Common Agricultural Policy (CAP): financing by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)

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The Council held a policy debate on the proposal submitted in July 2004 for the creation of a European Agricultural Fund for Rural Development (EAFRD). The debate on rural development was organised on the basis of a Presidency questionnaire and concerned the minimum rates of expenditure proposed for each strand of rural development (15%, 25% and 15%, or a total of 55% for all three strands), the minimum rate for the LEADER strand (7%) and the use of the LEADER reserve (3%).

At the same time, the Council also examined the Commission document on strategic guidelines for rural development policy for the period 2007-2013. In general, while a majority of delegations was inclined to approve of the guidelines for that strategy, several voiced fears regarding the content, which they felt was too rigid and did not allow Member States sufficient flexibility. As to the form of the document, several delegations hoped, inter alia, to see incorporated in this text the European model of multifunctional agriculture defined under Luxembourg's Presidency in 1997. The Council will have an opportunity of returning to this topic at a subsequent meeting, once the Commission has submitted the proposal on those guidelines expected in June.

As regards the questionnaire on the minimum rates and the 3% reserve, the Council established that delegations' positions had changed little since the last Council meeting on these matters in November 2004 and that there was a great deal of hesitation regarding the fixing of a minimum mandatory financing rate for each strand. Many delegations felt that such a system would be too rigid and did not offer Member States the appropriate flexibility. The Council noted that certain delegations had indicated that they did not reject the principle of fixing minimum rates per se, but had diverging views on the rates in the proposal. The Presidency stressed in this connection that any future compromise might have to provide for lower minimum rates.

In connection with the introduction of a reserve, the Council noted that some delegations did not oppose the idea but questioned its feasibility. Those delegations pointed out, inter alia, that it would be difficult to plan expenditure under an additional envelope that might be available only in the last two years of the programming period. Some delegations said that allocation of the reserve solely on the basis of the past success of LEADER programmes would be to the practical disadvantage of the new Member States of the European Union. On the other hand, a very large majority of delegations supported the LEADER approach, stressing the vivifying effects of its programmes on employment.