



Newsletter

Simplifying the CAP

The reforms of 2003 and 2004 simplify the CAP in many ways. Mariann Fischer Boel, Commissioner for Agriculture and Rural Development, has set rolling back legislation and cutting more red tape as priorities. She will present a report on simplification of the CAP to the Council this autumn. This will look beyond the support systems to other ways in which it can be simplified.

Recent CAP reforms will unquestionably simplify life for farmers and administrators alike even if, in a few cases, the initial transition period may create some added complexity. Farmers will have fewer forms to fill in, thanks to the introduction of the single payment scheme. This consolidates most forms of direct aid to farmers in a single farm payment to each individual business, automatically reducing paperwork.

As the Commissioner has said, 'Time spent by farmers filling in forms is time lost for real work. If we can reduce the amount of administration they and agricultural businesses have to do, the reward in terms of competitiveness and new job opportunities will be evident.'

The logical next step is to 'slim down' the common market organisations ('regimes') — harmonising rules on intervention, market support measures, import quotas, export and production refunds and the reporting of data. This process has already begun. The new Agriculture and Rural Development DG structure is a clear manifestation of this.

But Mrs Fischer Boel is looking beyond what can be seen at present. As she outlined to a conference on agriculture organised by the FDP Group of the German Bundestag, in Münster on 4 April 2005, she envisages the day when there could be a single regime covering all agricultural products.

The benefits of this would be rules that are easier to understand and comply with (less costly for farmers and administrators), and a CAP that would be much more transparent and comprehensible for consumers and taxpayers — thereby improving its democratic legitimacy and long-term sustainability.

The 2004 agricultural year in statistics

The Agriculture and Rural Development DG has published 'Agriculture in the European Union — Statistical and economic information 2004' on its website. This is the latest in an annual series covering a wide range of subjects: the economic situation in agriculture, farm structure, trade, markets, financial aspects and rural development. It also includes for the first time a generous range of statistical information on agriculture in the 25 Member States.

This statistical yearbook may have a dry title but it is a 'must read' for anyone analysing EU agriculture. It is best read in conjunction with the Commission's annual report on the agricultural situation in the European Union. However, its

Of course, streamlining the CAP's support regimes isn't the only way in which simplification can be achieved. In the interests of the Commission's 'Better regulation' initiative there are reasons for going beyond the structure of the CAP and taking a close look at the way in which it is managed.

To many people, the CAP is a synonym for complex rules and regulations. Agricultural legislation has been steadily increasing for some 40 years and now accounts for a significant part of all EU law. In many cases there are sound reasons for these rules — some degree of complexity is unavoidable, as the CAP has to take account of the huge variety of conditions in the EU. And the considerable amounts of public money involved must be managed carefully and responsibly.

Despite the fact that the Agriculture and Rural Development DG has been a front-runner in the Commission in simplifying regulation, there is still scope for improvement. For example, obsolete legislation can be cleaned out, and common rules can be drawn up to deal with similar issues cropping up in different areas of the CAP instead of a plethora of individual regulations.

The Commissioner underlines that simplifying the CAP is not a task for the Commission alone. Member States play the main role in adapting and administering the CAP — it is therefore vital that they play a full part in the simplification process. This can be at two basic levels:

- by adopting reforms that do not involve new special arrangements and exemptions;
- by introducing national transposing and implementing rules based on the principles of clarity and simplicity.

In the end, Mrs Fischer Boel wants to see a CAP which 'still reflects the real economic and environmental complexities in Europe but has thrown out all unnecessary bureaucratic complexity'.

purpose is to make available the most up-to-date statistical and economic information from a separate source.

In order to put the data into context, the publication contains an introduction entitled 'The 2004 agricultural year'. This provides an overview of the main market developments, global economic and trade conditions, notable events and the climatic situation, as all of these have an influence over the figures that emerge. The data also cover factors of production, such as input costs, and show how farm incomes have developed.

The data are necessarily aggregated; however, there is a significant body of statistics broken down into national and even regional figures.

The overall picture for 2004 shows an increase in crop production and a recovery (a stabilisation in some cases) of production for livestock products, combined with favourable prices for livestock products and lower prices for crops.

Taking cost rises into account, agricultural income rose for the EU as a whole by 3.3 % in real terms.

The statistical report is drawn up on the basis of information from Eurostat and data collected by the Agriculture and Rural Development DG. It can be found on the Internet at:

http://europa.eu.int/comm/agriculture/agrista/2004/table_en/index.htm

News in brief

Commissioner promises to modernise sugar regime after WTO ruling

The Commission regrets the recent ruling of the WTO Appellate Body in a case brought by Australia, Brazil and Thailand against aspects of the EU sugar regime. However, the ruling will not deflect the Commission from proposing far-reaching changes to the regime this summer.

The complainants challenged two types of EU exports of sugar as being subsidised contrary to the WTO agreement. The WTO ruling, issued on 28 April, found that 'C sugar' exports benefit from export subsidies by being cross-subsidised with revenues from production under A and B quotas. Secondly, the WTO has ruled that the EU exceeds its export subsidy reduction commitments, due to its export of sugar which is equivalent to imports from the ACP countries and India.

Irrespective of the WTO dispute, the Commission has initiated discussion of a major reform of the sugar regime with a view to making the EU sugar sector more competitive, in line with the objectives of the CAP reform. Details of the Commission's reform ideas issued last July can be found at:

http://europa.eu.int/comm/agriculture/capreform/sugarprop_en.pdf

Reform proposals, which should be issued on 22 June, will take account of the WTO ruling while defending the valid interests of sugar producers and consumers in both the EU and the ACP countries.

Elimination of surplus sugar stocks in new Member States

The Commission is seeking a solution to the problem of surplus sugar stocks in five new Member States. A first deadline for disposal of the stocks has been extended to 30 November to give the operators and the administrations concerned more time.

Before the enlargement of May 2004, as with previous enlargements, the new Member States had to take measures to prevent operators building up speculative stocks of sugar (thus benefiting from the fact that the EU sugar price is three times world market levels). But stocks did accumulate in Estonia, Cyprus, Latvia, Malta and Slovakia.

These must be eliminated, by processing sugar into animal feed or biofuels, or by exporting it without export refunds.

Compensatory aid for EU banana producers

On 4 May, the Commission approved a regulation setting compensatory aid for EU banana producers⁽¹⁾. Basic aid is EUR 281 per tonne of bananas harvested and commercialised in 2004. Supplementary aid is available to producers in Martinique and Guadeloupe (EUR 782 and EUR 818/tonne respectively) to take account of the difficult production and marketing conditions they experienced in 2004. The total financial 'envelope' for supplementary aid is EUR 24.1 million, in addition to the overall amount for compensatory aid of EUR 211 million.

Appointment of a Cypriot Director to the Agriculture and Rural Development DG

Dr Antonis Constantinou, Director of the EU Division of the Cypriot Department of Agriculture, Natural Resources and Environment, was confirmed on 20 April as Director of a new department (E.II) in the Agriculture and Rural Development DG, dealing with rural development programmes in several Member States. He should take up his new post on 16 July 2005, provided that all administrative formalities are fulfilled. He has a number of agricultural qualifications to add to wide experience of policy formulation and implementation. He was deeply involved in the preparation of Cyprus for EU membership, including Cyprus's rural development plan for the period 2004–06.

Publications of interest on the Agriculture and Rural Development DG website

MAP (Monitoring agri-trade policy), a quarterly newsletter which provides in-depth analysis on relevant agricultural trade and agri-trade policy issues, is available at:

http://europa.eu.int/comm/agriculture/publi/map/index_en.htm

Health and Consumer Protection DG news

The Health and Consumer Protection DG has created a new information service called 'Health and consumer e-news'. Read the e-news and/or subscribe for regular updates at:

http://europa.eu.int/comm/dgs/health_consumer/dyna/enews/index.cfm

⁽¹⁾ Bananas are produced in the EU in Spain (Canary Islands), France (Martinique and Guadeloupe), Portugal (mainly Madeira), Greece (mainly Crete) and Cyprus.