

HILLMAN
COMMISSION OF THE EUROPEAN COMMUNITIES

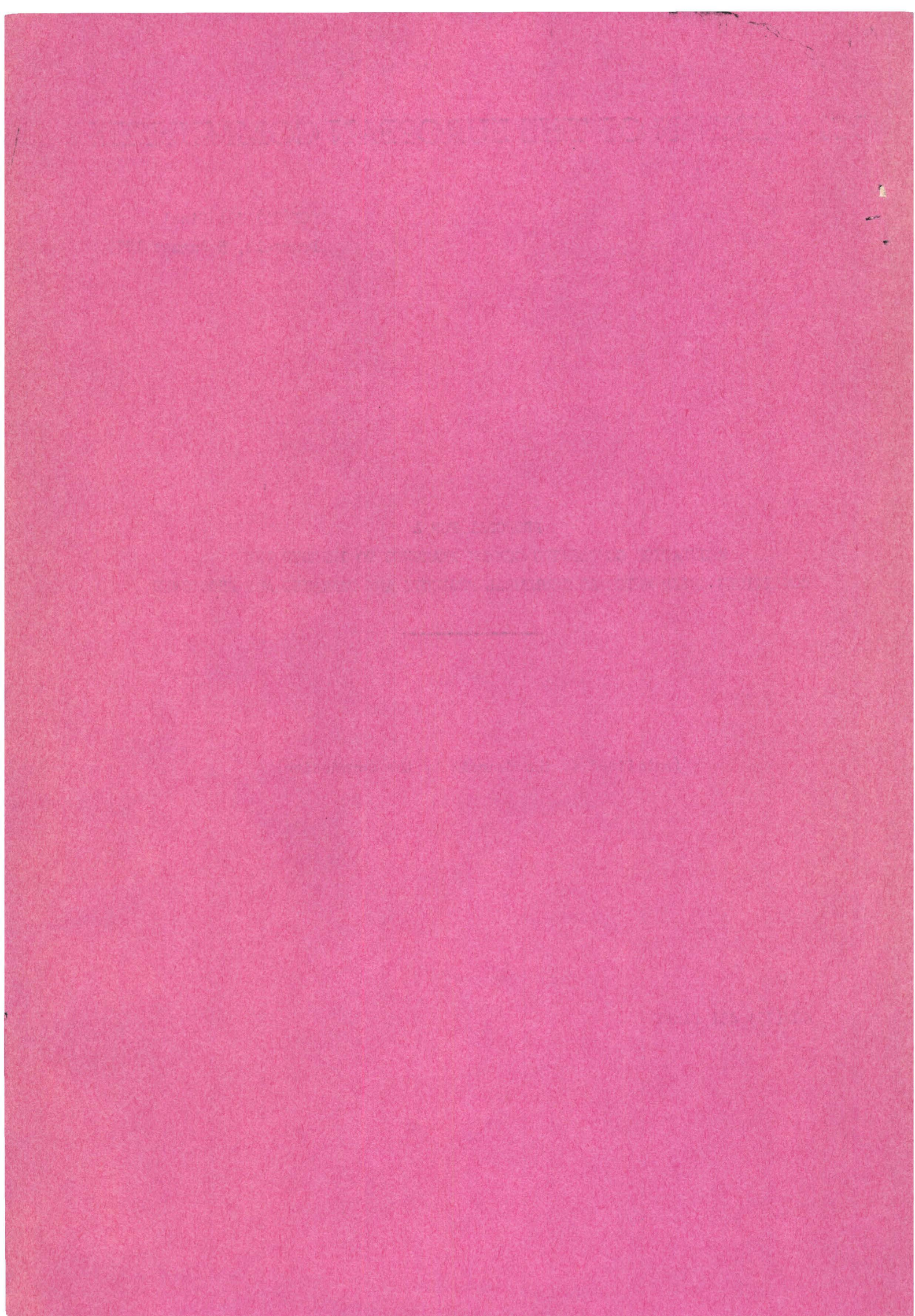
COM(75) 431 final

Brussels, 5 August 1975

PROPOSAL FOR A
REGULATION CONCERNING COMMON MEASURES TO IMPROVE THE
CONDITIONS UNDER WHICH AGRICULTURAL PRODUCTS ARE MARKETED AND PROCESSED

(submitted to the Council by the Commission)

COM(75) 431 final



EXPLANATORY MEMORANDUM

INTRODUCTION

1. Article 11 (1)(c) of Regulation No 17/64/EEC¹ provided that the adaptation and improvement of the marketing of agricultural products shall fall within the scope of action taken by the Guidance Section. Article 12(3) of that Regulation explains that "adaptation and improvement of the marketing of agricultural products" means the provision of facilities, on the farms themselves or externally, in respect of storage, preservation and marketing channels.

On the basis of that Regulation the EAGGF has hitherto financed projects covered by the above Articles.

2. In accordance with Regulation No 729/70² (Articles 6 and 1(3)), the EAGGF shall finance common measures decided by the Council under the procedure provided for in the third subparagraph of Article 43(2) of the Treaty in order to achieve the objectives set out in Article 39(1)(a) of the Treaty, including structural adaptation necessary for the proper working of the Common Market. It has been decided to take such common measures inter alia in respect of the production structure³. This draft Regulation provides for common measures to improve the structure of marketing and processing. It is based on the following resolutions.

3. The Council Resolution of 25 May 1971 on the new guidelines for the common agricultural policy⁴ calls upon the Commission to continue its study of the problems facing the marketing and processing of agricultural products and to submit its proposals with a view to achieving the relevant objectives set out in Article 39 of the Treaty.

¹ OJ No 34, 27 February 1964.

² OJ No L 94, 28 April 1970.

³ Directives Nos 159, 160, 161 : OJ No L 96, 23 April 1972.

⁴ OJ No C 52, 27 May 1971.

4. The Council Resolution of 25 May 1972 requests the Commission to put forward before 1 October 1972¹ proposals for common measures on the marketing and processing of agricultural products.
5. Paragraphe 74 of the Commission Memorandum of 1973 on the improvement of the Common Agricultural Policy states that the Commission intends to propose to the Council joint action with regard to agricultural marketing and processing equipment.
6. In item 16 of its Resolution of 10 February 1971² concerning the amended proposed Regulation on the reform of agriculture³ the European Parliament advocates that farmers should be encouraged to carry out horizontal and vertical integration.
7. In its Opinion published on 27 May 1969 concerning the Memorandum on the reform of agriculture the Economic and Social Committee considers that the Commission paid too little attention in its Memorandum to the problem of processing and marketing facilities.

It considers that special efforts must be made to improve the marketing of agricultural products in agricultural and semi-agricultural regions. The Committee points out that, if it should also prove desirable to extend and improve the processing facilities for agricultural products in those regions, such a step would only be the beginning of a more general process of industrialization.

¹ T(169) F/72 (AGRI)(FIN).

² European Parliament, Doc. No 45/70, Part VI.

³ Doc. No COM(70) 500 concerning modernization, cessation of activities, etc..

OBJECTIVES

8. The vast majority of agricultural products in the EEC undergo processing before reaching the end consumer. Agriculture is, to a large extent, dependent on agricultural products being marketed and processed efficiently.
9. If processing and marketing operations are to be rationalized and extended, the economic units in those sectors must be regrouped. The more efficient processing and marketing structures are, the more those sectors will be able to pay reasonable prices to producers of agricultural commodities.
10. Furthermore, the products diversification involved in the modernization and specialization of processing and marketing could result in a greater and more consistent demand for agricultural products.
11. Efficient processing and marketing units will concentrate more on exports and will thus be able to handle additional quantities of agricultural products for export; they could also better handle products from remote areas of the Common Market.
12. It might be desirable to grant financial aid to processing and marketing industries unable to finance fully their modernization and specialization programmes.

Distortions in trade between undertakings and unequal treatment at sectoral and regional levels must, however, be avoided.

Consequently, there must be a certain amount of guidance for rationalization and expansion programmes. With this aim in mind it is proposed that common measures for encouraging and modernizing undertakings which market and process agricultural products be carried out.

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MEASURES TO BE TAKEN

13. If the expansion and rationalization of agricultural market structures are to be coordinated at Community level, specific multiannual programmes are needed.
14. These programmes may cover the marketing or processing of one or more agricultural products or groups of such products.
15. The proposals for such specific programmes may be put forward by one or more Member States, or by one or more trade or inter-trade organizations, subject to the approval of the government or governments concerned, or by the Commission.

After examining any such programme, the Commission, in conjunction with the interested parties and with the Standing Committee on Agricultural Structures, will decide whether or not to approve the programme and will stipulate the conditions which any project will have to fulfil in order to be incorporated into that programme.

16. "Project" will mean any public, semi-public or private investment, the purpose of which is to promote the rationalization and expansion of the processing and marketing of agricultural products, irrespective of whether they are listed in Annex II to the Treaty.
17. The projects will be designed to carry out any agricultural adjustment or guidance measure necessitated by the economic consequences of the Common Agricultural Policy.

They will play a role in improving the situation in the agricultural sectors in which they are carried out and will ensure that a large number of farmers benefit in an appropriate and lasting manner from the resulting economic advantages.

18. Upon advice from the Standing Committee on Agricultural Structures and from the Fund Committee, the Commission will, on the basis of objective criteria, decide which projects will receive assistance from the Fund. Such assistance will take the form of capital subsidies and will be equal to not more than 25 % of the value of the investment.

The beneficiary will contribute at least 50 % of the value of the investment.

PROPOSAL FOR A COUNCIL REGULATION CONCERNING COMMON MEASURES TO IMPROVE THE
CONDITIONS UNDER WHICH AGRICULTURAL PRODUCTS ARE MARKETED AND PROCESSED

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 42 and 43 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Having regard to the Opinion of the Economic and Social Committee;

1. Whereas the vast majority of agricultural products in the Community undergoes processing before reaching the end consumer, and whereas improvement of the processing and marketing of agricultural products, in particular by furthering improvement in their quality and appearance, opens up wider markets and increases the return obtained, thus contributing towards increased agricultural productivity;
2. Whereas the measures to be taken on this field are of a Community nature, intended to achieve the objectives set out in Article 39(1)(a) of the Treaty; whereas they therefore constitute common measures within the meaning of Article 6 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy¹, as last amended by Regulation (EEC) No 2788/72²;
3. Whereas the financial contribution of the Guidance Fund of the EAGGF to investment projects must be conditional on their incorporation in specific multiannual programmes containing a detailed analysis of the situation in the sector and the improvements to be made; whereas the Member States and the trade organizations must be in a position to put in hand the formulation of programmes independently of the Commission, in order that those concerned may benefit fully from these measures; whereas the trade organizations must

¹ OJ EC No L 94 of 28 April 1970, p. 13;

² OJ EC No L 295 of 30 December 1972, p. 1.

also be consulted as fully as possible before the adoption of programmes by the Commission;

4. Whereas projects, to be eligible for Community financing, must meet criteria aimed not only at the improvement and rationalisation of processing and marketing structures in respect of agricultural products but also at achieving a beneficial long-term effect on agriculture;
5. Whereas it is advisable to determine criteria in taking account in particular of the project's place within the general context of the common agricultural policy, the regional situation, and the importance of both the rationalization of channels for marketing and the improvement of quality;
6. Whereas it appears advisable that the Member State concerned should have approved the projects to be financed by the Fund and should also contribute to their financing, in order to ensure consistency between the measures taken by the Community and those of the Member State;
7. Whereas a procedure for effective supervision and for the suspension, reduction or cancellation of aid from the Fund, where necessary, should be laid down, in order to ensure that beneficiaries observe the conditions imposed at the time aid is granted;
8. Whereas an aid from the Fund in the form of a capital subsidy of not more than 25 % of the total cost of the investment constitutes an appropriate contribution to the implementation of the measures in question;

9. Whereas aid from the Fund over a period of 10 years, and totalling 400 million units of account for the first 5 years should be sufficient to enable problems concerning the improvement of the conditions for marketing and processing agricultural products to be solved;
10. Whereas, as regards the adoption of programmes and projects, a procedure should be handed for ensuring close cooperation between the Member States and the Commission within the Permanent Committee on Agricultural Structures¹, and whereas the Fund Committee should be consulted on projects as laid down in Article 11 of Regulation (EEC) No 729/70;
11. Whereas for the first three years of the implementation of these measures provision must be made for the financing of projects not included in programmes, in view of the time required to establish programmes;

HAS ADOPTED THIS REGULATION :

Article 1

1. In order to develop and rationalize the structure of the market in agricultural products, common measures shall be introduced for the encouragement and modernization of undertakings engaged in the marketing or processing of agricultural products.
2. All the measures provided for by this Regulation constitute common measures within the meaning of Article 5(1) of Regulation (EEC) No 729/70.

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¹ OJ EC No 136 of 17 December 1962, p. 2892/62.

3. The Commission is authorized to grant aid for common measures, in accordance with the provisions of Titles III and IV, by financing individual projects which satisfy the conditions and criteria of Title II and are included in the specific programmes described in Title I, through the Guidance Section of the European Guidance and Guarantee Fund (hereinafter called the "Fund").

TITLE I - SPECIFIC PROGRAMMES

Article 2

1. The specific multiannual programmes shall be designed to develop or rationalize the processing or marketing of one or more agricultural products or groups of products in a part or the whole of the Community.
2. The specific programmes shall be drawn up by :
 - (a) the Member States,
 - (b) interested trade or inter-trade organizations or by a representative group of undertakings,
 - (c) particularly in the case of programmes for a region or zone covering territory situate in more than one Member State, by the Commission, acting in accordance with the procedure laid down in Article 25.

Article 3

1. Programmes shall include the following minimum information :
 - (a) the geographical frontiers of the region or zone covered by the programme and reasons for the frontiers chosen;
 - (b) a description of the initial situation and an analysis of the trends which can be inferred in it, specially
 - the economic and social situation of the region or zone in general, where this has a bearing on the programme, and in particular on the prospective outlets for agricultural products,

.../...

- the relative importance of farming,
 - the situation as regards the marketing and processing of agricultural products with which the programme is concerned;
- (c) a statement of the needs to be met by the programme and the aims which it intends to achieve;
 - (d) proof that the programme is of economic importance for the products concerned;
 - (e) details of the means proposed for achieving the objectives, in particular the measures to be taken in respect of commercial or processing undertakings as regards the investments and rationalization to be effected;
 - (f) expected effects of the programme on agricultural practices in the region or zone in question;
 - (g) relationship of the programme to other possible measures for the encouragement of the balanced development of the economy of the region or zone in question;
 - (h) the estimated time required for its execution.
2. The information required under paragraph 1 must be up to date.

Article 4

1. Programmes drawn up under Article 2(2)(a) and (b) shall be forwarded to the Commission by the Member State or States on whose territory they are to be carried out.
2. A favourable opinion must have been given by the Member State or States concerned before a programme is forwarded to the Commission.
3. Further information for the assessment of programmes shall, at the request of the Commission, be supplied by every Member State.

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Article 5

1. Having studied the programmes, the Commission shall consult the trade organizations existing at Community level which are most representative of the producers, processors and dealers affected.
2. The Commission, acting in accordance with the procedure laid down in Article 25, shall rule on each programme and decide whether it satisfies the provisions of Title I of this Regulation, stating in particular whether and subject to what additional conditions, if any, projects included in a programme qualify for aid from the Fund.
3. The procedure provided for in Articles 4 and 5(1) and (2) shall be followed when adjusting programmes in the light of developments.

TITLE II - CONDITIONS AND OBJECTIVES TO BE SATISFIED BY PROJECTS INCLUDED IN SPECIFIC PROGRAMMES

Article 6

The Commission is hereby authorized to grant aid from the Guidance Section of the Fund, in accordance with the provisions of Titles III and IV, for projects satisfying the requirements of Articles 7, 8, 9, 10 and 11.

Article 7

1. For the purposes of this Regulation, "project" means any public, semi-public or private investment intended wholly or in part to rationalize or develop the processing and marketing of agricultural products, which is not intended merely to reduce existing capacity.
2. "Rationalization and development of the processing and marketing of agricultural products" means the provision of facilities for :

.../...

- (a) improvement of storage, market preparation and preserving;
 - (b) increasing the return obtained;
 - (c) improvement of marketing channels;
 - (d) better knowledge of the data relating to price formation on the markets for agricultural products;
 - (e) assisting the discovery of new methods of processing such products and obtaining the best return therefrom.
3. Projects which are eligible for Community aid under other common measures do not come within ~~the scope of this Regulation~~.
 4. The provision of marketing facilities at the retail level is not covered by this Regulation.

Article 8

1. Projects may relate to marketing and processing facilities for all products coming under Annex II of the Treaty.
2. Projects may also relate to ~~marketing~~ ^{marketing} and processing facilities for products which do not come under Annex II of the Treaty, provided that the greater part of the value of such products is attributable to agricultural products.

Article 9

1. Projects must help to improve the situation of the (basic) agricultural sector in question; in particular they must enable a representative number of the producers of the basic agricultural product to obtain an adequate and lasting share in the resulting economic benefits.
2. Compliance with this requirement may be established in particular where long-term supply contracts are concluded with producers of the basic agricultural product on terms which are fair for such producers.

.../...

Article 10

Projects must :

- (a) be included in specific programmes laid down in accordance with Title I of this Regulation and adopted or approved by the Commission;
- (b) be aimed, directly or indirectly, at an adaptation or guidance of agriculture necessitated by the economic consequences of the common agricultural policy or at meeting the requirements of that policy;
- (c) be economically justified and afford sufficient assurance that the improvement of agricultural structure effected will have lasting economic results.

Article 11

Projects must not jeopardize :

- (a) the protection of the environment;
- (b) consumer interests.

Article 12

1. By way of derogation from the provisions of Article 10(a), projects not included in programmes laid down in accordance with Title I may, for a period of three years following the entry into force of this Regulation, receive aid from the Fund.
2. During the period specified in paragraph 1, priority for aid from the Fund shall be given to projects included in programmes laid down in accordance with Title I.

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TITLE III -- PROCEDURE FOR THE EXAMINATION OF PROPOSED PROJECTS AND CRITERIA
AS TO THEIR EXECUTION

Article 13

1. Applications for aid from the Fund shall be submitted to the Commission each year before 1 October. The Commission shall decide on the merits of such applications before 31 December of the following year.
2. An application for aid from the Fund shall be submitted through the Member State concerned.
3. In order to receive aid from the Fund, a project must have been approved by the Member State on whose territory the project is to be carried out. Where an application concerning a project included in a programme complying with the requirements of Title I is not approved by the Member State concerned, the latter shall communicate the application to the Commission, for its information.
4. An application for aid shall be accompanied by information enabling it to be established that the project satisfies the requirements of Title II.
5. The particulars which must be given in the applications, and the form in which the applications must be presented, shall be determined according to the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 14

1. The Commission shall decide upon aid from the Fund according to the procedure laid down in Article 25 of this Regulation after consulting the Fund Committee on the financial aspects and in particular on the finances available.
2. The decision of the Commission shall be communicated to the Member State concerned and to the beneficiaries.

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Article 15

To be eligible for aid from the Fund, projects must fall into one or more of the following categories :

- (a) projects which are particularly effective in guiding production in a direction sought by the common agricultural policy and projects promoting the production of new products or developing new outlets for agricultural production;
- (b) projects which are likely to lighten the burdens on the intervention mechanisms of the common organization of markets through the long-term structural improvement which they effect;
- (c) projects which in the long-term will remove the need for intervention;
- (d) projects situated in regions or zones eligible for aid from the Regional Development Fund, or projects situated in regions which might experience particular difficulty in adjusting to the economic consequences of the implementation of the common agricultural policy
- (e) projects which help to improve the channels for marketing agricultural products, whether or not processed;
- (f) projects which help to improve the quality of products and the use of by-products (relating in particular to the re-cycling of waste);
- (g) projects which encourage research into new methods and techniques to improve the processing or marketing of products;
- (h) projects on the dissemination of agricultural information or the means of obtaining better knowledge of the market.

.../...

Article 16

1. The decision of the Commission on each project shall take account in particular of any aid for the project other than that provided for in this Regulation. The Member State concerned shall, to that end, inform the Commission what, if any, national aid has been granted in respect of the project in question.
2. The Commission shall ensure that the activities of the Fund are harmonized with any other aid from Community appropriations.

Article 17

Where relevant Community principles limit the amount of aids (for example, in the case of certain products or regions), the Member States and the Commission shall take account of such principles.

.../...

TITLE IV - FINANCIAL AND GENERAL PROVISIONS

Article 18

1. The estimated time required for carrying out the common measures is ten years.
2. Five years after this Regulation enters into force, the common measures shall be re-examined by the Council upon a proposal from the Commission.
3. The total cost of the common measures financed for the first five years by the EAGGF is estimated at 400 million units of account.
4. The provisions of Article 6(5) of Regulation (EEC) No 729/70 shall apply to this Regulation.

Article 19

1. Aid from the Fund shall consist of capital subsidies paid in a lump sum or in instalments.
2. For a given project, in relation to the investment made :
 - the subsidies granted by the Fund may not exceed 25 %;
 - the financial contribution of the beneficiary shall not be less than 50 %.

The Member State on whose territory the project is to be carried out shall contribute to the financing of the project. Its financial contribution shall be equal to at least 40 % of the subsidy granted by the Fund.

3. Aid from the Fund for projects provided for in Article 12 may not, in relation to the investment made, exceed :
 - 25 % in the case of projects financed under provisions made for the first year following the entry into force of this Regulation;
 - 20 % in the case of projects financed under provisions made for the second year following the entry into force of this Regulation;
 - 15 % in the case of projects financed under provisions made for the thirs year following the entry into force of this Regulation.

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Article 20

If a national system of aid under which the Member State is to contribute financially to the project in question is notified to the Commission under Articles 92 to 94 of the Treaty, and if such notification is made at the same time as or after the project is submitted, the financial contribution of the Member State may be paid only on expiry of a period of four months reckoned from the day on which the Commission was informed of the system of aid.

Article 21

Aid provided by the Fund must not alter the conditions of competition between Member States in such a way as to be incompatible with the principles contained in the relevant provisions of the Treaty, and must neither strengthen nor create a dominant position on the market or on a substantial part of it.

Article 22

1. Beneficiaries of aid from the Fund shall be the natural or legal persons, or groups of natural or legal persons, who are ultimately responsible for the cost of the project.

Aid from the Fund shall be paid by agencies appointed for that purpose by the Member State concerned.

2. Throughout the period of intervention by the Fund, the authority or agency appointed for that purpose by the Member State concerned shall, at the request of the Commission, transmit to the Commission all supporting documents and any documents which give adequate proof that the financial or other conditions laid down for each project have been fulfilled. The Commission may, if necessary, verify this by inspection on the spot.

If a project for which a decision to grant aid is adopted is not carried out as provided or if some of the conditions are not fulfilled, aid from the Fund may be suspended, reduced, or discontinued, according to the procedure laid down in Article 25; the decision shall be made by the Commission, after consultation with the Fund Committee on the financial aspects. The decision shall be communicated to the beneficiary and to the Member State concerned.

The Commission shall recover any sums paid in error.

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3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 23

1. Within three years following the execution of a project, the relevant beneficiary shall forward to the Commission through his Member State a report stamped with the endorsement of that Member State on the economic effect of each project having received aid from the Fund.
2. If the beneficiary does not fulfil the obligation laid down in paragraph 1, the Commission, acting in accordance with the procedure laid down in Article 25 after consulting the Fund Committee on the financial aspects, may decide to recover all or part of the aid it agreed to grant. The decision shall be communicated to the beneficiary and to the Member State concerned. The Commission shall undertake the recovery of sums paid in error.
3. The Member State concerned shall take the necessary action to ensure that the beneficiary fulfils the obligation laid down in paragraph 1.
4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (CEE) No 729/70.

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Article 24

Applications for aid from the Fund submitted to the Commission in respect of projects which were unable to receive aid owing to the insufficiency of available means may be carried forward to the following period for the submission of applications by the Member States concerned in agreement with the applicants. Requests that such applications be carried forward must be submitted to the Commission within a maximum period of thirty days from the date on which the Member State receives notification of the result of the procedure laid down in Article 25. An application for aid may, however, be carried forward once only.

Article 25

1. Where the procedure laid down in this Article is to be followed, the matter shall be referred by the Chairman, either on his own initiative or at the request of the representative of a Member State, to the Standing Committee on Agricultural Structures, set up under Article 1 of the Council Decision of 4 December 1962 on the co-ordination of agricultural structural policies.
2. The representative of the Commission shall submit a draft of the decision to be adopted. The Committee shall deliver its Opinion on those measures within a time limit set by the Chairman according to the urgency of the matters. An opinion shall be adopted by a majority vote. The votes of the Member States shall be weighted as provided for in Article 148 (2) of the Treaty. The Chairman shall not vote.
3. The Commission shall adopt decisions which shall be immediately applicable. However, if such measures are not in accordance with the Opinion delivered by the Standing Committee on Agricultural Structures, they shall at once be communicated by the Commission to the Council. In that case, the Commission may defer for not more than one month from the date of such communication, application of the measures which it has adopted.

The Council, acting in accordance with the voting procedure laid down in Article 43(2) of the Treaty, may adopt a different decision within one month.

.../...

Article 26

Articles 92 to 94 of the Treaty shall remain fully applicable in respect of matters covered by this Regulation.

Article 27

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council,

The President

ANNEX 1

Estimates¹ of the financial consequences due to the proposed Council Regulation relating to the improvement of conditions for the processing and commercialisation of agricultural products.

¹ The estimates cover the first five years

1. Projects which entrain public, semi-public or private investment and which have as their objective the rationalisation or development of actions involving the processing or commercialisation of agricultural products will benefit by aid from the Fund if approved by the Commission.

This regulation does not imply an obligation that the Commission will grant aid to all the projects submitted, nor to all the projects which fulfil the requirements of this regulation. The Commission shall be free to grant or not to grant aid from the Guidance Section of the E.A.G.G.F., as it chooses.

2. Aid from the Fund shall consist of a capital grant awarded in one or more instalments which shall not be greater than 25% of the actual investment and on condition that the beneficiary's contribution is at least 50%. The aid of the Member State must be at least 40% of the aid awarded by the Fund.

3. Over the past number of years the aid awarded by the Commission from the Guidance Section of the E.A.G.G.F. for projects involving processing or commercialisation of agricultural products can be summarised as follows :

TABLE 1

Aid awarded by E.A.G.G.F. to the processing and commercialisation of agricultural products industry

Year	FEOGA AID million units of account		% of total aid awarded
	EUR 6	EUR 9	
1968	35.4		37.3
1969	45.7		28.5
1970	61.5		38.4
1971	59.1		19.5
1972	63.9		42.9
1973	48.3	70.2	41.3
1974	91.0	123.7	52.6
Average	57.8		38.6

Relationship between EUR 6 and EUR 9 :

$$\frac{\text{EUR 9}}{\text{EUR 6}} = \frac{(70.2 + 123.7)}{(48.3 + 91)} = \frac{1.392}{1}$$

Therefore, the average for EUR 6 of 57.8 million units of account becomes for a Europe of 9 : $57.8 \times 1.392 = 80.45$ m.u.a.

4. As can be seen from Table 2, the food industry has made significant investment to improve its structure and its competitiveness.

TABLE 2

Capital investment in the Food and Drink Industry (Million units of account)

Year	EUR 6	EUR 9
1968	1669.9	
1969	1872.6	
1970	2222.9	
1971	2448.5	3194.4
1972	2754.5	"3600"

Source : European Communities Statistical Office.

But due to the current economic situation it is thought that investment in this sector shall decrease, because, on one hand the increase of demand is not as great as in the past, and on the other hand financing conditions are more difficult.

5. A total aid of 80 million units of account from the Guidance Section of the E.A.G.G.F. is equivalent to a total investment of $80 \times 4 = 320$ million units of account, on the basis of aid being on average at 25%.

This is equivalent to the Community financing approximately 10% of all investment in this sector for a Europe of Nine.

The Commission believes that this percentage is appropriate to fulfil adequately the Community's guidance role in investment in this sector by favouring those projects which best reply to the objectives of the Common Agricultural Policy.

6. Summary of the total cost arising from this Regulation (first 5 years)

Year	Amount of Investment (million u.s.a.)	Aid awarded by EAGGF Guidance Section (million u.s.a.)
1977	320	80
1978	320	80
1979	320	80
1980	320	80
1981	320	80
TOTAL	1600	400

SHORT FINANCIAL NOTE

1. Budgetary entry

Post 8202

2. Name of the action

"Common action for the improvement of conditions for the processing and commercialisation of agricultural products"

3. Legal Basis

Article 1 paragraphs 3 and 6 of Regulation No. 729/70 (O.J. No. L 94 of 28.4.70)

4. Objective of the action

To develop and rationalise the structure of marketing of agricultural products, a common action has been instigated with a view to encouraging and modernising of enterprises which are involved in the commercialisation and processing of agricultural products.

5. Cost of the action

5.0 For the first 5 years

5.0.0. Cost to the Community Budget

400 million u.a. over 5 years

5.0.1. Cost to National administration

Minimum - 160 million u.a. over 5 years

Maximum - 400 million u.a. over 5 years

5.0.2. Cost to beneficiaries

Minimum - 800 million u.a. over 5 years

Maximum - 1040 million u.a. over 5 years

5.1 Multi-year forecast

80 million u.a. each year for the first 5 years

5.2. Method of Calculation

The experience gathered from the operation of Regulation No. 17/64/EEC has shown that on average the Fund (E.A.G.G.F.) finances for projects in the sector covered by the common action approximately 80 million u.a. per year. This is equivalent to a financial participation in 10% of the total investment in the Food and Drink sector of the Europe of Nine.

6. Financing

6.1. Possible financing by credits in the relevant chapter of the current budget

Not necessary

6.2 Possible financing by inter-chapter movement of credits in the current budget

Not necessary

6.3 Need for a supplementary budget

Not necessary

6.4 Credits to be inserted in future budgets

80 million units of account per year for the 1977 budget onwards.