Agenda 2000: Review of the CAP and enlargement consequences

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OBJECTIVE: AGENDA 2000 - COMMON AGRICULTURAL POLICY: to present the consequences of enlargement on the Community common agricultural policy (CAP) and the reforms needed. CONTENT: the prospect of enlargement means that a new common agricultural policy needs to be implemented which is more in keeping with the demands of the world market and the Community's environmental and social requirements. Following the reform of the CAP in 1992, per capita agricultural income rose (+ 4,5% per annum from 1992 to 1996) but the system as a whole remained complicated and incoherent. The CAP is a set of miscellaneous juxtaposed policies (market policy, structural policy and environmental policy) which is too inflexible to cope with international competition. Having ascertained this and the main challenges which the Community will face in coming years (serious price differentials between the European Union and its international competitors, prospects for multilateral negotiations with more deregulation, the arrival of millions of consumers from eastern Europe with a much lower purchasing power than that of the European Union, doubling of the agricultural area and labour in the Union, increased consumer demands with respect to foodstuffs and environmental protection, fall in the number of Community farmers etc.), the Commission proposes a series of measures, the main objective of which is to make agriculture in the Community more competitive. The proposed reform mainly continues and extends the 1992 reform by continuing to replace measures to maintain prices with the direct aid system and by accompanying this process with rural development measures which are more environmentally friendly and more in line with the economic and tourist development of the rural society. Direct aid will be set at a suitable level but will avoid overcompensation. Apart from the "competitiveness" aspect, the Commission intends to make the system more transparent and more efficient by radically simplifying the legislation applicable and decentralizing the implementation of measures. However, decentralization should not result in the renationalization of agricultural policies. The main priority is to set up suitable official support which is economically sound and socially acceptable. Measures relate in particular to the following sectors: - cereals, with a 20% reduction in the intervention price, capped once (in the year 2000), acreage aid no longer linked to cultivation and a compulsory fallowing reference rate of 0%; - beef and veal, with measures to take account both of the BSE crisis and the stabilization of prices on the market (gradual reduction in market aid of approximately 30%), - milk products, by maintaining the quota system and gradually reducing support prices by an average of 10%. Provision is also made to reform a number of Mediterranean products (wine, olive oil, tobacco etc.) and the direct aid system: all income aid granted under the common market organizations will be capped but will differ from one Member States to another in accordance with jointly agreed rules. Finally, measures are also expected in the structural and agro-environmental fields by reintegrating the rural aid policy into a new integrated cohesion and development policy and making payment of aid dependent upon the application of environmental standards.