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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 3808/89

of 12 December 1989

amending Regulation (EEC) No 797/85, (EEC) No 1096/88, (EEC) No 1360/78, (EEC) No 389/82 and (EEC) No 1696/71 with a view to expediting the adjustment of agricultural production structures

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 ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas Article 1 (3) of Council Regulation (EEC) No 4256/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the EAGGF Guidance Section ⁽⁴⁾ provides that the Council is to decide before 31 December 1989 on any alterations to the common measures introduced under Article 6 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy ⁽⁵⁾, as last amended by Regulation (EEC) No 2048/88 ⁽⁶⁾, in order to achieve the objective referred to in Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments ⁽⁷⁾, in conformity with the rules laid down by Council Regulation (EEC) No 4253/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European

Investment Bank and the other existing financial instruments ⁽⁸⁾, and in conformity with Regulation (EEC) No 4256/88 itself;

Whereas, following the Council decisions on the reform of the Structural Funds, the measures financed by the EAGGF, Guidance Section, should be adapted so that they can fully perform their role of expediting the adjustment of agricultural structures with a view to the reform of the common agricultural policy within the meaning of objective 5 (a) of Article 1 of Regulation (EEC) No 2052/88; whereas the necessary amendments should therefore be made to the measures to be taken in line with that objective, namely the common measures of horizontal application;

Whereas, if European agriculture is to maintain a presence on world markets, the common agricultural policy must continue to aim at increasing the efficiency and competitiveness of agricultural holdings; whereas, while the majority of the adjustments necessary to ensure the long-term competitiveness of Community agriculture must be made through the markets policy, the structural policy, too, must make its contribution by strengthening production and marketing structures as far as possible but without in any way worsening the imbalance between the productive resources allocated to agriculture and the foreseeable outlets; whereas emphasis must be placed on the structural improvement of holdings which at present are weak and on the setting-up of young farmers under viable conditions;

Whereas, on the basis of these principles, amendments should be made to Council Regulation (EEC) No 797/85 of 12 March 1985 on improving the efficiency of agricultural structures ⁽⁹⁾, as last amended by Regulation (EEC) No 2156/89 ⁽¹⁰⁾;

Whereas the aim of Community investment aid is to modernize agricultural holdings and thus improve their competitiveness in the context of the rational development of agricultural production; whereas this

⁽¹⁾ OJ No C 240, 20. 9. 1989, p. 6.

⁽²⁾ OJ No C 304, 4. 12. 1989.

⁽³⁾ Opinion delivered on 16 November 1989 (not yet published in the Official Journal).

⁽⁴⁾ OJ No L 374, 31. 12. 1988, p. 25.

⁽⁵⁾ OJ No L 94, 28. 4. 1970, p. 13.

⁽⁶⁾ OJ No L 185, 15. 7. 1988, p. 1.

⁽⁷⁾ OJ No L 185, 15. 7. 1988, p. 9.

⁽⁸⁾ OJ No L 374, 31. 12. 1988, p. 1.

⁽⁹⁾ OJ No L 93, 30. 3. 1985, p. 1.

⁽¹⁰⁾ OJ No L 207, 19. 7. 1989, p. 12.

aspect of the structural policy must be adjusted so as to permit the modernization and diversification of agriculture while remaining consistent with the measures taken to limit surplus production ; whereas, at present, in order to qualify for Community investment aid, a farmer must practise farming as his main occupation, that is, he must devote at least half of his working time to his holding and derive at least half of his income therefrom ; whereas investment aid should be extended to persons who do not practise farming as their main occupation provided that on their holding they engage in forestry, tourism or craft activities or activities designed to safeguard the environment and maintain the countryside and whereas the means of thus extending investment aid should be defined ;

Whereas, with regard to the objective of investment plans for agricultural holdings, a distinction should no longer be made, so far as Community aid is concerned, between plans aimed at maintaining the level of income and those aimed at improving it substantially ; whereas there is justification for maintaining the derogation concerning the holding of simplified accounts within the framework of investment plans for areas which at present benefit therefrom ;

Whereas, under the existing provisions, aid may be granted in particular for investments which are not aimed at increasing production capacity but rather at improving the quality of production facilities ; whereas this aid could be extended to investments aimed at finding new sources of income, such as tourism or craft activities or the farm-based manufacture and sale of farm products, and to investments aimed at improving conditions for the hygiene and welfare of animals ;

Whereas, as regards the limits placed on investment aids in certain agricultural sectors, the present restrictions (on the production of milk, pigs, eggs and poultry) must be supplemented by restrictions in the beef and veal sector, bearing in mind the situation on the market for the products concerned and the need to provide no incentive to intensive production ; whereas, however, such restrictions would not apply to aid for the protection of the environment ;

Whereas the increase in the investment aid rates should be maintained in the Member States concerned ;

Whereas, in view of the ever-increasing cost of setting up of an agricultural holding, the maximum amount eligible for a Community contribution towards the aid for the setting-up of young farmers should be increased from ECU 7 500 to ECU 10 000 in the case of both the installation premium and the capitalized value of the interest subsidy ; whereas the detailed rules for the application of

this measure should also be amended so that wider and more effective use can be made thereof ;

Whereas, in the areas referred to in Article 13 (1) of Regulation (EEC) No 797/85, there is justification for extending the stock-farming aid provided for in Article 17 of that Regulation to activities other than stock-farming where this constitutes a peripheral activity ;

Whereas, in the interests of rational production, encouragement should be given to the formation of mutual assistance groups which would use new technologies and practices aimed at safeguarding and improving the environment and preserving the countryside and to the formation of groups which would introduce alternative agricultural methods such as biological techniques, integrated crop-protection techniques and extensive farming techniques ;

Whereas the effectiveness of the current scheme to assist hill-farming and farming in certain less-favoured areas could be improved by increasing the Community assistance for the less prosperous regions and by making certain technical adjustments ; whereas, in order to reduce the drawbacks both in terms of markets and the environment, the allowance should be granted for only 1,4 livestock units (LU) per hectare of the total forage area of the holding ; whereas, in addition, as regards the maximum amount of Community aid per holding, the administrative difficulties should be overcome by replacing the existing scheme by a simpler one designed to concentrate the Community's efforts on those holdings which are in greatest need, that is, the Community contribution would be restricted to the equivalent of 120 units, be they livestock units or area units ;

Whereas the amounts currently eligible for aid in areas which are sensitive in terms of the environment, natural resources and the preservation of the countryside are significantly lower than the loss of income resulting from the use of ecological methods and therefore provide too little incentive, especially in less-favoured areas ; whereas, in order to ensure that this measure is more widely applied not only in rural areas which are experiencing the pressures of a changing world close to large population centres but also in less-favoured areas, it is necessary to increase the maximum amount eligible to ECU 150 per hectare ;

Whereas Council Regulation (EEC) No 1096/88 of 25 April 1988 establishing a Community scheme to encourage the cessation of farming (1) should be amended, in particular to take account of the fact that in the context of the reform of the Structural Funds the option of early retirement with restructuring is no longer a horizontal measure under objective 5 (a) but a regionalized measure to be included in regional/rural development plans under objectives 1 and 5 (b) ;

(1) OJ No L 110, 29. 4. 1988, p. 1.

Whereas, in accordance with the principles of the reform of the Structural Funds, and in particular with Articles 5 and 11 of Regulation (EEC) No 2052/88, the EAGGF may help to finance national aid schemes by reimbursing expenditure incurred by Member States; whereas the rate of Community part-financing may be differentiated on the basis of the criteria and within the limits laid down in Article 13 of the said Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 797/85 is hereby amended as follows:

1. Article 1 is replaced by the following:

Article 1

1. With a view to expediting the adjustment of agricultural structures in the Community pursuant to objective 5 (a) as set out in Article 1 of Regulation (EEC) No 2052/88 (*), a common measure within the meaning of Article 2 (1) of Regulation (EEC) No 4256/88 (**), to be implemented by the Member States, is hereby introduced with the following objectives:

- (i) to help restore the balance between production and market capacity;
- (ii) to help improve the efficiency of farms by developing and reorganizing their structures and by promoting supplementary activities;
- (iii) to maintain a viable agricultural community and thus help develop the social fabric of rural areas by ensuring a fair standard of living for farmers and by offsetting the effects of natural handicaps in mountain areas and less-favoured areas;
- (iv) to contribute to the safeguarding of the environment and the preservation of the countryside, including the long-term conservation of natural farming resources.

2. In accordance with Article 5 (2) (b) and 11 (4) of Regulation (EEC) No 2052/88, the EAGGF Guidance Section, hereinafter called 'the Fund', shall, acting under the common measure referred to in paragraph 1, provide part-financing for national aid schemes by reimbursing, on the terms laid down in Title VIII, expenditure incurred by the Member States on:

- (a) schemes designed to encourage the conversion and extensification of production;
- (b) measures relating to investments in agricultural holdings, in particular to reduce production costs, to improve the living and working conditions of

farmers, to promote the diversification of their activities, including the marketing of products on the farm, and to preserve and improve the natural environment;

- (c) measures to encourage the setting-up of young farmers;
- (d) back-up measures to assist agricultural holdings, involving the introduction of accounts and the launching of groups, services and facilities for the benefit of several holdings;
- (e) measures to support farm incomes and to maintain viable agricultural communities in mountain or less-favoured areas by means of agricultural aid for offsetting natural handicaps;
- (f) measures to protect the environment and safeguard the countryside by encouraging appropriate farming methods;
- (g) forestry measures to assist agricultural holdings;
- (h) vocational training projects connected with the measures referred to in paragraphs (a) to (d).

In accordance with Title VIII, the Guarantee and Guidance Sections of the Fund shall contribute equally, under the common measure referred to in paragraph 1, towards measures linked with the scheme to encourage the set-aside of arable land. In the case of the share of expenditure financed by the Guidance Section of the Fund, the financial rules for the application of the common measure shall, by way of exception, be those which apply to the Guarantee Section.

(*) OJ No L 185, 15. 7. 1988, p. 9.

(**) OJ No L 374, 31. 12. 1988, p. 25.

2. In Article 2 (1):

(a) Point (a) is replaced by the following:

(a) practises farming as his main occupation.

Member States may, however, apply the aid scheme referred to in Articles 2 to 6 to farmers who, while they do not practise farming as their main occupation, derive at least 50 % of their total income from farming, forestry, tourism or craft activities or activities for maintaining the countryside which qualify for public aid, carried out on the holding, provided that the proportion of income deriving directly from farming on the holding is not less than 25 % of the farmer's total income and that off-farm activities do not account for more than half the farmer's total working time;

(b) Point (c) is replaced by the following :

'(c) submits a plan for materially improving his holding. This plan must show by means of specific calculations that the investments are justified from the point of view of the situation of the holding and its economy and that implementation of the plan will bring about a lasting improvement of that situation, and in particular of the labour income per man-work (MWU) employed on the holding, or is necessary for maintaining the present level of labour income per MWU.'

(c) In point (d), the second subparagraph is replaced by the following :

'However, in the less-favoured areas determined in accordance with Articles 2 and 3 of Directive 75/268/EEC, the Kingdom of Spain, the Hellenic Republic and the Italian Republic, as regards the Mezzogiorno including the islands, and the Portuguese Republic, as regards its entire territory, shall be authorized to accept improvement plans submitted until 31 December 1991 by holdings which do not satisfy the condition laid down in this point, provided that the volume of work on the holding does not require more than the equivalent of one man-work unit (MWU) and that projected investments do not exceed ECU 25 000.'

3. Article 3 is hereby amended as follows :

(a) Paragraph 1 is replaced by the following :

'1. The aid scheme referred to in Article 2 may be applicable to investments relating to :

- the qualitative improvement and conversion of production in line with market requirements,
- the diversification of activities on the holding, in particular by the introduction of tourism and craft activities or the manufacture and sale of farm produce on the farm,
- the adaptation of the holding for the purposes of reducing production costs and saving energy,
- the improvement of living and working conditions,
- the improvement of the hygiene conditions of livestock enterprises and compliance with Community animal welfare standards, or, failing these, national standards until Community standards are adopted,
- the protection and improvement of the environment.'

(b) The following paragraph is inserted :

'4a. Save where decisions subsequently taken pursuant to paragraph 2 provide otherwise, aid as provided for in paragraph 1 and granted for investments relating to the beef sector, other than aid for safeguarding the environment, shall be

restricted to livestock enterprises where the beef-cattle stocking rate does not, at the end of the plan, exceed three livestock units (LSU) per hectare of total forage area used for feeding the cattle; the LSU conversion table is given in the Annex.

However, until 31 December 1991, this limit of 3 LSUs shall not be applied when evidence is adduced that there is no proposal to increase production capacity. Before 31 December 1991, the Commission shall examine the application of this provision and submit a report to the Council.'

4. In Article 4 (2) :

— the second subparagraph is replaced by the following :

'The value of the aid provided for in paragraph 1, expressed as a percentage of the amount of the investment, shall not exceed :

(a) In the case of the areas referred to in Article 2 and 3 of Directive 75/268/EEC ;

- 45 % for fixed assets ;
- 30 % for other types of investments ;

(b) in the case of other areas :

- 35 % for fixed assets ;
- 20 % for other types of investment.

Where the aid is not granted in the form of a capital grant, Member States shall draw up each year a table showing the value of the aid, expressed as a percentage of the amount of the investment, taking into consideration the average annual rate of interest on non-subsidized loans, the value of the interest subsidy, the term of the loans, deferred interest subsidies and repayments and any other factor used for expressing the aid in grant equivalent terms.'

— the last subparagraph shall be replaced by the following :

'However, until 31 December 1991, the value of the maximum aid referred to in the second subparagraph shall be increased by 10 % of the amount of the investments in Spain, Greece, Ireland, Italy and Portugal for investments shown in the improvement plans submitted by that date.'

5. Article 7 is hereby replaced by the following and an Article 7a is inserted :

Article 7

1. Member States may grant setting-up aid to young farmers under 40 years of age on condition that :

- the young farmer sets up as head of the holding, which means that he assumes civil and tax liability or joint liability for the management of the holding and the social status accorded in the Member State concerned to self-employed heads of holding,

- the young farmer sets up as a farmer practising farming as his main occupation or begins, after having set up as a part-time farmer, to practise farming as his main occupation,
- the occupational qualifications of the young farmer are at a satisfactory level at the time of his setting up or at the latest two years thereafter, and
- the holding requires a volume of work equivalent to at least one MWU, which must be achieved at the latest two years after the setting up.

2. The setting-up aid may comprise :

- (a) a single premium of a maximum eligible amount of ECU 10 000. The premium may be paid over a period not exceeding five years. Member States may replace the premium by an equivalent interest subsidy;
- (b) an interest subsidy on loans taken out with a view to covering the costs arising from setting up.

The rate of interest subsidy shall be not more than 5 % for a period of 15 years ; the capitalized value of the interest subsidy may not exceed ECU 10 000.

Member States may pay, in the form of a grant, the equivalent of the interest subsidy resulting from the volume and duration of the loans taken out.

3. Member States shall define :

- the conditions governing setting up,
- specific conditions in a situation where a young farmer does not set up as sole head of the holding, in particular where he sets up as a member of an association or cooperative whose principal object is the management of an agricultural holding ; these conditions must be equivalent to those required for setting up as a sole head of a holding,
- the agricultural training which a young farmer must have had at the time of his setting up, or must achieve within two year thereafter, in order for the premium to be eligible under the Fund,
- the conditions under which it will be recognized that the volume of work equivalent to at least one MWU has been achieved within the maximum time of two years after setting up,
- the amount of the setting-up aid.

Article 7a.

Member States may grant young farmers under 40 years of age additional aid for investments to be made under a material improvement plan within the meaning of Article 2 (1) (c), amounting to a maximum of 25 % of the aid granted pursuant to Article 4 (2), provided that the young farmer submits

the improvement plan within five years of setting up and provided that he possesses the occupational qualifications referred to in Article 7 (1).

6. In Article 8 (5), the following indent is added after the fifth indent :

- measures in respect of investments for the purpose of improving hygienic conditions or of compliance with Community animal welfare standards, or national standards where these are stricter from Community standards, provided that these investments do not give rise to an increase in production.'

7. In Article 10, the first subparagraph is hereby replaced by the following :

'Member States may, on request, grant to recognized groups which have as their object :

- mutual aid between holdings, including the use of new technologies and practices for safeguarding and improving the environment and preserving the countryside,
- the introduction of alternative farming practices,
- the more rational joint use of agricultural means of production,
- the operation of a group holding,

and which are formed after the entry into force of this Regulation, launch aid as a contribution to their operating costs during not more than the first five years after their formation.'

8. Article 14 (3) is replaced by the following :

'3. Member States may lay down additional or limiting conditions for the grant of the compensatory allowance, including conditions which encourage the use of practices compatible with the need to safeguard the environment and preserve the countryside.'

9. Article 15 is hereby amended as follows :

(a) The first subparagraph of paragraph 1 (a) is replaced by the following :

- '(a) in the case of farms keeping cattle, sheep, goats or equidae, the allowance shall be calculated in relation to livestock numbers. The allowance may not exceed ECU 102 per LU. The total amount of the allowance granted may not exceed ECU 102 per hectare of total forage area of the holding. A conversion table for expressing cattle, equidae, sheep and goats as LUs is given in the Annex.

However, in less-favoured agricultural areas where the permanent natural handicaps are serious enough to justify it, the total allowance granted may be increased to ECU 121,2 per LU and per hectare.

The allowance shall be granted in respect of not more than 1,4 LUs per hectare of the total forage area of the holding.'

(b) In paragraph 1, (c) is replaced by the following :

'(c) Member States may vary the compensatory allowance on the basis of the economic situation of the holding and of the income of the farmer qualifying for the compensatory allowance. The amount of the allowance may also be adjusted in the light of the use of agricultural practices compatible with the requirements for safeguarding the environment and preserving the countryside ; the benefit of any increases may not, however, be combined with the aid referred to in Article 19.'

(c) The following paragraph is added :

'3. The maximum amount eligible under the fund shall be limited to the equivalent of 120 units per holding, whether livestock units (LSU) or area units (ha); moreover, beyond the equivalent of the first 60 units, the maximum amount eligible per LSU or hectare shall be reduced to half the maximum amount of the allowance referred to in paragraph 1.'

(d) Paragraph 4 is deleted.

10. Article 16 is deleted.

11. Article 17 (1) is replaced by the following :

'1. In the areas referred to in Article 13 (1), Member States may grant aid to joint investment schemes for fodder production, including the storage and distribution of fodder, and for the improvement and equipping of pastures which are farmed jointly and, in mountain areas, to joint or individual investment in water points, in minor roads for immediate access to pastures, including mountain pastures, and in shelters for herds.

However, where stock-breeding constitutes a peripheral activity in these areas, the aid provided for in the first subparagraph shall be extended to agricultural activities other than stock-breeding.'

12. Article 18 and the title preceding it are deleted.

13. In Article 19c, '101' is replaced by '150' and the second sentence is deleted.

14. Article 21 is hereby amended as follows :

(a) The first subparagraph of paragraph 1 is replaced by the following :

'1. In so far as no provision is made for their financing in Regulation (EEC) No 4255/88 (*), Member States may, in regions where the need is apparent and with a view to the smooth implementation of the relevant measures, introduce a

system of special aid for the improvement of the agricultural skills of persons covered by the measures referred to in Articles 1b and 2 to 12 and young farmers under forty years of age.

(*) OJ No L 374, 31. 12. 1988. p. 21.'

(b) In paragraph 2, (c) is deleted.

15. Article 22 is deleted.

16. Article 23 is deleted.

17. In Article 24 (3) the second sentence is replaced by the following :

'Within two months of the receipt of any draft, the Commission shall, after consulting the Committee on Agricultural Structures and Rural Development, issue an opinion thereon.'

18. Article 25 is replaced by the following :

Article 25

With regard to provisions forwarded pursuant to the second indent of Article 24 (1) or to Article 24 (4), the Commission shall decide within two months of their being forwarded, in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88 (*), whether, in the light of their compliance with this Regulation and having regard to the objectives of this Regulation and to the need to ensure that the various measures are properly related, such provisions satisfy the conditions for a financial contribution by the Community to the common measure referred to in Article 1.

(*) OJ No L 374, 31. 12. 1988, p. 1.'

19. Article 26 is replaced by the following :

Article 26

1. Expenditure incurred by Member States in connection with the measures provided for in Article 1b, 1c, 3 to 7a, 9 to 17 and 19, 20, 20a and 21 shall be eligible for aid from the Guidance Section of the Fund. Expenditure incurred by the Member States in connection with the measures provided for in Article 1a shall be eligible for aid from the Guarantee and Guidance Section of the Fund.

2. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88, the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88. It shall take its first decisions within one month of the entry into force of Regulation (EEC) No 3808/89 (*). If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For those regions not covered by objective 1, the rates shall be fixed by the Commission under the same conditions; however, the Commission shall submit, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.

(⁽¹⁾) OJ No L 371, 20. 12. 1989, p. 1.

20. Article 28 is hereby amended as follows:

- (a) In paragraph 1, '1 July' is replaced by '1 June';
- (b) Paragraph 2 is deleted;
- (c) Paragraph 4 is replaced by the following:
'4. The Commission shall adopt detailed rules for the application of this Article.'

21. Article 29 is deleted.

22. In Article 31 (1) and (2), 'Article 7, second paragraph point 2, Article 8 (2), (3) and (4)' is replaced by 'Article 7a, Article 8 (3) and (4)'.

23. The following Article is inserted:

Article 31a

Pursuant to Article 23 of Regulation (EEC) No 4253/88, Member States shall make provision for effective monitoring which shall include at least verification of the essential aspects of the beneficiary's undertaking and of the supporting documents, and on-the-spot checks to verify that the information contained in the application corresponds to the true situation.

Where appropriate, detailed rules for the application of this Article shall be laid down by the Commission, in accordance with the procedure provided for in Article 29 of Regulation (EEC) No 4253/88.

24. In Article 32 (1), the last subparagraph is replaced by the following:

'As regards the amendments made to this Regulation (EEC) No 3808/89, "The Member States shall bring into force the measures necessary to comply with those amendments within six months of the date of entry into force of that Regulation, except as regards provisions relating to Articles 13 to 15, for which the date of implementation shall be postponed until 1 January 1991.'

Article 2

Regulation (EEC) No 1096/88 is hereby amended as follows:

- 1. In Article 1, 'within the meaning of Article 6 (1) of Regulation (EEC) No 729/70' is replaced by 'within the meaning of Article 2 (1) of Regulation (EEC) No 4256/88 (⁽¹⁾)', and the following footnote is added:

(⁽¹⁾) OJ No L 374, 31. 12. 1988, p. 25.

2. Article 4 (1) is replaced by the following:

'1. The annual allowance referred to in the first indent of Article 3 (1) may be granted to farmers who practise farming as their main occupation within the meaning of Article 2 (5) of Regulation (EEC) No 797/85 of 12 March 1985 on improving the efficiency of agricultural structures (⁽²⁾), as last amended by Regulation (EEC) No 2156/89 (⁽³⁾), who are over 55 years of age and who permanently cease all farming activities, provided that agricultural production on the agricultural area of the holding is halted throughout the whole period from the time of cessation of farming to the time when the farmer reaches the normal retirement age as fixed by the social security arrangements currently applicable to farming in the Member State concerned. This period must be not less than five years but for this purpose it may be extended, where appropriate, beyond the normal retirement age.

In the case of leased holdings, Member State may permit up to one-third of the area to be taken over by the owner without the cessation of production on that fraction of the area.

(⁽²⁾) OJ No L 93, 30. 3. 1985, p. 1.

(⁽³⁾) OJ No L 207, 19. 7. 1989, p. 12.

3. Article 6 (1) is replaced by the following:

'1. The supplementary annual premium per hectare referred to in the second indent of Article 3 (1) shall be granted per hectare of agricultural area actually withdrawn from agricultural production.'

4. Article 7 is hereby amended as follows:

(a) Paragraph 1 is amended as follows: the words 'the first indent of' preceding 'Article 4 (1)' are deleted.

(b) Paragraph 2 is replaced by the following:

'2. The supplementary annual premium per hectare referred to in the second indent of Article 3 (1) shall not be eligible for a financial contribution from the European Agricultural Guidance and Guarantee Fund (hereinafter called "The Fund") if it is paid in respect of areas for which a premium for the permanent abandonment of areas under vines is paid in accordance with the rules laid down in Article 2 of Council Regulation (EEC) No 1442/88 of 24 May 1988 on the granting, for the 1988/89 to 1995/96 wine years, of permanent abandonment premiums in respect of wine-growing areas (⁽¹⁾); it shall not be paid in respect of areas for which a premium for the permanent abandonment of areas under vines is granted in the form of an annual premium in accordance with the rules laid down in Article 9 of Regulation (EEC) No 1442/88.

(⁽¹⁾) OJ No L 132, 28. 5. 1988, p. 3.

5. The last indent of Article 8 is deleted.

6. Article 9 is hereby amended as follows :

(a) The words 'the first indent of' preceding 'Article 4 (1)' in the first sentence of paragraph 1 are deleted ;

(b) Paragraph 2 is replaced by the following :

'2. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 (*), the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88 (**). It shall take its first decisions within one month of the entry into force of Regulation (EEC) No 3808/89 (***). If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For those regions not covered by objective 1, the rates shall be fixed by the Commission under the same conditions ; however, the Commission shall present, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.

(*) OJ No L 185, 15. 7. 1988, p. 9.

(**) OJ No L 374, 31. 12. 1988, p. 1.

(***) OJ No L 371, 20. 12. 1989, p. 1.'

7. Article 10 is deleted.

8. Article 11 is amended as follows :

(a) The first indent of paragraph 3 is replaced by the following :

'— where the scheme applied to the abandoned farm is eligible under Article 9' ;

(b) Paragraph 4 is replaced by the following :

'4. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88, the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88. It shall take its first decisions within one month of the entry into force of Regulation (EEC) No 3808/89. If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For those regions not covered by objective 1, the rates shall be fixed by the Commission under the same conditions ; however, the Commission shall present, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.'

9. Article 12 is replaced by the following :

Article 12

Five years after the entry into force of this Regulation, the detailed rules for its application shall be

reviewed by the Council, on a proposal from the Commission.'

10. The second sentence of Article 13 (3) is replaced by the following :

'Within two months of the receipt of any draft, the Commission shall, after consulting the Committee on Agricultural Structures and Rural Development, issue an opinion thereon.'

11. Article 14 is replaced by the following :

Article 14

With regard to provisions forwarded pursuant to the second indent of Article 13 (1) or to Article 13 (4), the Commission shall decide within two months of their being forwarded, in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88, whether, in the light of their compliance with this Regulation and having regard to the objectives of this Regulation and to the need to ensure that the various measures are properly related such provisions satisfy the conditions for a financial contribution by the Community to the common measures referred to in Article 1.'

12. Article 16 is deleted.

13. Article 17 is hereby amended as follows :

(a) In paragraph 1, '1 July' is replaced by '1 June' ;

(b) Paragraph 2 is deleted ;

(c) Paragraph 4 is replaced by the following :

'4. The Commission shall adopt detailed rules for the application of this Article.'

Article 3

Regulation (EEC) No 1360/78 is hereby amended as follows :

1. The first sentence of Article 6 (3) is replaced by the following :

'3. Within six months of the entry into force of Regulation (EEC) No 3808/89 (*) and in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88 (**) detailed rules of application shall be adopted concerning :

(*) OJ No L 371, 20. 12. 1989, p. 1.

(**) OJ No L 374, 31. 12. 1988, p. 1.'

2. In Article 11 (3), 'laid down in Article 16' is replaced by 'laid down in Article 29 of Regulation (EEC) No 4253/88'.

3. Article 12 is hereby replaced by the following :

Article 12

All the measures laid down in this Regulation shall constitute a common measure within the meaning of Article 2 (1) of Regulation (EEC) No 4256/88 (***).

(***) OJ No L 374, 31. 12. 1988, p. 25.'

4. In Article 13, paragraphs 3 and 4 are deleted.

5. Article 14 (2) is replaced by the following :

'2. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 (*), the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88. It shall take its first decisions within one month of the entry into force of Regulation (EEC) No 3808/89. If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For those regions not covered by objective 1 the rates shall be fixed by the Commission under the same conditions ; however, the Commission shall present, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.

(*) OJ No L 185, 15. 7. 1988, p. 9.'

6. Article 15 is hereby amended as follows :

(a) In paragraph 1, '1 July' is replaced by '1 June' ;

(b) Paragraph 2 is deleted ;

(c) Paragraph 4 is replaced by the following :

'4. The Commission shall adopt detailed rules for the application of this Article.'

7. Article 16 is deleted.

Article 4

Regulation (EEC) No 389/82 is hereby amended as follows :

1. Article 8(1) is replaced by the following :

'1. Within six months of the date of receipt of each programme or of modifications thereto and on condition that all the details specified in Article 6 of this Regulation have been provided, the Commission shall take a decision as to their approval in accordance with the procedure laid down in Article 29 of Regulation (EEC) No 4253/88 (*).

(*) OJ No L 374, 31. 12. 1988, p. 1.'

2. Article 9 is replaced by the following :

Article 9

All the measures provided for in this Regulation shall constitute a common measure within the meaning of Article 2 (1) of Regulation (EEC) No 4256/88 (**).

(**) OJ No L 374, 31. 12. 1988, p. 25.'

3. Article 10 (3) and (4) is deleted.

4. Article 11 is hereby amended as follows :

(a) Paragraph 2 is replaced by the following :

'2. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 (*), the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88. It shall take its first decisions within one month of the entry into force of Regulation (EEC) No 3808/89 (**). If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For these regions not covered by objective 1, the rates shall be fixed by the Commission under the same conditions ; however, the Commission shall present, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.

(*) OJ No L 185, 15. 7. 1988, p. 9.

(**) OJ No L 371, 20. 12. 1989, p. 1.'

(b) Paragraph 3 is deleted.

5. Article 12 is hereby amended as follows :

(a) Paragraph 2 is deleted ;

(b) Paragraph 4 is replaced by the following :

'4. The Commission shall adopt detailed rules for the application of this Article.'

Article 5

Article 17 of Regulation (EEC) No 1696/71 is hereby amended as follows :

1. Paragraph 2 is replaced by the following :

'2. The measures provided for in Articles 8 and 9 shall constitute a common measure within the meaning of Article 2 (1) of Regulation (EEC) No 4256/88 (*).

(*) OJ No L 374, 31. 12. 1988, p. 25.'

2. Paragraph 3 is replaced by the following :

'3. For the regions covered by objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 (*), the Commission shall determine the rates of Community part-financing for the different measures in accordance with the criteria and within the limits laid down in Article 13 of the said Regulation under the procedure provided for in Article 29 of Regulation (EEC) No 4253/88 (**). It shall take its first decisions within one month of the entry into force of Regulation (EEC) No

3808/89 (**). If a Member State so requests, these rates shall be applied to expenditure incurred with effect from 1 January 1989.

For these regions not covered by objective 1 the rates shall be fixed by the Commission under the same conditions; however, the Commission shall present, before 31 December 1992, a report to the Council, together with proposals concerning the fixing of the said rates for subsequent years.

(*) OJ No L 185, 15. 7. 1988, p. 9.

(**) OJ No L 374, 31. 12. 1988, p. 1.

(***) OJ No L 371, 20. 12. 1989, p. 1.

3. In paragraph 4, '30 June' is replaced by '1 June'.

4. Paragraph 7 is replaced by the following:

'7. The Commission shall adopt detailed rules for the application of this Article.'

Article 6

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

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

Done at Brussels, 12 December 1989.

For the Council
The President
H. NALLET