

Voluntary modulation of direct payments under the common agricultural policy (CAP)

2006/0083(CNS) - 27/03/2007 - Final act

PURPOSE: to allow the Member States to voluntarily reduce direct payments to farmers, by up to 20%, and to use those amounts to finance rural development programmes.

LEGISLATIVE ACT: Council Regulation (EC) No 378/2007 laying down rules for voluntary modulation of direct payments provided for in Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, and amending Regulation (EC) No 1290/2005.

CONTENT: following a political agreement at its meeting on 19 March and following consultation with representatives of the European Parliament the Council adopted, with the abstention of the Latvian delegation, a Regulation laying down rules for voluntary modulation of direct payments under the common agricultural policy (CAP).

The Regulation has been approved following concerns in some Member States that they face difficulties in financing their rural development programmes following the adoption of Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). In order to support their rural development policies this present Regulation offers them the possibility of voluntarily reducing direct payments to farmers, by up to 20%, and using the funds to financial rural development programmes instead.

The Regulation introduces a legal basis allowing Portugal and the United Kingdom to apply the voluntary modulation scheme. A review of the issue of modulation is foreseen in the framework of the so-called "health check" of the CAP reform in 2008.

The United Kingdom delegation stated that four regions are planning to use voluntary modulation over the 2007-2013 period at less than 20% and that, in England, 80% of the modulation will be devoted to protecting the environment. The European Parliament had suspended 20% of EU 2007 budget appropriations for rural development unless the proposal to extend voluntary modulation to all Member States was withdrawn.

The suspension was lifted on 21 March, following unanimous political agreement on the presidency compromise. This will release 20 % bound appropriations from the reserve and allow the approval and implementation of rural development programmes for the new programming period without delay.

ENTRY INTO FORCE: 12 April 2007.