

The integration of new Member States in the Common agricultural policy CAP

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The European Parliament adopted a resolution based on the own-initiative report drafted by Csaba Sándor **TABAJDI** (PSE, HU) on the integration of the new Member States into the CAP, and stressed that the Commission should take the special problems and concerns of the new Member States more into account in its decisions within the framework of the CAP. It took the view that it was necessary to revise the scope, objectives, goals, and principles of the CAP, including the European agricultural model, taking into consideration the objectives and needs of agriculture, rural areas, farmers, consumers and the entire society in the enlarged EU of 27 countries.

Parliament pointed out that the Act of Accession introduced a long phasing-in (nine years) with a low starting level (25 % of the level applicable in the EU) for the direct payments in the new Member States, though internal market and budgetary contribution rules fully apply to them. It stated that cost and income levels in the new Member States did not justify this degree of differentiation, which resulted in unequal conditions for the new Member States' farmers in terms of competition. The Commission and the Council had been late or reluctant in understanding the new Member States' special problems and offering the necessary help. The special problems include, for example, problems on the fruit and vegetables market, especially as regards soft fruits, cherries and apples, the unjustified ban on Polish exports by Russia and Ukraine, the modification and proposed abolition of maize intervention rules, honey imports from third countries.

Whilst Parliament welcomed the fact that the agricultural and food sector of the new Member States had been integrated thoroughly into the common market of the EU, it felt that the situation was not always clear cut, as not all farms have seen their incomes rise. The increases in purchase prices and in subsidies were partially offset by the significant rises in production costs (for example rises in the cost of fuel, energy, fertiliser, plant protection products and machinery).

Application of the CAP in the new Member States: Members noted that the considerable differences between the agricultural sectors of the new Member States result in differences in the impact of the application of the CAP and in the scope and vigour of the challenges the new Member States are facing. Certain new Member States face considerable difficulties in implementing the Community rural development programmes due to the complexity of their rules and the administrative burden of their management. In addition, as direct payments play a substantial role in the adaptation of the agricultural sector of the new Member States, their low level in the first years of the phasing-in period not only hindered the necessary adaptation but created unequal conditions for competition on the internal market as well, which many operators were economically unable to cope with. The different levels of the direct payments between the EU-10 and EU-15 have not ensured a level playing field. In several new Member States the producers lost ground even on their domestic markets, a situation to which, primarily, competition resulting from an increase in imports and exports from third countries due to the changed customs regime also contributed. Parliament also emphasised that the new Member States were forced to apply complementary national direct payments (CNDP, 'top-ups'), which could be considered as a form of cofinancing and a quasi-renationalisation of Community direct payments. This led to serious political and economic difficulties in various new Member States as they imposed a burden on the national budgets and limited the possibility of applying state aid schemes. Some new Member States also felt that fully decoupled, area-based payments did not contribute entirely to the balanced development of their agriculture, and that sector preferences and/or optional coupled payments could be necessary at least temporarily in certain Member States until 2013. The majority of new Member States would like to

continue the application of the single area payment scheme (SAPS) as long as possible, since the switch to the Single Payment Scheme (SPS) meant extremely high administrative and technical burdens. Parliament also suggested that the new Member States be given the option of postponing the application of the cross-compliance rules until the end of the phasing-in of the direct payments.

Future of the CAP in the enlarged EU: the present CAP was unsuitable to manage a substantial part of agricultural and agriculture-related problems in the enlarged EU. The decoupling of the direct payments, forced by the World Trade Organisation (WTO), increases in general the market orientation of European agriculture but decoupled direct payments do not contribute fully to the establishment of a sustainable agricultural sector and rural society, either in the new Member States or in a considerable part of the EU-15. Parliament pointed out that either additional measures or tailor-made application of direct payments is necessary. The achievement of the CAP objectives is also hindered in the new Member States by the insufficient level of rural development financing, by the lack of an efficient risk and crisis management system and by excessively strict Community rules on state aid.

Parliament considered that biomass and bioenergy production would play a strategic role in the future of the agricultural sector in the EU. There should be appropriate EU funding to promote the production of biomass on land no longer required for growing food and feed, and in this respect the new Member States have high capacities.

Parliament underlined that fulfilment of the specific needs of the Member States and regions should be maintained on the basis of subsidiarity with the following, tailor-made instruments, inter alia:

- introduction of a revised system of direct payments, including the introduction of new measures such as voluntary recoupling options, to be used only by those Member States which consider this necessary to meet social, employment and sustainability objectives;
- extension of the payments to new sectors and new beneficiaries (for example soft fruits destined for processing), within the revised system of national financial envelopes and full Community financing ;
- introduction of additional, optional, regional or temporary market measures with Community financing ;
- application of the national envelope system from the EU budget in the sectors to be reformed (wine, fruit and vegetables) ;
- improved support to producer organisations, strong encouragement for them and repeal of national legislation which hampers them ;
- introduction of an efficient agricultural crisis and risk management system with Community financial assistance, paid from the national envelopes ;
- increase of the flexibility of the state aid rules (e.g. widening the scope of block exemptions and increase of the "de minimis" level).

Lastly, Parliament stressed that additional customs duties imposed under the special safeguard clause (SSG) could be a useful means of protecting sensitive sectors of the Community market, including those in the new Member States, from surplus imports or from imports at excessively low prices. The Commission should negotiate in the current WTO round the possibility of making appropriate changes to the scope of the SSG in the EU's list of concessions.