

## 'New Community action to upgrade agricultural systems' from the Communauté européenne (September 1956)

**Caption:** In September 1966, the monthly publication Communauté européenne comments on improvements to agricultural structures and outlines the way in which the European Agricultural Guidance and Guarantee Fund (EAGGF) works.

**Source:** Communauté européenne. Bulletin mensuel d'information. dir. de publ. Fontaine, François ; Réd. Chef Chastenet, Antoine. Septembre 1966, n° 9; 10e année. Paris: Service d'Information des Communautés Européennes. "La Communauté apporte une nouvelle contribution à l'amélioration des structures agricoles", p. 6.

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## New Community action to upgrade agricultural systems

In a recent decision, the Common Market Commission is planning once again to use the European Agricultural Guidance and Guarantee Fund (EAGGF) to upgrade systems for the production and marketing of agricultural commodities.

Last October, the EAGGF provided approximately FRF 45 million to help fund 57 rural equipment initiatives (see *European Community*, November 1965). This year's budget of FRF 85 million budget will enable the Fund to extend financial assistance to 97 projects in all six Community Member States. Of these projects, 21 are in France. They concern:

- Construction of a transfer silo in Arleux (Nord);
- Construction of a transfer silo in Châlons-sur-Marne (Marne);
- Construction of a transfer silo and a terminal silo in St-Jean-de-Losne, St-Usage (Côte-d'Or);
- Construction of a port silo in Le Havre (Seine-Maritime);
- Construction of a silo in St-Malo (Ille-et-Vilaine);
- Construction of a livestock market and a slaughter by-product plant in Toulouse (Haute-Garonne);
- Creation of an early fruit and vegetable processing plant at Rennes-Chantepie (Ille-et-Vilaine);
- Creation of vegetable processing plants (Ille-et-Vilaine);
- Creation of vegetable processing plants in Brittany;
- Construction of a livestock batching, fattening and holding station in Aurillac;
- Purchase and improvement of mountain pastures (Cantal);
- Organisation of milk collection (Cantal);
- Reforestation and pasture improvements in the Lot valley (Lozère);
- Mixed pasture and woodland development in northern Bleymard and Villefort cantons (Lozère);
- Mixed pasture and woodland development in southern Villefort canton (Lozère);
- Irrigation development to extend and develop agriculture in St-Cricq (Gers);
- Land improvement in connection with land consolidation in Saint-Jean-Brevelay (Morbihan);
- Construction of local roads in the commune of Saint-Jean-Brevelay (Morbihan);
- Livestock-farming improvement in the Savoie *département*;
- Construction of a muster station in the Alps region;
- Upgrading of agricultural facilities and construction of livestock sheds in the Vilaine basin.

### What is the EAGGF?

The EAGGF was set up in 1962 as a funding agency for Community agricultural policy. It is divided into two branches:

- the 'guarantee' branch is geared to stabilising agricultural commodity markets either by intervention or by the sale of surplus abroad;
- the 'guidance' branch is responsible for modernising the agricultural industry.

If the common agricultural policy is to meet the targets set out in the Treaty of Rome, merely developing agricultural markets is not sufficient. The issue of antiquated agricultural systems, which are often responsible for low farm incomes, also has to be addressed. Problems include farms of insufficient size, outdated technologies, poor production choices, underdeveloped marketing systems and inadequate information on product outlets.

Consequently, the Fund has a very broad scope of investment. This explains the significant number of applications it receives: 227 in the first year, 277 in the second, while in the third year, over 500 applications were submitted before 1 October 1965. However, a ceiling set at one third of projected 'guarantee' branch spending is available for these modernisation projects (a maximum of USD 285 million or FRF 1 425 million).

As a result, a certain number of terms and conditions have been set, and in particular:

- the Fund only provides part — as a rule, 25 % in the form of subsidies — of overall investment;
- Member States must endorse the initiative and also provide funding;
- initiatives must be designed to adapt agriculture to bring it into line with the requirements of the common agricultural policy and to improve the economic and social position of the farming community;
- projects must have sustainable economic results.

In addition, priority-setting criteria enable the most worthwhile initiatives to be selected, especially those which form part of a series of measures to promote the harmonious development of a region.

Clearly, however, the enormous and complex problem of modernising European agriculture calls for a common policy on agricultural structures. For the time being, the Commission must develop Community programmes for improving the structures concerned. The emphasis should be on optimising results through focused action. Studies have shown that around ten sectors require special attention. These are land renewal, forests, irrigation, drainage, fruit and vegetable marketing networks, livestock farming, the dairy industry, the wine industry, olive oil, and specific regions that are in difficulty. Starting in 1967, therefore, any initiatives eligible for EAGGF funding will have to fall under one of these Community programmes.

The EAGGF, the European Social Fund, which is responsible for labour force retraining, and the European Investment Bank, between 5 % and 10 % of whose loans go directly to the farming sector, thus provide the Community with major tools with which to address the structural difficulties facing Europe's agriculture and hence the economies of our six countries.

#### Improvements in production and marketing