

## COUNCIL DIRECTIVE

of 30 June 1981

amending Directive 72/159/EEC on the modernization of farms

(81/528/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission <sup>(1)</sup>,

Having regard to the opinion of the European Parliament <sup>(2)</sup>,

Whereas Article 16 of Council Directive 72/159/EEC of 17 April 1972 on the modernization of farms <sup>(3)</sup>, as last amended by Directive 80/370/EEC <sup>(4)</sup>, stipulates that the measures provided for therein are to be re-examined after five years by the Council upon a proposal from the Commission;

Whereas non-agricultural workers have to spend part of their income and part of their time travelling to and from their place of work; whereas farmers should be authorized to make a corresponding deduction from the comparable earned income;

Whereas it is the responsibility of the Member States to determine what constitutes an adequate return on the capital invested in the farm; whereas a single rate should be fixed for the return on the farmer's capital, for the purpose of calculating the earned income;

Whereas the funds available must be used as effectively as possible; whereas funds should be concentrated on development plans which do not provide for the attainment of an earned income far in excess of the comparable earned income and on farms which do not themselves have sufficient means for modernization;

Whereas, having regard to the rate of inflation in the Community since the entry into force of Directive 72/159/EEC, the maximum amount of investment per man-work unit should be increased;

Whereas special aid may facilitate the establishment of a farm development plan by young farmers after their first installation on a farm;

Whereas the Member States should be authorized to continue granting transitional aid in respect of investments to improve the situation of managers who do not at present, for various reasons, qualify for the agricultural reform measures,

HAS ADOPTED THIS DIRECTIVE:

*Article 1*

Directive 72/159/EEC is hereby amended as follows:

(1) Article 2 (2) shall be replaced by the following:

- '2. its level of earned income is less than the modernization objective established by Member States in accordance with Article 4 (2) or whose earned income does not exceed 120 % of this modernization objective, and where its present structure is such as to jeopardize maintenance of that income at a comparable level; in the latter case, the interest rate subsidy provided for in Article 8 (1) (b) shall apply only to two-thirds of the loan referred to in Article 8 (2).';

(2) Article 4 (2) shall be replaced by the following:

- '2. A comparable earned income as referred to in paragraph 1 means the average gross wage for a non-agricultural worker to which Member States may apply a 5 % general corrective abatement.

Member States may, where necessary, take account of disparities between the social security

<sup>(1)</sup> OJ No C 124, 17. 5. 1979, p. 1.

<sup>(2)</sup> OJ No C 85, 8. 4. 1980, p. 53.

<sup>(3)</sup> OJ No L 96, 23. 4. 1972, p. 1.

<sup>(4)</sup> OJ No L 90, 3. 4. 1980, p. 43.

arrangements for farmers and those for non-agricultural workers.

Furthermore, Member States are authorized to accept, at the request of the farmer, development plans whose income objective represents only 90 % of the comparable earned income fixed in accordance with this paragraph.'

- (3) The second indent of Article 4 (4) (a) shall be replaced by the following:

'— determine what constitutes an adequate return on the capital invested in the farm business. Member States may add to the earned income accruing from the farm the amount of any return on capital over and above 3.5 %.'

- (4) The following indent shall be added to Article 4 (4) (a):

'— lay down the conditions of application of paragraph 2, subparagraph 3.'

- (5) The following sentence shall be added to Article 4 (5):

'Moreover, income from forestry work on the farm may be included in the agricultural income.'

- (6) The second sentence of Article 4 (6) shall be replaced by the following:

'However, Member States may be authorized, under the procedure laid down in Article 18, to specify a longer period not exceeding nine years for certain regions or for young farmers who have not reached the age of 40 years and who carry out a development plan within five years after their first installation on a farm.'

- (7) The first sentence in the first subparagraph of Article 8 (2) shall be replaced by the following:

'2. The interest rate subsidy provided for in paragraph 1 (b) shall apply to the whole of the loan except for any part of the loan exceeding 72 538 ECU (A) per man-work unit and 217 612 ECU (A) per farm. However, the Member States may fix lower maximum amounts.'

- (8) The following paragraph shall be added to Article 8:

'3. Member States may grant special aid to young farmers who have not reached the age of 40 years and who within five years after their first

installation on a farm fulfil the conditions referred to in Article 2.

The special aid shall at most be equal to 10 % of the amount of the investment provided for in the development plan and eligible within the meaning of paragraph 1, without, however, exceeding 7 254 ECU (A).

Where two or more young farmers who fulfil the conditions of the first subparagraph carry out a development plan in association, the special aid may not exceed 10 881 ECU (A).

The special aid shall be paid as a capital grant. Member States may, however, grant the aid in some other form.

The special aid may be paid in several instalments.'

- (9) Article 14 (2) (a) shall be replaced by the following:

'(a) with effect from 1 January 1981, Member States may grant transitional aid to farmers practising farming as their main occupation who:

— are unable to attain the earned income fixed pursuant to Article 4;

— are not yet eligible for the annuities provided for in Article 2 (1) of Council Directive 72/160/EEC of 17 April 1972 concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural areas for the purpose of structural improvement <sup>(1)</sup>.

The transitional aid may be granted only in respect of investment not exceeding 18 135 ECU (A) and it may not be granted on terms more favourable than those laid down in Article 8, taking account of Article 9 (1) of Council Directive 75/268/EEC of 28 April 1975 on mountain and hill farming and farming in certain less-favoured areas <sup>(2)</sup>, as last amended by Council Directive 80/666/EEC <sup>(3)</sup>.

The grant of this transitional aid shall not exclude the farmer from subsequent eligibility for aid pursuant to Article 1 (1) or to the first subparagraph of this paragraph;

<sup>(1)</sup> OJ No L 96, 23. 4. 1972, p. 9.

<sup>(2)</sup> OJ No L 128, 19. 5. 1975, p. 1.

<sup>(3)</sup> OJ No L 180, 14. 7. 1980, p. 34.'

- (10) The following paragraph shall be added to Article 14:

'4. Aid for the purchase of land shall not be covered by this Directive.'

*Article 2*

Member States shall bring into force the measures necessary to comply with this Directive by 31 December 1981 at the latest.

- (11) The first subparagraph of Article 19 (1) shall be replaced by the following:

'1. The expenditure incurred by Member States for the purposes of any measures taken under Article 8 (1) (b), under the first subparagraph of paragraph 2, under paragraph 3, and under Articles 10, 11 and 12, shall be eligible for assistance under the Guidance Section of the European Agricultural Guidance and Guarantee Fund.'

*Article 3*

This Directive is addressed to the Member States.

Done at Luxembourg, 30 June 1981.

*For the Council*

*The President*

G. BRAKS