Strategic guidelines for rural development 2007-2013

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The Council held a **policy debate** on the Health Check of the CAP, as reformed in 2003-2004. (See Council doc.*9656/08*). The debate was structured by a Presidency questionnaire relating to 4 important aspects of the proposal: modulation, market management mechanisms, dairy quotas and cross-compliance.

Regarding the **increase** in the rate of compulsory **modulation** proposed by the Commission, several delegations wanted to continue exploring the other options for the funding needed to meet the new challenges. Some Member States reiterated their preference for keeping a strong Pillar I, while others considered that Pillar II already took on board the new challenges. The co-financing of funds derived from modulation also raises questions from a number of Member States.

The discussion on **market management mechanisms** showed that maintaining a real safety net was a common objective. Nevertheless, a number of delegations expressed doubts regarding the abolition of intervention and the mechanism of buying-in under a tendering procedure.

Several delegations wished to maintain aid for private storage in the dairy sector, as well as intervention for pigmeat.

The "soft landing" principle for the phasing out of **milk quotas** is accepted by a majority of delegations, but on the other hand there is not yet any consensus on how to achieve it.

A number of delegations thus considered the level of the proposed annual increases (5 times 1 %) inadequate. The report envisaging a reassessment of the situation by the end of June 2011 was welcomed by some Member States, while others thought an immediate decision should be taken. The concern to provide for suitable accompanying measures was expressed by several Member States, especially in vulnerable areas.

All delegations welcomed the effort made to simplify the **cross-compliance rules** and pressed for the process to continue, making the rules more transparent both for operators and for the authorities monitoring their application.

A large number of delegations felt that **good agricultural and environmental practices** (GAEP) should remain indicative, in order to take account of the specific situations in the individual Member States.

The Council instructed the preparatory bodies to continue their technical and political proceedings with a view to reaching agreement on this matter in November 2008.