Common agricultural policy CAP: adaptation of the Act of Accession and of the Treaties following the reform

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PURPOSE : to adapt the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia and the adjustments to the Treaties on which the European Union is founded, following the reform of the common agricultural policy. PROPOSED ACT : Council Decision. CONTENT : on 29 September 2003, the Council adopted a CAP reform package which makes significant changes to the acquis on which the accession negotiations were based. In their current form the CAP reform texts take no account of the results of those negotiations or indeed of enlargement itself. There is therefore a need to adapt both the Act of Accession and the CAP reform texts before accession to ensure that the two are complete and compatible, i.e. to ensure that they can function in an enlarged community. Specifically, there is a need to: - adapt the CAP-related annexes of the Act of Accession so that the negotiation results fit with the new acquis (this will be necessary where references in the Act of Accession are rendered obsolete or where the negotiation results are not immediately compatible with the reformed CAP); - adapt the CAP reform texts so that they can be applied to the new Member States and so that they incorporate any negotiation results that would otherwise (in the future) be lost. To achieve these two objectives the Commission has prepared two legislative proposals for a Decision and a Regulation respectively. Both texts are based on the following guiding principles: - the fundamental character and principles of the package agreed in Copenhagen should be maintained, and applied to any new elements. There should be no 'erosion' of the terms of accession negotiated by the acceding countries; - where the CAP reform introduces new elements that were not covered during the accession negotiations on agriculture, the new Member States should be treated similarly to the current Member States, except where that conflicts with the overriding principle described above; - adaptations should be limited to what is absolutely necessary; - the new Member States should be integrated smoothly into the reformed CAP as soon as possible. The present proposal sets out the adaptations to the Act of Accession which have become necessary as a consequence of the reform of the Common Agricultural Policy: - Phasing-in of direct payments : the CAP Reform introduces new direct payments for energy crops and nuts. It also introduces an additional price cut in the dairy sector, on top of what was agreed in Agenda 2000, and thus increases the compensatory direct payments for dairy (which incidentally will now start in 2004 not 2005). In order to maintain the general approach taken on direct payments in Copenhagen, these new direct payments should not be granted in full to the new Member States but should be subject to the phasing-in schedule for all other direct payments (25%, 30%, 35% etc.). - Single Area Payment Scheme (SAPS) : despite the coming introduction of the Single Farm Payment (SFP), the SAPS set out in the Act of Accession should be maintained. The proposals maintain SAPS within the framework of the reformed CAP and make the technical adjustments necessary for it to apply in the formnegotiated. In doing this the proposals make clear that the temporary 'opt-out' from the SFP that applies to the current Member States until the end of 2006 does not apply to the new Member States - in other words the new Member States will not be able to move 'back' from SAPS to the classical direct payment scheme before 2007, but only move 'forward' to the SFP. - Complementary national direct payments ('topping-up') : so as to maintain the principle of topping-up in the framework of the reformed CAP, the current proposals provide for three different scenarios: - topping-up under classical scheme until the end of 2006, - topping-up under the SFP from 2005, - topping-up under SAPS. - Milk : the CAP reform package repeals the regulation establishing a levy in the milk and milk products sector and amends the regulation on the CMO of the market in milk and milk products before 1 May 2004. There is therefore a need to make quite extensive (albeit technical) changes to the Act of Accession in this area so that the negotiation results refer to, and fit with, the new acquis. The proposals therefore include changes such as the adaptation of dates for the establishment of individual reference quantities and the reference period for the reduction of the total amount of individual

reference quantities eligible for premium. They also include the addition or modification of various tables, for example to set the representative fat content for the new Member States or to include the appropriate quotas for deliveries and direct sales. - Rural development : in the accession negotiations a new measure 'Compliance with Community standards' was created for the new Member States to help their farmers "to adapt to standards established by the Community - until such time as the required standard is due to be met". This was intended to support farmers' efforts to reach EU standards during the transition period granted by giving them additional transfers to offset the costs of compliance. The CAP reform now introduces a general "meeting standards" measure intended to help farmers adapt to the operating costs resulting from newly introduced EU standards. The proposal deletes the separate "compliance with Community standards" measure in order to avoid any overlap whilst maintaining the possibilities available to the new Member States under the compliance measure. - Transition periods : during the accession negotiations various transition periods (e.g. on the definition of suckler cows) were granted to new Member States, generally as a derogation from existing acquis. In certain cases the CAP reform package repeals the regulations from which such derogations were made, meaning that there will be transitional arrangements in the Act of Accession (i.e. primary law) that are without effect. The proposals therefore amend the Act of Accession so as to give continuing effect to any transition periods accorded. - Special Market Policy Programme for Maltese Agriculture (SMPPMA) : the SMPPMA as provided for in the Act of Accession makes numerous references to sectoral (market) regulations. As some of these regulations will be repealed by the CAP reform regulations there is a need for quite extensive (though purely technical) amendment to the relevant section of the Act of Accession, so that the provisions of the SMPPMA refer to the correct acquis. The necessary amendments form part of the current proposals. FINANCIAL IMPLICATIONS : - Budget Line : under section B1; - Appropriations : EUR 44 762,45 million.