



European Commission
Directorate-general of Agriculture

Newsletter

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Priorities for the new CAP: the Commissioner replies*

On 15 September the European Parliament voted to confirm the new Commission, after the prospective Members had explained to MEPs what they hoped to do. Franz Fischler, who is in charge of agriculture and fisheries, was asked what his priorities were for the CAP in the coming period. His answer is summarised below.

The main aims of the Agenda 2000 reform are to keep Community farming competitive, to reinforce the rural development elements of the CAP as a second pillar of the policy, and to safeguard farm incomes in the context of the European model of agriculture. Agenda 2000 has made a major effort to improve the distribution of support among regions or among production systems, to simplify legislation (see Newsletter 11) and to make agricultural support more transparent. The Commission intends to continue this process and to draw attention to the variety of services which farming, as a multi-functional sector, provides for society.

Sectoral reform

An important aspect of implementing sectoral reform will be to study carefully the development of agricultural markets and farm incomes, and the situation of the environment and of rural areas. A number of reports or mid-term reviews are due for sectors where reforms have already been introduced: arable crops (2002), oilseeds (2002), and the milk quota system (2003). A proposal to replace the present transitional measures for olive oil will be presented in time for it to come into force for the marketing year 2001/02. Other sectors are scheduled to be reviewed: rice (proposal in the autumn of 1999), flax and hemp (autumn 1999), sugar (before the quota scheme expires in 2000/2001), fruit and vegetables (a report on the operation of the common market organisation is due to be submitted by the end of 2000).

Rural development

Although the environmental role of agriculture is increasing, its economic role has been generally declining, both as a provider of jobs and as a contributor to regional GDP. The adaptation of the agricultural sector and the diversification of rural economies therefore will be an urgent priority for Community policy and will even gain importance during the next few years. Support for rural development will be available to all rural areas at the appropriate administrative level according to the specific needs and objectives of each programming region. Objective 1 regions will continue to get the highest priority for

Structural Fund support. Rural development programmes outside Objective 1 regions will be part-financed by the EAGGF Guarantee section (see page 2). The Commission will ensure that the money available is fully used for the benefit of the Community's rural areas.

Food safety and quality, the environment

Food safety is now a matter for the Health and Consumer Protection DG. Guaranteeing the safety of food to consumers is a fundamental obligation and developing Community legislation in this area must be a top priority. The CAP will also continue to support quality products and protected designations. People are becoming more aware of the impact of farming on the environment: appropriate measures must be taken where there is increased risk of damage, but we need to reinforce the principle that the protection of natural resources should be financed from the public purse. Legislation should also take more account of animal welfare.

International trade relations

CAP reform constitutes an essential element in defining the Commission's negotiating mandate in the forthcoming World Trade Organisation round of trade talks. The Commission should seize every opportunity to defend the European model of agriculture (characteristically a multifunctional sector with an economic, environmental and social role), while seeing to it that the European Union takes advantage of all the opportunities afforded by international markets.

Enlargement

The priority task for the next few years will be accession negotiations with the applicant countries, with the objective of making accession successful for both sides: the current EU15 and the new Member States. The Union's new agricultural budget includes accession expenditure, and special pre-accession support in the SAPARD programme (see Newsletter 14); reduction in price support contributes to convergence of agricultural prices. Applicant countries still have to work hard on adopting the *acquis communautaire* and preparing for the internal market.

* You will find the full text of the Commissioner's answer on the European Parliament's web-site:
<http://www.europarl.eu.int/dg3/com/en/answer.htm>

Rural development: allocation of EAGGF Guarantee Section appropriations

On 8 September, the Commission adopted the indicative allocation of the resources of the EAGGF Guarantee Section among the Member States for the new generation of rural development programmes (2000-2006). The criteria for this allocation include the number of agricultural holdings, the area covered by farming, the rural population and the share of farming in employment. Financing available for the period totals € 30 370 million, or an annual average of € 4 339 million. Total investment in rural development measures will be substantially more,

since not only will some investment be supported in less-favoured regions (Objective 1) from the total allocation of the Structural Funds (including the EAGGF Guidance Section), but also the Member States will be required to top up Community financing. Member States must submit their rural development plans to the Commission by January 2000 (see Newsletter 13).

The EAGGF Guarantee Section supports four schemes throughout the Union: early retirement, compensatory payments in less-favoured areas or areas with particular environmental problems, afforestation of farmland, agri-environmental measures; it supports six other schemes outside Objective 1 regions (where they are financed by the EAGGF Guidance Section): investment in holdings, young farmers, training, forestry, processing and marketing, adjustment and diversification in rural areas.

EAGGF Guarantee Section: support for rural development, 2000-2006
Financial allocations by Member State 1: indicative amounts 2 (in € million, at 1999 prices)

Member States	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	Total
Annual Average	50	46	700	131	459	760	315	595	12	55	423	200	290	149	154	4 339
%	1.2	1.1	16.1	3.0	10.6	17.5	7.3	13.7	0.3	1.3	9.7	4.6	6.7	3.4	3.5	100

¹ To calculate the annual allocation by Member State for the period 2000-06, the above percentages should be applied to the relevant amounts fixed for the financial perspective in the Presidency Conclusions of the European Council in Berlin.

² Any adjustment to these allocations must be made within three years.

In brief

Dioxins: Commission authorises Belgian state aid

On 7 September, the Commission authorised Belgium to grant state aid to producers affected by the crisis which arose when animal feed was contaminated with dioxins (see Newsletter 13). Loans at preferential rates may be granted to intrinsically sound and viable farm businesses whose turnover contracted drastically in June and July (by 25% over the two months, or by 40% in a single month) following market destabilisation resulting from the crisis and the measures taken to deal with it. The loan scheme is set out in an agreement between the Belgian Government and the Belgian banking association; it has a balanced structure whereby the public sector will guarantee 50% of the amount lent and the banking sector will assume the risk of the remaining 50% and forego its normal margin on the interest rate, which will be at most Belgian prime rate less 30 base points (cost price to the banks). A total of € 619.7 million is available for these loans, with a maximum of € 123 946 for any single borrower, and a maximum loan duration of seven years.

CAP expenditure: € 232.1 million still to be recovered

On 28 July the Commission decided to exclude from Community financing a total expenditure of € 148.6 million declared by the Member States under the CAP for the 1995 financial year. At the same time, it decided to exclude € 83.5 million declared for later years. This decision means that € 232.1 million which Member States have already paid out on behalf of the European Union will have to be recovered. With the similar decision taken on 3 February (see Newsletter 9), which mainly related to 1995 but also later years, the total to be repaid to the EAGGF Guarantee Section in 1999 now stands at € 725.1 million. The Commission makes investigations in the Member States before taking this type of decision, which it intends to adopt two or three times a year. The Member States are responsible for making virtually all payments, collecting levies and recovering overpayments. To cut down on irregularities, the Commission has worked alongside the paying agencies throughout the European Union to tighten up checks, and has made a major contribution to the introduction of a sophisticated integrated control system.



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