

COMMISSION OF THE EUROPEAN COMMUNITIES  
DIRECTORATE-GENERAL FOR AGRICULTURE

# **CAP WORKING NOTES 1993**

## **Reform of the CAP and its implementation**

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## INTRODUCTION

On 21 May 1992 the Council of Ministers reached political agreement on far-reaching changes to the common agricultural policy (CAP). The agreement began to be put into practice on 30 June, with the formal adoption of the first implementing regulations.

These decisions brought to an end a period of uncertainty which began several years ago and which was characterized by a search for solutions to the problems of agricultural surpluses and budgetary restrictions which would attempt to achieve a more rational pattern of agricultural production while also taking into account other considerations, such as the environment, farmers' incomes and the economy of rural areas.

Decisions relating to markets had been taken on a number of occasions from 1984 onwards. These covered milk quotas, stabilizers (the introduction of maximum guaranteed quantities and an automatic price decrease in case of overrun) and co-responsibility levies, alongside structural measures to promote afforestation, protect certain areas with a fragile environment, diversify agriculture and encourage the set-aside of cultivated land.

However, these measures failed to have the impact desired so, in its Reflections Paper of 1 February 1991,<sup>1</sup> the Commission announced that it would undertake a much more radical review of market mechanisms. It presented the corresponding proposals in July<sup>2</sup> and October 1991.<sup>3</sup>

Although the reform has made fairly wide-ranging changes to the rules in force hitherto, it does not affect the principles of single prices, Community preference and financial responsibility and solidarity which formed the foundation of the common agricultural policy in 1962 and on which Community policy over the next thirty years succeeded in constructing a common agricultural market.

The retention of these principles has meant that certain basic mechanisms have also been kept. These include common price arrangements decided on by the Council, common protection against the rest of the world through either variable protection or the use of threshold or reference prices and the use of public intervention on the agricultural markets. None of these factors has been changed and they will continue to play their part, although at a different level.

In deciding on the reform, the Council followed the three main guidelines laid down by the Commission:

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<sup>1</sup> COM(91) 100 final.

<sup>2</sup> COM(91) 258 final.

<sup>3</sup> COM(91) 338, 339, 379, 409 and 415.

- a substantial reduction in the prices of agricultural products to make them more competitive both within the Community and elsewhere;
- full and on-going compensation for this reduction through compensatory amounts or premiums not related to the quantities produced;
- control of production by the implementation of measures to limit the use of the factors of production (set-aside of arable land, number of animals per hectare of forage area, etc.) alongside the retention of more drastic rules, such as quotas.

At the same time, the Council decided to strengthen measures designed to protect the environment or improve links between agricultural activities and the protection of nature and the countryside, encourage certain categories of elderly farmers to cease farming and transfer their land to other holdings and promote the use of agricultural land for other purposes, such as forestry or leisure activities.

These decisions constitute major changes:

- first of all, support for the agricultural sector will no longer be provided solely or mainly through price support but also through assistance to producers in the form of compensatory payments or premiums;
- the Community, which is self-sufficient in the main agricultural foodstuff products, no longer needs to seek increased production except to the extent that an outlet can be found for surpluses;
- as the foremost world agricultural trader, the Community, by changing its rules, is stating its willingness to join the movement towards freer trade advocated at international level while preserving the basic principles and instruments of the CAP.

The new decisions will be put into practice during the marketing years 1993/94, 1994/95 and 1995/96 and will affect most market organizations. Despite the features specific to the various types of production, two broad areas, arable crops and meat production, may be distinguished.

In May 1993 the Council, as part of the decision on the Commission's package of price proposals, adopted certain measures designed to make the 1992 reform more acceptable to farmers without affecting its foundations.

The main modifications concern the arable crops regime and milk quotas.

The present document takes up again, product by product, the main topics of the reform, as they were published in the *CAP Working Notes* series in 1992, but including these modifications.

## A. CROP PRODUCTS

### 1. Aid for producers of arable crops

Producers of cereals, oilseeds, protein plants and, following the decisions of May 1993, those producing linseed will receive payments to compensate for the price reductions in these sectors, provided they withdraw from cultivation part of their land, set from 1993/94 at 15% of the reference areas as defined below. This condition does not apply to small producers nor to linseed producers. Compensatory payments are on a per hectare basis and regionalized on the basis of yields over the period 1986/87 - 1990/91.

In defining the areas eligible for the premium, the Member States will calculate base areas equal to the average areas sown to cereals, oilseeds and protein plants during 1989, 1990 and 1991 plus areas fallowed under a publicly funded scheme.

In the case of the base areas, the Member States may calculate either individual reference areas by producer or regional reference areas.

Unless eligible for the simplified scheme described on the next page, each producer is required to withdraw land from cultivation to qualify for compensatory payments.

Withdrawal will amount to 15% on a rotational basis of the individual base area in those Member States where the base area is allocated by producer.

From the 1994/95 marketing year onwards, it will be 20% in the case of non-rotational set-aside. However, this rate will be reduced to 18% in the case of nitrate sensitive areas which are applying the action programmes set out in Directive 91/676/EEC and which achieve a significant reduction in fertilizer use or in the case of Member States who, according to the estimates in the preliminary draft budget for 1994, will be obliged to set aside an area more than 13% in excess of their base area.

In those Member States where the base area is regional, withdrawal will amount to 15% (20% or 18% for non-rotational set-aside) of the areas for which the producer submits an application for aid (cultivated land plus withdrawn land). If the total applications in a region exceed the base area, they will be reduced proportionately to the excess and an extra percentage of land to be withdrawn, without compensation, will be applied for the next marketing year.

However, the Council invited the Commission to consider making a proposal to amend the criteria for regionalization plans so as to allow greater flexibility to Member States, whilst fully respecting past average yields. It is understood that whilst this proposal is under consideration, existing transitional arrangements will continue.

Moreover, there will be a simplified scheme for small producers, i.e. those whose area is smaller than that required to produce 92 tonnes of cereals, given the yields in the region (EEC average: 20 hectares).

Under this scheme:

- withdrawal of land will be subject to no conditions;
- a single aid per hectare will be paid in respect of all crops at the rate for cereals in the region.

It should be noted that set-aside applies to the whole of the base area and not to each crop taken individually and that each hectare withdrawn receives aid at the rate of ECU 45/tonne, applicable from the 1993/94 marketing year. The Council has asked the Commission to present a proposal to increase this to 57 ECU/tonne from the 1994/95 marketing year onwards.

It will also be possible to cultivate the areas set aside provided that the crop is not for human or animal consumption (e.g. biological fuel). All the possibilities available will be contained in implementing rules. In this context, the Commission will also propose that the growing of sugar beet for industrial purposes on set-aside land, without any compensatory payment, be allowed.

The Commission has also presented to the Council a reflection paper on set-aside whose purpose is to form the basis of a wide debate on the means which, without affecting the effectiveness in terms of production control nor the cost of set-aside, farmers could be offered greater flexibility in its application and its environmental contribution could be improved.

#### (a) Cereals

There are changes to price levels, compensation to farmers and the areas to be set aside.

Over three years the target price will be reduced substantially as follows:

	<u>target price*</u>	<u>intervention price</u>
1993/94 marketing year	ECU 130/tonne	ECU 117/tonne
1994/95 marketing year	ECU 120/tonne	ECU 108/tonne
1995/96 marketing year	ECU 110/tonne	ECU 100/tonne

The difference between the target price and the threshold price will be ECU 45, enough to ensure adequate Community preference. At the same time, the co-responsibility levies designed to make producers contribute to the cost of disposing of surpluses and the two aid schemes for small farmers related to those levies will be discontinued from the 1992/93 marketing year.

To offset this new departure in prices policy, a per hectare compensatory payment will be made.

This will be calculated from an average of certain past yields in the region so that the amount will vary among the Member States, and even among the regions, depending on past performance. The payment in a given region will be calculated by multiplying the typical yield by a basic amount per tonne which, in order to provide a smooth transition to the new situation, will be ECU 25 in 1993/94, ECU 35 in 1994/95 and ECU 45 in 1995/96.

Alongside these arrangements, which apply to all cereal crops, there will be special arrangements for durum wheat. In previous years, the policy was gradually to bring the price for durum wheat into line with that for other cereals while simultaneously increasing the aid granted, which was available only for crops grown in the so-called traditional areas. From 1993/94, durum wheat will be aligned with other cereals, with a single price and a single level of compensation per hectare. The special treatment for the traditional areas will continue through the possibility of paying a supplement of ECU 297 per hectare in those areas.

The Member States may distinguish between maize and other cereals. If they do so, they must establish separate base areas and apply separate average yields for maize and other crops. The Member States may also make separate provision for irrigated areas by calculating base areas and preparing regionalization plans. However, in the last analysis, total compensatory payments may not exceed those calculated from average areas and yields at national level.

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\* As in the past, the target price should be regarded as a guide price, the real guarantee being provided by the intervention price which, with the discontinuation of the buying-in price, will resume its earlier role.

**(b) Rice**

The Commission has undertaken to examine the effect upon the rice regime of the introduction of the new support system for other arable crops and will make proposals as appropriate. These proposals may, in particular, include an area ceiling.

**(c) Oilseeds**

The market arrangements for oilseeds were amended in December 1991.<sup>1</sup> From 1993/94 they will be incorporated, with some adjustments, in the common system for arable crops. Since reference areas are laid down for all crops, in general the rules and compensatory payments system should not favour one product at the expense of another.

However, one important difference between cereals and oilseeds has been introduced since oilseeds will no longer have guaranteed prices but only per hectare aid fixed at Community level and then regionalized to take account of average yields in the past.

The Council decided on aid of ECU 359 per hectare when the reform becomes operational in 1993/94. This amount will be paid in two instalments, one at the beginning of the year and the other at the end, and may be adjusted in the light of changes in world market prices.

In practice, if the average world prices for the three main oilseeds (rape, sunflower and soya) remain within 8% of the projected reference price of ECU 163 per tonne, no adjustment will be made. However, if they vary in either direction by more than that percentage, compensation per hectare will be adjusted accordingly.

The Member States will have the option of applying regionalization, based on average aid of ECU 359 per hectare, using either average regional cereal yields or average oilseeds yields.

Since base areas are established for all arable crops, land withdrawn from cultivation may have been used for either cereals or oilseeds.

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<sup>1</sup> Regulation (EEC) No 3766/91, OJ No L 356, 24.12.1991.



**(d) Protein plants**

From 1993/94 the arrangements for protein plants (peas, field beans and sweet lupins) will be replaced by compensatory payments at a rate of ECU 65 per hectare cultivated multiplied by the regional yield for cereals in tonnes (excluding maize in regions where the yield for this crop is different from those used for the other cereals).

As in the case of oilseeds, land withdrawn from cultivation may have been used previously for either cereals or protein plants.

**(e) Linseed**

The Council agreed as part of the price package decisions in May 1993 to include linseed in the arable crops regime. A compensatory payment, initially fixed for 1993/94 at 85 ECU/ha multiplied by the regional yield for cereals (excluding the yield from maize in those regions in which a separate yield is applied for maize) has been established. Should the area planted for 1993/94 exceed 266 000 hectares, this figure will be reduced in proportion to that excess. The granting of this aid will not be subject to the condition of the producer participating in the set-aside scheme.

**2. Dried fodder**

Aid for dried fodder has been progressively reduced over the last two marketing years. In 1992/93 it stood at 80% of the gap between the guide price (ECU 178.61 per tonne) and the variable world price and in 1993/94 it will be reduced to 70%. In 1994/95 it will be possible either to continue with specific aid for this type of fodder or to include it in the general arrangements for aid to arable crops.

**3. Tobacco**

The premiums granted under the common rules for the tobacco market have been quite substantially altered, as have the maximum guaranteed quantities introduced from 1989 when stabilizers were incorporated in the common agricultural policy. The arrangements will come into force in 1993.

For the purposes of the premiums, the 34 varieties currently cultivated in the Community have been divided into five groups, with three separate varieties in Greece. There will be a single premium for each group, which will be increased by 10% in the case of contracts signed with producers' associations.

However, varieties produced in Germany, Belgium and France will receive a supplementary amount of 50% of the difference between the premiums currently granted and those determined under the new rules.

The quotas for each group of varieties are allocated to the Member States as shown in the Table. Each Member State will allocate its share of the 1992 and 1993 harvests between first processors on the basis of existing quantities. This is a provisional allocation, which may be reviewed at a later date.

However, the Member States may make allocations to producers from 1993 if adequate data exist.

The quotas, which were set at 370 000 tonnes for 1993, will be reduced to 350 000 tonnes from 1994.

However, the Commission has undertaken to re-examine, on the basis of the most up-to-date statistics, the guarantee threshold quantities as fixed for the 1994 harvest by Regulation (EEC) No 2076/92. If necessary it will propose to the Council during the second half of 1993 the amendments to be made to the 1994 guarantee thresholds for the different variety groups within the total tobacco quantity allocated to each Member State.

As far as Greece is concerned it will examine in particular the possibility of increasing, whilst respecting budgetary neutrality, the threshold quantity fixed for flue-cured varieties by means of a transfer of quantities allocated to other variety groups.

Other measures include:

- the discontinuation of intervention and export refunds;
- the establishment of a Community fund for research and information financed by a levy of no more than 1% on premiums granted;
- the establishment in each Member State of an agency to monitor the Community arrangements for tobacco;
- introduction of a conversion programme for the Mavra, Tsebelia, Forchheimer Havanna and Geudertheimer hybrid varieties.

Particular emphasis is laid on the importance of inter-branch agreements to improve operation of the market organization. At Community level recognition procedures will have to be laid down, as will the possibilities of extending the rules while respecting the principles of competition policy.

**Guarantee thresholds 1993**

	I Flue-cured	II Light air-cured	III Dark air-cured	IV Fire-cured	V Sun-cured	Other			Total (tonnes)
						VI Basmas	VI Katerini	VIII K. Koulak	
Italy	47 500	51 600	21 800	9 100	15 000				145 100
Greece	30 000	12 400			20 650	27 500	23 400	20 000	133 950
Spain	28 300	4 970	9 000	30					42 300
Portugal	5 500	1 200							6 700
France	8 000	7 050	13 000						28 050
Germany	2 500	6 000	3 500						12 000
Belgium			1 900						1 900
	121 900	83 220	49 200	9 130	35 650	27 500	23 400	20 000	370 000

**Guarantee thresholds 1994**

	I Flue-cured	II Light air-cured	III Dark air-cured	IV Fire-cured	V Sun-cured	Other			Total (tonnes)
						VI Basmas	VI Katerini	VIII K. Koulak	
Italy	47 600	45 000	17 200	9 000	14 000				132 800
Greece	29 000	12 300			16 400	26 500	22 500	20 000	126 700
Spain	28 300	4 970	9 000	30					42 300
Portugal	5 500	1 200							6 700
France	8 700	7 900	11 000						27 600
Germany	2 500	6 000	3 500						12 000
Belgium			1 900						1 900
	121 600	77 370	42 600	9 030	30 400	26 500	22 500	20 000	350 000

4. Other crops

No changes have been made as yet to the rules governing sugar, wine and fruit and vegetables, although the Commission is currently working on proposals for these sectors. In the case of the first two, these proposals are expected to be presented during the second half of 1993.

The current arrangements for lentils, chick peas and vetches have been extended until 1995/96.

## **B. ANIMAL PRODUCTS**

The market organizations for animal products have already undergone considerable changes in recent years, particularly in 1984, when milk quotas were introduced, and in 1988, when far-reaching changes were made to the intervention system for beef and the premiums for sheep and bovine animals.

As part of the reform, the Council confirmed the main changes already made and took some of them further.

### **1. Milk**

The keystone of milk policy remains the system of quotas, which were to be reduced by 2% over the marketing years 1993/94 and 1994/95. However, as part of the 1993/94 price package compromise, they were increased by 0,6% except in the case of Spain, Greece and Italy whose quotas for the 1993/94 marketing year were increased following a Commission report on the effective application of the milk quota scheme in these Member States(1).

The Council has also consolidated and simplified the rules with a view to allowing producers who are changing holdings to transfer all or part of their reference quantity under certain conditions(2).

The only decision on prices was a reduction of 5% in the intervention price of butter spread over the 1993/94 and 1994/95 marketing years (3% on 1 July 1993 and 2% on 1 July 1994).

### **2. Beef/veal**

The reform affects beef prices, premiums and intervention, as well as meeting environmental concerns.

To avoid excessive concentration of livestock, the Council decided to restrict support through premiums to a maximum density of livestock per hectare of forage area.

The new maximum densities, to be introduced gradually, are:

- 1993: 3.5 LU per hectare of forage area
- 1994: 3 LU per hectare of forage area
- 1995: 2.5 LU per hectare of forage area
- from 1996: 2 LU per hectare of forage area.

(1) Doc. COM(93) 109 final and COM(93) 169 final.

(2) Regul. (EEC) No 3950/92, OJ No L 405 of 31.12.92.

The number of animals will include all those for which applications for premiums have been made and the dairy cows required to produce the reference quantity of milk allocated to the holding.

Forage areas will be calculated according to Community-wide rules and will include both areas exclusively allocated to forage production and, in proportion to the amount of fodder they produce, those used both for animal fodder and the production of crops not intended for animals. Areas producing ensilage maize or other ensilage crops which receive compensatory payment under the arrangements for arable land will not be included in the forage area.

The restriction on the maximum number of animals does not apply to small holdings with less than 15 LU.

#### Prices

The intervention price for beef will be reduced by 15% over three years as shown below:

	Intervention price for beef per 100 kg carcass weight
1 July 1993	325.85
1 July 1994	308.70
1 July 1995	291.55

#### Premiums

Beef producers may qualify for four premiums:

- special premiums
- suckler cow premiums
- processing premiums
- extensive breeding premiums.

The existing special premium for male animals, payable for up to 90 animals per producer, will continue at the rate of 60 and 75 ECU respectively for 1993 and 1994 and 90 ECU from 1995 onwards. It is payable no more than twice in the life of each animal, at the ages of 10 and 22 months. Each Member State must lay down a regional reference herd equal to the number of premiums paid in one of the years 1990, 1991 and 1992. If this regional reference figure is exceeded, the number of animals eligible per producer is reduced proportionately. Individual reference figures may also be established if the Member States so desire.

In order to make slaughter less seasonal when, in a Member State, the percentage of male animals slaughtered between September and November exceeds 40% of the total number of that category slaughtered during the year, an additional premium of ECU 60 per animal is payable if, and only if, those animals are slaughtered between 1 January and 30 April. A report on this system, which is being introduced as an experiment, will be made to the Council and may be accompanied by proposals on its effects.

The suckler cow premium will also be continued, at a rate of 70 and 95 ECU per cow for the 1993 and 1994 calendar years respectively and 120 ECU from 1995 onwards, but will now be limited for each producer to the number of premiums paid in 1990, 1991 or 1992.

A national reserve and the possibility of transferring premium rights in the same way as for sheep have been introduced.

Depending on their structures of production, the Member States may introduce either a calf processing premium or an intervention scheme for light animals.

These measures are intended to reduce the production of beef, which has been in surplus in recent years, by granting a premium of ECU 100 for each male dairy-breed calf slaughtered before the age of 10 days or, alternatively, by introducing intervention, under rules to be laid down and for a transition period of three years, for animals with a carcass weight between 150 and 200 kg.

As a further contribution towards encouraging extensive production paying attention to environmental considerations, the premiums payable for male animals and suckler cows will be increased by ECU 30 per head on holdings where producers can demonstrate that the number of animals over the year has been less than 1.4 LU per hectare of forage.

#### Intervention

There will also be changes to the arrangements for intervention in the beef sector. These consist of:

- the imposition of ceilings for buying into intervention:

1993:	750 000 tonnes
1994:	650 000 tonnes
1995:	550 000 tonnes
1996:	400 000 tonnes
1997:	350 000 tonnes.

- the provision of a safety net in any Member State where over a reference period the market price is less than 60% of the intervention price. Purchases made under the safety net system would be not be counted against the quantities set out above;
- restricting intervention to good quality meat, so excluding, from 1993, young male category 0 calves. In those Member States where this category currently accounts for more than 60% of male bovine animals slaughtered, this provision will not apply immediately. Intervention will be spread over the period 1993-97 through application of a degressive ceiling on the maximum quantity which can be delivered into intervention following each tender.

### 3. Sheepmeat

The current system of premiums will continue with ceilings for producers fixed at 1 000 head in less-favoured areas and 500 head elsewhere. For animals in excess of those ceilings, only 50% of the premium per head will be paid.

There will be an individual limit per producer based on the number of premiums paid for 1991 multiplied by a coefficient determined on the basis of the reference figures calculated by each Member State for 1989, 1990 or 1991. That limit constitutes a right to the premium subject to the following considerations.

To deal with producers submitting an application for the first time and any exceptional circumstances which may arise, a national reserve of between 1% and 3% of the total of the individual limits for each producer will be set up. The quantities in this reserve will be deducted from the premium rights of individual producers.

There will also be an additional reserve of 1% of the individual rights of producers in the less-favoured regions of each Member State, to be used exclusively for those regions on the basis of criteria to be determined by each Member State.

Premium rights will accrue to producers registered during the reference period who continue production.

The premium for light animals and goats will be 80% of the standard premium instead of 70%.

Transfers of rights between producers and between regions will be regulated. The Member States will have to take the steps required to ensure that premium rights are not transferred out of sensitive areas or regions where sheep



production is of particular importance for the local economy. The Member States may stipulate that transfers are to be made freely between producers or through a national reserve mechanism.

When a producer sells or transfers his holding in some other way, he may transfer all his premium rights to his successor. He may also transfer his rights to other producers without transferring his holding but, if he does so, a proportion of his rights, not exceeding 15%, will revert without payment to the national reserve. The rights acquired by the national reserve will be distributed free of charge to new farmers or other priority producers. Detailed implementing rules have still to be laid down at Community level.

#### **4. Other animal products**

There are no changes to the market rules for other animal products: pigmeat, poultry and eggs. The reduction in cereals prices will have a positive impact on the economics of production by reducing the price of animal feed and this will be taken into account in the trade mechanisms.

### C. ACCOMPANYING MEASURES

Alongside the market measures, three other types of measure, the "accompanying measures", will extend existing provisions and, still more important, introduce greater flexibility by promoting the afforestation of agricultural land, encouraging techniques which pay greater regard to the environment and making holdings more viable by increasing their size and reducing the labour force engaged in agriculture.

These provisions have three main aims:

- to encourage the introduction of early retirement schemes for farmers and farm workers;
- to promote the use of land for forestry;
- to grant aid for the introduction or maintenance of production techniques which encourage the protection of the environment, the landscape and natural resources.

#### 1. Early retirement

The early retirement scheme permits those Member States which so desire to grant aid to farmers and farm workers aged at least 55 who wish to cease work before the normal retirement age.

Early retirement aid may take the following forms:

- retirement grant,
- annual compensation not dependent on the area of land released,
- annual allowance per hectare,
- retirement pension supplement where the pension is too low to induce farmers to stop farming.

The land released may be farmed with regard to the requirements of environmental protection by new owners who use it to enlarge holdings and improve their economic viability in accordance with rules to be laid down by the Member States, transferred to bodies who will reconvey it to other persons who satisfy these conditions, or used for non-farming purposes in a manner compatible with environmental requirements.

Early retirement is also available to employed workers who can show an appropriate employment record.

In practice, as far as assistance which may be part-financed by the Community is concerned, the owner of a holding who is taking early retirement may receive from the time he stops farming to the normal retirement age, annual compensation of ECU 4 000 plus an annual allowance of ECU 250 per hectare up to a maximum of ECU 10 000 per holding. This payment may be made for a period of not more than ten years and may not be paid beyond his seventieth birthday.

The Member States have, however, some flexibility in bringing this scheme into line with their own social security rules. They may adopt degressive systems which exceed ten years provided that the total amount paid does not exceed the total eligible for part-financing as laid down.

Farm workers may receive retirement grants and annual compensation eligible for part-financing up to ECU 2 500 per worker for up to ten years. Here too, there is some flexibility for the Member State to make some adjustments

Half the expenditure on the introduction of early retirement schemes will be met by the Community budget; this figure rises to 75% in the case of Objective 1 areas as defined in Regulation (EEC) No 2052/88.<sup>1</sup>

## 2. Afforestation aid

Afforestation aid is intended to provide an alternative use for agricultural land and encourage the development of forestry on holdings.

It may comprise:

- aid for afforestation costs,
- an allowance per hectare afforested to cover maintenance costs in the first five years,
- an annual allowance per hectare to cover losses of income resulting from afforestation of agricultural land,
- investment aid for the improvement of woodlands.

The Member States will implement these aid schemes through national or regional programmes, which may be more closely targeted through zonal afforestation plans.

The financial contribution from the EAGGF Guidance Section is limited to certain maximum eligible amounts which, in the case of afforestation, amount to ECU 3 000 per hectare for softwoods and ECU 4 000 per hectare for broadleaves or mixed plantations comprising not less than 75% of broadleaves.

<sup>1</sup> OJ No L 185, 15.7.1988.

Aid for afforestation and maintenance may be combined and paid over a five-year period subject to an obligation to maintain new plantations.

The maximum eligible allowance to offset losses of agricultural income is ECU 600 per hectare and per year for individual farmers and those belonging to groups.

The programmes submitted by the Member States are considered by the Commission which decides whether they should be implemented after receiving the opinion of the Standing Forestry Committee.

The rate of finance by the Community is 50%, rising to 75% in Objective 1 regions.

These new provisions replace the provisions on forestry in the Regulation on improving the efficiency of agricultural structures.

### 3. Agriculture and the environment

To accompany the changes taking place in the market organizations and help achieve the objectives of the Community's policies on agriculture and the environment, it was decided to introduce a scheme of Community assistance part-financed by the Guarantee Section of the EAGGF to promote:

- the use of farming practices which reduce the polluting effects of agriculture;
- the extensification of crop farming and sheep and cattle farming;
- ways of using agricultural land which are compatible with protection and improvement of the environment, the countryside, the landscape and the soil, and the preservation of local breeds in danger of extinction;
- the upkeep of abandoned farmland and woodlands where this is necessary for ecological reasons or because of natural hazards and fire risks, and thereby avert the dangers associated with the depopulation of agricultural areas;
- long-term set-aside of agricultural land for reasons connected with the environment;
- education and training for farmers in types of farming compatible with the requirements of environmental protection and upkeep of the countryside.

To achieve these aims, the Member States are required to establish the scheme through programmes specifying areas, objectives, measures and assistance.

A farmer who makes the above undertakings for a period of at least five years (twenty years in the case of set-aside) will receive an annual allowance per hectare or per livestock unit.

The aid scheme is intended solely to offset the cost of measures which are of benefit to the environment and also covers:

- the protection of water resources;
- the conversion of arable land into extensive pasture;
- organic farming;
- extensification by increasing areas and reducing the density of animals per hectare;
- continuing existing production practices which are compatible with the environment;
- courses, traineeships and demonstration programmes in the forestry sector and the acquisition of the equipment needed for related projects and initiatives taken by local or non-governmental bodies.

As part of the assistance granted under the agri-environmental measures, the Member States may require the undertakings given by farmers to be included in an overall plan for the whole of the holding. If this is done, the amount of the assistance may be determined globally subject to the unit amounts laid down.

The aid scheme may also be used to finance measures to encourage land management providing public access and leisure facilities.

The Community contributes 50% (75% in Objective 1 regions) of the cost of programmes submitted by the Member States and approved by the Commission in accordance with the procedure followed for structural measures.

These accompanying measures form an integral part of the measures to achieve the structural objectives set for the common agricultural policy.

The early retirement and set-aside schemes which they promote, the allocation of marginal land to non-agricultural purposes and the search for production methods which are less intensive and therefore less costly will help restructure and conserve holdings and, to some extent, improve their viability without increasing production, which would be undesirable in the present circumstances.

By taking over the cost of certain maintenance work, the Community also acknowledges that today's farmers can no longer support unaided the costs of managing and maintaining the countryside.

It is essential to recognize that, alongside the task of producing food, they have this further role, which is still ill defined, but which is vital for the preservation of our landscape and rural heritage.

(To be filled in legibly, please)

Mr/Ms :.....

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would like to receive the following CAP working notes (1993 issue \*)

cereals

milk

French version

sugar

English version

meat

fruit and vegetables

oils and oilseeds

wine

agricultural prices 1993/1994 - proposals/decisions

reform of the CAP and its implementation (also in German)

the agri-food business (1990 issue)

I would like to be kept informed of future issues.

Our publications, available in French and English, are obtainable from

Commission of the European Communities  
Publications Service of the Directorate-General for Agriculture  
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B-1049 Brussels

\* Available during the first half of 1993.