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⁽¹⁾ Text with EEA relevance

I

(Acts whose publication is obligatory)

COMMISSION REGULATION (EC) No 1749/1999**of 23 July 1999****amending Regulation (EC) No 2214/96, concerning the sub-indices of the harmonized indices of consumer prices****(Text with EEA relevance)**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonized indices of consumer prices⁽¹⁾,

After consulting the European Central Bank⁽²⁾,

(1) Whereas, by virtue of Article 5(1)(b) of Regulation (EC) No 2494/95, each Member State is required to produce a harmonized index of consumer prices (HICP);

(2) Whereas Commission Regulation (EC) No 2214/96⁽³⁾ establishes the sub-indices of the HICP based on Coicop/HICP (classification of individual consumption by purpose adapted to the needs of HICPs) classification;

(3) Whereas the Coicop classification of October 1998 and the Coicop/HICP classification established by Commission Regulation (EC) No 1749/96⁽⁴⁾, as amended by Council Regulations (EC) No 1687/98⁽⁵⁾ and (EC) No 1688/98⁽⁶⁾, require adaptation of the HICP sub-indices;

(4) Whereas the measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee (SPC), established by Council Decision 89/382/EEC, Euratom⁽⁷⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Annexes I and II to Regulation (EC) No 2214/96 are replaced by Annexes I and II to this Regulation.

Article 2

Member States shall amend the procedures for data collection and transmission in accordance with the requirements of the present Regulation at the latest by December 1999, taking effect with the index for January 2000.

Article 3

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

(1) OJ L 257, 27.10.1995, p. 1.

(2) Opinion delivered on 9 July 1999 (not yet published in the Official Journal).

(3) OJ L 296, 21.11.1996, p. 8.

(4) OJ L 229, 10.9.1996, p. 3.

(5) OJ L 214, 31.7.1998, p. 12.

(6) OJ L 214, 31.7.1998, p. 23.

(7) OJ L 181, 28.6.1989, p. 47.

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

Done at Brussels, 23 July 1999.

For the Commission

Yves-Thibault DE SILGUY

Member of the Commission

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ANNEX II

ILLUSTRATION OF HICP SUB-INDICES (REV.DEC99): BREAKDOWN BY DIVISION (TWO-DIGIT LEVEL), GROUP (THREE-DIGIT LEVEL) AND CLASS ⁽¹⁾ (FOUR-DIGIT LEVEL) ⁽²⁾**01-12 INDIVIDUAL CONSUMPTION EXPENDITURE OF HOUSEHOLDS****01 FOOD AND NON-ALCOHOLIC BEVERAGES****01.1 Food**

The food products classified here are those purchased for consumption at home. The group excludes: food products sold for immediate consumption away from the home by hotels, restaurants, cafés, bars, kiosks, street vendors, automatic vending machines, etc. (11.1.1); cooked dishes prepared by restaurants for consumption off their premises (11.1.1); cooked dishes prepared by catering contractors whether collected by the customer or delivered to the customer's home (11.1.1); and products sold specifically as pet foods (09.3.4).

01.1.1 Bread and cereals (ND)

- rice in all forms,
- maize, wheat, barley, oats, rye and other cereals in the form of grain, flour or meal,
- bread and other bakery products (crispbread, rusks, toasted bread, biscuits, gingerbread, wafers, waffles, crumpets, muffins, croissants, cakes, tarts, pies, quiches, pizzas, etc.),
- mixes and doughs for the preparation of bakery products,
- pasta products in all forms; couscous,
- cereal preparations (cornflakes, oatflakes, etc.) and other cereal products (malt, malt flour, malt extract, potato starch, tapioca, sago and other starches).

Includes: farinaceous-based products prepared with meat, fish, seafood cheese, vegetables or fruit.

Excludes: meat pies (01.1.2); fish pies (01.1.3); sweetcorn (01.1.7).

01.1.2 Meat (ND)

- Fresh, chilled or frozen meat of:
 - bovine animals, swine, sheep and goat,
 - horse, mule, donkey, camel and the like,
 - poultry (chicken, duck, goose, turkey, guinea fowl),
 - hare, rabbit and game (antelope, deer, boar, pheasant, grouse, pigeon, quail, etc.),
- fresh, chilled or frozen edible offal,
- dried, salted or smoked meat and edible offal (sausages, salami, bacon, ham, pâté, etc.),
- other preserved or processed meat and meat-based preparations (canned meat, meat extracts, meat juices, meat pies, etc.),

Includes: meat and edible offal of marine mammals (seals, walruses, whales, etc.) and exotic animals (kangaroo, ostrich, alligator, etc.) animals and poultry purchased live for consumption as food.

⁽¹⁾ Most classes comprise either goods or services. Classes containing goods are denoted by either (ND), (SD) or (D) indicating either 'non-durable', 'semi-durable' or 'durable' respectively. (S) denotes classes consisting of 'services'. Some classes contain both goods and services because it is difficult to break them down into goods and services. Such classes are usually assigned an (S) as the service component is considered to be predominant. (E) indicates 'energy' and (SEA) 'seasonal products'.

⁽²⁾ Based on the final COICOP classification as prepared by OECD after consultation with Eurostat, UNSD and the national statistical agencies of its Member countries, October 1998.

Excludes: land and sea snails (01.1.3); lard and other edible animal fats (01.1.5); soups, broths and stocks containing meat (01.1.9).

01.1.3 Fish (ND) (SEA)

- fresh, chilled or frozen fish,
- fresh, chilled or frozen seafood (crustaceans including land crabs, molluscs and other shellfish, land and sea snails, frogs)
- dried, smoked or salted fish and seafood,
- other preserved or processed fish and seafood and fish and seafood-based preparations (canned fish and seafood, caviar and other hard roes, fish pies, etc.).

Includes: fish and seafood purchased live for consumption as food.

Excludes: soups, broths and stocks containing fish (01.1.9).

01.1.4 Milk, cheese and eggs (ND)

- raw milk; pasteurised or sterilised milk,
- condensed, evaporated or powdered milk,
- yoghurt, cream, milk-based desserts, milk-based beverages and other similar milk-based products,
- cheese and curd,
- eggs and egg products made wholly from eggs.

Includes: milk, cream and yoghurt containing sugar, cocoa, fruit or flavourings; dairy products not based on milk such as soya milk.

Excludes: butter and butter products (01.1.5).

01.1.5 Oils and fats (ND)

- butter and butter products (butter oil, ghee, etc.),
- margarine (including 'diet' margarine) and other vegetable fats (including peanut butter),
- edible oils (olive oil, corn oil, sunflower-seed oil, cotton-seed oil, soybean oil, groundnut oil, walnut oil, etc.),
- edible animal fats (lard, etc.).

Excludes: cod or halibut liver oil (06.1.1).

01.1.6 Fruit (ND) (SEA)

- fresh, chilled or frozen fruit,
- dried fruit, fruit peel, fruit kernels, nuts and edible seeds,
- preserved fruit and fruit-based products.

Includes: melons and water melons.

Excludes: vegetables cultivated for their fruit such as aubergines, cucumbers and tomatoes (01.1.7); jams, marmalades, compotes, jellies, fruit purees and pastes (01.1.8); parts of plants preserved in sugar (01.1.8) fruit juices and syrups (01.2.2).

01.1.7 Vegetables (ND) (SEA)

- fresh, chilled, frozen or dried vegetables cultivated for their leaves or stalks (asparagus, broccoli, cauliflower, endives, fennel, spinach, etc.), for their fruit (aubergines, cucumbers, courgettes, green peppers, pumpkins, tomatoes, etc.), and for their roots (beetroots, carrots, onions, parsnips, radishes, turnips, etc.).

- fresh or chilled potatoes and other tuber vegetables (manioc, arrowroot, cassava, sweet potatoes, etc.),
- preserved or processed vegetables and vegetable-based products,
- products of tuber vegetables (flours, meals, flakes, purees, chips and crisps) including frozen preparations such as chipped potatoes.

Includes: olives; garlic; pulses; sweetcorn; sea fennel and other edible seaweed; mushrooms and other edible fungi.

Excludes: potato starch, tapioca, sago and other starches (01.1.1); soups broths and stocks containing vegetables (01.1.9); culinary herbs (parsley, rosemary, thyme, etc.) and spices (pepper, pimento, ginger, etc.) (01.1.9) vegetable juices (01.2.2).

01.1.8 Sugar, jam, honey, chocolate and confectionery (ND)

- cane or beet sugar, unrefined or refined, powdered, crystallised or in lumps,
- jams, marmalades, compotes, jellies, fruit purees and pastes, natural and artificial honey, maple syrup, molasses and parts of plants preserved in sugar,
- chocolate in bars or slabs, chewing gum, sweets, toffees, pastilles and other confectionery products,
- cocoa-based foods and cocoa-based dessert preparations,
- edible ice, ice cream and sorbet.

Includes: artificial sugar substitutes.

Excludes: cocoa and chocolate-based powder (01.2.1).

01.1.9 Food products n.e.c. (ND)

- salt, spices (pepper, pimento, ginger, etc.), culinary herbs (parsley, rosemary, thyme, etc.), sauces, condiments, seasonings (mustard, mayonnaise, ketchup, soy sauce, etc.), vinegar,
- prepared baking powders, baker's yeast, dessert preparations, soups, broths, stocks, culinary ingredients, etc.
- homogenised baby food and dietary preparations irrespective of the composition

Excludes: milk-based desserts (01.1.4); soya milk (01.1.4); artificial sugar substitutes (01.1.8); cocoa-based dessert preparations (01.1.8).

01.2 **Non-alcoholic beverages**

The non-alcoholic beverages classified here are those purchased for consumption at home. The group excludes non-alcoholic beverages sold for immediate consumption away from the home by hotels, restaurants, cafés, bars, kiosks, street vendors, automatic vending machines, etc (11.1.1).

01.2.1 Coffee, tea and cocoa (ND)

- coffee, whether or not decaffeinated, roasted or ground, including instant coffee,
- tea, maté and other plant products for infusions,
- cocoa, whether or not sweetened, and chocolate-based powder.

Includes: cocoa-based beverage preparations; coffee and tea substitutes; extracts and essences of coffee and tea.

Excludes: chocolate in bars or slabs (01.1.8); cocoa-based food and cocoa-based dessert preparations (01.1.8).

01.2.2 Mineral waters, soft drinks, fruit and vegetable juices (ND)

- mineral or spring waters; all drinking water sold in containers,
- soft drinks such as sodas, lemonades and colas,

- fruit and vegetable juices,
- syrups and concentrates for the preparation of beverages.

Excludes: non-alcoholic beverages which are generally alcoholic such as non-alcoholic beer (02.1).

02 ALCOHOLIC BEVERAGES, TOBACCO

02.1 Alcoholic beverages

The alcoholic beverages classified here are those purchased for consumption at home. The group excludes alcoholic beverages sold for immediate consumption away from the home by hotels, restaurants, cafés bars, kiosks, street vendors, automatic vending machines, etc. (11.1.1).

The beverages classified here include low or non-alcoholic beverages which are generally alcoholic such as non-alcoholic beer.

02.1.1 Spirits (ND)

- eaux-de-vie, liqueurs and other spirits.

Includes: mead; aperitifs other than wine-based aperitifs (02.1.2)

02.1.2 Wine (ND)

- wine, cider and perry, including sake,
- wine-based aperitifs, fortified wines, champagne and other sparkling wines.

02.1.3 Beer (ND)

- all kinds of beer such as ale, lager and porter.

Includes: low-alcoholic beer and non-alcoholic beer; shandy.

02.2 Tobacco

This group covers all purchases of tobacco by households, including purchases of tobacco in restaurants, cafés, bars, service stations, etc.

02.2.0 Tobacco (ND)

- cigarettes; cigarette tobacco and cigarette papers,
- cigars, pipe tobacco, chewing tobacco or snuff.

Excludes: other smokers' articles (12.3.2).

03 CLOTHING AND FOOTWEAR

03.1 Clothing

03.1.1 Clothing materials (SD)

- clothing materials of natural fibres, of man-made fibres and of their mixtures.

Excludes: furnishing fabrics (05.2.0)

03.1.2 Garments (SD)

- Garments for men, women, children (three to 13 years) and infants (0 to two years), either ready-to-wear or made-to-measure, in all materials (including leather, furs, plastics and rubber), for everyday wear, for sport or for work:
 - capes, overcoats, raincoats, anoraks, parkas, blousons, jackets, trousers, waistcoats, suits, costumes, dresses, skirts, etc.,
 - shirts, blouses, pullovers, sweaters, cardigans, shorts swimsuits, track suits, jogging suits, sweatshirts, T-shirts, leotards, etc.,
 - vest, underpants, socks, stockings, tights, petticoats, brassières, knickers, slips, girdles, corsets, body stockings, etc.
 - pyjamas, night-shirts, night dresses, housecoats, dressing gowns, bathrobes, etc.,
 - baby cloths and babies' booties made of fabric.

Excludes: articles of medical hosiery such as elasticated stockings (06.1.2); babies' napkins (12.1.3).

03.1.3 Other articles of clothing and clothing accessories (SD)

- ties, handkerchiefs, scarves, squares, gloves, mittens, muffs, belts, braces, aprons, smocks, bibs, sleeve protectors, hats, caps, berets, bonnets, etc.,
- sewing threads, knitting yarns and accessories for making clothing such as buckles, buttons, press-studs, zip-fasteners, ribbons, laces, trimmings, etc.,

Includes: gardening gloves and working gloves; crash helmets for motor, cycles and bicycles.

Excludes: gloves and other articles made of rubber (05.6.1); pins, safety pins, sewing needles, knitting needles, thimbles (05.6.1); protective headgear for sports (09.3.2); other protective gear for sports such as life jackets, boxing gloves, body padding, belts, supports, etc. (09.3.2); paper handkerchiefs (12.1.3); watches, jewellery, cufflinks, tie-pins (12.3.1); walking sticks and canes, umbrellas and parasols, fans, key rings (12.3.2).

03.1.4 Cleaning, repair and hire of clothing (S)

- dry-cleaning, laundering and dyeing of garments,
- darning, mending, repair and altering of garments,
- hire of garments.

Includes: total value of the repair service (that is, both the cost of labour and the cost of materials are covered).

Excludes: materials, threads, accessories, etc. purchased by households with the intention of undertaking the repairs themselves (03.1.1) or (03.1.3); repair of household linen and other household textiles (05.2.0); dry-cleaning, laundering, dyeing and hiring of household linen and other household textiles (05.6.2).

03.2 **Footwear**

03.2.1/2 Shoes and other footwear including repair and hire of footwear (SD)

- all footwear for men, women, children (three to 13 years) and infants (0 to two years) including sports footwear suitable for everyday or leisure wear (shoes for jogging, cross-training, tennis, basket ball, boating, etc.),
- repair of footwear; shoe cleaning services,
- hire of footwear.

Includes: gaiters, leggings and similar articles; total value of the repair service (that is, both the cost of labour and the cost of materials are covered).

Excludes: babies' booties made of fabric (03.1.2); orthopaedic footwear (06.1.3); game-specific footwear (ski boots, football boots, golfing shoes and other such footwear fitted with ice skates, rollers, spikes, studs, etc.) (09.3.2); shin-guards, cricket pads and other such protective apparel for sport (09.3.2); polishes, creams and other shoe-cleaning articles (05.6.1) repair (09.3.2) or hire (09.4.1) of game-specific footwear (ski boots, football boots, golfing shoes and other such footwear fitted with ice skates, rollers, spikes, studs, etc.).

04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS

04.1 **Actual rentals for housing**

Rentals are all rentals actually paid by tenants, i.e. the rentals the tenant pays to the landlord regardless of any social benefits the tenant receives from public authorities (including payments which at the tenant's discretion go directly to the landlord).

Rentals normally include payment for the use of the land on which the property stands, the dwelling occupied, the fixtures and fittings for heating, plumbing, lighting, etc., and, in the case of a dwelling let furnished, the furniture.

Rentals also include payment for the use of a garage to provide parking in connection with the dwelling. The garage does not have to be physically contiguous to the dwelling; nor does it have to be leased from the same landlord.

Rentals do not include payment for the use of garages or parking spaces not providing parking in connection with the dwelling (07.2.4). Nor do they include charges for water supply (04.4.1), refuse collection (04.4.2) and sewerage collection (04.4.3); co-proprietor charges for caretaking gardening, stairwell cleaning, heating and lighting, maintenance of lifts and refuse disposal chutes, etc. in multi-occupied buildings (04.4.4) charges for electricity (04.5.1) and gas (04.5.2); charges for heating and hot water supplied by district heating plants (04.5.5).

04.1.1/2 Actual rentals paid by tenants including other actual rentals (S)

- rentals actually paid by tenants or subtenants occupying unfurnished or furnished premises as their main residence,
- rentals actually paid for secondary residences.

Includes: payments by households occupying a room in a hotel or boarding house as their main residence.

Excludes: accommodation services of educational establishments and hostels (11.2.0), of holiday villages and holiday centres (11.2.0), and of retirement homes for elderly persons(*) (12.4.0).

04.3 **Maintenance and repair of the dwelling**

Maintenance and repair of dwellings are distinguished by two features: first, they are activities that have to be undertaken regularly in order to maintain the dwelling in good working order; second, they do not change the dwelling's performance, capacity or expected service life.

There are two types of maintenance and repair of dwellings: those which are minor, such as interior decoration and repairs to fittings, and which are commonly carried out by both tenants and owners; and those which are major, such as replastering walls or repairing roofs, and which are carried out by owners only.

Only expenditures which tenants and owner-occupiers incur on materials and services for minor maintenance and repair are part of individual consumption expenditure of households. Expenditures which owner-occupiers incur on materials and services for major maintenance and repair are not part of individual consumption expenditure of households(**).

Purchases of materials made by tenants or owner-occupiers with the intention of undertaking the maintenance or repair themselves should be shown under (04.3.1). If tenants or owner-occupiers pay an enterprise to carry out the maintenance or repair, the total value of the service including the costs of the materials used, should be shown under (04.3.2).

04.3.1 Materials for the maintenance and repair of the dwelling(**) (ND)

- products and materials, such as paints and varnishes, renderings wallpapers, fabric wall coverings, window panes, plaster, cement putty, wallpaper pastes, etc., purchased for minor maintenance and repair of the dwelling.

Includes: small plumbing items (pipes, taps, joints, etc.) and surfacing materials (floor boards, ceramic tiles, etc.).

Excludes: fitted carpets and linoleum (05.1.2); hand tools, door fittings power sockets, wiring flex and lamp bulbs (05.5.2); brooms, scrubbing brushes, dusting brushes and cleaning products (05.6.1); products, materials and fixtures used for major maintenance and repair (intermediate consumption, not covered by HICP)(**) or for extension and conversion of the dwelling (capital formation, not covered by HICP)(**)

- 04.3.2 Services for the maintenance and repair of the dwelling (**) (S)
- services of plumbers, electricians, carpenters, glaziers, painters, decorators, floor polishers, etc. engaged for minor maintenance and repair of the dwelling.
- Includes:* total value of the service (that is, both the cost of labour and the cost of materials are covered).
- Excludes:* separate purchases of materials made by households with the intention of undertaking the maintenance or repair themselves (04.3.1); services engaged for major maintenance and repair (intermediate consumption, not covered by HICP) (**) or for extension and conversion of the dwelling (capital formation, not covered by HICP) (**)
- 04.4 **Water supply and miscellaneous services relating to the dwelling**
- Refers to separately identifiable charges for specific services relating to the dwelling whether or not consumers pay according to consumption, that is, excluding payments for services financed out of general taxation.
- 04.4.1 Water supply (ND)
- water supply
- Includes:* associated expenditure such as hire of meters, reading of meters standing charges, etc.
- Excludes:* drinking water sold in bottles or containers (01.2.2); hot water or steam purchased from district heating plants (04.5.5).
- 04.4.2 Refuse collection (S)
- refuse collection and disposal.
- 04.4.3 Sewerage collection (S)
- sewerage collection and disposal.
- 04.4.4 Other services relating to the dwelling n.e.c. (S)
- co-proprietor charges for caretaking, gardening, stairwell cleaning, heating and lighting, maintenance of lifts and refuse disposal chutes, etc. in multi-occupied buildings,
 - security services,
 - snow removal and chimney sweeping.
- Excludes:* household services such as window cleaning, disinfecting, fumigation and pest extermination (05.6.2); bodyguards (12.7.0).
- 04.5 **Electricity, gas and other fuels**
- 04.5.1 Electricity (ND) (E)
- electricity.
- Includes:* associated expenditure such as hire of meters, reading of meters, standing charges, etc.
- 04.5.2 Gas (ND) (E)
- town gas and natural gas,
 - liquefied hydrocarbons (butane, propane, etc.).
- Includes:* associated expenditure such as hire of meters, reading of meters, storage containers, standing charges, etc.
- 04.5.3 Liquid fuels (ND) (E)
- domestic heating and lighting oils.

04.5.4 Solid fuels (ND) (E)

— coal, coke, briquettes, firewood, charcoal, peat and the like.

04.5.5 Heat energy (ND) (E)

— hot water and steam purchased from district heating plants.

Includes: associated expenditure such as hire of meters, reading of meters, standing charges, etc.; ice used for cooling and refrigeration purposes.

05 FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE

05.1 **Furniture and furnishings, carpets and other floor coverings**

05.1.1 Furniture and furnishings (D)

- beds, sofas, couches, tables, chairs, cupboards, chests of drawers and bookshelves,
- lighting equipment such as ceiling lights, standard lamps, globe lights and bedside lamps,
- pictures, sculptures, engravings, tapestries and other art objects including reproductions of works of art and other ornaments,
- screens, folding partitions and other furniture and fixtures.

Includes: delivery and installation when applicable; base-mattresses, mattresses, tatamis; bathroom cabinets; baby furniture such as cradles, high-chairs and play-pens; blinds; camping and garden furniture; mirrors, candle-holders and candlesticks.

Excludes: bedding and sunshades (05.2.0); safes (05.3.1); ornamental glass and ceramic articles (05.4.0); clocks (12.3.1); wall thermometers and barometers (12.3.2); carry cots and push-chairs (12.3.2); works of art and antique furniture acquired primarily as stores of value (capital formation, not covered by HICP).

05.1.2 Carpets and other floor coverings (D)

— loose carpets, fitted carpets, linoleum and other such floor coverings.

Includes: laying of floor coverings.

Excludes: bathroom mats, rush mats and door mats (05.2.0); antique floor coverings acquired primarily as stores of value (capital formation, not covered by HICP).

05.1.3 Repair of furniture, furnishings and floor coverings (S)

— repair of furniture, furnishings and floor coverings.

Includes: total value of the service (that is, both the cost of labour and the cost of materials are covered); restoration of works of art, antique furniture and antique floor coverings other than those acquired primarily as stores of value (capital formation, not covered by HICP).

Excludes: separate purchases of materials made by households with the intention of undertaking the repair themselves (05.1.1) or (05.1.2); dry cleaning of carpets (05.6.2).

05.2 **Household textiles**

05.2.0 Household textiles (SD)

- furnishing fabrics, curtain material, curtains, double curtains, awnings, door curtains and fabric blinds,
- bedding such as futons, pillows, bolsters and hammocks,
- bedlinen such as sheets, pillowcases, blankets, travelling rugs, plaids, eiderdowns, counterpanes and mosquito nets,
- table linen and bathroom linen such as tablecloths, table napkins towels and face-clothes,

- other household textiles such as shopping bags, laundry bags, shoe bags, covers for clothes and furniture, flags, sunshades, etc.,
- repair of such articles.

Includes: cloth bought by the piece; oilcloth; bathroom mats, rush mats and door mats.

Excludes: fabric wall coverings (04.3.1); tapestries (05.1.1); floor coverings such as carpets and fitted carpets (05.1.2); electric blankets (05.3.2); covers for motor cars, motor cycles, etc. (07.2.1); air mattresses and sleeping bags (09.3.2).

05.3 **Household appliances**

05.3.1/2 Major household appliances whether electric or not (D) and small electric household appliances (SD)

- refrigerators, freezers and fridge-freezers,
- washing-machines, dryers, drying cabinets, dishwashers, ironing and pressing machines,
- cookers, spit roasters, hobs, ranges, ovens and micro-wave ovens,
- air conditioners, humidifiers, space heaters, water heaters, ventilators and extractor hoods,
- vacuum cleaners, steam-cleaning machines, carpet shampooing machines and machines for scrubbing, waxing and polishing floors,
- other major household appliances such as safes, sewing machines, knitting machines, water softeners, etc.,
- coffee mills, coffee-makers, juice extractors, can openers, food mixers, deep fryers, meat grills, knives, toasters, ice cream makers, sorbet makers, yoghurt makers, hotplates, irons, kettles, fans, electric blankets, etc.

Includes: delivery and installation of the appliances when applicable.

Excludes: such appliances that are built into the structure of the building (capital formation, not covered by HICP)(**); small non-electric household articles and kitchen utensils (05.4.0); household scales (05.4.0); personal weighing machines and baby scales (12.1.3).

05.3.3 Repair of household appliances (S)

- repair of household appliances.

Includes: total value of the service (that is, both the cost of labour and the cost of materials are covered); charges for the leasing or rental of major household appliances.

Excludes: separate purchases of materials made by households with the intention of undertaking the repair themselves (05.3.1) or (05.3.2).

05.4 **Glassware, tableware and household utensils**

05.4.0 Glassware, tableware and household utensils (SD)

- glassware, crystal-ware, ceramic ware and chinaware of the kind used for table, kitchen, bathroom, toilets, office and indoor decoration,
- cutlery, flatware and silverware,
- non-electric kitchen utensils of all materials such as saucepans, stewpots, pressure cookers, frying pans, coffee mills, purée-makers, mincers, hotplates, household scales and other such mechanical devices,
- non-electric household articles of all materials such as containers for bread, coffee, spices, etc., waste bins, waste-paper baskets, laundry baskets, portable money-boxes and strong-boxes, towel rails, bottle racks, irons and ironing boards, letter boxes, feeding bottles, thermos flasks and ice boxes,
- repair of such articles.

Excludes: lighting equipment (05.1.1); electric household appliances (05.3.1) or (05.3.2); cardboard tableware (05.6.1); personal weighing machines and baby scales (12.1.3).

05.5 Tools and equipment for house and garden**05.5.1/2 Major tools and equipment (D) and small tools and miscellaneous accessories (SD)**

- motorised tools and equipment such as electric drills, saws, sanders and hedge cutters, garden tractors, lawn mowers, cultivators, chain saws and water pumps,
- repair of such articles,
- hand tools such as saws, hammers, screwdrivers, wrenches spanners, pliers trimming knives, rasps and files,
- garden tools such as wheel barrows, watering cans, hoses, spades shovels, rakes, forks, scythes, sickles and secateurs,
- ladders and steps,
- door fittings (hinges, handles and locks), fittings for radiators and fireplaces, other metal articles for the house (curtain rails, carpet rods, hooks, etc.) or for the garden (chairs, grids, stakes and hoop segments for fencing and bordering),
- small electric accessories such as power sockets, switches, wiring flex, electric bulbs, fluorescent lighting tubes, torches, flashlights, hand-lamps, electric batteries for general use, bells and alarms,
- repair of such articles.

Includes: charges for the leasing or rental of do-it-yourself machinery and equipment.

05.6 Goods and services for routine household maintenance**05.6.1 Non-durable household goods (ND)**

- cleaning and maintenance products such as soaps, washing powders, washing liquids, scouring powders, detergents, disinfectant bleaches, softeners, conditioners, window-cleaning products, waxes, polishes, dyes, unblocking agents, disinfectants insecticides, fungicides and distilled water,
- articles for cleaning such as brooms, scrubbing brushes, dust pans and dust brushes, dusters, tea towels, floorcloths, household sponges, scourers, steel wool and chamois leathers,
- paper products such as filters, tablecloths and table napkins, kitchen paper, vacuum cleaner bags and cardboard tableware, including aluminium foil and plastic bin liners,
- other non-durable household articles such as matches, candles, lamp wicks, methylated spirits, clothes pegs, clothes hangers, pins, safety pins, sewing needles, knitting needles, thimbles, nails, screws, nuts and bolts, tacks, washers, glues and adhesive tapes for household use, string, twine and rubber gloves.

Includes: polishes, creams and other shoe-cleaning articles.

Excludes: horticultural products for the upkeep of ornamental gardens (09.3.3); paper handkerchiefs, toilet paper, toilet soaps, toilet sponges and other products for personal hygiene (12.1.3).

05.6.2 Domestic services and household services (S)

- domestic services supplied by paid staff employed in private service such as butlers, cooks, maids, drivers, gardeners, governesses, secretaries, tutors and au pairs,
- similar services, including baby-sitting and housework, supplied by enterprises or self-employed persons,
- household services such as window cleaning, disinfecting, fumigation and pest extermination,
- dry-cleaning, laundering and dyeing of household linen, household textiles and carpets,
- hire of furniture, furnishings, carpets, household equipment and household linen.

Excludes: dry-cleaning, laundering and dyeing of garments (03.1.4); refuse collection (04.4.2); sewerage collection (04.4.3); co-proprietor charges for caretaking, gardening, stairwell cleaning, heating and lighting maintenance of lifts and refuse disposal chutes, etc. in multi-occupied buildings (04.4.4); security services (04.4.4); snow removal and chimney sweeping (04.4.4); removal and storage services (07.3.6); services of wet nurses, crèches, day-care centres and other child-minding facilities (12.4.0); bodyguards (12.7.0).

06 HEALTH

This division also includes health services purchased from school and university health centres.

06.1 Medical products, appliances and equipment

This group covers medicaments, prostheses, medical appliances and equipment and other health-related products purchased by individuals or households, either with or without a prescription, usually from dispensing chemists, pharmacists or medical equipment suppliers. They are intended for consumption or use outside a health facility or institution. Such products supplied directly to out-patients by medical, dental and paramedical practitioners or to in-patients by hospitals and the like are included in out-patient services (06.2) or hospital services: (06.3) (*).

06.1.1 Pharmaceutical products (ND)

- medicinal preparations, medicinal drugs, patent medicines, serums and vaccines, vitamins and minerals, cod liver oil and halibut liver oil, oral contraceptives.

Excludes: veterinary products (09.3.4); articles for personal hygiene such as medicinal soaps (12.1.3).

06.1.2/3 Other medical products therapeutic appliances and equipment (ND)

- clinical thermometers, adhesive and non-adhesive bandages, hypodermic syringes, first-aid kits, hot-water bottles and ice bags, medical hosiery items such as elasticated stockings and knee-supports, pregnancy tests, condoms and other mechanical contraceptive devices,
- corrective eye-glasses and contact lenses, hearing aids, glass eyes, artificial limbs and other prosthetic devices, orthopaedic braces and supports, orthopaedic footwear, surgical belts, busses and supports, neck braces, medical massage equipment and health lamps, powered and unpowered wheelchairs and invalid carriages, 'special' beds, crutches, electronic and other devices for monitoring blood pressure, etc.,
- repair of such articles.

Includes: dentures but not fitting costs.

Excludes: hire of therapeutic equipment (06.2.3); protective goggles, belts and supports for sport (09.3.2); sun-glasses not fitted with corrective lenses (12.3.2).

06.2 Out-patient services

This group covers medical, dental and paramedical services delivered to out-patients by medical, dental and paramedical practitioners and auxiliaries. The services may be delivered at home, in individual or group consulting facilities, dispensaries or the out-patient clinics of hospitals and the like.

Out-patient services include the medicaments, prostheses, medical appliances and equipment and other health-related products supplied directly to out-patients by medical, dental and paramedical practitioners and auxiliaries.

Medical, dental and paramedical services provided to in-patients by hospitals and the like are included in hospital services (*) (06.3).

06.2.1/3 Medical and paramedical services (S)

- consultations of physicians in general or specialist practice,
- services of medical analysis laboratories and X-ray centres,
- services of freelance nurses and midwives,
- services of freelance acupuncturists, chiropractors, optometrists, physiotherapists, speech therapists, etc.,
- medically-prescribed corrective-gymnastic therapy,
- out-patient thermal bath or seawater treatments,

- ambulance services,
- hire of therapeutic equipment.

Includes: services of orthodontic specialists.

06.2.2 Dental services (S)

- services of dentists, oral-hygienists and other dental auxiliaries.

Includes: fitting costs of dentures.

Excludes: dentures (06.1.3); services of orthodontic specialists (06.2.1); services of medical analysis laboratories and X-ray centres (06.2.3).

06.3 Hospital services(*)

Hospitalisation is defined as occurring when a patient is accommodated in a hospital for the duration of the treatment. Hospital day care and home-based hospital treatment are included as are hospices for terminally-ill persons.

This group covers the services of general and specialist hospitals, the services of medical centres, maternity centres, nursing homes and convalescence homes which chiefly provide in-patient health care, the services of institutions serving old people in which medical monitoring is an essential component and the services of rehabilitation centres providing in-patient health care and rehabilitative therapy where the objective is to treat the patient rather than to provide long-term support.

Hospitals are defined as institutions which offer in-patient care under direct supervision of qualified medical doctors. Medical centres, maternity centres, nursing homes and convalescent homes also provide in-patient care but their services are supervised and frequently delivered by staff of lower qualification than medical doctors.

This group does not cover the services of facilities, such as surgeries clinics and dispensaries, devoted exclusively to out-patient care (06.2). Nor does it include the services of retirement homes for elderly persons; institutions for disabled persons and rehabilitation centres providing primarily long-term support (12.4).

06.3.0 Hospital services(*) (S)

- Hospital services comprise the provision of the following services to hospital in-patients:
 - basic services: administration; accommodation; food and drink; supervision and care by non-specialist staff (nursing auxiliaries); first-aid and resuscitation; ambulance transport; provision of medicines and other pharmaceutical products; provision of therapeutic appliances and equipment,
 - medical services: services of physicians in general or specialist practice, of surgeons and of dentists; medical analyses and X-rays; paramedical services such as those of nurses, midwives, chiropractors, optometrists, physiotherapists, speech therapists, etc.

07 TRANSPORT

07.1 Purchase of vehicles

Purchases cover purchases by households of new vehicles and purchases, by households of second-hand vehicles from other institutional sectors, which are typically garages or car dealers. Sales of second-hand vehicles between households are not covered.

Purchases are net of sales by households of second-hand vehicles to other institutional sectors. Member States may take either:

- (i) a net weight for new cars (gross weight minus the trade-in value of used cars) and a net weight for second-hand cars, or
- (ii) a gross weight for new cars (not taking into account the trade-in of used cars), and a weight for second-hand cars including any business sector trade-margin.

Purchases also cover purchases through financial leasing arrangements.

Purchases of recreational vehicles such as camper vans, caravans, trailers, aeroplanes and boats are covered by (09.2.1).

07.1.1 Motor cars (D)

- new motor cars, passenger vans, station wagons, estate cars and the like with either two-wheel drive or four-wheel drive,
- second-hand motor cars, passenger vans, station wagons, estate cars and the like with either two-wheel drive or four-wheel drive.

Excludes: invalid carriages (06.1.3); camper vans (09.2.1); golf carts (09.2.1).

07.1.2/3/4 Motor cycles, bicycles, and animal drawn vehicles (D)

- motor cycles of all types, scooters and powered bicycles,
- bicycles and tricycles of all types,
- animal drawn vehicles.

Includes: side cars; snowmobiles; rickshaws; animals required to draw the vehicles and related equipment (yokes, collars, harnesses, bridles, reins, etc.).

Excludes: invalid carriages (06.1.3); golf carts (09.2.1); toy bicycles and tricycles (09.3.1); horses and ponies, horse or pony drawn vehicles and related equipment purchased for recreational purposes (09.2.1).

07.2 **Operation of personal transport equipment**

Purchases of spare parts, accessories or lubricants made by households with the intention of undertaking the maintenance, repair or intervention themselves should be shown under (07.2.1) or (07.2.2). If households pay an enterprise to carry out the maintenance, repair or fitting, the total value of the service, including the costs of the materials used, should be shown under (07.2.3).

07.2.1 Spare parts and accessories for personal transport equipment (SD)

- tyres (new, used or retreaded), innertubes, spark plugs, batteries, shock absorbers, filters, pumps and other spare parts or accessories for personal transport equipment.

Includes: products specifically for the cleaning and maintenance of transport equipment such as paints, chrome cleaners, sealing compounds and bodywork polishes; covers for motor cars, motor cycles, etc.

Excludes: crash helmets for motor cycles and bicycles (03.1.3); non-specific products for cleaning and maintenance such as distilled water, household sponges, chamois leathers, detergents, etc. (05.6.1); charges for the fitting of spare parts and accessories and for the painting, washing and polishing of bodywork (07.2.3); radio-telephones (08.2.0); car radios (09.1.1); baby-seats for cars (12.3.2).

07.2.2 Fuels and lubricants for personal transport equipment (ND) (E)

- petrol and other fuels such as diesel, liquid petroleum gas, alcohol and two-stroke mixtures,
- lubricants, brake and transmission fluids, coolants and additives.

Includes: fuel for major tools and equipment covered under (05.5.1) and recreational vehicles covered under (09.2.1).

Excludes: charges for oil changes and greasing (07.2.3).

07.2.3 Maintenance and repair of personal transport equipment (S)

- services purchased for the maintenance and repair of personal transport equipment such as fitting of parts and accessories, wheel balancing, technical inspection, breakdown services, oil changes, greasing and washing.

Includes: total value of the service (that is both the cost of labour and the cost of materials are covered).

Excludes: separate purchases of spare parts, accessories or lubricants made by households with the intention of undertaking the maintenance or repair themselves (07.2.1) or (07.2.2); road worthiness tests (07.2.4).

07.2.4 Other services in respect of personal transport equipment (S)

Following the conventions of ESA 1995, included are payments by households for licences, permits, etc. which are regarded as purchases of services from government (ESA 1995, paragraph 3.76.h). In that case the government issues licences as a part of some regulatory function, such as checking the competence, or qualifications, of the persons concerned (ESA 1995, paragraph 4.80.d and its footnote).

- hire of garages or parking spaces not providing parking in connection with the dwelling,
- toll facilities (bridges, tunnels, shuttle-ferries, motorways) and parking meters,
- driving lessons, driving tests and driving licences,
- road worthiness tests,
- hire of personal transport equipment without drivers.

Excludes: hire of a car with driver (07.3.2); service charges for insurance in respect of personal transport equipment (12.5.4).

07.3 **Transport services**

Purchases of transport services are generally classified by mode of transport. When a ticket covers two or more modes of transport — for example, intra-urban bus and underground or inter-urban train and ferry — and the expenditure cannot be apportioned between them, then such purchases should be classified in (07.3.5).

Costs of meals, snacks, drinks, refreshments or accommodation services have to be included if covered by the fare and not separately priced. If separately priced, these costs have to be classified in Division 11.

School transport services are included, but ambulance services are excluded (06.2.3).

07.3.1 Passenger transport by railway (S)

- Transport of individuals and groups of persons and luggage by train, tram and underground.

Includes: transport of private vehicles.

Excludes: funicular transport (07.3.6).

07.3.3 Passenger transport by road (S)

- Transport of individuals and groups of persons and luggage by bus coach, taxi and hired car with driver.

07.3.3 Passenger transport by air (S)

- Transport of individuals and groups of persons and luggage by aeroplane and helicopter.

07.3.4 Passenger transport by sea and inland waterway (S)

- Transport of individuals and groups of persons and luggage by ship, boats, ferry, hovercraft and hydrofoil.

Includes: transport of private vehicles.

07.3.5 Combined passenger transport (S)

- Transport of individuals and groups of persons and luggage by two or more modes of transport when the expenditure cannot be apportioned between them.

Includes: transport of private vehicles.

Excludes: package holidays (09.6.0).

07.3.6 Other purchased transport services (S)

- funicular, cable-car and chair-lift transport,
- removal and storage services,
- services of porters and left-luggage and luggage-forwarding offices,
- travel agents' commissions, if separately priced.

Excludes: cable-car and chair-lift transport at ski resorts and holiday centres (09.4.1).

08 COMMUNICATION

08.1 **Postal services**

08.1.0 Postal services (S)

- payments for the delivery of letters, postcards and parcels,
- private mail and parcel delivery.

Includes: all purchases of new postage stamps, pre-franked postcards and aerogrammes.

Excludes: purchase of used or cancelled postage stamps (09.3.1); financial services of post offices (12.6.2).

08.x **Telephone and telefax equipment and telephone and telefax services**

08.2/3.0 Telephone and telefax equipment and telephone and telefax services ⁽¹⁾

- purchases of telephones, radio-telephones, telefax machines, telephone-answering machines and telephone loudspeakers (08.2.0),
- repair of such equipment (08.2.0),
- installation and subscription costs of personal telephone equipment (08.3.0),
- telephone calls from a private line or from a public line (public telephone box, post office cabin, etc.); telephone calls from hotels, cafés, restaurants and the like (08.3.0),
- telegraphy, telex and telefax services (08.3.0),
- information transmission services; internet connection services (08.3.0),
- hire of telephones, telefax machines, telephone answering-machines and telephone loudspeakers (08.3.0).

Includes: radiotelephony, radiotelegraphy and radiotelex services.

Excludes: telefax and telephone answering facilities provided by personal computers (09.1.3).

09 RECREATION AND CULTURE

09.1 **Audio-visual, photographic and information processing equipment**

09.1.1 Equipment for the reception, recording and reproduction of sound and pictures (D)

- television sets, video-cassette players and recorders, television aerials of all types,
- radio sets, car radios, radio clocks, two-way radios, amateur radio receivers and transmitters,

⁽¹⁾ Member States able to separate 08.2/3.0 into goods (08.2.0) and services (08.3.0) shall transmit those indices as well as the combined index (08.2/3.0)

- gramophones, tape players and recorders, cassette players and recorders, CD-players, personal stereos, stereo systems and their constituent units (turntables, tuners, amplifiers, speakers, etc.), microphones and earphones.

Excludes: video cameras, cam-corders and sound-recording cameras (09.1.2).

09.1.2 Photographic and cinematographic equipment and optical instruments (D)

- still cameras, movie cameras and sound-recording cameras, video cameras and cam-corders, film and slide projectors, enlargers and film processing equipment, accessories (screens, viewers, lenses, flash attachments, filters, exposure meters, etc.),
- binoculars, microscopes, telescopes and compasses.

09.1.3 Information processing equipment (D)

- personal computers and visual display units, printers, software and miscellaneous accessories accompanying them,
- calculators, including pocket calculators,
- typewriters and word processors.

Includes: telefax and telephone answering facilities provided by personal computers.

Excludes: video-game software (09.3.1); video-game computers that plug into a television set (09.3.1); typewriter ribbons (09.5.4); slide rules (09.5.4).

9.1.4 Recording media (SD)

- records and compact discs,
- pre-recorded tapes, cassettes, video cassettes, diskettes and CD-ROMs for tape recorders, cassette recorders, video recorders and personal computers,
- unrecorded tapes, cassettes, video cassettes, diskettes and CD-ROMs for tape recorders, cassette recorders, video recorders and personal computers,
- unexposed films, cartridges and discs for photographic and cinematographic use.

Includes: photographic supplies such as paper and flash bulbs; unexposed film the price of which includes the cost of processing without separately identifying it.

Excludes: batteries (05.5.2); computer software (09.1.3); video-game software, video-game cassettes and video-game CD-ROMs (09.3.1); development of films and printing of photographs (09.4.2).

09.1.5 Repair of audio-visual, photographic and information processing equipment (S)

- repair of audio-visual, photographic and information processing equipment.

Includes: total value of the service (that is, both the cost of labour and the cost of materials are covered).

Excludes: separate purchases of materials made by households with the intention of undertaking the repair themselves (09.1.1), (09.1.2) or (09.1.3).

09.2 **Other major durables for recreation and culture**

09.2.1/2 Major durables for indoor and outdoor recreation including musical instruments (D)

- camper vans, caravans and trailers,
- aeroplanes, microlight aircraft, gliders, hang-gliders and hot-air balloons,
- boats, outboard motors, sails, rigging and superstructures,
- horses and ponies, horse or pony drawn vehicles and related equipment (harnesses, bridles, reins, saddles, etc.),
- major items for games and sport such as canoes, kayaks, wind surfing boards, sea-diving equipment and golf carts,

- musical instruments of all sizes, including electronic musical instruments, such as pianos, organs, violins, guitars, drums, trumpets, clarinets, flutes, recorders, harmonicas, etc.,
- billiard tables, ping-pong tables, pin-ball machines, gaming machines, etc.

Includes: fitting out of boats, camper vans, caravans, etc.

Excludes: horses and ponies, horse or pony drawn vehicles and related equipment purchased for personal transport (07.1.4); toys (09.3.1); inflatable boats, rafts and swimming pools (09.3.2).

09.2.3 Maintenance and repair of other major durables for recreation and culture (S)

- maintenance and repair of other major durables for recreation and culture.

Includes: total value of the service (that is, both the cost of labour and the cost of materials are covered); laying up for winter of boats, camper vans, caravans, etc.; hanger services for private planes; marina services for boats.

Excludes: fuel for recreational vehicles (07.2.2); separate purchases of materials made by households with the intention of undertaking the maintenance or repair themselves (09.2.1) or (09.2.2); veterinary services (09.3.5).

09.3 **Other recreational items and equipment, gardens and pets**

09.3.1 Games, toys and hobbies (SD)

- card games, parlour games, chess sets and the like,
- toys of all kinds including dolls, soft toys, toy cars and trains, toy bicycles and tricycles, toy construction sets, puzzles, plasticine, electronic games, masks, disguises, jokes, novelties, fireworks and rockets, festoons and Christmas tree decorations,
- stamp-collecting requisites (used or cancelled postage stamps, stamp albums, etc.), other items for collections (coins, medals, minerals, zoological and botanical specimens, etc.) and other tools and articles n.e.c. for hobbies.

Includes: video-game software; video-game computers that plug into television set; video-game cassettes and video-game CD-ROMs.

Excludes: collectors' items falling into the category of works of art or antiques (05.1.1); unused postage stamps (08.1.0); Christmas trees (09.3.3); children's scrapbooks (09.5.1).

09.3.2 Equipment for sport, camping and open-air recreation (SD)

- Gymnastic, physical education and sport equipment such as balls, shuttlecocks, nets, rackets, bats, skis, golf clubs, foils, sabres, poles, weights, discuses, javelins, dumb-bells, chest expanders and other body-building equipment,
- parachutes and other sky-diving equipment,
- firearms and ammunition for hunting, sport and personal protection,
- fishing rods and other equipment for fishing,
- equipment for beach and open-air games such as bowls, croquet, frisbee, volleyball and inflatable boats, rafts and swimming pools,
- camping equipment such as tents and accessories, sleeping bags, back-packs, air mattresses and inflating pumps, camping stoves and barbecues,
- repair of such articles.

Includes: game-specific footwear (ski boots, football boots, golfing shoes and other such footwear fitted with ice skates, rollers, spikes, studs, etc.); protective headgear for sports; other protective gear for sports such as life jackets, boxing gloves, body padding, shin-guards, goggles, belts, supports, etc.

Excludes: crash helmets for motor cycles and bicycles (03.1.3); camping and garden furniture (05.1.1).

09.3.3 Gardens, plants and flowers (ND)

- Natural or artificial flowers and foliage, plants, shrubs, bulbs, tubers, seeds, fertilisers, composts, garden peat, turf for lawns, specially treated soils for ornamental gardens, horticultural preparations, pots and pot holders.

Includes: natural and artificial Christmas trees; delivery charges for flowers and plants.

Excludes: gardening gloves (03.1.3); gardening services (04.4.4) or (05.6.2); gardening equipment (05.5.1); gardening tools (05.5.2).

09.3.4/5 Pets and related products including veterinary and other services for pets (ND)

- pets, pet foods, veterinary and grooming products for pets, collars, leashes, kennels, birdcages, fish tanks, cat litter, etc.,
- veterinary and other services for pets such as grooming, boarding, tattooing and training.

Excludes: horses and ponies (07.1.4) or (09.2.1).

09.4 Recreational and cultural services**09.4.1 Recreational and sporting services (S)**

- services provided by:
 - sports stadia, horse-racing courses, motor-racing circuits, velodromes, etc.,
 - skating rinks, swimming pools, golf courses, gymnasias, fitness centres, tennis courts, squash courts and bowling alleys,
 - fairgrounds and amusement parks
 - roundabouts, see-saws and other playground facilities for children,
 - pin-ball machines and other games for adults other than games of chance,
 - ski slopes, ski lifts and the like,
- hire of equipment and accessories for sport and recreation, such as aeroplanes, boats, horses, skiing and camping equipment,
- out-of-school individual or group lessons in bridge, chess, aerobics, dancing, music, skating, skiing, swimming or other pastimes,
- services of mountain guides, tour guides, etc.,
- navigational aid services for boating.

Includes: hire of game-specific footwear (ski boots, football boots, golfing shoes and other such footwear fitted with ice skates, rollers, spikes, studs, etc.).

Excludes: cable-car and chair-lift transport not at ski resorts or holiday centres (07.3.6).

09.4.2 Cultural services (S)

- services provided by:
 - cinemas, theatres, opera houses, concert halls, music halls, circuses, sound and light shows,
 - museums, libraries, art galleries, exhibitions,
 - historic monuments, national parks, zoological and botanical gardens, aquaria,
- hire of equipment and accessories for culture, such as television sets, video cassettes, etc.,
- television and radio broadcasting, in particular licence fees for television equipment and subscriptions to television networks,
- services of photographers such as film developing, print processing enlarging, portrait photography, wedding photography, etc.

Includes: services of musicians, clowns, performers for private entertainments.

09.5 Newspapers, books and stationery

Refers to that part of expenditure paid by consumers and not reimbursed by government, social security, or NPISHs.

09.5.1 Books (SD)

— books, including atlases, dictionaries, encyclopaedias, text books, guidebooks and musical scores.

Includes: scrapbooks and albums for children; book binding.

Excludes: stamp albums (09.3.1).

09.5.2 Newspapers and periodicals (ND)

— newspapers, magazines and other periodicals.

09.5.3/4 Miscellaneous printed matter and stationery and drawing materials (ND)

— catalogues and advertising material,

— posters, plain or picture postcards, calendars,

— greeting cards and visiting cards, announcement and message cards,

— maps and globes,

— writing pads, envelopes, account books, notebooks, diaries, etc.,

— pens, pencils, fountain pens, ball-point pens, felt-tip pens, inks, erasers, pencil sharpeners, etc.,

— stencils, carbon paper, typewriter ribbons, inking pads, correcting fluids, etc.,

— paper punches, paper cutters, paper scissors, office glues and adhesives, staplers and staples, paper clips, drawing pins, etc.,

— drawing and painting materials such as canvas, paper, card, paints, crayons, pastels and brushes.

Includes: educational materials such as exercise books, slide rules, geometry instruments, slates, chalks and pencil boxes.

Excludes: pre-franked postcards and aerogrammes (08.1.0); stamp albums (09.3.1); pocket calculators (09.1.3).

09.6 Package holidays**09.6.0 Package holidays (S)**

— all inclusive holidays or tours which provide for travel, food, accommodation, guides, etc.

Includes: half-day and one-day excursion tours; pilgrimages.

10 EDUCATION

This division covers educational services only. It does not include expenditures on educational materials, such as books (09.5.1) and stationery (09.5.4), or education support services, such as health care services (06), transport services (07.3), catering services (11.1.2) and accommodation services (11.2.0).

It includes education by radio or television broadcasting.

The breakdown of educational services is based upon the level categories of the 1997 International Standard Classification of Education (ISCED-97) of the United Nations Educational, Scientific and Cultural Organisation (Unesco).

10.x **Pre-primary and primary, secondary, post-secondary non-tertiary, tertiary education, and education not definable by level**

This covers Coicop groups 10.1/2/3/4.

10.x.0 **Pre-primary and primary education, secondary, post-secondary non-tertiary, tertiary education, and education not definable by level (S)**

Levels 0 and 1 of ISCED-97: pre-primary and primary education.

Levels 2 and 3 of ISCED-97: lower-secondary and upper-secondary education.

Level 4 of ISCED-97: post-secondary non-tertiary education.

Levels 5 and 6 of ISCED-97: first stage and second stage of tertiary education.

Educational programmes, generally for adults, which do not require any special prior instruction, in particular vocational training and cultural development.

Includes: literacy programmes for students too old for primary school out-of-school secondary education for adults and young people; out-of school post-secondary non-tertiary education for adults and young people.

Excludes: driving lessons (07.2.4); recreational training courses such as sport or bridge lessons given by independent teachers (09.4.1).

11 RESTAURANTS AND HOTELS

11.1 **Catering services**

11.1.1 Restaurants, cafés and the like (S)

- catering services (meals, snacks, drinks and refreshments) provided by restaurants, cafés, buffets, bars, tea-rooms, etc., including those provided:
 - in places providing recreational, cultural, sporting or entertainment services: theatres, cinemas, sports stadia, swimming pools, sports complexes, museums, art galleries, night clubs, dancing establishments, etc.,
 - on public transport (coaches, trains, boats, aeroplanes, etc.) when priced separately,
- also included are:
 - the sale of food products and beverages for immediate consumption by kiosks, street vendors and the like, including food products and beverages dispensed ready for consumption by automatic vending machines,
 - the sale of cooked dishes by restaurants for consumption off their premises,
 - the sale of cooked dishes by catering contractors whether collected by the customer or delivered to the customer's home.

Includes: tips.

Excludes: tobacco purchases (02.2.0); telephone calls (08.3.0).

11.1.2 Canteens (S)

- catering services of works canteens, office canteens and canteens in schools, universities and other educational establishments.

Includes: university refectories, military messes and wardrooms.

Excludes: food and drink provided to hospital in-patients (06.3.0).

11.2 Accommodation services**11.2.0 Accommodation services (S)**

— accommodation services of:

- hotels, boarding houses, motels, inns and establishments offering bed and breakfast,
- holiday villages and holiday centres, camping and caravan sites, youth hostels and mountain chalets,
- boarding schools, universities and other educational establishments,
- public transport (trains, boats, etc.) when priced separately,
- hostels for young workers or immigrants.

Includes: tips, porters.

Excludes: payments of households occupying a room in a hotel or boarding house as their main residence (04.1.1); rentals paid by households for a secondary residence for the duration of a holiday (04.1.2); telephone calls (08.3.0); catering services in such establishments except for breakfast or other meals included in the price of the accommodation (11.1.1); housing in orphanages, homes for disabled or maladjusted persons (12.4.0).

12 MISCELLANEOUS GOODS AND SERVICES**12.1 Personal care****12.1.1 Hairdressing salons and personal grooming establishments (S)**

- Services of hairdressing salons, barbers, beauty shops, manicures, pedicures, Turkish baths, saunas, solaria, non-medical massages, etc.

Includes: bodycare, depilation and the like.

Excludes: spas (06.2.3) or (06.3.0); fitness centres (09.4.1).

12.1.2/3 Electric appliances for personal care and other appliances, articles and products for personal care (ND)

- electric razors and hair trimmers, hand-held and hood hair dryers, curling tongs and styling combs, sun-lamps, vibrators, electric toothbrushes and other electric appliances for dental hygiene, etc.,
- repair of such appliances,
- non-electric appliances: razors and hair trimmers and blades therefor, scissors, nail files, combs, shaving brushes, hairbrushes, toothbrushes, nail brushes, hairpins, curlers, personal weighing machines, baby scales, etc.,
- articles for personal hygiene: toilet soap, medicinal soap, cleansing oil and milk, shaving soap, shaving cream and foam, toothpaste, etc.,
- beauty products: lipstick, nail varnish, make-up and make-up removal products (including powder compacts, brushes and powder puffs), hair lacquers and lotions, pre-shave and after-shave products, sun-bathing products, hair removers, perfumes and toilet waters, personal deodorants, bath products, etc.,
- other products: toilet paper, paper handkerchiefs, paper towels, sanitary towels, cotton wool, cotton tops, babies' napkins, toilet sponges, etc.

Excludes: handkerchiefs made of fabric (03.1.3)

12.3 Personal effects n.e.c.**12.3.1 Jewellery, clocks and watches (D)**

- precious stones and metals and jewellery fashioned out of such stones and metals,
- costume jewellery, cuff-links and tie-pins,

- clocks, watches, stop-watches, alarm clocks, travel clocks,
- repair of such articles.

Excludes: ornaments (05.1.1) or (05.4.0); radio clocks (09.1.1); precious stones and metals and jewellery fashioned out of such stones and metals acquired primarily as stores of value (capital formation, not covered by HICP).

12.3.2 Other personal effects (SD)

- Travel goods and other carriers of personal effects: suitcases, trunks, travel bags, attaché cases, satchels, hand-bags, wallets, purses, etc.,
- articles for babies: baby carriages, push-chairs, carry cots, recliners, car beds and seats, back-carriers, front carriers, reins and harnesses, etc.,
- articles for smokers: pipes, lighters, cigarette cases, cigar cutters, etc.,
- miscellaneous personal articles: sun-glasses, walking sticks and canes, umbrellas and parasols, fans, key rings, etc.,
- funerary articles: coffins, gravestones, urns, etc.,
- repair of such articles.

Includes: wall thermometers and barometers.

Excludes: baby furniture (05.1.1); shopping bags (05.2.0); feeding bottles (05.4.0).

12.4 Social protection

Social protection as defined here covers assistance and support services provided to persons who are: elderly, disabled, suffering from occupational injuries and diseases, survivors, unemployed, destitute, homeless, low-income earners, indigenous people, immigrants, refugees, alcohol and substance abusers, etc. It also covers assistance and support services provided to families and children.

12.4.0 Social protection (S) (*)

Such services include residential care, home help, day care and rehabilitation. More specifically, this class covers payments b households for:

- retirement homes for elderly persons, residences for disabled persons, rehabilitation centres providing long-term support for patients rather than health care and rehabilitative therapy, schools for disabled persons where the main aim is to help students overcome their disability,
- help to maintain elderly and disabled persons at home (home-cleaning services, meal programmes, day-care centres, day-care services and holiday-care services),
- wet-nurses, crèches, play schools and other child-minding facilities,
- counselling, guidance, arbitration, fostering and adoption services for families.

12.5 Insurance

Service charges for insurance are classified by type of insurance, namely life insurance and non-life insurance (that is, insurance in connection with the dwelling, health, transport, etc.). Service charges for multi-risk insurance covering several risks should be classified on the basis of the cost of the principal risk if it is not possible to allocate the service charges to the various risks covered.

Service charge is defined as the difference between claims due and premiums earned and premium supplement ⁽¹⁾.

12.5.2 Insurance connected with the dwelling (S)

- service charges paid by owner-occupiers and by tenants for the kinds of insurance typically taken out by tenants against fire, theft, water damage, etc.

Excludes: service charges paid by owner-occupiers for the kinds of insurance typically taken out by landlords (**).

⁽¹⁾ In accordance with Commission Regulation (EC) No ...

- 12.5.3 Insurance connected with health (S)
- service charges for private sickness and accident insurance.
- 12.5.4 Insurance connected with transport (S)
- service charges for insurance in respect of personal transport equipment,
 - service charges for travel insurance and luggage insurance,
- 12.5.5 Other insurance (S)
- service charges for other insurance such as civil liability for injury or damage to third parties or their property.
- Excludes:* civil liability or damage to third parties or their property arising from the operation of personal transport equipment (12.5.4).
- 12.6 **Financial services n.e.c.**
- 12.6.2 Other financial services n.e.c. (S)
- actual charges for the financial services of banks, post offices, saving banks, money changers and similar financial institutions,
 - fees and service charges of brokers, investment counsellors, tax consultants and the like,
 - administrative charges of private pension funds and the like.
- Excludes:* Interest payments and charges expressed as a proportion of the transaction value.
- 12.7 **Other services n.e.c.**
- 12.7.0 Other services n.e.c. (S)
- fees for legal services, employment agencies, etc.,
 - charges for undertaking and other funeral services,
 - payment for the services of estate agents, housing agents, auctioneers, salesroom operators and other intermediaries,
 - payment for photocopies and other reproductions of documents,
 - fees for the issue of birth, marriage and death certificates and other administrative documents,
 - payment for newspaper notices and advertisements,
 - payment for the services of graphologists, astrologers, private detectives, bodyguards, matrimonial agencies and marriage guidance counsellors, public writers, miscellaneous concessions (seats, toilets, cloakrooms), etc.
- Excludes:* Following the conventions of ESA 1995, excluded are contributions and dues for membership of professional associations, churches and social, cultural, recreational and sports clubs (ESA 1995 paragraph 3.77.e).

(*) The methodological details and the timetable of inclusion shall be specified in accordance with the procedure laid down in Article 14 of Council Regulation (EC) No 2494/95.

(**) Following a decision on the treatment of owner-occupied housing, the coverage of this sub-index might need to be extended to include expenditure on major maintenance and repairs of the dwelling and for extension and conversion of the dwelling not typically paid by the tenants.

COMMISSION REGULATION (EC) No 1750/1999**of 23 July 1999****laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations⁽¹⁾ and in particular Articles 34 and 50 thereof,

- (1) Whereas Council Regulation (EC) No 1257/1999 has established a single legal framework for support from EAGGF for rural development, defining, in particular, in its Title II, measures for support, their objectives, and the criteria for eligibility; whereas this framework applies to rural development support all over the Community;
- (2) Whereas detailed rules should be adopted to complete this framework; whereas the rules should follow the principle of subsidiarity and should therefore be limited to those rules needing to be adopted at Community level;
- (3) Whereas detailed rules defining the eligibility criteria for the different rural development measures should take into account experience gained from existing instruments as applied under the various Council regulations which have been repealed according to Article 55 (1) of Regulation (EC) No 1257/1999;
- (4) Whereas, as regards support for investment in agricultural holdings and in processing plants as well as for support for young farmers, Regulation (EC) No 1257/1999 lays down three basic conditions; whereas the time at which those conditions have to be fulfilled should be defined, including the time for the demonstration of the economic viability of an agricultural holding applying for an investment aid, which should be based on an assessment of the prospects of that holding;
- (5) Whereas, as regards investments in holdings and in processing plants, Community support is subject to the condition that normal market outlets for the products concerned can be found; whereas rules should be established for the assessment of such market outlets;

- (6) Whereas support for vocational training should not extend to normal agricultural and forestry education;
- (7) Whereas conditions for early retirement support should be based on the experience acquired under the support scheme established by Council Regulation (EEC) No 2079/92⁽²⁾ as last amended by Commission Regulation (EC) No 2773/95⁽³⁾;
- (8) Whereas, in particular, specific problems arising from the transfer of a holding by several transferors, and from the transfer of a holding by a tenant farmer have to be solved;
- (9) Whereas in less favoured areas, in relation to areas used by several farmers in common, compensatory allowances should be available to each farmer using those areas, regard being had to the degree to which he is entitled to such use;
- (10) Whereas detailed rules for agri-environment support should be based on the experience acquired under the support scheme established by Council Regulation (EEC) No 2078/92 of 30 June 1992⁽⁴⁾, as last amended by Commission Regulation (EC) No 2772/95⁽⁵⁾, and should in particular take into account existing rules established by Commission Regulation (EC) No 746/96⁽⁶⁾, as last amended by Regulation (EC) No 435/97⁽⁷⁾;
- (11) Whereas the definition of the minimum conditions to be observed by farmers in connection with the various agri-environment undertakings should ensure balanced application of agri-environment support taking into account its objectives and thus contributing to a sustainable rural development;
- (12) Whereas the selection criteria for investment aimed at improving the processing and marketing of agricultural products should be defined; whereas in view of the experience acquired in the existing support scheme, set up by Council Regulation (EC) No 951/97⁽⁸⁾, these selection criteria should be based on general principles rather than sectorial rules;

⁽¹⁾ OJ L 160, 26.6.1999, p. 80.

⁽²⁾ OJ L 215, 30.7.1992, p. 91.

⁽³⁾ OJ L 288, 1.12.1995, p. 37.

⁽⁴⁾ OJ L 215, 30.7.1992, p. 85.

⁽⁵⁾ OJ L 288, 1.12.1995, p. 35.

⁽⁶⁾ OJ L 102, 25.4.1996, p. 19.

⁽⁷⁾ OJ L 67, 7.3.1997, p. 2.

⁽⁸⁾ OJ L 142, 2.6.1997, p. 22.

- (13) Whereas it is appropriate to derogate from the provision contained in the second indent of Article 28(1) of Regulation (EC) No 1257/1999 which excludes support for investment in the processing and marketing of products from third countries in the outermost regions of the Community, whereas that derogation should nonetheless be subject to certain conditions;
- (14) Whereas certain forests which are excluded from support for forestry under Article 29(3) of Regulation (EC) No 1257/1999 should be further defined;
- (15) Whereas detailed conditions should be laid down for support granted for the afforestation of agricultural land and for payments granted for activities to maintain and improve the ecological stability of forests,
- (16) Whereas according to Article 33 of Regulation (EC) No 1257/1999, support is granted for other measures relating to farming activities and their conversion and to rural activities, provided that they do not fall within the scope of any other rural development measure; whereas, given the large variety of measures which could fall under this Article, it appears appropriate to leave the definition of conditions for support in the first place to Member States as part of their programming;
- (17) Whereas rules common to several measures should be established, assuring in particular a common standard of good farming practice, where measures refer to this criterion, and guaranteeing such flexibility for long term undertakings as is needed to take account of events which could affect those commitments, but without jeopardising the effective implementation of the various support measures;
- (18) Whereas a clear line of demarcation should be drawn between financing rural development support and financing support under common market organisations; whereas any exceptions to the principle that measures falling within the scope of support schemes under common market organisations should not be eligible for rural development support should be proposed by Member States in the framework of rural development programming, according to their specific need and following a transparent procedure;
- (19) Whereas payments made in pursuance of rural development support should be made in full to the beneficiaries;
- (20) Whereas detailed rules should be established for the presentation of rural development plans and their revision;
- (21) Whereas, in order to facilitate the establishment of rural development plans and their examination and approval by the Commission, common rules should be determined for the structure and the contents of those plans on the basis of the requirements set out in particular in Article 43 of Regulation (EC) No 1257/1999;
- (22) Whereas conditions for amendments of rural development programming documents should be established in order to allow an effective and speedy examination by the Commission of such amendments;
- (23) Whereas only those amendments which contain important changes to rural development programming documents should be subject to the management committee procedure; whereas other amendments should be decided by Member States and communicated to the Commission;
- (24) Whereas detailed provisions should be established as to financial planning and as to participation in financing for those measures which are financed by the EAGGF Guarantee Section according to Article 35(1) and (2) of Regulation (EC) No 1257/1999;
- (25) Whereas, in this connection, Member States should report regularly to the Commission on the state of financing of rural development measures;
- (26) Whereas measures have to be taken to ensure the effective spending of funds reserved for rural development support, provision being made in particular for an initial advance payment and for the necessary adjustment of allocations according to needs and to past performance;
- (27) Whereas the general rules concerning budgetary discipline, and in particular those relating to incomplete or incorrect declarations on the part of Member States, should apply in addition to the specific rules established by this Regulation;
- (28) Whereas details of financial administration of rural development measures will be governed by the rules adopted for the implementation of Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy⁽¹⁾;
- (29) Whereas procedures and requirements for monitoring and evaluation should be established on the basis of principles applicable to other Community support measures, in particular those applying to Structural Funds as laid down by Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Fund⁽²⁾;

⁽¹⁾ OJ L 160, 26.6.1999, p. 103.

⁽²⁾ OJ L 161, 26.6.1999, p. 1.

(30) Whereas administrative provisions should permit better administration monitoring and control of the rural development support; whereas measures are in the interest of simplicity should be based as far as possible on existing rules such as the integrated administration and control system set out in Council Regulation (EEC) No 3508/92⁽¹⁾, as last amended by Regulation (EC) No 1036/99⁽²⁾ and in Commission Regulation (EEC) No 3887/92⁽³⁾, as amended by Regulation (EC) No 1678/98⁽⁴⁾;

(31) Whereas it is appropriate to provide, both at Community and at Member State level, for a system of penalties to be imposed;

(32) Whereas it is appropriate to repeal Commission Regulations (EEC) No 2084/80⁽⁵⁾, (EEC) No 220/91⁽⁶⁾, as last amended by Regulation (EC) No 1183/98⁽⁷⁾, Regulation (EC) No 860/94⁽⁸⁾, (EC) No 1025/94⁽⁹⁾, (EC) No 1054/94⁽¹⁰⁾, (EC) No 1282/94⁽¹¹⁾, (EC) No 1404/94⁽¹²⁾, (EC) No 1682/94⁽¹³⁾, (EC) No 1844/94⁽¹⁴⁾, (EC) No 746/96, and also Commission Decisions 92/522/EEC⁽¹⁵⁾ and 94/173/EC⁽¹⁶⁾, the provisions of which have become obsolete or are replaced by the provisions of this Regulation;

(33) Whereas the Committee on Agricultural Structures and Rural Development has not delivered an opinion within the time-limit set by its chairman,

HAS ADOPTED THIS REGULATION:

CHAPTER I

OBJECTIVE

Article 1

This Regulation lays down detailed rules for the application of Regulation (EC) No 1257/1999.

CHAPTER II

RURAL DEVELOPMENT MEASURES

SECTION 1

Investment in agricultural holdings

Article 2

The conditions laid down in Article 5 of Council Regulation (EC) No 1257/1999 must be fulfilled at the time when the individual decision to grant support is taken.

However, where investments are made in order to comply with newly introduced minimum standards regarding the environment, hygiene, and animal welfare, support may be granted in order to reach these new standards. In this case, a time period may be provided for the fulfilment of these minimum standards, where such a period is necessary to solve the specific problems in reaching such standards and where this period is in accordance with the specific legislation concerned.

Article 3

1. For the purpose of Article 6 of Council Regulation (EC) No 1257/1999, the existence of normal market outlets shall be assessed on the appropriate level in terms of:

- (a) the products concerned,
- (b) the types of investments,
- (c) existing and expected capacities.

2. Any restrictions on production, or limitations of Community support under common market organisations shall be taken into account.

3. Where under a common market organisation, restrictions on production or limitations of Community support exist at the level of individual farmers, holdings or processing plants, no investment shall be supported which would increase production beyond those restrictions or limitations.

Article 4

1. Where investments are undertaken by young farmers, the maximum percentages of the volume of eligible investment as referred to in the second sentence of the second paragraph of Article 7 of Council Regulation (EC) No 1257/1999 may be applied within a period up to five years after setting-up.

2. The second paragraph of Article 5 also applies to investments undertaken by young farmers within a five year period after setting-up.

⁽¹⁾ OJ L 355, 5.12.1992, p. 1.

⁽²⁾ OJ L 127, 21.5.1999, p. 4.

⁽³⁾ OJ L 391, 31.12.1992, p. 36.

⁽⁴⁾ OJ L 212, 30.7.1998, p. 23.

⁽⁵⁾ OJ L 203, 5.6.1980, p. 9.

⁽⁶⁾ OJ L 26, 31.1.1991, p. 15.

⁽⁷⁾ OJ L 164, 9.6.1998, p. 5.

⁽⁸⁾ OJ L 99, 19.4.1994, p. 7.

⁽⁹⁾ OJ L 112, 3.5.1994, p. 27.

⁽¹⁰⁾ OJ L 115, 6.5.1994, p. 6.

⁽¹¹⁾ OJ L 140, 3.6.1994, p. 14.

⁽¹²⁾ OJ L 154, 21.6.1994, p. 8.

⁽¹³⁾ OJ L 178, 12.7.1994, p. 42.

⁽¹⁴⁾ OJ L 192, 28.7.1994, p. 9.

⁽¹⁵⁾ OJ L 329, 16.11.1992, p. 1.

⁽¹⁶⁾ OJ L 79, 23.3.1994, p. 29.

SECTION 2

Setting-up of young farmers*Article 5*

The conditions laid down in Article 8(1) of Council Regulation (EC) No 1257/1999 must be fulfilled at the time when the individual decision to grant support is taken.

However, as far as occupational skill and competence, economic viability and minimum standards regarding the environment, hygiene and animal welfare are concerned, a time period not exceeding three years after setting-up may be foreseen for the fulfilment of these conditions, insofar as an adaptation period is necessary to facilitate the establishment of the young farmer or the structural adjustment of his holding.

SECTION 3

Training*Article 6*

Support for vocational training shall not include courses of instruction or training which form part of normal programmes or systems of agricultural and forestry education at secondary or higher levels.

SECTION 4

Early retirement*Article 7*

Where a farm is transferred by several transferors, overall support shall be limited to the amount provided for one transferor.

Article 8

Non-commercial farming activity continued by the transferor in accordance with the first indent of Article 11(1) of Council Regulation (EC) No 1257/1999 shall not be eligible for support under the common agricultural policy.

Article 9

A tenant farmer may transfer the released land to the owner provided that the lease is terminated and the requirements relating to the relevant transferee as laid down in Article 11(2) of Council Regulation (EC) No 1257/1999 are complied with.

Article 10

Released land may be included in a re-parcelling operation or in a simple exchange of parcels.

In such cases, the conditions applicable to released land shall be applied to areas agronomically equivalent to those of the released land.

Member States may make provision for released land to be taken in charge by a body which undertakes to reassign it at a later date to a transferee who satisfies the conditions laid down for early retirement.

SECTION 5

Less favoured areas and areas with environmental restrictions*Article 11*

Compensatory allowances in relation to areas used by several farmers in common for the purpose of grazing animals may be granted to each farmer using these areas in proportion to his use or, right of use, of the land.

SECTION 6

Agri-environment*Article 12*

An undertaking to extensify livestock farming or otherwise to manage livestock farming shall comply with, at least, the following conditions:

- (a) grassland management shall continue,
- (b) the livestock shall be distributed across the farm in such a way that the whole of the grazed area is maintained, thus avoiding both over-grazing and under-utilization,

and

- (c) livestock density must be defined taking into account all grazing livestock kept on the farm, or in the case of an undertaking aimed at limiting nutrient leaching, all livestock kept on the farm relevant to the undertaking in question.

Article 13

Support may include agri-environmental commitments for:

- (a) rearing farm animals of local breeds indigenous to the area and in danger of extinction,

and

- (b) preserving plant genetic resources naturally adapted to the local and regional conditions and under threat of genetic erosion.

The local breeds and plant genetic resources must play a role in maintaining the environment in the given area to which the measure will apply.

Article 14

For the purpose of the second subparagraph of Article 24(1) of Council Regulation (EC) No 1257/1999, capital works shall be considered to be non-remunerative provided that they do not normally lead to any significant net increase in farm value or profitability.

Article 15

Agri-environment commitments beyond the minimum period of five years referred to in Article 23(1) of Council Regulation (EC) No 1257/1999 shall not be determined for a longer period than that which is reasonably necessary for the realisation of their environmental effects. They shall normally be no longer than 10 years, except in the case of specific undertakings where a longer period is deemed to be indispensable.

Article 16

Various agri-environment commitments may be combined with one another provided that the commitments are complementary and compatible.

Where there is such a combination, the level of support shall take account of income forgone and specific additional costs arising from the combination.

Article 17

1. The reference level for calculating income forgone and additional costs resulting from the undertaking given shall be the usual good farming practice in the given area to which the measure applies.

Where it is justified by the agronomic or environmental circumstances to do so, the economic consequences of abandonment of land or cessation of certain farm practices may be taken into account.

2. Payments may not be made per unit of production, except in the case of support for rearing farm animals in danger of extinction, which may be paid per livestock unit or per animal reared. Where commitments are normally expressed in units other than area, Member States may calculate payments on the basis of those units.

Member States shall ensure that the maximum amounts per year eligible for Community support as set out in the Annex to Regulation (EC) No 1257/1999 are observed. To this end the Member State may:

- (a) set a limit on the number of units per hectare of the farm to which agri-environmental commitments apply,

or

- (b) determine the overall maximum amount on each participating farm and ensure that the payments for each holding are compatible with this limit.

3. Payments shall be based on limitations on the use of fertilisers, plant protection products or other inputs only if such limitations are technically and economically measurable.

Article 18

Member States shall determine the need to provide an incentive as provided for in the third indent of Article 24(1) of the Council Regulation (EC) No 1257/1999 on the basis of objective criteria.

The incentive shall not exceed 20 % of the income forgone and additional costs due to the commitment given, except in the case of specific commitments where a higher rate is deemed to be indispensable for the effective implementation of the measure.

Article 19

A farmer who gives an agri-environment commitment as to one part of a farm shall adhere to at least the standard of usual good farming practice throughout the farm.

Article 20

1. Member States may authorise the transformation of one commitment into another commitment during the period of operation of the commitments, on condition that:

- (a) any such transfer is of unquestionable benefit to the environment,

- (b) the existing commitment is significantly reinforced,

and

- (c) the approved programme includes the commitments concerned.

Under the conditions set out in points (a) and (b) of the first subparagraph, a transformation of an agri-environment commitment into a commitment for afforestation of agricultural land according to Article 31 of the Council Regulation may be authorised. The agri-environment commitment shall cease without reimbursement being required.

2. Member States may provide for adjustment of commitments during the period of operation, provided that:

(a) the approved programme includes scope for such adjustment,

and

(b) the adjustment is duly justified, having regard to the objectives of the undertaking.

SECTION 7

Improving processing and marketing of agricultural products

Article 21

Eligible expenditure may include:

(a) the construction and acquisition of immovable property, with the exception of land purchase,

(b) new machinery and equipment including computer software,

(c) general costs, such as architects' fees, engineers' and consultants' fees, feasibility studies, acquisition of patents and licences, in addition to expenditure as referred to in (a) and (b) and up to a ceiling of 11 % of that expenditure.

Article 22

1. For the purpose of Article 26(3) of Council Regulation (EC) No 1257/1999, the existence of normal market outlets shall be assessed on the appropriate level in relation to:

(a) the products concerned,

(b) the types of investments,

(c) existing and excepted capacities.

2. Any restrictions on production, or limitations of Community support under common market organisations shall be taken into account.

Article 23

In outermost regions, support may be granted for investment in the processing or marketing of products from third countries, subject to the condition that the processed products are destined for the market of the region in question. For the purpose of compliance with this condition, support shall be limited to processing capacities which correspond to regional needs, provided that the processing capacities do not exceed regional needs.

SECTION 8

Forestry

Article 24

Forests excluded from support under Article 29(3) of Council Regulation (EC) No 1757/1999 shall be:

(a) forest or other wooded land owned by central or regional governments, or by government-owned corporations,

(b) crown forest and other wooded land,

(c) forests owned by legal persons at least 50 % of whose capital is held by one of the institutions referred to in points (a) and (b).

Article 25

Agricultural land eligible for support for afforestation according to Article 31 of Council Regulation (EC) No 1257/1999 shall be specified by the Member State and shall include in particular arable land, grassland, permanent pastures and land used for perennial crops, where farming takes place on a regular basis.

Article 26

1. For the purpose of the second indent of the second subparagraph of Article 31(1) of Council Regulation (EC) No 1257/1999, a 'farmer' shall be a person who devotes an essential part of his working time to agricultural activities and derives from it a significant part of his income according to detailed criteria to be determined by the Member State.

2. For the purpose of Article 31(3), subparagraph 2, of Council Regulation (EC) No 1257/1999, 'fast-growing species cultivated in the short term' shall mean species, the rotation time (the interval separating at the same place two harvest cuts) of which is less than 15 years.

Article 27

1. Support under Article 32 of Council Regulation (EC) No 1257/1999 may not be granted in relation to areas for which support under Article 31 of that Regulation has been granted.

2. Payments with a view to maintaining fire-breaks through agricultural measures, according to Article 32(1) second indent of Council Regulation (EC) No 1257/1999 shall not be granted for areas which are the subject of agri-environment support.

They shall be consistent with any restrictions on production or limitations of Community support under common market organisations and shall take into account payments made under those common market organisations.

SECTION 9

Rules common to several measures

Article 28

For the purposes of Council Regulation (EC) No 1257/1999 and of this Regulation, 'usual good farming practice' is the standard of farming which a reasonable farmer would follow in the region concerned.

Member States shall set out verifiable standards in their rural development plans. In any case, these standards shall entail compliance with general mandatory environmental requirements.

Article 29

1. When, during the period of operation of a commitment given as a condition for the grant of support, a beneficiary transfers all or part of his holding to another person, the latter may take over the commitment for the remainder of the period. If this does not take place, the beneficiary shall reimburse the support granted.

Member States may choose not to require such reimbursement if, in the case of a definitive cessation of agricultural activities by a beneficiary who has already honoured a significant part of his commitment, a takeover of the commitment by a successor proves not to be feasible.

Member States may take specific measures, in the event of minor changes to the situation of the holding, to prevent the application of the first subparagraph from leading to inappropriate results in terms of the commitment entered into.

2. When, during the period of operation of a commitment given as a condition for the grant of support, a beneficiary increases the area of his holding, Member States may provide for:

(a) the extension of the commitment to the additional area for the remainder of the period of the commitment, on condition that any such extension:

- (i) is of unquestionable benefit to the measure concerned,
- (ii) is justified in terms of the nature of the commitment, the length of the remaining period, and the size of the additional area which must be significantly less than the original area or not more than two hectares,

and

- (iii) does not diminish the effective verification of compliance with the conditions for the grant of support,

or

(b) the replacement of the beneficiary's original commitment by a new commitment for the whole area concerned under terms at least as strict as those of the original commitment.

Point (b) shall also apply in cases where the area subject to a commitment is extended within the holding.

3. Where a beneficiary is unable to continue complying with commitments given, by virtue of the fact that the holding is subject to reparcellation or other similar public exercise of land consolidation, Member States shall take the measures necessary to provide for the adaptation of the commitments to the new situation of the holding. If such adaptation proves impossible, the commitment shall expire and reimbursement shall not be required in respect of the period in which the commitment was effective.

Article 30

1. Without prejudice to the actual circumstances to be taken into consideration in individual cases, Member States may recognize, in particular, the following categories of *force majeure*:

- (a) death of the farmer;
- (b) long-term professional incapacity of the farmer;
- (c) expropriation of a large part of the holding if such expropriation could not have been anticipated on the day on which the commitment was given;
- (d) a severe natural disaster gravely affecting the holdings' agricultural land;

- (e) the accidental destruction of livestock buildings on the holding;
- (f) an epizootic affecting part or all the farmer's livestock.

Member States shall notify the Commission of categories which they recognize as *force majeure*.

2. Cases of *force majeure* with relevant evidence to the satisfaction of the competent authority shall be lodged in writing with the competent authority within 10 working days of the date on which the farmer is in a position to do so.

CHAPTER III

GENERAL PRINCIPLES, ADMINISTRATIVE AND FINANCIAL PROVISIONS

SECTION 1

General principles

Article 31

1. For the application of the second subparagraph of Article 37(3) of Council Regulation (EC) No 1257/1999, the criteria set out in paragraphs 2 and 3 of this Article shall apply.

2. Environmental measures implemented under common market organisations, agricultural quality and health measures, or under rural development measures other than agri-environment support, do not preclude agri-environment support for the same productions, provided that such support is additional and consistent with those measures.

In this context:

- (a) agri-environment measures on land set aside pursuant to Article 6 of Council Regulation (EC) No 1251/1999⁽¹⁾ shall qualify for support only if the commitments go beyond the appropriate environmental measures referred to in Article 6(2) of that Regulation;
- (b) in the case of extensification of beef production, the aid shall take account of the extensification payment made pursuant to Article 13 of Council Regulation (EC) No 1254/1999⁽²⁾.

- (c) in the case of support for less-favoured areas and support for environmental restrictions, agri-environment commitments shall take into account the conditions laid down for the support in the areas concerned.

Where there is such a combination, the level of support shall take account of income forgone and specific additional costs arising from the combination.

In no case may the same commitment be the subject of payments simultaneously under agri-environment support and under another Community aid scheme.

3. Any exception referred to in the first indent of the second subparagraph of Article 37(3) of Council Regulation (EC) No 1257/1999 shall be proposed by Member States in the framework of rural development plans.

Article 32

Payments under rural development measures shall be made in full to the beneficiaries.

SECTION 2

Programming

Article 33

1. Rural development plans shall be submitted in conformity with Article 43 of Council Regulation (EC) No 1257/1999 and in accordance with the detailed requirements laid down in the Annex to this Regulation.

2. The approval pursuant to Article 44 (2) of Council Regulation (EC) No 1257/1999 shall determine the overall amount of Community support.

3. The approval may cover State aid intended to provide additional financing to rural development measures only if the State aid is identified in accordance with point 16 of the Annex.

4. Member States shall make rural development programming documents available to the public.

Article 34

Where rural development measures are submitted in the form of general framework regulations, rural development plans shall make appropriate reference to such regulations.

In such circumstances, the requirements of Article 33 shall be fully adhered to.

⁽¹⁾ OJ L 160, 26.6.1999, p.1.

⁽²⁾ OJ L 160, 26.6.1999, p. 21.

Article 35

1. Amendments to rural development programming documents shall be duly substantiated, in particular on the basis of the following information:

- (a) the reasons and problems of implementation, if any, justifying adjustment of the programming document;
- (b) the expected effects of the amendment;
- (c) the implications for financing and verification of commitments.

2. The Commission shall approve in accordance with the procedure laid down in Article 50(2) of Regulation (EC) No 1260/1999 amendments to rural development programming documents:

- (a) affecting priorities;
- (b) changing the main features of support measures as indicated in the Annex, including changes to the rate of Community contribution;
- (c) changing the overall amount of Community support;
- (d) changing the financial allocation for any measure by more than either 25 % in relation to the amount provided for the year concerned, for the measure concerned, or 5 % in relation to the overall amount provided for the year concerned whichever is greater, calculated on the basis of the rural development programming document approved by the Commission;
- (e) changing additional financing by means of State aid for any measure by more than 25 % in relation to the amount foreseen for the year concerned, for the measure concerned or 5 % in relation to the overall amount foreseen for the year concerned whichever is greater, calculated on the basis of the rural development programming document approved by the Commission.

Amendments shall be submitted to the Commission in a single proposal per programme per year.

Any other amendment shall be communicated to the Commission at least two months before its entry into force.

3. Where necessary, rural development programming documents shall be revised in line with subsequent changes in Community legislation. The second sentence of the first subparagraph of paragraph 2 shall not apply to such revisions.

SECTION 3

Additional measures and community initiatives

Article 36

Pursuant to Article 45 of Council Regulation (EC) No 1257/1999, the scope of assistance from the EAGGF Guidance section for measures in the Community initiative for rural development is extended to the whole Community and its financing extended to measures eligible under European Parliament Council Regulations (EC) No 1261/1999⁽¹⁾ and (EC) No 1262/1999⁽²⁾.

SECTION 4

Financial provisions

Article 37

1. The Member States shall forward to the Commission, not later than 30 September each year, for each rural development programming document:

- (a) a statement of expenditure incurred in the current financial year and of expenditure remaining to be disbursed by the end of that year,

and

- (b) amended expenditure forecasts for subsequent financial years until the end of the programming period in question, in accordance with the allocation for each Member State.

2. Without prejudice to the general rules established for budgetary discipline, where the information which Member States are required to transmit to the Commission according to paragraph 1 is incomplete or the time limit has not been met, the Commission shall reduce advances on entry in the accounts of agricultural expenditure on a temporary and flat-rate basis.

Article 38

For the month following the decision to approve a rural development programming document the paying agencies may enter into the accounts as expenditure an advance not exceeding 12,5 % of the average annual budget of the total Community allocations provided for in the programming document in question.

⁽¹⁾ OJ L 161, 26.6.1999, p. 43.

⁽²⁾ OJ L 161, 26.6.1999, p. 48.

This advance shall represent working capital which in principle may only be recovered at the end of the programming period with respect to each rural development programming document.

Article 39

1. For each Member State, expenditure declared for any given financial year shall be financed up to the limit of the amounts notified to the Commission under point (b) of Article 37(1) which are covered by the appropriations entered in the budget for the financial year in question.

2. Where expenditure actually incurred by a Member State in any given financial year exceeds the amounts notified in accordance with point (b) of Article 37(1), the overruns on expenditure in that financial year shall be entered in the accounts on a pro rata basis, up to the limit of the appropriations remaining available after reimbursing the expenditure incurred by the other Member States.

3. Where expenditure actually incurred by a Member State in a given financial year is less than 75 % of the amounts referred to in paragraph 1, the expenditure to be recognised for the following financial year shall be reduced by a third of the difference between this threshold and the actual expenditure incurred during the financial year in question.

This reduction shall not be taken into account when establishing actual expenditure in the financial year following that in which the reduction was made.

1. Paragraph 3 shall not apply in relation to the first declaration of expenditure under the rural development programming document.

Article 40

Participation in the financing of evaluations in the Member States pursuant to Article 49(2) of Council Regulation (EC) No 1257/1999 shall apply to evaluations that effectively contribute to the evaluation at Community level owing to their scope, particularly through their replies to the common evaluation questions, and through their quality.

The participation shall not exceed 50 % of a ceiling which, except in duly justified cases, shall be 1 % of the total costs of the rural development programme. Within each rural development program at least 40 % of the co-financing shall concern the *ex post* evaluation.

SECTION 5

Monitoring and evaluation

Article 41

Pursuant to Article 48(2) of Council Regulation (EC) No 1257/1999, annual progress reports shall be submitted to the Commission by 30 April of each year covering the previous calendar year. Each progress report shall contain the following information:

- (a) any change in the general conditions of relevance to the implementation of the measure, and in particular any major socio-economic trends, or changes in national, regional or sectoral policies;
- (b) the progress of measures and of priorities, with respect to their operational and specific objectives, expressed as quantitative indicators;
- (c) the action taken by the management authority and the monitoring committee, if any, to ensure high-quality and effective implementation, and in particular:
 - (i) monitoring measures, financial control and evaluation, including data collection procedures,
 - (ii) a summary of the major problems encountered in managing the measure and any steps taken;
- (d) measures taken to ensure compatibility with Community policies.

These indicators referred to in the first subparagraph, point (b), shall, as far as possible follow a recommendation for common indicators to be provided by the Commission. Where additional indicators are needed to monitor progress effectively towards objectives of rural development programming documents, these shall also be included.

Article 42

1. Evaluations shall be performed by independent evaluators in accordance with recognised evaluation practice.

2. Evaluations shall in particular respond to common evaluation questions defined by the Commission in consultation with Member States and shall, as a general rule, be accompanied by achievement related criteria and indicators.

3. The authority responsible for managing the rural development programming document shall assemble the appropriate resources for evaluations, making use of monitoring results, supplemented where necessary by the gathering of additional information.

Article 43

1. The *ex ante* evaluation shall analyse the disparities, gaps and potentials of the current situation and assess the consistency of the proposed strategy with the situation and targets and have regard to the issues raised in the common evaluation questions. It shall assess the expected impact of the selected priorities for action and quantify their targets where they lend themselves thereto. It shall also verify the proposed implementing arrangements and the consistency with the Common Agricultural Policy and other policies.

2. The *ex ante* evaluation shall be the responsibility of the authorities preparing the rural development plan and shall form part of it.

Article 44

1. The mid-term and *ex post* evaluations shall deal with the specific questions for the rural development programming document in question and with common evaluation questions relevant at Community level. The latter shall involve the living conditions and structure of the rural population, employment and income from farm activities or off-farm activities, agricultural structures, agricultural commodities, quality, competitiveness, forest resources and environment. If a common evaluation question is considered inappropriate in relation to a particular rural development programming document, this shall be substantiated.

2. The mid-term evaluation, while covering the evaluation questions, shall in particular examine the initial achievements, their relevance and consistency with the rural development programming document and the extent to which the targets have been attained. It shall also assess the use made of financial resources and the operation of monitoring and implementation.

The *ex post* evaluation, while answering the evaluation questions, shall in particular examine the utilisation of resources and the effectiveness and efficiency of the assistance and its impacts and it shall draw conclusions regarding rural development policy, including its contributions to the Common Agricultural Policy.

3. The mid-term and *ex post* evaluations shall be performed in consultation with the Commission under the responsibility of the authority in charge of managing the rural development programming.

4. The quality of individual evaluations shall be assessed by the authority in charge of managing the rural development programming document, the monitoring committee, if any, and the Commission using recognised methods. The results of the evaluations shall be available to the public.

Article 45

1. A mid-term evaluation report shall be transmitted to the Commission not later than 31 December 2003. The authority responsible for managing the rural development programming document shall inform the Commission about the follow-up to the recommendations in this evaluation report. The Commission shall prepare a Community-level synthesis upon receipt of the individual evaluation reports. An update of the mid-term evaluation shall be completed by 31 December 2005 where appropriate.

2. An *ex post* evaluation report shall be transmitted to the Commission not later than two years after the end of the programming period. Within three years of the end of the programming period and upon receipt of the individual evaluation reports the Commission shall prepare a Community-level synthesis.

3. The evaluation reports shall explain the methodologies applied, including the implications for the quality of the data and the findings. They shall include a description of the context and contents of the programme, financial information, the answers including the utilised indicators to the common evaluation questions and to the evaluation questions defined at national or regional level, conclusions and recommendations. Their structure shall, as far as possible, follow a recommendation for a common structure for the evaluation reports to be provided by the Commission.

SECTION 6

Applications, controls and sanctions

Article 46

1. Applications for rural development support relating to areas or animals, which are lodged separately from aid applications under Article 4 of Regulation (EEC) No 3887/92 shall indicate all areas and all animals of the holding relevant for checking the applications under the measure in question, including those for which no support is requested.

2. Where a rural development support measure relates to areas, it shall refer to individually identified parcels. During the period of operation of an undertaking, parcels to which support refers may not be exchanged save as otherwise provided for in rural development programming document.

3. Where the application for payment is included with an application for area aid in the integrated control system, the Member State shall ensure that parcels for which rural development support is requested are declared separately in the application for area aid in the integrated control system.

4. Land areas and animals shall be identified in accordance with Articles 4 and 5 of Regulation (EEC) No 3508/92.

Article 47

1. Initial applications to a scheme and successive applications for payment shall be checked in a manner which ensures effective verification of compliance with the conditions for the granting of the aid. In line with the nature of the support measure Member States shall define the systems and means for their verification as well as the persons who shall be subject to checks. In all appropriate cases, Member States shall make use of the integrated administration and control system established by Regulation (EEC) No 3508/92.

2. Verifications shall be carried out by means of administrative and on-the-spot checks.

3. Administrative checks shall be exhaustive and shall include cross-checks, inter alia in all appropriate cases with data from the integrated administration and control system, on areas of land and livestock covered by a support measure in order to avoid all unjustified payments of aid. Compliance with long-term commitments shall also be checked.

4. On-the-spot checks shall be made in accordance with Articles 6 and 7 of Regulation (EEC) No 3887/92. They shall cover at least 5 % of beneficiaries each year, covering all the different types of rural development measures set out in the programming documents.

On-the-spot checks shall be spread over the year in accordance with an analysis of the risks presented by each rural development measure. All commitments and obligations of a beneficiary which it is possible to check at the time of the visit shall be subject to checking.

Article 48

1. Article 9(1) and (2) of Regulation (EEC) No 3887/92 shall apply to support granted on the basis of areas, and Article 10(2), (3), (7), (11) and (12) of that Regulation shall apply to support granted on the basis of animals.

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

Done at Brussels, 23 July 1999.

Moreover, Articles 11(1) (a), 12, 13 and 14 of Regulation (EEC) No 3887/9 shall apply to such supports.

2. Member States shall determine a system of penalties to be imposed in the event of breaches of the obligations entered into and of regulatory provisions applicable to the case, and shall take all necessary steps to put the system into operation. Such penalties shall be effective, shall be commensurate with their purpose and shall have an adequately deterrent effect.

3. Where it is found that a false declaration has been made as a result of serious negligence, the beneficiary in question shall be excluded from all rural development measures falling under the relevant chapter of Council Regulation (EC) No 1257/1999 for the calendar year in question. In the case of a false declaration made intentionally, he shall be excluded for the following year as well. This penalty shall apply without prejudice to additional penalties provided for under national rules.

CHAPTER IV

FINAL RULES

Article 49

1. Regulations (EEC) No 2084/80, (EEC) No 220/91, (EC) No 860/94, (EC) No 1025/94, (EC) No 1054/94, (EC) No 1282/94, (EC) No 1404/94, (EC) No 1682/94, (EC) No 1844/94, (EC) No 746/96 and Decisions 92/522/EEC and 94/173/EC are hereby repealed.

2. The Regulations and Decisions repealed under paragraph 1 shall remain applicable to the actions approved by the Commission before 1 January 2000, under the Regulations referred to in Article 55(1) of Council Regulation (EC) No 1257/1999.

Article 50

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

It shall apply in relation to Community support as from 1 January 2000.

For the Commission

Franz FISCHLER

Member of the Commission

ANNEX

RURAL DEVELOPMENT PLANS**1. Title of rural development plan****2. Member State and administrative region (if relevant)****3. 1. Geographical area covered by the plan**

Article 41 of Regulation (EC) No 1257/1999

2. Regions classified as Objectives 1 and 2

Article 40 of Regulation (EC) No 1257/1999

Identify:

— Objective 1 regions and Objective 1 regions in transition. This applies only to the accompanying measures (early retirement, compensatory allowances, agri-environment and afforestation of agricultural land under Article 31 of Council Regulation (EC) No 1257/1999);

— Objective 2 regions. This applies to:

- 1) Accompanying measures
- 2) Other measures which do not form part of the Objective 2 programming.

4. Planning at the relevant geographical area

Article 41(2) of Regulation (EC) No 1257/1999

Where exceptionally more than one rural development plan will apply in the region, indicate:

- all the relevant plans;
- why it is not possible to integrate measures into a single plan;
- relationship between measures in the different plans and details as to how compatibility and consistency between plans will be ensured.

5. Quantified description of the current situation

Article 43(1), first indent, of Regulation (EC) No 1257/1995

1. Description of the current situation

Describe, using quantified data, the current situation of the geographical area, highlighting strengths, disparities, gaps and potential for rural development. This description shall concern the agricultural sector and the forestry sector (including the nature and extent of handicaps in farming in any less favoured areas), the rural economy, the demographic situation, human resources and employment and the state of the environment.

2. Impacts of the previous programming period

Describe the impacts of the financial resources deployed in the framework of the EAGGF relating to Rural Development in the previous programming period and under the accompanying measures since 1992. Present results of evaluations.

3. Other information

Where relevant, extend description to measures in addition to Community rural development and accompanying measures which had an impact on the programming area concerned.

6. Description of the strategy proposed, its quantified objectives, rural development priorities selected and geographical area covered

Article 43(1), second indent, of Regulation (EC) No 1257/1999

1. Strategy proposed, quantified objectives, priorities selected

With regard to the identified strengths, disparities, gaps and potentials in the area concerned, describe in particular:

- the priorities for actions,
- the appropriate strategy to attain the priorities,
- the operational objectives and expected impacts, quantified where they lend themselves to quantification, quantified as well in terms of monitoring as in terms of evaluation estimates,
- the extent to which the strategy takes account of the specific features of the areas concerned,
- the way the integrated approach has been included,
- the extent to which the strategy takes into account the integration of women and men,
- the extent to which the strategy takes into account all relevant international Community and national environmental policy obligations, including those relating to sustainable development, in particular the quality and use of water, conservation of biodiversity including on-farm conservation of crop varieties, and global warming.

2. Description and effects of other measures

In addition, the description shall, where relevant, explain measures taken outside the frame of the rural development plan (whether other Community measures or national measures, such as compulsory rules, codes of practice and State aided measures) and the extent to which the identified needs will thus be met.

3. Areas covered by specific territorial measures

Describe for any measure as defined under point 8 which does not apply throughout the region indicated in point 3, the zone of application.
In particular, define:

- the adopted list of less-favoured areas for the area concerned,
- any amendments to the list of less favoured areas with a due justification (Article 55(4) of Council Regulation (EC) No 1257/1999),
- areas with environmental restrictions with a due justification.

4. Time-scheme and uptake

Proposed timetable for implementing the various measures, expected uptake, and duration (see also point 8).

7. Appraisal showing the expected economic, environmental and social impacts

Article 43(1), third indent, of Regulation (EC) No 1257/1999

Detailed indications according to Article 43 [Regulation (EC) No 1257/1999].

8. Indicative overall financial table

Article 43(1,) fourth indent, of Regulation (EC) No 1257/1999

Financial planning table: rural development programmes

(EUR million)

	Year 1		Year 2 ...		... Year 7		Total	
	Total or public cost ⁽¹⁾	UE contribution ⁽²⁾	Total or public cost ⁽¹⁾	UE contribution ⁽²⁾	Total or public cost ⁽¹⁾	UE contribution ⁽²⁾	Total or public cost ⁽¹⁾	UE contribution ⁽²⁾
Priority A ...								
Measure A1								
Measure A2 ...								
... Measure An								
Total A								
Priority B ...								
Measure B1								
Measure B2 ...								
... Measure Bn								
Total B								
... Priority N								
Measure N1								
Measure N2 ...								
... Measure Nn								
Total N								
Programme:								

EAGGF Guarantee resources for measures for promoting the adaptation and development of rural areas (Article 33 of Regulation (EC) No 1257/1999) in Objective 2 (rural) areas: EUR million (% of total for Article 33)

⁽¹⁾ This column concerns forecast expenditure (in terms of either total or public cost), and is presented for indicative purposes.

⁽²⁾ This column concerns the Community contribution for each measure. The Community contribution relating to expenditure undertaken is calculated according to the rates and modalities set out for each measure in the programme.

Note: Where the same measure features under more than one priority, for purposes of financial management the Member State shall provide an additional table consolidating all expenditures relating to the measure. This additional table shall follow the structure of the above table and shall follow the order of the list below.

— Measures are defined as follows:

- (a) investment in agricultural holdings;
- (b) setting up of young farmers;
- (c) training;
- (d) early retirement;

- (e) less favoured areas and areas with environmental restrictions;
- (f) agri-environment;
- (g) improving processing and marketing of agricultural products;
- (h) afforestation of agricultural land;
- (i) other forestry measures;
- (j) land improvement;
- (k) reparaelling;
- (l) setting up of farm relief and farm management services;
- (m) marketing of quality agricultural products;
- (n) basic services for the rural economy and population;
- (o) renovation and development of villages and protection and conservation of the rural heritage;
- (p) diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes;
- (q) agricultural water resources management;
- (r) development and improvement of infrastructure connected with the development of agriculture;
- (s) encouragement for tourist and craft activities;
- (t) protection of the environment in connection with agriculture, forestry and landscape conservation as well as the improvement of animal welfare;
- (u) restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments;
- (v) financial engineering.

9. Description of the measures contemplated for implementing the plans

Article 43(1), fifth indent, of Regulation (EC) No 1257/1999

For every point thereunder, provide:

A. Main features of support measures,

B. Other elements.

1. General requirements

A. Main features of support measures:

- list of measures in the order of Council Regulation (EC) No 1257/1999;
- identification of the single Article (and paragraph) under which each Rural development payment measure falls. Where two or more articles are cited, the payment measure must be divided into its constituent parts.

B. Other elements:

None.

2. *Requirements which concern all or several measures*⁽¹⁾.

A. Main features:

- Community contribution based on either the total cost or public expenditure;
- aid intensifies and/or amounts and differentiation applied (Chapters I to VIII);
- exceptions referred to in Article 37 (3) subparagraph 2 first indent of Council Regulation (EC) No 1257/1999.

B. Other elements:

- details of eligibility conditions;
- criteria to demonstrate economic viability (Chapters I, II and IV);
- usual good farming practice (Chapters V and VI);
- minimum standards regarding environment, hygiene and animal welfare (Chapters I, II and VII);
- level of occupational skill and competence required (Chapters I, II and IV);
- sufficient assessment of the existence of normal market outlets for the products concerned (Chapters I and VII) according to Articles 6 and 26 of Council Regulation (EC) No 1257/1999;
- description of the total of ongoing contracts (from the previous period), including in financial terms, and procedures/rules which apply to these.

3. *Information required for specific measures*

In addition, the following specific information is required for measures under the individual chapters:

I. *Investment in agricultural holdings*

A. Main features:

- primary production sectors and types of investments;

B. Other elements:

- maximum limits for total investment amount eligible for support;
- types of aid.

II. *Setting-up of young farmers*

A. Main features:

None.

B. Other elements:

- period left to young farmers to fulfil the eligibility criteria within the allowed period of three years according to Article 5 of Regulation (EC) No 1257/1999,
- age limit,
- conditions applying to young farmers not established as sole head of the holding or who set up as members of associations or co-operatives whose principal object is the management of an agricultural holding,
- type of setting-up aid.

⁽¹⁾ References to Chapters refer to Council Regulation (EC) No 1257/1999.

III. Training

A. Main features:

None.

B. Other elements:

- eligible actions and beneficiaries;
- ensure that no normal education system and programmes are proposed for financing.

IV. Early retirement

A. Main features:

None.

B. Other elements:

- detail of conditions concerning transferor, transferee, worker and land released, in particular the use of land to be retained by the transferor for non commercial purposes and the period to improve viability;
- type of aid including a description of the system used for calculating the maximum co-financible amount per holding and a justification according to the type of beneficiary;
- description of national retirement and early retirement systems;
- detail on the duration of the aid.

V. Less favoured areas and areas with environmental restrictions

A. Main features:

- level of aid amount:
 1. for compensatory allowances according to Article 13 point (a) of Council Regulation (EC) No 1257/1999: justification of the modulation of the aid amount according the criteria of Article 15(2) of the Council Regulation;
 2. for compensatory allowances according to Article 13 point (a) of the Council Regulation (EC) No 1257/1999: proposals to use the flexibility provisions concerning the maximum co-financible amount in Article 15(3), second subparagraph of Council Regulation (EC) No 1257/1999 shall include the necessary justification. Specify how it will be assured that the upper limit for compensatory allowances is respected in these cases and explain the administrative procedure by which they will ensure adherence to the maximum co-financible amount;
 3. for compensatory payments according to Article 13 point (b) of Council Regulation (EC) No 1257/1999 and Article 16 of Council Regulation (EC) No 1257/1999: Detailed agronomic calculations showing: (a) income foregone and costs incurred resulting from the environmental restrictions, (b) agronomic assumptions used as reference point.

B. Other elements:

- details on eligibility conditions concerning:
 1. the definition of the minimum surface;
 2. the description of the appropriate conversion mechanism used in case of common pastures.

VI. Agri-environment

A. Main features:

- a justification for the undertakings with regard to their expected impacts;
- concerning breeds of farm animal in danger of extinction, evidence of the endangered statue of the breed consistent with scientific data accepted by international organisations regarded as authorities in this field;
- concerning plant genetic resources under threat of genetic erosion, evidence of genetic erosion based upon scientific results and indicators for the occurrence of landraces/primitive (local) varieties, their population diversity and the prevailing agricultural practices at local level;
- precise detail of obligations on farmers and any other conditions of agreement, including scope and procedures for adjustment of running contracts;
- description of coverage of measure showing extent of application according to needs, degree of targeting in terms of geographical, sectoral or other coverage;
- detailed agronomic calculations showing: (a) income foregone and cost; incurred with regard to usual good agricultural practice, (b) agronomic assumptions used as reference point (c) level of incentive and justification for incentive based on objective criteria;
- for the agri-environment undertakings together, possibilities for combination; of-undertakings should be shown and coherence of undertakings should be ensured.

B. Other elements:

None.

VII. Processing and marketing of agricultural products

A. Main features:

- sectors of the basic agricultural production.

B. Other elements:

- criteria to prove economic benefits for primary producers.

VIII. Forestry

A. Main features:

- definition of:
 - 'agricultural land' in relation to Article 25 of Regulation (EC) No 1257/1999;
 - 'farmer' in relation to Article 26 of Regulation (EC) No 1257/1999;
- provisions ensuring that such actions are adapted to local conditions and are compatible with the environment as well as where appropriate keeping balance between silviculture and game populations;
- contractual arrangements between regions and potential beneficiaries concerning actions related to Article 32 of the Council Regulation.

B. Other elements:

- description of eligible actions and beneficiaries;
- linkage between proposed actions and national/sub-national forest programmes or equivalent instruments;

- the existence of forest protection plans as laid down in Community legislation for areas classified as high or medium forest fire risk and the conformity of proposed measures with these protection plans.

IX. Promoting the adaptation and development of rural areas

A. Main features:

- description and justification of the action proposed under each measure.

B. Other elements

- definition of financial engineering, which shall be in accordance with general eligibility criteria.

10. **Need for any studies, demonstration projects, training or technical assistance operations (where appropriate)**

Article 43(1), sixth indent, of Regulation (EC) No 1257/1999

11. **Designation of competent authorities and bodies responsible**

Article 43(1), seventh indent, of Regulation (EC) No 1257/1999

12. **Provisions to ensure the effective and correct implementation of the plans including monitoring and evaluation, a definition of quantified indicators for evaluation, arrangements for controls and sanctions and adequate publicity.**

Article 43(1), eighth indent, of Regulation (EC) No 1257/1999

1. *Detailed indications on the implementation of Articles 41 to 45 of the [Regulation(EC) No 1257/1999] They should include in particular:*

- the description of the financial circuits for the payment of assistance to final beneficiaries,
- the arrangements for monitoring and evaluation of the programme, notably systems and procedures for the collection, organisation and coordination of data relating to financial physical and impact indicators,
- the role, composition and rules of procedure of any monitoring committees,
- codification. This codification shall be in accordance with the model provided by the Commission.

2. *Detailed indications on the implementation of Articles 46 to 48 of [Regulation (EC) No 1257/1999]; in particular in relation to the respect of general eligibility criteria*

This should include the precise control measures envisaged to verify the substance of the claim and the respect of the conditions for support and the precise sanction rules.

13. **Results of consultations and designation of associated authorities and bodies as well as economic and social partners**

Article 43(1), ninth indent, of Regulation (EC) No 1257/1995

1. *Describe:*

- the economic and social partners and other national relevant bodies to be consulted according to national rules and practice,

- the agricultural and environmental authorities and bodies to be associated in particular with the development, implementation, monitoring, evaluation and review of agri-environment measures and other measures targeted to environment, thus ensuring the balance between these measures and other rural development measures.
2. *Summarise the results of consultations and indicate the extent to which and the views and advice received have been taken into account*

14. Balance between the different support measures

Article 43(2), second indent, of Regulation (EC) No 1257/1999

1. *Describe, with reference to the strengths, needs and potential:*
- the balance between the different rural development measures;
 - the extent to which the agri-environment measures apply throughout the territory.
2. *This description shall, according to the case, make reference to:*
- measures taken outside the frame of Council Regulation (EC) No 1257/1999,
 - measures taken or foreseen under separate rural development plans.

15. Compatibility and consistency

Article 37(2) of Regulation (EC) No 1257/1999

A. Main features:

1. *Appraisal of the compatibility and consistency with:*
- other Community policies and measures implemented thereunder, in particular competition policy,
 - other instruments under Common Agricultural Policy, in particular where exceptions to Article 37(3) of Council Regulation (EC) No 1257/1999 are foreseen,
 - other support measures within the rural development plans,
 - general eligibility criteria.
2. *In relation to measures under Article 33 of Council Regulation (EC) No 1257/1999, ensure and where necessary clarify that:*
- measures taken under the sixth, seventh and ninth indents of that Article are not the subject of financing under the ERDF in rural areas in Objective 2 areas and in areas in transition,
 - measures do not fall within the scope of any other measure referred to in Chapter II of Council Regulation (EC) No 1257/1999.

B. Other elements

3. *In particular, the appraisal shall cover arrangements to ensure proper coordination with administrations responsible for:*
- development measures introduced in the framework of the market organisations,
 - any rural development measures provided for under national legislation.

16. Additional State aids

Article 52 of Regulation (EC) No 1257/1999

A. Main features

Identify the measures in respect of which State aid intended to provide additional financing will be granted (Article 52 of Council Regulation (EC) No 1257/1999). An indicative table shall set out the amount of additional support to be granted in respect of each of the measures concerned during each year covered by the plan.

B. Other elements.

None.
