Health check on the CAP

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The Council noted the presentation by the Commission of the communication "Preparing for the "Health Check" of the CAP reform" which was adopted on 20 November and the Ministers' initial reactions to this important study on the functioning of the reformed CAP, and on its future.

The future Slovenian Presidency said it intended to organise, under its aegis, the discussions necessary to conclude discussions in March 2008.

The European Parliament has drawn up a work schedule which would enable it to adopt its opinion at the plenary session in March 2008.

On the basis of the proceedings of the European Parliament and the Council, and also the

consultations with interested parties, the Commission should come back with legislative proposals in May 2008; the future French Presidency intends to hold intensive discussions on those proposals so that the matter can, if possible, be concluded during its term of office.

The Communication mentions several adjustments that could be made to the CAP, such as:

- measures for achieving the **total decoupling of aid**: with regard to this question, some Ministers gave a reminder of their support for such an approach, which is intended to increase competitiveness, whereas others wanted to retain partial coupling, in particular for stock farming (suckler cows and sheep);

- **review of cross-compliance**: most delegations wanted to go further in the simplification exercise that had already started1;

- **capping of payments**: some delegation saw this as a means of better distributing aid, by limiting the amount of aid for large holdings, but other delegations were concerned about the risk of fragmentation to evade a possible size limit. Others feared the socio-economic impact of such an initiative in their countries where large-scale structures may have a historical basis;

- **simplification of the Single Payment Scheme** was welcomed by all the Ministers although some of them gave a reminder of the need to respect the commitments given in 2003 to farmers who need stability and foreseeability to optimise their investments and new installations. In addition, the "new" Member States applying the single area payment scheme (SAPS) welcomed the Commission's intention of examining the possibility of maintaining SAPS until 2013.

- changes with regard to **market management tools** (set-aside, price support, intervention (in particular cereals), export refunds): several delegations called for more detailed and cautious consideration of these questions, noting the exceptional market situation but considering it premature to draw medium or long-term conclusions;

- measures enabling **environmental challenges** to be met (alleviating the effects of climate change, biofuels, water management, respect for biodiversity, etc.) were also welcomed by all the delegations;

- the desirability of introducing a Community-wide **risk management** policy was also raised, with some delegations mentioning insurance systems for climate or health risks and others insisting on maintaining a Community commitment in this connection;

- **strengthening the second pillar**: the idea of gradually increasing compulsory modulation to reach 13 % in 2013 got a mixed reception, with some delegations uncertain of the real need for such a measure or regarding the increase as too drastic, while others stressed that the funds transferred in this way should remain earmarked for agriculture;

- the question of the phasing-out of **milk quotas**, which are scheduled to end in 2015, was also mentioned repeatedly: most of the delegations could agree to it but some Member States drew the Commission's attention to the typical socio-economic aspects of certain regions (mountain, peripheral or very fragile).

Lastly, in a broader perspective, some delegations stressed the strategic role of agriculture for the security of supply of 500 million Europeans and the need to promote health and animal welfare standards at international level that are as rigorous as Community standards.