

Supplement to

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SECRETARIAT OF THE COMMISSION OF  
THE EUROPEAN ECONOMIC COMMUNITY

**Decision concerning the co-ordination of policies on agricultural structure**  
(Proposal of the Commission to the Council)

Explanatory memorandum

*Treaty of Rome*

1. Article 39 (1) of the Treaty of Rome states that a major aim of the common agricultural policy shall be to increase the individual earnings of persons engaged in agriculture and thereby to ensure that they have a fair standard of living.

2. The stress laid on this aim is justified by the fact that agriculture has not yet assumed its proper place in general economic and social development; this situation comes out more and more clearly in a comparatively low level of productivity, unsatisfactory incomes and an unfavourable social and general standard of living throughout a large part of agriculture.

*Agricultural structure*

3. The aims of the common agricultural policy cannot be realized entirely by market and price policies alone. This requires a policy that will improve the structure of agriculture; the absence of such a policy is one of the main causes of inadequate incomes.

4. The term " agricultural structure " means the whole body of production and living conditions in the agriculture of a given region. This structure sets a limit to the possibilities of combining the factors of production and of organizing the farm, and it determines the living conditions of the population. Consequently, the structure of agriculture is one of the factors which determine the level of productivity that is attainable in a given market and price situation, the incomes and — to a great extent — the social conditions of those engaged in agriculture.

5. The deficiencies in agricultural structure seriously hamper the task of adapting farms to natural and economic conditions, and so tend to thwart the efforts made under the common agricultural policy to increase productivity in agriculture and to attain a reasonable standard of living, particularly by raising the individual earnings of those employed in agriculture.

6. The scale of these structural deficiencies depends on natural conditions and on social and economic developments. In this respect, it is significant that deficiencies are rarely found singly: a large number of them generally occur together.

*Policy on agricultural structure*

7. One of the urgent tasks of agricultural policy is to establish a sound agricultural structure by eliminating present deficiencies. This has made it necessary to devise a policy specially concerned with structure; to translate this policy into practice the Member States have issued special provisions which reflect their realization that the measures normally needed to remove these structural deficiencies exceed the financial capacity of the individual farmer and are usually quite outside the scope of his work.

8. As conditions must be established in which the aims of the common agricultural policy can be achieved, one of the main tasks before the Member States and the Community will be to eliminate the structural deficiencies hampering agriculture; in so doing, they must take the demographic situation in the various countries and regions into account.

*Co-ordination of the policies on agricultural structure*

9. It is incumbent on the Member States to put into effect the policy on agricultural structure. The task of the Community, on the other hand, is to co-ordinate the policies of the Member States. To this effect the Council, meeting on 14 and 15 November 1960, made the following statement in the conclusions it drew from the debate on the principles underlying the common agricultural policy :

“ Action must be taken to co-ordinate and encourage the measures by which the Member States seek to improve the structure of agriculture; the necessity for such action stems in part from the way in which structural and market policies affect each other, in part from the need to seize every opportunity to increase the economic strength and the competitiveness of agriculture.”

10. The need for the Community to co-ordinate policies on agricultural structure follows logically from the establishment of the common market, which causes fundamental changes in agriculture as in other sectors and means that structural conditions must be adapted to the new situation and to the common aims.

These developments and changes, particularly in the objectives of the common agricultural policy, make such co-ordination essential because :

- a) Policy on structure forms an integral part of the common agricultural policy;
- b) A close connection exists between market and trade policies on the one hand and production on the other, owing to the existence of a given agricultural structure and greatly influenced by measures to improve this structure;
- c) Basic improvements in agricultural structure often depend on action being taken to promote the economy as a whole and so make the dovetailing of structural policy into the common agricultural policy

and the work of the Community in other sectors all the more necessary.

d) The structural deficiencies which come to light and any new deficiencies which arise when the common market is established may intensify the differences in the agricultural structures of the Member States.

11. Close and constant co-operation is needed between the Member States and the Commission if within the Community the policies on agricultural structure pursued by Member States are to be co-ordinated and harmonized with what goes on in other fields. This constant co-operation is intended to promote a regular and systematic exchange of information and to ensure discussion of the principles underlying the structural policies pursued by the Member States and of the measures and programmes by which they seek to improve the structure of agriculture.

12. To ensure that the co-operation between the Member States and the Commission is as close as possible, the Commission will need to set up a Standing Committee on structure, to which every Member State would appoint the official responsible for implementing the policy on agricultural structure in that State.

13. To co-ordinate the policies on agricultural structure pursued by Member States, a knowledge of these policies and of the structural conditions in these States is necessary. A survey will therefore have to be made which will give a general picture of the situation, of the nature and scope of the measures taken to improve it in the several countries and of the principles underlying the structural policies followed by the Member States.

14. In view of the diversity that exists in structural conditions even within the individual Member States, it is essential to show the situation region by region as well as giving the overall figures. This information must be kept up to date. In

preparing this survey the Commission will be dependent on the collaboration of the Member States.

15. In order that policies on agricultural structure can be co-ordinated, the Member States must submit to the Commission the drafts of legal provisions and of their regional and long-term programmes during the planning stage if these concern the improvement of agricultural structure, thus giving the Commission an opportunity to make its opinion known before the provisions come into force or the programmes are implemented.

This procedure does not detract from the other rights and responsibilities of the institutions of the Community or of the Member States as laid down in the Treaty. In particular, the Treaty's rules governing competition remain unaffected as far as they apply to agricultural production and trade in agricultural products.

16. The Commission will submit to the Council every year a Report on structure which will be an essential factor in deciding on action to co-ordinate policies on agricultural structure.

The first part of this Report will deal with the structure of agriculture giving information wherever possible on regional conditions — and with the measures to improve it taken by the individual countries. In the second part the structural policies of the Member States will be examined in relation to the objectives being pursued in the common agricultural policy.

17. On the basis of the Report on Structure and other observations, the Commission will put to the Council proposals on action to intensify the technical and financial measures for structural improvements and to co-ordinate the structural policies of the Member States in accordance with the provisions of Article 43 of the Treaty of Rome.

18. In certain regions or for certain types of farm, it may be that the advent of the common market, particularly the setting-up of the common market organization, will give rise to special problems which will have to be solved by the Community. Joint responsibility for the results of the common policy will necessitate joint action, particularly by granting financial assistance from Community funds to intensify and speed up improvements in agricultural structure.

The Commission will therefore put before the Council concrete proposals for setting up a Fund for Structural Improvements in Agriculture.

19. To enable the Commission to consult those involved in the problems of improving agricultural structure, an Advisory Committee will be set up which will include representatives of the organizations which serve at Community level to group farmers, farm workers and other interested parties. The tasks, composition and procedure of this Advisory Committee will be determined by the Commission.

### **Decision concerning the co-ordination of Policies on Agricultural Structure**

*The Council of the European Economic Community,*

Noting the provisions of the Treaty and especially Article 43 thereof,

Noting the proposal of the Commission,

Noting the opinion of the European Parliament,

Considering that the operation and development of the common market in agricultural products must be accompanied by the creation of a common agricultural policy, of which the policy on agricultural structure forms an integral part,

Considering that the objectives of the common agricultural policy as laid down

in Article 39, paragraphs 1 *a* and *b*, particularly the increase in agricultural productivity and the guarantee of a fair standard of living to persons engaged in agriculture by raising their individual earnings, necessitate elimination of the structural deficiencies in agriculture and maintenance of a sound agricultural structure,

Considering that implementation of the policy on agricultural structure is the task of the Member States, since the structural problems arise at local and regional levels and agricultural structure can only be improved with the active co-operation of those directly concerned,

Considering that the improvement of agricultural structure must be speeded up and that everything must be done to strengthen the economic potential and competitive capacity of agriculture within the Community,

Considering that policies on agricultural structure must be co-ordinated by the Community so as to harmonize the agricultural policies of the Member States with the common agricultural policy and the other tasks of the Community,

Considering that the co-ordination of policies on agricultural structure requires close and constant co-operation between the Member States and the Commission and that this co-operation can best be ensured by setting up a Standing Committee on Structure, composed of the officials responsible for implementing the policies on structure pursued by the Member States and of a delegate from the Commission,

Considering that, if policies on agricultural structure are to be co-ordinated, the Commission must know the structural situation of agriculture, the policies pursued by the Member States (particularly the measures taken to improve structure) and the conditions obtaining in the regions, and that the Member States must supply the requisite information,

Considering that, if the general situation as regards agricultural structure in the Community and the examination of the agricultural policy of Member States in relation to the objectives of the common agricultural policy is to take practical shape, it is advisable for the Commission to submit to the Council an annual Report on Structure,

Considering that effective co-ordination of policies on agricultural structure requires consideration of the relevant drafts before a start is made on implementing long-term improvement programmes and before legal provisions of Member States come into force,

Considering that co-ordination of policies on agricultural structure requires a knowledge of the relevant statutory and administrative provisions in the Member States,

*Decides :*

#### *Article 1*

1. To further the co-ordination of the policies on agricultural structure and to intensify the close and constant co-operation between the Member States and the Commission, a Standing Committee on Structures (hereinafter referred to as the Committee) shall be set up to advise the Commission.
2. This Committee shall discuss the policy on structure pursued in the Member States and the measures and programmes by which they seek to improve the structure of agriculture; it shall ensure the mutual exchange of information concerning agricultural structure. The Commission may consult the Committee on problems connected with agricultural structure and may have an examination made of questions connected with the Report on Structure mentioned in Article 2.
3. The Committee shall comprise one delegate from each Member State and two delegates from the Commission, one of whom shall take the chair. Each Member State shall appoint the official responsible

for implementing its policy on agricultural structure.

4. The secretariat of the Committee shall be provided by the Commission.

5. The Committee shall draw up its own rules of procedure.

#### *Article 2*

The Commission shall submit to the Council an annual Report on Structure which shall include a survey of the position as regards the structure of agriculture, the nature and scope of the measures taken to improve it and an examination of the policies on structure pursued by the Member States. The Report shall also contain information on the action taken to co-ordinate these policies and on the results of this action at Community level.

#### *Article 3*

1. The Member States shall provide the Commission each year with all the material needed to draw up the Report on Structure. This material should include information on :

a) The structural situation in the light of regional conditions;

b) The nature, scope and financing of the measures of improvement taken in the previous year;

c) The nature and scope of the measures of improvement planned for the current year.

2. After the matter has been discussed in the Committee, the Commission shall lay down the form and content of the material to be submitted by the Member States and shall fix the dates on which it is to be submitted.

#### *Article 4*

1. The Member States shall furnish the Commission in good time and in writing

with the drafts of any new statutory provisions where these concern improvements in the structure of agriculture.

2. The Member States shall submit to the Commission the drafts of regional and long-term programmes which contain measures to improve agricultural structure. These documents shall be drawn up in such a way that they give an idea of the nature and scope of the overall programme, of the individual measures of improvement and of the means by which they will be financed.

#### *Article 5*

The Commission may issue an opinion on the drafts of the statutory provisions and of the regional and long-term programmes submitted by the Member States in accordance with Article 4. It shall be obliged to issue an opinion if the Member State concerned so requests.

#### *Article 6*

Within three months of this decision coming into force, the Member States shall inform the Commission of all the statutory and administrative provisions then in force for the implementation of the measures to improve the structure of agriculture. Without prejudice to the provisions of Article 4, paragraph 1, all statutory and administrative provisions subsequently approved shall be communicated to the Commission immediately after their entry into force.

#### *Article 7*

The Member States shall provide the Commission on request with any other information required for the examination of their policies on agricultural structure.

#### *Article 8*

The present decision is addressed to all Member States.

