



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 1.8.2003
COM(2003) 472 final

2003/0182 (CNS)

Proposal for a

COUNCIL REGULATION

**amending Regulation No 79/65/EEC setting up a network for the collection of
accountancy data on the incomes and business operation of agricultural holdings
in the European Economic Community**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The field of observation of Council Regulation No 79/65/EEC setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Economic Community is divided into divisions (regions). According to Article 2(d) thereof, for the purpose of that Regulation a “division” means the territory of a Member State, or any part thereof as delimited with a view to the selection of returning holdings; a list of such divisions appears in the Annex to the Regulation.

At present, if the list of divisions has to be adapted, in order to reflect the different conditions of agriculture in the Member States, it is necessary to amend the Regulation. As such adjustments should be considered a part of the normal management of the FADN, it should be possible to adapt the list of divisions using the procedure laid down in Article 19 of Regulation No 79/65/EEC.

Under Article 22 of Regulation No 79/65/EEC, appropriations to cover those costs of the data network attributable specifically to payment of fees to accountancy offices in consideration of their performance of the duties referred to in Articles 9 and 14 are to be included in the Community budget, in the Commission section.

The data network set up by Regulation No 79/65/EEC provides the Commission with objective and relevant information on the common agricultural policy. The network is therefore a useful tool that enables the Community to develop this policy and it serves, as a consequence, the Member States as well as the Community. A proper legal basis is required for the financing of the computerised systems on which the network relies and of studies into and development activities of other aspects of the network. So far these operations have been provided for in the remark to budget line B2-5120, which finances the Farm Accountancy Data Network. The purpose of this Regulation is to include these operations in Regulation No 79/65/EEC in order to create an appropriate legal basis for their financing.

Proposal for a

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amending Regulation No 79/65/EEC setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Economic Community

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the third subparagraph of Article 37(2) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the European Economic and Social Committee³,

Having regard to the opinion of the Committee of the Regions⁴,

Whereas:

- (1) The data network set up by Council Regulation No 79/65/EEC⁵ provides the Commission with objective and relevant information on the common agricultural policy.
- (2) For management reasons, the Commission should be authorised to amend the list of divisions of Member States set out in the Annex to Regulation No 79/65/EEC, at the request of a Member State.
- (3) The data network is a useful tool that enables the Community to develop this policy and it serves, as a consequence, the Member States as well as the Community. The costs of the computerised systems on which the network relies and of studies and development activities of other aspects of the network, should therefore be eligible for Community financing.
- (4) Regulation No 79/65/EEC should therefore be amended accordingly,

¹ OJ C ..., ..., p. ...

² OJ C ..., ..., p. ...

³ OJ C ..., ..., p. ...

⁴ OJ C ..., ..., p. ...

⁵ OJ 109, 23.6.1965, p. 1859/65. Regulation as last amended by Regulation (EC) No 1256/97 (OJ L 174, 2.7.1997, p. 7).

HAS ADOPTED THIS REGULATION:

Article 1

Regulation No 79/65/EEC is hereby amended as follows:

(1) The following Article 2a is added:

“Article 2a

At the request of a Member State the list of divisions is amended in accordance with the procedure laid down in Article 19, provided that the request concerns the Member State’s divisions.”

(2) Article 22(1) is replaced by the following:

“1. Appropriations to be included in the general budget of the European Union, in the Commission section, shall cover:

- (a) those costs of the data network attributable to payment of fees to accountancy offices in consideration of their performance of the duties referred to in Articles 9 and 14;
- (b) all the costs of the computerised systems operated by the Commission for the reception, verification, processing and analysis of accountancy data supplied by the Member States.

The costs referred to in point (b) include, where appropriate, the costs of disseminating the results of those operations and the costs of studies into, and development of, other aspects of the data network.”

Article 2

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Union*.

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

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area: Agriculture - Other agricultural operations

Activity: Policy Strategy and Coordination for DG Agriculture

TITLE OF ACTION: FARM ACCOUNTANCY DATA NETWORK (FADN)

1. BUDGET LINE + HEADING

B2-5120 Farm Accountancy Data Network (FADN)

2. OVERALL FIGURES

2.1 Total allocation for action (Part B): EUR 4.7 million in commitment appropriations

2.2 Period of application

2003-2006

2.3 Overall multiannual estimate of expenditure

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

EUR million (to three decimal places)

	2003	2004	2005	2006	Total
Commitments	1,091	1,150	1,200	1,250	4,691
Payments	1,091	1,150	1,200	1,250	4,691

(b) Overall financial impact of human resources

No impact

2.4 Compatibility with financial programming and financial perspective

X Proposal is compatible with existing financial programming.

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp.	Diff.	NO	NO	NO	3. Internal policies

4. LEGAL BASIS

Third subparagraph of Article 37(2) of the Treaty

5. DESCRIPTION AND GROUNDS

5.1 Need for Community intervention

5.1.1 Objectives pursued

The basic data required for the Farm Accountancy Data Network (FADN) collected via a system of annual surveys based on a sample of farm accounts in each Member State is intended to:

- *provide the Commission departments in general, and the administrators of the common agricultural policy (including rural development) in particular, with detailed information on the economic situation of farms in all the Member States and regions of the European Union;*
- *enable the Commission to respond to requests for quantitative and specific information as regards:*
 - *the evaluation of the impact of the existing agricultural policy on the economic behaviour of farmers and on farm income, and*
 - *the simulation of the forecast impact of different existing alternatives of CAP reform.*

However, to ensure that it can provide a database that is available to all the Member States and the EU and that supplies comparable information, the European administration has to keep the data and other means to allow it to respond accurately and rapidly to inquiries about the economic situation of farms. To this end it is necessary to develop IT systems, including studies on these systems, for use by the Commission to receive Member States' accounting data, and to check, handle and analyse that data, including, where applicable, dissemination of the results of these activities, and studies on other aspects of the data network referred to in Article 1(1) of Regulation No 79/65/EEC and the development of that network.

5.2 Action envisaged and budget intervention arrangements

The data network set up by Regulation No 79/65/EEC provides the Commission with objective and relevant information on the common agricultural policy. It is therefore a useful tool that enables the Community to develop this policy and it serves, as a consequence, the Member States as well as the Community. The costs of the computerised systems on which the network relies, and of studies and development activities of other aspects of the network, should therefore be eligible for Community financing.

5.3 Methods of implementation

Direct management by the Commission.

6. FINANCIAL IMPACT

6.1 Total financial impact on Part B - (over the entire programming period)

6.1.1 Financial intervention

Commitments (in EUR million to three decimal places)

Breakdown	2003	2004	2005	2006	Total
Collection, processing, analysis and dissemination of FADN data, development of other aspects of FADN	1,091	1,150	1,200	1,250	4,691
TOTAL	1,091	1,150	1,200	1,250	4,691

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

None

8. FOLLOW-UP AND EVALUATION

8.1 Follow-up arrangements

Implementation is subject to ex-ante and ex-post controls by the departments concerned in DG AGRI.

DG AGRI G.3 carries out monitoring and follow-up of the objectives of the operation throughout its implementation.

9. ANTI-FRAUD MEASURES

Since the operation is targeted at the Commission, it will carry out its own direct checks.