14.1.76 not yet issued
	version 76: 15.12.75				
Belgium	14.3.73 29.10.73	13.4.73. - COM (73) 576 18.1.74; - COM (74) 38	16.7.74	1.7.74	n° 75/6/EEC-17.11.74 O.J. L 2-4.1.75 p. 30
	version 75: 14.5.75		14.5.75		n° 75/433/EEC-8.7.75 O.J. L 192-24.7.75 p.30
Denmark	22.5.73	20.7.73 - COM (73) 1227	8.1.74	15.12.73	
	July 1973 - aids for land purchase	27.11.73- COM(73) 1978	22.10.74		
	8.1.74 - aids for keeping accounts	7.3.74 - COM(74) 295	22.11.74 27.11.74		n° 75/316/EEC-30.4.75 O.J. L 143-5.6.75. p.16
	27.11.74- version 1975	20.12.74 - COM(74) 2203			
	4. 4.75- aids for drainages	6.6.75 - COM(75) 816	7.10.75 17.10.75		22.12.75 not yet issued
	12.9.75- credit guarantees for under-glass horticulture	30.10.75 - COM(75) 1538	7.10.75		incentives to improve farm buildings (programme to meet economic situation needs)
	18.11.75 : version 76				

Table 1 Implementation of Directive 72/159/EEC

Member States	Draft (Article 17, paragraph 1, 1st indent		Final text		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
France	9.3.73	15.5.73-COM(73) 762	21.3.74 22.4.75	-	-
	14.5.74.(Art.11-13) 29.8.75 aids for drawing up development plans.	17.7.74-COM (74) 1155 30.10.75-COM(75) 1536	30.12.75		
Ireland	5.11.73 18.3.75 version 1975	21.12.73 -COM(73) 2119 14.2.75- COM(75) 649	18.9.74 2.12.75	As from the second half of 1974	n° 75/100/EEC-20.1.75 O.J. L 40-14.12.75 p.61
Italy	11.4.73 14.6.73	24.7.73-COM(73) 1207	14.5.75 17.12.75		
Luxembourg	10.1.74	19.3.74-COM(74) 363	2.7.74	21.5.74	n° 75/8/EEC-17.11.74 O.J.L 2-4.1.75 p. 34
	20.1.75 version 1975	14.2.75- COM(75) 147	29.4.75		n° 75/435/EEC- 8.7.75 O.J. L 192-24.7.75 p.32
Netherlands	28.7.72 modernization of - arable farms - livestock farms - mixed farms	4.10.72-COM(72) 1098	11.1.73	15.11.72	
	7.11.72 modernization of fruit-growing farms	4.1.73 - COM(73)1750	15.6.73	1.5.73	n° 74/257/EEC-18.4.74 O.J. L 141-24.5.74 p.4

Table 1

Implementation of Directive 72/159/EEC

Member States	Draft (Article 17, paragraph 1,1st indent)		Final text (Article 18)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
Netherlands (contd)	4.12.72 modernisation of underglass, horticultural undertakings	1.2.73 - COM(73) 115	15.6.73	1.5.73	N° 74/257/EEC-18.4.74 O.J. L 141-24.5.74 p.4
	19.1.73. modernisation of outdoor horticultural undertakings	16.3.73 - COM(73) 413	15.6.73	1.5.73	
	17.5.73 modernisation of pig farms	13.7.73 - COM(73) 1153	15.1.74	1.12.73	
	19.11.73 arrangements for aids towards the improvement of farm buildings - arrangements for aid towards land improvement projects in the private sector (1st communication) (programme to meet economic situation needs)	23.1.74 - COM(74) 76	not issued		
	9.1.74 new version incorporating the different types of farms	22.3.74- COM(74) 381	30.8.74		n° 75/7/CEE-27.11.74 O.J. L 2-4.1.75 P.32
	7.5.74 increase in the interest rate subsidy	3.7.74 - COM(74) 1038			
	3.9.74 alteration of the date of the annual adjustement of the comparable income	15.11.74- COM(74) 1878	17.7.75		n° 75/645/EEC-17.10.75 O.J. L 286-5.11.75 p.19

Table 1

Implementation of Directive 72/159/EEC

Member	Dra (Article 17, paragraph 1, 1st indent)		Final text (Article 18)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
Netherlands (contrd)	8.11.74 aids towards land improvement projects in the private sector (2nd communication).	20.12.74-COM(74) 2206	3.6.75		n° 75/645/EEC-17.10.75 O.J. L 286-5.11.75 p.19
	12.1.274 modification of the arrangements for aid towards the improvement of farm buildings(programme to meet the economic situation needs).	25.2.75 - C(75) 191	22.5.75		
	15.9.75 modification of the method of calculation of the comparable income.	27.11.75 - C(75) 1783			
	5.1.76 resiting of farm buildings				
United Kingdom	30.7.73	31.10.73-COM(73) 1793	22.5.74	1.1.74	n° 75/5/EEC-27.11.74 O.J. L 2-4.1.75 p.27
	9.10.73 implementation of Article 12	20.12.74-COM(74) 2207	8.10.75	1.1.75-22.12.75	
	8.11.74. version 1975	20.12.74	6.5.75		n° 75/434/EEC-8.7.75 O.J. L 192-24.7.75p.31
	11.11.75 version 1976				

Table 2

Directive n° 72/160/EEC concerning measures to encourage the cessation of farming and the re-allocation of utilized agricultural area for the purposes of strucutral improvement

Member States	Draft (Article 8)		Definitive Text (Article 9)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1rst implementation	Commission Decision
Federal Republic of Germany	22.9.72 Art.2(1b)and (c) 4.7.73 Art.2(1a)	6.12.72 - COM(72) 1480 25.9.73 - COM(73) 1629	20.6.73 5.2.74 22.3.74 Art. 2 (1b)	20.4.73 1.1.74	n° 74/258/EEC-18.4.74 O.J. L 141-24.5.74 p.7 n° 75/476/EEC-8.7.75 O.J. L 212-9.8.75 p.13
Belgium	14.2.73 12.11.73 25.10.74 (new version)	13.4.73 - COM(73) 576 25.1.74 - COM(74) 48 20.12.74 -COM(74) 2204	16.7.74	2.3.74	n° 75/6/EEC-27.11.74 O.J. L 2-4.1.75 p.30
Denmark	Exempt from implementing of 9.12.74 O.J. L 352	until 31.12.76 (by Council Directive) n° of 28.12.74 p. 36		74/645/EEC	
France	27.8.73	31.10.73- COM(73) 1871	21.3.74 19.2.75	20.2.74 2.12.74	
Ireland	12.11.73	21.12.73 - COM(73) 2193	19.6.74	1.5.74	n° 75/100/EEC-20.1.75 O.J. L 40-14.2.75 p. 61
Italy	11.4.73 14.6.73	24.7.73-COM(73) 1207	5.5.74		
Luxembourg	2.1.73	6.3.73 - COM(73) 371	19.6.74	10.5.74	n° 75/8/EEC-27.11.74 O.J. L 2-4.1.75 p.34
Netherlands	28.7.72 4.4.74 modifications 24.1.74 modifications 7.8.75 modifications	4.10.72 -COM(72) 1098 7.5.74 - COM(74) 657 14.3.75 - C . (75) 274 30.10.75 -5(75) 1537	11.1.73 29.8.74 25.10.74 12.6.75	15.11.72	n° 74/257/EEC-18.4.74 o.J. L 141-24.5.74 p.4 n° 75/7/EEC-27.11.74 O.J. L 2 -4.1.75 p.32 n° 75/645/EEC-17.10.75 O.J. L 286-5.11.75 p.19
United Kingdom	15.5.73	13.7.73 -COM(73) 1179	17.8.73	1.1.74	n° 75/5/EEC-27/11.74 O.J. L 2-4.1.75 p.27

Table 3

Implementation of Title I of Directive n° 72/161/EEC

Member States	Project (Article 10, paragraphe 1, 1st indent)		Final text (Article 11)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
Federal Republic of Germany	4.12.73	22.1.74 -COM(74) 39	23.10.74	June-August 1974	n° 75/159/EEC-25.2.75 O.J. L 66-13.3.75 p.22
Belgium					
Danemark	8.1.74	28.3.74 -COM(74) 408	18.7.75	1.7.75	n° 75/644/EEC-17.10.75 O.J. L 286-5.11.75 p.17
France	8.1.74-28.2.75	7.5.75 - C(75) 647			
Ireland	4.1.74	7.3.74 -COM(74) 296	10.6.75	middle of 75	n° 75/481/EEC-10.7.75 O.J. L 212-9.8.75 p.21
Italy	11.4.73 14.6.73	24.7.73 -COM(73) 1207	14.5.75		
Luxembourg					
Netherlands	20.2.74	2.5.74 -COM(74) 617		A socio economic information service within the meaning of the Directive was operating before the Directive took effect	
United Kingdom	13.7.74	2.10.74 -COM(74) 1566	31.10.74	22.10.74	n° 75/99/EEC-20.1.75 O.J. L 40-14.2.75p.59

Table 4

Implementation of Title II of Directive n° 72/161/EEC

Member States	Draft (Article 10, paragraph 1, 1st indent)		Final text (Article 11)		
	Date of notification	Commission Opinion	Date of notification	Date of the 1st implementation	Commission Decision
Federal Republic of Germany	15.11.73	25.1.74- COM(74) 82	16.1.75	May-Octobre 74 depending on the Land	n° 75/315/EEC-30.4.75 O.J. L 143-5.6.75 p. 14
Belgium	6.6.74	26.7.74- COM(74) 1247	10.10.74 18.6.75 (supplement)	1.9.74	n° 75/152/EEC-25.2.75 O.J. L 60-6.3.75 p. 24 n° 75/477/EEC-8.7.75 O.J. L 212-9.8.75 p.16
Denmark			8.1.74 25.11.74 13. 1.75	1.1.75	n° 75/314/EEC-30.4.75 O.J. L 143-5.6. 75 p.12
France	8.1.74 28.2.75	7.5.75 -C(75) 647	14.11.75	1971-1973	
Ireland	4.1.74	7.3.74 -COM(74) 296	27.11.74	4.8.75	n° 75/153/EEC-25.2.75 O.J. L 60-6.3.75 p.26
Italy	11.4.73 14.6.73	24.7.73 - COM(73) 1207	14.5.75		
Luxembourg					
Netherlands	23.9.74 20.11.75	January 1976		The system of basic and advanced training which was notified as a draft law was in operation before the Directive took effect.	
United Kingdom	10.10.74 5. 5.75	4.7.75 - C(75) 954	18.9.75	1.1.73	22.12.75