



European Commission
Directorate-General for Agriculture

Newsletter

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Commission proposes further CAP reforms

In January, the European Commission adopted a package of proposals entitled 'CAP reform - a long-term perspective for sustainable agriculture'. These proposals aim to make European agriculture more market-oriented, to promote more sustainable farming practices as well as strengthen rural development and provide a better balance of support. They also aim to simplify the workings of the CAP and to give EU farmers a clearer perspective on future financing. The proposals were presented to the Council of Agriculture Ministers on 27 January 2003.

EU Agriculture Commissioner Franz Fischler said on 22 January, 'This reform has one objective: making sense of farm subsidies for our farmers, consumers and taxpayers. We need reforms, and we need to decide now. Our plans will give farmers a clear perspective to plan ahead ... They will have the opportunity to maximise their income on the market ... Society is ready to support farming provided farmers give people what they want: safe food, animal welfare and a healthy environment'.

The Commission set out initial ideas for CAP reforms in mid-2002 ⁽¹⁾. The proposals presented in January ⁽²⁾ take into account the budgetary arrangements agreed at the Brussels European Council in October 2002, and incorporate studies undertaken on the impact of some of the measures proposed ⁽³⁾, as well as comments received from Member States and stakeholders.

Farmers should make business decisions uninfluenced by subsidy systems. A single farm payment independent of production will replace most of the many different payments under the current system. The single farm payment will cover arable crops, beef and veal, milk and dairy, sheep and

goats, starch potatoes, grain legumes, rice, seeds and dried fodder. The amount that farmers receive will be based on the individual subsidies received between 2000 and 2002. The entitlements to payments will be transferable, with or without land, between farmers within Member States. To avoid the neglect of land, farmers will have to meet stringent land management obligations in order to qualify for the single farm payment. Compulsory cross-compliance will apply to statutory EU standards in the field of environment, food safety, animal health and welfare and occupational safety related to the farm level.

The Commission proposes introducing a system of compulsory modulation and degressivity from the start of 2007 to cover the shift to the 'second pillar' (rural development) as well as new financing needs arising from new market reforms. The majority of EU farmers, who receive up to EUR 5 000 in EU support, will be exempt. The proposed system introduces the principle of progressive contributions according to the overall amount of direct payments received, rising to 19 % for the largest farms in 2012.

As regards CAP market policy, the Commission has proposed a final 5 % intervention price cut for cereals and higher direct payments for cereal farmers; wider-ranging and accelerated milk reform with differentiated price cuts for butter and skimmed milk powder and maintaining of milk quotas until 2014/15; reforms in rice, durum wheat, protein crops, nuts, starch potatoes, seeds and dried fodder sectors.

Other parts of the reform package tackle quality incentives for farmers and support to help them meet standards such as for animal welfare. There is also a proposal for continued long-term environmental set-aside and aid for energy crops.

Key elements of the reform

- Single farm payment independent from production.
- Payments linked to respect of environmental, food safety, animal welfare, health and occupational safety standards.
- More money for rural development policy.
- New measures to promote and help farmers meet quality, animal welfare and environmental standards.
- Reduction in direct payments for bigger farms, to generate additional money for rural development and savings to finance further reforms.
- Revisions to CAP market policy,
 - final 5 % intervention price cut for cereals and higher direct payments for cereal farmers;
 - accelerated milk reform with differentiated price cuts for butter and skimmed milk powder and maintaining of milk quotas until 2014/15;
 - reforms in rice, durum wheat, protein crops, nuts, starch potatoes, seeds and dried fodder sectors.

⁽¹⁾ See http://europa.eu.int/comm/agriculture/mtr/archive/index_en.htm

⁽²⁾ See http://europa.eu.int/comm/agriculture/mtr/index_en.htm

⁽³⁾ See http://europa.eu.int/comm/agriculture/publi/reports/mtrimpact/index_en.htm

Promotion of EU agricultural products in countries outside the EU

The European Commission has published another decision to contribute to the promotion of EU agricultural products, approving six out of 20 programmes submitted by professional organisations from the Member States for products marketed outside the EU. Promotion and information campaigns will take place in Japan, south east Asia, the United States and in some of the candidate countries.

The measures cover wine, fruit and vegetables, bacon and milk products. Estimated expenditure for the six programmes is EUR 14 million, of which EUR 7 million will be borne by the EU.

EU Agriculture Commissioner Franz Fischler, announcing the measures on 16 January 2003, said 'Improving the competitiveness of EU quality products on markets outside the EU is a major challenge. By contributing to an investment of more than EUR 14 million in promotion and information campaigns for our agricultural products outside the EU, the EU is showing its determination to take up this challenge'.

Initiative and responsibility for promoting farm products lies with the professional organisations of producers, wholesalers, exporters and the processing industries. Member States run and supervise the scheme. The EU contributes by part-financing (50 %) these information and promotion measures.

The Council regulation covering such activities ⁽¹⁾ includes public relations and promotional or publicity measures. The advantages of EU products, especially in terms of quality, hygiene, food safety, nutrition, labelling, animal welfare or environmental-sustainability should be highlighted. The measure also covers the EU systems of protected designations of origin (PDO), protected geographical indications (PGI) and traditional speciality guaranteed (TSG), plus information on EU quality and labelling systems and on organic farming. The EU can finance certain measures in full (e.g. information on EU quality and labelling systems, high-level visits and studies). Otherwise, the cost is shared between the EU (50 %), professional organisations (30 %) and the Member States concerned (20 %).

⁽¹⁾ Council Regulation (EC) No 2702/1999 of 14 December 1999 on measures to provide information on, and to promote, agricultural products in third countries.

News in brief

□ Action plan for organic food and farming

The Commission is giving the public the opportunity to voice their opinions on organic farming by launching an Internet consultation. On the basis of feedback from this online consultation, and discussion with Member States and other stakeholders, the Commission will develop proposals for an organic farming action plan. The public has until 16 March 2003 to submit reactions and ideas.

Any member of the public or other stakeholder can, as of 6 February 2003, consult the Commission's working document ⁽¹⁾. It includes ideas for improving marketing systems for organic products; developing the EU's organic logo and traceability, accreditation and authenticity tools; reinforcing controls on imported organic products; and targeting EU research and development funding.

Agricultural ministers initiated this idea-sharing exercise in June 2001. The sixth community environment action programme, the sustainable development strategy outlined at the June 2001 Göteborg EU Summit, and the environmental integration strategy of the Agriculture Council all emphasise the importance of organic farming. The consultation is also consistent with making the common agricultural policy (CAP) more transparent and consumer-oriented.

A summary of the results of the online consultation will be published online during summer 2003, and the final action plan will be published at the end of 2003.

□ New publication from the Agriculture DG

Prospects for agricultural markets 2002-09 — update for EU markets ⁽²⁾ revises the report produced in June 2002 ⁽³⁾. This update on the medium-term prospects for agricultural markets in the EU incorporates the anticipated impact of the United States Farm Security and Rural Investment Act (2002), the latest trade agreements with candidate countries as well as European and global market developments.

⁽¹⁾ See http://europa.eu.int/comm/agriculture/consultations/organic/index_en.htm

⁽²⁾ See <http://europa.eu.int/comm/agriculture/publi/caprep/prospects2002/update.pdf>

⁽³⁾ See <http://europa.eu.int/comm/agriculture/publi/caprep/prospects2002/fullrep.pdf>

