

# Common agricultural policy CAP: support schemes for farmers

2008/0103(CNS) - 19/11/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 441 votes to 219 with 29 abstentions, a legislative resolution, amending the proposal for a Council regulation establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers. The report had been tabled for consideration in plenary by Luis Manuel **CAPOULAS SANTOS** (PES, PT), on behalf of the Committee on Agriculture and Rural Development

The main amendments – adopted in the framework of the consultation procedure – are as follows:

**Conditionality:** Members added that a farmer receiving direct payments shall be required to ensure safety at the workplace and to abide by the contractual rules laid down by the Member State concerned. Each Member State shall be free to introduce 'bonus' crosscompliance that awards farmers bonus points for actions fostering biodiversity and implemented in addition to the obligations arising from good agroenvironmental crosscompliance. Each Member State shall define the actions for which such points may be awarded. Bonus points may be used to offset penalty points incurred in the area of good agricultural and environmental condition. Arrangements for such offsetting shall be laid down by the Member States.

**Food security:** Member States shall ensure that, with a view to balanced and sustainable land use, priority is given to national and/or regional food security. To that end they shall carry out a food security assessment on any planned expansion of energy production from agricultural raw materials to ensure that it does not endanger food security.

**Modulation:** the Commission's proposal to reduce further and faster direct support to farmers in order to strengthen Member States' rural development programmes ("modulation") was one of the most hotly debated among Members. An amendment adopted in plenary stipulated that any amount of direct payments to be granted in a given calendar year to a farmer that exceeds EUR 10 000 (rather than EUR 5000) shall be reduced for each year until 2012 as follows should only be increased to 7% by 2013, rather than the 13% proposed by the Commission. MEPs agreed to a higher rate for farms that receive over EUR100, 000, but not nearly as high as the rate proposed by the Commission. They proposed 1% percentage point extra between EUR100,000 and EUR199,999 rather than 3 %; 2% between EUR 200,000 and EUR 299,999 rather than 6%; and 3% beyond EUR 300,000 rather than 9%.

Parliament also inserted a clause stating that modulation shall be compulsory for the new Member States only from the time when they receive full direct payments. It felt that modulation cannot be implemented in the new Member States before 2013, i.e. before full direct payments are introduced.

**Controls:** Members state that administrative controls shall not be overly burdensome, particularly in terms of cost and paperwork, for the farmer. On-the-spot checks shall take place within a period of not more than one day for a particular farm and shall not be overly burdensome for the farmer. Member States shall endeavour to plan controls in such a way that farms which can best be controlled in a particular period during the year, due to seasonal reasons, are indeed controlled in that particular period. By 31 December 2007 at the latest, and every two years thereafter, the Commission shall submit a report on the application of the cross-compliance system accompanied, if necessary, by appropriate proposals with a view to : amending the list of statutory management requirements set out in Annex III ; simplifying, deregulating and improving the legislation under the list of statutory management requirements, with special attention

being paid to legislation concerning nitrates ; simplifying, improving and harmonising the arrangements for performing on-the-spot checks, taking into account the opportunities offered by the development of indicators and bottleneck-based controls, controls already performed under private certification schemes, controls already performed under national legislation implementing the statutory management requirements, and information and communication technology.

**Minimum thresholds:** the Commission had proposed a minimum threshold of EUR 250 per year or 1 hectare. Below this level, farmers would not receive direct payments. Members recommend that this should be rejected. The amended text states that Member States may decide not to grant direct payments below a minimum threshold to be determined. Any amounts saved as a result of the application of the first subparagraph shall remain in the national reserve of the Member State from which they originate.

**National reserve:** Parliament stated that Member States may give precedence in particular to newcomers, farmers who are younger than 35, family holdings or other priority farmers. Member States may use the national reserve with effect from the entry into force of this Regulation in 2009, for the purpose of establishing payment entitlements and support measures for farmers for sectors in difficulty concentrated in the most disadvantaged areas, such as the sheep and goat sectors, in order to avoid abandoning of land and production. Any payment entitlement which has not been activated for a period of 3 years shall be allocated to the national reserve. Priority shall be given in the utilisation of these funds to facilitating young people's access to agricultural activity with a view to ensuring the transfer between generations.

**Additional payments (Article 68):** Member States may decide by 1 January 2010 at the latest, and thereafter during the period from 1 October 2011 to 1 January 2012 at the latest, to use from 2010 and/or from 2012 up to 15% of their national ceilings referred to in Article 41 to grant support to farmers. Accordingly, Member States can :

- 10% of the national ceilings may be used to grant integrated support to farmers or to organisations or groups of producers for the promotion of sustainable forms of production for : i) specific types of farming which are important for the protection or enhancement of the environment, the climate, biodiversity and water quality, in particular organic farming and pasture rearing; ii) improving the marketing, in particular regional marketing, and competitiveness of agricultural products; iii) to address specific disadvantages affecting farmers in the dairy and rice sectors in economically vulnerable or environmentally sensitive areas and producers of beef and veal, sheep meat and goat meat. Precedence shall be given in particular to newcomers, young farmers, family holdings or other priority farmers, such as producers belonging to a producers' organisation or farming cooperative;

- up to 5% of the national ceilings may be used to grant support to farmers or to organisations or groups of producers in the form of contributions to insurance premiums and mutual funds.

**Insurance arrangements and mutual funds:** the amended text provides that

- Member States may grant financial contributions to premiums for insurance for: (a) losses caused by adverse climatic events which can be assimilated to natural disasters; (b) other losses caused by climatic events; c) economic losses caused by animal or plant diseases or pest infestations. Member States' expenditure for the granting of financial contributions shall be co-financed by the Community from the funds referred to in Article 68(1a) at a rate of 50% (rather than 40%) of the eligible amounts of insurance premium. In the case of the new Member States, however, the rate shall be increased to 70% ;

- Member States may provide for financial compensation to be paid to farmers for economic losses caused by natural disasters, adverse climatic events, the outbreak of animal or plant disease by way of financial contributions to mutual funds, Community contribution will be 50% (rather than 40%) and up to 70% for the new Member States.

**Milk sector:** the Commission's proposal to increase Member States' milk quotas by 1% per marketing year until 2013/2014, in order to pave the way for the complete abolition of ceilings in 2015, also exposed differing views amongst Members. Dairy farmers in several Member States where sale prices are already low face difficulties, while in other Member States, farmers want to increase production to take advantage of new opportunities on world markets. Parliament opted for an increase in quotas by 1% every year until 2013/2014 but asked the Commission to review the situation in 2010 and make new proposals before the end of quotas if necessary. Members also want to allow Member States to increase their quotas temporarily if the quotas of other Member States are under-used. They call for the creation of a milk fund to help restructure the sector.

**Decoupled aid :** given the current state of the markets and in particular the implications as regards farm production, Parliament's amendments had the effect of maintaining until the end of 2012 some part of decoupled aid (linked to production) for small CMO's (rice, dry forage, protein crops). For the harvest years 2010, 2011 and 2012, aid may be granted to farmers producing raw tobacco.