Hops: common organisation of the market CMO, extension of the aid to 2002 (amend. Regulation (EEC) No 1696/71)

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In accordance with Article 18 of the basic Regulation 1696/71/EEC, the Commission has sent the Council an assessment report on the sector together with any appropriate proposals for the future. The hop market is oriented above all to the needs of the brewing industry, which is reducing its requirements. This dominant trend of the past decade also dominates the immediate outlook and will probably be a constant in the future. Having a common organisation of the hop market becomes of even greater interest in the context of enlargement of the Union: the sector will be bigger in terms of both production and world trade. Against the background of declining market demand the overall assessment on application of the regulatory provisions for the hop sector and on operation of the market is positive. The question that arises is essentially how to enable the market organisation to cope adequately with the projected medium and long-term situation. The future system must meet three crucial requirements : 1) Maintain the viability of production : - hopgrowing must continue to be viable on two counts; production quality and critical marketing volume. For success on both counts we need to retain: the product certification provisions, which are a benchmark for both the Community and the world markets and the central role of the producer groups in marketing and orientation of production. This does not rule out some flexibility in accommodation of producer group members who wish to sell some of their production themselves. 2) Ensure economic conditions favourable to production : the present economic position of hopgrowing, in particular the profitability of the crop, should be maintained in order to ensure its financial interest to growers. This second requirement is also of great importance in the context of sustainable rural development, in particular for upkeep of the countryside and maintaining jobs. Thus it will be necessary to ensure that hopgrowing has medium and long-term prospects by safeguarding the stability of present returns by means of an aid equivalent to the present aid and more efficient and direct transfer of the support. This will encourage growers to maintain investment in hop fields and to pursue varietal conversion. 3) Accommodate the market trend : alternatives for producers must be available as they also are of importance for responding to short-term and structural market crises. The grower must be able both to halt production temporarily and to quit it altogether to use the land for other types of production. The future arrangements should integrate these various components into a system that as far as growers are concerned is simple, flexible and sustainable: - Integration of hop production aid into the single payment system : integration of the production aid into the single payment system introduced by the CAP reform would allow the objectives indicated above to be attained. Total decoupling of the aid guarantees stable support to the grower. Were the market situation to deteriorate for either structural or short-term reasons he would be able freely to decide to halt production temporarily or grub up his hop fields and change to other crops. Member States would however have the option of maintaining acoupled aid up to a maximum of 25% of the production aid in order to enable them to cater for particular production conditions or specific features of a more regional character. To encourage growers to organise Member States could decide to make part or all of the coupled aid conditional on membership of a producer group. - Modification of present CMO : the rules on certification and trade links with other countries would be retained. Provisions on the role of producer groups should be included but in simplified form.