Common organisation of agricultural markets (CMO): simplify the common agricultural policy (CAP), creation of one single Regulation ("single CMO Regulation")

2006/0269(CNS) - 18/12/2006 - Legislative proposal

PURPOSE: to revise the existing 21 Regulations on sector-specific common market organisations (CMOs) and combine them into a single Regulation.

PROPOSED ACT: Council Regulation.

BACKGROUND: this proposal forms an integral part of the overall Commission approach to Better Regulation and Simplification and is an essential component in the Commission's plans to streamline and simplify the common agricultural policy (CAP). In 2003, the Community reformed the CAP by establishing a horizontal legal framework for all direct payments through the creation of a single payment scheme. This proposal goes one step further by revising the existing 21 Regulations on sector-specific CMOs and combining them into a single, comprehensive, Regulation, with a view to streamlining and simplifying the legal framework without changing the underlying agricultural policies of the EU.

Currently, each of the 21 CMOs are governed by a separate basic Council Regulation and are frequently accompanied by a further set of subsidiary Council rules. Most of these Regulation follow the same structure and have numerous provisions in common – as is the case concerning rules on trade with third countries and more "general provisions". However, many of the basic Regulation contain different solutions to identical or similar problems.

This is not an attempt by the Commission to change the political decisions of the Council nor is the Commission proposing to repeal or change existing instrument – unless they have become obsolete, redundant or should be dealt with at a Council level. In other words the Commission is not seeking, through this proposal, to extend the scope of the CMOs nor is it seeking to introduce new measures. It is seeking a more streamlined regulatory structure.

CONTENT: the purpose of this proposal is to revise the existing 21 Regulations on sector-specific CMOs by merging them into one comprehensive Regulation. The sectors affected are: Live trees and other plants, bulbs, roots, cut flowers and ornamental foliage; "Solde" (referring to products not covered by other CMOs); pig meat; eggs; poultry; raw tobacco; beef and veal; milk and milk products; flax and hemp; sheep and goat meat; cereals; rice; dried fodder; olive oil; seeds; hops; sugar; bananas; fresh fruit and vegetables; processed fruit and vegetables; and wine.

Once adopted, the Regulation's basic structure will mirror that of existing CMO Regulations. A specific part will, however, be devoted to competition issues. Thus, the Regulation will be structured as follows: Introductory provisions (scope, definitions, marketing years); internal market provisions (public intervention, private storage etc.) trade with third countries (licences, import duties etc.); competition rules (anti-trust, state aid etc.) general provisions (disturbance clause, communication etc.) and lastly transitional and final provisions. The proposal also incorporates a number of annexes, which reflect the annexes to current CNO Regulations. In summary, the proposed Regulation contains the following provisions:

Scope:

The Commission proposes that the new Regulation will apply to all agricultural products that are currently governed by a CMO. Its scope will be extended, however, to contain certain other agricultural products such as: silkworm, ethyl alcohol of agricultural origin; and apiculture products, which are currently regulated, not through a CMO, but through other specific agricultural rules. Not included in the Scope is: Cotton.

As for fresh and processed fruit and vegetables and as for wine (which are under review) the Commission proposes to include horizontal or common provisions affecting these sectors, such as state aid, competition, comitology procedures and Member States communications to the Commission. Once the reviews of these sectors has been finalised, they will, as a second step be incorporated into the single Regulation.

Incorporating other legal acts:

In addition, the Commission is proposing that the Regulation take on board further Council rules, which at present do not form part of CMO Regulations – such as milk quotas; private storage provisions; public intervention and state aid provisions.

Commission decision making:

In the vast majority of cases, the Commission will make implementing decisions based on the "management procedure". This will be a horizontal requirement.

Entry into force:

The dates for the application of provisions in the new Regulation will be fixed so as to ensure a smooth transition to the new legal framework. This implies that the new provisions will not become applicable in the course of marketing years. Further, the Commission would be given enough time to prepare and adopt the necessary implementing acts. Should the new Regulation be approved in autumn 2007, the provisions will then apply:

- in sectors for which marketing years are provided for: From the beginning of the relevant marketing years in 2008; and

- in sectors for which no marketing year is provided for, from 1 January 2008.

Provisions on sugar and milk quotas will apply no longer than the end of the 2014/2015 sugar marketing /milk quota year.

On a final point, given that the proposal will not bring about any changes to the existing CAP measures, it has no budgetary implications.