

Opinion of the Committee of the Regions on ‘The Commission’s legislative proposals for the post-health check common agricultural policy’

(2008/C 325/05)

THE COMMITTEE OF THE REGIONS

- expresses concern about the lack of financial means for rural development. For further investing in the New Challenges, the scope should not only be on the resources of Pillar 1 and therefore urges to relate this concern to other EU policies, especially cohesion policy;
- strongly suggests that synergies be fostered between rural development policy and other EU policies, particularly cohesion policy;
- supports the growing call to invest in research on agricultural issues and to apply research outcome, welcomes the suggestion of the EC to seek synergy with the Knowledge Framework;
- feels that in order to meet the new challenges, Europe must aim for a closed circle economy and therefore stimulate and support innovating agriculture as a whole;
- feels that in order to fight climate change, integrated food strategies should be encouraged;
- feels that when it lowers their carbon footprint, regions should be encouraged to develop and promote locally produced food and food-related products;
- suggests that the proposed increase of milk quota should already be raised to 2 % annually, but also suggests that the Commission should secure the position of farmers in vulnerable areas, might this position be harmed as a result of these increased milk quota;
- feels that Europe has the social responsibility to put maximum effort into the anchoring of the People, Planet and Profit principles into the outcome of current and future WTO negotiations;
- wishes to state that local and regional bodies in most EU Member States have gained considerable experience and expertise in rural development, and would welcome an invitation to accept broader responsibilities for implementing and targeting the EU policy for Agriculture and Rural Development.

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Reference documents

Proposal for a Council Regulation establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers

Proposal for a Council Regulation on modifications to the common agricultural policy by amending Regulations (EC) No 320/2006, (EC) No 1234/2007, (EC) No 3/2008 and (EC) No [...]/2008

Proposal for a Council Regulation amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

Proposal for a Council Decision amending Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013) (presented by the Commission) {SEC(2008) 1885} — {SEC(2008) 1886}

COM(2008) 306 final — 2008/0103 (CNS) — 2008/0104 (CNS) — 2008/0105 (CNS) — 2008/0106 (CNS)

THE COMMITTEE OF THE REGIONS

Opinion's key points

1. looks at the strategic importance of farming and agri-food industries for Europe, considers the highly multinational sphere of action of companies and subscribes to quality production in all regions, agrees with the European Commission (EC) on the importance of a Common Agricultural Policy;

2. agrees that equipping ourselves with a system that guarantees the European population a certain level of self-sufficiency in food requires crisis management when necessary; recognises that in the case of food production, the market cannot always reconcile the issue of farmers' incomes with total public demand, which justifies the Common Agricultural Policy;

3. with respect to the recommendations already incorporated in the legislative proposals, stresses that many of the recommendations made in its outlook opinion on *The Common Agricultural Policy Health Check* (CdR 197/2007) are still valid; however, further simplification is necessary in addition to the legislative proposals submitted, in order to achieve actual relief from red tape for the regional authorities responsible for implementing the CAP and for farmers; here in particular, greater simplification in the area of cross compliance is necessary; in this context any extension of Annex III documentation must not lead to greater burdens; furthermore, when implementing the individual measures concerning the individual standards in accordance with Annex III, account should be taken of regional and natural conditions, which may be very different; attention should also be paid to existing regulations;

4. contrary to what is outlined in its outlook opinion, pleads for the abolition of compulsory set-aside to be accompanied by optional environmental protection measures for certain areas within Pillar II;

5. recommends that the proposals on increasing quotas in preparation for the end of the quota system be reconsidered in view of the current situation on the milk market; suitable instruments should be selected and the financial resources for them made available to the extent necessary, as these may prevent some of the enormous disadvantages caused by the abolition of quotas in less competitive and naturally disadvantaged regions;

6. Thinks that the CAP Health Check cannot merely extend the 2003 reform without addressing the new international food situation; calls for caution to be exercised so that, during the Health Check, existing market instruments (except for the instrument of compulsory set-aside) are not irreversibly abolished. Given the current volatility of worldwide food markets, it should be possible to reactivate these instruments even if they are not currently in use;

7. Agrees on the importance of the New Challenges and agrees that a powerful incentive is needed in all Member States in order to succeed in launching New Challenges operations;

8. however fears that the form of modulation proposed by the Commission means that in general farmers' incomes could be significantly reduced, depending on the region;

9. feels that the Commission should not underestimate the importance of the reliability of the agreed financial framework of the CAP until 2013;

10. suggests that some of the freed-up resources could also be invested in other measures besides the ones to be created for the New Challenges, like in new Pillar I support measures for the Community sheep and goat sector which is of such great social, economic and environmental importance, and which is currently at serious risk of a drastic reduction in livestock numbers across Europe, and also in existing farm-related Pillar II measures, in various new Pillar II measures meant to help

farmers adapt to the new Pillar I situation, or in other new Pillar II measures, meant to meet the costs of the various measures of multifunctional agriculture for the general public;

11. feels that the balance between objectives and measures could differ for regions which up to now have already implemented many measures for coping with New Challenges or have already used their resources to a large extent in accordance with the New Challenges;

12. feels that if European agricultural policy is to respect the fundamental aspects of European policy, the application of modulation must first be based on the conditions of production before global criteria for competition can be studied as a priority;

13. believes that decisions on modulation are best taken at the appropriate devolved level to better reflect the diversity of local and regional needs. Member States and regions should have the scope to direct funds to Pillar II measures based on actual needs;

14. in this opinion on the legislative proposals expresses concern about the lack of financial means for rural development in general and for the new challenges in particular accordingly states clearly that for further investing in the New Challenges, in the near future the scope should not only be on the resources of Pillar 1 and therefore urges to relate this concern to other EU policies, especially cohesion policy;

15. in this opinion focuses on the scope of the proposals for Regulation (EC) No 1698/2005 on rural development, aiming for maximum results on the new challenges;

16. in this opinion gives an opinion on the future CAP in global perspective, including issues with WTO relevance, such as intellectual property and EU quality and energy use labelling;

17. in this opinion asks the Commission to invite the CoR to contribute to further debates and policy-making and announces new CoR initiatives, such as organising a stakeholder conference and formulating a vision paper for agriculture and rural development in Europe, focusing on the impact of regional decision-making and the ongoing efforts to create better environmental conditions in agriculture;

18. emphasises the importance of the indigenous European agri-food industry and the critical significance of food safety and food security where the EU is now the biggest agricultural importer in the world;

19. To provide for a smooth transition from milk quota expiry in 2015, a 'soft landing' is required, the Committee would favour annual milk quota increases of minimum 2 %, at least for those regions and countries with greater production potential. With very significant volume and price fluctuations now occurring, market management mechanisms should remain in place until the quota system expires;

I. POLICY RECOMMENDATIONS

Common Agricultural Policy

20. feels that the Common Agricultural Policy is important today and has the potential to remain important in the near future, as the performance of the CAP will continue to be debated in the perspective of increasing global demand for food, feed, fuels and fibres;

21. expresses the view that in an increasingly globalised world European agriculture cannot do without a powerful European common policy with market regulation mechanisms which, whilst taking into account the geographic, social and economic diversity of the European regions, focuses on strategic objectives and consumer demand, offers possibilities for regional opportunity and involvement, especially on the new challenges, is economically, socially and environmentally sustainable and contributes to rural prosperity;

22. shares the view of the European Commission that climate change, bio-energy, water management and biodiversity represent major challenges for the future — including for agriculture; in this context one should examine what contribution the CAP can make to accompanying the necessary adjustments positively; asks that appropriate consideration be given in the Member States and regions to making payments in advance;

23. is concerned about the Commission's proposals to continue dismantling Community intervention measures, against a backdrop of market instability; considers that it is important to maintain market intervention instruments financed through the Community funds currently in existence;

24. will continue its work to ensure that the necessary review of the CAP does not result in any re-nationalisation of that policy — hereby meaning that although executing and co-financing of policy can be allocated to the regions and the Member States, CAP policy itself, including strategy and budget, must be secured on a common level. Advocates the maintenance until the end of the financial period of the funding ceiling for the CAP adopted in the 2007-2013 financial framework;

25. in the light of the present economic situation and the serious crisis affecting European countries, which is having a particularly harmful impact on rural society, recommends that the Commission avoid taking any steps that might serve to increase unemployment and intensify the loss of economic activity;

26. considers that all direct aid should be linked to maintaining agricultural activity, although it could be decoupled from actual production; in this context, the health check should not serve as an opportunity to further untie direct aid;

27. considers that both the historical and regional models should gradually move towards uniform, work unit-based aid at Community level, modulated in line with the goods and services supplied to society in the context of a multi-functional farming industry;

28. points out that the Commission's proposal to set a threshold under which aid would not be covered could become a regressive measure in social terms and, taking into account regional diversity, could have a major social impact on numerous regions; therefore, considers that simplification measures should be applied within the internal context of each Member State;

29. in light of the Commission's proposal to present a report before 30 June 2011 on the conditions for phasing out milk quotas, considers that any decision on the future of the quota system should be postponed until that date;

30. notes the Commission's own acknowledgement that ending the quota system, or simply allowing quotas to increase gradually, could eventually lead to lower prices;

31. suggests that in order to provide a safety net in response to excessive volume and price fluctuations, appropriate market management mechanisms should remain in place during the health check, and also after the expiry of the quota system;

32. recommends that for as long as considered useful, also after 2015, the market instruments for milk and dairy products should be kept stand-by;

33. urges the EC to establish an extraordinary Community budget fund, supplemented if necessary by State resources, with the aim of improving the viability of farms, situated in less competitive and/or naturally disadvantaged regions or circumstances;

34. suggests that Member States should be allowed to support these farms in various ways, like by re-appointing Less Favoured Areas, by offering Pillar 2 measures and/or by applying Article 68, thus providing a safety net;

35. calls for prudence, to ensure that during the health check, the market mechanisms for milk and dairy products are not eliminated; considers that those currently in place should be maintained;

36. believes that the impact of agriculture on the environment is a major challenge and the EU should make greener agriculture a priority; would therefore stress the importance of an ongoing dialogue on environmental conditions in agriculture;

Synergy, complementarity and demarcation of common policy

37. is concerned, that attempts to use the 'rural development' umbrella to incorporate an ever-growing number of issues could be problematic and would question whether a number of these challenges would be best addressed through rural development programmes;

38. in fact supposes a growing discrepancy between the means available in the second pillar and the impact of the objectives needed to be addressed, being as well the 'new challenges' as the 'current challenges', related to the economic, social and environmental quality of rural areas;

39. believes that the CAP is primarily intended for agriculture and should not be transformed into just another aspect of territorial cohesion policy. when the CAP takes due regard of regional specificities and different production systems, it also contributes to territorial cohesion; that any proposals for change as a result of the Health Check must have sufficient regard to the various regional specificities and production systems that exist within the European Union;

40. welcomes the proposal to make Article 69 of Regulation (EC) No 1782/2003 more flexible, but also considers this measure inadequate to deal with the dismantling of market mechanisms proposed by the Commission, in particular the implications of ending milk quotas;

41. puts forward the view that developing rural areas towards greater innovation, sustainability and quality of services for all inhabitants and economic stakeholders, goes far beyond just the framework of agricultural development;

42. supports the growing call to invest in research on agricultural issues and to apply research outcome, welcomes the suggestion of the EC to seek synergy with the Knowledge Framework;

43. urges the EC to ensure that the need to encourage innovation and modernisation of farms and other food-related enterprises, resulting from the necessity to address the new challenges related to establish new competitiveness is not hindered by state aid policy;

44. strongly suggests that synergies be fostered between rural development policy and other EU policies, particularly cohesion policy and would welcome any opportunity to contribute to upcoming consultations on debates, meant to explore these synergies;

Stronger appeal to regional decision-making

45. underlining that the carrying out of all CAP measures has a local impact, stresses that the regional level is best placed to create maximum results in implementing a common policy; however, distortions of competition between Member States and regions must be avoided;

46. wishes to state that local and regional bodies in most EU Member States have gained considerable experience and expertise in rural development, such as the execution of the PRODER and LEADER Programmes in the last decade and would welcome an invitation to accept broader responsibilities for implementing and targeting the EU policy for Agriculture and Rural Development;

47. wishes to point out that it is the regional level that is most appropriate for setting measures to cut the CAP's administrative costs; considers that the possibility of exempting farmers who receive aid below a certain threshold from the compulsory modulation would in some regions represent a significant reduction in these administrative costs;

48. points out that the shift from a historic towards a regional payment model, as encouraged by the Commission, will call for the need to apply far more geographically determined criteria and to address regional and local competences, such as water management, energy supply and spatial planning;

49. expresses the need to back up the implementation of rural development policy with increased technical and educational support;

50. stresses the need for local and regional authorities to provide more, comprehensive information for producers and consumers about agricultural issues in order to raise the awareness and sense of responsibility of the various social groups with regard to the importance of agriculture for our everyday lives and in order to draw attention to the important role which agriculture has played, plays and will continue to play in economic, social and environmental developments;

51. Suggests that an additional element for classifying enterprises under modulation threshold is to be defined and introduced, making it possible to distinct large centrally managed enterprises from locally but under cooperation managed enterprises and allowing Member States to apply supportive measures, thus creating a soft landing for these cooperations;

Global perspective, trade issues and the future of the CAP

52. notes that a strong increase in the quantitative demand for agricultural commodities and food, caused by the explosive increase in the world's population, combined with the increase of prosperity and purchasing power, will occur in the near future and be sustained for the years to come;

53. notes that the growth in population and purchasing power will also lead to a strong increase in the demand for high quality foods, processed foods, meat and dairy foods and that this in turn will lead to an increasing scarcity of food crops including grains, fibres and other agricultural feed stock and raw materials;

54. Is concerned that the proposed increase of milk quota by 1 % annually from 2009 to 2013 may not be sufficient and suggests that the proposed increase should already be raised to 2 % annually, but also suggests that the Commission should secure the position of farmers in vulnerable areas, might this position be harmed as a result of these increased milk quota;

55. Considers there to be a need for Community law to allow for a more ambitious framing of inter-professional relations, enabling, amongst other things, measures to be

implemented at the regional or State level to regulate the profit margins of each link in the food chain without this being taken to represent a change to the rules of competition;

56. considers that the CAP must continue to strive to achieve its objectives of providing EU citizens with quality food in sufficient quantities, with health guarantees, at fair prices, creating viable farms, preserving our rural heritage and protecting the rural environment and has evolved to meet challenges and changing needs, whilst at the same time establishing conditions of fair competition enabling European agriculture to maintain a strong presence on the world market;

57. urges, in order to establish an according global level playing field, that uniform phytosanitary, veterinary and environmental standards be applied to food products for consumption in the EU whether EU-produced or from 3rd countries and urges that border inspection authorities, the Food and Veterinary Office (FVO) and the European Food Safety Authority (EFSA) be provided with the necessary resources;

58. notes that the production of food remains the focus and main task of agriculture, notes that the cultivation of energy plants makes an additional contribution towards achieving the goals of the Community's energy and climate policy and represents a potential creation of value for agriculture and rural areas and suggests that the topic should be readdressed under the New Challenges;

59. feels that Europe has the social responsibility to put maximum effort into the anchoring of the People, Planet and Profit principles into the outcome of current and future WTO negotiations;

60. suggests that the Commission should get an agreement on intellectual property covering geographical indications (acknowledged regional products) before signing an WTO agreement on agriculture;

61. suggests, that the Commission should define a European Food Hallmark, based on currently prescribed criteria;

New challenges

62. wishes to emphasise that the new challenges facing the CAP cannot be addressed by the CAP alone; all Community policies must be used to tackle them;

63. feels that in order to fight climate change, integrated food strategies should be encouraged, thus reducing food mileage, covering waste and energy management and establishing a labelling system, based on criteria defining origin, quality and sustainability and indicating the total energy consumed by the time the product reaches the consumer;

64. feels that when it lowers their carbon footprint, regions should be encouraged to develop and promote locally produced food and food-related products;

65. Is aware that Article 28 and Article 29 of the EC Treaty prohibit quantitative restrictions on imports, exports or goods in transit and all measures having equivalent effect between Member States, but feels that the actions as mentioned under 60 and 61 of the opinion could be allowed, knowing that the Court of Justice allows actions that are in the common public interest, like fighting climate change; and there fore calls for further studying the options;

66. wishes to add, that aiming for a certain level of regional self sufficiency for certain products would not contradict with importing from other countries;

67. in this respect calls for export subsidies to be granted only if this is needed to relieve domestic markets and does not harm the expansion of markets in the developing countries;

68. emphasises the importance of the indigenous European agri-food industry and the critical significance of food safety, food security and R&D capacity of developing sustainability-linked technology, where the EU is now the biggest agricultural importer in the world;

69. feels that European agriculture can pre-eminently connect both the Lisbon (knowledge, research, innovation) and the Goteborg (sustainability) objectives and set a worldwide example;

Rural development and implementing second pillar objectives

70. feels that the CAP, with a tailored second pillar, must result in a rural development geared to all economic activities in rural area and the new farming conditions, as well as to a more comprehensive rural development covering all rural areas in the EU, as well as to the most vulnerable areas such as those with natural handicaps (sparsely populated areas whose location holds back their development, upland, island and outermost areas) as well as to the most dynamic areas, such as periurban areas responsible for feeding the majority of EU citizens and up to the challenge of knowledge development, and integrating them into the major EU geographical groupings;

71. notes that recent evidence suggests that the majority of the world's population is living in urbanised areas within city boundaries and that this population is dependent on rural land management efficiency for food and fresh water supplies and notes that urbanised areas in addition present a strong need for nature reserves and attractive and accessible landscape. If these are to be maintained in a sustainable way, sufficient support must be forthcoming for the income of the farmers who manage such areas, so that they can be competitive and keep their farms viable in spite of having to comply with more stringent requirements as a result of Community law;

72. emphasises that the multifunctional EU agriculture model must contribute to combating climate change, embody the concepts of sustainability, competitiveness, diversity, food

self-sufficiency, responsiveness to society, consumers and the public good where good farming practices, environmental protection and animal welfare are integral; these contributions of agriculture are in the public interest and represent a financial value that is worth promoting, if higher costs are not offset by fair prices on the open market; particular attention should also be given in this context to ensuring that the farming community benefits from economic and social progress;

73. calls for the deletion of Article 13(2), which lays down the obligation that 'Member States shall give priority to the farmers who receive more than EUR 15 000 of direct payments per year' in line with the conditions for participation in the farm advisory systems;

74. notes that climate change necessitates further water management measures including measures like water storage, controlling levels, preventing flooding, preventing shortage and managing fresh water supplies;

75. feels that Europe must stimulate and support the use and production of truly renewable energy in agriculture, not only focusing on (second generation) biocrops and biofuels, but also on solar energy, wind energy, hydroelectric power, geothermal heat and cogeneration;

76. feels that in order to meet the new challenges, Europe must aim for a closed circle economy and therefore stimulate and support innovating agriculture as a whole, not only addressing knowledge institutions, but also promoting system, network and chain innovation and accordingly promoting modernisation of all enterprises which are a part of the food production, processing, waste management, transport and distribution chain;

77. feels that professional land management must be implemented to ensure that fertile agricultural land is kept in good condition in order to secure sustainable use for food production for the internal and external market;

78. feels that specific agricultural areas are of the utmost importance for preserving and restoring biodiversity and nature values and that these public interests represent a financial value, eligible for payments;

79. feels that specific agricultural areas are of the utmost importance for offering leisure possibilities and that these public interests represent a financial value, eligible for payments;

80. feels that specific agricultural areas are of the utmost importance for executing water management and that this public interest represents a financial value, eligible for payments;

81. is of the view that while the CAP has successfully adapted to different challenges since its inception, considers that the Commission and its agents must do more to better inform and engage with citizens about the purpose, achievements and priorities of the CAP and that this should be a future communication priority of the Commission;

II. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 6, and Annex III — 2008/0103 (CNS) — COM(2008) 306 final

Text proposed by the Commission	CoR amendment
<i>Article 6</i>	<i>Article 6</i>
Good agricultural and environmental condition	Good agricultural and environmental condition
<p>1. Member States shall ensure that all agricultural land, especially land which is no longer used for production purposes, is maintained in good agricultural and environmental condition. Member States shall define, at national or regional level, minimum requirements for good agricultural and environmental condition on the basis of the framework set up in Annex III, taking into account the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, crop rotation, farming practices, and farm structures.</p> <p>2. Member States other than the new Member States shall ensure that land which was under permanent pasture at the date provided for the area aid applications for 2003 is maintained under permanent pasture. The new Member States shall ensure that land which was under permanent pasture on 1 May 2004 is maintained under permanent pasture. However, Bulgaria and Romania shall ensure that land which was under permanent pasture on 1 January 2007 is maintained under permanent pasture.</p> <p>However a Member State may, in duly justified circumstances, derogate from the first subparagraph, provided that it takes action to prevent any significant decrease in its total permanent pasture area.</p> <p>The first subparagraph shall not apply to land under permanent pasture to be afforested, if such afforestation is compatible with the environment and with the exclusion of plantations of Christmas trees and fast growing species cultivated in the short term.</p>	<p>1. Member States shall ensure that all agricultural land, especially land which is no longer used for production purposes, is maintained in good agricultural and environmental condition. Member States shall define, at national or regional level, minimum requirements for good agricultural and environmental condition on the basis of the framework set up in Annex III, taking into account the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, crop rotation, farming practices, and farm structures.</p> <p>2. Member States other than the new Member States shall ensure that land which was under permanent pasture at the date provided for the area aid applications for 2003 is maintained under permanent pasture. The new Member States shall ensure that land which was under permanent pasture on 1 May 2004 is maintained under permanent pasture. However, Bulgaria and Romania shall ensure that land which was under permanent pasture on 1 January 2007 is maintained under permanent pasture.</p> <p>However a Member State may, in duly justified circumstances, derogate from the first subparagraph, provided that it takes action to prevent any significant decrease in its total permanent pasture area.</p> <p>The first subparagraph shall not apply to land under permanent pasture to be afforested, if such afforestation is compatible with the environment and with the exclusion of plantations of Christmas trees and fast growing species cultivated in the short term.</p> <p>The measures mentioned under Annex III are to be regarded upon as recommended suggestions. To secure good agricultural and environmental condition, Member States are invited to put forward more or different measures, fitting national, regional or local conditions.</p>

ANNEX III

Good agricultural and environmental condition referred to in Article 6

Issue	Standards
Soil erosion: Protect soil through appropriate measures	— Minimum soil cover
	— Minimum land management reflecting site-specific conditions
	— Retain terraces
Soil organic matter: Maintain soil organic matter levels through appropriate practices	— Standards for crop rotations where applicable
	— Arable stubble management
Soil structure: Maintain soil structure through appropriate measures	— Appropriate machinery use

Issue	Standards
Minimum level of maintenance: Ensure a minimum level of maintenance and avoid the deterioration of habitats	<ul style="list-style-type: none"> — Minimum livestock stocking rates or/and appropriate regimes — Protection of permanent pasture — Retention of landscape features, including, where appropriate, hedges, ponds, ditches trees in line, in group or isolated and field margins, — where appropriate, prohibition of the grubbing up of olive trees — Avoiding the encroachment of unwanted vegetation on agricultural land — Maintenance of olive groves and vines in good vegetative condition
Protection and management of water: Protect water against pollution and run-off, and manage the use of water	<ul style="list-style-type: none"> — Establishment of buffer strips along water courses, — respect of authorisation procedures for using water for irrigation.

Reason

For reasons of subsidiarity, the European Commission should impose on objectives, but not on measures. Sub-European levels of government should be allowed to define appropriate effective and efficient measures themselves.

A specifically inefficient measure — establishing buffer strips along water courses — should already be taken out of the Annex III.

To protect water courses against pollution and run-off, supportive measures are favoured. Establishment of buffer strips along water courses could in certain cases be useful in order to reach the GAEC objective. However, prescribing buffering zones in general for all water courses would not be efficient and would cost too much productivity.

For example, several Member States use a dense web of small and mainly manmade ditches for drainage and water level management. Establishing buffer strips here could take up to 50 % of the surface area of the parcels surrounded by these ditches. Objectives on water and soil quality could be reached in various ways.

Amendment 2

Article 25(3) — 2008/0103 (CNS) — COM(2008) 306 final

Text proposed by the Commission	CoR amendment
(3) Notwithstanding paragraph 1 and in accordance with the conditions laid down in the detailed rules referred to in Article 26(1), Member States may decide not to apply a reduction or exclusion amounting to EUR 100 or less per farmer and per calendar year, and which includes any reduction or exclusion applied to payments under Article 51(1) of Regulation (EC) No 1698/2005.	(3) Notwithstanding paragraph 1 and in accordance with the conditions laid down in the detailed rules referred to in Article 26(1), Member States may decide not to apply a reduction or exclusion amounting to EUR 100 or less per support scheme, farmer and per calendar year covered by the application., and which includes any reduction or exclusion applied to payments under Article 51(1) of Regulation (EC) No 1698/2005.

Reason

In general, regional and municipal authorities are responsible for carrying out CAP measures. The above change is needed if genuine administrative simplification of procedures is to be achieved. That is why the individual support rules should be considered separately.

Amendment 3

Article 47 — 2008/0103 (CNS) — COM(2008) 306 final

Text proposed by the Commission	CoR amendment
<i>Article 47</i>	<i>Article 47</i>
Regional allocation of the ceiling referred to in Article 41	Regional allocation of the ceiling referred to in Article 41
<p>1. A Member State having introduced the single payment scheme in accordance with Chapters 1 to 4 of Title III of Regulation (EC) No 1782/2003 may decide, by 1 August 2009 at the latest, to apply the single payment scheme from 2010 at regional level under the conditions laid down in this section.</p> <p>2. Member States shall define the regions according to objective and non-discriminatory criteria such as their institutional or administrative structure and/or the regional agricultural potential.</p> <p>Member States with less than three million eligible hectares may be considered as one single region.</p> <p>3. Member States shall subdivide the ceiling referred to in Article 41 between the regions according to objective and non-discriminatory criteria.</p>	<p>1. A Member State having introduced the single payment scheme in accordance with Chapters 1 to 4 of Title III of Regulation (EC) No 1782/2003 may decide, by 1 August 2009 at the latest, to apply the single payment scheme from 2010 at regional level under the conditions laid down in this section.</p> <p>2. Member States shall define the regions according to objective and non-discriminatory criteria such as their institutional or administrative structure and/or the regional agricultural potential.</p> <p>Member States with less than three million eligible hectares may be considered as one single region.</p> <p>3. Member States shall subdivide the ceiling referred to in Article 41 between the regions according to objective and non-discriminatory criteria.</p> <p>4. Member States shall do as stated in sub 1, 2 and 3 in consultation with its sub-national levels of government.</p>

Reason

Speaks for itself

Amendment 4

Article 68 — 2008/0103 (CNS) — COM(2008) 306 final

Text proposed by the Commission	CoR amendment
<i>Article 68</i>	<i>Article 68</i>
General rules	General rules
<p>1. Member States may decide by 1 August 2009 at the latest to use from 2010 up to 10 % of their national ceilings referred to in Article 41 to grant support to farmers:</p> <p>(a) for:</p> <p style="padding-left: 20px;">(i) specific types of farming which are important for the protection or enhancement of the environment,</p> <p style="padding-left: 20px;">(ii) for improving the quality of agricultural products, or</p> <p style="padding-left: 20px;">(iii) for improving the marketing of agricultural products;</p> <p>(b) to address specific disadvantages affecting farmers in the dairy, beef, sheep and goatmeat and rice sectors in economically vulnerable or environmentally sensitive areas,</p> <p>(c) in areas subject to restructuring and/or development programs in order to avoid abandoning of land and/or in order to address specific disadvantages for farmers in those areas,</p>	<p>1. Member States may decide by 1 August 2009, 2010 or 2011 at the latest to use from 2010, 2011 or 2012 up to 10 % of their national ceilings referred to in Article 41 to grant support to farmers:</p> <p>(a) for:</p> <p style="padding-left: 20px;">(i) specific types of farming which are important for the protection or enhancement of the environment, including animal welfare,</p> <p style="padding-left: 20px;">(ii) for improving the quality of agricultural products, or</p> <p style="padding-left: 20px;">(iii) for improving the marketing of agricultural products;</p> <p>(b) to address specific disadvantages affecting farmers in the dairy, beef, sheep and goatmeat, potatoe starch, flax and rice sectors in economically vulnerable or environmentally sensitive areas,</p> <p>(c) in areas subject to restructuring and/or development programs in order to avoid abandoning of land and/or in order to address specific disadvantages for farmers in those areas,</p>

Text proposed by the Commission	CoR amendment
(d) in the form of contributions to crop insurance premiums in accordance with the conditions set out in Article 69,	(d) in the form of contributions to crop insurance premiums in accordance with the conditions set out in Article 69,
(e) mutual funds for animal and plant diseases in accordance with the conditions set out in Article 70.	(e) mutual funds for animal and plant diseases in accordance with the conditions set out in Article 70.
2. Support for measures referred to in paragraph 1(a) may only be granted:	2. Support for measures referred to in paragraph 1(a) may only be granted:
(a) if	(a) if
(i) as regards support for the specific types of farming referred to in its point (i), it respects the requirements for agri-environment payments set out in the first subparagraph of Article 39(3) of Regulation (EC) No 1698/2005,	(i) as regards support for the specific types of farming referred to in its point (i), it respects the requirements for agri-environment payments set out in the first subparagraph of Article 39(3) of Regulation (EC) No 1698/2005,
(ii) as regards support for improving the quality of agricultural products referred to in its point (ii), it is consistent with Council Regulation (EC) No 509/2006, Council Regulation (EC) No 510/2006, Council Regulation (EC) No 834/2007 and Chapter I of Title II of Part II of Regulation (EC) No 1234/2007 and	(ii) as regards support for improving the quality of agricultural products referred to in its point (ii), it is consistent with Council Regulation (EC) No 509/2006, Council Regulation (EC) No 510/2006, Council Regulation (EC) No 834/2007 and Chapter I of Title II of Part II of Regulation (EC) No 1234/2007 and
(iii) as regards support for improving the marketing of agricultural products referred to in its point (iii), it respects the criteria laid down in Articles 2 to 5 of Council Regulation (EC) No 3/2008 and	(iii) as regards support for improving the marketing of agricultural products referred to in its point (iii), it respects the criteria laid down in Articles 2 to 5 of Council Regulation (EC) No 3/2008 and
(b) only for coverage of the additional costs actually incurred and income foregone in order to fulfil the objective concerned.	(b) only for coverage of the additional costs actually incurred and income foregone in order to fulfil the objective concerned.
3. Support for measures referred to in paragraph 1(b) may only be granted:	3. Support for measures referred to in paragraph 1(b) may only be granted:
(a) upon full implementation of the single payment scheme in the sector concerned in accordance with Articles 54, 55 and 71.	(a) upon full implementation or towards full implementation within three years, of the single payment scheme in the sector concerned in accordance with Articles 54, 55 and 71.
(b) to the extent necessary to create an incentive to maintain current levels of production.	(b) to the extent necessary to create an incentive to maintain current levels of production.
4. Support under the measures referred to in paragraph 1(a), (b) and (e) shall be limited to 2.5 % of the national ceilings referred to in Article 41 Member States may set sub-limits per measure.	4. Support under the measures referred to in paragraph 1 (a), (b) and (e) shall be limited to 2.5 % of the national ceilings referred to in Article 41 Member States may set sub-limits per measure.
5. Support for measures referred to:	5. Support for measures referred to:
(a) in paragraph 1(a) and (d) shall take the form of annual additional payments,	(a) in paragraph 1(a) and (d) shall take the form of annual additional payments,
(b) in paragraph 1(b) shall take the form of annual additional payments such as headage payments or grassland premia,	(b) in paragraph 1(b) shall take the form of annual additional payments such as headage payments or grassland premia,
(c) in paragraph 1(c) shall take the form of an increase of the unit value and/or the number of the farmer's payment entitlements,	(c) in paragraph 1(c) shall take the form of an increase of the unit value and/or the number of the farmer's payment entitlements,
(d) in paragraph 1(e) shall take the form of compensation payments as specified in Article 70.	(d) in paragraph 1(e) shall take the form of compensation payments as specified in Article 70.
6. The transfer of payment entitlements with increased unit values and of additional payment entitlements referred to in paragraph 5(c) may only be allowed if the transferred entitlements are accompanied by the transfer of an equivalent number of hectares.	6. The transfer of payment entitlements with increased unit values and of additional payment entitlements referred to in paragraph 5(c) may only be allowed if the transferred entitlements are accompanied by the transfer of an equivalent number of hectares.

Text proposed by the Commission	CoR amendment
<p>7. Support for measures referred to in paragraph 1 shall be consistent with other Community measures and policies.</p> <p>8. Member States shall raise the funds needed to cover the support referred to:</p> <p>(a) in paragraph 1(a), (b), (c) and (d) by proceeding to linear reduction of the entitlements allocated to farmers and/or from the national reserve,</p> <p>(b) in paragraph 1(e) by proceeding, if necessary, to linear reduction of one or several of the payments to be made to the beneficiaries of the relevant payments in accordance with this title and within the limits set out in paragraphs 1 and 3.</p> <p>9. The Commission, in accordance with the procedure referred to in Article 128(2), shall define the conditions for the granting of the support referred to under this section, in particular with a view to ensure consistency with other Community measures and policies and to avoid cumulation of support.</p>	<p>7. Support for measures referred to in paragraph 1 shall be consistent with other Community measures and policies.</p> <p>8. Member States shall raise the funds needed to cover the support referred to:</p> <p>(a) in paragraph 1(a), (b), (c) and (d) by proceeding to linear reduction of the entitlements allocated to farmers and/or from the national reserve,</p> <p>(b) in paragraph 1(e) by proceeding, if necessary, to linear reduction of one or several of the payments to be made to the beneficiaries of the relevant payments in accordance with this title and within the limits set out in paragraphs 1 and 3.</p> <p>9. The Commission, in accordance with the procedure referred to in Article 128(2), shall define the conditions for the granting of the support referred to under this section, in particular with a view to ensure consistency with other Community measures and policies and to avoid cumulation of support.</p> <p>10. When deciding on the use from 2010 up to 10 % of their national ceilings, Member States shall do so in consultation with its sub-national levels of government.</p>

Reason

Article 68 is still under a lot of discussion. Many Member States and regions would need more time to decide upon the level and the way they would want to implement it. Also they might want to add more objectives under the general rules. Finally, to make further decoupling less painful, a more gradual change, including supportive measures should be possible under Article 68.

Amendment 5

Article 1, (6), 2.b — 2008/0105 (CNS) — COM(2008) 306 final

Text proposed by the Commission	CoR amendment
<p>b) Pursuant to the conditions laid down in the detailed rules referred to in paragraph 4 of this Article, Member States may decide not to apply a reduction or cancellation amounting to EUR 100 or less per farmer and per calendar year, and which includes any reduction or exclusion applied to direct payments under Article 25 of Regulation (EC) [No XXXX/2008 (new Regulation on direct support schemes)].</p>	<p>b) Pursuant to the conditions laid down in the detailed rules referred to in paragraph 4 of this Article, Member States may decide not to apply a reduction or cancellation amounting to EUR 100 or less per farmer, per measure and per calendar year covered by the application, and which includes any reduction or exclusion applied to direct payments under Article 25 of Regulation (EC) [No XXXX/2008 (new Regulation on direct support schemes)].</p>

Reason

In general, regional and municipal authorities are responsible for carrying out CAP measures. The above change is needed if genuine administrative simplification of procedures is to be achieved. That is why the individual support rules should be considered separately.

Amendment 6

ANNEX II — 2008/0105 (CNS) — COM(2008) 306 final

ANNEX II

Indicative types of operations related to priorities referred to in Article 16a

Priority: Climate change		
Types of operations	Articles and measures	Potential effects
Improve efficiency of nitrogen fertiliser use (for ex. reduced use, equipment, precision agriculture), improvement of manure storage	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p> <p>Article 39: agri-environment payments</p>	Reduction of methane (CH ₄) and nitrous oxide (N ₂ O) emissions
Improvement of energy efficiency	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p>	Reduction of carbon dioxide (CO ₂) emissions by saving energy.
Reducing foodmiles	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p> <p>Article 53: diversification into non-agricultural activities</p> <p>Article 54: support for business creation and development</p> <p>Article 56: basic services for the economy and rural population.</p>	Reduction of carbon dioxide (CO ₂) emissions by saving energy.
Soil management practices (for ex. tillage methods, catch crops, diversified crop rotations)	Article 39: agri-environment payments	Reduction of nitrous oxide (N ₂ O); carbon sequestration.
Land Use change (for ex. conversion of arable land to pastures, permanent set aside, reduced use/restoration of organic soils)	Article 39: agri-environment payments	Reduction nitrous oxide (N ₂ O); carbon sequestration.

Priority: Climate change

Types of operations	Articles and measures	Potential effects
Extensification of livestock (for ex. reduction stocking density, increase grazing)	Article 39: agri-environment payments	Reduction of methane (CH ₄).
Afforestation	Articles 43 and 45: first afforestation of agricultural and non-agricultural land	Reduction of nitrous oxide (N ₂ O); carbon sequestration.
Forest fire prevention	Article 48: restoring forestry potential and introducing prevention actions	Carbon sequestration in forests and avoid carbon dioxide (CO ₂) emissions.

Priority: Renewable energies

Types of operations	Articles and measures	Potential effects
Biogas production — anaerobic digestion plants using animal waste (on farm and local production)	Article 26: modernisation of agricultural holdings Article 28: Adding value to agricultural and forestry products Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector Article 53: diversification into non-agricultural activities	Substitution of fossil fuel; reduction of methane (CH ₄)
Perennial energy crops (short rotation coppice and herbaceous grasses)	Article 26: modernisation of agricultural holdings	Substitution of fossil fuels; carbon sequestration; reduction of nitrous oxide (N ₂ O).
Processing of agricultural/forest biomass for renewable energy	Article 28: adding value to agricultural and forestry products Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector	Substitution of fossil fuels.
Installations/infrastructure for renewable energy using biomass	Article 28: Adding value to agricultural and forestry products Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector Article 53: diversification into non-agricultural activities Article 54: support for business creation and development Article 56: basic services for the economy and rural population	Substitution of fossil fuels.

Priority: Renewable energies

Types of operations	Articles and measures	Potential effects
Improvement of waste management related to reuse of materials	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p> <p>Article 53: diversification into non-agricultural activities</p> <p>Article 54: support for business creation and development</p> <p>Article 56: basic services for the economy and rural Population</p>	Substitution of fossil fuels.
Usage and production of solar energy, wind energy, geothermal heat and cogeneration	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p> <p>Article 53: diversification into non-agricultural activities</p> <p>Article 54: support for business creation and development</p> <p>Article 56: basic services for the economy and rural population</p>	Substitution of fossil fuels

Priority: Water Management

Types of operations	Articles and measures	Potential effects
<p>Water saving technologies, water storage</p> <p>Water saving production techniques</p>	<p>Article 26: modernisation of agricultural holdings</p> <p>Article 28: Adding value to agricultural and forestry products</p> <p>Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector</p> <p>Article 30: infrastructure</p>	Improve the capacity to use water more efficiently.

Priority: Water Management

Types of operations	Articles and measures	Potential effects
Managing flooding risks	Article 28: Adding value to agricultural and forestry products Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector Article 39: agri-environment payments Article 41: non-productive Investments	Improve the capacity to use water more efficiently.
Wetland restoration Conversion of agricultural land into forest/agro-forestry systems	Article 39: agri-environment payments Article 41: non-productive investments Article 43 and 45: first afforestation of agricultural and non-agricultural land	Conservation of high-value water bodies; protection of quality water.
Development of semi-natural water bodies	Article 57: conservation and upgrading of the rural heritage	Conservation of high-value water bodies; protection of quality water.
Soil management practices (for ex. catch crops)	Article 39: agri-environment payments	Contributing to the reduction of losses of different compounds to water, including phosphor.

Priority: Biodiversity

Types of operations	Articles and measures	Potential effects
No application of fertiliser and pesticides on high nature value agricultural land Integrated and organic production	Article 39: agri-environment payments Article 28: Adding value to agricultural and forestry products Article 29: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector	Conserved species-rich vegetation types, protection and maintenance of grasslands.
Perennial field and riparian boundary strips Construction/management of biotopes/habitats within and outside Natura 2000 sites Land Use Change (extensive grassland management, conversion of cropland to pasture, long-term set aside) Management of high nature value perennials	Articles 38 and 46: Natura 2000 payments Article 39: agri-environment payments Article 41: non-productive investments Article 47: forest-environment payments Article 57: conservation and upgrading of the rural heritage	Protected birds and other wildlife and improved biotope network; reduced entry of harmful substances in bordering habitats.
Conservation of genetic diversity	Article 39: agri-environment payments	Conserved genetic diversity.

Reason

The New Challenges will become an important and possibly lucrative part of the farming business.

In order to stimulate farmers to take the lead in making their enterprises both competitive and sustainable, finding solutions for sustainable farming and taking an active role in executing new environmental measures, they should have the opportunity to apply all relevant existing EAFRD measures, also the measures meant to enhance innovation, develop new technologies and develop new strategies. These are not enlisted by the Commission yet. Enlisting them will encourage member states to put them forward.

Brussels, 8 October 2008.

The President
of the Committee of the Regions
Luc VAN DEN BRANDE
