



European Commission
Directorate-general of Agriculture

Newsletter

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Rural development: ensuring a smooth changeover

The Commission very recently adopted a Regulation setting transitional rules for rural development support in order to avoid any delays or difficulties that might arise in the changeover period between the existing support provisions and the new support system introduced for the period 2000-06 under CAP reform.

This "transitional" Regulation will facilitate preparation of the new rural development plans that Member States are to submit to the Commission between now and next January in preparation for the new generation of rural development programmes. Here are its main provisions.

Measures in force before 1 January 2000

Measures approved by the Commission before 1 January 2000 continue to fall under the Regulations and Articles repealed by the new basic rural development support Regulation adopted on 17 May 1999 (see box). However the Commission may not approve under the repealed provisions any measure (or changes to a measure) the duration of which exceeds beyond 31 December 1999, unless immediate approval is required for imperative reasons.

Agri-environmental measures

- Member States may extend agri-environmental commitments made before the new programming period and which terminate before the new rural development programming document has been approved by the Commission for a maximum period of one year and in no case running beyond 31 December 2000.
- In the period to 1 January 2000, Member States may not make any new agri-environmental commitments to farmers under the repealed Regulation unless (a) the application was made before 30 July 1999 and continuity of agri-environmental support requires a commitment

without undue delay, or (b) the commitments are adjusted to the new programming document as approved by the Commission. In case (b), the period before adjustment is not to be taken into account in calculating the duration of commitments made under the new programmes.

Payments arising from commitments made before 1 January 2000 (including compensatory allowances relating at the latest to 1999) for which an application for payment is received by the Commission before 1 January 2002 will continue to be financed by the EAGGF Guidance Section. If EAGGF Guidance Section funds are insufficient, compensatory allowance payments relating to, at the latest, 1999 and multiannual expenditure in areas not covered by the new Objective 1 of the Structural Funds, can be transferred to the 2000-2006 programming period and financed by EAGGF Guarantee Section, provided that Member States define criteria to identify the expenditure in question.

New measures from 1 January 2000

For expenditure to be considered eligible by the EAGGF Guarantee Section under the new programme, the money must have actually been paid by the Member State to the individual beneficiary after the date of submission of the rural development plan to the Commission, and in no case before 1 January 2000. The only exception is expenditure on ex-ante evaluation if the money was paid by the Member State after 31 July 1999.

Lastly, rural development plans may provide that compensatory allowance payments for the year 2000 will continue to be granted on a headage basis. This will facilitate resolution of specific problems in connection with the switch to hectare-based payment.

Rural development 2000-06: legal bases

The "transitional" Regulation summarised above complements the new regulatory provisions already adopted under Agenda 2000:

- Regulation on support for rural development from the EAGGF: No (EC) 1257/1999. Article 55 lists the regulatory provisions it repeals.
- Regulation laying down detailed rules of application for the rural development support measures: No (EC) 1750/1999 (see Newsletter 13).
- Commission Decision C(1999) 2843 setting the indicative allocation by Member States of EAGGF Guarantee resources (see Newsletter 15).
- For the new Leader+ Community Initiative for rural development see Newsletter 16 (draft guidelines and financial breakdown).

Bananas: proposal to reform import rules

On 10 November the Commission adopted a proposal for modifying the common market organisation for bananas. The objective is a system fully in line with World Trade Organisation (WTO) rules that meets the commitments made to the ACP countries under the Lomé Convention and protects the interests of European Union growers and consumers. A two-step approach is proposed.

- In the first stage the existing quota of 2.2 million tonnes, bound in GATT, and the autonomous quota of 353 000 tonnes would be retained, both at a reduced duty of € 75/tonne. A third quota of 850 000 tonnes would be opened for which the duty reduction would be determined using a bidding system. The three quotas would be open to all supplier countries. Preference of a maximum of € 275/tonne would be granted to ACP bananas.

- The second step would be the entry into force of a tariff-only system by 1 January 2006 at the latest.

Continuing consultation

The Commission is convinced that this balanced proposal will allow establishment of a more viable and stable banana import system that is fully compatible with WTO rules. As several important issues remain to be clarified before the Commission takes its final decision, it is inviting all interested parties to examine this proposal in order to continue consultations resulting in a satisfactory compromise.

Commission consultations on this tariff quota system with interested parties will continue while the Council and Parliament are examining the proposal. After Parliament has expressed its opinion, the Commission will report on these consultations. If no feasible solution resolving the dispute is found, the Commission will be unable to maintain its proposal for transitional arrangements.

Background

In September 1997 the Dispute Settlement Body of the WTO ruled that certain aspects of the common market organisation for bananas were incompatible with WTO rules. On 20 July 1998 the Council adopted Regulation (EC) No 1637/98 amending Regulation (EC) No 404/93. The adjusted arrangements came into force on 1 January 1999. In May 1999 the Dispute Settlement Body found that they were not fully compatible with WTO rules and the USA was authorised to suspend concessions to the value of USD 191.4 million. The WTO rejected two elements of the new arrangements in particular:

- the use of 1994-96 as a reference period for allocation of import licences maintained the distortions of the previous arrangements

- the quantity for the ACP countries was held to breach Article XIII of the GATT.

New fields for Mr Legras

On 1 December Guy Legras ceased to be Director-General for Agriculture, a post he held for almost 15 years.

After various French civil service posts, notably in the Ministry for Foreign Affairs as Counsellor in the Permanent Representation of France to the European Community, Guy Legras was appointed Director-General in March 1985. In charge of the earliest and most important of the Community's integrated policies, he planned and steered two difficult but essential reforms of the Common Agricultural Policy in 1992 and 1999 in the best interests of Europe. In the Uruguay Round negotiations, his tenacity and skill as an international negotiator were decisive when the European agricultural model was under challenge.

The rotation of Directors-General, resulting from reorganisation within the Commission, takes Guy Legras to head the Directorate-General for External Relations. Our gratitude and our best wishes go with him to his new post.



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