

Common agricultural policy CAP, reform: cereals, common organisation of the market CMO

2003/0008(CNS) - 29/09/2003 - Final act

PURPOSE : to repeal and replace Regulation 1766/92/EC on the common organisation of the market in cereals. **LEGISLATIVE ACT** : Council Regulation 1784/2003/EC on the common organisation of the market in cereals. **CONTENT** : the Council formally adopted the Regulations on reform of the Common Agricultural Policy, without debate and by a qualified majority, the Portuguese delegation voting against the "horizontal" Regulation and the Regulation establishing a levy in the milk and milk products sector. Statements by the Council, Belgium, France, the Netherlands, Luxembourg, Austria, Finland, the United Kingdom, Portugal (giving reasons for voting against) and the Commission are appended to the legal texts adopted. Initially based on principles (Articles 32 to 38 of the Treaty) intended to ensure self-sufficiency in food for the European Community by increasing agricultural productivity, to guarantee a high income to farmers, to stabilise markets and to provide agricultural products at a reasonable price to consumers, the reformed CAP henceforth introduces a new key element, a pillar of the reform, which is the partial decoupling of production-related aid, based on a reference period (2000-2002); it now makes payment of such aid conditional on compliance with rules on the environment, animal welfare, hygiene standards and preservation of the countryside. The key elements of the new, reformed CAP in a nutshell: - a single farm payment for EU farmers, independent from production; limited coupled elements may be maintained to avoid abandonment of production, - this payment will be linked to the respect of environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ("cross-compliance"), - a strengthened rural development policy with more EU money, new measures to promote the environment, quality and animal welfare and to help farmers to meet EU production standards starting in 2005, - a reduction in direct payments ("modulation") for bigger farms to finance the new rural development policy, - a mechanism for financial discipline to ensure that the farm budget fixed until 2013 is not overshot, - revisions to the market policy of the CAP: - asymmetric price cuts in the milk sector: The intervention price for butter will be reduced by 25% over four years, which is an additional price cut of 10% compared to Agenda 2000, for skimmed milk powder a 15% reduction over three years, as agreed in Agenda 2000, is retained, - reduction of the monthly increments in the cereals sector by half, the current intervention price will be maintained, - reforms in the rice, durum wheat, nuts, starch potatoes and dried fodder sectors. As regards cereals, the current intervention price for cereals is maintained. The basic amount for arable crops remains EUR 63/t. The existing seasonal correction for intervention price ("monthly increments") will be reduced by 50%. To avoid a further accumulation of intervention stocks, rye will be excluded from the intervention system. To cushion adverse effects of the necessary restructuring, the following transitional measure will apply. For Member States where the rye production is higher than 5% of its total cereal production and 50% of the EU's total rye production, 90% of the modulation money stays in the country. At least 10% of this money has to be spent in rye producing regions. **ENTRY INTO FORCE** : 28 October 2003.