

# Support schemes for agriculture: energy crops scheme, single area payment scheme

2006/0172(CNS) - 22/09/2006 - Legislative proposal

**PURPOSE:** to amend and correct Regulation 1782/2003/EC to amend Regulation 1698/2005/EC, with particular reference to the implementation of the energy crops scheme.

**PROPOSED ACT:** Council Regulation.

**CONTENT:** Three years ago the Council reached political agreement on the 2003 CAP reform, paving the way for an in-depth reshuffling of the way the EU is granting income support to its farmers, and introducing a new support for the cultivation of energy crops, for a more sustainable development of EU agriculture and rural areas. It is now too early for a comprehensive assessment of the impact of this reform. However, from the experience already available, it appears that even if, broadly speaking, the reform had been implemented successfully, some possible specific improvements have been identified in terms of efficiency and/or simplification.

The aim of this proposal is to apply from the year 2007 the specific improvements that have been identified and which concern:

- the conclusions of the report from the Commission to the Council (see below) regarding the implementation of the energy crops scheme, i.e. making the scheme applicable in the new Member States under the same conditions as in the other Member States and authorising national aid for supporting the establishment of multiannual crops intended for bio-mass production on land benefiting from the energy crops scheme;
- the possibility for the new Member States using the single area payment scheme to continue to use this simple way of granting income support to the farmers until the end of the year 2010. The exemption for the introduction of the statutory management requirements into cross-compliance currently foreseen for Member States applying the single area payment scheme will nevertheless not be extended beyond 2008. To ensure coherence of the baseline (subject to possible sanctions) for axis-2 measures under Rural Development with this non-extension, Article 51 of Council Regulation 1698/2005/EC should be amended accordingly;
- the simplification of the eligibility rules under the single payment scheme for the land with olive trees;
- the introduction of some needed rules regarding the direct payments linked to the sugar sector.

The Commission report feels that it would be appropriate to make the energy crops scheme available in all Member States – including the new Member States – in order to support appropriately their contribution to the EU biofuels initiative. This will require, notably, an adaptation of the maximum guaranteed area. The additional cost to Community budget is at maximum EUR 4.5 million per each 100 000 hectare increase in the MGA. The Commission intends to adopt, in due time, the corresponding proposal to the Council. The adaptation of the maximum guaranteed area will have to take into account the potential use of the scheme in the years 2007 and 2008 and will be reviewed in the framework of the overall review of the CAP in 2008.

A significant simplification of the implementing rules would increase the attractiveness of the scheme for both the farmers and the processors and increase its impact in terms of support to the development of

energy crops. The Commission will examine carefully how the implementation rules of the scheme might be simplified while ensuring that the risks of abuse of the aid remain under control.

**For further information concerning the financial implications of this measure, please refer to the financial statement.**