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Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (COM(83) 559 final - Doc. 1-1000/83/I)
for a regulation on improving the efficiency of agricultural structures

PART I:
Directives 72/159/EEC, 72/160/EEC and 72/161/EEC

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EXPLANATORY STATEMENT

The common policy for agricultural structures is, together with the policy for agricultural markets, one of the cornerstones of the common agricultural policy. Articles 39 and 42 of the EEC Treaty attribute an important role to the policy for agricultural structures in the attainment of the objectives of the common agricultural policy. The Community's policy for agricultural structures has developed gradually in successive stages. Initially it was limited to contributing towards the financing of individual projects for structural improvement; this led to increased productivity and a concomitant increase in production especially in the more developed agricultural regions. In 1972 the 'socio structural' directives[1] provided a broader basis for the provision of Community aid for structural improvements. Directive No. 75/268/EEC[2] took into account in particular the special needs of agriculture in mountain and less-favoured areas. At the end of the 70's special programmes were launched to adapt and improve the structure of production, above all in the dairy, beef and wine sectors. The resources necessary for financing the various structural measures were made available by the EAGGF Guidance Section.

2. The three 'socio-structural' directives of 1972 are of fundamental importance as regards the common policy for agricultural structures. These are: Directive No. 72/159/EEC on the modernization of farms, Directive No. 72/160/EEC concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purpose of structural improvement and Directive No. 72/161/EEC concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture.

2.1 Directive No. 72/159/EEC on the modernization of farms provides for aid measures for farms which lack the necessary structural conditions to ensure an adequate income and living conditions comparable with other jobs for those employed in agriculture. This aid is directed primarily at farms which have a development potential in view of the vocational skills of the farmer, the profitability of the farm and the working conditions of those employed there. Aids are also available to farms located in regions where farming must be maintained for the preservation of the countryside.

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[1] OJ No. L 96, 23.4.72

[2] OJ No. L 128, 19.5.1975, pp.1 et seq.

This directive replaced national measures and it proved relatively successful in some Member States, for instance France. However, in regions with inadequate structures (the South of Italy and the West of Ireland) its impact was negligible.

It soon transpired that the directive was unable to provide a satisfactory solution to the problem of differences of income in various regions of the Community. In particular, not all farms at which the directive was aimed were able to benefit from it owing to their personnel or management structures. Indeed the number of development plans accepted fell from 29,265 in 1978 to 27,233 in 1979, to 21,694 in 1980 and to 16,926 in 1981 (20% of which were accounted for by development plans in less-favoured regions under Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured regions).

Directive No. 72/159/EEC is generally considered to bear some of the responsibility for the permanent surpluses in the dairy and pigmeat sectors. This is because in good farming regions substantial increases in farm productivity have been achieved by intensifying production and by specialization. Land mobility in the context of the common agricultural structures policy has been minimal; only 30% of the corresponding measures led to larger farms and even then the development farms increased, on average, by less than 5 hectares. The intensification of farm production consisted principally in increasing levels of investment in equipment and livestock. Some 60% of the development plans which received aid (apart from investments in buildings) provided for investments for the purchase and maintenance of cattle and about 66% of development plans for investments in agricultural machinery. Both forms of investment contributed to surplus production, even if the market and prices policy is more to blame than the structures policy. However the latter cannot be seen in isolation from the prevailing market and production conditions.

It cannot be ignored that rising production costs against a background of stagnating agricultural prices have prevented many farmers finding the necessary financial resources for implementing the development plans eligible for aid. The difference in this connection between North and South is very striking: in the Netherlands, for example, approximately 15% of all farms implemented modernization plans, whereas in Italy, where the average size of farm is only 7.5 ha (as against the EEC average of 20 to 50 ha) less than 2% of all farms submitted modernization plans. Increasing interest rates over the last few years have been another factor inhibiting aid to development plans as provided for in the directive.

2.2 Directive No. 72/160/EEC concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purpose of structural improvement supplements Directive No. 72/159/EEC since it aims to create farms of adequate size and with the necessary structures to improve agricultural incomes. It provides for aid for persons who abandon farming and make the land they previously farmed available for improving agricultural structures. The directive must be seen as relatively ineffective at Community level, even though a very small number of partial successes have been achieved in some Member States. The lack of success may be attributed to the fact that the area released did not go to development farms. Between 1975 and 1980 65,000 farmers released approximately 875,000 ha of land. This area was divided among approximately 131,000 farms so that the structural impact was minimal. Only 15% of this area went to development farms so that the directive failed to achieve its objective - land mobility for structural reform.

For these reasons the Commission proposes that the instruments of Directive No. 72/160/EEC should no longer be implemented, except in the case of the integrated Mediterranean programmes.

2.3 Directive No. 72/161/EEC concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture is based on the assumption that the level of training of the agricultural population must be increased in regard to farm management, production and marketing - if agricultural structures are to be improved. The directive provides for an increase in the socio-economic information provided to persons engaged in agriculture so as to enable them to decide more easily on their professional future; henceforth vocational basic and advanced training in Member States will be based on certain minimum criteria. Persons leaving agriculture and seeking a new vocational qualification will be granted income aids during retraining.

This directive, too, has been unsuccessful at Community level. Only in the Federal Republic of Germany and in France has it been successfully implemented in individual sectors. In general, however, the extent of transposition into national legislation has been minimal. For this reason the Commission proposes that the provisions of this directive should no longer be applied, except in the limited sphere of agricutural basic and advanced training.

3. The present proposal for a Council regulation (EEC) on improving the efficiency of agricultural structures[1] replaces the three socio-economic Directives Nos. 72/159/EEC, 72/160/EEC and 72/161/EEC and Directive No. 75/268/EEC - with the exception of the provisions on the list of less-favoured regions; an instrument is thereby created based on a combination of new measures and old measures which have proved successful so as to reform agricultural structures to meet the needs of the decade ahead. The deadline for the implementation of the measures eligible for aid in the abovementioned directives expired on 31 December 1983. The aid measures contained in the proposal for a regulation envisage the implementation of the policy for a reform of agricultural structures at the beginning of 1984.

The form of legislation chosen - directives hitherto and now a regulation - means that the provisions in question will be directly applicable in all Member States. However, the adoption of implementing legislation by the Member States is stipulated in the regulation.

3.1 The measures contained in the proposal for a regulation reflect the priorities which the common agricultural policy has to follow in the decades ahead. These are above all:

- the promotion of a larger number of small farmers who will be most affected by the present economic difficulties and the low guarantee prices expected in future for many agricultural products;

- an improvement of agricultural structures and incomes in mountain regions and in less-favoured regions of the Community;

- the promotion of structures without providing an incentive to increase production surplus sectors;

- promotion of the processing and marketing of agricultural products;

- increased consideration of environmental protection requirements and the development of non-agricultural activities, including forestry in rural regions.

[1] COM(83) 559 fin. OJ No. C 347, 22.12.1983, p.1.

In view of the number of cases eligible for aid and the financial resources required - apart from the special measures in favour of farming in mountain regions and certain less-favoured regions of the Communtiy - the main emphasis will certainly be on future investments for the purpose of farm modernization, a sector dealt with in Directive No. 72/159/EEC, which is still in force.

Under this modernization directive aid is now granted on a relatively selective basis to a limited number of farms which submit a six-year development plan with certain income objectives. These provisions divided farms according to rigid criteria into two categories: farms with and farms without a development potential; they are thus particularly disadvantageous to small farms which will be most affected by the future market and price restrictions. The proposal for a regulation provides less selective criteria than the earlier Directive No. 72/159/EEC, which is still in force, and favours instead broadly based aid for less wealthy farmers so as to enable them to increase their incomes by reducing costs and to improve their living and working conditions. In future, therefore, aid will take the form of social compensation for the risks associated with running a farm and constitute an investment aid for the further operation of the farm. The emphasis is no longer on productivity but rather on improving incomes through reducing production costs. Investment aid is granted only to sectors where surpluses are not expected. The less-favoured regions will be exempt from this prohibition of aid for surplus production if these regions are only suited to certain products from the point of view of profitability.

Further measures are to be provided including in particular aid for setting up farm relief services, farm replacement services and farm management and accounts services. These relatively inexpensive investments should lead to a reduction in production costs, an improvement in the living and working conditions of farms and therefore, indirectly, to an improvement in incomes.

The modernization Directive No. 72/159/EEC still in force prohibits investment aid in the egg and poultrymeat sector and lays down certain ceilings for permissible investment aid in the pig and dairy sector. Apart from these products, the directive fails adequately to take into account the agricultural market situation. The new proposal for a regulation, on the other hand, provides for the possibility of prohibiting Community and national investment aids if they serve to further aggravate difficult market conditions in individual products. On the other hand, investment aids for improving or converting agricultural production may be actively promoted if they meet the requirements of the market.

The new aid measures also provide support for measures to improve woodland on agricultural holdings. These include measures to improve woodland and forestry activities on agricultural holdings and the afforestation of agricultural land particularly suited to forestry. These measures in particular should stimulate wood production in the Community, which at present has to import some 200 million m^3 of wood. As a side effect, this could also lead to a reduction in production in sectors that are in surplus.

The total expenditure of the EAGGF Guidance Section on all new measures in the structural sphere is estimated at approximately 6,182 million ECU for the first five years. This means a doubling of the resources allocated for the first five-year period, 1980-84 amounting to 3,750 million ECU. Under the proposal for a regulation 8% of all farmers will benefit from structural aids, that is 10 to 20 times more than the 15,000 to 20,000 who do so at present.

3.2 The shift in emphasis in the objectives of the new measures is evident from the very beginning of the new proposal for a regulation. Article 1(1) states the following objectives: the continuous development of agriculture in the Community and the permanent conservation of the natural resources of agriculture. The emphasis in these measures is thus on preserving rather than expanding farms. Article 1(2) sets out the individual measures to be promoted by the EAGGF, Guidance Section. They include:

(a) Investments in agricultural holdings and the installation of young farmers;

(b) the introduction of accounts or farms and the establishment and operation of groups, services and other facilities for the benefit of several holdings;

(c) specific measures to assist mountain and hill farming and farming in certain less-favoured areas;

(d) forestry measures on behalf of agricultural holdings;

(e) the adjustment of vocational training to the requirements of modern agriculture.

Article 2(1) states that one of the aims of these measures is to improve agricultural incomes for holdings where the farmer submits a plan for improving his holding; this plan must show, by means of calculations, that the investments are profitable and that they will bring about a lasting improvement in the economic result of the undertaking. The criteria governing access to aid measures are thus perceptibly lower than in Directive No. 72/159/EEC which is still in force. The objective of this Directive, as set out in Article 1, is to achieve a perceptible improvement of incomes by a selective arrangement to promote farms with a development potential. This means that the structural aid measures contained in the proposal for a regulation no longer aim to bring about a drastic increase in incomes and furthermore, will be granted to farms which have exhausted their development potential. It is also easier to draw up the necessary farm improvement plan than to carry out the development plan under Article 4 of Directive No. 72/159/EEC which had to establish that the farm to which aid was granted would be in a position, after the expiry of the development plan,to provide an income comparable with incomes in non-agricultural professions. The requirement that the farmer should submit a development plan made the above directive considerably more selective, so that only a few farms could benefit by it. In the new proposal for a regulation, on the other hand, this requirement of comparable income is maintained but only in so far as it represents a threshold below which farmers have access to the aid measures.

In Directive No. 72/159/EEC the aim of development was to achieve comparable incomes, after a period of at most six years the aid measures came to an end whether or not this objective was achieved. In the proposal for a regulation on the other hand, comparable incomes represent a prosperity threshold; investment aid may be granted until this threshold is reached or exceeded, even after the improvement plan has been implemented. However, Article 5 of the proposal for a regulation does introduce a ceiling on aid since total investment for the reimbursement of aids within a six year period are limited to 60,000 ECU per MWU and 120,000 ECU per holding; after the expiry of this period further aid is not excluded providing the farm continues to meet the criteria for aid.

Under Article 2(4) of the proposal for a regulation, the Member States lay down the criteria for assessing the occupational competence of the farmer, by reference to the standard of agricultural training received or to a minimum period of farming experience or both, or to the occupational skills to be attained within one year of the approval of the improvement plan.

Article 3 of the proposal for a regulation names the measures eligible for aid. They include:

(a) the qualitative improvement and conversion of production in the light of marketing requirements;

(b) the adaptation of the holding with a view to:

- reducing production costs,
- improving living and working standards,
- saving energy;

(c) measures for the protection and improvement of the environment.

It is clear from this paragraph that these are measures to preserve agricultural holdings.

It is laid down that under no circumstances, however, will aid be granted to the production of products for which there is no normal market outlet. Article 3(2), thus expressly excludes investment aids for improvement plans of this kind. Account will, nevertheless, be taken of any increase in the area of a holding within the three years preceding the submission of the aid application since an increase in production of surplus products cannot then be excluded; however, on completion of an investment in the dairy sector the stocking density may not exceed two livestock units per hectare of forage area.

In this proposal for a regulation the Commission defines the products which are excluded from investment aid in accordance with the procedure of the Permanent Committee on Agricultural Structures. This arrangement means an increase in the Commission's powers of control over the very sensitive sphere of surplus production. It remains to be seen whether the Council of Ministers will grant the Commission powers of this kind.

Under the second subparagraph,Article 3(2)(b), the Council may define other regions with specific problems in which investment aid may be granted for products for which there are no normal outlets (surplus products), provided that the only products which are eonomically viable in these regions are surplus products and that the regional market has a shortage of such products.

In order to avoid further aggravating the market situation in the dairy and pig sectors by investment aids, Article 3(3) lays down that investment aid may only be granted providing investment does not increase the dairy herd to more than 40 cows per holding and the number of fattening pig places to more than 550 per holding. A further proviso is that in the dairy sector at least 50% of the agricultural area should consist of forage area and that in the pig sector at least 35% of the feed consumed by the pigs can be produced on the holding. As in previous legislation the new provisions prohibit investment aids in the egg and poultrymeat sector (Article 2(4) of the proposal for a regulation).

In addition to the forms of aid previously granted, such as interest-rate subsidies, the provision of guarantees for loans and - on a non-compulsory basis - capital aid, the proposal for a regulation now introduces capital grants as the main form of aid (Article 4(1). Capital grants are limited to 60,000 ECU per MWU or 120,000 ECU per holding; Member States may set these limits either at lower levels or at higher levels if such action is warranted by the situation on the capital market of the Member State in question. Capital aid is limited to 35% in the case of investments in fixed assets and 20% in the case of other investments. For a period of 30 months from the entry into force of the regulation the value of maximum aid shall be increased by 10% in Greece, Ireland and Italy to offset the exceptionally high rates of interest.

Article 6 of the proposal for a regulation contains special provisions regarding group-operated holdings, including ceilings for eligibility for aid (number of cows, number of fattening pig places and the total investment). It is left to Member States to lay down the particular conditions governing group-operated holdings - which exist primarily in France and Italy - regarding, for example, their legal form, their minimum duration, their capital and the participation of members in management.

Article 7 of the proposal for a regulation lays down that special aids may be granted to young farmers aged less than 40 years in the form of an installation premium not exceeding 15,000 ECU and additional investment aid representing not more than 25% of the aid granted under the basic aid programme; Member States may replace the installation premium by an equivalent interest-rate subsidy.

As in Article 14 of Directive No. 72/159/EEC, Article 8 of the proposal for a regulation lays down that national investment aids may not exceed the ceilings laid down in the proposal for a regulation. As before, these ceilings do not apply to the reconstruction of farm buildings (including the restoration of old farms) the transfer of farm buildings to new sites and land improvement operations.

Where Member States grant aids for investments in holdings which do not satisfy the conditions laid down in the proposal for a regulation, such aids must be at least one-third less than the aids granted in the proposal for a regulation; higher levels of aid may only be granted for energy saving, environmental protection and land improvement. Furthermore, the following national measures are excluded:

- aids for land purchase,
- subsidized operating loans whose term does not exceed one marketing year,
- aids for the purchase of male breeding stock.

3.3 Other non-compulsory measures of investment aid include the introduction of accounting on agricultural holdings, launching aid to meet the administrative costs of recognized farm relief services, launching aid to meet the management costs of agricultural associations having as their object the setting-up of farm replacement services and launching aid to meet the management costs of agricultural associations having as their object the provision of farm management services.

Member States are no longer obliged to promote the introduction of accounting on agricultural holdings as in Directive No. 72/159/EEC because it has become clear that this is not practicable in certain regions. The aid for farmers in respect of book-keeping amounts of 1,000 ECU spread over the first four years during which management accounts are kept (Article 9).

The provisions regarding the promotion of farm relief services for a more rational Community use of agricultural investment goods or for joint management in Directive 72/159/EEC (Article 12) proved effective and so are incorporated in the proposal for a regulation (Article 10). Aids granted by Member States are eligible for Community financing up to a maximum of 15,000 ECU per group.

A new feature is aid for the setting-up of replacement services (Article 11) aimed at providing agricultural workers to replace the farmer, his spouse or agricultural worker. Launching aids will be eligible for Community financing up to a maximum of 12,000 ECU per replacement worker employed on a full-time basis spread over the first five years.

The Commission is seeking to introduce farm management services because it considers that by analysing accounting results and other data they will be able to advise farmers on improving productivity on their holding. Only agricultural associations and non-professional management services are eligible for aid. Here, too, launching aid is to be eligible for Community financing up to a maximum of 12,000 ECU per member of staff employed on a full-time basis for the first five years of employment.

3.4 The proposal for a regulation also seeks to introduce new measures on woodland improvement on agricultural holdings (Article 20). Under these provisions Member States may grant aid for the afforestation of agricultural land and the improvement of woodland taking into account the costs of adapting agricultural machinery for forestry work. The aids granted by Member States will be eligible for financing from the EAGGF up to the following maximum amounts:

- 2,300 ECU per hectare for afforestation
- 2,000 ECU per hectare for woodland improvements
- 150 ECU per hectare for fire protection measures
- 18,000 ECU per kilometre for forest roads

These aid measures are only intended for agricultural holdings partially devoted to forestry and not purely forestry operations.

3.5 Articles 21 and 22 of the proposal for a regulation are concerned with the adjustment of vocational training to the requirements of modern agriculture and take over some of the measures provided for in Directive No. 72/161/EEC which expires at the end of 1983. Article 21 permits national aid for the improvement of agricultural skills if they comprise in particular basic and advanced vocational training for farmers, training for leaders and managers of producer groups and cooperatives and further training for young farmers. Expenditure on aids will be eligible for assistance from the EAGGF up to a maximum amount of 6,000 ECU per person completing a course of instruction or training.

Article 22 of the proposal for a regulation provides for the first time for EAGGF financing for pilot schemes to demonstrate to farmers the real possibilities of production systems, methods and techniques and for measures for the dissemination at Community level of the results of work done as regards the improvement of agricultural structures.

3.6 Under Article 23 of the proposal for a regulation the common measures are to run until 31 December 1994; after the expiry of a five-year period its details should be re-examined by the Council on a proposal from the Commission. The total contribution by the EAGGF to the cost of the common measures is estimated at 4,430 million ECU for the first five years; this does not however include follow-up costs of the expiring socio-structural directives and the costs of the amendment to Regulation No. 355/77/EEC proposed by the Commission to the Council on a common measure for the improvement of the processing and marketing conditions for agricultural products. This sum represents a substantial increase in resources compared with the resources at present available, caused principally by the extension of the aid criteria.

Under Article 26 of the proposal for a regulation the EAGGF will reimburse 25% of the eligible expenditure to the Member States as it does at present. This rate is increased to 50% in the following cases:

special aids for farmers under 40 years of age;
compensatory allowance in mountain regions and certain less-favoured areas in Greece, Ireland and Italy and the French overseas departments, aids for collective investments in the production, distribution and storing of fodder and the improvement and equipment of common pastures in less-favoured regions in Greece, Italy and the French overseas departments;
aids for measures for woodland improvement on agricultural holdings.

The EAGGF shall reimburse 25% of the eligible expenditure on non-compulsory aid measures implemented by Member States, such as the introduction of management accounts (Article 9) launching aid for farm relief services (Article 10), launching aid for the setting-up of replacement services (Article 11) launching aid for setting-up management services (Article 12) and measures for improving the vocational training of farmers (article 21).

Article 29 lays down that the Commission is to present an annual report before 1 August each year on the Community and national measures in force to the European Parliament and the Council. This report may propose supplementary measures.

Directives Nos. 72/159/EEC, 72/160/EEC, 72/161/EEC and Directive No. 75/268/EEC - with the exception of the provisions regarding the definition of less-favoured regions and mountain regions - no longer apply to aids which are granted after a transitional period of six months after the entry into force of the new regulation.

OPINION

of the Committee on Budgets

Draftsman: Mr H. J. LOUWES

On 25 January 1984, the Committee on Budgets appointed Mr H. J. LOUWES draftsman of the opinion.

The committee considered the draft opinion at its meeting of 23 February 1984 and adopted the conclusions unanimously.

The following took part in the vote: Mr LANGE, chairman; Mr LOUWES, draftsman; Mr ABENS, Mr ADAMOU (deputizing for Mr GOUTHIER), Lord DOURO, Mr LANGES, Mr NEWTON DUNN, Mr NIKOLAOU, Mr K. SCHÖN, Sir James SCOTT-HOPKINS (deputizing for Mr BALFOUR), Mr SIMONNET and Mr PROTOPAPADAKIS.

1. The common policy for agricultural structures has been due for an overall review for a number of years. The main socio-structural directives expired at the end of 1983. In fact, they had already been extended several times pending an overall review. In November 1983, Parliament delivered an opinion approving a further extension. (OJ No. C 342, 19.12.1983, p. 98).

2. In document COM 500 (Common agricultural policy: Commission proposals) of 28 July 1983, the Commission concluded that:

'It would be an error to consider the price and markets policy in isolation from the other efforts of the Community to contribute to solving the problems of rural areas; indeed, if the Community is to find enduring solutions to these problems, it must put relatively more emphasis on long-term structural action, rather than on market intervention and price support'.

At the same time as the above-mentioned document, the Commission also submitted a report on ways of increasing the effectiveness of the Community's structural funds (COM(83) 501). This document drew attention to the positive aspects of the EAGGF Guidance Section as well as to the need to monitor its economic effectiveness. The Commission also proposed an increase in the funding available for structural measures, doubling the amount over five years.

3. The document under consideration (COM(83) 559) set out proposals for legislation aimed at giving practical effect to the measures proposed in previous documents.

4. The current policy has not succeeded in attaining its objectives. In areas where the average size of farms is very small, there is no chance of creating a viable agricultural sector. In areas where agriculture has prospered, productivity has risen considerably, not as a result of the land mobility which the EAGGF Guidance Section was intended to generate, but primarily as a result of increased investment in livestock and farm machinery, which has contributed in turn to the production of surpluses. The directive on socio-economic information has been successful in only two Member States. On the other hand, the directive on hill and mountain farming and farming in less-favoured areas has been a great success. The measures designed to assist the processing and marketing of agricultural produce stimulated the development of the agri-foodstuffs industry throughout the Community.

5. The current economic situation is characterized by stagnation and a shortage of employment. Farm incomes are growing less rapidly, while the economic disparities between the various regions of the Community are becoming wider. The increasingly large surpluses of the main agricultural products make a restrictive price policy inevitable. Cost inflation in agriculture and high interest rates in certain Member States make investment in agriculture expensive and risky. The new policy on agricultural structures must endeavour to respond to these challenges.

6. The Commission is now proposing to adapt the existing measures in order, within the constraints imposed by the market situation, to encourage a conversion to production which satisfies market requirements. This policy is also designed to help to improve the regional economic situation, in particular in areas where agriculture is the main activity. Drastic changes are proposed in the share of aid allocated for farm development to make it more accessible to a larger number of farmers and to place greater emphasis on Community criteria. Farmers in the lowest income groups have received particular attention. Provision has also been

made for specific measures to assist young farmers to become established. The proposals on conversion to forestry are designed to help remove incentives to overproduction in other sectors.

7. The regulation covers five specific categories of measures (Article 1(2)) each under a separate title:

(a) System of aids for investment in agriculture, in particular for farmers with a low income who invest in quality improvements, conversion of production, reducing production costs, improving living and working conditions and saving energy. There are built-in safeguards to avoid the aid being used to increase production of crops for which there are no normal market outlets. The aid may take the form of capital grants, interest rate subsidies or security for loans already contracted. The aid is granted in respect of a maximum investment of 60,000 ECU per MWU or 120,000 ECU per holding; it amounts to between 20% and 45% of the investment according to its type. In the case of Greece, Ireland and Italy, the value of the aid is to be increased by 10% of the total investment undertaken during the first 30 months. An additional 25% may be granted, under certain circumstances, to young farmers. Young farmers may be eligible for an installation premium not exceeding 15,000 ECU.

(b) Other measures to assist agricultural holdings: these concern the introduction of accounting, the creation and operation of cooperatives and the provision of farm relief services for a number of holdings. The levels of aid proposed are 1,000 ECU per farmer in the case of grants for the keeping of accounts, 15,000 ECU for cooperative groups of farmers and 12,000 ECU launching aid for farm relief services or services for the management of recognized agricultural associations.

(c) Specific measures to assist mountain and hill farming and farming in certain less-favoured areas

This heading covers compensatory allowances ranging from 20.3 to 97 ECU per LSV or per hectare to compensate for permanent natural handicaps in the regions concerned, as defined in Directive 75/268/EEC. In less-favoured areas which are suitable for the development of a tourist or craft industry, investment aid may also be granted up to a maximum of 52,500 ECU. Joint investment schemes for the production, storage and distribution of fodder crops and for the improvement and equipping of jointly-farmed pasture may be eligible for investment aid of up to 100,000 ECU or 500 ECU per hectare of pasture. The regulation also includes provision for the removal of particularly serious handicaps by means of supplementary measures pursuant to a Council decision (Article 18).

(d) Measures for woodland improvement on agricultural holdings

The following maximum amounts apply:

- 2,300 ECU per hectare for afforestation,
- 2,000 ECU per hectare for woodland improvements such as thinning, and the provision of wind-breaks,
- 150 ECU per hectare for fire protection measures,
- 18,000 ECU per kilometre for forest roads.

(e) Adjustment of vocational training to the requirements of modern agriculture

The Community may refund the Member States up to 6,000 ECU per person in respect of courses of basic and advanced vocational instruction for farmers or for managers of producer groups and cooperatives, as well as further training courses. In less-favoured areas, the Fund may also grant subsidies of up to 400,000 ECU for the establishment of agricultural training centres. Lastly, provision is made for extending this assistance under the management committee procedure.

8. Title VI sets out the financial and general provisions. A number of references are made to regulation (EEC) No. 729/70 on the financing of the common agricultural policy: the proposed arrangements are described as a common measure to run until 31 December 1994, and there is a reference to the EAGGF Committee set up under that Regulation. The financial contribution by the Fund is estimated at 4,432 m ECU for the first five years. Article 26 fixes the percentage reimbursement (25% or 50%) by the Community of the Member States' expenditure on the support measures set out in this regulation. To be eligible, the expenditure must have been incurred by the Member States during the previous calendar year and applications must have been submitted to the Commission by 1 July of the current year. This title also includes a number of provisions empowering the Commission to investigate whether national legal and administrative provisions are compatible with the new regulation. The Commission must submit an annual report to Council and Parliament by 1 August. The Member States must themselves make provision for checks on the information used to calculate the aids eligible for assistance from the Fund.

9. The final provisions in Title VII amend a number of Regulations and Directives to bring them into line with the proposal for a regulation under consideration, particularly the existing Directives on agricultural structures and Regulations on integrated development programmes or the promotion of agriculture in certain areas. Document COM 559 also contains a second Commission proposal for a Council Regulation amending Regulation (EEC) No. 355/77 on improving the marketing of agricultural products and Regulation (EEC) No. 1820/80 on agriculture in the West of Ireland along the same lines.

OBSERVATIONS OF THE COMMITTEE ON BUDGETS

10. The following table shows that the new proposal for agricultural structures provides for national aids amounting to 43,500 m ECU over a period of ten years, of which 13,500 m ECU are to be reimbursed by the Community. In the first five-year period, these amounts are 13,000 m and 4,400 m ECU respectively. The financial statement annexed to the proposal for a regulation provides a detailed justification for the estimates of expenditure. In an earlier proposal, COM 501 on increasing the effectiveness of the structural funds, the Commission stated that its aim was to double the appropriation for the structural funds within five years. Allowing for the running-in period for the new measures, the Commission proposal can be considered as a reasonable starting point, which must be adapted to specific socio-economic and political circumstances in the course of the annual budgetary procedure.

11. The Commission has put forward these proposals in order to pursue 'a common agricultural structures policy with a real Community character by maintaining a horizontal approach together with a decided regional emphasis' (page 10). When delivering an opinion on the above-mentioned document (COM 501), Parliament approved this type of approach. However, as draftsman for the Committee on Budgets, one is bound to wonder whether the 'structures policy with a real Community character' has in fact been given sufficient attention.

Summary of costs (in mio ECU)

	Article	I. EAGGF REIMBURSEMENT IN	1986	1987	1988	1989	1990	1991 and later
1.	4	Investment - general	160	252	309	364	416	5,643
2.	4	Supplement It/Irl/Gr	7	11	6	5	5	28
3.	7	Young farmers - premiums	51	51	51	51	51	255
		- investment	16	26	31	37	42	571
4.	9	Accounts	5.5	5.5	5.5	5.5	5.5	27.5
5.	10	Mutual Aid	1.5	1.5	1.5	1.5	1.5	7.5
6.	11	Replacement Services	1	1	2	3	3	7
7.	12	Management Services	-	1	1	1	1	2
8.	13	Compensatory allowances	213	219	223	226	230	1,188
9.	17	Collective Investments	6	6	6	6	6	30
10.	20	Forestry - planting	63	63	63	63	63	315
		- improvement	169	169	169	169	169	845
11.	21	Training	19	19	19	19	19	95
12.	22	Information	5	5	5	5	5	25
		TOTAL	721	834	896	960	1,021	9,059

	Article	II. NATIONAL EXPENDITURE IN	1985	1986	1987	1988	1989	1990 and later
1.	4	Investment - general	640	1,007	1,234	1,454	1,663	22,560
2.	4	Supplement It/Irl/Gr	26	42	24	18	17	105
3.	7	Young farmers - premiums	102	102	102	102	102	510
		- investment	32	50	62	73	83	1,130
4.	9	Accounts	22	22	22	22	22	110
5.	10	Mutual Aid	6	6	6	6	6	30
6.	11	Replacement Services	3	5	8	11	13	26
7.	12	Management Services	1	2	3	4	4	9
8.	13	Compensatory allowances	585	600	610	620	630	3,250
9.	17	Collective Investments	24	24	24	24	24	120
10.	20	Forestry - planting	126	126	126	126	126	630
		- improvement	338	338	338	338	338	1,690
11.	21	Training	76	76	76	76	76	380
12.	22	Information	-	-	-	-	-	-
		TOTAL	1,981	2,399	2,635	2,874	3,104	30,550

12. On closer examination, this regulation falls into two parts:

- a mandatory part requiring the Member States to introduce measures to support investment in agricultural holdings on the basis of common criteria, with Community assistance;

- an optional part allowing the Member States, firstly, to extend the above-mentioned measures in certain cases and, secondly, to take a number of additional structural measures. If the Member States implement these measures, they are eligible, up to a certain limit, for reimbursement of a proportion of the amount spent.

13. Under these circumstances, it is difficult to evaulate satisfactorily the economic and budgetary implications which the Commission suggests. The Community has few instruments with which it can make adjustments to the measures while they are being implemented. In this connection, it is important to examine what steps have been taken in the past to deal with any errors which occur. As regards aid for investment, Article 3(2) stipulates that no aid shall be granted in respect of investment which has the effect of increasing the holding's production of products for which there is no normal market outlet. The list of products is to be drawn up in accordance with the management committee procedure. Intensive dairy or pig farms are virtually excluded (see criteria laid down in Articles 3(3) and 6(2)), as is the egg and poultry meat sector. Finally, the proposal also includes a social provision, namely that aid may not be granted if its effect is to create a labour income in excess of 120% of the average gross income of non-agricultural workers in the region concerned (Articles 3(5) and 2(2)).

14. The proposal for a regulation leaves it to the Member States in most cases to determine the level of aid within the limits laid down in the regulation. Only in the case of the premium for the introduction of accounting is a uniform amount laid down, namely 1,000 ECU spread over at least four years. In the case of the capital grant for investment aid and individual investment in the tourist or craft industry in less-favoured areas, the maximum volume of investment eligible for subsidy is specified. In the case of the compensatory allowance for natural handicaps in the less-favoured areas, the regulation lays down uniform minimum and maximum amounts and grants a partial exemption for milk producers. Only a maximum amount is laid down in respect of Community financing of other aid measures, namely farm relief services, woodland improvement and vocational training.

15. Taken as a whole, the proposal seems to be based on the premise that the Member States would like to introduce similar aid measures but do not do so for financial reasons. Through the possibility of Community refinancing they should now be in a position to do so on the basis of the criteria proposed. Experience has shown that a few Member States have indeed not made full use of the possibilities offered to them by the Community because they were unable to afford the share of the financing to be borne by the Member State and that other Member States, with less need of Community aid, have taken full advantage of the aid arrangements. The regulation now proposed takes care of this objection by doubling the percentage of aid (from 25% to 50%) for Greece, Ireland, Italy and the French Overseas Departments. Even then, there is still the problem that this aid is not paid out by the Commission until the year after the expenditure is undertaken by the Member State.

16. Since the EAGGF Guidance Section was adapted in 1970 to the introduction of Community own resources, the operation of this Fund has developed at a slower pace compared with other sectors, both in terms of volume and of its financing mechanisms. When the EAGGF was created, the target was for the Guidance Section to be one-third the size of the Guarantee Section. Until 1972, however, expenditure was limited to 285 m EUA and from then until 1979 to 325 m EUA. From 1980 onwards, a new five-year funding programme came into force amounting to 3,600 m EUA. Throughout this period, the funding mechanisms remained virtually unchanged: the Member States were able to introduce a number of aid measures and recover a proportion of the amount of aid paid out in the form of refunds from the Commission.

17. Thereby, the Commission and the Council appear to have lost sight of an important consideration. Regulation (EEC) No. 729/70 of 21 April 1970 on the financing of the Common agricultural policy included the following recital:

'Whereas in accordance with Article 2(2) of Regulation No. 25, which substitutes the concept of financing by the Community for that of expenditure eligible for financing by the Fund, a new system should be established under which funds will no longer be advanced by the Member States but by the Community'.

18. A system of advances has been brought into operation in the case of the EAGGF Guarantee Section. It is true of virtually all non-agricultural aid arrangements that the Community finances structural measures and that, moreover, Community aid must be additional to national aid. Parliament is endeavouring to limit as far as possible the exceptions to this rule, for instance in the case of compensatory measures to assist the United Kingdom and the Federal Republic of Germany. Large amounts are paid out of Regional and Social Fund expenditure in the form of advances. It is odd, therefore, that in the case of the EAGGF Guidance Section the Commission should continue to adhere to the outmoded system of reimbursing eligible expenditure already made.

19. The argument that this would be the only way to expand measures related to agricultural structures within the current limit on own resources is unacceptable. After all, the rate of refund by the Community ranges from 25 to 50% and is therefore on a par with the rate paid by the Regional and Social Funds. Given the time still taken by the Council to reach a decision and the running-in period required for the new Fund, the proposal is unlikely to be put into effect before the end of the current debate on the financing of the Community. Lastly, a strengthened Guidance Section ties in with the restructuring plans of the Community and is therefore an area in which Community policy will replace national policy; there must, therefore, be no resultant increase in the tax burden on the taxpayer.

20. By making a large proportion of the measures in the proposal for a regulation optional, the Commission appears to be failing to take advantage of opportunities to coordinate national aid systems and bring the measures into line with the policy pursued in the Guarantee Section.

21. The Commission states in the proposal for a regulation that the figure of 4,432 m ECU for the five-year funding requirement is an <u>estimate</u>. The final recital to the second proposal for a regulation (p. 48), on the other hand, states that '... it is necessary to <u>provide for</u> a total financial contribution by the Community estimated at 360 m ECU per year'. In the explanatory memorandum to the two proposals (p. 11), it puts forward the view that at this stage, certain

expenditure items must remain compulsory because the 'unforeseeability of resources detracts considerably from the effectiveness of the funds'. Since Parliament has the last word on expenditure other than compulsory expenditure in the budgetary procedure, this can only be interpreted as a rebuff to Parliament. This is not only out of place in terms of good inter-institutional relations, it also shows a lack of understanding of budgetary reality. In previous years, Parliament has made great efforts to increase the budgetary allocation for the EAGGF Guidance Section. The Commission has always taken its time in formulating suitable proposals for regulations and for a number of years has been unable to disburse the whole of the annual allocation on which the Council put a ceiling. Consequently, 'foreseeability' of resources ought to be all the greater if they are not entered against compulsory expenditure.

22. Having said that, the draftsman of the opinion of the Committee on Budgets does agree with the Commission that there is a need for budget programming in the medium term. He believes, however, that this objective can be achieved more effectively through a reassessment of the debate on the three-year estimates annexed to the preliminary draft budget.

23. Under Article 7 of Regulation (EEC) No. 729/70 on the EAGGF Guidance Section, the Fund Committee has a purely consultative role in decisions on the granting of aid. It may appeal to the Council only in respect of opinions on the detailed rules for the application of the above regulation to the Guarantee Section. It is sufficient, therefore, that Article 28(2) of the proposal for a regulation under consideration refers to the above-mentioned article as regards the granting of aid from the Fund.

24. This flexibility in the granting of aid is counterbalanced, however, by provisions to ensure that the national implementing measures to be taken are compatible with the regulation. In this case, the customary management committee procedure is used, with the possibility of an appeal to the Council via the Standing Committee on Agricultural Structures. This is disturbing, inasmuch as the Commission has made subordinate to the opinion of a committee of national officials its right under the Treaty to check whether national legal and administrative provisions are in line with Community law.

CONCLUSION

22. The Committee on Budgets:

(a) endorses the aim of the Commission of the European Communities in seeking a more permanent solution to the problems of rural areas by placing greater emphasis on long-term structural measures than on market intervention and price support;

(b) approves:

- the objectives of the proposed structural measures;
- preferential treatment for less-favoured areas;
- the built-in safeguards firstly to prevent new incentives to surplus production in certain sectors and secondly, in the granting of aid, to give priority to farmers in the lowest income categories;

(c) requests the Commission, however, to review as a matter of urgency the manner in which the aid is to be granted and, in so doing, to shape the EAGGF Guidance Section, in particular, into an instrument of active Community policy;

(d) Considers the financing of 4,400 m ECU proposed by the Commission to be a reasonable starting point; points out, however, that the decision to enter appropriations in the budget falls exclusively within the power of the budgetary authority and that any commitment of expenditure in the regulation would run counter to the Joint Declaration of 30 June 1982;

(e) notes that the expenditure covered by the proposal is not compulsory expenditure;

(f) considers that advisory committee procedures without the option of appeal to the Council are the only acceptable arrangements;

(g) proposes that the conciliation procedure be initiated should the council consider it necessary to depart from the opinion of the European Parliament.

OPINION

of the Committee on Regional Policy and Regional Planning

Draftsman: Mr HUTTON

On 1 December 1983, the Committee on Regional Policy and Regional Planning appointed Mr HUTTON draftsman of the opinion.

It considered the draft opinion at its meetings of 1 December 1983 and 17 January 1984 and adopted it by 12 votes in favour with 2 abstentions.

Present: Mr DE PASQUALE, chairman, Mr HUTTON, draftsman; Mr CARDIA, Mr CECOVINI, Mr GENDEBIEN, Mr GERONIMI, Mr von HASSEL, Mr KAZAZIS, Mr KYRKOS, Mr LALUMIERE, Mr Kons. NIKOLAOU, Mr POTTERING, Mr Karl SCHON, Mr TREACY, Mr VERROKEN, Mr von der VRING.

I. INTRODUCTION

1. The socio-structural directives that have constituted the backbone of the Community's policy on agricultural structures can be considered, after more than ten years experience, as being <u>ineffective</u> and <u>inappropriate</u>. Ineffective, because they have not reduced regional income disparities and inappropriate, because they have contributed to an increase in output of surplus farm products.

2. The present proposal for a Council Regulation (EEC) on improving the efficiency of agricultural structures aims at being <u>rigourous</u> but at the same time, <u>flexible</u>. It is thought that having a common policy characterized by rigour in both the market structure and efficient use of Community resources it would become an effective instrument; on the other hand flexibility will ensure adaptability to the complex structures that originate in both national and regional situations. Thus, the current proposals will replace the four directives[1] of which the first three would cease to apply from the dates of entry into force of this proposed regulation and only Articles 1, 2 and 3 from directive 75/268/EEC are retained.

3. The revision of this Regulation is welcome with the experience gained in applying Regulation (EEC) No. 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed and, given the important role of processing and marketing in introducing new techniques, new products and adoption of land-saving techniques in the agri-food sector. Such revision should be viewed in the context of what the Community situation is today and in what direction the Community wishes to go. Today we face a serious stagflation, due to a number of reasons; an unprecedented rate of unemployment, particularly among the young, and a dilemma as to what is the appropriate technology; land-saving or labour-saving.

4. Both current proposals should be seen in a wider context: the <u>competitive position</u> of Community agriculture vis-à-vis world markets and home markets. When we talk of world markets we refer to primary commodities and processed products; when we talk of home markets we refer to the price support mechanisms.

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[1] Directive 72/159/EEC on the modernisation of farms
Directive 72/160/EEC on the cessation of farming
Directive 72/161/EEC on socio-economic guidance
Directive 75/268/EEC on mountain and hill-farming

Both markets, though, squarely depend upon the Community's technological capacities to introduce new processed products that have a high labour-content and minimum land and capital content and new land-saving techniques that would reduce the content of primary commodities otherwise more would be gained from a given primary good input.

II. A COMMON POLICY ON AGRICULTURAL STRUCTURES

1. The crux of the matter is: "how to implement a cost-effective policy that would favour lower income farmers without inducing higher production levels of farm products already in surplus?" In the explanatory memorandum of COM (83) 559 final, the Commission has proposed an investment aid policy, the establishment of mutual aid services and measures in favour of the afforestation of farmland coupled with forestry development directed at increasing the net value of farm products and including wood processing in the revised Regulation (EEC) No. 355/77.

2. The Commission is quite aware of the requirements that such a policy will need and it states: "Many of these measures will be of little avail however, unless the vocational training of farm people, in particular of farm youth, can be fitted to the requirements of modern agriculture."[1]

3. The stress on vocational training of farm people is only one side of the coin; the other concerns the question of "who or which is the most appropriate agent or agency to promote the indigenous development of regions?" In other words, without defining the instruments that would implement this proposed Common policy one cannot assure its success. The proposed Regulation gives us the framework in which the development of agricultural structures is envisaged but it is silent on the appropriate development agents or agencies required for it. Would it be small and medium-sized undertakings or craft and agricultural cooperatives or a public sector undertaking or regional authorities' joint ventures or something else? This is a pressing question.

4. Current proposals are a mixture of horizontal and regionalized measures. The former are applicable to all regions which meet the criteria laid down. Experience has shown that they function inequitably depending on the efficiency of administrative services of both Member States and their regional authorities. Regionalized measures or measures in favour of less

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[1] COM (83) 559 final, p. 10

developed regions are meant to compensate regions for their natural handicaps, lower productive capacity, low level of mechanisation, inadequate irrigation systems etc. which are reflected in the lowest agricultural productivity. However, the success of these measures - experience shows - has depended on whether the social aspect could be coupled with administrative simplicity.

III. WEAKNESSES OF THE CURRENT PROPOSALS

1. If current proposals on agricultural structures are meant to guide production away from farm products in surplus towards import substituting products, then, Article 3, paragraph 3 would, most probably, do exactly the opposite. It provided for investment aid to the dairy sector and to the pig sector with conditions attached about the number of cows per holding (40) and of fattening pig placed (550 per holding). The view of your draftsman is to delete this paragraph.

2. On the other hand, eggs and the poultry meat sector are excluded from the investment aid scheme. It should be remembered that this sector has rarely had any surpluses and its production techniques have been mastered and used both on the farm and in the processing factory. Given that intensive poulty farmers are coming under increasing pressure to change their techniques, it would seem appropriate to make available investment aid to speed the changes being demanded. Article 3, paragraph 4, should be revised to take this into account.

3. If current proposals aim at simplifying the administrative procedures and thus cost, and thereby facilitating better understanding of this proposed Regulation, Title III - and articles 13 to 19 - should be revised in the following way. From Directive 75/268/EEC, Articles 1, 2 and 3 are retained and constitute the basis upon which improvements are proposed.

4. Care should be taken also that Article 2, paragraph 3 of Directive 75/268/EEC be amended accordingly since it is based on Directive 72/159/EEC, Article 18 which could cease after the transitional period provided in the current proposals.

5. The old "criteria for eligibility" of Directive 75/168/EEC such as "minimum of three hectares" and "cows whose milk is intended for marketing"

are retained; it is at least doubtful whether such criteria encourage farming or attack young farmers who own nothing. This is in contradition to Article 7 which aims at granting special aids to young farmers and Title V on vocational training.

6. It is of interest to note that Regulation (EEC) No. 355/77 is revised to take into account conditions that "meet regional needs" that would contribute to the development of regions (Article 1, paragraph 3). However, the complicated procedure in submitting applications accompanied by detailed information, having been approved by the concerned Member State first and then by the Commission, is retained intact.

IV. THE STRENGTH OF THE CURRENT PROPOSALS

1. It is threefold. First, an increased contribution from the Community. Second, wider application of these measures by including sectors such as forestry. Third, concentration of these measures in less-favoured regions with differential rates of Community financing depending on the economic potential of a region.

2. It is estimated that the common measure on agricultural structures will cost the Community 4,432 million ECU for the first five years. A re-examination by the Council upon new proposals from the Commission as to the working of this proposed Regulation will take place after five years although, the common measure is envisaged to continue until 31 December 1994. The amount of 4,432 million ECU, in fact, is about <u>four</u> times higher than the amount allocated for the four structural Directives (approximately 1,085 million ECU).

3. The same logic is found in the proposed revision of Regulation (EEC) No. 355/77; 1,750 million ECU over a period of five years (i.e. 350 million ECU per year) is proposed and is viewed as an aid for guidance purposed; this amount is also approximately <u>four</u> timeshigher than the old regulation allocated - 80 million ECU per year.

4. As to the wider application of these common measures this Committee has repeatedly stressed the need that all economic activities that originate in the primary sector should constitute the basis for one policy on agricultural structures. This interpretation is consistent with Article 38 of the Rome Treaty establishing the EEC which states:

> "Agricultural products" mean the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products" (paragraph 1).

The question of interest, however, is whether these measures are proposed within the meaning of supplementary policies in the field of technology, energy and manufacturing. Such an approach will give a wider application to Community's instruments.

5. There is another reason that gives added weight to the current proposals; this is the fact that "agricultural products", as meant in Article 38 of the Treaty, are essential "inputs" of the other two economic sectors: manufacturing and services. Thus, the rate of growth in the output of "agricultural products" will also govern the rate of growth and accumulation of the secondary and tertiary sectors. While Community agriculture needs to re-direct its surplus products towards import-substituting goods, these measures are proposed at the right time.

6. The concentration of these measures in less-favoured regions will yield "efficiency" and "effectiveness". Efficiency will be ensured because the objectives are clearer now and the diversification of funds is being limited, reducing relatively unnecessary bureaucracy. Effectiveness will be secured because funds are not spread out too thinly over too wide an area as it has been the case with the previous structural directives.

7. The increase of resources for farm tourism is particularly welcome. In order to make sure that these resources reach farmers the application procedures must be simplified.

V. CONCLUSIONS

1. Provisions relating to structural policy have undergone several phases; the first phase concerned listing specific projects (1964-71); then we had the Monsholt plan which gave birth to the three structural Directives and the mountain

and hill farming Directive which aims at productivity - competitiveness - selectivity (1972-1977). The third phase starts with the Regulation 355/77 which supplemented earlier efforts by providing assistance with marketing and regionalising interventions. The last phase has been about integrated programmes involving coordination of the structural funds.

2. However, the Committee on Regional Policy and Regional Planning believes that the following should be included in the Motion for a Resolution in the reports by Messrs BOCKLET, PROVAN and VITALE on the current proposals from the Commission:

a) welcomes the proposals but draws attention to the need for appropriate amendments to be tabled for improving the weakenesses of some Articles such as Article 3, paragraph 3 and 4 and Article 13-19;

b) draws attention to the fact that Articles 1, 2 and 3 of Directive 75/268/EEC should be integrated with appropriate amendments into the proposal for a regulation on improving the efficiency of agricultural structures and thus it would case as a Directive;

c) believes that the "criteria of eligibility" proposed are not new and have been proven inappropriate for either attracting young farmers or applying strictly to farmers;

d) stresses the fact that a policy on agricultural structures which is still in the making should promote alternative activities, such as "stay at home" employment by employing new technolocy adapted to regional markets; such a policy would encourage the "family holding" and an alternative source of family income;

e) points out that current proposals are silent on European Parliament's repeated concern over the consultations procedure between the Community, the State and regional authorities in drawing up and implementing programmes;

f) notes that neither the "comparative advantage" of a region in a specific economic activity nor the financing of "research of natural potential" in the field of water, sea and energy resources have received consideration; both are essential in directing production that would maximize self-sufficiency and promote agricultural exports;

g) welcomes the increase in resources for farm tourism and expects application procedures to be simplified.