Common organisation of agricultural markets (CMO): simplify the common agricultural policy (CAP), creation of one single Regulation ("single CMO Regulation")

2006/0269(CNS) - 04/03/2014

In accordance with Council Regulation (EC) No 1234/2007, the Council presented a report on the implementation of the provisions concerning producer organisations, operational funds and operational programmes in the fruit and vegetables sector since the 2007 reform.

The 2007 reform aimed to strengthen the producer organisations (POs) further. A wider range of tools was made available to enable them to prevent and manage market crises. For the first time, Member States had to establish a national strategy for sustainable operational programmes, integrating a specific environmental framework. The report is based primarily on information Member States provided on the implementation of the EU fruit and vegetables scheme on their territory and, in particular, on information in the annual reports and evaluation reports sent to the Commission. These are mainly based on data for 2008-2010.

In 2008-2010, at EU level, there were positive trends regarding the organisation rate of the F&V sector, the share of total F&V producers who are members of POs and the number of POs members of APOs.

The annual reports and the 2012 evaluation reports also offer a more contrasting picture :

Low number of producer organisations: in 2010, there were 1599 recognised POs in 23 Member States. In 2010, the organisation rate was about 43.0 % (43.9% if producer groups are also included). The share of total F&V producers that are member of POs has continued to increase (from 10.4 % in 2004 to 16.5 % in 2010).

A crucial issue is the persistently low degree or lack of organisation in some Member States. This needs careful analysis with a view to identifying, where appropriate, **additional measures** to encourage not only: (i) a further rise in the degree of organisation of producers in the whole EU but also; (ii) a decrease of the imbalance of F&V producers' organisation within the EU.

- A low degree or lack of organisation also means that **most F&V producers do not belong to a PO**, so they do not directly benefit from specific EU aid for the sector. This proportion is highest in some southern Member States and some MSs that joined the EU in 2004 and later. Those producers, frequently the smallest, cannot even benefit from the services that POs could provide, have very weak bargaining power within the supply chain and are more exposed to the risks linked to market globalisation and climate change.

- **Increasing the rate of organisation of the F&V sector remains crucial** especially in Member States where the organisation is still very low. In this respect, there is also the need to explore measures to stimulate forms of cooperation to help PO's and non-organised producers to better deal with those challenges.

Contribute more to key objectives: operational programmes could contribute more to key objectives such as improving attractiveness of POs, boosting products' commercial value, optimising production costs, and stabilising producer prices.

Crisis prevention and management instruments: between 2008-2010, the annual expenditure for operational programmes (EUR 1 252.1m on average) mainly concerned actions to improve marketing (24.0 % of the total) and environmental actions (23.8%), followed by actions to plan production (22.2 %) and to improve or maintain product quality (20.3%).

The use of crisis prevention and management instruments was very low (EUR 35.6m; 2.8% of total average annual expenditure). These instruments should be improved.

Weaknesses in the setting-up of national strategies: the reports have identified two important weaknesses in the national strategies of some Member States: (i) too wide a range of objectives was adopted, instead of focus on a few priorities; (ii) precise pre-defined targets were lacking for the different objectives set.

In most Member States, expenditure for 'strategic' measures, such as **research and experimental production**, remains negligible. Therefore, it could be relevant to reinforce the application of the resources available on certain priority measures, which have a stronger impact on competitiveness, income stability and market demand.

Complexity of rules and lack of legal certainty: these elements have also been indicated as weaknesses of the current regime. Simplification and securing the legal framework need to be a priority in a future revision, also for reducing the red tape for farmers and managing authorities.

Introduction of new measures for the sector: these might require the reallocation of some financial resources without increasing the overall amounts available for the sector in order to ensure the budget neutrality within market measures in pillar 1.

To address the above-mentioned shortcomings, the **current EU F&V regime needs to be reviewed** to ensure that support for producer organisations is better focused so that it can achieve the overall objectives set for the 2007 reform and CAP 2020 in all Member States.

The Commission could build upon the results of this report and the upcoming debate to present at a later stage **legislative proposals** to revise the Union aid scheme for the fruit and vegetables sector.