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

2003/0278(CNS) - 19/02/2004

The committee adopted the report tabled by its chairman, Joseph DAUL (EPP-ED, F), in conjunction with four co-rapporteurs (María RODRÍGUEZ RAMOS (PES, E) for cotton, Sergio BERLATO (UEN, I) for tobacco, Vincenzo LAVARRA (PES, I) for olive oil and Xaver MAYER (EPP-ED, D) for hops) amending the proposal under the consultation procedure. The committee highlighted its concern about the negative impact that a drastic decoupling of aid could have on the poorest regions of Italy, Spain, Greece and Portugal, where cotton, olive and tobacco production is concentrated. It pointed out that, "in accordance with the agreement on CAP reform reached in Luxembourg in June 2003 the single farm payment scheme should be implemented in such a way as not to lead to the discontinuation of production" and warned that support for these sectors should be decoupled "on the basis of specific arrangements intended to ensure that the incomes of all those engaged in agriculture are maintained and that the fabric of rural society is safeguarded". Turning to the four sectors concerned, MEPs adopted a series of amendments as follows: - Cotton: MEPs called for greater flexibility in implementing the reform and suggested that Member States be allowed to allocate up to 80% of aid for production (in the form of area payments distributed per hectare), instead of 40% as proposed by the Commission, with the remaining 20% (as opposed to 60%) being allocated as direct income aid to farmers in the form of the "single payment scheme". The rapporteur for the cotton sector argued that the Commission's proposed system of payments, involving a large cut in production aid, would lead to production being abandoned in regions already facing high unemployment. MEPs also wanted to allow a sufficient transitional period and therefore proposed that the reform should enter into force only in 2007. Moreover, they called on the Commission to present by January 2006 an impact study on this decoupling of aid for the cotton-producing regions, including a possible proposal to modify the percentage intended for aid per hectare; - Tobacco: whereas the Commission was proposing the total decoupling of aid for this sector, the committee said that this would cause tobacco-growing to be abandoned in all production areas, which would have a severe socio-economic impact. MEPs therefore called for partial decoupling and said that, "to deal with specific situations with the desired flexibility", only 30% of aid should be transferred into the single payment scheme. In view of the differences between producer Member States and between product varieties, they said that the remaining part of the aid (70%) should be used by the Member States in order to maintain production in areas where its continuation was essential "on objective economic and social grounds". Furthermore, they proposed that up to 10% of this remaining part of the aid could be used by the Member States for measures intended to improve product quality or for restructuring and retraining policies in the sector. In addition, the committee called for a general multiannual programme to be put in place as of 2006 for the restructuring and conversion of the tobacco sector in the relevant regions. It would be funded by the new structural fund for rural development proposed by the Commission. Lastly, MEPs were opposed to the transfer of payments to the Community Tobacco Fund, arguing that the Commission itself had acknowledged that there was no link between European tobacco production and the EU's anti-smoking policy; - Olive oil: whereas the Commission was proposing that 60% of aid should be allocated to the the single payment scheme, MEPs said that 60% should be a minimum and that the Member States should have the right to increase this percentage "provided that such a measure does not result in increasing the risk of abandoning or grubbing up trees". They also proposed that the "coupled" percentage (i.e. the remaining 40% or less) which will be retained by the Member States as national envelopes to be distributed among farmers should be used inter alia to create a national reserve to support young farmers and for measures to improve quality (including organic production and harvesting by hand). In view of the specific nature of olive growing, the committee also said that the average yields in a homogenous area should be taken as a reference for the purpose of setting the level of decoupled aid; - Hops: while

supporting the Commission's proposals on the decoupling of aid, MEPs said that up to 25% of the coupled aid should be used to finance recognised producer groups which play an important role in the hop sector.