Health check on the CAP

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The Committee on Agriculture adopted an own-initiative report by Lutz **GOEPEL** (EPP-ED, DE) on the CAP 'Health Check'.

MEPs approve the guidelines of the European Commission's Communication on the preparation of the 'Health Check' of the reformed CAP. However, they prescribe a certain number of recommendations on the following issues:

Direct payments: Members consider that direct payments will remain vitally necessary, not only in the event of market failures, but also to compensate Europe's very high environmental, animal protection and health standards, and the services provided for by farmers to society. Direct payments will still be necessary after 2013; however, the report stresses that they will be subject to new objective criteria, notably the direct creation of jobs on farms.

The Committee on Agriculture welcomes the Commission's proposal to grant Member States more flexibility, if required, to move towards the separation of direct payments from historical references and towards a more robust system. Members call on the Commission to clarify, on submission of the legislative proposal, whether a faster transition to an area-based regional or national single premium of decoupled payments is feasible, where possible by 2013, in the light of positive experiences in Member States. MEPs also call for a study of the repercussions which a premium justified by area could have, particularly concerning farms with a high density of livestock, on comparatively small farms.

The report calls on the Commission to push through the decoupling policy at a faster pace, unless in so doing this would result in significant socio-economic or environmental drawbacks in poorer regions. According to MEPs, all future decoupling should only occur following an in-depth examination of its potential effects, notably concerning the balance between different agricultural sectors, the augmented risk of single-crop farming, and the dangers it places on labour-intensive agricultural sectors.

MEPs are also aware of the key role played by livestock farming in European agriculture, particularly in countries and regions where labourintensive livestock farming is extensive, and so consider that maintaining coupled animal premiums, initially until 2013, would be reasonable.

Revision of Article 69 for new support systems: for the committee, the current mechanism of Article 69 of Regulation (EC) No 1782/2003, which allows Member States to withhold and reassign up to 10% of direct aid to farmers in the framework of the first pillar (supporting agricultural markets), must be reviewed. Appropriations should primarily be allocated to: (i) measures aimed at preventing agricultural production, and especially livestock farming, from being abandoned, in mountainous regions, wetlands, areas affected by drought or other impoverished areas; (ii) measures designed to restructure and boost key agricultural sectors (e.g. the dairy sector, for milk and beef production, and sheep sector); (iii) area-based environmental measures (e.g. organic farming); and (iv) risk management.

The provision of the revised Article 69 could be increased to 12% in the Member States, who so desire, subject to an impact assessment.

The Commission is called upon to present a report before 30 June 2010, in which it will comprehensively explain how the Community production of vegetables and livestock farming in Europe can be safeguarded in the long term.

Simplification, cross-compliance and market orientation: the Committee on Agriculture supports the immediate abolition of the set-aside obligation, which has lost its significance, as well as transformation of set-aside rights into normal rights. It considers that the environmental advantages of set-aside can be better and more directly realised through measures taken under the second pillar (rural development). However, MEPs reject any widening of the scope of cross-compliance, as long as Member States and the Commission fail to make substantial progress in simplifying and harmonising monitoring rules, and the Commission does not present an overview of the costs connected with cross-compliance to farmers.

Members call for cross-compliance to be more efficient in relation to the objectives that it pursues, and that it be applied more homogeneously across different Member States. They also call for an end to disproportionate burdens placed on livestock farming by cross-compliance.

The Commission is called upon to put in place the necessary mechanisms so that imports from third countries conform to the same standards as Community production, in terms of cross-compliance and food safety, for example.

Safety net: in view of the anticipated increase in environmental and climate dangers and in the risk of epidemics and considerable price fluctuations in the agricultural markets, the Committee on Agriculture considers additional risk prevention to be of vital importance as a safety net. It strongly supports the Commission's proposal to lower the intervention thresholds for market crops to '0', maintaining an intervention threshold, reduced if necessary, only in the case of wheat.

In addition, MEPs consider that private or mixed sector insurance schemes, such as multi-hazard insurance, must be developed as a matter of urgency without negatively affecting the equal treatment of Member States. The Commission is called upon to examine the possibility of establishing or supporting a Community reinsurance system, which would help deal with problems deriving from climatic or environmental catastrophes. Risk prevention measures should be partially funded under the first pillar.

Modulation/capping ceiling/degressivity/minimum threshold: the Committee on Agriculture rejects the Commission's proposal on degressivity (with a reduction of up to 45%) in its present form, as there is no clear link between the size and revenue of farms. It emphasises that the Commission's proposal would unfairly disadvantage large farms and would lead to a reduction in the workforce and the destruction of well-developed, competitive structures.

Refusing any reduction of the first pillar's overall budget until 2013, the Parliamentary Committee also refuses additional modulation of appropriations of the first pillar (support for agricultural markets) to the second pillar (rural development) recommended by the Commission, which would result in an 8% reduction of direct payments to farmers until 2013.

However, MEPs consider that a progressive modulation can be envisaged, on the basis of an impact assessment, taking into account the farm structure, the agricultural workforce and/or its cost, and the particular types of production in the different direct payment schemes. The funds resulting from progressive modulation will be distributed in accordance with the prevailing rules governing modulation funds, and kept in the regions or the Member States in which they accrue. This progressive modulation, applicable over the period 2009-2013, will consist of a 1% reduction of the direct aid totalling between EUR 10 000 and EUR 100 000, 2% between EUR 100 000 and EUR 200 000, 3% between EUR 200 000 and EUR 300 000, and 4% for aid exceeding EUR 300 000.

Milk market organisation: aware that the current system of milk quotas is unlikely to be continued after 2015, MEPs call on the Commission to present a clear system to manage the quantity of milk produced, so as to ensure continued milk production in Europe, including in mountainous regions, isolated areas and other areas with particular difficulties.

Members call on all parties involved to use the time up until 2015 in order to stabilise or strengthen their market positions and to assure a ‘soft landing’ for the dairy industry, preferably by means of structural quota increases. They believe that Member States should be able to voluntarily increase quotas by 2% during the 2008/2009 dairy campaign.