

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

2003/0009(CNS) - 29/09/2003 - Final act

PURPOSE : to repeal and replace Council Regulation 3072/95/EC on the common organisation of the market in rice. **LEGISLATIVE ACT** : Council Regulation 1785/2003/EC on the common organisation of the market in rice. **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 rice: in order to stabilise market balances due notably to the impact of the Everything but Arms (EBA) initiative, the Council decided a one step reduction of the intervention price by 50% to EUR 150/t in line with world market prices. Intervention will be limited to 75 000t per year. To stabilise producers' revenues, the current direct aid will be increased from EUR 52/t to 177/t, a rate equivalent to the totalcereals compensation over the 1992 and Agenda 2000 reforms. Of this, EUR 102/t will become part of the single farm payment and be paid on the basis of historical rights limited by the current maximum guaranteed area (MGA). The remaining EUR 75/t multiplied by the 1995 reform yield will be paid as a crop specific aid. The MGA will be set at the 1999-2001 average or the current MGA, whichever is lower. The Council also invited the Commission to open negotiations in the framework of the WTO for the modification of the bound duties for rice with the EU's trading partners. **ENTRY INTO FORCE** : 28/10/03.