Common agricultural policy CAP: horizontal regulation, support schemes for farmers (modif. Regulation (EC) No 1782/2003)

2003/0278(CNS) - 29/04/2004 - Final act

PURPOSE : to establish common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers.

LEGISLATIVE ACT : Council Regulation 864/2004/EC amending Regulation 1782/2003/EC establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, and adapting it by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and

Slovakia to the European Union (Corrigendum to the Regulation published OJ L 161 of 30 April 2004).

CONTENT : the Council decided to profoundly reform the Common Agricultural Policy (CAP) support for tobacco, olive oil and table olives, cotton and hops. These reforms will lead to enhanced competitiveness, stronger market-orientation, improved environmental respect, less trade distortions and stabilised incomes for farmers. For the four sectors concerned, a significant part of the current production-linked payments will be transferred to the de-coupled single payment. The Danish, Spanish and Swedish delegations expressed their intention to vote against.

The reform was envisaged as a follow-up to the CAP reform agreed in June 2003. Two Regulations have been adopted : the first amends Regulation 1782/2003/EC establishing common rules for direct support schemes under the common agricultural policy (horizontal legislation) and the second to reform the common organisation of the market in the olive oil and table olives (CNS/2003/0279).

The main changes in the compromise amending the Commission proposals are as follows:

- entry into force of the Reform: the Reform package for cotton, olive oil and tobacco will begin in 2006 instead of 2005 as stated in the Commission proposals. For 2005, the current tobacco regime together with the aids fixed for 2004 will be applied. For olive oil, the current regime will continue to

apply for the marketing year 2004/2005;

- the use of agricultural use of the land: a measure has been included which stipulates that Member States may decide to allow secondary crops to be cultivated on the eligible hectares during a period of maximum three months starting each year on 15 August; however, at the request of a Member State,

this date is modified for regions where cereals are normally harvested earlier for climatic reasons.

- COTTON : the rate of the decoupling payment has been increased to 65% instead of the 60% initially proposed, the coupled part of the payment being now at 35%. The amount to be transferred to the second pillar is reduced by EUR 81 million instead of the EUR 103 million initially provided for. The base area for Greece is increased to 370 000 hectares instead of 340 000 with a different amount of coupled aid based on the surface area (EUR 594 /hectare for the first 300 000 hectares, EUR 342,85 /hectare for the remaining 70 000 hectares). Where the 370 000 hectares base area is overrun, the aid granted to the 70 000 hectares is reduced proportionately in order to comply with the global envelope for the coupled aid.

For Spain, the maximum area eligible for aid has been reduced from 85,000 ha to 70,000 ha and the area aid has been increased from 851 EUR/ha to 1,039 EUR/ha. For Portugal, the amount of the aid per eligible hectare shall be EUR 556.

- OLIVE OIL : the decoupling rate will be a minimum of 60%. Member States may decide to increase this rate. A distinction in the reference period for the calculation of the reference amount for each olive farmer has been established and will comprise four marketing years instead of the three marketing years initially proposed (2000/2002). The three-year reference period 2000/2002 is

however maintained for the calculation of the national ceiling for olive oil. Member States may withhold for quality measures up to 10% of the olive oil complement in the national ceiling. The national ceilings for France and Portugal will take into account the aid to be granted to new plantings after 1 May 1998 under programmes approved by the Commission. A corresponding amount of EUR 1 million for France and EUR 19 million for Portugal will be added. For Spain, the national budgetary envelope has been increased by EUR 20 million.

- TOBACCO : the 3 bands (below 3,5 tonnes, between 3,5 and 10 tonnes, over 10 tonnes) initially proposed to set a different rate of decoupling, from 2005 to 2007, have been abolished. A transitional scheme towards full decoupling has been set up from 2006 to 2010. During this period, the rate of decoupling for tobacco producers will be set at a minimum of 40% of the tobacco reference amount whilst a maximum 60% of this reference amount will be maintained as a coupled payment. This coupled payment will be granted to producers situated in Objective 1 regions or tobacco farmers producing varieties of a certain quality. Other objective criteria may also be taken into account by the Commission. As from 2010, tobacco aid will be fully decoupled with 50% of the reference amount included in the Single Farm Payment (SFP) and 50% transferred to the restructuring envelope.

- HOPS : Member States may grant up to 25% of the aid to farmers producing hops and to producer organisations recognised under the current rules of the common market organisation for hops.

ENTRY INTO FORCE : 01/05/2004. This Regulation shall apply as from 1 January 2006 except for certain provisions which shall apply as from the entry into force of this Regulation or as from 01/01/2005.