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REPORT

on the proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS))

Committee on Agriculture and Rural Development

Rapporteur: Agnes Schierhuber

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	55
OPINION OF THE COMMITTEE ON BUDGETS	62
OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT.....	67
PROCEDURE.....	99

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
(COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS))**

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2004)0490)¹,
 - having regard to Article 37 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0181/2004),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the opinion of the Economic and Social Committee (CESE 251/05),
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on Budgets and the Committee on Regional Development (A6-0145/2005),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Recital 3

(3) The reform of the CAP in June 2003 and April 2004 introduced major changes likely to have a significant impact on the economy across the whole rural territory of

(3) The reform of the CAP in June 2003 and April 2004 introduced major changes likely to have a significant impact on the economy across the whole rural territory of

¹ OJ C ... / Not yet published in OJ.

the Community in terms of agricultural production patterns, land management methods, employment and the wider social and economic conditions in rural areas.

the Community in terms of ***the structural development of agriculture, regional distribution and intensity of production, as well as*** agricultural production patterns, land management methods, employment and the wider social and economic conditions in rural areas.

Justification

Even before the reform of the CAP, European Commission studies and interpretations showed that the consequences of fundamental reform would be significant and diverse. One of the central requirements of the European agricultural model consists in multifunctionality and the related social efforts required to conserve the living environment. This requires the maintenance of the production function in all European regions in which land management is to play a role economically, ecologically and socially in the future.

Amendment 2
Recital 3 a (new)

(3a) In the coming years, the European food and agriculture sector will become increasingly liberalised, and will have to be able to compete in the global marketplace. EU common policies should provide opportunities for improved competitiveness through innovation.

Justification

Rural development should better promote the Lisbon Agenda.

Amendment 3
Recital 3 c (new)

(3c) Increased competitiveness in the food and agricultural sector in rural areas will require the development of European quality labels that reflect food safety, documentation of production processes (traceability), animal welfare, environment and working conditions.

Justification

Rural development should better promote the Lisbon Agenda.

Amendment 4

Recital 5

(5) The Community may take measures in accordance with the principle of subsidiarity as provided for in Article 5 of the Treaty. Since the goal of rural development cannot be achieved adequately by the Member States given the links between it and the other instruments of the Common Agricultural Policy, the extent of the disparities between rural areas and the limits on the financial resources of the Member States in an enlarged Union, it can be better achieved at Community level through the multiannual guarantee of Community finance and by concentrating it on its priorities. According to the principle of proportionality as stated in Article 5 of the Treaty, the present Regulation does not exceed what is necessary to achieve this goal.

(5) The Community may take measures in accordance with the principle of subsidiarity as provided for in Article 5 of the Treaty. Since the goal of rural development cannot be achieved adequately by the Member States given the links between it and the other instruments of the common agricultural policy, the extent of the disparities between rural areas and the limits on the financial resources of the Member States in an enlarged Union, it can be better achieved at Community level through the multiannual guarantee of Community finance and by concentrating it on its priorities. ***The European Union must ensure that this Regulation is made financially viable through the allocation of sufficient funding to enable both old and new rural-development activities to be funded.*** According to the principle of proportionality as stated in Article 5 of the Treaty, the present Regulation does not exceed what is necessary to achieve this goal.

Amendment 5

Recital 6

(6) The activities of the European Agricultural Fund for Rural Development, hereinafter called the 'Fund', and the operations to which it contributes must be consistent and compatible with the other Community policies and comply with all Community legislation.

(6) The activities of the European Agricultural Fund for Rural Development, hereinafter called the 'Fund', and the operations to which it contributes must be consistent and compatible with ***cohesion policy in rural areas and*** the other Community policies and comply with all Community legislation.

Justification

In rural areas, active use is still made of the Structural Funds pursuant to the special provisions relating to the way in which local characteristics are dealt with. Hence it must be ensured at the outset that the activities engaged in under the EAFRD are consistent with (and even complementary to) the cohesion policy.

Amendment 6

Recital 7

(7) In its action in favour of rural development the Community takes care to encourage the elimination of disparities and the promotion of equality between women and men in accordance with Articles 2 and 3 of the Treaty.

(7) In its action in favour of rural development the Community takes care to encourage the elimination of disparities and the promotion of ***non-discrimination and*** equality between women and men in accordance with Articles 2 and 3 of the Treaty.

Justification

The non-discrimination principle has a broader scope than the one encompassed by the gender-based criteria. All forms of discrimination have to be taken into account along the lines of Article 13 of the Treaty.

Amendment 7

Recital 11

(11) To ensure the sustainable development of rural areas it is necessary to focus on a limited number of core priority objectives at Community level relating to agricultural and forestry competitiveness, land management and environment, and quality of life and diversification of activities in those areas.

(11) To ensure the sustainable development of rural areas it is necessary to focus on a limited number of core priority objectives at Community level relating to agricultural and forestry competitiveness, land management and environment, and quality of life and diversification of activities in those areas, ***taking into account, however, the diversity of situations within the EU, ranging from remote rural areas suffering from depopulation and decline to peri-urban areas under increasing pressure from urban centres.***

Justification

Takes account of differences in landscapes and in the problems faced by rural areas within

the EU.

Amendment 8
Recital 16

(16) The granting of specific benefits to young farmers may facilitate both their initial establishment and the structural adjustment of their holdings after their initial setting up. ***The setting-up measure should be streamlined by granting a single premium and made conditional on the establishment of a business plan ensuring the development of young farmers' activities.***

(16) The granting of specific benefits to young farmers may facilitate both their initial establishment and the structural adjustment of their holdings after their initial setting up. ***The setting-up measure should be conditional on the presentation of a suitable business plan as an instrument to ensure over time the development of the activity of the new undertaking. In order to facilitate the starting-up and development of the new undertaking this business plan should be backed up by appropriate incentives, by means of an integrated package of measures concerning the various axes of intervention.***

Justification

Recital 16 explicitly refers to the objectives of the setting-up measure, i.e.:

- (a) to facilitate the starting-up process;*
- (b) to permit and encourage the structural adaptation of new undertakings.*

The same recital refers to a business plan existing for the purpose of ensuring the development of the young farmer's activities.

It is therefore clear that the business plan is not an end in itself, but is a means towards achieving the ends referred to in (a) and (b) and ensuring the overall development of the undertaking.

Provision should also be introduced to ensure the creation of an integrated package of measures for the starting-up and development of young farmers' activities. This package should include one or more intervention measures under Title IV of the proposal for a regulation permitting the financing of further operations relating to one or more axes.

Amendment 9
Recital 23

(23) Improvements in the processing and

(23) Improvements in the processing and

marketing of primary agricultural and forestry production should be encouraged by means of support for investments aimed at improving efficiency in the processing and marketing sector, promoting the processing of agricultural and forestry production for renewable energy, introducing new technologies, opening new market opportunities for agricultural and forestry products, putting emphasis on quality, improving performance in the environmental protection, occupational safety, hygiene and animal welfare fields, *as appropriate*, by **targeting small and** micro-enterprises which are better placed to add value to local products, while simplifying the conditions for investment aid as compared with those laid down in Council Regulation (EC) No 1257/1999.

marketing of primary agricultural and forestry production should be encouraged by means of support for investments aimed at improving efficiency in the processing and marketing sector, promoting the processing of agricultural and forestry production for renewable energy, introducing new technologies, opening new market opportunities for agricultural and forestry products, putting emphasis on quality, improving performance in the environmental protection, occupational safety, hygiene and animal welfare fields, by **supporting** micro-enterprises, **small and medium-sized enterprises and collective producer entities**, which are better placed to add value to local products, while simplifying the conditions for investment aid as compared with those laid down in Council Regulation (EC) No 1257/1999.

Justification

Restricting aid to micro-enterprises would exclude a large number of cooperatives and collective producer enterprises which have merged in order to be able to compete and achieve economies of scale in an increasingly globalised and tightly-knit market. If a competitive European agricultural model is to be preserved, concentration rather than fragmentation must be promoted.

Amendment 10 Recital 32

(32) Natural handicap payments in mountain areas and payments in other areas with handicaps should contribute, through continued use of agricultural land, to maintaining the countryside, and the maintenance and promotion of sustainable farming systems. Objective parameters for fixing the level of payments should be laid down in order to ensure the efficiency of this support scheme and ensure that its objectives are achieved.

(32) Natural handicap payments in mountain areas and payments in other areas with handicaps should contribute, through continued use of agricultural land, to maintaining the countryside, and the maintenance and promotion of sustainable farming systems. Objective parameters for fixing the level of payments should be laid down in order to ensure the efficiency of this support scheme and ensure that its objectives are achieved. ***While maintaining the requisite continuity in the demarcation of areas with handicaps, in future the basic concept should mainly focus on natural***

handicaps within a Member State. For the system of compensatory payments, Member States should be called upon to develop systems which differentiate objectively. The Commission is called upon to submit a comprehensive study on how to define areas with handicaps, looking at all relevant aspects. Until then, the current definition should apply.

Justification

The criticisms of the Court of Auditors are directed not only at out-of-date socioeconomic parameters for the demarcation of other areas with handicaps, but also at the gearing of compensatory payments to the degree of the handicap.

Amendment 11
Recital 33

(33) Support should continue to be granted to farmers to help address specific disadvantages in the areas concerned resulting from the implementation of Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora in order to contribute to the effective management of NATURA 2000 sites.

(33) ***While*** support should continue to be granted to farmers ***and forest holders*** to help address specific disadvantages in the areas concerned resulting from the implementation of Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora in order to contribute to the effective management of NATURA 2000 sites, ***the European Agricultural Fund for Rural Development should be only a secondary source of such funding; in addition to other European funds, the primary sources of funding are, above all, the national and regional budgets.***

Justification

Financing Natura 2000 places enormous demands on the financial instruments. In addition to rural development, the structural funds and specific funds such as LIFE must contribute an appropriate amount. Direct financing through rural development is not possible, mainly because of the financial endowment and of the thematic priorities. Forest holders should not be forgotten.

Amendment 12
Recital 34

(34) Agri-environmental payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demand for environmental services. They should further encourage farmers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In accordance with the polluter-pays principle these payments should cover only those commitments going beyond the relevant mandatory standards.

(34) Agri-environmental payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demand for environmental services. They should further encourage farmers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In accordance with the polluter-pays principle these payments should cover only those commitments going beyond the relevant mandatory standards, ***with provision for effective support elements in addition to compensation for the effects on costs and profits.***

Justification

A specific system of incentives has already proved its worth in attaining the development objectives in practice. Thus, future arrangements should also include appropriate incentives. The agri-environmental aid scheme should also encourage farmers, for the good of society as a whole, to introduce or maintain production methods that meet the increasing need for protection and improvement of the environment, of natural resources, of soils and of genetic diversity, as well as maintenance of the landscape and of rural habitats.

Amendment 13
Recital 45

(45) There is a need to accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors, promote employment, improve basic services and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside. An effort to enhance the

(45) There is a need to accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors, promote employment, improve basic services and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside. An effort to enhance the

human potential in this respect is also necessary.

human potential in this respect is also necessary. ***Rural development measures, particularly those under priority axis III, should be implemented in addition to existing policies and thereby create specific synergies in rural areas.***

Justification

Rural development, as a means of supporting the common agricultural policy, pursues specific objectives that are not intended to replace existing EU policies and national support measures.

Amendment 14
Recital 50

(50) Given the importance of the LEADER approach, ***a substantial*** share of the contribution of the Fund should be earmarked for this priority.

(50) Given the importance of the LEADER approach, ***an adequate*** share of the contribution of the Fund should be earmarked for this priority.

Justification

The Leader initiative is starting to bear fruit but priorities have to be set, bearing in mind the fact that the European Union has little funding available for rural-development policy.

Amendment 15
Recital 56

(56) Over and above these amounts the Member States must take account of the amounts generated by modulation as provided for in Article 12(2) of Regulation (EC) No .../... [on the financing of the CAP].

(56) Over and above these amounts the Member States must take account of the amounts generated by modulation as provided for in Article 12(2) of Regulation (EC) No .../... [on the financing of the CAP], ***which amounts, given that they originate in the first pillar, should be used to provide direct support for the common agricultural policy in farming and forestry, in particular by increasing aid to the farmers that receive least.***

Justification

It is necessary to provide practical support for the sectors of farming and forestry.

Amendment 16
Recital 58

(58) The rate of the Fund's contribution to rural development programming should be set in relation to public expenditure in the Member States, taking account of the importance of the priority for land management and environment, the situation in the regions covered by the Convergence Objective, the *priority* given to the LEADER approach, the outermost regions referred to in Article 299 of the Treaty and the islands covered by Council Regulation (EEC) No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning certain agricultural products⁷.

(58) The rate of the Fund's contribution to rural development programming should be set in relation to public expenditure in the Member States, taking account of the importance of the priority for land management and environment, the situation in the regions covered by the Convergence Objective, the *importance* given to the LEADER approach, the outermost regions referred to in Article 299 of the Treaty and the islands covered by Council Regulation (EEC) No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning certain agricultural products⁷.

Justification

Greater experience of the Leader initiative should be acquired before the initiative is extended to all areas of rural-development activity. The current focus is on rural-area diversification measures, which come under Axis 3 in the Commission proposal. The Leader initiative is starting to bear fruit but priorities have to be set, bearing in mind the fact that the European Union has little funding available for rural development.

Amendment 17
Recital 66

(66) The Community reserve for the LEADER approach should be allocated taking the performance of the programmes in this respect into account. The criteria for its allocation should be laid down accordingly.

deleted

Amendment 18
Article 3

The Fund contributes to the promotion of

With specific reference to Article 33(1) of

sustainable rural development throughout the Community in a complementary manner to the market and income support policies of the Common Agricultural Policy, to Cohesion policy and to the Common Fisheries Policy.

the Treaty, and placing particular emphasis on the objectives of the common agricultural policy, the Fund contributes to the promotion of sustainable rural *territory and to the prevention of depopulation of rural areas* in a complementary manner to the market and income support policies of the common agricultural policy, to cohesion policy, *to policies on social inclusion, non-discrimination and promotion of equal opportunities* and to the common fisheries policy.

Justification

The reference to the EC Treaty and to the objectives of the common agricultural policy is intended to emphasise the role of rural development as a supporting element.

Amendment 19

Article 4, paragraph 1, point (a)

(a) improving the competitiveness of agriculture and forestry by means of support for restructuring;

(a) improving the competitiveness of agriculture and forestry by means of support for *development and* restructuring, *innovation, training and professional qualifications*;

Justification

The insertion of the word ‘training’ is an addition to the rapporteur’s Amendment 10. In addition, innovation must play a leading role in the second pillar now that the first pillar of agricultural policy is becoming more and more market-oriented.

Amendment 20

Article 4, paragraph 1, point (b)

(b) improving the environment *and* the countryside by means of support for land management;

(b) improving the environment, the countryside *and farming of the land* by means of support for *sustainable* land management;

Justification

Improving the sustainability of a regionally appropriate agriculture must be mentioned in the regulation as one of the main aims of rural development.

Amendment 21
Article 4, paragraph 1, point (c)

(c) improving the quality of life in rural areas and encouraging diversification of economic activity.

(c) improving the quality of life in ***and the cultural development of*** rural areas and encouraging ***the development and the*** diversification of economic activity.

Justification

Improving the quality of life in rural areas will not be achieved only by fostering new economic activities. It is important to encourage the development of the existing economic activities as well.

Amendment 22
Article 4, paragraph 1, point (c a) (new)

(ca) better supply of the local and regional population with farm products produced in their area;

Justification

Accords with the agricultural policy requirements applied to date.

Amendment 23
Article 4, paragraph 1, point (c b) (new)

(cb) increasing the contribution to sustainable energy supply and climate protection.

Justification

Accords with EU energy and climate policy.

Amendment 24
Article 5, paragraph 1

1. The Fund shall complement national, regional and local actions contributing to the priorities of the Community.

1. The Fund shall complement national, regional and local actions ***without prejudice to the implementation of corresponding national development programmes*** contributing to the priorities of the Community.

Justification

The formulation and implementation of integrated rural development policy must be accompanied by the formulation and implementation of regional policy as set out under the relevant Community and national programmes.

Amendment 25
Article 5, paragraph 2

2. The Commission and the Member States shall ensure that the assistance from the Fund and the Member States is consistent with the activities, policies and priorities of the Community. The assistance of the Fund must be consistent with the objectives of Economic ***and*** Social Cohesion and those of the European Fisheries Fund in particular.

2. The Commission and the Member States shall ensure that the assistance from the Fund and the Member States is consistent with the activities, policies and priorities of the Community. The assistance of the Fund must be consistent with the objectives of Economic, Social ***and Territorial*** Cohesion and those of the European Fisheries Fund ***and environment policy*** in particular.

Justification

The territorial aspect of European cohesion policy should be mentioned.

Amendment 26
Article 5, paragraph 4

4. There shall also be consistency with the measures financed by the European Agricultural Guarantee Fund.

4. There shall also be consistency with the measures financed by the European Agricultural Guarantee Fund ***clearly distinguishing between these and major structural measures financed by other structural funds.***

Justification

The fund is intended for measures not cofinanced by other funds, for example the Regional Fund, so as to ensure transparency regarding the earmarking and management of Community funds.

Amendment 27

Article 6, paragraph 1, point (b)

(b) the economic and social partners;

(b) ***the bodies representing*** the economic and social partners ***and rural organisations involved in this sector***;

Justification

The involvement of rural organisations is essential to guarantee effective rural development and agricultural competitiveness.

Amendment 28

Article 6, paragraph 3

3. The partnership shall be involved in the preparation and monitoring of the national strategy plan and in the preparation, implementation, monitoring and evaluation of the rural development programmes. The Member States shall involve all appropriate partners at the various programming stages, ***due regard being had to the time limit set for each step.***

3. The partnership shall be involved in the preparation and monitoring of the national strategy plan and in the preparation, implementation, monitoring and evaluation of the rural development programmes. The Member States shall involve all appropriate partners at the various programming stages; ***in programme planning, therefore, care must be taken to allow enough time to consult the various partners and ensure genuine participation.***

Justification

Numerous complaints have been received from civil-society organisations, particularly in the new Member States, criticising the excessively short periods allowed for consultation of the relevant partners. Suitable time limits are an essential precondition for the participation of the various parties concerned.

Amendment 29

Article 7

The Member States shall be responsible for implementing the rural development programmes at the appropriate territorial level, according to their own institutional arrangements. This *responsability* shall be carried out in accordance with this Regulation.

The Member States shall be responsible for implementing the rural development programmes at the appropriate territorial level, according to their own institutional arrangements **and the rules on subsidiarity as set out in the Treaty establishing a Constitution for Europe**. This *responsibility* shall be carried out in accordance with this Regulation.

Justification

The new European Constitution agreed on by the European Parliament underlines the specific role for national parliaments and the regions. This means that the national institutional arrangements include the tailor-made cooperation within the national, regional and local framework.

Amendment 30
Article 8, paragraph 1

The Member States and Commission shall promote equality between men and women at all the various stages of programme implementation.

The Member States and Commission shall promote equality between men and women **and non-discrimination on the grounds listed in Article 13 of the Treaty** at all the various stages of programme implementation.

Justification

The need for non-discrimination policies to cover all categories not just gender.

Amendment 31
Article 8, paragraph 2

This includes the stages of conception, implementation, monitoring and evaluation.

This includes the stages of conception, implementation, monitoring and evaluation, **with gender mainstreaming being a fundamental yardstick for the assessment of programme eligibility**.

Justification

Measures to promote equal opportunities must be taken at every stage of integrated rural

development in accordance with suitable criteria.

Amendment 32
Article 8, paragraph 2 a (new)

The Member States shall devise measures to facilitate access by women to joint ownership of farms and to the aid provided for in this Regulation.

Justification

Positive-discrimination measures for the benefit of women farmers must be introduced.

Amendment 33
Article 8 a (new)

Article 8a

***Specific aid to small and micro-enterprises
Member States and the Commission should support small and micro-enterprises on account of their special importance to employment and the environment in rural areas. In view of the special socioeconomic importance of the enterprises, each Member State shall adopt criteria for financial support which afford these enterprises privileged access to rural development funding.***

Justification

On account of their special importance to employment and the environment, particularly in structurally handicapped areas, small and micro-enterprises have a vital role to play.

Amendment 34
Article 9, paragraph 1, subparagraph 1

The Council adopts at Community level strategic guidelines for rural development for the programming period from 1 January

The Council adopts at Community level strategic guidelines for rural development ***and particularly for the attainment of the***

2007 to 31 December 2013 in the light of the policy priorities set at Community level.

objectives referred to in Article 4 for the programming period from 1 January 2007 to 31 December 2013 in the light of the policy priorities set at Community level.

Justification

Accords with the agricultural policy requirements applied to date. Accords with EU energy and climate policy.

Amendment 35

Article 9, paragraph 1, subparagraph 2

These guidelines shall set at Community level **the** strategic priorities for rural development for the programming period **with a view to implementing each of the priority headings laid down in this Regulation.**

These guidelines shall set at Community level strategic priorities for rural development for the programming period. **Without prejudice to Member States' exclusive powers pursuant to the principle of subsidiarity, Member States shall take account of those guidelines in their national strategy plans as referred to in Article 11.**

Justification

Member States must remain in control of their guidelines, in keeping with common priorities. Strategic Community guidelines must not supersede national choices and thus prevent application of the subsidiarity principle.

Amendment 36

Article 11, paragraph 3, point (e)

(e) the means to ensure coordination **with the other CAP instruments and with Cohesion policy;**

(e) the means to ensure coordination **between the CAP, including the two pillars 1a and 1b, on the one hand and cohesion, territorial convergence, regional competitiveness and employment policies, on the other;**

Justification

CAP policies and resources must help to make farms more competitive, strengthen rural and regional policies and achieve greater cohesion with other Community policy areas.

Amendment 37
Article 11, paragraph 3, point (g a) (new)

(ga) an outline of how the plan contributes to social inclusion and non-discrimination.

Justification

The need for the plan to reflect all over-arching Community objectives

Amendment 38
Article 11 a, paragraph 2

2. Each Member State shall send the Commission its national strategic plan before submitting its rural development programmes.

2. Each Member State shall send the Commission its national strategic plan before ***or when*** submitting its rural development programmes. ***If a Member State has only one rural development programme, the national strategy may be included as a separate chapter.***

Justification

For Member States with only one rural development plan, including a limited paragraph on the national strategy in the rural development plan is proposed. A separate national strategy would provide unnecessary bureaucracy for one-RDP Member States.

Amendment 39
Article 12, title and paragraph 1

Annual summary report by Member State

1. ***For the first time in 2008 and*** no later than 1 October ***each year***, each Member State shall submit to the Commission a summary report setting out the progress made in implementing its strategy and objectives and their contribution to the achievement of the Community strategic guidelines for rural development.

Summary report by Member State

1. No later than 1 October ***2010***, each Member State shall submit to the Commission a summary report setting out the progress made in implementing its strategy and objectives and their contribution to the achievement of the Community strategic guidelines for rural development. ***After the conclusion of the programming period, each Member State shall submit a summary report on the***

programming period 2007-2013.

Justification

Annual reports lead only to administrative proliferation without providing any informative strategic guidance in return. Therefore, it is appropriate to provide for a mid-term review as well as for a final report at the end of the programming period.

Amendment 40

Article 13, title and paragraph 1

Annual Commission report

1. ***For the first time in 2009 and at the start of each year***, the Commission shall present ***an annual*** report summarising the main developments, trends and challenges relating to the implementation of the national strategy plans and the Community strategic guidelines.

This report shall be based on the Commission's analysis and appraisal of the Member States' ***annual*** summary reports referred to in Article 12 and any other available information. It shall indicate the measures taken or to be taken by the Member States and Commission in order to provide an appropriate follow-up to the report's conclusions.

Commission report

1. ***After the submission of the reports of the Member States***, the Commission shall present ***a*** report ***in 2011*** summarising the main developments, trends and challenges relating to the implementation of the national strategy plans and the Community strategic guidelines.

This report shall be based on the Commission's analysis and appraisal of the Member States' summary reports referred to in Article 12 and any other available information. It shall indicate the measures taken or to be taken by the Member States and Commission in order to provide an appropriate follow-up to the report's conclusions.

Amendment 41

Article 13, paragraph 2

2. The ***annual*** Commission report shall be sent to the Council, Parliament, the European Economic and Social Committee and the Committee of the Regions.

2. The Commission report shall be sent to the Council, Parliament, the European Economic and Social Committee and the Committee of the Regions.

Amendment 42

Article 14, paragraph 2

2. A Member State may submit either a *single programme for its entire territory or a programme for each region.*

2. A Member State may submit either a *national programme or regional programmes or a combination of the two types of programme.*

Justification

Pursuant to the subsidiarity principle, Member States should be able to keep the programme structure they deem most appropriate for their needs.

Amendment 43

Article 16

The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least **15%** of the Fund's total contribution to the programme for priority axis I **and III** referred to in **Sections I and III respectively** under Chapter I of Title IV **and 25%** of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I.

The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least **10 %** of the Fund's total contribution to the programme for priority axis I referred to in **Section I** under Chapter I of Title IV, **20 %** of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I **and 8 % of the Fund's total contribution to the programme for priority axis III referred to in Section III of Chapter I.**

Amendment 44

Article 18, paragraph 1

1. The rural development programmes shall be re-examined and, if appropriate, adapted for the remainder of the period at the Member State's or Commission's initiative, following Monitoring Committee approval. The purpose of these revisions shall be to take account of the outcome of evaluations and the Commission's annual reports, particularly with a view to strengthening or adapting the way in which the Community priorities are taken into account. ***The rural development programmes shall be revised, when applicable, following allocation of the LEADER reserve referred to in Article 92.***

1. The rural development programmes shall be re-examined and, if appropriate, adapted for the remainder of the period at the Member State's or Commission's initiative, following Monitoring Committee approval. The purpose of these revisions shall be to take account of the outcome of evaluations and the Commission's annual reports, particularly with a view to strengthening or adapting the way in which the Community priorities are taken into account.

Justification

The LEADER programme, which is administered by the Commission, does not need a reserve. The Commission's management of the reserve has created serious problems of transparency regarding criteria for redistribution to other structural funds. Furthermore, the 7 % LEADER funding is an eminently respectable amount which Member States themselves can redistribute between their zones and/or regions, where local LEADER programmes receive greater impetus in the form of innovative and integrated measures.

Amendment 45

Article 19, point (a) (v a) (new)

(va) technical support for farmers and forest holders.

Justification

In addition to farm relief services, it should be possible to provide start-up aid for all groups of agricultural employers (not just for relief employer groups). It should also be possible to continue to help set up associations of forest holders so as to help them improve their management sustainably and efficiently and support economically unviable measures for combined holding management. Furthermore, technical support for farmers and forest holders should be facilitated and they should be given the necessary technical back-up, including in connection with research, trials, consultancy services and the circulation of findings.

Amendment 46

Article 19, point (b) (i)

(i) farm modernisation,

(i) farm modernisation, ***extending to the smallest holdings,***

Justification

Small farms must be able to have better access to help with modernisation. Many of them are developing sustainable production methods; many also create jobs.

Amendment 47

Article 19, point (b) (v a) (new)

(va) experimental development;

Justification

Measures designed both to restructure and develop fiscal potential and promote innovation should include support for experimental development with a view to devising new products, production methods and technologies and organisation and management methods, or to improving products, technologies and methods which are already in production or use.

Amendment 48
Article 19, point (c) (i)

(i) helping farmers to adapt to demanding standards based on Community legislation,

(i) helping farmers to adapt to demanding standards based on Community legislation ***with a view to optimum food safety,***

Justification

No mention is made of food safety in the proposal for a regulation, yet it requires Community legislation. A reminder should therefore be given here.

Amendment 49
Article 19, point (c) (ii)

(ii) supporting farmers who participate in food quality schemes,

(ii) supporting farmers and ***producer groups*** who participate in food quality schemes,

Amendment 50
Article 19, point (c) (iii a) (new)

(iiia) supporting initiatives such as local farmers' markets and quality food local procurement schemes;

Amendment 51
Article 19, point (d) (i)

(i) supporting semi-subsistence farms undergoing restructuring,

(i) supporting semi-subsistence farms, undergoing restructuring, ***operating in rural, peri-urban and urban areas,***

Amendment 52
Article 21, paragraph 1, introductory part

1. Support provided for in Article 19 (a)(ii), shall be granted to persons who:

1. Support provided for in Article 19(a)(ii) **shall be mandatory for the Member States and the regions and** shall be granted to persons who:

Justification

Making installation aid mandatory across the EU from 2007 would be a tool to ensure that each young farmer entering the business in the future, thanks to the business plan, will have to think seriously about how to develop a farm with good income perspectives and at the same time respect the high EU standards. Mandatory installation aid will not only encourage the business spirit for the new entrant but will also give society some guarantees that public money is spent correctly.

Amendment 53
Article 21, paragraph 1, point (c)

(c) submit a business plan for the development of their farming activities.

(c) submit a business plan for the development of their farming activities. **The progress made with the business plan shall be verified over the three years following establishment.**

Amendment 54
Article 21, paragraph 2

2. The support shall be granted in the form of a single premium up to **the** maximum **amount laid down in Annex I.**

2. The support shall be granted in the form of a single premium **and/or an interest subsidy of loan** up to **a** maximum **capitalised value of EUR 55 000.**

Justification

In June 2003, installation aid for young farmers was increased by EUR 5 000 and offered in a flexible system allowing a single direct payment (of up to EUR 30 000) and interest payment (of up to EUR 25 000). The European Commission is now proposing to convert the installation aid into a single direct payment of EUR 40 000. We believe that the installation aid should be strengthened rather than weakened and be kept in a flexible system. This would only be a logical response to the fact that the Agricultural Council of the EU in July 2003, as a contribution to the employment strategy, calls on the need to strengthen the installation aid for young farmers stressing the importance of young people as a tool to encourage the

necessary generational change in farming.

Amendment 55
Article 21, paragraph 2 a (new)

2a. With a view to supporting implementation of the business plan referred to in paragraph 1(c), it is necessary to ensure an integrated package of measures contributing to the establishment and development of the new enterprise. This package shall include one or more intervention measures pursuant to Title IV of this Regulation, permitting the financing of further operations relating to one or more axes.

Amendment 56
Article 21, paragraph 2 b (new)

2b. Measures to help young farmers set up in business shall feature in all national and regional rural-development programmes.

Justification

Exotic support should be made available to young farmers in order to ensure that farms pass from one generation to the next. The fact that they fail to do so is the main blemish on European agriculture.

Amendment 57
Article 21, paragraph 2 c (new)

2c. Young farmers supported under Article 21 may be given a period not exceeding five years, after they have set up, in which to comply with the conditions laid down in Community standards or by minimum requirements in connection with farm modernisation aid, payments intended to compensate for the natural handicaps of

mountain areas and payments for other areas with handicaps, as well as agrienvironment and animal welfare payments.

Justification

The flexibility previously afforded by providing setting-up measures in the form of either a premium or of equivalent interest relief has proved its worth. As individual Member States have developed different ways of encouraging young farmers to become established, this room for manoeuvre should be retained in the future. The ceiling specified in the annex applies to each type of subsidy (EUR 40 000 for the allocation and EUR 40 000 for loans with interest relief).

Under the rules in force, a young farmer can have a five-year period of grace before having to comply with mandatory standards. During that period, he can make himself standards-compliant with modernisation aid and continue to receive support under the second pillar. The aim is to maintain the status quo for young farmers during the 2007-2013 programming period.

Amendment 58

Article 23, paragraph 1, point (b a) (new)

(ba) to help potential future farmers and forest owners to meet costs arising from the preparation of the business plan for the development of their farming activities.

Justification

Helping the future farmer to meet costs arising from advisory services needed in the development of the business plan would be necessary to ensure a serious business plan that would lead to a viable holding and allow the required standards to be met.

Amendment 59

Article 25, paragraph 1, point (a)

(a) improve the overall performance of the farm, and

(a) improve the overall ***economic and environmental*** performance of the farm, and

Amendment 60

Article 25, paragraph 1, point (a a) (new)

(aa) create jobs and

Justification

As is the case for other activities, farming must play a role within employment and contribute to the Lisbon strategy on employment.

Amendment 61
Article 26, title

Improvement of the economic value of forests

Improvement of the economic, **ecological and social** value of forests

Justification

Ecological sustainability will play an important role in competitiveness in future.

Amendment 62
Article 26, paragraph 1

1. Investment support provided for in Article 19 (b)(ii) shall be granted for forests owned by private owners or their associations or by municipalities or their associations. This limitation does not apply to the subtropical forests and to the wooded areas of the territories of *Açores*, Madeira and French *Oversea* Departments.

1. Investment support provided for in Article 19(b)(ii) shall be granted for forests owned by private owners or their associations or by municipalities or their associations. This limitation does not apply to the **tropical or** subtropical forests and to the wooded areas of the territories of *Azores*, Madeira and French *Overseas* Departments **and of the European Union's outermost regions. It shall also be granted for the establishment and structural reinforcement of forest owner organisations so as to support members in the sustainable and more efficient management of their forests.**

Justification

The technical addition of the word 'tropical' simply makes the phrase comprehensive.

The mobilisation of timber reserves is a decisive question for many EU Member States in terms of safeguarding the timber industry. If this mobilisation does not succeed, the competitiveness of forestry and of the industry is put at risk. Production might be transferred outside the EU. Mobilisation reserves are mostly to be found in small forests. Forest owner

organisations are the key to increasing use. Accordingly, targeted support of the development of the Forestry Conclusions is also required. This point should therefore be included in the draft regulation.

Amendment 63
Article 26, paragraph 2

2. Investments shall be based on forest management plans.

2. Investments shall be based on forest management plans ***for forest holdings of a size greater than that to be set by the Member States in their programmes.***

Amendment 64
Article 27, paragraph 1, point (a)

(a) improve the overall performance of the enterprise;

(a) improve the overall ***economic and environmental*** performance of the enterprise;

Amendment 65
Article 27, paragraph 2, subparagraph 1

2. Support under paragraph 1 shall be ***limited*** to micro ***and*** small enterprises within the meaning of Commission recommendation 2003/361/EC. In the case of forestry production, support shall be limited to ***micro-enterprises***.

2. Support under paragraph 1 shall be ***granted*** to micro, small ***and medium-sized*** enterprises within the meaning of Commission recommendation 2003/361/EC, ***and to any collective producer entity***. In the case of forestry production, support shall be limited to micro- ***and small*** enterprises ***and associations of micro- and small enterprises***.

Justification

Restricting support for investment intended to increase the added value of primary production on the basis of a business's size is a major flaw in the Commission's proposal.

Amendment 66
Article 28

Support provided for in Article 19 (b)(iv), may cover notably operations related to access to farm and forest land, energy supply and water management.

Support provided for in Article 19(b)(iv), may cover notably operations related to ***land reparation, taking into account the importance of landscape protection, access to farm and forest land, energy supply and water management, and funding and equipment for public centres providing technical support for the agri-food sector.***

Justification

Land reparation is an integral part of the structural improvement of production conditions in agriculture and should continue to be supported. However, this must not take place at the expense of landscape protection.

Amendment 67

Article 31, subparagraph 1 a (new)

The support may include information and promotion activities for:

(a) co-operation, information transfer or networking between farmers, processors or other market actors in the agro-food chain;

(b) transfer of know-how and best practices between farmers, processors or other market actors in the agro-food chain.

Justification

The performance of the agro-food sector will be improved by closer co-operation of and/or information transfer between all market actors in the agro-food chain. This will foster the contribution of the agro-food sector in helping Europe to meet the objectives set out by the Lisbon European Council.

Amendment 68

Title IV, Chapter I, Section 2, title

**PRIORITY AXIS 2:
LAND MANAGEMENT**

**PRIORITY AXIS 2:
IMPROVING THE ENVIRONMENT
AND COUNTRYSIDE**

Justification

'Land management' does not describe well the objective of this important axis.

Amendment 69
Article 34, point (a) (iv)

(iv) agri-environment and animal welfare payments,

(iv) agri-environment and animal welfare payments **and measures to conserve and exploit agricultural genetic diversity 'on farm'**,

Justification

With an eye to the future, conserving genetic diversity in forestry and agriculture is among the tasks of economically and ecologically sustainable rural development, another being organic farming. The regulation on rural development which has applied to date provides for the possibility of financial assistance in this field, which enabled farmers to preserve and make better use of local land-races and livestock breeds.

Amendment 70
Article 34, point (a) (iv a) (new)

(iva) promotion of organic farming,

Justification

With an eye to the future, conserving genetic diversity in forestry and agriculture is among the tasks of economically and ecologically sustainable rural development, another being organic farming. The regulation on rural development which has applied to date provides for the possibility of financial assistance in this field, which enabled farmers to preserve and make better use of local land-races and livestock breeds.

Amendment 71
Article 34, point (b) (v)

(v) forest-environment payments,

(v) forest-environment payments **and measures to exploit and conserve genetic diversity exploited for forestry purposes,**

Justification

With an eye to the future, conserving genetic diversity in forestry and agriculture is among the tasks of economically and ecologically sustainable rural development.

Amendment 72
Article 35, paragraph 4

4. Payments shall be degressive above a threshold level of area per holding to be defined in the programme.

4. ***Taking into account the relevant objectives***, payments shall be degressive above a threshold level of area per holding to be defined in the programme.

Justification

Premiums, and their degressive nature according to area, must take the priority objectives into account. Exclusively budgetary motives would undermine the basic idea of the measure.

Amendment 73
Article 36, paragraph 1

Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income foregone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC ***and*** 92/43/EEC.

Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income foregone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC, 92/43/EEC ***and 2000/60/EC***.

Justification

It is both consistent and necessary to increase the area in respect of which financial assistance may be granted to include areas to which restrictions apply pursuant to the Water Framework Directive.

Amendment 74
Article 36, paragraph 2

Support shall be limited to the maxima laid down in Annex I.

Support shall be limited to the maxima laid down in Annex I. ***The amount of the support should be set, for the long term, at EUR 200 per ha per annum, and an***

extension of the period of validity should be possible.

Justification

A degressive amount of financial assistance is not logical, as the costs and income forgone continue to be incurred over a long period, which means that compensation must likewise be paid long-term.

Amendment 75

Article 37, paragraph 3, subparagraph 1

3. Agri-environment and welfare payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003 and other relevant mandatory requirements established by national legislation and identified in the programme. ***Additionally, farmers and other land managers undertaking agri-environment commitments shall respect minimum requirements for fertiliser and plant protection product use to be identified in the programme.***

3. Agri-environment and welfare payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Articles 4 and 5 and Annexes III and IV of Council Regulation (EC) No 1782/2003 and other relevant mandatory requirements established by national legislation and identified in the programme.

Justification

The reform adopted in June 2003 established across-the-board conditionality for CAP first-pillar aid. To make the linkage between the two CAP pillars more comprehensible and more coherent, the conditionality base should be taken as the point of eligibility for agrienvironmental measures. The specific incentive systems have already proved their worth in attaining development objectives. In this context, then, the new proposed guidelines should incorporate incentives along these lines. The agrienvironment aid scheme should continue to encourage farmers truly to work for the good of society as a whole by introducing or maintaining farming methods which meet the increased need for protection and improvement of the environment, natural resources, soil and genetic diversity, as well as maintenance of the natural environment and landscapes.

Amendment 76

Article 37, paragraph 3, subparagraph 2

These commitments shall be undertaken for

These commitments shall be undertaken for

five years. Where necessary and justified, a longer period shall be determined **according to the procedure referred to in Article 95(2)** for particular types of commitments.

five years, **as a rule**. Where necessary and justified, a longer period **of up to seven years** shall be determined for particular types of commitments. **In special, justified cases, a period of less than five years shall also be possible.**

Justification

Making the period of the commitment flexible can make it possible to take account of particular requirements (e.g. adjusting to a programme planning period, sporadic farming and conservation measures).

Amendment 77

Article 37, paragraph 4, subparagraph 1

The payments shall be granted annually **and shall** cover additional costs and income foregone resulting from the commitment given; **where necessary, they may cover also transaction cost.**

The payments shall be granted annually. **They shall incorporate an incentive component of 20 % to** cover additional costs and income foregone resulting from the commitment given.

Justification

The 20 % incentive component which is granted at present is necessary in order to secure the requisite acceptance for the measure. Transaction costs are too indeterminate.

Amendment 78

Article 37, paragraph 4, subparagraph 2

Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency.

Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal **health and** welfare efficiency.

Justification

In view of the important role played by agri-environment agreements in the management of rural areas, participation should be encouraged through an increase in the size of payments. The criteria used for selecting payment recipients should also include ones relating to animal health.

Amendment 79
Article 38, point (b)

(b) **on-farm** investments which enhance the public amenity value of the NATURA 2000 area concerned.

(b) investments which enhance the public amenity value of the NATURA 2000 area concerned **and of other areas which are important for purposes of nature conservation**.

Justification

Investment in nature conservation is very important, both in NATURA 2000 areas and elsewhere. It is also essential off farms. Investment in nature conservation must be treated equally, no matter where the measures are carried out.

Amendment 80
Article 41, paragraph 3

3. Christmas trees and fast-growing species for short-term cultivation shall be excluded from support.

3. Christmas trees, **invasive or alien species**, and fast-growing species for short-term cultivation shall be excluded from support.

Justification

New forests, which do not encourage wildlife, are replacing alpine meadows, steppe grassland and other valuable habitat types listed under Annex I of the Habitats Directive (92/43/EEC), as well as jeopardising the basis upon which NATURA 2000 sites have been designated. For this reason, it is important that certain conditions are met before the afforestation of agricultural or non-agricultural land is permitted. This would include the requirement for an appropriate environmental impact assessment.

Amendment 81
Article 43, paragraph 1

Support provided for in Article 31 (b)(iv), shall be granted annually and per hectare of forest to private forest owners or associations thereof in order to compensate for costs incurred resulting from the restrictions on the use of forests and other wooded land related to the implementation of Directives 79/409/EEC and 92/43/EEC in the area concerned.

Support provided for in Article 31(b)(iv), shall be granted annually and **as a flat-rate amount** per hectare of forest to private forest owners or associations thereof **in connection with specific projects** in order to compensate for costs incurred **and loss of income** resulting from the restrictions on the use of forests and other wooded land related to the implementation of Directives 79/409/EEC and 92/43/EEC in the area

concerned.

Justification

In the draft regulation, only annual payments are provided for to compensate the forestry industry for difficulties arising from land management; loss of income is not taken into account. However, in principle, compensation should cover all the disadvantages arising from Natura 2000 relating to property rights. It must be possible in principle for restrictions on use (e.g. conservation of dead wood and of trees for woodpeckers) to be appropriately compensated as well.

Support for forestry measures under this article should not be paid as general hectare premiums (indiscriminate all-round distribution) but as support in connection with specific projects – as a flat-rate amount per hectare.

Amendment 82

Article 44, paragraph 2, subparagraph 1

The payments shall **cover additional costs resulting from the commitment given. They shall be calculated on the basis of real costs.**

The payments shall **be calculated on the basis of the conventional assessment procedure.**

Justification

A commonly used assessment procedure for measures and for restrictions of use already exists in the form of contractual nature conservation. This may not be undermined by a regulation.

Amendment 83

Article 46, point (b)

(b) which enhance the public amenity value of the area concerned.

(b) which enhance **or preserve** the public amenity value of the area concerned.

Justification

Many measures serve not to enhance but to preserve a desirable state of affairs (e.g. reforestation with deciduous trees, liming for soil protection purposes). These measures should continue to be eligible for funding, thanks to the insertion in point (b).

Amendment 84
Article 47, paragraph 1

1. Member States shall designate the areas eligible for payments provided for in Article 34 (a)(i), (ii) and (iii) as well as (b)(i), (iii), (iv) and (vi) of that Article, taking into account the provisions of paragraphs 2, 3, 4 and 5 of this Article.

1. Member States shall, ***in accordance with their institutional structures***, designate the areas eligible for payments provided for in Article 34(a)(i), (ii) and (iii) as well as (b)(i), (iii), (iv) and (vi) of that Article, taking into account the provisions of paragraphs 2, 3, 4 and 5 of this Article. ***For first afforestation areas: where specific legislation provides for an approval procedure, areas shall not be designated.***

Justification

In the case of afforestation areas, there is no need to designate areas, which would only entail unnecessary bureaucracy. (In Baden-Württemberg, the Agriculture and Cultivation Act provides for the designation of areas which are of at least equal quality.)

Amendment 85
Article 47, paragraph 2, subparagraph 1, point (a)

(a) to the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season;

(a) to the existence, because of altitude ***or northern location***, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season;

Justification

Very difficult climate conditions prevailing in mountain areas and in the areas north of 60th parallel create a substantial natural handicap for the agriculture in those areas. In both areas the average growing period is shorter than 180 days and a snow cover at winter limits the land use and production costs are high. Also effective temperature sum shows clear natural disadvantage in these areas.

Amendment 86
Article 47, paragraph 2, subparagraph 1 (b a) (new)

(ba) to the presence of a small or dwindling population largely dependent on the agricultural sector and unlikely to remain should it contract any more rapidly, undermining the social, economic and

environmental sustainability of the regions affected.

Justification

The removal of existing criteria being proposed by the Commission is in danger of causing an exodus from certain sensitive areas. Dwindling population levels and unemployment are jeopardising their social, economic and environmental sustainability, these being the basic criteria for rural development policy and the organisation of European agriculture along multifunctional lines.

Amendment 87

Article 47, paragraph 2, subparagraph 1(b b) (new)

(bb) to their inclusion among mountain and less-favoured areas designated for 'phasing out'.

Justification

The assistance for which such areas were eligible under the previous arrangements should be phased out progressively.

Amendment 88

Article 47, paragraph 2, subparagraph 2

Areas north of the **62nd** parallel and certain adjacent areas shall be regarded as mountain areas..

Areas north of the **60th** parallel and certain adjacent areas shall be regarded as mountain areas.

Justification

Very difficult climate conditions prevailing in mountain areas and in the areas north of the 60th parallel create a substantial natural handicap for agriculture in those areas. In both areas the average growing period is shorter than 180 days and snow cover in winter limits land use, while production costs are high. Also effective temperature sum shows clear natural disadvantage in these areas.

Amendment 89

Article 47, paragraph 3, subparagraph 1(b c) (new)

(bc) characterised by the presence of a

small or dwindling population largely dependent on agriculture and unlikely to remain should it contract any more rapidly, undermining the social, economic and environmental sustainability of the regions affected,

Amendment 90
Article 47, paragraph 3, subparagraph 1(b d) (new)

(bd) included among the mountain and less-favoured areas designated for 'phasing out',

Amendment 91
Article 47, paragraph 3, subparagraph 3

As concerns areas affected by specific handicaps referred to in point (b) of the first subparagraph, their total extent shall not exceed 10% of the area of the Member State concerned. *deleted*

Justification

During designation procedures, account must be taken of the agricultural comparability index (ACI). This is an indicator of the general character of the soil, soil quality, climatic conditions and irrigation of the soil, and is therefore an appropriate objective criterion.

Amendment 92
Article 47, paragraph 3, subparagraph 4

The Member States shall *delimitate those areas in the programmes* according to specific provisions to be defined in accordance with the procedure referred to in Article 95(2). *In the programmes*, the Member States shall *confirm or modify the existing delimitation of those areas* according to specific provisions to be defined in accordance with the procedure referred to in Article 95(2).

Justification

In view of the major problems which changes to existing less-favoured areas would create in the very short term, it would be more prudent to enable Member States either to leave areas

unchanged or to make slight adjustments as needed.

Amendment 93

Article 47, paragraph 5, subparagraph 1

Areas apt for afforestation for ***environmental*** reasons ***such as*** protection against erosion ***or extension of forest resources contributing to climate change mitigation***, shall be eligible for payments provided for in Article 34 (b) (i) and (iii).

Areas apt for afforestation for environmental reasons ***and to protect*** against erosion shall be eligible for payments provided for in Article 34 (b) (i) and (iii). ***Extension of forest resources contributing to climate change mitigation shall not be eligible for payments.***

Justification

One consequence of the structural change in agriculture is that land is no longer cultivated and, as a result, it becomes forested. In order to keep the countryside 'open to the public', however, foresting an area for the first time should be possible only on grounds of 'protection against erosion'. Justifying such foresting as 'contributing to climate change mitigation' is explicitly rejected, because this would make any forestation acceptable. The problems arising from the management of existing forests should be solved, with help of funding from agricultural income aid, before any new forested areas are created.

Amendment 94

Article 49, point (a) (i)

(i) diversification into non-agricultural activities.

(i) diversification into non-agricultural activities, ***including on-farm activities,***

Amendment 95

Article 49, point (a) (i a) (new)

(ia) diversification of the income of those working in agriculture by promoting local processing, direct marketing and the establishment of products with designations of geographical origin and special quality marks,

Justification

Diversification of agriculture must also make use of products which are already produced on

the land but in whose case the majority of the added value is currently creamed off elsewhere.

Amendment 96

Article 49, point (a) (ii)

(ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric,

(ii) support for the creation, ***business restart, takeover*** and development of micro-enterprises ***and small enterprises - including family enterprises*** - with a view to promoting entrepreneurship and developing the economic fabric,

Amendment 97

Article 49, point (a) (iii)

iii) encouragement of tourism activities,

iii) encouragement of ***sustainable*** tourism activities,

Amendment 98

Article 49, point (a) (iv)

(iv) the protection, upgrading and management of the ***natural*** heritage, ***so contributing to sustainable economic development.***

(iv) the protection, upgrading and management of the ***rural*** heritage (***natural, historical or cultural***).

Justification

Of the various rural-development strategies implemented by means of the LEADER method, the one relating to rural heritage (in the broadest sense of the word) is particularly effective. The historical and cultural heritage (which is a focus for activity on the part of rural-development groups) should be grouped with the natural heritage.

Amendment 99

Article 49, point (a) (iv a) (new)

(iv a) support for and promotion of women's activities in rural areas;

Justification

It is important to support the involvement of women in rural economic life; they have a major role to play in the revitalisation of rural areas, but often face barriers specific to their gender.

Amendment 100 Article 49, point (b) (ii)

(ii) village renovation and development; conservation and upgrading of the rural heritage.

(ii) village renovation and development; conservation and upgrading of the rural heritage, ***landscape conservation and nature conservation;***

Justification

The insertion of landscape conservation and nature conservation will ensure that the funding of measures hitherto provided for under Article 33 (pursuant to Regulation (EC) No 1257/1999) can continue. This is urgently needed to facilitate investment, land acquisition, conservation measures and the drafting of conservation and development plans.

Amendment 101 Article 49, point (c)

(c) A vocational training measure for economic actors operating in the fields covered by priority axis 3.

deleted

Justification

The EAFRD cannot be used to co-finance the training of coordinators and economic operators responsible for rural development measures. Under the national strategy plan these programmes, including training for non-farmers, must be cofinanced by the European Social Fund (ESF) or, if they are intended for local administrators, by the LEADER initiative.

Amendment 102 Article 50

The aid beneficiary referred to in Article 49(a) (i) may be either the farmer, his or her spouse, or one of their children.

The aid beneficiary referred to in Article 49(a) (i) may be either the farmer, his or her spouse, or one of their children, ***as well as other persons whose income is directly dependent on agriculture, i.e. those***

employed the whole year round either in agriculture or in sectors upstream or downstream of it.

Justification

The diversification of agricultural incomes should also benefit employees, as they too are affected by structural change and falling incomes in agriculture.

Amendment 103
Article 50 a (new)

Article 50a

Aid for marketing measures

The aid beneficiary referred to in Article 49(a)(i) may be either the farmer, his or her spouse, or one of his or her children.

Justification

Diversification of the rural economy must also make use of products which are already produced on the land but in whose case the majority of the added value is currently creamed off elsewhere.

Amendment 104
Article 51, title

Support for business creation and development

Support for business creation, ***takeover*** and development

Amendment 105
Article 52, point (c a) (new)

(ca) the creation and modernisation of small-scale rural-tourism infrastructure.

Justification

Much of the effort currently being made to diversify and promote tourist activities involves incorporating this measure in response to tourist demand.

Amendment 106

Article 53

The support referred to in Article 49(a)(iv) covers environmental awareness actions, tourism improvements **and the drawing-up of protection and management plans relating to NATURA 2000 sites and other places of high natural value.**

The support referred to in Article 49(a)(iv) covers environmental awareness actions **and** tourism improvements.

Justification

The financing of Natura 2000 measures should concentrate on priority axis II; with regard to priority axis III, the emphasis should be placed on the promotion of economic activities (diversification and services).

Amendment 107

Article 56

Support under Article 49(c), shall not include courses of instruction or training which form part of normal education programmes or systems at secondary or higher levels.

deleted

Justification

The EAFRD cannot be used to co-finance the training of rural development coordinators. Under the national strategy plan these programmes must be co-financed by the European Social Fund (ESF) or, if the programmes are intended for local administrators, under the LEADER initiative.

Amendment 108

Article 60, point (a)

(a) area-based programmes intended for **well-identified sub-regional rural territories;**

(a) area-based programmes intended for **regional agricultural territories including less-favoured and mountain areas and regions designated for phasing-out;**

Justification

The LEADER programme must widen its regional planning scope to encompass those areas referred to in Article 47 based on employment criteria so as to not to exclude rural areas at the drafting stage of this initiative intended to promote them.

Amendment 109

Article 67, paragraph 2, subparagraph 1

2. At the initiative of the Member States, for each rural development programme, the Fund may finance preparation, management, monitoring, evaluation, information and control activities of programme assistance.

2. At the initiative of the Member States, for each rural development programme **and for the National Strategic Plan**, the Fund may finance preparation, management, monitoring, evaluation, information and control activities of programme assistance.

Justification

The aim of this amendment is to extend the funding of technical assistance activities to the area of the National Strategic Plan. This is of especial importance for those Member States which operate regionalised programming and which would otherwise not have the resources for carrying out the monitoring, control, assessment and information activities which are needed to ensure proper follow-up of the strategic approach of the Regulation.

Amendment 110

Article 67, paragraph 2, subparagraph 2

Up to **4%** of the total amount for each programme may be devoted to these measures.

Up to **2 %** of the total amount for each programme may be devoted to these measures.

Justification

There is no reason to think that the cost of technical assistance will increase when administrative simplification of the very aim of the new regulation. The Commission proposal is inconsistent in this respect.

Amendment 111

Article 67, paragraph 2, subparagraph 3

Within the limit set in the above subparagraph, each programme shall reserve an amount for establishing and operating the

Within the limit set in the above subparagraph, each programme shall reserve an amount for establishing and operating the

national rural network referred to in Article 69.

national rural network referred to in Article 69 *and for technical assistance in respect of the National Strategic Plan.*

Amendment 112
Article 68, paragraph 1

A European Network for Rural Development for the networking of national networks, organisations and administrations active in the field of rural development at Community level shall be put in place in accordance with Article 67(1).

A European Network for Rural Development for the networking of national networks, *representative economic and social* organisations and administrations active in the field of rural development at Community level shall be put in place *without delay* in accordance with Article 67(1).

Amendment 113
Article 69, paragraph 1

1. Each Member State shall establish a national rural network, which gathers together all the organisations and administrations involved in rural development.

1. Each Member State shall establish a national rural network, which gathers together all the *representative economic and social* organisations and administrations involved in rural development.

Amendment 114
Article 70, paragraph 1

1. The resources available for commitment from the Fund for the period 2007 to 2013 shall be EUR **88.75** billion at 2004 prices. The annual breakdown is shown in Annex II. Of these resources, at least EUR 31.3 billion at 2004 prices shall be concentrated in regions eligible for the Convergence Objective.

1. The resources available for commitment from the Fund for the period 2007 to 2013 shall be EUR **95.75** billion at 2004 prices. *This amount shall be conditional on its compatibility with the financial perspective for the period commencing 2007 and shall be adjusted, where appropriate.* The annual breakdown is shown in Annex II. Of these resources, at least EUR 31.3 billion at 2004 prices shall be concentrated in regions eligible for the Convergence Objective.

Justification

The funding of Natura 2000 requires EU cofinancing amounting to EUR 3 billion per year, of which up to EUR 1.5 billion will be charged to the EAFAD. This requires an appropriate increase in the amount, if the establishment of a specific financial instrument for Natura 2000 is not deemed appropriate.

Amendment 115 Article 70, paragraph 2

2. **3%** of the resources referred to in paragraph 1, for an amount of EUR **2.66** billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.

2. **2 %** of the resources referred to in paragraph 1, for an amount of EUR **1.78** billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.

Amendment 116 Article 70, paragraph 4 a (new)

4a. The amounts required to pay compensation for nature conservation measures under NATURA 2000 shall be added to the rural development budget.

Justification

NATURA 2000 can be partially integrated into rural development if enough money is available for the purpose. Under rural development policy, compensation should be financed which repays farmers for necessary nature conservation measures. Without an increase in the budget this would exceed the bounds of the EAFRD Regulation.

Amendment 117 Article 70, paragraph 5, subparagraph 1, introductory part

5. The Commission shall make an initial annual indicative breakdown by Member State of the amounts indicated in paragraph 1, after deduction of the amounts referred to in **paragraphs 2 and 3**, based on objective criteria and taking into account:

5. The Commission shall make an initial annual indicative breakdown by Member State of the amounts indicated in paragraph 1, after deduction of the amounts referred to in **paragraph 3**, based on objective criteria and taking into account:

Amendment 118
Article 70, paragraph 5, subparagraph 2

The Commission shall review in 2011 the annual allocations for the years 2012 and 2013 in order to distribute the amount referred to in paragraph 2. **deleted**

Amendment 119
Article 70, paragraph 6

6. In addition to the amounts indicated in paragraph 5, the Member States shall take into account for the purpose of programming the amounts resulting from modulation as provided for in Article 12(2) of Regulation (EC) No.../...[financing of the CAP].

6. In addition to the amounts indicated in paragraph 5, the Member States shall take into account for the purpose of programming the amounts resulting from modulation as provided for in Article 12(2) of Regulation (EC) No.../...[financing of the CAP]. ***These amounts shall be used for projects under priority axes I and II, from which the payments for NATURA 2000 should be excluded.***

Justification

Because of their specific nature, payments for NATURA 2000 should be separate from the other payments.

Amendment 120
Article 71, paragraph 1

1. The Decision adopting a rural development programme shall fix the maximum contribution from the Fund for each priority heading. The decision shall clearly identify, where necessary, the appropriations allocated to the regions eligible for the Convergence Objective.

1. The Decision adopting a rural development programme shall fix the maximum contribution from the Fund for each priority heading. The decision shall clearly identify, where necessary, the appropriations allocated to the regions eligible for the Convergence Objective, ***including the statistical and natural effect regions.***

Justification

There is a certain degree of compatibility between the Commission's proposals for EU cohesion policy and EU rural development policy. This is also the case for other policy, such

as competition. This must be fully reflected in the EAFRD regulation and include specific reference to the statistical and natural effect regions.

Amendment 121
Article 71, paragraph 4

4. Notwithstanding the ceilings set out in paragraph 3, the Fund contribution **may** be increased **by five percentage points** for the programmes of the outermost regions and the smaller islands of Aegean Sea.

4. Notwithstanding the ceilings set out in paragraph 3, the Fund contribution **shall** be increased **to 85 % of subsidisable public expenditure** for the programmes of the outermost regions and the smaller islands of Aegean Sea.

Justification

This brings the text into line with Article 26 of the proposal relating to the Structural Funds.

Amendment 122
Article 71, paragraph 6, subparagraph 2

An operation may qualify for a Fund contribution only under one rural development programme at a time. ***It may be financed under only one priority axis of the rural development programme.***

An operation may qualify for a Fund contribution only under one rural development programme at a time.

Justification

The deleted sentence introduces an unnecessary restriction for applying an integral approach in rural development

Amendment 123
Article 72, paragraph 3, subparagraph 2, point (c)

(c) the purchase of land costing more than 10% of all the eligible expenditure on the operation ***concerned.***

(c) the purchase of land costing more than 10 % of all the eligible expenditure on the operation ***unless a higher percentage is set in the programme approved by the Commission.***

Justification

The aim is to adopt the same eligibility rules as currently apply to VAT and land purchases.

Amendment 124

Article 76, introductory part and point (a)

For each rural development programme the Member State shall designate :

(a) the managing authority, being a public or private national, regional or local body designated by the Member State, or the Member State itself when it carries out that task, to manage a programme;

For each rural development programme the Member State shall, ***in accordance with its institutional structure***, designate:

(a) the managing authority, being a public or private national, regional or local body designated by the Member State ***in accordance with its institutional structure***, or the Member State itself when it carries out that task, to manage a programme;

Justification

The regulation should take into account the subsidiarity principle and the fact that in some Member States the competence on rural development is devolved and does not reside exclusively in the central government.

Amendment

Article 77, paragraph 1, point (a)

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the rural development programme and that they comply, for the whole period of their execution, with applicable Community and national rules and Community policies;

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the rural development programme and that they comply, for the whole period of their execution, with applicable Community and national rules and Community policies. ***These Community and national rules should be applicable without delay, should not be over-stringent and should allow a degree of flexibility which does not contravene the general guidelines for this Community policy;***

Amendment 126

Article 92

1. The amount allocated to the reserve referred to in Article 70(2) shall be used to support implementation of the LEADER approach in programmes. *deleted*

2. Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:

(a) the priority given to the LEADER approach,

(b) the territorial coverage of the LEADER approach,

(c) the stage reached in implementing the LEADER priority axis,

(d) the leverage effect on private capital,

(e) the results of mid-term evaluations.

Amendment 127
Article 95, paragraph 1

1. The Commission shall be assisted by a Rural Development Committee (hereinafter: the 'Committee').

1. The Commission shall be assisted by a Rural Development Committee **and a Standing Committee on Forestry** (hereinafter: the 'Committee').

Justification

Involvement of the forestry industry in the implementation of the programme in accordance with the industry's significance for the development of rural areas and better coordination of forest-relevant activities at Member State and EU level.

Amendment 128
Article 98, paragraph 2

2. Council Directives and Decisions laying down and amending the lists of less-favoured areas referred to in Article 21(2) of Regulation (EC) No 950/97 are repealed. *deleted*

Justification

The repeal of the directives and decisions referred to in Article 98(2) would create major problems in the immediate future. It would be wiser to carry out detailed studies and in the

meantime to leave the lists of less-favoured areas unaltered, pending the results of the studies.

Amendment 129

Annexe I, Article 35, paragraph 3, columns 2 and 3

Maximum *natural* handicap payment

250 Per hectare of UAA

Maximum payment for areas with other handicaps

150 Per hectare of UAA

Maximum handicap payment *for mountain areas and for areas with other handicaps*

250 Per hectare of UAA

deletion

EXPLANATORY STATEMENT

Introduction

Over half the population in the 25 Member States of the European Union live in rural areas, which account for 90 % of the EU's territory. Agriculture and forestry are the cornerstones of land use and the management of natural resources, and they serve at the same time as the basis for economic diversification there.

Rural areas, by comparison with urban areas, are at a disadvantage according to many socioeconomic parameters. Earnings are lower than average and are heavily dependent on the primary sector. Unemployment is higher, with access to well-paid jobs and to well-equipped infrastructure (hospitals, chemists, schooling, training facilities, etc.) and cultural attractions such as theatres, etc. is much more limited. In addition, agriculture and forestry are being asked to increase productivity and maintain competitiveness in the face of growing competition and, at the same time, take into account the demands of maintaining the countryside and conserving the environment and nature.

Agriculture and rural areas – a future for a community bound together by fate requires effective policy synergies

Since its foundation, the European Union has developed common policies in important economic sectors in order to attain EU-wide goals, particularly from the point of view of balanced development and strengthening the cohesion and coherence of the Union. The common agricultural policy is the most intensive policy with a Union-wide regulatory and financing system. It also contributes significantly to cohesion.

Rural areas in the European Union that are fundamentally shaped by agriculture and forestry are multidimensional. These areas are inhabited, economic regions with diverse economic, social and cultural links.

Agriculture and rural areas are mutually dependent, and this should be taken into account in the various policies aimed at achieving overall synergy. Irrespective of the stage reached in the regional development of rural areas, agriculture and forestry have a basic function with great relevance for the surrounding area. The production function is a vital prerequisite for the various challenges facing the European agricultural model.

Attractive rural areas are of fundamental importance for both the local population and society as a whole. Agreement between the different policies is required so that the fundamental structures of socially relevant services may be shaped efficiently, and this confers, above all, a central role on technical and social infrastructure.

The reform of the CAP in 2003 was the start of permanent changes that will have drastic repercussions on agricultural structures in the medium to long term. The maintenance of production in less-favoured areas will be of great strategic importance for an entrepreneurial farming and forestry industry. Specific instruments in the area of rural development (second

pillar) must in particular serve this objective and take into account the key role in the management of natural resources in rural areas.

As a continuation of the discussion, the conference held on 12–14 November 2003 in Salzburg, Austria, referred to the steps to be taken to develop the second pillar of the CAP. Several cornerstones of the programme were set:

- standardisation of financing through the creation of a Rural Development Fund;
- simplification by means of uniform programming rules and a uniform monitoring system;
- strengthening the partnership principle and consistent use of subsidiarity;
- strengthening the integrational character of rural policy.

The Commission proposal: objectives, strategies and methods

The proposal for a new basic regulation (Council regulation) is founded on the decision to accompany the intensive market policy reforms through the development of the second pillar. This implies a political acknowledgement that rural development may not be divorced from the common agricultural policy and that common building elements exist and should be maintained. The setting of explicit objectives therefore depends on the creation of sufficient coherence between the two pillars.

The economic framework conditions for agriculture and forestry require long-term measures, which strengthen the competitiveness of agricultural and forestry holdings, as well as long-term performance-related compensation of socially relevant functions in line with the European agricultural model. In addition, the functional relationship between agriculture and rural areas must receive attention so as to ensure that synergy is achieved through the appropriate instruments.

On the basis of the conclusions of the 2003 Salzburg conference, the Commission cites three fundamental objectives as ‘axes’ for future rural development policy:

- increasing the competitiveness of the agricultural sector through support for restructuring;
- enhancing the environment and countryside through support for land management;
- enhancing the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sector and other rural actors;

To this end, an EU strategy document for rural development, to be drawn up by the Commission, is intended to ensure that rural development programming focuses on EU priorities and that it complements EU policies. This strategy paper is intended to serve as a basis for national rural development strategies and programmes.

For axis 1, competitiveness of farming and forestry, the emphasis (with regard to restructuring) should be on measures relating to human and physical capital and would allow for certain measures currently applicable in the new Member States to be phased out.

For the strategy for axis 2, environment and land management, ‘agri-environment’ constitutes a compulsory component. Regarding ‘less-favoured areas’, new definitions of the delimitation

of the intermediate zones (partly based on socioeconomic data which, in many cases, has become outdated) should be set. The new delimitation is to be based on soil productivity and climatic conditions and the importance of extensive farming activities for land management.

Axis 3 – improvement of the quality of life in rural areas and promotion of economic diversification – should be implemented mainly through local development strategies targeting sub-regional entities. These should be developed either in cooperation between national, regional and local authorities or through a bottom-up approach using the LEADER approach (selection of the best local development plans of local action groups representing public-private partnerships).

The Commission also provides for each programme to contain a LEADER axis.

Planned financing: structure, economic resources and distribution

The Commission proposal on rural development should be read in conjunction with another proposal (COM (2004)0489), which seeks to restructure the financing of the common agricultural policy. Financing of rural development policy has, to date, been drawn from both sections of the EAGGF (Guarantee and Guidance Sections), together with various finance models and administrative procedures. In order to simplify implementation and to enhance transparency, coherence and financial management, the Commission now proposes that financing be provided through a single Rural Development Fund.

To this end, the Commission intends to make available EUR 88.75 billion in EU funding for the 27-Member State EU (i.e. including Romania and Bulgaria) for the period 2007-2013 at 2004 prices, of which EUR 31.3 billion will be earmarked for ‘convergence objective’ regions. Compulsory modulation from the ‘first pillar’ will provide a further EUR 6.69 billion at 2004 prices for the 15-Member State EU.

New financial framework 2007-2013 for agricultural spending (in millions of euro at 2004 prices)

Commitment appropriations	2006	2007	2008	2009	2010	2011	2012	2013	Evolution
Sustainable management and protection of natural resources	56 015	57 180	57 900	58 115	57 980	57 850	57 825	57 805	3.20 %
CAP ¹	54 279	55 259	55 908	56 054	55 859	55 666	55 853	55 497	2.24 %
Market-related expenditure and direct payments	43 735	43 500	43 673	43 354	43 034	42 714	42 506	42 293	-3.30 %
Rural development	10 544	11 759	12 235	12 700	12 825	12 952	13 077	13 205	25.24 %

1. Not including administrative costs; source: COM (2004)101

The increase in appropriations essentially benefits the new Member States.

The current framework conditions for the rural development instrument require intensive discussion with regard to future priorities, since even the financial perspective does not provide an adequate basis.

Assessment of the Commission proposal

Your rapporteur supports the Commission proposal overall as an important contribution to the

further development of rural policy in the EU. The second pillar of the common agricultural policy should provide a greater contribution to a form of development of agriculture and forestry compatible with nature and the environment, as well as of rural areas, and it should be developed along these lines. The following aspects related to the proposal are of particular importance:

1. Creating a single financing and planning framework

Combining the previous financial instruments into one single fund is very much to be welcomed. The implementation of rural development policy will probably be considerably simplified. At the same time, transparency and coherence will be increased. In addition, improvements in financial management and in terms of monitoring are to be expected. Also to be welcomed is the stronger strategic orientation of rural development policy.

2. Appropriations

The amount of the appropriations allocated to rural development depends on whether and how the Council and Parliament agree on the financial perspective 2007-2013. The Commission proposal on rural development is consistent with the draft financial perspective. In view of the considerable challenges for European agriculture arising from the 2003 CAP reform and the enormous pressure applied by the WTO, the amount proposed by the Commission is very low, even taking into account the percentage increase, because the increase is, above all, related to enlargement. At the same time, the system to ensure financial discipline with regard to direct payments (Article 11 of Regulation (EC) No 1782/2003) may well already be in use by 2007.

Unfortunately, instead of an increase, reductions in the amount earmarked for rural development are being considered. However, a reduction would contradict the spirit of the CAP reform and even the Lisbon Strategy. Parliament should unequivocally oppose this.

The appropriations generated by modulation should, in principle, be allocated only to priority axes 1 and 2, as these resources originate from deductions from the direct payments that are justified by cross-compliance, and they should, therefore, mainly be reallocated to farmers for appropriate actions.

3. Division of eligible measures into ‘priority axes’

The division of eligible measures into priority axes is to be welcomed in principle, but it should not lead to complications in the use of funds within, and the transfer of funds between, the priority axes. According to the proposal, changes to measures within the priority axes are possible without Commission approval. This is a positive step, one which will facilitate the implementation of programmes. However, in order to ensure flexible implementation, sufficient freedom for transfers between the axes is required.

The proposal to provide each of the three priority axes with a minimum budget causes problems: in the opinion of your rapporteur, the proposed minimum amounts for axes I and III, for example, are set too high. Countries that, for example, previously spent over 70 % on actions under axis II would have to reduce this expenditure. Neither from the point of view of

meaningful subsidiarity nor of the need for a certain level of continuity of measures do these minimum percentages seem practicable.

4. Scope

The Commission proposal on future support for rural development – as in the current support period – covers the whole core area of agriculture. This is important because measures under the second pillar of the CAP are needed to support the adaptation required as a result of the implementation of the 2003 CAP and the imminent WTO decisions on agriculture.

The rural development programme, as a supporting element of the common agricultural policy, must in future be developed further into an effective policy instrument, not only in terms of programming but also of specific measures. However, this requirement should not lead to a situation in which other policies, particularly regional policy, for example, are not sufficiently committed to rural areas. Rather, a concerted programme is required, one which takes into account the structural characteristics of rural areas and provides for a sustainable economic and social future.

The draft regulation also includes a range of accompanying instruments and, in the area of the actual programming, more stages in the process than was previously the case. It is accepted that efficient evaluation is required, so that any shortcomings may be identified and corrected in this way. However, the draft regulation seems to be overloaded with enforcement instruments involving the production of reports, the efficiency and meaningfulness of which are doubtful.

The description of eligible measures in the Commission proposal for a regulation is clearly formulated more freely than is the currently the case. All in all, this will lead to the Member States and regions being afforded greater leeway in devising development programmes. Nevertheless, the Commission must make full use of the room for manoeuvre provided by the regulation when subsequently approving and implementing development programmes.

5. Problems and possible improvements

Allocation of resources between the priority axes

The minimum percentages proposed by the Commission for the priority axes do not adequately reflect real figures. The Member States will be too restricted in their choice of priorities.

Natura 2000

A considerable problem is posed by the integration of Natura 2000 into the regulation without any additional funds being made available. For Natura 2000, annual costs of EUR 6.1 billion for an area of 63 million ha for implementation (management of areas) are to be expected, to which the Community should contribute through cofinancing from the Rural Development Fund and the structural funds. There is a serious danger that the actors will set other priorities and that Natura 2000 will not be financed as was hoped, something which has already

happened under the current Regulation.

As regards priority axis I

Future economic framework conditions require a particular prioritisation of measures aimed at increasing sustainable competitiveness. In particular, the different standards in the area of production and marketing and the attainment thereof must be incorporated into the considerations. Above all, the investment aid instrument for agricultural holdings (modernisation of agricultural holdings), as well as the related establishment payments for young farmers, must be devised in such a way as to achieve permanent structural effects with which to secure and develop viable holdings.

In the area of processing and marketing, the restriction to micro and small enterprises contains problems. Many holdings that are predominantly structured around the small and medium-sized business sector of the processing and marketing economy, which contributes in no small part to the economic dynamism and innovation in rural areas, would no longer be eligible.

Promotion of the use of advisory services should also include advice on more extensive environmental protection and nature conservation efforts in agriculture and should not be restricted to advice on binding Community standards in the area of environmental protection and nature conservation.

Moreover, there is evidence of a reduction in support possibilities in comparison with Article 33 of Regulation (EC) No 1257/1999 (11th indent), which is a questionable step. For example, land reparation, including land division, is an important instrument of rural development, one which goes far beyond the original objective of improving agricultural structures.

As regards priority axis II

The basic idea behind the proposals in the regulation on the policy for less-favoured areas provides grounds for discussion. Above all, the exclusive link to natural factors in delimiting less-favoured areas is acceptable. While retention of the same map is proposed for the mountain category, appropriate procedures should be carried out through the new Rural Development Committee with regard to the other two area categories. This poses the question of which rules the specific delimitation of areas will follow and to what extent it will be possible to retain the previous map.

As regards priority axis III

The measures proposed under priority axis III are extremely varied and have differing functional connections with agriculture and forestry. A balanced rural development policy with the appropriate synergies for agriculture and forestry requires measures from priority axis III. What is vital in this area is that the Rural Development Programme must not replace existing rural policies. This is particularly true of regional policy measures that have no significant connection with agriculture and forestry. Not least because of the limited financial framework conditions, priority must be given to measures which support added value from

agriculture and forestry and increase economic capacity as a whole.

22.4.2005

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Agriculture and Rural Development

on the proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
(COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS))

Draftsman: Gérard Deprez

SHORT JUSTIFICATION

INTRODUCTION

Following the 2003 reform of the first pillar of the common agricultural policy, the major focus for policy reform in the new financial programming period will be rural development. A first important step is to bring rural development under a single funding and programming framework and this is the prime objective of the Commission proposal.

COMMISSION PROPOSAL

Objectives

On the basis of the conclusions of the 2003 Salzburg conference, the Commission cites three fundamental objectives as ‘axes’ for future rural development policy:

- increasing the competitiveness of the agricultural sector through support for restructuring;
- enhancing the environment and countryside through support for land management;
- enhancing the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sector and other rural actors;

For axis 1, competitiveness of farming and forestry, the emphasis (with regard to restructuring) should be on measures relating to human and physical capital and would allow for certain measures currently applicable in the new Member States to be phased out.

For the strategy for axis 2, environment and land management, ‘agri-environment’ constitutes a compulsory component. Regarding ‘less-favoured areas’, new definitions of the delimitation

of the intermediate zones (partly based on socio-economic data which, in many cases, has become outdated) should be set. The new delimitation is to be based on soil productivity and climatic conditions and the importance of extensive farming activities for land management.

Axis 3 – improvement of the quality of life in rural areas and promotion of economic diversification – should be implemented mainly through local development strategies targeting sub-regional entities. These should be developed either in cooperation between national, regional and local authorities or through a bottom-up approach using the LEADER approach (selection of the best local development plans of local action groups representing public-private partnerships).

The Commission also provides for each programme to contain a LEADER axis.

Financing

Financing of rural development policy has, to date, been drawn from both sections of the EAGGF (Guarantee and Guidance Sections), together with various finance models and administrative procedures. In order to simplify implementation and to enhance transparency, coherence and financial management, the Commission now proposes that financing be provided through a single Rural Development Fund.

To this end, the Commission intends to make available EUR 88.75 billion in EU funding for the 27-Member State EU (i.e. including Romania and Bulgaria) for the period 2007-2013 at 2004 prices, of which EUR 31.3 billion will be earmarked for ‘convergence objective’ regions. Compulsory modulation from the ‘first pillar’ will provide a further EUR 6.69 billion at 2004 prices for the 15-Member State EU.

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Rural development	10 544	11 759	12 235	12 700	12 825	12 952	13 077	13 205	25.24 %

1. Not including administrative costs; source: COM (2004)101

The increase in appropriations essentially benefits the new Member States.

REMARKS

The restructuring of the common agricultural policy clearly needs to be accompanied by a substantial increase in rural development funds to address the problems of employment and competitiveness in rural areas. In this respect the level of resources identified by the Commission as being available for commitment (Article 70) seems extremely tight, particularly bearing in mind the substantial amounts needed for adequate implementation of Natura 2000. Whilst the Commission’s proposed strategy of integrating Natura 2000 into the rural development fund and the structural funds is commendable, there is a clear need for a legally binding mechanism guaranteeing an appropriate level of funding for Natura 2000. The Committee on Agriculture and Rural Development should be encouraged to indicate a

reference amount for that part of Natura 2000 to be financed from the EARDF and this amount should be ring-fenced. **In any case, the figures quoted can only be considered indicative until such time as a decision is reached on the Financial Perspectives.**

More generally, the setting of expenditure ceilings for each of the three priority axes seems inappropriate, particularly as neither the Commission's strategic guidelines for rural development nor the Member States' national strategy papers are available as yet.

AMENDMENTS

The Committee on Budgets calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Article 70, paragraph 1

1. The resources available for commitment from the Fund for the period 2007 to 2013 shall be EUR **88.75** billion at 2004 prices. The annual breakdown is shown in Annex II. Of these resources, at least EUR 31.3 billion at 2004 prices shall be concentrated in regions eligible for the Convergence Objective.

1. The resources available for commitment from the Fund for the period 2007 to 2013 shall be EUR **XXX** billion at 2004 prices. The annual breakdown is shown in Annex II. Of these resources, at least EUR 31.3 billion at 2004 prices shall be concentrated in regions eligible for the Convergence Objective.

Justification

The overall amount indicated in paragraph 1 must be regarded as purely indicative until a decision has been taken on the 2007-2013 financial perspectives.

PROCEDURE

Title	Proposal for a Council regulation on support for rural development by EAFRD
References	COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS)
Committee responsible	AGRI
Committee asked for its opinion Date announced in plenary	BUDG 17.11.2004
Enhanced cooperation	
Draftsman Date appointed	Gérard Deprez 20.9.2004
Discussed in committee	21.4.2005
Date amendments adopted	21.4.2005
Result of final vote	for: 17 against: 0 abstentions: 0
Members present for the final vote	Reimer Böge, Simon Busuttill, Paulo Casaca, Gérard Deprez, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Ville Itälä, Anne Elisabet Jensen, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Anders Samuelsen, László Surján, Kyösti Tapio Virrankoski, Ralf Walter
Substitutes present for the final vote	Peter Šťastný
Substitutes under Rule 178(2) present for the final vote	

22.4.2005

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

(COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS))

Draftswoman: Marian Harkin

SHORT JUSTIFICATION

This proposal aims at reinforcing the EU's rural development policy and simplifying its implementation by replacing the former variety of rural development programmes by one funding and programming instrument, the European Agricultural Fund for Rural Development (EAFRD).

The draftswoman welcomes the proposal to strengthen Rural Development and believes that greater recognition must be given to the role of Rural Development in contributing to balanced regional development and regional and national growth in the context of the Lisbon process and the Goteborg conclusions.

The move to simplification of the Rural Development policy by bringing it under a single funding and programming network is very positive. However, it must be ensured that the simplification process applies at all levels.

The implementation of the Rural Development policy needs adequate funding and any cut in the proposed funding for Rural Development will impact negatively on the ability of rural areas to achieve economic growth thereby preventing these areas from effectively contributing to the Lisbon Process.

It should be kept in mind that EU farmers compete on the world market where some of our competitors do not place the same emphasis on animal welfare, safety standards and the environment in the production of food as we do in the EU. Therefore, adequate funding must

be allocated to rural development in order to ensure that food production will be carried out according to sustainable principles.

The call for genuine stakeholder consultation and participation in the preparation of Rural Development strategies and policies is welcome.

The draftsman recommends a flexible approach at National and EU level in the drawing up of Rural Development strategies in order to ensure that local and regional programmes can adequately promote the development of rural areas using tailor made initiatives which have emerged from genuine stakeholder consultation.

It is very encouraging that the proposal designates the Diversification of the Rural Economy and Quality of life in Rural Areas as one of the 3 priority axes of the new Rural Development policy. This axis could prove to be a motor for development in many rural areas and if implemented correctly could have a multiplier effect leading to job creation, diversification of activities, added value to products and a template of development based on the bottom up approach. Particular attention should be focused on the generation of Social Capital in particular youth capital as this will play a significant role in the long-term sustainable development of rural areas.

Rural Development policy must assist the creation of sustainable off-farm jobs located within a reasonable commuting distance from the homes of workers in conjunction with Regional and Cohesion policies.

It is appreciated that each programme contains a specific LEADER axis to finance the implementation of the local development strategies of local development groups built on the 3 thematic axes. However, the 3 % performance fund allocated to LEADER should be incorporated into the minimum allocation for LEADER.

The minimum budgetary allocation for each of the 3 axes is reflecting a balance between the three axes, yet allowing sufficient flexibility at Local /Regional/National level to devise programmes suited to Local/Regional/National needs.

Unfortunately, sufficient account is not taken of the very many people who leave farming each year or those who are engaged in part-time farming. Appropriate training and retraining opportunities should be put in place to allow these people to access other types of employment within their local areas.

Furthermore, there is concern that the criteria for designation of areas with natural handicaps will be redefined without taking into account many other factors which contribute to disadvantage e.g. peripheral location, socio-economic factors etc.

It would be helpful to consider establishing a transition period for phasing out aid to farmers in areas which will no longer be eligible for support.

In addition, grants for planting forests, the reduction of farm forest premiums and the reduction of the premium time span should be handled with caution since this will lead to a drop in afforestation as forestry will no longer be seen as a viable farm enterprise. This will

also have other implications, e.g. unemployment in the forestry industry will result - this will be particularly severe in rural areas, opportunities for carbon sequestration will be lost, etc.

It is positive that compensatory payments to farmers and forest owners/mangers are made for income forgone and cost incurred due to the implementation of site network. Nevertheless, a separate funding instrument is necessary for Natura 2000. There is a risk that the objectives of Natura 2000 may not be attained due to inadequate funding.

Finally, the draftswoman suggests that other community policies should be 'rural proofed' i.e. verification that they do not conflict with rural development policy, and indeed where appropriate actively promote rural development objectives.

AMENDMENTS

The Committee on Regional Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 6

(6) The activities of the European Agricultural Fund for Rural Development, hereinafter called the ‘Fund’, and the operations to which it contributes must be consistent and compatible with the other Community policies and comply with all Community legislation.

(6) The activities of the European Agricultural Fund for Rural Development, hereinafter called the ‘Fund’, and the operations to which it contributes must be consistent and compatible with the other Community policies, ***especially those on socio-economic and territorial cohesion for rural areas***, and comply with all Community legislation.

Justification

While addressing territorial specificities, the structural funds are intervening in rural areas. It is of paramount importance to ensure consistency and strategic planning with the EAFRD interventions.

Amendment 2 Recital 7

(7) In its action in favour of rural development the Community takes care to encourage the elimination of disparities and the promotion of equality between women and men in accordance with Articles 2 and 3 of the Treaty.

(7) In its action in favour of rural development the Community takes care to encourage the elimination of disparities and the promotion of ***non-discrimination and*** equality between women and men in accordance with Articles 2 and 3 of the Treaty.

¹ Not yet published in OJ.

Justification

The non-discrimination principle has a broader scope than the one encompassed by merely the gender-based criteria. All forms of discrimination have to be taken into account along the lines of Article 13 of the Treaty.

Amendment 3
Recital 8 a (new)

(8a) Cultural development, the quality of the natural and the man-made environment, the qualitative and cultural dimension of life and the development of sustainable tourism contribute to making rural areas economically and socially more attractive in so far as they encourage the creation of sustainable employment.

Amendment 4
Recital 10

(10) The programming of rural development should comply with Community and national priorities and complement the other Community policies, in particular the agricultural market policy, cohesion policy and Common Fisheries Policy.

(10) The programming of rural development should comply with Community and national priorities and complement the other Community policies, in particular the agricultural market policy, cohesion policy, ***policies for social inclusion, non-discrimination and promotion of equal opportunities*** and common fisheries policy. ***The use of the EAFRD should therefore contribute to maintaining a synergy between the convergence objective and the objective of competitiveness in rural areas by including ERDF and ESF actions in the rural strategic plans. Consistency should be ensured at both programming and implementation levels.***

Amendment 5
Recital 30

(30) Support for specific methods of land management should contribute to sustainable development by encouraging farmers and forest holders in particular to employ

(30) Support for specific methods of land management should contribute to sustainable development by encouraging farmers and forest holders in particular to employ

methods of land use compatible with the need to preserve the natural environment and landscape and protect and improve resources. It should contribute to the implementation of the 6th Community Environment Action Programme and the Presidency conclusions regarding the Sustainable Development Strategy. Key issues to be addressed include biodiversity, NATURA 2000 site management, the protection of water and soil, climate change migration including the reduction of greenhouse gas emissions, the reduction of ammonia emissions and the sustainable use of pesticides.

methods of land use compatible with the need to preserve the natural environment and landscape and protect and improve resources. It should contribute to the implementation of the 6th Community Environment Action Programme and the Presidency conclusions regarding the Sustainable Development Strategy. Key issues to be addressed include biodiversity, NATURA 2000 site management, the protection of water and soil, climate change migration including the reduction of greenhouse gas emissions, the reduction of ammonia emissions and the sustainable use of pesticides. ***Natura 2000 management activities that cannot be funded from either structural or rural development funds should be funded by a dedicated EU fund for biodiversity set up under the LIFE+ proposal.***

Justification

In its resolution on financing Natura 2000 of 10 March 2005 the European Parliament considered the contribution from the rural development and structural funds insufficient for the adequate co-funding of Natura 2000 and therefore also insisted that a dedicated fund be set up for this purpose within the LIFE+ proposal.

Amendment 6 Recital 43 a (new)

(43a) Any review of less-favoured area status should take place in consultation with stakeholders at national, regional and local level and should take socio-economic indicators into account.

Amendment 7 Recital 45

(45) There is a need to accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural

(45) There is a need to accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural

sectors, promote employment, improve basic services and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside. An effort to enhance the human potential in this respect is also necessary

sectors, promote employment, improve basic services and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside. ***Non-agricultural businesses, such as craft and tourism business, local restaurants, and new start-ups outside the farming sector are important pillars of the rural economy. Support for these businesses not only prevents depopulation of rural areas, but strengthens them, and is in line with the Lisbon objective and the EU priority of growth and job creation.*** An effort to enhance the human potential in this respect is also necessary

Justification

The conclusions of the Salzburg conference on rural development (2003) clearly and correctly state that development of rural areas can no longer be based on agriculture alone, and that diversification both within and beyond the agricultural sector is indispensable in order to promote viable and sustainable rural communities. This conclusion is underlined by the Lisbon goal and the EU's priority - growth and jobs. The amendment underlines the importance of non-agricultural actors in the rural economy and is in line with these priorities.

Amendment 8 Recital 55

(55) To promote an integrated and innovative approach, 3% of the appropriations allocated to the Member States should be placed in a Community reserve for the LEADER approach.

deleted

Justification

The concept of withholding such a substantial part of the budget for the LEADER axis could make strategic planning for the programme more difficult and could encourage LEADER programmes to give priority to short term 'quick fix' solutions at the expense of more strategic and sustainable medium and long-term initiatives.

Amendment 9 Recital 56

(56) Over and above these amounts the Member States must take account of the amounts generated by modulation as provided for in Article 12(2) of Regulation (EC) No .../... [on the financing of the CAP].

(56) Over and above these amounts the Member States must take account of the amounts generated by modulation as provided for in Article 12(2) of Regulation (EC) No .../... [on the financing of the CAP] **and ensure that they are used in order to underpin rural development policy as a whole.**

Justification

The amounts generated as a result of modulation must be allocated to the second pillar in order to enable a balance to be restored between the funding allocated to farmers and the funding awarded to other parties involved in rural development. The value of modulation (which has a definite administrative cost attached) would be open to question if the only purpose it served were to distribute the funding which it generated amongst the farmers who have had their single aid payment reduced on account of that very modulation.

Amendment 10
Recital 60

(60) To ensure the effectiveness, fairness and sustainable impact of the work of the Fund, there should be provisions guaranteeing that investments in businesses are durable and avoiding this fund being used to introduce unfair competition.

(60) To ensure the effectiveness, fairness and sustainable impact of the work of the Fund, there should be provisions guaranteeing that investments in businesses are durable and avoiding this fund being used to introduce unfair competition; **the Charter for Small Businesses (adopted at the Santa Maria de Feira European Council in 2000) must be followed.**

Justification

The adoption of the European Charter for Small Businesses has highlighted the important contribution which small businesses make to growth, competitiveness and employment within the European Union. Such businesses have a major role to play in revitalising rural areas and generating cohesion within them.

Amendment 11
Recital 66

(66) The Community reserve for the LEADER approach should be allocated taking the performance of the programmes

deleted

in this respect into account. The criteria for its allocation should be laid down accordingly.

Justification

Same as for Amendment 1.

Amendment 12
Article 3

The Fund contributes to the promotion of sustainable rural development throughout the Community in a complementary manner to the market and income support policies of the Common Agricultural Policy, to Cohesion policy and to the Common Fisheries Policy.

The Fund contributes to the promotion of sustainable rural development throughout the Community ***and to the prevention of depopulation of rural areas*** in a complementary manner to the market and income support policies of the common agricultural policy, to cohesion policy, ***to policies on social inclusion, non-discrimination and promotion of equal opportunities*** and to the common fisheries policy.

Amendment 13
Article 4, paragraph 1, point (c)

(c) improving the quality of life in rural areas and encouraging diversification of economic activity.

(c) improving the quality of life in ***and the cultural development of*** rural areas and encouraging ***the development and the*** diversification of economic activity.

Justification

Improving the quality of life in rural areas will not be achieved only by fostering new economic activities. It is important to encourage the development of the existing economic activities as well.

Amendment 14
Article 5, paragraph 2

2. The Commission and the Member States shall ensure that the assistance from the

2. The Commission and the Member States shall ensure that the assistance from the

Fund and the Member States is consistent with the activities, policies and priorities of the Community. The assistance of the Fund must be consistent with the objectives of Economic and Social Cohesion and those of the European Fisheries Fund in particular.

Fund and the Member States is consistent with the activities, policies and priorities of the Community. The assistance of the Fund must be consistent with the objectives of Economic and Social Cohesion and those of the European Fisheries Fund **and environmental policy** in particular.

Amendment 15
Article 5, paragraph 2

2. The assistance of the Fund must be consistent with the objectives of Economic **and** Social Cohesion and those of the European Fisheries Fund in particular.

2. The assistance of the Fund must be consistent with the objectives of economic, social **and territorial** cohesion and those of the European Fisheries Fund in particular.

Justification

The territorial aspect of European Cohesion policy should be mentioned.

Amendment 16
Article 7

The Member States shall be responsible for implementing the rural development programmes at the appropriate territorial level, according to their own institutional arrangements. This *responsability* shall be carried out in accordance with this Regulation.

The Member States shall be responsible for implementing the rural development programmes at the appropriate territorial level, according to their own institutional arrangements **and the rules on subsidiarity as set out in the Treaty establishing a constitution for Europe**. This *responsibility* shall be carried out in accordance with this Regulation.

Justification

The new European Constitution agreed on by the European Parliament underlines the specific role for national parliaments and the regions. This means that the national institutional arrangements include the tailor-made cooperation within the national, regional and local framework.

Amendment 17
Article 8, Title

Equality between men and women

Non-Discrimination

Justification

Ensures consistency with the Draftsperson's Amendment 6.

Amendment 18
Article 8, paragraph 1

The Member States and Commission shall promote equality between men and women at all the various stages of programme implementation.

The Member States and Commission shall promote equality between men and women ***and non-discrimination on the grounds listed in Article 13 of the Treaty*** at all the various stages of programme implementation.

Justification

The need for non-discrimination policies to cover all categories not just gender.

Amendment 19
Article 11, paragraph 1

1. The Member State shall submit a national strategy plan indicating the priorities of the action of the Fund ***and*** of the Member State concerned taking into account the Community strategic guidelines on rural development, their specific objectives, the contribution from the Fund and the other financial resources.

1. The Member State shall submit a national strategy plan indicating the priorities of the action of the Fund, of the Member State ***and of the regions*** concerned taking into account the ***results, experiences and evaluations of regional authorities and contributions from regions and local authorities, the*** Community strategic guidelines on rural development, their specific objectives, the contribution from the Fund and the other financial resources.

Justification

The regulation should take into account the subsidiarity principle and the fact that in some Member States the competence on rural development is devolved and does not reside exclusively in the central government.

Amendment 20
Article 11, paragraph 1

1. The Member State shall submit a national strategy plan indicating the priorities of the action of the Fund and of the Member State concerned taking into account, the Community strategic guidelines on rural development, their specific objectives, the contribution from the Fund and the other financial resources.

1. The Member State shall submit a national strategy plan indicating the priorities of the action of the Fund and of the Member State concerned taking into account ***the results, experiences and evaluations of regional authorities and contributions from regions and local authorities*** the Community strategic guidelines on rural development, their specific objectives, the contribution from the Fund and the other financial resources.

Justification

The national strategy plan should reflect the multi-level governance experiences in respect to the agricultural society. Subsidiarity means here that the experiences of the regions and local authorities should be taken on board; eventually tendencies towards renationalisation should be blocked. A bottom-up approach is needed

Amendment 21
Article 11, paragraph 3, point (e)

(e) the means to ensure coordination with the other CAP instruments, and with Cohesion policy;

(e) the means to ensure coordination with the other CAP instruments, ***with the European Fisheries Fund, with LIFE +*** and with Cohesion policy;

Amendment 22
Article 11, paragraph 3, point (g a) (new)

(ga) an outline of how the plan contributes to social inclusion and non-discrimination.

Justification

The need for the plan to reflect all over-arching Community objectives

Amendment 23
Article 11 a, paragraph 2 a (new)

2a. Member States shall complete these tasks within a fixed period agree with the Commission to prevent any unnecessary delay in the establishment of the operational programme.

Justification

Some Member States and government departments have unnecessarily delayed the setting up of the various mechanisms required for the implementation of funding programmes. This has created significant strain on the ability of the managing authority to meet spending targets. Member States and their government departments need to comply with an agreed timetable for set up of the programme to prevent this from happening in the future.

Amendment 24
Article 14, paragraph 2

2. A Member State may submit either a single programme for its entire territory or a programme for each region.

2. A Member State may submit either a single programme for its entire territory or a programme for each region **and may also submit a national programme for certain measures and regional programmes for other measures which must be tailored to the particular sectoral or geographical characteristics of certain regions.**

Justification

The rule which enables maximum benefit to be derived from rural-development measures is the one which should be adopted. Pursuant to the subsidiarity principle, action is taken at whatever level is deemed most appropriate, taking into account the way in which powers and responsibilities are organised and assigned within each EU Member State.

Amendment 25
Article 15, point (g)

(g) information on the complementarity with the measures financed by the other CAP instruments, **through** Cohesion policy **as well as** by the European Fisheries Fund;

(g) information on the complementarity with the measures financed by the other CAP instruments, **by** cohesion policy, **by LIFE + and** by the European Fisheries Fund;

Amendment 26
Article 16

The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15% of the Fund's total contribution to the **programme** for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25% of the Fund's total contribution to the **programme** for the priority axis II referred to in Section II of Chapter I.

The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15 % of the Fund's total contribution to the **programmes** for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25 % of the Fund's total contribution to the **programmes** for the priority axis II referred to in Section II of Chapter I. ***This balance between the three axes shall ensure that the multisectoral and multifunctional approach selected by the Commission is followed and shall enable rural development policy to meet the needs of rural areas.***

Justification

The first two alterations are intended to correct the typing mistakes which have been made in this important article and which make it difficult to understand.

The wording of the new sentence added emphasises the importance of the proposal whereby a minimum amount of funding should be allocated to the various axes in order to create a balance between the sectoral dimension and the territorial dimension and to ensure that rural-development policy is not biased towards agriculture.

Amendment 27
Article 17, paragraph 1

1. Rural development programmes shall be established by a Member State following close cooperation with the partners referred to in Article 6.

1. Rural development programmes shall be established by a Member State following close cooperation with the partners referred to in Article 6. ***Each Member State shall draw up and publish a consultation plan and, subsequently, before submitting the strategic plans, submit a report on the nature and outcome of the consultation procedure.***

Justification

Transparency around consultations is essential but the outcome of the consultations should be published in time to allow action to be taken in the event of irregularities being identified.

Amendment 28
Article 17, paragraph 1

1. Rural development programmes shall be established by a Member State following close cooperation with the partners referred to in Article 6.

1. Rural development programmes shall be established by a Member State ***in accordance with its institutional structure and*** following close cooperation with the partners referred to in Article 6.

Justification

The regulation should take into account the subsidiarity principle and the fact that in some Member States the competence on rural development is devolved and does not reside exclusively in the central government.

Amendment 29
Article 19, point (b) (v a) (new)

(va) using financial-engineering tools,

Justification

Measures designed both to restructure and develop fiscal potential and to promote innovation should include the creation of financial-engineering tools such as risk-capital funds and other movable funds, rural-property funds, and guarantee and mutual-guarantee funds.

Amendment 30
Article 19, point (b) (v b) (new)

(vb) experimental development;

Justification

Measures designed both to restructure and develop fiscal potential and promote innovation should include support for experimental development with a view to devising new products, production methods and technologies and organisation and management methods, or to improving products, technologies and methods which are already in production or use.

Amendment 31

Article 19, point (c) (ii)

(ii) supporting farmers who participate in food quality schemes,

(ii) supporting farmers and ***producer groups*** who participate in food quality schemes,

Amendment 32

Article 19 point (c) (iii)

(iii) supporting producer groups for information and promotion activities for products under food quality schemes;

(iii) supporting ***co-operatives***/producer groups for information and promotion activities for products under food quality schemes;

Justification

Co-operatives have a long and effective role in regional development and should have their role supported.

Amendment 33

Article 19, point (c) (iii a) (new)

(iiia) supporting initiatives such as local farmers' markets and food-quality local procurement schemes;

Amendment 34

Article 21, paragraph 1, point (c)

(c) submit a business plan for the development of their farming activities..

(c) submit a business plan for the development of their farming activities ***including any innovative initiatives.***

Amendment 35

Article 22, paragraph 2, subparagraph 2, point (b a) (new)

(ba) be an individual or a collective which takes over released land and puts it to a non-agricultural use (non-agricultural transferee) such as forestry or the creation of nature reserves in a way which is

compatible with protecting or improving the quality of the environment and the natural world;

Justification

Provision must be made for land to be transferred to individuals or bodies which are not involved in agriculture.

Amendment 36

Article 22, paragraph 3, subparagraph 1

3. The total duration of early retirement support shall not exceed a period of **10** years for the transferor and for the farm worker. It shall not go beyond the **70th** birthday of the transferor and the normal retirement age of the farm worker.

3. The total duration of early retirement support shall not exceed a period of **15** years for the transferor and for the farm worker. It shall not go beyond the **75th** birthday of the transferor and the normal retirement age of the farm worker.

Justification

The current terms and conditions relating to the age of the transferor (75 years) and the duration of the support (15 years) should remain in force.

Amendment 37

Article 25, paragraph 1, point (a)

(a) improve the overall performance of farm, and

(a) improve the overall performance of farms, ***by innovative methods of production or otherwise,*** and

Amendment 38

Article 27, paragraph 1, subparagraph 2

Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises, ***as referred in paragraph 2,*** in order to comply with a newly introduced Community standard. In that case a period of grace, not exceeding 36 months from the date on which the standard

Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises ***and small businesses within the meaning of Commission Recommendation 2003/361/EC,*** in order to comply with a newly introduced Community standard. In

becomes mandatory for the enterprise, may be provided to meet the standard.

that case a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the enterprise, may be provided to meet the standard.

Amendment 39
Article 27, paragraph 2

2. Support under paragraph 1 shall be limited to micro and small enterprises within the meaning of Commission recommendation 2003/361/EC. In the case of forestry production, support shall be limited to micro-enterprises. *deleted*

Justification

Support should be available to all businesses, irrespective of their size and of the type of investment concerned.

Amendment 40
Article 29, paragraph 1, subparagraph 2

These standards must be newly introduced in national legislation and impose new obligations or restrictions to farming practice which have a significant impact on typical farm operating costs **and concern a significant number of farmers.**

These standards must be newly introduced in national legislation and impose new obligations or restrictions to farming practice which have a significant impact on typical farm operating costs.

Justification

Whether or not the Community legislation affects 'a significant number of farmers' or not, the provision for aid to help those farmers affected by such legislation should still stand.

Amendment 41
Article 34, point (a) (v a) (new)

(va) support for the preservation of rare breeds of livestock found in specific regions;

Justification

This is important as an intrinsic measure of value both from the environmental perspective and preservation of the species.

Amendment 42

Article 37, paragraph 4, subparagraph 1 a (new)

The payments may be increased by 20 % in disadvantaged regions, in order to encourage take-up.

Justification

Given the importance of agri-environmental agreements for stewardship of the countryside, it is essential to continue encouraging participation in such agreements.

Amendment 43

Article 39, paragraph 2 a (new)

2a. Large scale afforestation measures, as defined by the Member States or regional authorities, proposed under this sub-section must be subject to an impact assessment in order to ensure consistency with the Community's environmental policy.

Amendment 44

Article 45, paragraph 2 a (new) and 2 b (new)

2 a. Payments shall be made to farmers with a view to:
- maintaining and improving the ecological stability of forests in areas in which the ecological and protective function of those forests is in the public interest and in which the cost of measures to protect and restore the forests is higher than the profit to be gained from exploiting them,
- preserving firebreaks by means of agricultural measures.

2 b. The aid referred to in paragraph 2a must cover the actual cost of the measures and shall be granted on condition that the forests in question perform their ecological and protective function on a sustainable basis, that the measures to be applied are set out in the form of a contract and that the cost thereof is specified at the same time.

Justification

Fire-prevention measures are extremely important as a means of preserving Europe's forested areas, which are constantly shrinking. Farmers have a key role to play in preventing forest fires, for which reason the aid provided for in Regulation 1257/99 should not only be safeguarded - it should also be clarified in order to enable the actual cost of preventive measures to be covered.

Amendment 45

Article 45, paragraph 2 c (new)

Within six months of the date upon which this Regulation comes into force the Commission shall submit strategic guidelines for implementing the fire-prevention measures laid down in the Regulation in conjunction with the preventive measures implemented by means of European Parliament and Council Regulation No (...) on the financial instrument for the environment (LIFE+). The Member States shall draw up or appropriately adapt national and/or regional programmes with a view to optimising fire-fighting measures.

Justification

Various common fire-prevention objectives should be established in order to optimise efforts to combat forest fires, in view of the fact that such fires often affect more than one country. National and/or regional programmes should be drawn up and existing ones (which in certain cases are obsolete) should be updated, and the various Community regulations in which fire-prevention measures are laid down should be clearly coordinated.

Amendment 46
Article 47, paragraph 1

1. Member States shall designate the areas eligible for payments provided for in Article 34 (a)(I), (ii) and (iii) as well as (b)(i), (iii), (iv) and (vi) of that Article, taking into account the provisions of paragraphs 2, 3, 4 and 5 of this Article.

1. Member States shall ***in accordance with their institutional structure*** designate the areas eligible for payments provided for in Article 34 (a)(i), (ii) and (iii) as well as (b)(i), (iii), (iv) and (vi) of that Article, taking into account the provisions of paragraphs 2, 3, 4 and 5 of this Article.

Justification

The regulation should take into account the subsidiarity principle and the fact that in some Member States the competence on rural development is devolved and does not reside exclusively in the central government.

Amendment 47
Article 47, paragraph 3, point (b)

(b) affected by specific handicaps, and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

(b) affected by specific handicaps (***in particular, ones of a human nature, such as sparsely populated areas***) and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

Amendment 48
Article 49, point (a) (i)

(i) diversification into non-agricultural activities.

(i) diversification into non-agricultural activities, ***including on-farm activities***

Amendment 49
Article 49, point (a) (ii)

(ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric,

(ii) support for the creation, ***business restart*** and development of micro-enterprises ***and small enterprises - including family enterprises*** - with a view to promoting

entrepreneurship and developing the economic fabric,

Amendment 50
Article 49, point (a) (iii)

iii) encouragement of tourism activities,

iii) encouragement of **sustainable** tourism activities,

Justification

Micro-enterprises is too narrow a definition and excessively restricts the scope for support. Including small enterprises would allow support to be given to enterprises with up to 49 workers. In rural areas, an enterprise of that nature is considered to be a medium-sized employer and may be instrumental in stimulating the local and regional economy.

The Commission is working together with players within the tourist industry towards an Agenda 21 for sustainable tourism. For the sake of consistency, therefore, it should be made clear that EU funding will only be used to support sustainable tourism projects.

Amendment 51
Article 49, point (a) (iv a) (new)

(iva) support for increasing the participation of women in the rural economy;

Justification

Women play a vital role in the diversification of the rural economy, but, often encounter specific problems such as limited access to capital. This amendment allows support for measures to remove these obstacles.

Amendment 52
Article 49, point (a) (iv b) (new)

(ivb) support for developing the information society.

Justification

The information society is crucial for the diversification of the rural economy but many rural

areas do not have access to broadband, satellite communications etc. This regulation could help bridge the digital gap and help to make rural areas more attractive to new businesses and allow existing businesses tap into new markets thus helping to ensure their viability.

Amendment 53
Article 49, point (b) (i)

(i) essential services for the economy and rural population,

(i) essential services for the economy and rural population, ***including rural transport and infrastructure, such as roads, lifeline maritime infrastructure, water supply, waste disposal and energy supply, which should be encouraged,***

Justification

Rural transport in sparsely populated areas, including on lifeline ferry routes between islands and the mainland, is an essential service and has to be subsidised within any rural development programme. Without competitive infrastructure there cannot be balanced regional and rural development

Amendment 54
Article 49, point (d)

(d) A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy.

(d) A skills-acquisition, animation ***and organisational*** measure ***to promote the activities referred to in points (a) and (b)*** with a view to preparing and implementing a local development strategy.

Justification

Promotion of the activities which are typical of the rural economy and which enhance the quality of life in rural areas helps to spread an awareness of best practices, produces profits from tourism and rewards those who have engaged in such activities.

Amendment 55
Article 51, title

Support for business creation and development

Support for business creation, ***takeover*** and development

Amendment 56
Article 52, point (c a) (new)

(ca) specific vocational training for the tourism sector in areas such as customer service and product development.

Justification

Rural areas can offer natural heritage and other attractions. However, the ability of the local tourism industry to use these attractions in a sustainable way and to provide the tourist with a high quality experience is often hampered by poor service delivery and/or inappropriate product development. While Article 56 may make reference to ‘vocational training’ it is essential that specific reference to training is made under the tourism measure.

Amendment 57
Article 54

The support referred to in Article 49(b)(i) covers the setting up of basic services concerning a village or group of villages, and related small scale infrastructure.

The support referred to in Article 49(b)(i) covers the setting up of basic services concerning a village or group of villages, and related small scale infrastructure.
Depending on the needs of the local area, the local population and those active in the socio-economic sphere, such support may take the form of care facilities for small children or the elderly, subsidised housing built by local authorities available for rent, cultural centres and improvements to public transport and to infrastructure.

Justification

Accessibility and the supply of essential services to the local population and to those active in the socio-economic sphere are factors which make rural areas more attractive.

Amendment 58
Article 58

The measures listed in Article 49 shall be implemented preferably through local development strategies.

The measures listed in Article 49 shall be implemented preferably through local development strategies, ***with the active***

involvement of local authorities at all stages.

Justification

The draftsman's comment on the amendment she has tabled to this paragraph that 'ensuring active involvement of local authorities in the EAFRD will provide for a more comprehensive and coherent approach to the development of many rural areas' is absolutely correct but, because the local authorities are very familiar with the problems, the particular characteristics and the advantages of their areas, it is important that their ideas and knowledge are also taken into account at the planning stage.

Amendment 59
Article 60, point (a)

(a) area-based programmes intended for well-identified sub-regional rural territories;

(a) area-based programmes intended for well-identified ***and appropriate*** sub-regional rural territories;

Justification

The land-based approach to rural development must be taken further and must enable proper land-based development projects to be set up. The appropriateness of the action area must therefore be demonstrated in terms of common interests and territorial cohesion.

Amendment 60
Article 61, paragraph 1, point (b)

(b) they must consist of either a group already qualified for the LEADER II or LEADER+ Initiatives, or according to the LEADER approach, or be a new group representing partners from the various locally based socio-economic sectors in the territory concerned. At the decision-making level the economic and social partners, to include agricultural associations, rural woman, young people and associations, must make up at least 50% of the local partnership;

(b) they must consist of either a group already qualified for the LEADER II or LEADER+ Initiatives, or according to the LEADER approach or, ***where there are no such groups***, be a new group representing partners from the various locally based socio-economic sectors in the territory concerned; ***in such case, the new group must make use of the experience of other local groups which have implemented the LEADER II and LEADER + initiatives***. At the decision-making level the economic and social partners, to include agricultural associations, rural woman, young people and associations, must make up at least 50 % of the local partnership;

Justification

It is essential to make use of the experience gained at local group level if the new programmes are to be successful.

Amendment 61

Article 67, paragraph 2, subparagraph 1

2. At the initiative of the Member States, for each rural development programme, the Fund may finance preparation, management, monitoring, evaluation, information and control activities of programme assistance.

2. At the initiative of the Member States, for each rural development programme, the Fund may finance preparation, management, monitoring, evaluation, information and control activities of programme assistance ***and support the participation of the members of the partnership therein, especially civil society and non-governmental organisations.***

Justification

There is a need to ensure the participation of civil society and non-governmental organisations in the operation of these funds.

Amendment 62

Article 68, paragraph 1

A European Network for Rural Development for the networking of national networks, organisations and administrations active in the field of rural development at Community level shall be put in place in accordance with Article 67(1).

A European Network for Rural Development for the networking of national networks, organisations and administrations active in the field of rural development at Community level shall be put in place ***without delay*** in accordance with Article 67(1).

Justification

There must not be a repeat of the delays in the last programming period in setting up many of the national LEADER networks, LEADER + and LEADER II.

Amendment 63

Article 69, title

National *rural* network

National network of organisations for the countryside and rural areas

Justification

Since the term 'rural' should not be interpreted restrictively as 'agricultural', it should be made clear that the reference is to several organisations in the broader 'rural' sector. The number of organisations and administrations involved in rural development in each country may be very large, which may mean there is a risk of ineffective communication. It might be more effective, therefore, if the parties concerned were to designate certain organisations and administrations to represent them and thus improve on the further organisation of information.

Amendment 64

Article 69, paragraph 1

1. Each Member State shall establish a national rural network, which gathers together all the organisations and administrations involved in rural development.

1. Each Member State shall establish ***without delay*** a national rural network, which gathers together all the organisations and administrations involved in rural development.

Justification

There must not be a repeat of the delays in setting up many of the national networks.

Amendment 65

Article 72, paragraph 3, subparagraph 2, point (a)

(a) VAT,

(a) ***recoverable*** VAT,

Justification

Non-recoverable VAT must remain eligible.

Amendment 66

Article 72, paragraph 3, subparagraph 2, point (c)

(c) the purchase of land costing more than 10% of all the eligible expenditure on the operation concerned.

(c) the purchase of land costing more than 10 % of all the eligible expenditure on the operation concerned, ***except in the case of environmental-protection operations and***

unless a higher percentage is laid down in the programmes adopted by the Commission.

Justification

The current conditions governing land-purchase eligibility must remain unchanged.

Amendment 67

Article 76, introductory part and point (a)

For each rural development programme the Member State shall designate :

(a) the managing authority, being a public or private national, regional or local body designated by the Member State, or the Member State itself when it carries out that task, to manage a programme;

For each rural development programme the Member State shall ***in accordance with its institutional structure*** designate :

(a) the managing authority, being a public or private national, regional or local body designated by the Member State ***in accordance with its institutional structure***, or the Member State itself when it carries out that task, to manage a programme;

Justification

The regulation should take into account the subsidiarity principle and the fact that in some Member States the competence on rural development is devolved and does not reside exclusively in the central government.

Amendment 68

Article 77, paragraph 1, point (a)

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the rural development programme and that they comply, for the whole period of their execution, with applicable Community and national rules and Community policies;

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the rural development programme and that they comply, for the whole period of their execution, with applicable Community and national rules and Community policies; ***these applicable Community and national rules should be applicable without delay, should not be over-stringent and should allow for a degree of flexibility which does not contravene the general guidelines for this Community policy;***

Amendment 69
Article 80, paragraph 2, point (a)

(a) it shall inform potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting gender equality and the non-governmental organisations concerned of the possibilities offered by the programme and the rules for gaining access to programme funding;

(a) it shall inform ***the local authorities***, potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting gender equality and the non-governmental organisations concerned of the possibilities offered by the programme and the rules for gaining access to programme funding;

Amendment 70
Article 81, paragraph 1, subparagraph 3 a (new)

Every effort should be made to use, in any documentation, simple and straightforward language so as to ensure that all involved in the monitoring process can contribute effectively.

Justification

This will ensure more effective participation and a better ability to contribute to the process as members of Monitoring Committees.

Amendment 71
Article 86, title, paragraph 1, and paragraph 2, introductory part

Annual progress report

1. For the first time in 2008 and by 30 June each year, the Managing Authority shall send the Commission an annual progress report on the implementation of the programme. The Managing Authority shall send a last progress report on the implementation of the programme to the Commission at the latest by 30 June 2016.
2. Each annual progress report shall contain the following elements :

Biennial progress report

1. For the first time in 2008 and by 30 June ***every two years***, the Managing Authority shall send the Commission a ***biennial*** progress report on the implementation of the programme. The Managing Authority shall send a last progress report on the implementation of the programme to the Commission at the latest by 30 June 2016.
2. Each ***biennial*** progress report shall contain the following elements :

Amendment 72
Article 87, title and paragraph 1

Annual examination of programmes

1. **Each year**, on presentation of the annual progress report, the Commission and the Managing Authority shall examine the main results of the previous year, in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.

Biennial examination of programmes

1. **Every two years**, on presentation of the **biennial** progress report, the Commission and the Managing Authority shall examine the main results of the previous years, in accordance with procedures to be determined in agreement with the Member State and managing Authority concerned.

Amendment 73
Article 92

**Community reserve for the LEADER
priority axis**

deleted

1. **The amount allocated to the reserve referred to in Article 70(2) shall be used to support implementation of the LEADER approach in programmes.**

2. **Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:**

(a) the priority given to the LEADER approach,

(b) the territorial coverage of the LEADER approach,

(c) the stage reached in implementing the LEADER priority axis,

(d) the leverage effect on private capital,

(e) the results of mid-term evaluations.

Justification

The draftsman does not support the creation of the LEADER reserve fund.

Amendment 74
Annex I, article 26, paragraph 3

Intensity of aid for the improvement of the economic value of forests

- **50%** – Of the amount of eligible investment in the areas referred to in Article 34(a)(i), (ii) and (iii)
- **40%** – Of the amount of eligible investment in other areas
- **75%** – Of the amount of eligible investment in the outermost regions

Intensity of aid for the improvement of the economic value of forests

- **90 %** – Of the amount of eligible investment in the areas referred to in Article 34(a)(i), (ii) and (iii)
- **80 %** – Of the amount of eligible investment in other areas
- **100 %** – Of the amount of eligible investment in the outermost regions (*areas referred to in Article 34(a)(ia)*)

Justification

The current levels of support must be kept up.

Amendment 75
Annex I, article 35, paragraph 3

- Minimum handicap payment – EUR 25 – Per hectare of UAA
- Maximum *natural* handicap payment – EUR 250 – Per hectare of UAA
- **Maximum payment for areas with other handicaps – EUR 150 – Per hectare of UAA**

- Minimum handicap payment – EUR 25 – Per hectare of UAA
- Maximum handicap payment – EUR 250 – Per hectare of UAA

Justification

The maximum payment amount should not vary from one area to another.

Amendment 76
Annex I, article 40, paragraph 4, article 41, paragraph 4 and article 42, paragraph (3)

Intensity of aid for establishment costs

- **50%** – Of eligible costs in the areas referred to in Article 34(a)(i), (ii) and (iii)
- **40%** – Of eligible costs in other areas
- **75%** – Of eligible costs in the outermost regions

Intensity of aid for establishment costs

- **90 %** – Of eligible costs in the areas referred to in Article 34(a)(i), (ii) and (iii)
- **80 %** – Of eligible costs in other areas
- **100 %** – Of eligible costs in the outermost regions (*areas referred to in Article 34(a)(ia)*)

Justification

The current levels of support should remain unchanged.

PROCEDURE

Title	Proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
References	COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS)
Committee responsible	AGRI
Committee asked for its opinion Date announced in plenary	REGI 17.11.2004
Enhanced cooperation	No
Drafts(wo)man Date appointed	Marian Harkin 6.10.2004
Discussed in committee	15.3.2005
Date amendments adopted	21.4.2005
Result of final vote	for: 40 against: 0 abstentions: 6
Members present for the final vote	Alfonso Andria, Stavros Arnautakis, Elspeth Attwooll, Jean Marie Beaupuy, Adam Jerzy Bielan, Jana Bobošíková, Bairbre de Brún, Gerardo Galeote Quecedo, Iratxe García Pérez, Eugenijus Gentvilas, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Zita Gurmai, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Jim Higgins, Alain Hutchinson, Mieczysław Edmund Janowski, Gisela Kallenbach, Tunne Kelam, Miloš Koterec, Constanze Angela Krehl, Sérgio Marques, Yiannakis Matsis, Miroslav Mikolášik, Lambert van Nistelrooij, Jan Olbrycht, István Pálfi, Markus Pieper, Francisca Pleguezuelos Aguilar, Bernard Poinant, Elisabeth Schroedter, Alyn Smith, Grażyna Staniszevska, Catherine Stihler, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný
Substitutes present for the final vote	Alfredo Antoniozzi, Bastiaan Belder, Ole Christensen, Emanuel Jardim Fernandes, Mirosław Mariusz Piotrowski
Substitutes under Rule 178(2) present for the final vote	

PROCEDURE

Title	Proposal for a Council regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)			
References	COM(2004)0490 – C6-0181/2004 – 2004/0161(CNS)			
Legal basis	Article 37(2)			
Basis in Rules of Procedure	Rule 51			
Date of consulting Parliament	10.11.2004			
Committee responsible Date announced in plenary	AGRI 17.11.2004			
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 17.11.2004	REGI 17.11.2004	CONT 17.11.2004	
Not delivering opinion(s) Date of decision	CONT 23.3.2005			
Enhanced cooperation Date announced in plenary	--			
Rapporteur(s) Date appointed	Agnes Schierhuber 2.9.2004			
Previous rapporteur(s)	--			
Simplified procedure Date of decision	--			
Legal basis disputed Date of JURI opinion				
Financial endowment amended Date of BUDG opinion				
European Economic and Social Committee consulted Date of decision in plenary	14.12.2004			
Committee of the Regions consulted Date of decision in plenary				
Discussed in committee	22.11.2004	15.3.2005	18.4.2005	26.4.2005
Date adopted	26.4.2005			
Result of final vote	for: 33		against: -	
	abstentions: 1			
Members present for the final vote	Filip Adwent, Peter Baco, Katerina Batzeli, Thijs Berman, Niels Busk, Luis Manuel Capoulas Santos, Joseph Daul, Albert Deß, Gintaras Didžiokas, Duarte Freitas, Jean-Claude Fruteau, Ioannis Gklavakis, Lutz Goepel, Bogdan Golik, Friedrich-Wilhelm Graefe zu Baringdorf, María Esther Herranz García, Albert Jan Maat, Mairead McGuinness, Neil Parish, María Isabel Salinas García, Agnes Schierhuber, Willem Schuth, Czesław Adam Siekierski, Csaba Sándor Tabajdi, Witold Tomczak, Kyösti Tapio Virrankoski, Janusz Wojciechowski			
Substitutes present for the final vote	Milan Horáček, Wiesław Stefan Kuc, Véronique Mathieu, Hans-Peter Mayer, Bogdan Pęk, Markus Pieper, Zdzisław Zbigniew Podkański			
Substitutes under Rule 178(2) present for the final vote	Antonio Masip Hidalgo			
Date tabled – A[5]	12.5.2005		A6-0145/2005	
Comments	...			

