

Common agricultural policy (CAP), reform: direct support schemes and support schemes for producers

2003/0006(CNS) - 21/05/2003

The committee adopted the report by Arlindo CUNHA (EPP-EE, P) amending the Commission's proposals under the consultation procedure. After several hours of tough debate, the committee ended up adopting some 14 "compromise amendments" which partly alter the reform proposal in two main areas: the decoupling of agriculture funds and the modulation of aid. Whereas the Commission was proposing a "total decoupling" of aid, i.e. breaking the link between subsidies and production, and expanding the system of direct payments to include landowners in a larger number of market sectors, the committee called for a "partial" rather than a wholesale separation of farm subsidies from production. Furthermore, it wanted partial decoupling to apply to only two sectors: arable crops and beef. The report proposed a multifunctional payment scheme after January 2004, consisting of an income and land occupancy aid for farmers producing arable crops and recipients of certain subsidies in the male beef sector. The financial aid to all the other sectors would remain linked to production, although extra support for producers of protein crops, nuts and energy crops was also envisaged. The committee feared that a complete break between aid and production would push farmers to abandon farming in less-favoured regions, increasing the risks of desertification and regional disparities. The report did not specify what percentage of the aid should be decoupled, owing to a lack of consensus among MEPs on this highly controversial point. The committee also agreed that the Commission's 'modulation' and 'degression proposal' should be modified. It therefore approved a certain reduction in direct payments but only to those who receive more than EUR 7 500 per year and it rejected the concept of degression. Other amendments adopted by the committee were designed to ensure that the money obtained from these cuts was invested entirely in the second pillar of the CAP (rural development and environment measures) and that modulation was applied, using a territorial criterion, to support the poorest areas. Only annual direct payments exceeding EUR 7,500 should be reduced after 2006, and these reductions should vary from 6% per year in the less-favoured regions to 8% per year in other areas. The funding saved from modulation would be allocated to the Member States so they could distribute it to their regions.