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Newsletter

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Agriculture and environment

In its Communication "Directions towards sustainable agriculture" published on 27 January, the European Commission outlined the reasons for giving greater consideration to the environment in the new CAP reform.

The Commission proposes an overall strategy for the relationship between agriculture and environment which combines agricultural competitiveness with sustainable rural development. As well as managing the market organisations for the various agricultural products, the CAP also aims to promote a balanced development of rural areas, in order to maintain viable rural communities while preserving ecosystems and landscapes which have been shaped by farming over several centuries.

Over the past 40 years, however, new technology and agricultural restructuring have encouraged concentration and increasingly specialised production, alongside intensive crop and livestock farming methods. This has an impact on the environment in a number of ways: water pollution and falling water tables, physical, chemical and biological degradation of the soil, air pollution and an increased risk of climate change. On top of these threats to biodiversity and the countryside there is a risk that farming activities will be abandoned in some marginal areas since they are not sufficiently profitable.

An initial response

One of the first responses to these challenges was the introduction of agri-environmental measures as part of rural development programmes. These measures accompanied the 1992 CAP reform. They involve financial support for extensive farming and livestock production, cultivation methods that rely on few inputs, organic farming, the protection of genetic resources, set-aside for environmental purposes, and the maintenance of fallow land, etc. These services are undertaken by farmers on a voluntary basis, with payments calculated on the basis of extra costs, and of losses incurred in farm income.

The CEC's proposals confirm, after the year 2000, farmers' essential role as retributed providers of environments services reaching beyond good agripractice and compliance with basic legislative requirements.

The reform proposals

The new horizontal Regulation proposed by the Commission would oblige Member States to implement environmental measures under the CAP, under both the market organisations and rural development, "second pillar" of the CAP. This obligation will comprise three aspects:

- In accordance with the priorities set by the Member States, agri-environmental measures are to be integrated into all their rural development programmes, alongside compensatory allowances for less-favoured areas, improved forestry measures (see Newsletter No 7) and other rural development measures.

- The implementation of environmental legislation will, of course, be a second important lever for a sustainable development policy for agriculture.

- Finally, this policy will also be strengthened by giving Member States the possibility of making direct payments under the market organisations conditional on compliance with specific environmental conditions.

In the event of non-compliance with EU legislation and the specific conditions laid down by the Member States, the latter may decide to reduce direct payments and allocate any unspent funding to agri-environmental measures. The same would apply to any funding freed through modulation of direct payments according to employment thresholds on farms, thresholds to be established by the Member States.

Sectoral measures

The Commission has also proposed a number of specific sectoral measures of environmental interest to be included in the market regimes, such as the extensification premium for farms with less than 1.4 livestock units per hectare, area payments for beef and for dairy products rather than headage payments and, for arable crops, voluntary set-aside of up to 10% of the base area for up to 5 years.

Tobacco: focus on quality and on opening up the sector

The reform of the tobacco market (see Newsletter No 2) aims to improve product quality. It will be applicable from the 1999 harvest. The Commission laid down the detailed rules for application of this reform in its new Regulation ((EC) No 2848/98) adopted on 22 December 1998. The new system of modulated premiums will be phased in over a three-year period, and will be fully effective from 2001. The underlying principle is that a variable part of the premium (between 30% and 45%) will be allocated to each producer on the basis of measures introduced to improve quality. This modulation, which is calculated on the basis of market prices for each variety of raw tobacco, is to be carried out by batch and variety rather than for a producer's entire production. The Commission hops this will give producers a greater chance of benefiting from the aid. The use of a single control certificate will also help cut administrative deadlines and accelerate payments to producers. Linking the variable part of the premium to market prices will help avoid delays in payment.

Member States will have to establish a reserve of national production quotas for each group of varieties, for each harvest. The aim is to open up the previously closed tobacco sector: the reserve will be allocated on the basis of strengthening existing production or supporting the establishment of new entrants, according to the objective criteria laid down by each Member State. To encourage producers leaving the sector to convert to other activities, a quota buy-back system has been set up. Producers whose quotas have been bought back for the 1999 harvest will be entitled, when the premiums for the 2000, 2001 and 2002 harvests are paid, to receive amounts each year based on varietal groups. This system does not include sensitive production areas. Nor does it include the groups of high-quality varieties, defined by each Member State up to a maximum of 25% of its guaranted threshold.

In brief

Promotion of agricultural products in third countries

On 15 January, the Commission submitted a proposal for a Council Regulation on the promotion of agricultural products in third countries, aiming to introduce an overall policy and set up a Community instrument endowed with EUR 15 million a year. This will support measures (such as market research, high-level visits, participation in trade fairs, measures specific to certain sectors or products designed to initiate a marketing strategy, public relations and publicity measures, etc.) which highlight the advantages of European products in terms of quality, food safety and respect for the environment and are aimed at markets where the EU has unexplored potential or faces strong competition. The results of the European campaigns already carried out for olive oil, for instance, endorse the development of new promotion campaigns, which have an important role in the context of globalisation and reductions in export aid. These campaigns may also have a multiplier effect on campaigns in the Member States.

"Grüne Woche"

From 22 to 31 January, DG VI hosted an information stand at one of the EU's main agricultural trade fairs, Berlin's "Grüne Woche" (Green Week). It drew a total of 500 000 visitors and gave Agriculture Commissioner Franz Fischler an opportunity to meet key agricultural representatives and the ambassadors from the CEECs. He also took part in the East-West Agriculture Forum where he discussed the next round of agricultural trade talks, in particular with the US Secretary of Agriculture Dan Glickman.

Clearance of accounts: EUR 493 million to be recovered

On 3 February, the Commission rejected EUR 403.5 million of aid under the EAGGF Guarantee Section for expenditure declared by the Member States in 1995 for which insufficient proof had been submitted. It approved expenditure of EUR 33 907.7 million. It also rejected EUR 89.5 million for subsequent financial years, to which will be added all or part of a further EUR 196.8 million which is the subject of a conciliation procedure. The Member States are responsible for the implementation and control of this expenditure. The integrated control system set up in 1993 with the aid of the Commission is bearing fruit, as demonstrated by its results in 1997 (between 2 and 2.5% of final corrections) which are on a par with the rate of errors detected separately by the Court of Auditors. For 1995, DG VI staff carried out 156 on-the-spot checks involving a total of 1 424 working days.

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