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*(Acts whose publication is obligatory)***COUNCIL REGULATION (EEC) No 1760/87**

of 15 June 1987

amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside

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 the situation of the agricultural markets has changed, and will change further, as a result of the reorientation of the common agricultural policy caused by the need to secure a gradual drop in output in those sectors where there is a surplus;

Whereas, in this context, the policy on structures must be used to help farmers adapt to this new situation and to cushion the effects that the new markets and prices policy is likely to have on agricultural incomes in particular;

Whereas, so that the objectives of the policy on structures can be realized, certain common measures covered by Article 6 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy ⁽⁴⁾, as last amended by Regulation (EEC) No 3769/85 ⁽⁵⁾, introduced in order to achieve the objectives of Article 39 of the EEC Treaty, should be adjusted;

Whereas, in particular, the common measure introduced by Council Regulation (EEC) No 797/85 of 12 March 1985 on improving the efficiency of agricultural structures ⁽⁶⁾, as last amended by Regulation (EEC) No 2224/86 ⁽⁷⁾, should be adjusted and amplified;

Whereas an aid scheme, designed to encourage farmers to embark upon conversion and extensification of produc-

tion, may contribute towards adjusting the various production sectors to market requirements, in particular those in which there is a surplus;

Whereas, during an initial period, application of the extensification scheme may be restricted to the cereals, beef and veal and wine sectors;

Whereas provision should be made for compensation on the basis of the actual reduction in production, allowing for the maintenance of the incomes of farmers who have undertaken to reduce production;

Whereas the compensatory allowance for permanent natural handicaps in the areas covered by Council Directive 75/268/EEC ⁽⁸⁾, as last amended by Regulation (EEC) No 797/85, is indispensable both to help maintain farmers' incomes, and thus the maintenance of agricultural holdings in these areas, and, at the same time, to facilitate the adaptation and reorganization of such holdings;

Whereas amplification and strengthening of this measure would further increase its effects and allow more account to be taken of the relative severity of permanent natural handicaps and the importance of the services provided by farmers;

Whereas it should be left to the Member States to set the amounts of this allowance not only according to the severity of the permanent natural handicaps in question but also with due regard to the economic situation and the incomes of the holdings;

Whereas the Community's financial contribution to the compensatory allowance must be limited to the income objectives of this Regulation;

Whereas farmers in areas that are sensitive from the point of view of protection of the environment or preservation of the landscape are in a position to perform a valuable service to society as a whole and whereas the introduction

⁽⁸⁾ OJ No L 128, 19. 5. 1975, p. 1.

⁽¹⁾ OJ No C 273, 29. 10. 1986, p. 3.

⁽²⁾ OJ No C 227, 8. 9. 1986, p. 110.

⁽³⁾ OJ No C 328, 22. 12. 1986, p. 37.

⁽⁴⁾ OJ No L 94, 28. 4. 1970, p. 13.

⁽⁵⁾ OJ No L 362, 31. 12. 1985, p. 17.

⁽⁶⁾ OJ No L 93, 30. 3. 1985, p. 1.

⁽⁷⁾ OJ No L 194, 17. 7. 1986, p. 4.

of specific measures may encourage farmers to introduce or retain agricultural production practices that are compatible with the increased need to protect or preserve the countryside and at the same time help, by means of reorientation of their holdings, towards realization of the agricultural policy objective of restoring balance on the market in certain products;

Whereas the measures to encourage the afforestation of agricultural land must be amplified;

Whereas existing agricultural training schemes should be diversified in order to allow farmers to adjust their production, in particular with regard to production reorientation, and to apply production practices compatible with protection of the countryside and afforest agricultural areas;

Whereas the common measure introduced by Council Regulation (EEC) No 270/79 of 6 February 1979 on the development of agricultural advisory services in Italy⁽¹⁾, as amended by Regulation (EEC) No 3768/85⁽²⁾, has not produced the desired results indispensable for the adaptation of agriculture in that Member State; whereas the measure should therefore be adjusted to render more flexible the systems for training advisers and for installing them as at present provided for;

Whereas the common measure introduced by Council Regulation (EEC) No 1360/78 of 19 June 1978 on producer groups and associations thereof⁽³⁾, as last amended by Regulation (EEC) No 3827/85⁽⁴⁾, can be used to contribute towards the necessary adjustment, in particular with regard to the quality of agricultural products in certain regions in the Community; whereas the duration of the measure should therefore be extended and strengthened;

Whereas the encouragement of pilot or experimental projects in the processing or marketing of so-called organically grown crops may increase the effectiveness of the common measure introduced by Council Regulation (EEC) No 355/77 of 15 February 1977 on a common measure to improve the conditions under which agricultural and fishery products are processed and marketed⁽⁵⁾, as last amended by Regulation (EEC) No 3827/85, the purpose being to bring about the better realization of the objectives of this Regulation in respect of the adjustment and reorientation of agriculture made necessary by the economic consequences of the common agricultural policy,

HAS ADOPTED THIS REGULATION:

Article 1

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

⁽¹⁾ OJ No L 38, 14. 2. 1979, p. 6.

⁽²⁾ OJ No L 362, 31. 12. 1985, p. 8.

⁽³⁾ OJ No L 166, 23. 6. 1978, p. 1.

⁽⁴⁾ OJ No L 372, 31. 12. 1985, p. 1.

⁽⁵⁾ OJ No L 51, 23. 2. 1977, p. 1.

1. Article 1 is replaced by the following:

'Article 1

1. With a view to assisting the adjustment and reorientation of agriculture in the Community and so permitting its steady development, a common measure within the meaning of Article 6 (1) of Regulation (EEC) No 729/70, to be implemented by the Member States, is hereby introduced with the following objectives:

- (i) to help restore equilibrium between production and market capacity;
- (ii) to contribute to the improvement of the efficiency of farms by developing and reorganizing their structures;
- (iii) to maintain a viable agricultural Community, including mountain and hill areas and less-favoured areas;
- (iv) to contribute to the protection of the environment and the lasting conservation of the natural resources of agriculture.

2. In accordance with Title VIII, the Guidance Section of the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as 'the Fund', shall make a contribution to the measure referred to in paragraph 1 concerning:

- (a) schemes designed to encourage the conversion and extensification of production;
- (b) investments in agricultural holdings and the setting-up of young farmers in business;
- (c) other measures to assist agricultural holdings, such as the introduction of the keeping of accounts and the establishment and operation of groups, services and facilities for the benefit of several holdings;
- (d) specific measures to assist mountain and hill farming and farming in certain less-favoured areas;
- (e) specific measures to protect the environment and preserve the landscape;
- (f) forestry measures that are to the advantage of agricultural holdings;
- (g) the adjustment of vocational training to the requirements of modern agriculture.'

2. The following Title is inserted after Article 1:

TITLE 01

Conversion and extensification of production

Article 1a

1. Member States shall introduce an aid scheme designed to encourage the conversion and extensification of production.

This scheme shall include :

- (a) aid for the conversion of products to non-surplus products.

The Council, acting on a proposal from the Commission according to the voting procedure laid down in Article 43 (2) of the EEC Treaty, shall adopt, before 31 December 1987, a list of products towards which conversion can be accepted, with the conditions and procedures for the granting of the aid ;

- (b) aid to promote extensification of production of surplus products. The surplus products shall be defined as products for which, consistently at Community level, there are no normal unsubsidized outlets. Until 31 December 1989, application of the scheme may be confined to the cereals, beef and veal, and wine sectors. Further, Member States may also grant these aids for the "extensification" of other products.

2. "Extensification" within the meaning of paragraph 1 (b) shall be defined as a reduction in the output of the product concerned by at least 20 % without other production capacity within the meaning of paragraph 1 being increased. However, such an increase shall be permitted in proportion to any increase in the usable agricultural area of the holding. Where the reduction in output is effected by the withdrawal from agricultural production of farmland, such land may be left fallow with the possibility of rotation, afforested or used for non-agricultural purposes.

3. On receipt of an application with reasons, the Commission may, following the procedure laid down in Article 25, authorize Member States not to apply the arrangements in regions or areas in which production should not, because of natural conditions or the danger of depopulation, be reduced.

The Commission shall adopt, in accordance with the procedure in Article 25, the implementing arrangements and, in particular, the criteria for defining the regions or areas defined in the foregoing subparagraph.

4. Portugal is hereby authorized not to apply the scheme referred to in paragraph 1 during the first stage of accession.

Article 1b

1. With regard to the aid for the extensification of production Member States shall determine :

- (a) the conditions under which aid shall be granted ; these must include a stipulation that, for a period of at least five years, in accordance with Article 1a (2) :

- in the case of cereals, the area devoted to this production shall be reduced by at least 20 %,
- in the case of beef and veal production, the number of livestock units shall be reduced by at least 20 %,
- in the case of wine production, the yield per hectare shall be reduced by at least 20 %.

The Commission may authorize a Member State to apply other arrangements for reducing production provided the conditions referred to in Article 1a (2) are complied with ;

- (b) where appropriate, the reduction arrangements for other products ;
- (c) the reference period for the production concerned for calculation of the reduction ;
- (d) the undertaking entered into by the beneficiary with a view, in particular, to verification that production has in fact been reduced ;
- (e) the form and the amount of the aid on the basis of the undertaking entered into by the beneficiary and on the basis of income losses.

2. Where the scheme referred to in Article 1a is applied in the dairy sector, the reduction in production shall be calculated on the basis of the reference quantity allocated under Regulation (EEC) No 804/68 ⁽¹⁾, as last amended by Regulation (EEC) No 773/87 ⁽²⁾. The reference quantities suspended pursuant to this paragraph may not be reused or reallocated for the duration of the suspension.

The eligible amount of the premium paid under Council Regulation (EEC) No 775/87 of 16 March 1987 temporarily withdrawing a proportion of the reference quantities mentioned in Article 5c (1) of Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products ⁽³⁾ shall be deducted from the eligible amount of the aid granted under Article 1a.

3. Acting according to the procedure laid down in Article 25, the Commission shall determine the conditions of application and in particular the maximum amounts eligible under the Fund on the basis of the intervention price for cereals, having due regard to reduction costs and the ratios to be applied to the other products.

⁽¹⁾ OJ No L 148, 28. 6. 1968, p. 13.

⁽²⁾ OJ No L 78, 20. 3. 1987, p. 1.

⁽³⁾ OJ No L 78, 20. 3. 1987, p. 5.

3. In Article 6, the first sentence of paragraph 4 is replaced by the following :

'4. Except for aquaculture, the ceilings laid down in Articles 4 (2) and 5 may be multiplied by the number of holdings belonging to the group.'

4. In Article 8 :

(i) paragraph is replaced by the following :

'1. Aid for investments in agricultural holdings satisfying the conditions laid down in Articles 2 and 6 which exceeds the amounts laid down in Article 4 (2) increased, where appropriate, by the aid referred to in the second indent of Article 7 (2), are hereby prohibited, with the exception of aid :

- for the construction of farm buildings,
- for the relocation of farm buildings where this is done in the public interest,
- for land improvement operations,
- for investments for the purposes of environmental protection and improvement,

provided that the granting of these higher amounts does not infringe the provisions of Article 3 of this Regulation and Articles 92 to 94 of the EEC Treaty.' ;

(ii) the second indent in paragraph 2 is deleted ;

(iii) the first indent in the second subparagraph of paragraph 4 is deleted ;

(iv) the following fifth indent is added in paragraph 5 :

'— aid for investment in the protection and improvement of the environment, provided that it does not entail an increase in production.'

5. In Article 12 (5), '12 000 ECU' is replaced by '36 000 ECU'.

6. In Article 15 :

(i) the following sentence is added to the first subparagraph of point (a) in paragraph 1 :

'However, in less-favoured agricultural areas in which the severity of the permanent natural handicaps is great enough so to justify, the total allowance granted may be increased to 120 ECU per livestock unit (LU) and per hectare.'

(ii) point (b) of paragraph 1 is replaced by the following :

'(b) In the case of production other than of cattle, equines, sheep and goats, the allowance shall be proportional to the area farmed, less that devoted to the feeding of livestock and :

- (i) in all less-favoured agricultural areas, less that given over to wheat growing :

— except areas given over to the growing of durum wheat, in areas not being areas referred to in Regulation (EEC) No 3103/76 (1),

— except areas given over to the growing of common wheat, in areas the average yield from which does not exceed 2,5 tonnes per hectare used for this product ;

(ii) in all less-favoured agricultural areas, less any areas which are full plantations of apple, pear or peach trees exceeding 0,5 hectares per holding,

(iii) in the less-favoured agricultural areas referred to in Article 3 (4) and (5), less any areas assigned to the production of wine, apart from vineyards the yield from which does not exceed 20 hectolitres per hectare, or the production of sugarbeet or intensive crops.

The allowance may not exceed 101 ECU per hectare. However in less-favoured agricultural areas in which the severity of the permanent natural handicaps is great enough so to justify, the total amount granted may be increased to 120 ECU per hectare.

(1) OJ No L 351, 21. 12. 1986, p. 1.' ;

(iii) the following is added to paragraph 1 :

'(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.'

(iv) paragraph 3 is replaced by the following :

'3. Where the beneficiary of a compensatory allowance afforests some or all of the hectares used as the basis for the calculation of the allowance, Member States may grant a compensatory allowance, calculated on the basis of the number of hectares of usable and afforested farmland for up to 20 years from the time of the afforestation, provided that the allowance does not exceed the maximum referred to in paragraph 1 (a).'

(v) the following paragraph is added :

'4. The maximum amount eligible under the Fund for the compensatory allowance paid under this Article shall be 50 % of the reference income per MWU, fixed under Article 2 (3).'

7. Title V is replaced by the following :

‘TITLE V

Aid in areas sensitive as regards protection of the environment and of natural resources and as regards preservation of the landscape and the countryside

Article 19

In order to contribute towards the introduction or the maintenance of farming practices compatible with the requirements of the protection of the environment and of natural resources or with the requirements of the maintenance of the landscape and the countryside, and thus to contribute to the adaptation and the guidance of agricultural production according to market needs, and having the regard to agricultural income losses resulting from this, Member States may introduce a specific aid scheme for areas which are particularly sensitive from these points of view.

Article 19a

The aid scheme referred to in Article 19 shall consist of an annual premium per hectare granted to farmers in the areas referred to in Article 19 who undertake, under a specific programme for the area concerned, to introduce or maintain, for at least five years, farming practices compatible with the requirements of the protection of the environment and of natural resources or with the requirements of the maintenance of the landscape and of the countryside.

Article 19b

Member States shall determine the areas referred to in Article 19. In the light of the objective to be achieved, they shall define those production practices compatible with the requirements of the protection of the environment and of natural resources or with the requirements of the maintenance of the landscape and of the countryside. They shall also lay down rules and criteria to be complied with as regards production practices referred to in Article 19a, in particular with regard to the maintenance or the reduction of the intensity of farming and/or the required density of livestock. They shall fix the amount and duration of the premium, which must depend on the undertaking entered into by the farmer under the programme.

Article 19c

The maximum amount of the annual premium per hectare specified in Article 19a eligible under the Fund shall be 100 ECU per hectare covered by the undertaking mentioned in Article 19a. In cases where the annual premium is granted to a beneficiary of the compensatory allowance referred to in Article 15, the maximum amount of the annual premium eligible for aid from the Fund shall be 60 ECU per hectare.

8. In Article 20 :

- (i) the following subparagraph is inserted after the first subparagraph of paragraph 1 :

‘The afforestation aid referred to in the first subparagraph may also be paid to farmers receiving the extensification aid provided for in Article 1a and to forestry associations or cooperatives or communities which afforest agricultural areas belonging to the categories of farmer covered by this Article.’;

- (ii) in paragraph 2, ‘1 400 ECU’ is replaced by ‘1 800 ECU’.

9. In Article 21 :

- (i) the following is added to the first indent of the second subparagraph in paragraph 1 :

‘... and courses of additional training for such persons, intended to prepare them for qualitative reorientation of production; the application of production practices compatible with protection of the landscape and acquisition of skills needed to enable them to manage their woodlands.’;

- (ii) the first sentence of paragraph 3 is replaced by the following :

‘3. The expenditure incurred by Member States in granting the aid referred to in paragraph 2 (a) and (b) shall be eligible for assistance from the Fund up to a maximum amount of 7 000 ECU per person completing a course of instruction or training. Of this amount, 2 500 ECU must have been given for further courses on reorientation of production, with regard to production practices compatible with landscape protection and management of woodlands.’

10. In Article 26 :

- (i) paragraphs 1 and 2 are replaced by the following :

‘1. Expenditure incurred by Member States on the measures provided for in Articles 1a and 1b, 3 to 7, 9 to 17 and 19 to 21 shall be eligible for aid from the Fund.

2. The Fund shall reimburse to the Member States 25 % of the eligible expenditure under measures provided for in Articles 1a and 1b, 3 to 7, 13 to 17, 19 and 20. The rate shall be :

- 50 % for aid to the investments referred to in Articles 3 and 4 concerning the less-favoured areas of the west of Ireland, Greece and the Mezzogiorno region of Italy, including the Islands, and all of Portugal,
- 50 % for the special aid to farmers, under 40 years of age, referred to in Article 7,
- 50 % for the aid referred to in Articles 14 and 17, concerning the regions of Greece, Ireland, Italy, Portugal and the French Overseas Departments.

In addition, the Fund may reimburse to the Member States up to 25 % of the eligible expenditure under measures provided for in Articles 9 to 12 and 21; in the regions, within the meaning of Article 13 (1), of Greece, Ireland, Italy, the French Overseas Departments and all of Portugal, the rate may be raised to 50 % of eligible expenditure for the measure referred to in Article 21.';

(ii) paragraph 4 is replaced by the following:

'4. When adopting for Spain the list of less-favoured farming areas as defined in Article 3 of Council Directive 75/268/EEC, the Council shall determine those for which the rate of reimbursement under the measures referred to in Articles 3, 4, 14, 17 and 21 is to be raised to 50 %.'

11. Article 31 is replaced by the following:

Article 31

1. This Regulation shall be without prejudice to the right of Member States to adopt additional aid measures in the areas covered by this Regulation, with the exception of those covered by Articles 3 to 6, Article 7, second paragraph point 2, Article 8 (2), (3) and (4) and Article 13 on terms differing from or in amounts exceeding the ceilings laid down in this Regulation, provided that Articles 92, 93 and 94 of the EEC Treaty are not infringed.

2. The provisions of Articles 92, 93 and 94 of the EEC Treaty, with the exception of Article 92 (2), shall not apply to the aid measures governed by Articles 3 to 6, Article 7, second paragraph point 2, Article 8 (2), (3) and (4) and Article 13.'

Article 2

Regulation (EEC) No 270/79 is hereby amended as follows:

1. The following text is added to Article 2 (1) (a):

'... or provided by agricultural organizations recognized by the State for the training of farm advisers'.

2. In Article 3:

(i) the following is inserted in point 1:

'(b) (a) the agricultural organizations recognized by the State for the training of farm advisers';

(ii) point 2 (c) is replaced by the following:

'(c) the advisory services, including those of the farming organizations, to which the advisers

are attached, and the control procedures applicable to them';

(iii) point 2 (d) ends as follows:

'... by the services or organizations referred to in (c).'

3. Article 7 (1) is replaced by the following:

'1. The training courses referred to in Article 3 (1) (d) shall enable persons meeting the requirements set out in Article 6 to acquire adequate knowledge corresponding to their tasks, in the following areas in particular:

- the provision of advice to farmers,
- farm management techniques,
- the preparation of plans for materially improving holdings as specified in Regulation (EEC) No 797/85⁽¹⁾,
- techniques and methods for improving production quality,
- production practices compatible with environmental and natural resource protection requirements,
- preparation and implementation of the programmes and measures mentioned in Article 3 (2) (a) and other measures related thereto,
- psychology and rural sociology,
- techniques for using new computer technology or telematic technology for agricultural information and advice.

⁽¹⁾ OJ No L 93, 30. 3. 1985, p. 1.'

4. Article 8 is replaced by the following:

Article 8

1. Advisers given the training specified in Article 7 shall be used for the implementation of the programmes and measures specified in Article 3 (2) (a).

2. Italy shall ensure that at least 60 % of the advisers given the training specified in Article 7 (1) work in the Mezzogiorno. Italy shall also ensure that the training advisers are properly distributed in the various areas on the basis of the actual requirements for advisory services.

3. Italy shall notify, where appropriate every year:

- the action taken to ensure that the activities of the advisers are wholly devoted to the provision of advice, to the exclusion of all administrative or other unrelated work,
- the distribution, to the different areas, of the advisers trained each year, with separate figures for general advisers, specialist advisers and advisory service managers.

4. The Commission shall, in accordance with the procedure laid down in Article 14, issue an opinion on the action taken in the areas covered by paragraph 3.'

5. Article 9 is hereby repealed.

6. In Article 11 :

(i) the following is added to the end of the second indent in point (b) of paragraph 1 :

'..., trained by the centres or organizations mentioned in Article 2 (1) (a).';

(ii) the first sentence of paragraph 3 is replaced by the following :

'3. The Fund shall reimburse Italy for the costs of employing the advisers on the following terms :

the maximum qualifying amount per adviser trained as specified in Article 7 (1) and newly installed as specified in Article 8 shall be 12 500 ECU ;'

Article 3

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

1. In Article 6 :

(i) the first indent of point (b) of paragraph 1 is replaced by the following :

'— common rules on production, in particular on product quality or use of biological practices ;'

(ii) point (c) of paragraph 1 is replaced by the following :

'(c) the articles of association shall at least require producers who are members of groups and recognized producer groups that are members of the association to place on the market all of the production for marketing of the products in respect of which they belong to the group or association, in accordance with the rules on supply and placing on the market drawn up and supervised by the group or by the association.

Member States may authorize this obligation to be replaced by an obligation to have all the production for marketing of the products in respect of which they are recognized placed on the market by the group or by the association either in their name and on their behalf, or on their behalf but in the name of the group or the association, or in the name and on behalf of the group or the association. The group or association may however authorize

its members to place part of their production on the market in the manner specified in the first subparagraph.

As far as producer groups are concerned, these obligations shall not apply to that part of their production for which producers have included sales contracts or granted options before they join the group, provided that the group was informed before they joined of the scope and the duration of the obligations contracted ;'

(iii) in paragraph 3 the second indent is replaced by the following :

— the minimum cultivated area, turnover or volume of production for the product or product group in question coming from the members whom, under the terms of paragraph 1 (a), the groups are to represent, and if necessary the minimum number of members they must have,

— the area covered, including the minimum crop area, turnover and proportion of the national volume of production for the product or product group in question coming from the groups which the associations are to represent, and, if necessary, the minimum number of producer groups in the membership."

2. The following new paragraph is inserted in Article 10 :

'2 (a). However, the aid granted to producer groups recognized after 1 July 1985 for the first five years following the date on which they are recognized :

— shall, for the first, second, third, fourth and fifth years be respectively a maximum of 5 %, 5 %, 4 %, 3 % and 2 % of the value of the products coming from the members, as defined in the second indent of Article 5 (1), in respect of which they are recognized and which are marketed,

— may not exceed the actual cost of setting up and running the group,

— shall be paid in annual instalments over at the most seven years following the date of recognition.'

3. Article 13 (1) is replaced by the following :

'1. The period anticipated for implementation of the common measure shall run to 31 December 1991.'

Article 4

Article 10 of Regulation (EEC) No 355/77 is hereby completed as follows :

'Conditions (a) and (c) need not, however, be met if the project is for the marketing or processing of organically grown products and is a pilot or experimental project.'

Article 5

Member States shall bring into force the measures needed to comply with this Regulation within nine months of the date of its entry into force.

Article 6

The measures referred to in Article 1, point 2, as far as extensification is concerned, and in points 6 and 7, shall apply for a period of three years from the entry into force of the Regulation.

Before the end of the third year, the Commission shall place before the Council a report on the application of the measures, including trends in expenditure.

Acting on a proposal from the Commission by a qualified majority, the Council shall decide before that period elapses whether the measures are to be extended.

In the absence of a decision by that date, the period of application of the measures shall be extended by two years.

Article 7

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 Luxembourg, 15 June 1987.

For the Council

The President

P. DE KEERSMAEKER
