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European Commission
Directorate-general of Agriculture

Newsletter

Rural Development 2000-06

The proposal for a Regulation on Community aid for rural development, currently before Parliament and the Council, lays the foundations for a new rural development policy in Europe. For the Commission, rural development is not just an annex to the CAP, but must be a strong, effective and coherent instrument accompanying and supplementing agricultural market policy.

Farming activity continues to be an essential component of the rural economy, but cannot, on its own, secure the viability and balanced development of many rural areas. It is therefore essential to encourage additional or alternative activities to check rural depopulation.

At present, Community aid for rural development is governed by nine Regulations: one Regulation for regional structural measures, four specific Regulations for Objective 5(a), three Regulations on accompanying measures for the reform of the CAP, and one Regulation on forestry. From 2000, these are to be merged into one single Regulation governing all rural development measures financed by the EAGGF.

Under the Commission's proposal, these measures are divided into two groups:

Firstly, accompanying measures for the 1992 CAP reform (agri-environmental measures, afforestation and the promotion of forestry activities, and early-retirement aid for farmers) and compensatory payments for farmers in less-favoured areas, to be financed by the Guarantee Section of the EAGGF;

Secondly, rural modernisation and diversification measures (farm investments, setting-up aid for young farmers, training, improving product processing and marketing, and the adjustment and conversion of rural areas), to be implemented in different ways depending on the geographical context:

- in regions eligible under Objective 1 of the Structural Funds, they will be integrated into the regional programmes and financed by the EAGGF Guidance Section;
- in rural areas eligible under the new Objective 2, they will be integrated into Structural Fund assistance and financed by the EAGGF Guarantee Section;
- in areas outside Objectives 1 and 2, they will be implemented under programmes drawn up on the initiative of the Member State at national or regional level and financed by the EAGGF Guarantee Section.

The new system should make the delivery of aid simpler than under the present system, and improve consistency, in particular by having rural development programmes drawn up by the Member States and regions. It will also enable rural areas throughout the Union to take full advantage of the wide range of Community rural development assistance available.

News in brief

New protected designations of origin (PDOs) and protected geographical indications (PGIs)

The Commission recently approved the registration of seven new descriptions as PDOs and PGIs: the meat products "Schwäbisch-Hällisches Qualitätsschweinefleish" and "Greußener Salami", "Toscano" and "Terra d'Otranto" olive oil, and "Gögginger Bier", "Reuther Bier" and "Wernesgrüner Bier". The PDO/PGI system was launched in 1992 to promote and protect specific products with a strong link to a particular geographical production area. The registered description may be used only for such specific products. So far, 478 descriptions have been registered.

Forest protection

The third Ministerial Conference on the Protection of Forests in Europe was held in Lisbon from 2 to 4 June. Forestry ministers from 36 European countries adopted a general declaration and two resolutions approving common criteria for sustainable forest management and undertaking to implement measures to preserve forest biodiversity and promote the socio-economic role of forests, in particular in rural development. Together with the resolutions adopted at previous conferences (Strasbourg in 1990 and Helsinki in 1993), the Lisbon resolutions cover all aspects of sustainable forest management as defined at the Rio conference of 1992. Mr Fischler took part in the Lisbon conference and signed the resolutions on behalf of the Community.

Clearance of accounts: ECU 308 million to be recovered

On 7 May 1998 the European Commission decided to refuse expenditure on a number of measures under the CAP in 1994 covering a total of ECU 308 million. The amounts in question will thus be recovered.

This decision is part of the clearance of accounts exercise for the common agricultural policy, i.e. the audit of all Community agricultural expenditure carried out by the Commission. For 1994, of a verified total of ECU 31.4 billion, ECU 308 million, or approximately 1% of total CAP expenditure, was refused and will thus be reimbursed to the Commission by the Member States concerned. A further ECU 120 million are still under review.

The main measures covered by this financial adjustment include export pre-financing not adequately checked by the Member States, unjustified payment of production and consumption aid, irregular redistribution of quotas under quota buy-back schemes, arable crop aid awarded without deducting the penalties for insufficient set-aside, etc.

Essentially, responsibility for payments, and checks on payments under the CAP, lies with the Member States. However, the clearance of accounts system provides the European Union with the means to recover amounts where aid payments are not duly substantiated. The financial adjustments imposed on the Member States are an incentive for them to improve the quality of the checks they make.

Pre-accession aid for agriculture

SAPARD (Special Action for Pre-accession measures for Agriculture and Rural Development) is designed to prepare the enlargement of the Community and solve the priority problems in agriculture and rural development in the central and east European countries (CEECs) before they become members of the European Union. Under the Commission's proposal, SAPARD will have a total annual budget of some ECU 500 million, i.e. ECU 3.5 billion for the period 2000-06.

The proposal for a Regulation drawn up by the Commission provides for a very wide range of action for SAPARD:

- investments in agricultural holdings,
- improving the processing and marketing of agricultural and fishery products,
- improving the structures for veterinary and quality control,
- production methods designed to protect the environment,
- diversification of activities in rural areas,
- setting up of producer groups,
- village renewal and protection of the rural heritage,
- land improvement and reparcelling, etc.

The measures funded in each State must be covered by a plan describing the existing rural problems, the proposed strategy to overcome them and the anticipated results of the measures funded by the Union. They must also meet the commitments provided for in the "accession partnerships" concluded with the Commission to enable the central and east European countries to adopt the acquis communautaire.

Save in exceptional cases, the ceiling for the Community contribution will be 75% of total public expenditure. However, for revenue-generating investments, total public aid (national and Community) may not exceed 50% of the total cost.

The SAPARD budget will be divided up among the ten countries concerned (Bulgaria, Estonia, Hungary, Lithuania, Latvia, Poland, the Czech Republic, Romania, the Slovak Republic and Slovenia) on the basis of objective criteria such as the farming population, the agricultural area and per-capita gross domestic product. Once a country becomes a member of the Union, it will no longer be eligible for aid under SAPARD and its remaining share of the budget will then be divided up between the other eligible countries.

SAPARD is not the only financial support to be provided by the Union for the "pre-accession" countries. After 1999, the Phare programme will help to strengthen the administrative and legal systems of the CEECs and support investment (ECU 1.5 billion per year). In addition, the Commission proposes to create an Instrument for Structural Policies for Pre-Accession (ISPA) to finance transport and environment infrastructures in the CEECs (ECU 1 billion per year).

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