



Newsletter

CAP reform: Commission proposes new banana regime

The European Commission has proposed a thorough reform of the aid scheme for banana producers. The new regime aims to bring the system into line with reforms in the other agricultural sectors, while ensuring a fair standard of living for EU banana producers and taking account of the particularities of the regions where bananas are grown.

'The current aid scheme for EU banana producers is a relic from the past and has to change,' said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. 'Producers are artificially isolated from the market by payments which automatically compensate them for price changes. This is inconsistent with our modernised common agricultural policy (CAP) which aims to encourage producers to follow market signals.'

Bananas grown within the EU account for 16 % of the total EU supply. They are produced in the outermost regions (the Canary Islands, the French overseas departments of Guadeloupe and Martinique, the Azores and Madeira) situated in tropical or subtropical areas, as well as certain quantities (less than 2 % of the total) produced in Cyprus, Greece and continental Portugal.

The proposal for reform comes against the background of the new EU import arrangements for bananas, global trade negotiations, a new generation of partnership agreements with the ACP (African, Caribbean and Pacific) countries and the renewal of the EU's policy towards its outermost regions and

the POSEI programmes specifically dedicated to supporting their agriculture. The Commission proposes to abolish the current aid scheme in the common market organisation (CMO), which compensates producers for falls in price. It is intended that it will be replaced with a budget transfer to the POSEI scheme that will become the main regulatory instrument for bananas in the outermost regions. POSEI provides an envelope of money for agricultural production in the outermost regions and gives the Member States concerned the flexibility to decide how to apportion the money. For areas where bananas are grown outside the outermost regions (Cyprus, Greece and continental Portugal), aid would be included in the single payment scheme introduced for other sectors by the reforms of 2003, 2004 and 2005.

The plan aims to: contribute to ensure a fair standard of living for the agricultural community in regions where bananas are produced, while stabilising public expenditure; align the regime with the main principles of the CAP reform (sustainability, competitiveness, market orientation) and ensure the respect of the EU's international obligations; take adequately into account the particularities of the producing regions; and simplify the management of the regime.

For more background information, please see:

http://ec.europa.eu/agriculture/capreform/bananas/index_en.htm

CAP: 'One vision — Two steps'

Agriculture and Rural Development Commissioner Mariann Fischer Boel's opinion on the European model of farming, the importance of the 20-point action plan on CAP simplification and her plans to table a proposal in December for a single common market organisation

The last week of September and first week of October were a decisive period in setting out Commissioner Mariann Fischer Boel's future vision for the common agricultural policy. The informal meeting of EU agriculture ministers in Oulu, Finland, on 26 September had as its topic the future of the European model of farming. Following a wide-ranging policy speech, the Commissioner set out her motto for the future of the CAP: 'One vision — Two steps'.

Underlining that the reforms begun in 2003 were the appropriate model for the CAP at the start of the 21st century, the Commissioner said that the 'health check' of the CAP due

in 2008 would not be a fundamental reform. But it would be 'an ideal opportunity to make sure our agriculture is really in line with society's needs and expectations'. Looking further ahead, Commissioner Fischer Boel underlined the need to set the policy direction for the period after 2013 during the mid-term review of the financial perspectives which the Commission has been requested to undertake in 2008/09.

She also stressed that the budgetary ceiling for agriculture agreed by the Heads of State or Government at the October 2002 Brussels summit should remain in place until 2013. 'Some seem to believe that this rendezvous could be the moment to dismantle the CAP, or to change it radically whatever that may mean after the wide-ranging reforms of the recent years,' she said. 'Do not expect me to be in this camp. On the contrary, our agriculture and our rural areas will continue to need a strong CAP, also after 2013.' The Commissioner said that all

issues had to be put on the table in the debate about the CAP's long-term future. She suggested looking into a complete decoupling of aid from production and a strengthening of rural development policy, and called for a serious debate about whether policies such as production quotas and set-aside were still appropriate.

A week after Oulu, experts from across Europe gathered in Brussels for the Agriculture and Rural Development DG's conference: 'A simple CAP for Europe — A challenge for all'. In her speech, the Commissioner developed the ideas she had set out in Oulu, setting out how political changes could render the CAP simpler. She also underlined the importance of the 20-point action plan on CAP simplification, and her plans to table a proposal in December for a single common market organisation. 'Simplifying the CAP is a stern challenge,'

she told the conference. 'But there is much to gain from the attempt. We can help farmers to be more competitive. We can lighten the load on administrators. And we can get more "bang for the buck" — squeezing the maximum value out of every euro spent.'

The Commissioner cautioned that simplification was not about 'scrapping the CAP', nor about reform by the backdoor. Nor must it compromise controls over how the farm budget is spent. She concluded that the simpler the CAP is, the better equipped it will be to continue to play its key role in the EU's rural economy.

For more background information, please see:

http://ec.europa.eu/agriculture/simplification/index_en.htm

News in brief

Renewable energy: Commission proposes to extend energy crop aid scheme to all Member States

The European Commission proposed to extend the aid for energy crops introduced by the 2003 common agricultural policy reform to all Member States (including the new Member States) under the same conditions. This would involve increasing the maximum guaranteed area which can benefit from the aid to 2 million hectares from 1.5 million at present. 'We need to do all we can to encourage the production of the raw materials for biofuels,' said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. 'The energy crop scheme has had a good start. Now it's only fair that we give farmers in all Member States the chance to benefit from this support to encourage the production of feedstocks for renewable energy production.' The Commission also proposed allowing the Member States to grant national aid of up to 50 % of the costs of establishing permanent and multiannual crops in areas on which an application for the energy crop aid has been made. The Commission will also examine how the implementing rules of the scheme might be simplified.

Commission proposes to clarify the use of the sales description 'veal'

The European Commission has tabled a proposal to clarify the marketing conditions for meat from bovine animals aged 12 months or less. The proposal would require

the use of fixed sales descriptions for these meats in the various Member States coupled with an indication of the age of the animals at slaughter.

The proposal aims to improve the transparency on the market and to help consumers to recognise precisely what they are buying. It comes in the wake of requests from the trade and from Member States for clearer rules to reflect the different production systems in different Member States.

For more background information, please see:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1236&format=HTML&aged=0&language=EN&guiLanguage=en>

The various sales descriptions in the different languages will be in the annexes of the proposal, which you can find on:

http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0487en01.pdf

Foreseen events and publications

The Agriculture and Rural Development DG will have a stand at the Foodapest fair in Budapest, Hungary, from 21 to 24 November 2006. The theme of the stand is 'Quality of European products'.

Rural development success stories and *Genetic resources in agriculture* are two new publications now available from the Info Centre and via Internet on:

<http://ec.europa.eu/comm/agriculture/contact/index.htm>

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The text of this publication is for information purposes only and is not legally binding. For further information: European Commission, Agriculture and Rural Development DG, B-1049 Brussels.

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Internet: http://europa.eu.int/comm/agriculture/index_en.htm

Printed on recycled paper

Text finalised on 13 October 2006

KF-AA-06-004-EN-C