

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

**AGRICULTURAL
STRUCTURAL
POLICY**



OPINION

Brussels 1979

The European Communities' Economic and Social Committee, chaired by Mr Raffaele VANNI, approved this opinion at its 172nd Plenary Session, which was held on 24 and 25 October 1979.

The preliminary work was done by the Section for Agriculture and the Rapporteur was Mr André LAUR.

ECONOMIC AND SOCIAL COMMITTEE
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INTRODUCTION

In March 1979 the Council of Ministers asked the Economic and Social Committee to deliver an Opinion on various proposals on structural policy in agriculture. These proposals had previously been submitted by the Commission to the Council (1).

The Section for Agriculture of the ESC, chaired by Mr Umberto EMO CAPODILISTA (Italy - Various Interests), was asked to prepare the Committee's work on the matter. To this end a Study Group chaired by Mr Patrick MURPHY (Ireland - Various Interests) was appointed.

On the basis of the ideas put forward by this Study Group, the Section for Agriculture drew up its Opinion and Report (2) on 4 October 1979.

The Committee adopted the Opinion at the Plenary Session held on 24 October 1979. The result of the voting was 58 for, 14 against and 38 abstentions.

The voting pattern, and particularly the large number of abstentions, show that some members (particularly union representatives) had reservations about one or two aspects of the Opinion.

(1) COM(79 122 final

(2) Opinion : CES 818/79 fin
Report : CES 977/79 fin

This present booklet contains the whole text of the Opinion, as well as that part of the Section's Report dealing with the Commission proposals on an integrated development programme for the Western Isles of Scotland.

One of the major innovations in the Commission proposals are in fact the integrated development programmes for certain so-called "problem" areas or regions in the Community, namely the French Department of Lozère, the South-East of Belgium and the Western Isles of Scotland.

The Western Isles of Scotland programme was singled out for special study by the Section for Agriculture because it was a typical example of one of these integrated development programmes. Hence the reason for inclusion in this booklet.

SUMMARY OF THE COMMISSION'S PROPOSALS

The Commission has prepared a series of proposals which form part of a long-term strategy designed to iron out the disparities between the various agricultural regions of the Community and reduce the large differences in income between them.

The Commission is proposing that the existing structural measures be reinforced and new ones introduced for certain especially handicapped regions. In the latter category are specific projects for Italian hill and mountain areas, the West of Ireland and Greenland. Integrated programmes combining agriculture and the encouragement of other economic activities are proposed for the Western Isles of Scotland, the Lozère and South-East Belgium. A specific measure is also proposed to improve pig slaughtering and pigmeat processing in France and the United Kingdom. It is estimated that the Commission's proposals will cost the Community budget 570 to 682 million EUA over a five-year period.

A. Strengthening of Existing Measures

The Commission considers that the socio-structural Directives of 1972, encouraging modernization, cessation of farming and improvement of guidance and occupational skills, and the 1975 Directive on Mountain, Hill and Less Favoured Areas must be updated and made more widely applicable and effective. The updating will consist mainly of increasing the various aids given under the Directives and adapting them to present socio-economic conditions.

1. Directive on Modernization

To make aid under this Directive more accessible to many farmers until now not covered by it, the Commission proposes that the eligibility conditions be relaxed, inter alia by laying down more realistic income objectives to be attained after modernization.

In order to concentrate financial resources on those farms most in need of them, the Commission is proposing that aid no longer be granted in cases where the income aimed at in a development plan exceeds a certain ceiling.

2. Directive on Cessation of Farming

The main aim of the changes proposed is to increase the inducements for farmers aged 55 to 65 to transfer their land to farms being modernized - or in certain less favoured areas - to a successor already working full-time on the farm, e.g. a son - or simply to wind up the farm altogether. An increase in existing retirement premiums, the introduction of new types of aid and a relaxation of procedural rules will contribute to this.

3. Directive on Training

The effectiveness of this Directive will be augmented by extending aid to training courses for managers and for staff or producer groups, cooperatives and other associations engaged in the marketing and processing of agricultural products and by increasing from 25% to 50% the Community's financial contribution to vocational training measures under the Directive.

4. Mountain and Hill Directive

The Commission had already proposed an increase from 35% to 50% for measures in Italy and Ireland under the Directive on agriculture in mountain, hill and certain less-favoured areas.

For these regions the Commission is reiterating its proposal to increase the allowance to compensate for natural handicaps and to grant it also for small, two-hectare holdings in the Mezzogiorno, at the moment excluded. It is also proposing that applications of the Directive in Italy be made more flexible, by granting the allowance for dairy cows unrestrictedly, in view of Italy's deficit in dairy produce.

B. New Measures

1. Specific Programmes

The Commission considers that a new structural approach is necessary in certain particularly handicapped regions of the Community. Their structural deficiencies are too serious for the existing measures by themselves to lead to any improvement in farmers' living standards. The Commission is proposing a first series of specific programmes geared to the characteristics of the regions in question and their special difficulties. More programmes will be proposed as further regional studies are completed. The three programmes of the first series are for :

a) Mountain and Hill Areas in Italy

This measure consists of aid for cattle and sheep farming in these areas. Aid will be given for improving livestock housing, increasing fodder production and keeping calves for slaughter on the farm. The measure will both put a stop to the steady deterioration of the agricultural and economic situation in these areas and stimulate beef and sheepmeat production, in both of which Italy has a growing deficit.

b) The West of Ireland

For this region, where development is hindered by serious structural deficiencies, the Commission is proposing a ten-year programme for setting-up and adapting vocational training centres, improving the agricultural infrastructure; developing cattle and sheep production, processing and marketing, and setting up a regional centre for further training of agricultural advisers. There is already a drainage programme for the region and the mountain and hill Directive applies to a large part of it. Current and proposed measures will allow winter fodder production to be developed, which will help improve the situation.

c) Greenland

The programme is for the development of sheep raising, which is vital if there is to continue to be a farming community in the part of Southern Greenland concerned.

Because of the extremely severe winter weather, the lack of winter fodder and insufficient slaughtering capacity, present production does not meet domestic demand. The proposal is for the Community to contribute to aid for developing the fodder crop area, creating a rural infrastructure, building an additional abattoir etc.

2. Integrated Development Programmes

A big boost could be given to a number of areas or regions in difficulties in the Community if, alongside, the purely agricultural programmes, others could be set up to develop such sectors as food manufacture, craftwork and hotel, holiday and leisure activities. The Commission considers that the Community ought to be able to finance programmes of this type. The use of all available resources - EAGGF, ERDF, European Social Fund and national financing will permit an integrated exploitation of the various development possibilities.

The Commission is presenting to the Council proposals on the agricultural aspect of integrated development programmes for :

a) The Western Isles (Scotland)

This is above all an agricultural programme intended to reverse a steady deterioration of farming. The region suffers from such physical handicaps as remoteness, a hard climate and poor fertility. Added to these are an inadequate infrastructure, high unemployment, low incomes and

a shortage of fodder. The measures planned are aid to small farmers, bringing land back into cultivation, upgrading livestock and improving the marketing and processing of agricultural products.

b) The Lozère

This French department is suffering from a degree of emigration which is threatening to leave it depopulated. The main measures to help industry - especially sawmilling and processing of timber from the 187,000 hectares of forest covering 36% of the territory - and agriculture. The complementary measures are in tourism and craftwork essentially centred on agriculture. In agriculture, two fundamental measures are required: the recovery of common grazing land (80,000 ha in the region) and its improvement for cattle and sheep rearing, including providing road access; and the revival of chestnut growing to which the region is naturally suited and for which there are commercial outlets.

c) South-East Belgium

This is a homogenous rural region with a declining population. It is under-industrialized, with a great majority of small and medium-sized enterprises. Unless it can recover fairly quickly it is bound to be left behind.

A programme must be got under way embracing not only agriculture but all activities that will help improve the area's socio-economic position.

The main task in agriculture and forestry is to improve productivity by upgrading pastureland and forage production, to improve guidance and training of farmers, and to rationalize management.

3. Special Measure for Pig Slaughtering and Pigmear Processing in the Community

Improving the structure of the pigmeat market, using new slaughtering techniques and modernizing the processing industry are among the leading requirements if more regular supplies are to be obtained in the quantities and qualities most in demand.

The situation in the United Kingdom and in France is particularly bad compared with the other Member States as regards both abattoirs (hygiene, etc.) and processing.

The Commission considers that to speed up the improvements needed here special measures must be initiated in France and the United Kingdom.

OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE ON THE PROPOSALS
ON POLICY WITH REGARD TO AGRICULTURAL STRUCTURES

A. INTRODUCTORY REMARKS : POSITION OF THE COMMUNITY'S STRUC-
TURAL POLICY IN 1979

Continuing structural imbalances in agriculture

In its Report on the Agricultural Situation in the Community in 1978 the Commission said that farm structures were continuing to change but that imbalances still existed. This was evidenced "by the fact that some 77% of farms are still less than 20 ha and occupy no more than 29% of the total utilized agricultural area".

All available statistics show that farm incomes vary considerably depending on the Member State, region, type of production and farm in question. There are still considerable disparities of income both within the farming sector and also in comparison with non-agricultural sectors. In its Communication to the European Council on 5 and 6 December 1978 the Commission wrote : "Income disparities are due to a large number of factors some of which have existed for a long time. The Common Agricultural Policy has not helped to reduce these disparities".

During the period 1968 to 1977 the annual rate of labour migration from farming was 4% in the Community as a whole. Between 1973 and 1977, however, it declined to 3.1%, with the figures for 1975-1976 and 1976-77 showing an even sharper decline although the rate of exodus varied a great deal from one Member State and one region to another. These figures clearly show that with the onset of the economic recession in 1973-74 unemployment went up and alternative employment opportunities outside agriculture declined significantly "with obvious adverse effects on the exodus of surplus labour from

farming and by implication on the possibilities of improving the structural situation in agriculture" (*).

A comparison of the age pyramid of the active farm population with that of the total working population shows that there are relatively more persons engaged in agriculture in the 55 and over age group and relatively less in the under 35 age group. These facts indicate that structural reforms should become a possibility with the release of land. They may also reflect, however, the fact that young people find it difficult to get started in agriculture, especially since a not inconsiderable proportion of the farming community still remains in farming after reaching the age for drawing the normal old-age pension.

Another factor that needs to be taken into consideration is the varying amount of time farmers devote to farming. The figures given by the Commission in its Report on the Agricultural Situation in the Community in 1978 show that in 1975 36% of farmers in the Community worked full time on their farms, a further 20% worked on their farms for between 50 and 100% of normal full-time working, while 44% spent less than 50% of normal full-time working on their farms. These figures vary considerably from Member State to Member State and from region to region.

To get an even fuller picture we would need to examine other aspects of factors of production, productivity and technical progress, but the limited information already provided gives us at least a general background against which to examine the Commission's proposals and assess the extent of the structural imbalances that continue to exist in Community agriculture.

(*) Report on the Agricultural Situation in the Community in 1978.

Price and structural policies

The facts and figures given above show that structural policy is an essential element of the Common Agricultural Policy. Despite the reticences of a number of Member States which readily hold to the view that structural policy should by and large remain an instrument of national government, the "Community aspect" of modernization measures should be given more emphasis so as to reduce distortions in the conditions of production prevailing in each Member State.

It is also through the medium of structural policy that the Community is required to "take account of the particular nature of agricultural activity which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions" Article 39, para. 2(a) of the Treaty).

The Common Agricultural Policy must therefore be built upon twin pillars : (a) a price and market policy, (b) a common socio-structural policy. The price policy itself remains a fundamental component of the CAP and cannot be replaced by the structural policy.

Structural policy funds

Since the adoption of Regulation (EEC) No. 729/70, the Guidance Section's financial resources are used :

- to finance common measures decided by the Council in pursuance of the objectives laid down in Article 39(1)(a) of the Treaty;
- to finance special measures decided by the Council before the adoption of Regulation (EEC) No. 729/70;

- for capital subsidies for projects designed to improve agricultural structures pursuant to Regulation No. 17/64/EEC.

In the allocation of appropriations, priority has been given since 1977 to common and special measures; the financing of individual projects is continued only if the total amount allocated to common measures in a given year is less than the Guidance Section's annual appropriations. It ought to be mentioned, however, that in May 1979 the Council adopted a Regulation stipulating that financial aid given under the Guidance Section of the EAGGF would be fixed on a five-yearly basis from 1 January 1980. The total budget for 1980-1984 will be 3,600 million EUA, i.e. 720 million EUA per annum instead of the present appropriation which stands at 325 million u.a.

Total spending of the Guidance Section amounted to 218.2 million u.a. in 1976, 296.7 million u.a. in 1977 and 275 million EUA in 1978. These amounts still fall well below those spent by the Guarantee Section and the difficulties in implementing the socio-structural directives in a number of Member States partly explains why not all Guidance Section funds have been fully used.

It should not be forgotten however that the spending of the Guidance Section has been topped up by national funds even though it is not possible to say with any accuracy how much of this has been allotted specifically to structural policy.

Despite all this, the funds spent on modernizing production, processing and marketing structures have so far been insufficient to solve the difficult problems involved in changing agricultural structures in the Community.

B. THE NEW STRUCTURAL MEASURES PROPOSED BY THE COMMISSION

The Proposals on Policy with Regard to Agricultural Structures presented by the Commission to the Council on 19 March 1979 follow on from the guidelines contained in the Commission document submitted to the Council on 31 January 1979 and entitled Proposals on the Fixing of Prices for Certain Agricultural Products and on Certain Related Measures.

In its latest set of proposals (those of 19 March 1979) the Commission :

- makes one or two changes to the socio-structural directives of 1972; it is impelled to do this by difficulties encountered in implementing the Directives and by changes in the general socio-economic climate.
- introduces specific action programmes to develop agricultural production in certain particularly deprived regions as well as in regions where there is a high concentration of small farms.
- proposes a number of integrated regional development programmes for "a category of region in which agricultural development cannot be efficiently conceived unless it is accompanied by regional investment programmes aimed at developing alternative non-agricultural activities".

The Commission also proposes a special measure on the slaughtering of pigs and the processing of pigmeat in France and the United Kingdom.

C. GENERAL COMMENTS BY THE COMMITTEE ON THE NEW MEASURES PROPOSED BY THE COMMISSION

Application of the socio-structural directives of 1972

Before proposing changes to the 1972 texts the Commission should not only have given a full account of what had been achieved up to 31 December 1978 but should also have given a detailed analysis of the obstacles preventing implementation of the Community Directives. The third report on the application of socio-structural directives published on 27 July 1979 fills this gap only to some extent.

With regard to the development plans carried out under Directive No. 159/72 or under Directive No. 268/75 on hill farming and farming in less prosperous areas, estimates based on data taken from a variety of sources indicate that just over 100,000 farms had received development aid by the end of 1978, which is less than 2% of the total number of farms in the Community. The same sources reveal that aid has also been distributed very unevenly among the Member States and among the different regions. In Denmark and the Netherlands about 10% of farms of more than 1 ha have received aid under the Development Plans whereas this percentage falls to between 5 and 6% in Belgium, the UK and Ireland, to less than 4% in Germany, and to less than 1% in France.

Whatever the reasons for these unsatisfactory figures - and the complexity of administrative procedures in some Member States may be one of them - one cannot but agree with the Commission that "the existing measures have not been such as to bring about improvement in the structural situation of a substantial number of farms, particularly those which are small and especially those in difficult areas".

The fact that the above-mentioned categories of farm are denied the 'benefits of the common structures policy' "is also extremely unsatisfactory for the overall economic development of those regions" (*).

The Commission's recognition that "the number of farms just managing to achieve the target income levels set in the Development Plans is too small", and its statement in the explanatory memorandum that "current measures to improve structures should be adjusted in the light of the changes in the general socio-economic situation and should be supplemented so as to enable a substantial number of farms not so far eligible for these measures to benefit from them" are extremely positive signs.

A more careful look at the specific measures shows, however, that because of additional constraints arising out of the situation in dairy farming, pig farming and greenhouse cultivation, fewer and not more farms are likely to receive modernization aids. As a result, planned expenditure under the Guidance Section of the EAGGF is likely to be less than amounts currently disbursed. The Committee for its part considers that more development plans could be brought under Directive 159/72 if the aims that had to be set were not so stringent.

Flexibility and selectiveness

The poor achievements of the socio-structural directives - with the exception perhaps of the Directive on hill farming and farming in less prosperous areas - inevitably means that questions are going to be raised about the

(*) Commission proposals on the fixing of prices for certain agricultural products and on certain related measures (COM(79) 10 final volume I 31-1-79.

selectiveness criteria used in the directives. Failures, however, should not mean a challenge to the very principle of "selectiveness". Selectiveness after all is justified because Community aid is intended to benefit those whose needs are greatest from the point of view of farm modernization and the raising of incomes to levels comparable with those obtaining outside agriculture. It is also justified because - however much one would like to see the ceiling raised - the total volume of aid is inevitably limited.

Nevertheless if the policy is to give a larger number of farmers the possibility of benefiting from development plans, then one needs to take a fresh look at the conditions determining development and modernization. The Community's concept of a single development plan aimed at enabling the farmer to achieve the 'comparable income' target in one go would not appear to be an appropriate solution. Such a linear conception of development is hardly relevant to the vast majority of the farming Community since it calls for a high level of technical competence, a capacity for controlling large investments, an ability to adjust to the problems posed by bigger farms and more equipment, and considerable strength of character - and all these at the same time. Farmers cannot really be expected to show all these qualities when so far they have only had to tackle problems on a scale commensurate with their modest holdings. In other words when development is too rapid, farmers are ill-prepared to master the varying situations that present themselves. A gradual approach would be more satisfactory, which is why the refusal to take into consideration the notion of stage-by-stage development is so regrettable. Nor is it likely that the principle of temporary aid, as proposed by the Commission, will help matters.

Relationship between structural policy and market situation

The link which the Commission has established between structural policy on the one hand and the position of, and outlook for, agricultural markets on the other, poses a whole series of problems.

Structural reform in agriculture calls for a medium and long-term strategy; it cannot merely be a reflection of current economic considerations. Nevertheless it must be sufficiently flexible to adapt to changing economic situations and to requirements that vary in both extent and kind.

The suspension of investment aids in certain sectors would not appear to be compatible with the principle of the gradual, continuous and essential modernization of the Community's production machinery. It would also mean that young farmers would not be able to establish themselves in sectors where there is considered to be surplus production at present. This in turn is likely to jeopardize increased production in the future. Suspending investment aids would also ossify a large number of agricultural structures and perpetuate the current disparities between countries, regions and farms. Investments aids to rationalize production and reduce production costs should not therefore be suspended.

Maintaining some investment aids in the sectors in question can therefore be justified for both economic and social reasons. Nevertheless, it is important to be consistent and realize the contradiction between increased price and market support expenditure on the one hand, and the granting of investment aid in the sectors referred to above, on the other.

The question of investment aids cannot therefore be isolated from the overall problem of having to work out a price and market policy, and having to establish a trade policy towards non-member countries. The solutions to the problems of (a) prices and (b) the contribution of producers to the financing of surpluses and to expanding domestic and foreign market outlets must also be taken into consideration. Finally, whilst it is necessary to encourage farms to increase their efficiency, measures to do so should be carried out on a selective basis and should take into account the nature of the investments, the type of soil and the need for a more autonomous, more economical method of production.

In this respect, however, the Commission's proposal is too restrictive, for investment aids should be granted not only to farms in hill areas, less prosperous areas and areas where there is permanent pasture land, but also to farms capable of producing a considerable proportion of their feed requirements.

Aids should also be granted to rationalize production and reduce production costs.

Regionalization of structural policy

The Commission considers that changes to the socio-structural directives are not in themselves sufficient to bring about substantial changes in certain regions where the prospects of structural improvements are not very bright. This is why the Commission proposes (a) to develop agricultural production through specific action programmes and (b) for another category of region, to tackle agricultural development within the framework of regional investment programmes designed to promote alternative, non-agricultural activities. This policy calls for a number of remarks.

There have often been difficulties in implementing socio-structural directives, hence the need to take a closer look at regional factors and to adjust Community directives accordingly. It is doubtful whether the regional character of sociostructural directives has hitherto received sufficient attention.

The improvement of structures and the development of agriculture in certain regions has been handicapped by the absence of a proper EEC regional development policy.

From the very outset the Common Agricultural Policy has suffered from isolation and the fact that related development policies have failed to get off the ground. The Commission's fondness for integrated programmes, as well as for development programmes designed to promote agricultural production on a regional basis, must not however lead to the abandonment of a proper common regional policy.

Integrated programmes have an appeal since they satisfy the desire to bring the development of all agricultural and non-agricultural activities under the one umbrella. Coordination of the Community's various financial instruments should help to concentrate funds on a limited geographical area. Nevertheless it is important to make sure that the Guidance Section of the EAGGF only makes a financial contribution to those schemes it is responsible for itself.

Finally, the selection of regions eligible for aid under integrated programmes would seem to stem more from the wish to preserve a political balance between the Member States than from an overall policy decision to correct the most flagrant imbalances within the Community. The lack of Community criteria in selecting regions seems to be a proof of this interpretation.

The failures of the socio-structural directives of 1972 should not, however, lead to a gradual abandonment of the Commission's initial commitment to the development of individual farms. The regionalization of structural policy - an innovation of undoubted interest - must not supplant the Commission's original objectives but must supplement action already taken by the Community. It is vital to give as many farmers as possible the opportunity to modernize their farms on the basis of Community criteria so that conditions of production can be gradually harmonized in EEC agriculture.

Complementary measures

By widening the scope of the provisions on cessation annuities, the Commission hopes to bring about a speedier release of land, thus making it possible for farms to expand and be modernized.

By no longer insisting on such a close link between cessation annuities on the one hand and the allocation of land to farms submitting a development plan on the other, the Directive on the cessation of farming ought to be more flexible and so easier to implement; the result should be increased mobility of land. One important problem the Commission cannot afford to ignore, however, is the upward pressure on the price of land all over Europe as a result of the various agricultural and non-agricultural uses to which land can be put. Higher land prices are a serious obstacle to farm modernization; they also give rise to excessive indebtedness on the part of farmers. Given this trend we have to ask ourselves what methods can be used - within the framework of land management techniques - to delimit areas reserved for agriculture and ensure that those who need land most are given priority of access.

The problems involved in setting young farmers up in agriculture is another important aspect of the gradual modernization of production structures. For several years now the Commission has been presenting the Council with proposals to help young farmers. One of these proposals is that special aid be granted when a farm is developed and modernized. The Council ought to take a decision on this proposal at the same time as it takes decisions on all the other proposals currently under discussion.

SPECIFIC COMMENTS BY THE COMMITTEE ON THE NEW MEASURES

PROPOSED

Directive 159/72

Phased Development Plan

The Committee feels that the Commission does not take adequate account of the mediocre results obtained in implementing the development plans, particularly in those Member States where success is most needed. A farm development strategy aimed at achieving comparable incomes in one step does not make sufficient allowance for the various problems involved in modernization. The Committee therefore supports proposals to aid farmers who are willing to improve their incomes gradually until they are eventually able to submit development plans proving that they are capable of earning incomes comparable with those obtained elsewhere.

Under a phased development plan, farm modernization measures should receive financial support from the Community in exactly the same way as they would under a development plan.

The problems of farmers who for various reasons are unable to submit a development plan should be studied with careful attention at national level.

Transitional Aid (Article 4)

The Committee endorses the idea of a single transitional aid granted on terms similar to those provided for in Article 8 of Directive 159/72 of 17 April 1972.

As regards the requirement to keep accounts for at least five years, the Committee feels that the aims of the investment should not be lost sight of.

If a farmer who, by virtue of his age, is eligible for subsequent aid under the Directive on the Cessation of Farming, obligatory book-keeping seems unreasonable unless it is simplified. If, on the other hand, it is designed for farmers just starting out on a modernization scheme that will eventually entitle them to aid under a development plan, then there is justification in requiring that simplified accounts be kept without any time limit.

The Committee feels, however, that there may well be a case for providing this transitional aid at Community level, in order to prevent discrimination against the great majority of farmers who will have to remain in agriculture for their working lives and cannot submit development plans because of difficulties in obtaining new land, their age, or lack of alternative jobs in the non-agricultural sector.

For this group of self-employed farmers who make a major contribution to the output of high-quality agricultural produce, incentives should be provided - though on a limited

scale - for the modernization of farming techniques. Modernization is indispensable if acceptable levels of productivity are to be maintained.

Level of Comparable Income (Article 1(1))

Assuming that the Commission does not accept the concept of a phased development plan - even though this would seem to be the best way of ensuring progress for the largest number of farmers - the Committee endorses the proposal to reduce the income level threshold per man-work unit.

The Committee feels however, that the Commission's arguments are not relevant. Farmers, just like non-agricultural workers, clearly devote part of their time and income to travel, particularly because of the way farms are divided up and because of the distance between farm buildings and land. Nevertheless it would be preferable to make it clear that since farm incomes lag behind non-farm incomes, steps ought to be taken to reduce the income target by a certain percentage in order to enable a larger number of farmers to submit development plans.

This does not in any way mean an abandonment of the principle of parity of income between agriculture and other industries. It merely acknowledges that a large number of farmers cannot achieve income parity in one go.

The Committee feels that the Commission's figure of 10% is inadequate and should be raised to at least 20%. This would entail acceptance of the fact that a farmer submitting a development plan would aim to achieve 80% of the average gross salary of non-agricultural workers in this area.

The Committee notes moreover that regional comparable incomes vary significantly from one Community region to another. This means that farmers located in economically developed zones are able to submit a development plan even though their income is often already higher than that of farmers who are located in under-developed areas and cannot submit development plans. Regional disparities are therefore perpetuated and can even be exacerbated. Whilst it is reasonable that the aim of the first stage of development should be to catch up with average non-agricultural incomes in the same area, subsequent efforts should be concentrated on finding ways and means in less developed areas of achieving average Community incomes.

Calculation of non-farm incomes

The current Directive covers only income from farming. Given recent trends and the increase in part-time working in the EEC, however, the Section feels that even if only one man-work unit is employed, income from activities directly related to farming such as forestry, aquaculture and farm tourism, should be taken into consideration up to 20%.

Return of farmers own capital (Article 1(2))

The Committee feels that a minimum single rate for return on own capital will facilitate the harmonization of farm management conditions and methods of calculating farm incomes. An analysis of the returns of the FAN (*) shows, however, that rates of return on own capital vary widely not only within agriculture but also within individual production systems and according to the size of the production unit in question.

(*) FAN : Farm Accountancy Network.

The Committee emphasizes that it is not standard practice to set a part of the return on own capital against earned income. Nevertheless it accepts the Commission proposal in view of the objective involved.

Income in excess of the average regional income

The Committee agrees that the earned income set as a target under a development plan may not exceed the regional average by more than 20%.

It must, however, be borne in mind that farms which have achieved income parity can maintain their position only if there exists a prices policy such as was defined when the socio-structural directives were adopted. This means that the annual price increases adopted by the Council of Ministers on the basis of objective criteria must aim to keep farm incomes moving ahead in parallel with income in other industries in the region.

Investments (Article 2)

The Committee endorses the proposal to raise the ceiling on investment per man-work unit qualifying for the interest rate subsidy provided for in Article 8(2) of the Directive of 17 April 1972.

The Committee feels however, that this figure should be reviewed annually in order to take account of investment costs and price trends in the Community.

Limitation of Aid to Investment (Article 3)

Farm modernization must be a permanent, long-term feature of the Common Agricultural Policy. It must not be brought to a sudden halt by invoking imbalances on certain

markets. A decision to freeze all aid to investment and modernization in a given production sector would jeopardize the modernization and development of the Community's production machinery and in the long run would gainsay the policy of supplying consumers at reasonable prices. The Committee therefore feels that the principle of aid to investment in the various production sectors should be maintained, subject to a number of conditions.

The primary aim of investment should not be to boost production. It should be to arrive at an economic optimum that will secure the best possible income for farmers.

Aids should be granted to rationalize production and reduce production costs.

In the dairy sector :

The Committee feels that investment aid must be maintained in those regions where there is no alternative to milk production (these are mainly hill-farming and disadvantaged areas), in farms where at least 35% of the UAA is under grass and in farms which produce at least 70% of their own feed requirements.

The Committee also suggests that on account of its undoubted socio-structural value the Commission should resurrect its 1977 proposal (*) to grant a Community premium per hectare of feedstock surface to farmers aged between 55 and

(1) Proposal on the Fixing of Farm Prices for Certain Related Agricultural Products and Certain Related Measures (COM(77) 100 final).

60 who agree to withdraw from farming and to slaughter milk cows and replacement heifers. This premium would be payable up to the end of the 65th year from funds obtained from the coresponsibility levy.

Such action would encourage financial solidarity between farmers giving up milk production and those investing in modernization.

In pig farming :

The Committee feels that the proposed ban on increasing the number of fat stock or breeding sows is not warranted by the market situation and consumer trends.

It also considers that the criterion of 65% of the UAA under crops is not particularly useful in view of the fact that farms vary considerably in size from one region to another. The Committee feels that more attention should be given to ensuring that incentives are not given to large industrial farms - which are also large consumers of imported products and energy. The Committee feels that it is preferable to maintain the previous criterion which specified that on completion of the development plan, the farm should be at least 35% self sufficient in pig feed.

The feed requirement must be stiff enough to ensure that industrial-scale pig farms are not set up. The present investment ceiling of 54,565 u.a. should be altered and replaced by an upper ceiling on the volume of output.

Production under Glass :

The Committee feels that the maintenance of investment aid in this area can be justified only if enough energy and costs are saved.

While endorsing the principle of optimum location of production, the Committee considers that production under unheated glass enables certain regions to provide regular market supplies.

The Committee therefore feels that production under glass should continue to qualify for investment aids, but only if such aids reflect a genuine attempt to save energy or develop renewable sources of energy.

Aid for Land Purchase (Article 4)

Directive 159/72 does not deal with the purchase of agricultural land. An analysis of farm structures has shown that a large number of farms have been prevented from expanding by a shortage of land. Improved farm incomes, one of the key objectives of farm modernization and development, can be achieved for example by increasing productivity and increasing the size of farms. Measures to increase productivity will in most cases boost output but this is not necessarily desirable given the situation on certain markets. On the other hand, an increase in farm size either by leasing or by purchasing land where there is no other alternative, can help to improve profitability and income without the need to intensify production. It is particularly important to study all the methods used by the Member States to solve the difficult problem of land (land zoning, right of pre-emption, legislation against land hoarding, land investment company).

In the view of the Committee the Commission should look at the whole question of land and submit proposals.

EAGGF Expenditure (Appendix)

The Commission estimates of the financial cost of amendments to Directive 159/72 show that increased expenditure on measures to ease the conditions for submitting development plans will be fully offset by the cut-backs on aid to investment in dairying, pig breeding and glass-house construction. It should also be stressed that if certain potential expenditure were not undertaken, further savings would be possible.

The Committee cannot accept this result. It runs counter to the objective of the Commission proposal which was to enable the submission of a larger number of development plans in order to improve the results obtained to date.

Directive 268/75

Reduction of utilized agricultural area (Article 1(1))

The Committee takes the view that the minimum figure of two hectares of utilized agricultural area should also apply to farms in the Scottish Highlands and Islands.

Amount of compensatory allowance (Article 1(2))

The Committee approves the proposal to increase the compensatory allowance from 50 to 75 units of account. The minimum of 15 units of account should however be raised to 30 units of account.

Restrictions on the grant of the compensatory allowance in respect of dairy cows (Article 1(3))

The proposal to abolish restrictions on aid to dairy farming in hilly areas of Italy where there is a shortfall in milk production would seem to be justified. A number of other regions in disadvantaged areas are also in a similar situation, for example, the Scottish Western Islands, which have to obtain milk products at high cost. The Committee wonders if it is possible to apply the Commission proposals to these areas. It is also debatable whether such procedures are compatible with the need to apply certain common criteria to all Member States.

Reimbursement rate (Article 1(4))

The Scottish Highlands should also qualify for the higher reimbursement rate proposed for the Mezzogiorno and the West of Ireland. This is warranted on historical grounds and by the area's serious geographical handicaps.

Additional comment

In some disadvantaged areas farmers are unable to fatten their cattle from their own crops. This is mainly because of the climate. The Committee therefore wonders whether there is not a case for providing aid in respect of winter fodder crops.

Directive 161/72

Attendance allowances and premiums (Article 1)

To some extent Directive 161/72 lays the foundations for the socio-economic guidance and occupational skills

of persons engaged in agriculture. The Directive is therefore fundamental to farmers' capacity for obtaining training - training that will enable them to submit development plans and to rationalize their farming. The results achieved to date have been unsatisfactory.

Experience shows that farmers who wish to modernize are very often unable to follow training courses because of the conditions under which they themselves operate: working hours, difficulty and cost of finding replacements on the farm, costs occasioned by training, etc.

In order to encourage more persons employed in agriculture to attend training courses which qualify for Community aid, the Committee feels that people attending training courses should receive an adequate attendance allowance.

The Committee wonders if it is feasible to treat time spent on training as working time. In the case of development plans, training time should be included for the purposes of calculating earned income per man-work unit.

Finally, the Committee would point out that Directive 161/72 also covers the socio-economic training of agricultural wage-earners. It therefore urges that this provision be actually implemented throughout the Community.

Replacement of the heading of Title III (Article 2)

The Committee notes that the old Title III of Directive 161/72 on the Retraining of Persons Engaged in Agriculture who wish to take up an Occupation outside Agriculture, is superfluous since this area is now covered by the European Social Fund which part-finances such retraining to the tune of 50%.

New heading of Title III (Article 2)

The Committee disagrees with the use of the word "undertaking" in the Title. Since managers and staff of producer organizations - and particularly agricultural co-operatives - are involved, the term "undertaking" should be dropped to remove any ambiguity and should be replaced by the phrase "economic organizations controlled by agricultural producers".

The Committee approves the proposal to provide training for managers and staff of agricultural organizations responsible for producer groups and for the processing and marketing of agricultural products.

Training programme (Article 4)

The Committee approves the proposal to provide specialized training for persons who already have adequate basic training and sufficient experience of farming.

The Committee, however, has its doubts about the wording of lines 5 and 6 of the first indent of para. 1. The Committee would like "undertakings" to be replaced by "economic organizations controlled by producers and particularly cooperatives." The Committee does not understand what is meant by "in the field of cooperative techniques".

The Committee considers it essential that this measure be applied in the same way and on the same scale in all EEC Member States. Consideration should be given to appropriate coordination with other training and further training programmes, especially those of the cooperatives, and to the use of existing training facilities. The training

programme itself should concentrate on the appropriate functional and structural areas. It must be stated clearly, for example, that on the one hand the "management of agricultural producer groups" and their "creation" is part of the programme for managers of producer cooperatives, and on the other hand that the "viable economic initiatives as regards the marketing and processing of agricultural products" and "preparation of programmes and implementation of projects as provided for in Regulation (EEC) No. 355/77" is part of the programme for managers of cooperatives.

Financial resources (Article 4(3))

The Committee welcomes the Commission proposal to provide financial support for training. The structure of agricultural supply is still inadequate and it is particularly important that producers make personal efforts to improve the quality of agricultural produce, the structure of agricultural supplies and to provide regular uniform high quality batches. Equally, Community funds should be used to encourage agricultural producers involved in marketing and processing agricultural products.

The Committee regrets, however, that the cost of training courses is to be borne entirely by the Member States and that the Community is only to subsidize attendance allowances and premiums. This decision may discriminate against some farmers in those Member States where adequate training structures have not yet been established.

Financial resources (Article 5)

The Committee approves the proposed increases in the flat-rate amount payable in respect of socio-economic advisers and the actual expenditure on training of socio-economic advisers.

The Community has not contributed to the cost of training courses for farmers or for managers and staff of "economic organizations controlled by farmers". The Committee therefore suggests that the Community should subsidize attendance allowances and premiums to the tune of 75% instead of 50% as proposed.

Directive 160/72

Directive 160/72 was designed to encourage the retirement of farmers and the reallocation of utilized agricultural areas to farms which had submitted a development plan. The Committee notes that the hoped for success has not been achieved.

The Committee attributes this lack of success to

- a) changes in the general economic situation which has encouraged farmers to postpone retirement;
- b) the inadequate level of incentives for retirement;
- c) strictures peculiar to the proposals in questions, which were unsuitable for the specific conditions in certain regions.

While farmers in some Member States have retired from farming, the aids granted by these States were generally not contingent on aggregate conditions such as the age of the beneficiary, withdrawal from farming and transfer of land to a farmer who had submitted a development plan. The number of cessation annuities which qualified for EAGGF aid was therefore extremely small.

In view, however, of the current state of agricultural structures and the very large number of small farms run by elderly farmers, the Committee is adamant that the key objective of Directive 160/72 i.e. the transfer of land to farmers whose production structures are the most deficient, must be top priority for the modernization of farms and the rationalization of production structures.

The Committee feels that this objective can be achieved by adapting the Community draft and gearing it more closely to the actual conditions in the various Community regions.

It is therefore obvious that the decision to introduce a retirement scheme for elderly farmers in particular is important and will benefit agricultural restructuring. This being so, the scheme should qualify for Community aid. The Committee feels that where retired farmers' land is reallocated to farmers who submit a development plan, additional Community aid should be forthcoming.

Payment to elderly farmers (Article 1(1)(a))

The Committee approves the proposal to increase the cessation annuity to a maximum of 2,000 u.a. per year for married farmers and 1,500 u.a. per year for single farmers.

The Committee suggests that the lower age limit should be retirement age minus ten years but should not be lower than 50. The upper limit should be raised in all Member States for a limited period and only farmers who are currently over 65 years old should be eligible. In many Member States a large number of farmers over 65 continue to farm large areas. Efforts should be made to transfer such land to farmers who wish to develop their holdings.

Structural premiums (Article 1(1)(b))

The Committee approves the proposal that structural premiums should qualify for EAGGF aid. It is not completely satisfied however with the definition of the premium as at least four times the rental value of the utilized agricultural area released. The areas which need a vigorous structural policy most are not always those with the highest rental values. The premium should perhaps therefore be increased in sparsely populated areas or areas where farm leases do not fetch high prices.

The premium which qualifies for EAGGF aid - up to 300 u.a. per hectare - should be sufficiently attractive.

Grants for permanent hired or family workers
(Article 1(1)(c))

Having examined the proposals in respect of agricultural workers aged between 50 and 65 employed on a farm whose owner qualifies for retirement benefits, the Committee feels that all agricultural workers in a similar situation should be eligible for severance payments and that all these allowances should attract EAGGF aid.

The Committee feels moreover that the Commission should examine the case of farms where the implementation of a development plan or work rationalization would lead to labour shedding. The Committee feels that laid-off workers should qualify for the cessation annuity and that part of the costs of these payments should be subsidized by the EAGGF.

The Committee approves the proposal to increase the maximum eligible amount to 1,500 u.a. per year.

Single anticipatory premium (Article 1(1)(d))

The Committee feels that potential candidates for retirement should be encouraged to give advance notice of their intention to retire and to assign their land within five years to a development plan. They should for example be paid a sliding-scale premium related to the date on which they decide to retire.

The Committee therefore feels that the determination of the lower age limit for granting the premium should - like the retirement premium proper - be related to the retirement age in each Member State.

The Committee feels that the anticipatory premium should be increased if the farmer agrees to retire and to rent his land to a farmer who submits a development plan. In such cases the amount eligible for EAGGF aid should be raised to 600 u.a.

Cessation and enlargement annuity (Article 1(1)(e))

This proposal may encourage land transfers and provide elderly farmers with an alternative source of income. The problem of enlarging holdings is not peculiar to disadvantaged areas. Community statistics show clearly that this problem affects most of the Member States.

The Committee therefore suggests that this cessation annuity be payable where areas released are used to expand a farm.

There is of course no obligation to assign land to a development plan. The Committee therefore feels that this grant should be lower than the grant paid when restructuring is achieved under a development plan.

Succession allowance (Article 1(1)(f))

The Committee approves the proposal to grant a succession allowance to farmers aged 60 and over. It does so in view of the need to promote the swiftest possible structural adaptation and to enable persons taking over farms to modernize.

The Committee approves the condition that the farm should be transferred definitively by notarial act to a family heir but queries the proviso that this heir should have been employed on the farm for not less than five years. It considers that economic trends could justify a relative with the requisite qualifications returning to a farm even though he had not been employed on it for five years. The indent should therefore be amended to read "a family heir employed for more than five years on the farm or an heir possessing adequate qualifications".

Since this proposal may provide an impetus for Community agriculture, the Committee does not agree that the succession allowance should be confined to certain less-favoured areas.

Less-favoured regions (Article 1(2))

Assuming that the abovementioned measures (expansion allowance and succession allowance) are to be applied only to less-favoured areas, the Committee feels that the additional criterion of "the existence of deficient agricultural structures" should be added.

Assignment of land (Article 2)

The Committee has its doubts about the proposal to reduce from 85% to 66% the agricultural area which farmers must release in order to qualify for the retirement allowance. In fact modernization and development of structures presuppose greater flexibility in transferring land. There is a risk that the lowering of the percentage of land released would prevent the achievement of the desired objective.

Reimbursement of expenses eligible for EAGGF aid
(Article 3)

The Committee feels that expenditure qualifying for EAGGF aid under Article 1(1), (a), (b) and (c) should be reimbursed to Member States up to a ceiling of 50%. This would encourage Member States to promote the release of land under rules associated with development plans.

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Specific programmes for the development of agricultural production

Preliminary Comments

The Committee endorses the Commission statement that the improvements to the 1972 socio-structural Directives, and more specifically to the conditions for submitting development plans, will not be sufficient to resolve the problems bedevilling the Community's disadvantaged areas. It is felt that many farmers will be unable to modernize under the proposed development schemes.

The Committee is pleased that the Commission has committed itself to specific regional programmes for the development of agriculture. However it would ask the Commission not to abandon the idea of promoting development designed (a) to enable farmers to catch up with the wage levels of other socio-professional categories and (b) to encourage farm modernization in line with Community criteria.

While the Committee generally endorses the proposals contained in the specific programmes for developing agricultural production, the following comments are necessary.

The Commission seems intent on pursuing a recently launched strategy (*) via measures with a specifically regional slant. The Committee endorses the Commission's efforts to reduce disparities and imbalances at regional and sectoral level but stresses the need to implement such measures on a basis genuinely compatible with the objectives of Community policy in all the Member States.

While applauding the Commission's decision to encourage the development of certain deficit products and to improve infrastructures, the Committee wonders if these measures are a match for the problems in disadvantaged areas. The Committee considers that measures to expand agricultural production alone cannot solve the difficulties deriving from overall economic underdevelopment or inadequate economic, social or cultural infrastructures.

The Committee also considers that the Commission proposals do not sufficiently emphasize the anticipated profitability of certain investments and the expected results from the aids granted.

The Committee finally queries the exclusive use of the Guidance Section of the EAGGF to subsidize the specific programmes. In a number of instances the benefits deriving from the investments will not be confined to agriculture alone. It might therefore be desirable to bring other Community Funds into play, particularly in view of the need for infrastructures and facilities to back up agricultural development.

(*) Regulation EEC 1 360/78
Regulation EEC 1 361/78
Directive EEC 78/628

Development of beef cattle and sheep production in Italy

In view of the significant shortfall in beef and mutton production in Italy and the particularly severe impact on the balance of trade, the Committee approves the proposal to develop cattle and sheep farming in mountain areas, in hill areas of the North, in the centre of Italy and in the Mezzogiorno.

The Committee stresses however that certain measures have been omitted, in particular market organizations for mutton and measures to (a) encourage the amalgamation of holdings (b) bring about structural improvements and (c) halt the rural exodus.

The Committee points out that an expansion of agricultural production in these regions should be backed up by the requisite processing and marketing facilities.

The stimulation of agricultural development in the West of Ireland

The Commission proposals to assist the West of Ireland relate to infrastructures, training facilities and the expansion of agricultural production.

Although the under-developed regions of the West of Ireland are largely agricultural, the low level of development cannot be attributed to agriculture alone. Inadequate communication networks, public services, training facilities, piped water and electricity supplies etc., make it very difficult for other industries to establish themselves in the West.

While the development programme would be particularly useful, the Committee points out that a significant proportion of the investment involved will benefit areas other than agriculture. The regional policy aspect of the proposed measures should thus be taken into account.

A clearer distinction should therefore be drawn between measures which (a) concern the improvement of agricultural production and processing infrastructures, training, the development of agriculture and forestry, and qualify for EAGGF aid, and (b) measures which concern infrastructure, which is the responsibility of the public authorities and is eligible for Regional Development Fund aid.

Given the importance of this programme and the objectives involved, the Committee stresses the need for a commitment by the farmers concerned that they will play a vigorous role in undertaking investments, which will generally only be profitable in the medium or long term.

Development of sheep farming in Greenland

The Committee queries the decision to develop sheepfarming in Greenland. The reasons underlying this programme are not economic and it is unlikely to be profitable.

The Committee finds it difficult to assess the case for the project. Apart from the fact that Greenland

mutton will certainly be the most expensive ever, the Committee wonders if the harbour facilities financed by the EAGGF would not also benefit the non-farming community.

Moreover the Commission does not take sufficient account of the need to encourage farmers to market and process their own produce, in view of the handicaps associated with transport conditions in the area.

The Committee would remind the Commission that in view of the large amount of money to be spent in establishing fifty new sheep farms, the programme should above all enjoy the total support of all farmers concerned and their commitment to undertake the proposed investment.

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Integrated regional programmes

Preliminary remarks

The Committee endorses the principle of integrated development programmes. In some regions agricultural development is only feasible if backed up by regional investment programmes aimed at the expansion of economic activity other than farming.

The Committee notes that the integration problem is the same in all regions insofar as a high degree of integration at all levels is a sine qua non for harmonious economic balance and development. This is why the Committee feels that the specific programmes referred to earlier can succeed only if the development of agricultural production is backed up by a set of related activities and services.

The Committee considers that close coordination of private and public action in conjunction with different types of investment will make it possible for the Community's various financial instruments to be used for structural purposes. It is equally important that the Member States concerned make a financial contribution to these investments in addition to the financial efforts of the Community itself.

The Committee however queries the Commission's choice of region and the criteria used.

The level of development of the three regions concerned differs considerably. Whilst the implementation of integrated development programmes in these regions may teach us a number of lessons about how to set in motion and operate a project, the Committee would stress that a regionalized structural policy should not lead to a state of affairs where areas of intervention are determined by political factors. The Committee therefore urges that the new strategy be implemented on the basis of clearly defined Community criteria.

The situation in some of the regions in question is so serious that the very viability of some of the local communities is at stake. This is why the Committee has turned its attention to the complex problem of maintaining a rural population in areas that would be depopulated if purely economic considerations were followed. The desire of rural peoples to live in their own area and to bring about the economic and social development of backward regions is something that must be fully supported by the national governments and the Community.

The Committee also feels that the Commission proposals do not pay sufficient attention to the problems posed by the preservation of the environment in which production takes place. The whole social and cultural background should therefore be taken into consideration as soon as a project gets under way; proposals should not be based on purely economic grounds.

The Committee notes that the proposed programmes do not relate solely to the agricultural sector. It is

therefore extremely difficult for the Committee to take a stand on the real level of integration likely to be achieved. Indeed, until the Member States concerned have actually submitted programmes to the Community authorities, it is not really possible to make a meaningful assessment of their form and content.

Finally, the Committee is convinced that the Commission should encourage the local population to play an active role in working out its future and developing genuine economic and social democracy. The implementation of integrated programmes should provide the impetus not only for individual initiatives but also for the development of associations and cooperative organizations.

Integrated development programme for the Western Isles of -
Scotland

Having carried out an on-the-spot survey of the difficulties facing the Western Isles, the Committee supports the principle of an integrated programme for the area. From the socio-economic point of view the Western Isles are in a particularly unfavourable position. Their position can, however, be improved.

Given the preponderance of the crofting system and low incomes generally derived from a number of part-time activities, Directives 159/72 and 160/72 - even if amended by the Commission's current proposals - do not appear to be adequate from the point of view of securing a satisfactory improvement in agricultural structures. 85% of crofts provide less than 100 man/days of work per year and 8% between

100 and 200 man/days. The criteria that have to be met under Directives 159/72 and 160/72 would therefore appear to rule out the possibility of most of the crofters receiving aid unless there are large-scale amalgamations of holdings - and such amalgamations would disrupt the existing socio-economic systems.

In view of the fact that the crofting system has shown itself capable of meeting the challenge of technological change, maintaining a rural population, and displaying initiatives and vitality when it comes to creating jobs and setting up cooperatives, the Committee suggests that the development programme should be based on existing systems and rural communities.

The Committee has not yet received the integrated development programme but has seen individual projects that have already been carried out. The Committee consequently hopes that a planning team will be set up as soon as possible so that it will be able - in collaboration with the Western Isles Council and the Highlands and Islands Development Board - to draw up a blueprint for simultaneous deployment of all the Community's financial instruments.

Having taken cognizance of the views expressed in various administrative quarters during its study tour, the Committee considers that the programme should be kept within the geographical limits proposed by the Commission. Though aware that the whole Highlands and Islands of Scotland area has characteristics similar to those of the Western Isles, the Committee considers that the integrated programme experiment will have a greater chance of success if confined to the Western Isles. This is all the more so since local

bodies and residents already seem to be highly motivated by the preparation of projects. Nevertheless, the Committee does not preclude the possibility of eventually either bringing in the whole Highlands and Islands of Scotland area, or of widening the scope of the agricultural measures in order to re-introduce a number of provisions (fertilizers, fodder and transport subsidies) currently suspended.

The Committee broadly endorses the agricultural section of the integrated programme though it stresses the need to improve the supply of capital goods and services and to develop Community structures for processing and marketing agricultural products. The Committee also suggests that a study be made of the problem of milk production and supplies in the Western Isles. The Committee would also like to see a special effort made to (a) develop port installations on the Western coast, (b) encourage fishing for certain varieties of crustaceans, and (c) promote fish farming. Communications should not be neglected either.

In view of the fact that the Western Isles are labouring under serious handicaps, the Committee wonders whether the financial resources earmarked for the agricultural section of the integrated programme will be enough. The Committee is of the opinion that such aid as is given will stand a better chance of increasing profitability and improving the socio-economic situation of the Isles if the particular measures adopted are the outcome of a consensus of opinion between the various administrative échelons involved and if the aid granted comes on top of what is already done by the UK Government.

The Committee draws the attention of the Community authorities to the relevant facts and figures and to those parts of the Report dealing with the Western Isles.

Integrated Development Programme for the Department of
Lozère

The Committee welcomes this integrated programme insofar as the socio-economic position of Lozère is particularly serious and measures to improve the situation require a concentration and simultaneous development of available resources and instruments.

The Committee has not yet received the overall integrated development programme. It nevertheless hopes that the planning team will be set up as soon as possible so that, working in close collaboration with local bodies and residents, it can draw up a blueprint for simultaneous deployment of all the Community's financial instruments.

The Committee endorses the agricultural phase of the programme. It stresses the need to expand structures for processing and marketing agricultural products and to provide capital goods and services.

Integrated development programme for the Belgian Province
of Luxembourg

Though noting that the development level of the south-east of Belgium is considerably below the Belgian average but significantly above that of many other Community regions, the Committee welcomes the implementation of an integrated development programme for this region.

The Committee believes that the implementation of simultaneous projects in the various sectors of the economy would halt the deterioration of the present situation.

The Committee has not yet received the overall integrated development programme. It nevertheless hopes that the planning team for which the Belgian authorities are responsible will be set up as soon as possible so that, working in close cooperation with local bodies and residents, it can draw up a programme setting out objectives and priorities.

The Committee endorses the agricultural phase of the programme. It is particularly pleased at the emphasis placed on the establishment of experimental centres for new agricultural products, production techniques and agricultural management methods. Efforts in these areas are a guarantee of progress in the future.

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Measures to improve the conditions under which agricultural products are processed and marketed (special measures in respect of the slaughtering of pigs and processing of pigmeat in France and the United Kingdom)

The Commission proposals are designed to improve the conditions under which pigmeat is processed and marketed in France and the UK in order to correct the inadequate structures and technical facilities in slaughterhouses in those Member States. The Committee approves this proposal but notes that the Commission text is singularly short on data and points of reference.

The Committee notes that while Regulation 355/77 is designed to grant supplementary funds in the area concerned, applications for funds have to be submitted as part of specific programmes. The Committee alerts the Commission to the need to ensure that the present proposals do not create a precedent liable to undermine the effectiveness of Regulation 355/77.

The Committee therefore feels that the financial resources allocated by the Council for implementing Regulation 355/79 should be increased significantly in order to cope with the multiple tasks involved in improving processing and marketing structures.

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CONCLUSIONS

Given persistent and wide disparities within agriculture, and the unsatisfactory nature of the results obtained in implementing the socio-structural directives of 1972, the Committee is pleased that the Commission of the European Communities has thought fit to bring in new proposals.

The Committee would reiterate its view that although the structural policy is a vital plank of the Common Agricultural Policy, it evidently cannot take the place of a price policy. In modernizing and developing their holdings farmers must be able to take it for granted that prices can change and that this will enable them to retain parity of income with people working in other sectors.

Although it approves the continuation of a certain type of selectivity and endorses the general measures to make aid criteria more flexible, the Committee is convinced that, for farmers whose needs are greatest, modernization and development must be carried out in stages. A phased development plan is therefore the most suitable solution.

When aid is granted, consideration shall also be given to the need to comply with labour legislation.

The Committee also feels that the mediocre results obtained in implementing the socio-structural directives, and the difficulties involved in pursuing a Community structural policy based on common criteria, must not lead in the more difficult areas to an abandonment of this policy and to its replacement by regional development programmes.

The Committee takes the view that however fitted these regional development programmes are for meeting the specific needs of the region or area in question, they have the disadvantage of sometimes being drawn up without reference to economic analysis or Community criteria.

Subject therefore to a clear-cut definition of criteria for selecting regions, the Committee supports the proposal on specific programmes for the development of agricultural production and the proposal on integrated programmes (of which the agricultural section alone is known at present).

Because it is interested in overall development the Committee regards the second of the above-mentioned proposals as being particularly relevant. There is after all no point in encouraging the development of agricultural production if the whole economic, social and cultural infrastructure is progressively disintegrating. The proper line of approach would be the simultaneous deployment of Community financial instruments plus close involvement of local residents in the projects in question.

The Committee would finally like to stress that the far-reaching changes in the current economic situation make it necessary to give serious thought to the direction which the Community's agricultural and structural policies will have to go in. Despite a number of fears that have been expressed, the main aim of the Community's socio-structural policy is not to increase agricultural production but to streamline farm structures so that farmers can bolster their incomes through a more rational utilization of factors of production.

In view of (a) changes in the general economic situation, (b) the energy supply crisis and (c) spiralling production costs, any adjustment of the Community's structural policy should be seen as an opportunity to examine the question of the type of development considered desirable for farms. Is there not a case for being less wasteful whilst at the same time seeking to improve production through technological means? Agriculture has in fact become increasingly dependent on sectors both upstream and downstream of farming proper. Indebtedness has grown by leaps and bounds, as has the consumption of intermediate products (mostly imported). Energy consumption has increased noticeably and in some cases additional output has been obtained only at very high cost in terms of energy inputs.

The Committee now wonders whether it is perhaps wise to support a production model based on the substitution of capital for labour and on the increased use of imported intermediate products. At any event the elimination of wastefulness is in no way in contradiction with increased productivity.

Such changes, however, can only be gradual. A more economical farming sector does not imply a low level of production. In dairy farming, for example, more intensive fodder production can replace the growing tendency to turn to imported foodstuffs. This would mean no longer having to build up herds of cattle around a system that is both fragile and dependent. More intensive crop-growing is also compatible with greater economies, especially if catch crops or fertilizing crops are grown. And even if lower costs do not increase output, they can still mean greater productivity - and hence a bigger income for farmers. The

perfecting and dissemination of new farming techniques are similarly of considerable importance in the creation of a new model of agricultural development.

Finally, the Committee would draw the attention of the Commission to the decline in value over time of the aids proposed. It consequently requests that the principle of annual readjustments be incorporated in Community regulations.

A P P E N D I X

Section on the Western Isles of Scotland

Introductory Remarks

The Highlands and Islands of Scotland, and in particular, the Western part of the mainland, the Islands and the Western Isles (Outer Hebrides, comprising Lewis, Harris, Uist and Barra) are an area of the Community which, due to its very particular and unusual characteristics, has drawn minimal benefit from the Community's actions in the field of agricultural structures. It is therefore particularly appropriate that an integrated development programme should be applied to the special problems of this disadvantaged area for which Community directives, drawn up for much wider application, have proved ill-adapted.

The Western Isles, together with parts of the Highlands, find themselves disadvantaged not only because of remoteness but also because of the low fertility of the soil and the harshness of the climate (strong winds, low temperatures, long winters). The result is a long tradition of decline, outward migration, high unemployment, low incomes, and bad age structure.

History, culture and economic realities have combined to meet these difficulties with a form of society in which farming and fishing are to a very large degree part-time, or even spare-time, activities. These activities are essential to the economy and social stability of the area and moreover complementary to full-time agriculture in other parts of Scotland, but they are not the only, nor indeed in most cases the principal source of income, providing a pattern quite different from that found in most parts of Community agriculture.

Over the last decade, the number and range of jobs available within the Highlands and Islands have undoubtedly improved, a result of the development efforts of the Highlands and Islands Development Board (HIDB), the local authorities, the people of the area and other interested parties and, of course, the arrival of oil-related industry. Incomes have increased accordingly but remain below the national average in many occupations especially in the West. A recent price survey supported by the HIDB has shown that prices in the area tend to be higher than those in urban areas such as Aberdeen, particularly for food, and tend to be highest in the most remote villages and islands.

Area and Land-Use

The area of the Highlands and Islands as a whole is vast, 37,000 km² (48% of the land area of Scotland) but, as a consequence of the severe conditions, very sparsely populated. With a total population of 300,000 of whom 60% live in rural areas, the average density is 8.1 inhabitants per km². The Western Isles comprise 3,161 km² with a population of 30,000 or 9.4 inhabitants per km².

The greatest part - 84% - of this land mass is suitable only for rough grazing with an average occupancy of 1.7 animals per hectare. These areas, with considerable carrying capacity for stock in the summer months but limited capacity to grow and conserve winter feed, are thus used essentially for breeding cattle and sheep, providing immature stock for fattening on the arable farms in Southern Scotland. The value of cattle, sheep and wool production has been increasing relative to other farm products and accounted for 66% of gross agricultural output in 1971-72 by comparison with 58% ten years earlier.

Of the remaining area some 2,400 km² are arable and grass, and 2,000 km² forestry, the latter a fairly rapidly growing sector in recent years.

As regards the Western Isles, land use is virtually restricted to seasonal production of immature stock by the natural limitations of the soil.

Farm Structures

The total number of farm holdings in the Highlands and Islands is around 23,000. Of these only about half - some 12,700 in 1970 - are termed "significant" insofar as they provide more than 26 Standard Man Days (SMD's) employment. Some 7,000 furnish less than 100 SMD's, a further 2,600 between 100 and 250 SMD's and only 3,100 over 250 SMD's. The 12,700 "significant" holdings cover 25,400 km², the remaining "insignificant" holdings covering somewhat less than 3,000 km².

In the Highlands and Islands as a whole - as elsewhere in the Community - large full-time farms provide a relatively high proportion of farm output. Thus about one-third of Highland output comes from some 600 farms - on the whole smaller than the average size for Scotland as a whole - representing less than 5% of all "significant" holdings. These farms are mainly concentrated in the East and South of the Highlands region. The same geographical concentration applies to full-time farms - those which provide over 250 Standard Man Days (SMD's).

The great majority of holdings in the area can thus be seen to be small or very small, part-time or even spare-time. They supply nonetheless a significant output, estimated at around 25% of the total for the region. These holdings are known as "crofts". They are particularly numerous in the more remote western part of the Highlands and particularly in the Western Isles, where the largest number of small crofts are also to be found. In the Isle of Lewis for example 97% of crofts provide less than 100 SMD's.

This system of part-time farming is considered a vital feature for the economic and social well-being of the region. It makes a key contribution to the maintenance of population and agricultural output in a sparsely populated and inhospitable terrain. In its submission to the Study Group the Crofters Commission, (the official body responsible for administering the system of croft land-tenure) stated that a policy of consolidation of crofts into larger units would have very limited benefits either for agriculture or for social structures in the area and would accelerate further emigration unless compensated for by alternative job creation. In support of its view, which is shared by other authorities in the area, inter alia HADB and the Western Islands Council (WIC), the Crofters Commission had this to say :

"From a purely agricultural point of view it can be argued that the crofting system has considerable merit and can often represent a relatively intensive use of poor quality land. It has been pointed out that in some crofting townships it would take the whole township lands to provide an agricultural living for one family, if that, and that such a unit would be much more vulnerable to economic vicissitudes

than part-time crofts. Crofting, however, has a much wider importance. Most townships and rural settlements owe their origin and continued existence to part-time crofting, which remains a powerful force for holding population. The crofting system has proved remarkably resilient in the face of technological change, and the experience of Job Creation schemes and the emergency of community co-operatives show that it can nurture enterprise and vitality where these are given a chance. The evidence we have suggests that sufficient people want to live and work in crofting communities, and there is still a strong attachment to the land. The crofting system has considerable social, cultural, linguistic and economic importance at the national and indeed European level. It would be a very great loss - and would have almost unthinkable consequences - if the system were to be seriously threatened by artificial inducements to amalgamation in the pursuance of structural "improvement". In our view the solutions to the malaise which affects many rural communities in the Highlands and Islands lie elsewhere."

As regards production potential and marketing prospects, there is considerable scope for improvements in output and income, particularly in sheep but also in cattle given the necessary confidence, adequate returns from the market (including compensatory allowances) and the incentives to invest. There is also considerable scope for parallel development of afforestation in the region. It has been recently estimated that an increase in the regional output of sheepmeat of between 20% and 25% would be a realistic target for the Highlands and Islands in the medium term. It is also estimated that an afforestation programme of 13,500 ha per annum over the next 20 years could be sustained in the region without damaging potential agricultural production.

The Western Isles

This area is particularly disadvantaged by remoteness (75 kilometers ferry journey from a mainland terminal to the main town of Stornoway), soil conditions and climate. The consequences have been the following :

Population decline: at the rate of 0.6 - 0.7% per annum in the 1960's and 1970's. Recent figures indicating some population stabilization can be attributed largely to the establishment of an experimental rocket range in South Uist by the Ministry of Defence.

Age structure: this compares unfavourably with Scotland although similar patterns are found in other parts of the Highlands and Islands in the concentration (20%) of population in the age groups over 65 and the under-representation (19.5%) of those in the 15 - 29 age group.

Unemployment: traditionally twice as high as the rate for Scotland, it was 19% in January 1979. The male rate was 24%, the female rate 10%, but many women who would wish to work fail to register as unemployed (female activity rate under 25% compared with Scottish average rate 42.4%).

Income per head: no precise figures available, but appears low compared with the Scottish average. The relatively low provision of retailing and poor quality housing support this assessment; furthermore, average income per agricultural holding is below 25% of the Scottish average.

Deprivation: high incidence of alcoholism, few cultural facilities, long journeys to the centrally located medical and social services.

Imports of essential goods: transport costs and insufficient local production of essential goods raise costs considerably. Thus hay imported from the mainland incurs sea freight costs amounting to a surcharge of at least £10 per ton. Around 8,000 litres of milk are imported weekly to the southern islands of Uist and Barra - there is only one local producer - and 30 tonnes of fruit and vegetables.

The social structure of the area is essentially landbased. Land occupancy is fairly evenly dispersed among a very high proportion of the total population of just over 29,000 people. Consequently, while only a very small proportion (6%) of the occupancy units offer more than 275 days of work per year, occupancy of agricultural land is the norm for rural families and occupational pluralism is an essential feature of survival.

Because of this occupational pluralism the structure of employment with a large proportion of part-time or casual occupations is more varied in practice than indicated in the official statistics. (Figures for agricultural employment refer to full-time employment for example). In terms of employment, the other major service sectors are distribution, medical services, education and other public services. Manpower in these sectors tends to be high per

head of the area's population, since it requires a larger labour-force to provide services for a dispersed rural community than for a similar urban population. Employment in services, besides being the main source of female employment, is an important component of occupational pluralism, and can contribute towards the viability of rural communities. With these reservations the following are the figures (Source : Department of Employment) for 1976 (total employed 6,463) :

Agriculture	: 4.4 %
Fishing	: 6.2 %
<u>Total Primary</u>	: 10.7 %
Textiles	: 6.5 %
<u>Total Manufacturing</u>	: 13.2 %
<u>Total Construction</u>	: 11.2 %
Retail Distribution	: 7.0 %
Educational Services	: 12.8 %
Medical and Dental Services	: 17.0 %
Hotels and Catering	: 4.7%
Public Services	: 9.4 %
<u>Total Services</u>	: 64.8 %

Main Features for Development

Agriculture

The Western Isles have 5% of the breeding cows and 14% of the breeding ewes of the Highlands and Islands. Productivity has lagged by comparison with Scottish hill-

farming in general. At current prices, gross margins per cow have dropped from £77 in 1973 to £67 in 1978. However, in real terms, gross margins have dropped from £77 per cow to only £31 in 1978. This analysis suggests that net income per cow will buy less than half the goods and services that it could in 1973. The basic aim should be to improve incomes through increased breeding stock numbers and/or productivity. Apart from measures to raise income through production grants (see Opinion Comments on Directive 268/75) the following measures, suggested in the main by the HIDB should be envisaged as forming part of an integrated development programme.

Marketing and Services

Marketing of livestock for fattening requires promotion of group and cooperative effort in marketing linked with the auction market network of Scotland and involving weighing, grading and monitoring of island stock to point of maturity. HIDB sponsored pioneer cooperative marketing projects in the Western Isles have demonstrated that the part-time farmers can respond to and benefit from such an approach, - but much more remains to be done with further capital investment. Primary marketing facilities, e.g. stances and weighing facilities are inadequate. Organized marketing schemes are only recently being adapted to meet the special needs of small-scale producers, and there is a lack of local demand for further processing of the raw material. Particular emphasis requires to be given to increasing efficiency in the marketing and transport arrangements for live calves and sheep, and producer-cooperation is the key to further progress.

Resource Improvement

Better marketing implies a better product. The HIDB Working Party on Livestock Improvement are compiling a policy for the island areas. Regarding stock improvement, key features will be the introduction of better blood lines and selection of progeny. Heifer Production Schemes, and Sheep Improvement projects, already initiated, could with additional capital, be increased in scale.

Nutrition is a key feature of improvement, and in the Western Isles a serious barrier to further progress. Major effort is therefore required towards land improvement and some thought has already been given to better enabling small-scale farmers access to the necessary modern machinery for land drainage, liming and effective cultivations. Preliminary surveys have been carried out on opportunities for cooperative machinery ownership and materials distribution. The latter appears to offer most scope at present for further land improvement but requires joint effort from occupiers sharing common land.

Some 187,000 ha or 67% of the total agricultural area are in the form of unimproved township common grazings. The most urgent need is to organize shareholders and provide the financial means whereby whole township grazings can be improved on an integrated basis. Hill fencing, liming, handling facilities and lambing sheds would merit maximum grant aid.

With the agricultural sector, therefore, the major needs would be increased field staff and finance. Although direct attempts to improve holding sizes do not appear desirable structural changes in the broad sense will undoubtedly accompany improvements in the productivity and utilization of common grazings.

Forestry

For reasons of high winds and consequent salt spray effects, forestry has not been developed traditionally in the Western Isles. Also, problems of transportation to mainland user points have deterred research in the past. More recently, however, trial plots have indicated that suitable conditions can be selected in Lewis in particular, and indications from field trials are promising. The HIDB and the Forestry Commission have mounted an investigation into the economies of sea transportation of rough timber.

Large expanses of acid, peat soil of inherent low fertility, and suited only to extensive agricultural use, have been demonstrated in mainland Scotland to be capable of producing viable tree growth. Such conditions prevail in Lewis and forestry on a commercial scale could be possible if growth rates can be achieved. Viable forestry is a long-term project, but early stages in plantation work offer good opportunities for employment in ground preparation, planting and fencing.

Fisheries

Fish Farming

HIDB and the Western Isles Council (WIC) regard the Western Isles as having considerable potential for fish farming, both in the freshwater lochs, and more particularly in the many indentations along the east coast of the islands. At present commercial development is limited to one major salmon-raising operator in South Uist. But HIDB and the

Western Isles Council have an on-going programme of site testing designed to confirm the suitability of particular sites for shellfish and fin fish farming; tests are currently being carried out in fifteen separate locations, with two biologists employed on monitoring these and other sites on the west mainland of Scotland. With the necessary investment in a comprehensive research and development programme this area could see the growth of small scale fish farming because the water areas concerned are likely to dictate the size of unit, and also because this would fit into the existing crofting pattern. This would not preclude a certain number of larger scale operations similar to the one in South Uist, and certain Community cooperatives are interested in furthering this kind of development.

Sea Fisheries

HIDB has been instrumental in building up the sea fishery activity in the Western Isles by aiding the provision of boats between 10 metres and 20 metres. The prospects for continued development in boats of this size are now more limited to HIDB's current policy is aimed at obtaining, both at sea and in shore processing the greatest benefit from the 200-mile limit with the consequent restructuring of the UK and EEC fleets. Accordingly, HIDB has been promoting harbour facilities, on-shore processing and a small number of vessels in the 30-metre class. However, the point was made by local representatives in Uist and Barra that progress is still held back by lack of harbour facilities : this

restricts the size of boat and length of season during which it is possible to fish in waters to the west. In addition to investment in one or two harbours, which is expensive due to the nature of the coast, improvements to existing small harbours and anchorages are sought together with modern facilities for repair and maintenance, and for processing, preserving, packing and transportation of catch.

The up-grading of existing fishing operations requires considerable adaptations - involving an intensified training effort - and investments by both fishermen and fish processors. It is also seen as creating opportunities in the small boat fleet for replacing crews who have moved to the larger boats.

Crab Fishing

According to the Western Isles Council, around 250 tonnes of commercially-acceptable crab are caught as a by-catch by lobster fishermen in Uist and Barra, but are not marketed. The potential for larger catches is said to exist. However, commercial development would require adequate shore and marketing facilities for a product open to fierce international competition.

Other Areas for Development

As stated in the Opinion integrated development programmes must not be confined to agricultural aspects. This would be contrary not only to the intentions of the

Commission but also to the very concept of such programmes. The Commission in its proposals has not given details of non-agricultural areas for development : the Section, as a result of the visit of its Study Group to the region, is able to indicate the following areas

Tourism

Tourism developments can be particularly relevant in boosting viability of small agricultural holdings either through letting of farm or croft house accommodation, or by creating seasonal employment for females in particular but also for males.

At the farm or croft level special schemes with advantageous financial terms with the aim of increasing "Bed & Breakfast" accommodation, self-catering chalets, pony trekking and sea-angling would be appropriate. The Western Isles Council considers that the marine environment has considerable potential for the development of water-based recreational activities.

Of a more specialist nature are the following proposals :

- 1) An HIDB sponsored hotel in Harris : a proposal for an hotel in Uist (at present 235 beds available for tourist purposes);
- 2) A museum and interpretation centre in Stornoway with sub-centres in each island;
- 3) New accommodation and extensions to existing tourist facilities;

- 4) Establishment of an accommodation marketing agency based on island/crofting appeal, to advertize, market and handle bookings for accommodation.

Industrial Development & Marketing

The two principal craft activities already established in the Western Isles are Harris Tweed production, providing work for approximately 1,000 people in total (some on a part-time basis) concentrated mainly in Lewis and knitwear production by hand-operated machines in a number of small units scattered throughout the Islands. There is also a multi-craft guild in Harris, some weaving - outwith the Harris Tweed industry - and a few small individual craft businesses - pottery, jewellery, leatherwork, etc.

HIDB sees scope for increasing the level of craft activity in the Islands, limited mainly by the numbers of people with an aptitude for this type of work. Its present programme for encouraging this growth includes the following:

1) Provision of Buildings

- i) A small craft complex and tearoom is to be built at Leverburgh (Harris). This will incorporate a small production workshop, a retail shop and storeroom (probably for use by the Harris Craft Guild, who lack suitable premises at present), plus crafts museum and tearoom for tourists.

- ii) A small knitwear production workshop combined with a tearoom for tourists in Scalpay (Harris).
- iii) An advance workshop at Daliburgh (South Uist).

Development of New Weaving Technology

HIDB has tried to plan introduction of mechanized double-width weaving on a township/cooperative basis. However, for traditional reasons and because of its export privileges (especially in the USA) based on Harris Tweed's hand-made character, this approach has been resisted by the industry (and especially the weavers). Therefore an alternative approach of a pedalled double-width loom was pursued : double-width cloth can be used for women's wear and curtains, and increases output by 30% to 50%. So far the design has been rejected, but an improved design could probably be achieved with more research. The opportunities for development in this traditional industry are thus considerable and include modernization of the existing singlewidth loom, development of the double-width loom (involving a change in accommodation for the looms since the existing sheds are mostly too small) and eventual mechanization.

Highland Craftpoint

Highland Craftpoint is a new venture, to be funded jointly by the HIDB and the Scottish Development Agency (SDA), for promotion and support of the crafts industry in Scotland. The services of Highland Craftpoint, which will be based at Beauly, near Inverness, will be available to crafts

business in the Islands, and thus provides a base for new production and marketing facilities qualifying for support under the proposed programme.

Peat

Peat exists in substantial quantities in the Islands and HIDB is helping to finance a modest programme of research into mechanized methods of peat harvesting for domestic fuel uses in Lewis. Further work on the potential of peat in Lewis for horticultural purposes, and/or for local electricity generation, could be considered within the context of a broader programme.

Seaweed processing

Support for further development of this industry.

Wave-Power

While beyond the scope of agencies in the regions, successful development of this source of energy could be particularly significant for an area where there appear to be suitable locations for such installations (e.g. to the west of the Islands).

Infrastructure

The Western Isles Council has emphasized the importance of drainage for the creating of arable land and access

roads for pasturage. It is also anxious to develop a commercial and service centre in Uist to provide services (such as a chemist) which do not at present exist.

As regards transport HIDB has prepared proposals for development of the sea ferry service to improve access to the islands and reduce the need for continuing subsidy to the service.

Educational and Training Facilities

The WIC has well-developed plans to improve facilities, particularly for vocational training and Community education, with the aim of reducing outward-migration of young people.

Integrated Development Programme

From the foregoing it can be seen that large parts of the Highlands and Islands, but more especially the Western part of the mainland and the Islands - including the Western Isles - are ill-suited to a policy aimed at the modernization of agriculture as a sector considered on its own. What is so often the case elsewhere is especially true in this case : economic development policy must be comprehensive and flexible and seek not only to modernize agriculture but the surrounding context too.

Local and Regional Agencies

The WIC is the unitary local authority for the area. Its Department of Development has considerable experience and expertise for promoting and monitoring a development programme.

The HIDB set up by the UK Government in 1965 is responsible for economic development in agriculture, forestry, fishing, tourism, industrial development and marketing of the entire Highlands and Islands Area. It has a staff of 250 under the control of the Board whose members, including four full-time members, are nominated by the Secretary of State for Scotland. In essence the HIDB is an economic development agency (albeit with a social role), and by far the largest part of its budget is devoted to its discretionary grants and loans scheme, which provides financial assistance to developers wishing to start (or expand) commercially viable enterprises in the Highlands and Islands.

These two authorities appear particularly well qualified to provide expert backing to an integrated development programme for the area.

Extension of the Area proposed

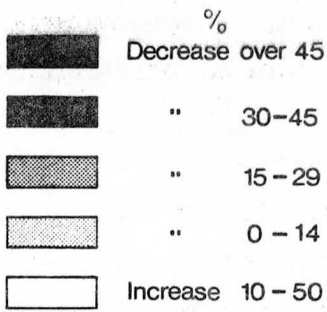
As has been shown above, certain areas of the mainland, more particularly in the North-West, suffer from the same disadvantages as the Western Isles. In some parts of North-West Sutherland the situation is even worse with even higher de-population, still less intensive cultivation, a worse age and employment structure. These facts justify suggestions made by authorities in the region to extend the area chosen for implementation of the proposed integrated development programme.

All those concerned argue that any extension, however justifiable it may be, should not be at the expense

of the proposals made for the Western Isles themselves. The implication is that a bigger programme would be required, with more resources, for the wider area.

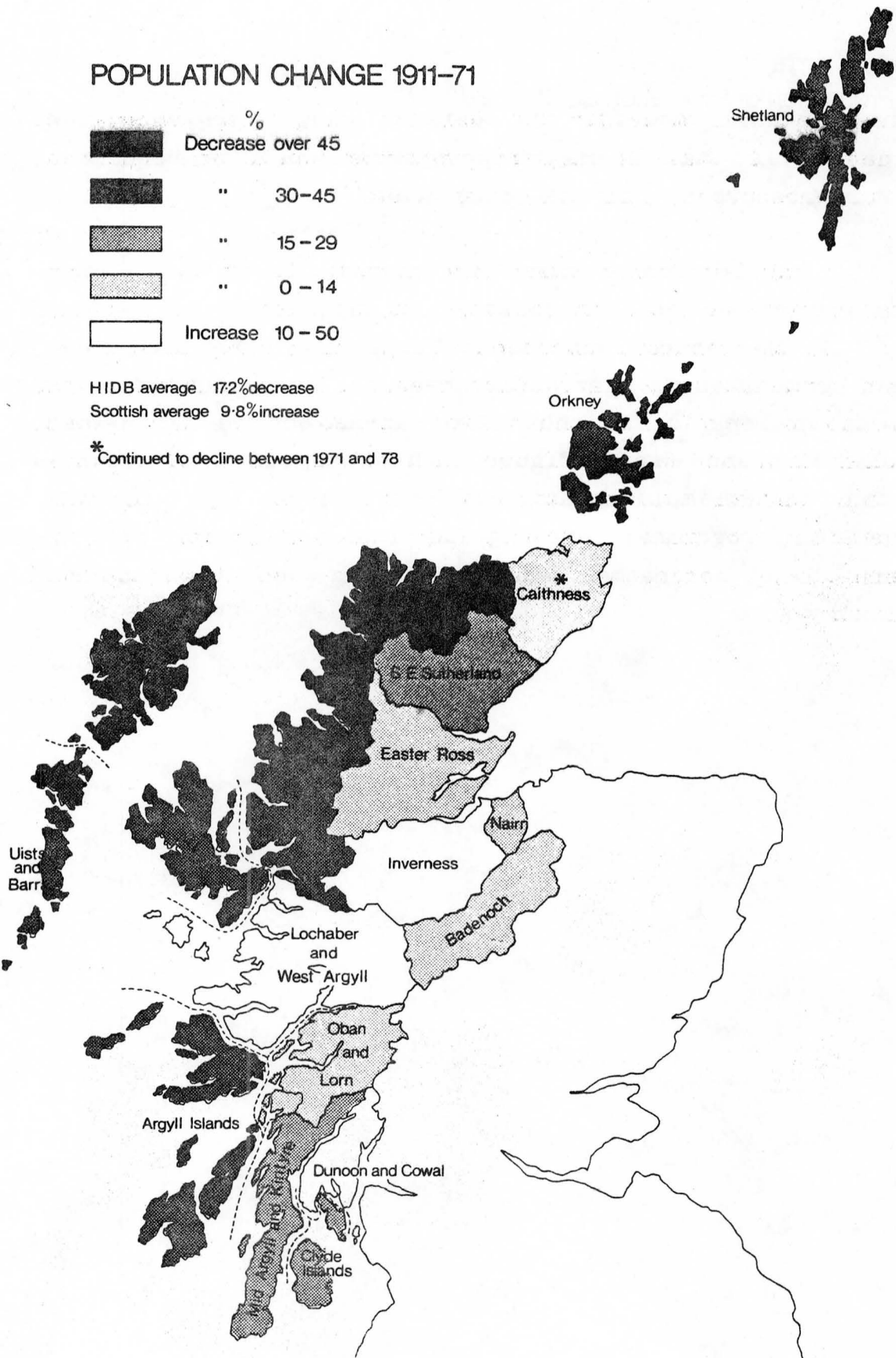
The Section's immediate concern is to see a programme started as soon as possible and applied to the Western Isles. If the general approach of applying integrated development programmes to particular areas is thus vindicated and shown to be beneficial, then other areas on the North-West Scottish mainland should figure high on any list of priorities for further implementation of this method. In this case a specific programme, drawing on the experience of the Western Isles programme, would need to be drawn up and submitted.

POPULATION CHANGE 1911-71

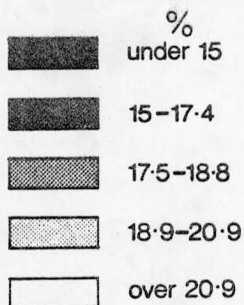


HIDB average 17.2% decrease
Scottish average 9.8% increase

* Continued to decline between 1971 and 78



AGE STRUCTURE 1971 Proportion of population aged 15-29



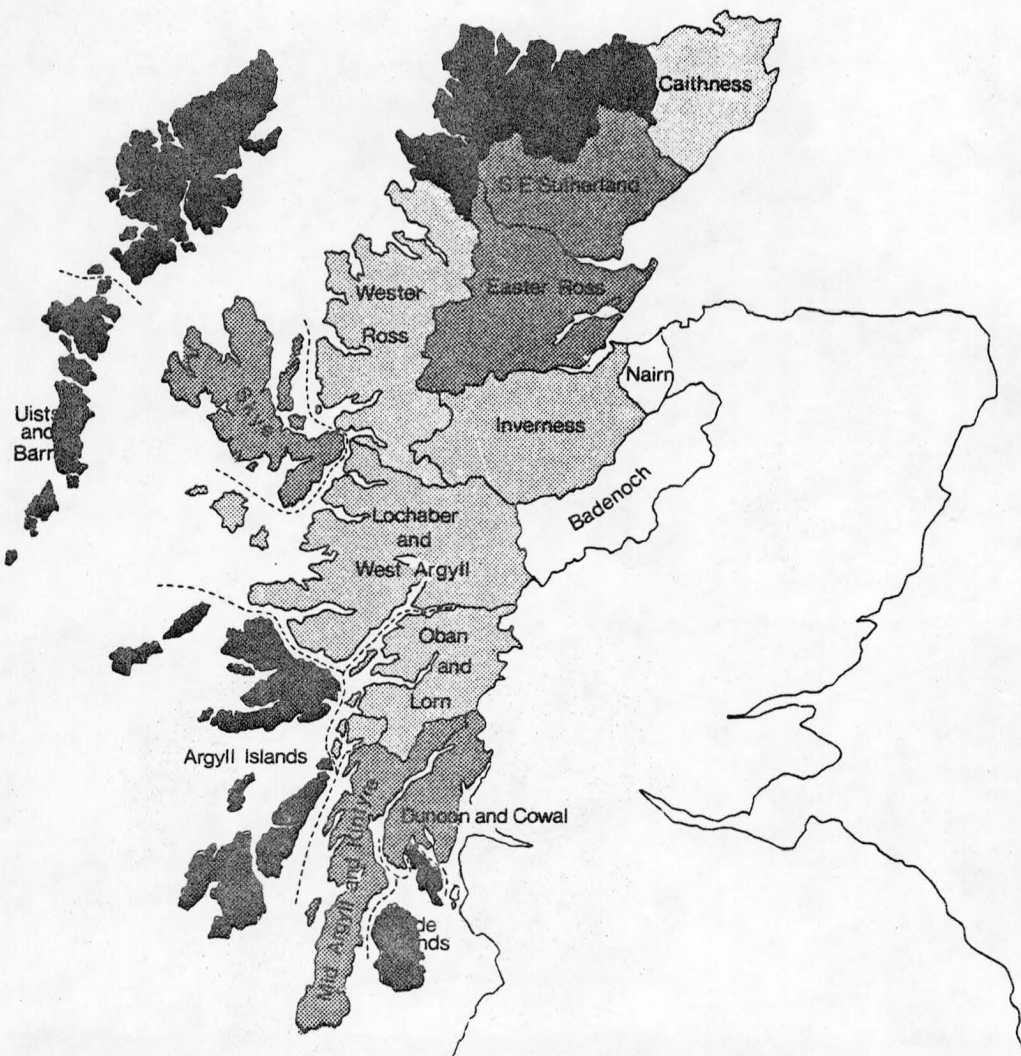
HIDB average 18.9 %
Scottish average 20.9 %



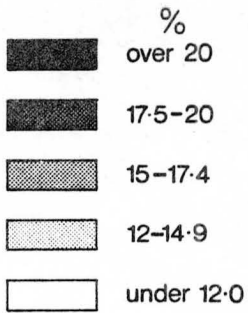
Shetland



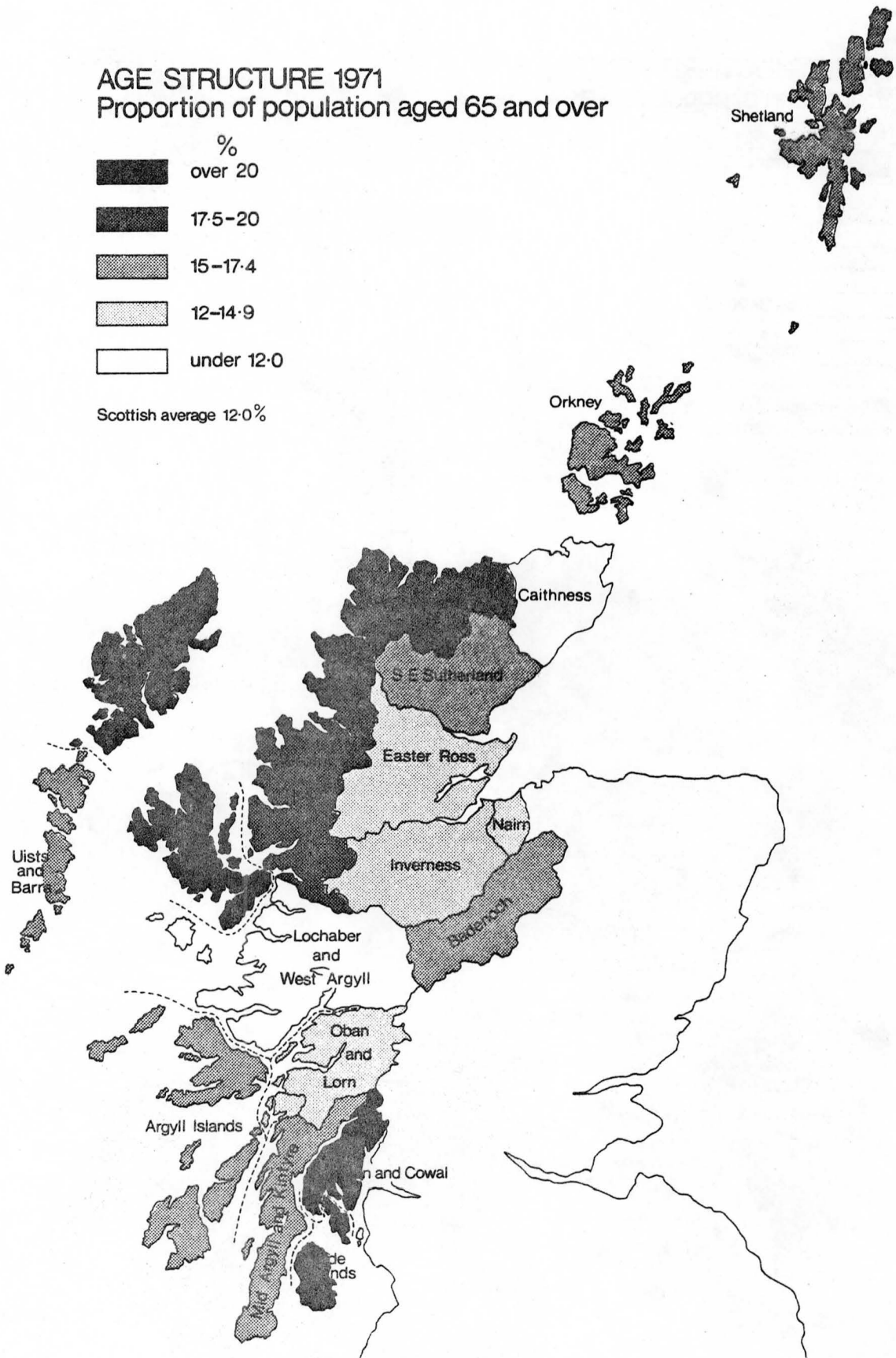
Orkney



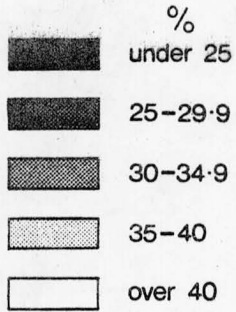
AGE STRUCTURE 1971 Proportion of population aged 65 and over



Scottish average 12.0%

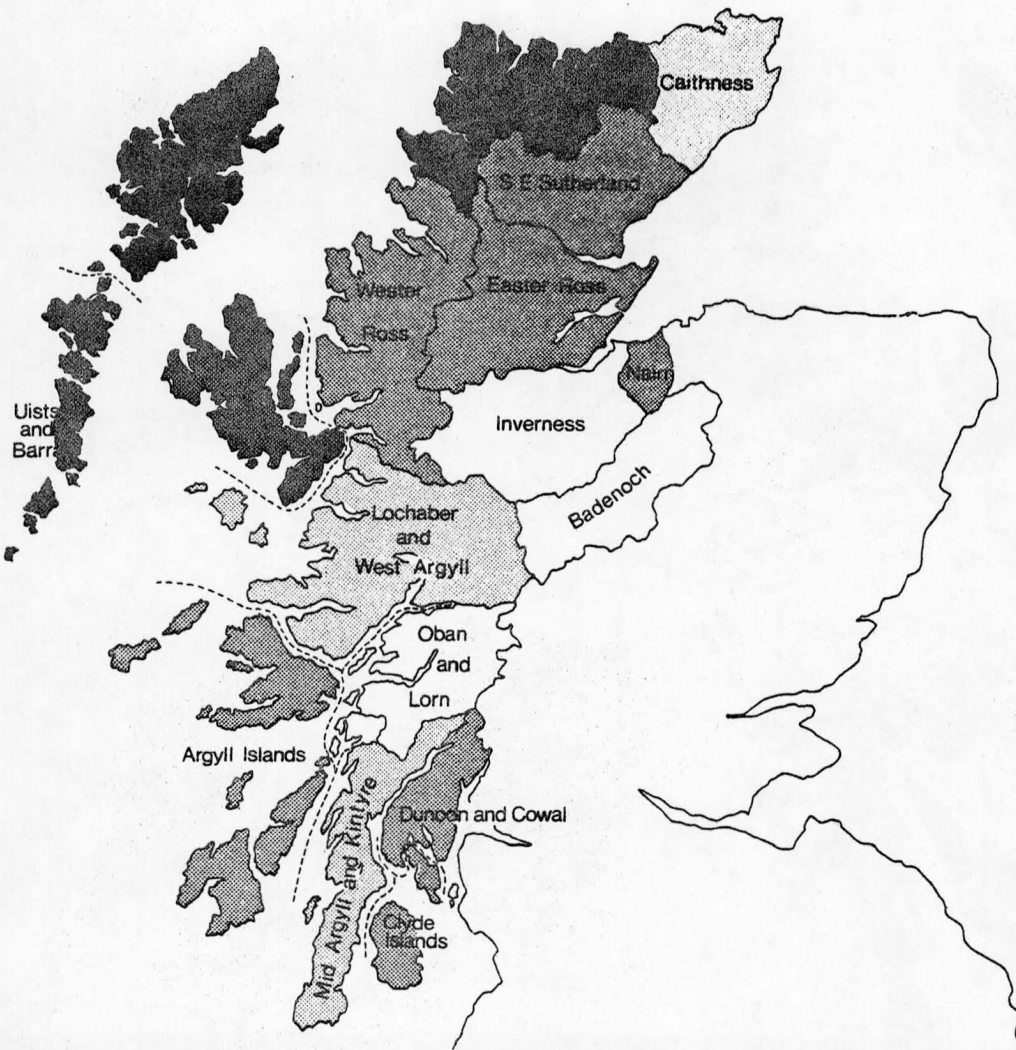


FEMALE ACTIVITY RATES* 1971

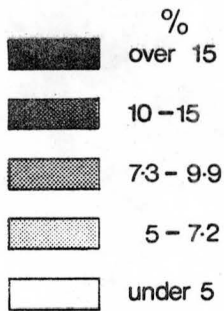


Scottish average 42.4%

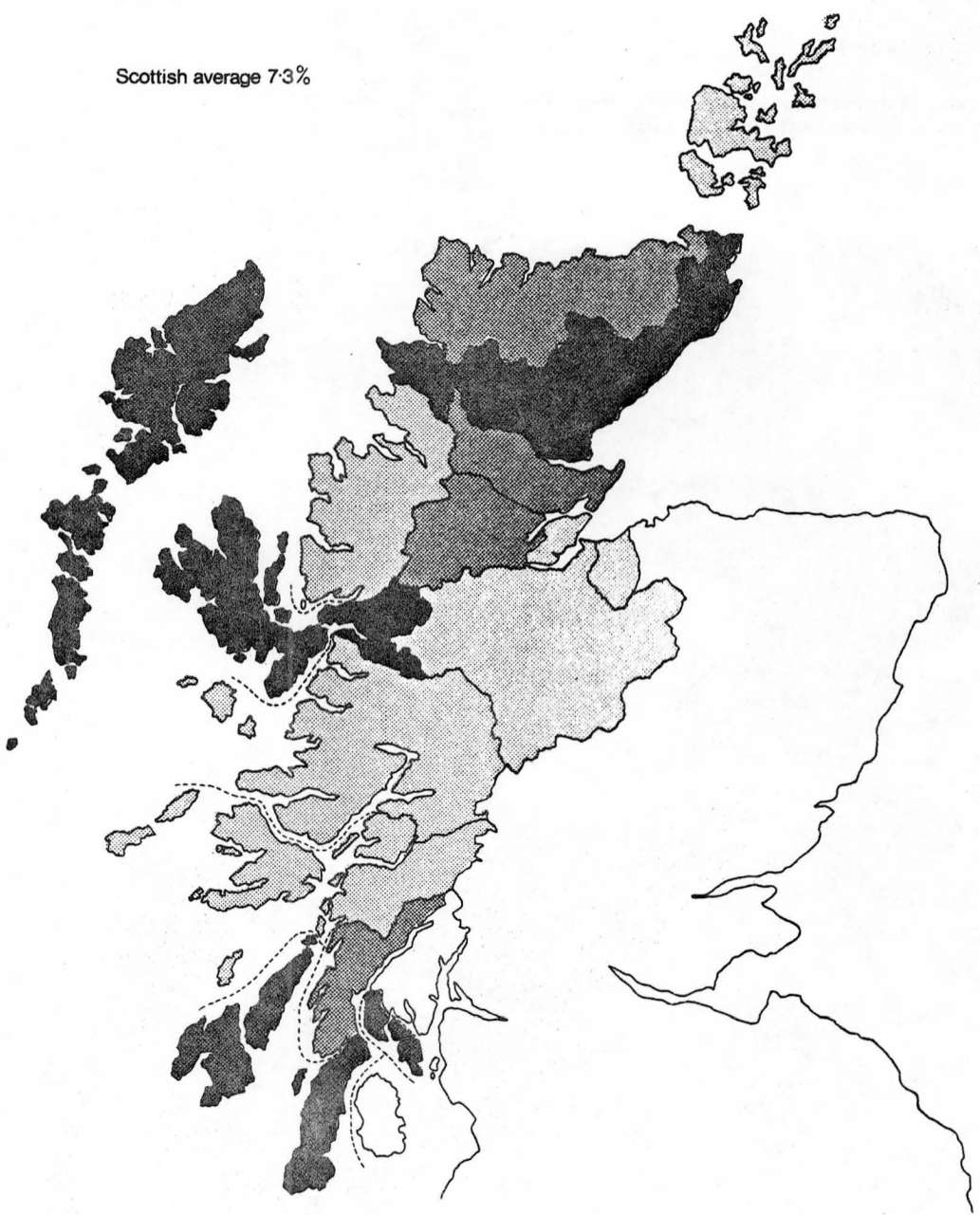
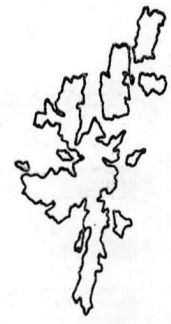
* The proportion of women aged 15 and over who were classified as economically active in the 1971 census.



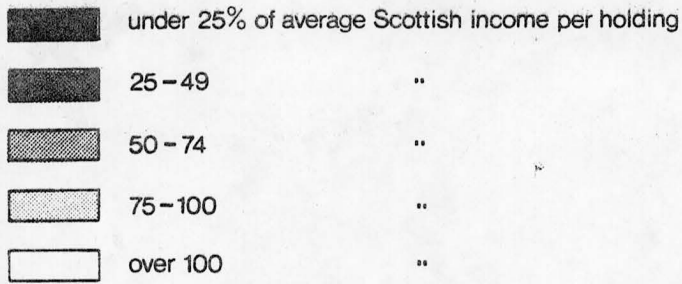
UNEMPLOYMENT May 1979



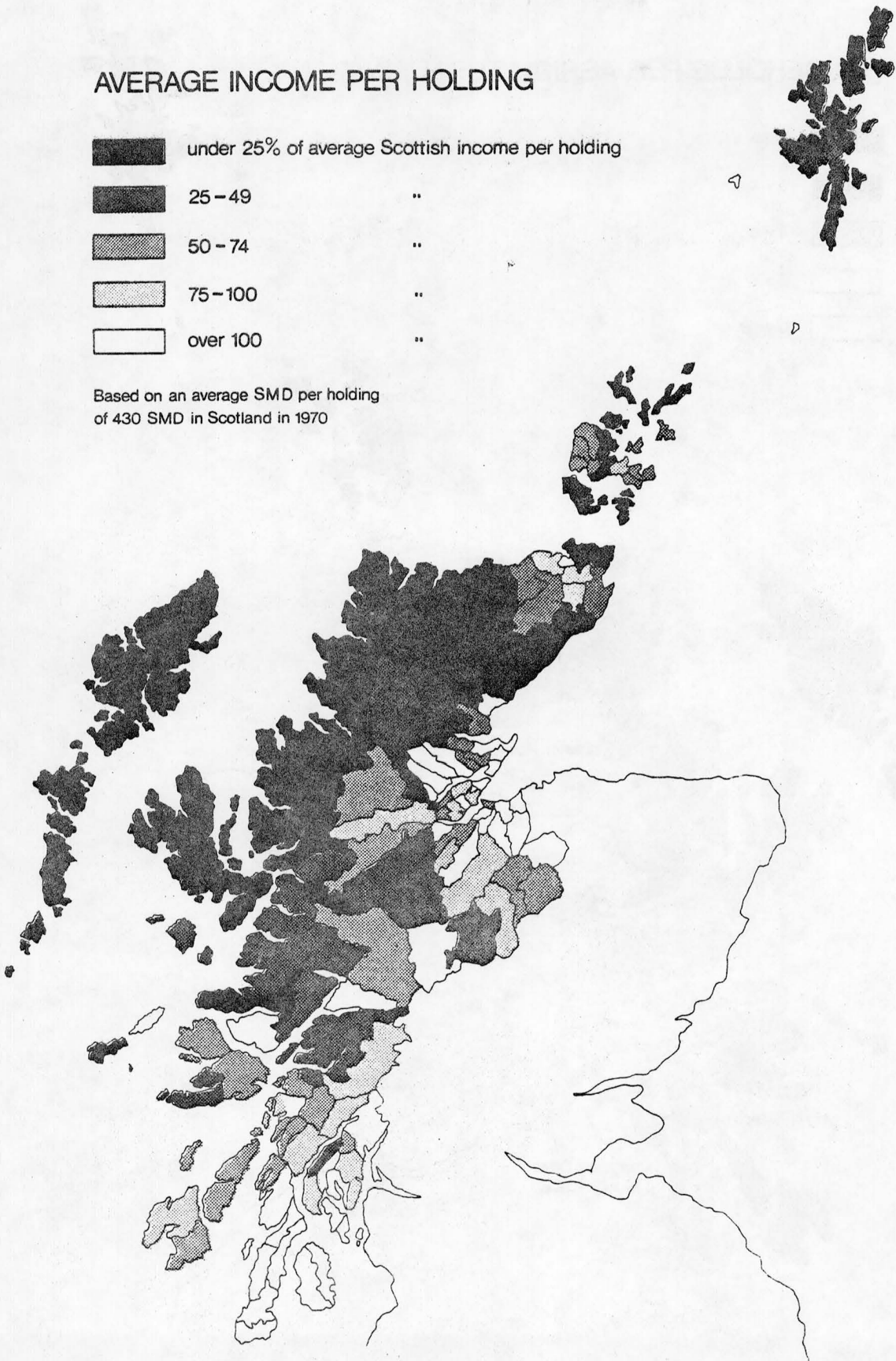
Scottish average 7.3%



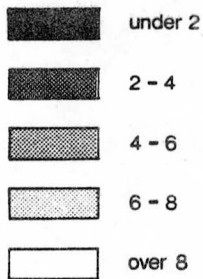
AVERAGE INCOME PER HOLDING



Based on an average SMD per holding
of 430 SMD in Scotland in 1970



HOUSEHOLDS PER AGRICULTURAL UNIT



NOTES TO MAPS

1) Population Change 1911-1971

The rapid depopulation of the Board's area from 1851 continued until 1971 and but for North Sea Oil might be continuing still. The lack of adequate employment opportunities has clearly been the motivating factor.

Despite the very small population density in the West, the fear of considerable out-migration from relatively concentrated areas such as the north of Lewis is still real.

2) Age Structure 1971

Proportion of Population Aged 15-29

This age band contains school-leavers and young families who tend to be relatively mobile. Despite a wish to stay near home the need for a job and a first house often take priority.

The out-migration of this age group, especially during periods of high national unemployment, tends to be biased towards the better qualified.

Those areas which contain high proportions within this age group are all well off for tourists during the summer. Many of the youngsters who find work in the tourist industry have moved from other parts of the Highlands and Islands and beyond.

3) Age Structure 1971

Proportion of Population 65 and over

An imbalanced age structure is unhealthy for an area in several ways. Perhaps most important in areas of low incomes and high unemployment is the difficulty of supporting older members of the family. Social and other services tend to develop in response to an elderly age structure, further impeding the retention of the young.

To an extent the high proportion of elderly people in the West is due to longevity but more important it is the concomitant of low proportions in the younger age groups and the result of retirement to quiet places. Acquaintance through holidays appears to be the factor which has pushed Arran, Bute, Dunoon and Skye to the top of this league.

The low proportions of old people tend to be found in areas which have attracted large scale industry and brought in the 25 to 40 age group with young children.

4) Female Activity Rates 1971

Cultural factors may be partly responsible for the low number of jobs held by women in the Highlands and Islands but the economic circumstances which have led to the rapidly increasing participation rates in other parts of Britain have not so fully permeated the area. Among

these can be included the rise in the number of clerical and light manufacturing jobs available and the freedom from the house which consumer durables, the fruits of high male earnings, have afforded.

5) Unemployment May 1979

The unemployment rate is the best single indicator of an area's economic activity. It has the unusual advantages of regular collection and quick publication. During the 1950's and 1960's the rate for the Board's area was typically twice as high as the Scottish average and often four times as high as the British average. The relationship has improved in the 1970's but this is of little comfort with unemployment at present levels.

The map illustrates the plight of the larger islands off the West Coast and, though detail is not available, the smaller islands which are part of larger employment exchanges are thought to have comparable problems. The Portree and Rothesay exchanges have become the worst in the Board's area since the completion of orders by local oil platform construction yards. Before this recent phenomenon the Stornoway area's rate was consistently the highest in the Highlands and Islands, the male rate rarely falling below 20%.

6) Average Income per Holding

In the vast majority of parishes in the Highlands and Islands, the average income per holding is considerably below the Scottish average. In fact, only in fertile

Moray Firth area and in the dairying sectors of Argyll does the actual average income per holding exceed the Scottish norm. The most severely depressed areas are located in the Western Isles Islands Council area and the Zetlands, and also on the west coast mainland sectors of Highland Region, especially North West Sutherland, Wester Ross and West Inverness, including Skye. In these locations, the average income per holding is less than 25% of the Scottish figure.

7) Households per Agricultural Unit

The role of agricultural holdings in the general infrastructure of the economy of the Highlands and Islands can be illustrated by mapping the density of the ratio of households in terms of agricultural units. The map identifies large tracts of the region where there are less than 2 households per agricultural unit. Throughout the Highlands and Islands, this measure is considerably less than the Scottish average and this stresses the significance of the agricultural base to many rural communities in the Highlands and Islands. Programmes of assistance geared at improving output and incomes in the agricultural sector as a whole therefore affect large numbers of households relative to other parts of Scotland and the UK, although the paucity of the agricultural base in many such areas, together with the small size of individual holdings argues that efforts to introduce supplementary enterprises going beyond agriculture must form an important part of development efforts in such areas.

European Communities - Economic and Social Committee
"Proposals on policy with regard to Agricultural Structures"
Opinion of the Economic and Social Committee

Brussels : General Secretariat of the Economic and Social
Committee

1979 - 88 pages
DK, D, E, F, I, N

The poor achievements of the socio-structural Directives - with the exception perhaps of the Directive on hill farming and farming in less prosperous areas - inevitably means that questions are going to be raised about the selectiveness criteria used in the Directives.

Structural reform in agriculture calls for a medium and long-term strategy; it cannot merely be a reflection of current economic considerations. Nevertheless, it must be sufficiently flexible to adapt to changing economic situations and to requirements that vary in both extent and kind.

ECONOMIC AND SOCIAL COMMITTEE
Press, Information and Publications Division

Rue Ravenstein 2
1000 BRUSSELS

Tel. 5123920
51395 95

Telegrams: ECOSEUR
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