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

2003/0278(CNS) - 10/03/2004 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Joseph DAUL (EPP-ED, F) in conjunction with four co-rapporteurs (Maria RODRIGUEZ 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). Parliament made some significant amendments to the proposal. (Please see the document dated 19/02/04.) Cotton: to recap, Parliament stated that in the case of cotton 80 per cent of aid should be still linked to production, instead of 40 per cent, as the Commission suggested. The Commission proposed for the cotton sector a partial decoupling of aid: 60 per cent would be a direct income aid to the farmers and 40 per cent would remain as area payments (distributed per hectare). The distribution of the funds would be measured according to a reference period - the cultivation during 2000-2002. The rest of the expenses for cotton would be transferred to the rural development measures and for the restructuring of the regions concerned. Parliament rejected those measures, on the grounds that such a system of payments would provoke the abandonment of production in regions which are fairly poor. Therefore, 80 per cent of the aid should remain as area payments and the reform should enter into force only in 2007. Parliament stated that cotton is cultivated essentially in regions whose GDP is among the lowest in the EU and whose economy is closely bound up with agriculture. In these areas, cotton growing and the ginning activity which supports it are major sources of income and employment, accounting in some localities for over 80 % of activity. Furthermore, in certain areas, in agronomic terms, the soil conditions are such that to introduce alternative crops would be impossible in the short term. Tobacco: in brief, 70 per cent of the financial payments should remain linked to production. In view of the differences between producer Member States and between product varieties, the Member States must use the part of the aid not included in the single payment with great flexibility in order to maintain the production in areas where the continuation is essential for social and economic reasons. Furthermore, up to 10 per cent from the 70 per cent of aid linked to production may be used by the States for measures intended to improve product quality or for restructuring policies in the sector. However, the Commission wants the total decoupling of aid for tobacco, as a transitional stage towards the gradual disappearance of the tobacco payments. Parliament also stated that if certain variety groups face particular adverse market conditions, Member States might implement a programme for buying back entitlements to enable producers, on an individual and voluntary basis, to abandon the business. The amount to finance this programme shall be equal to the amount of aid provided for each producer under Article 143k. It shall be spread over a number of years, up to a maximum of five years, with effect from the year in which the producer joins the programme for buying back entitlements, up until 31 December 2013 at the latest. Olive oil: whereas the Commission proposes decoupling only 60 per cent of aid, Parliament called for "a minimum of 60 per cent" and for the Member States to have the right to increase this to 100 per cent. The coupled percentage will be given directly to the Member States so they can distribute it among farmers as an areapayment (either per hectare or per number of trees). The farmers will be forced to meet social, landscape and quality criteria. The payments should ensure the quality of the olive oil and that consideration should be given to measures such as organic production, hand-harvesting and other measures not related to quantity. Therefore part of the funds linked to production could be kept by the Member States as "special aid" for quality standards.