Basic information

2006/0269(CNS)

CNS - Consultation procedure
Regulation

Procedure completed

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

Repealed by 2011/0281(COD)
Amended by 2007/0281(CNS)
Amended by 2007/0290(CNS)
Amended by 2008/0011(CNS)
Amended by 2008/0020(CNS)
Amended by 2008/0104(CNS)
Amended by 2008/0108(CNS)
Amended by 2008/0146(CNS)
Amended by 2008/0156(CNS)
Amended by 2008/0183(COD)
Amended by 2009/0152(CNS)
Amended by 2010/0183(COD)
Amended by 2010/0362(COD)
Amended by 2011/0285(COD)
See also 2009/0094(CNS)
See also 2013/0063(COD)

Subject

3.10 Agricultural policy and economies
3.10.03 Marketing and trade of agricultural products and livestock

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	BUSK Niels (ALDE)	19/12/2006

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	2806	2007-06-11
Agriculture and Fisheries	2790	2007-03-19
Agriculture and Fisheries	2774	2006-12-19
Agriculture and Fisheries	2825	2007-10-22

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	FISCHER BOEL Mariann

Key events

Date	Event	Reference	Summary
18/12/2006	Legislative proposal published	COM(2006)0822	Summary

19/12/2006	Debate in Council		
18/01/2007	Committee referral announced in Parliament		
19/03/2007	Debate in Council		
08/05/2007	Vote in committee		Summary
10/05/2007	Committee report tabled for plenary, 1st reading/single reading	A6-0171/2007	
23/05/2007	Debate in Parliament	CRE link	
24/05/2007	Decision by Parliament	T6-0207/2007	Summary
24/05/2007	Results of vote in Parliament		
22/10/2007	Act adopted by Council after consultation of Parliament		
22/10/2007	End of procedure in Parliament		
16/11/2007	Final act published in Official Journal		

Technical information

Procedure reference	2006/0269(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Repealed by 2011/0281(COD) Amended by 2007/0281(CNS) Amended by 2007/0290(CNS) Amended by 2008/0011(CNS) Amended by 2008/0020(CNS) Amended by 2008/0104(CNS) Amended by 2008/0108(CNS) Amended by 2008/0146(CNS) Amended by 2008/0156(CNS) Amended by 2008/0183(COD) Amended by 2009/0152(CNS) Amended by 2010/0183(COD) Amended by 2010/0362(COD) Amended by 2011/0285(COD) See also 2009/0094(CNS) See also 2013/0063(COD)
Legal basis	EC Treaty (after Amsterdam) EC 037 EC Treaty (after Amsterdam) EC 036
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/44155

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE384.346	19/03/2007	
Committee report tabled for plenary, 1st reading/single reading		A6-0171/2007	10/05/2007	
Text adopted by Parliament, 1st reading/single reading		T6-0207/2007	24/05/2007	Summary

European Commission

Document type	Reference	Date	Summary

Legislative proposal	COM(2006)0822	18/12/2006	Summary
Commission response to text adopted in plenary	SP(2007)3179	14/06/2007	
Follow-up document	COM(2010)0267	28/05/2010	Summary
Follow-up document	SEC(2010)0655	28/05/2010	
Follow-up document	SEC(2010)1159	30/09/2010	Summary
Follow-up document	COM(2010)0727	08/12/2010	Summary
Follow-up document	COM(2011)0774	18/11/2011	Summary
Follow-up document	SEC(2011)1371	18/11/2011	
Follow-up document	COM(2012)0737	10/12/2012	Summary
Follow-up document	COM(2012)0741	10/12/2012	Summary
Follow-up document	SWD(2012)0415	10/12/2012	
Follow-up document	COM(2012)0768	18/12/2012	Summary
Follow-up document	SWD(2012)0435	18/12/2012	
Follow-up document	COM(2013)0593	16/08/2013	Summary
Non-legislative basic document	COM(2014)0112	04/03/2014	Summary
Follow-up document	SWD(2014)0054	04/03/2014	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0774	31/05/2012	
Contribution	PT_PARLIAMENT	COM(2012)0741	13/11/2013	
Contribution	PT_PARLIAMENT	COM(2014)0112	20/10/2014	

Additional information

Source	Document	Date
National parliaments	IPEX	

European Commission	EUR-Lex	

Final act	
Regulation 2007/1234 OJ L 299 16.11.2007, p. 0001	Summary
Corrigendum to final act 32007R1234R OJ L 144 09.06.2009, p. 0027	
Corrigendum to final act 32007R1234R(01) OJ L 155 13.06.2008, p. 0028	Summary

Delegated acts

Reference	Subject
2013/2741(DEA)	Examination of delegated act
2017/2673(DEA)	Examination of delegated act

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

2006/0269(CNS) - 10/12/2012 - Follow-up document

In accordance with Council Regulation (EC) No1234/20072 ('SCMO Regulation'), the Commission presents a report on the experience gained of the implementation of wine reform of 2008. The report:

- focuses on the first three years of the reform's implementation, in particular in what concerns the grubbing- up scheme and the measures included in the National Support Programmes;
- analyses the impact of the new quality policy, the new rules on wine labelling and on oenological practices;
- examines the trends in the EU wine market since 2007, following the adoption of the reform.

The Commission considers that the **2008 wine reform has been implemented successfully**. The removal of market intervention measures has occurred without major disturbances. The EU vineyard surfaces and production of wine have continued to adapt to demand over recent years. According to the latest data, the market is quite stable, prices have improved and in spite of a continuous decrease of internal consumption, there is no evidence of the existence of structural surplus in the wine sector. The grubbing-up scheme and the NSP have been fully implemented. 161 164 ha were grubbed up and around 305 000 ha restructured with EU funds. Other important measures are being widely used, like promotion and investment.

Grubbing-up scheme: this scheme intended to remove non-competitive, low quality wines destined for subsidised distillations from the market. It has been a very successful measure with 161 164 ha grubbed up, resulting in an **annual reduction of the EU wine production of around 10.5 Mio hl.** At the end of the three year period, EUR 1024.62 million was spent on this 'one off' measure, which has contributed to balancing the EU wine market and to make the sector more competitive. During the same period (2008-2011), 111 364 ha were grubbed-up without support.

National Support programmes: NSPs have been implemented over these first three years (2009-2011) without major problems. The overall budget execution rate remained high during that period since Member States spent 97% of the total available budget of EUR 2.8 billion. 42% of the funds were used for the restructuring and conversion of vineyards, 12 % on potable alcohol distillation, 10% on the distillation of wine by-products, 8.5% for promotion of EU wines in third countries and 8.2% on the use of the concentrated grape must by wineries. 7% of the funds were transferred by Member States from the SCMO to the SPS and about 6% were used for investments.

For the remaining two years (2012-2013), the phasing-out of certain market measures, such as aids for distillation and concentrated grape must, should lead to the growth in importance of some other measures: promotion (from 8.5% to 17% of the total spending), investments (from 6% to 15%), SPS (from 7% to 13%) and restructuring and conversion - the latter remaining the most important measure (about 40%).

While the global evaluation of the NSPs is very positive, some clarifications and improvements need to be introduced for certain measures. In addition, specific provisions for the NSP of Croatia must be established.

Trade: the total EU exports to third countries have grown from 17.9 Mio hl in 2007 to 22.8 Mio hl in 2011 (+27%). The total export value of EU wines increased from EUR 5.9 billion in 2007 to EUR 8.1 billion in 2011 (+36%). The first months of 2012 have shown even a slight increase compared to the equivalent period in 2011. While the penetration on new markets is impressive, market shares in other foreign markets and even in some Member States are decreasing due to the competition of third country wines. Market shares of EU wines are declining in countries like the USA and Canada, but are progressing in China and Russia.

The main export destinations in 2011 were the USA (23%), Russia (18%) and China (10%). In parallel, the total EU imports from third countries have grown from 12.9 Mio hl in 2007 to 13.6 Mio hl in 2011 (+5%). The total import value of non-EU wines decreased from EUR 2.7 billion in 2007 to EUR 2.4 billion in 2011 (-12%).

The **wine trade balance of the EU is positive** and increased from 5 Mio hl in 2007 to 9 Mio hl in 2011 (+80%) and, in value, a growth can be observed from EUR 3.2 billion in 2007 to EUR 5.7 billion in 2011 (+76%).

Labelling and presentation: these provisions have been largely simplified and harmonised among different wine products. They now give more flexibility for the EU wine sector, in particular as regards production of wines without PDO/PGI bearing vintage year and vine variety names (“varietal wines”). EU varietal wine production represents in 2011 4.6 Mio hl (68% from Spain and 20% from France), which proves the importance of this outlet, both for wine growers and consumers. However, several Member States are reluctant to develop their varietal wines, by excluding their most relevant varieties in order to preserve them for the PDO wines. The Commission also notes that the USA restriction on the vintage labelling is also affecting EU exports of varietal wines to that important market.

In order to reinforce this new outlet, **a new wine product category "varietal wine" could be added to Annex XIb to Regulation (EC) No 1234/2007**.

As regards the indication on wine labels of the wine grape variety, a lack of consistency remains in EU legislation in particular for wine grape variety names that coincide with EU PDO/PGI. In addition, no scientific data exist on differences between *Vitis* and *Vitis vinifera* wine grape varieties (e.g. some vine varieties can be classified as a *Vitis* or a *Vitis vinifera* depending on the Member States). With a view to responding to these concerns, it is necessary to **consider the modification of the rules applying to wine grape varieties**.

Oenological practices: there is a growing demand for wine products with **reduced alcoholic strength** and EU wine producers are quite interested by this new possible segmentation of the offer. Up to now, some Member States' legislations (e.g. Austria, Germany, etc.) have regulated the use of wine denominations for those products. In order to avoid any fragmentation of the EU market, the **EU should develop a single and uniform policy** in this respect, by introducing and promoting new grapevine product categories ("de-alcoholised wine" and "partially de-alcoholised wine"), in line with the recently adopted resolutions of the OIV on de-alcoholised wines.

The implementation of the reform has also shown that EU rules on oenological practices should be more harmonised and simplified in order to guarantee fair competition between EU wine producers and transparency for consumers. In particular:

- there are several minimum actual alcoholic strengths depending on grapevine products categories (e.g.: 4.5% vol. for PDO/PGI wines, 6% vol. for quality aromatic sparkling wines, 7% vol. for semi-sparkling wine, etc.), whereas the OIV only establishes a unique minimum actual alcoholic strength of 8.5 % vol., with the flexibility to be reduced to 7 % vol.;
- the same lack of coherence applies to maximum total alcoholic strengths depending on the zones;
- rules on over-pressing of grapes, including its control, as well as on the minimum quantity of alcohol contained in by-products and distillation of by-products, could be simplified.

To conclude, the Commission considers that the continuation of the wine reform will contribute to enhancing the competitiveness of the wine sector. The Commission will further examine possible legislative improvements with a view to clarifying and detailing some specific issues, in particular as far as the NSP, the quality policy, the labelling and wine-making practices are concerned.

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

2006/0269(CNS) - 10/12/2012 - Follow-up document

In accordance with the provisions of Council Regulation (EC) No 1234/2007 (the Single CMO Regulation), the Commission presents its second “soft landing” report examining the evolution of the market situation and the consequent conditions for smoothly phasing out the milk quota system. The report:

- describes the evolution of the market situation for cow milk from the middle of 2010 (end date of the first soft landing report) and outlines medium term prospects;
- examines the phasing-out of the milk quota system.

Market developments to date: volatility persisted in the dairy market until the end of 2010, although not to the extent observed in 2007-2009. It receded somewhat in 2011, as well as in 2012. Prices in 2010 and 2011 fluctuated at high levels, leading to increased production and a price correction in the first half of 2012. Prices have started to move upwards again in the third quarter of 2012.

Cow milk collection in the EU has consistently increased over the past three years: + 1.4% in 2010, + 2% in 2011 and some 1.5% in the first seven months of 2012 compared to the same period in 2011.

Average EU farm gate milk prices increased from April till November 2010. They stayed around 33 cents/kg until April 2011 and increased again to 35.1 cents/kg in November 2011 as a weighted average for the EU-27. A seasonal correction appeared in December 2011, January and February 2012, amounting to -2%. As a matter of comparison, the seasonal correction had been -3% at the beginning of 2010 and -1% at the beginning of 2011.

However, in 2012, the downward pattern continued until the summer, exceeding the seasonal trend and responding to pressure from increased milk supply in and outside the EU. The latest EU average farm gate milk price is estimated at 31.3 cents/kg for August 2012, which is 9.5% below the average price of July 2011, but 1.2% above that of July 2010 and 27% above the lowest level reached in May 2009.

The latest available spot milk prices and dairy product prices were both pointing to a recovery in the near future, which should be followed at a later stage by higher farm gate milk prices.

Medium term prospects: medium-term prospects for dairy markets appear favourable. Continued expansion of world demand, resulting from global population and economic growth, combined with increasing preference for dairy products are expected to be the main drivers. Sustained import demand, particularly from emerging countries, would have a positive impact on dairy commodity prices, thus fuelling EU export potential. Nevertheless, EU market shares are projected to slightly deteriorate for most dairy products, as a result of a higher rate of increase in exports from other countries

EU milk production is projected to continue increasing from 2012 onwards at a moderate growth rate but to remain below the potential growth rate provided by the phasing-out of the milk quota regime. It is projected to register a cumulative increase of about 8% from 2009 to 2022, while milk delivered to dairies would increase by around 10%. By the last quota year (2014-15), EU milk deliveries are projected to be some 6% below quota. The expiry of the milk quota regime is projected to have a limited impact on milk deliveries at the aggregate EU level.

Smooth phasing out of milk quotas: the report notes that there remains one 1% annual increase (on 1 April 2013) until the expiry of the quota system on 1 April 2015.

Year on year, milk quotas are gradually becoming less relevant, as actual milk output falls short of ceilings in a majority of Member States. The number of Member States exceeding their quotas remains limited and the surplus production accounts for less than 0.2% of all milk delivered or covered by direct sales.

After a slight contraction of milk deliveries in 2009, favourable farm gate milk prices and good weather conditions prompted increased production levels in both 2010 and 2011. When increased production - not only in the EU but in all milk supplying regions around the world - exerted downward pressure on farm gate milk prices, milk production started to respond by slowing down in the subsequent months. Those developments show that production response is gradually shaping according to market signals but also that weather conditions are a true player in the dairy market.

With milk quotas becoming less and less relevant, EU milk supply can better respond to market opportunities, farmers' response to price signals is less distorted and efficiency gains can be achieved through restructuring.

The milk quota price should be decreasing with the shortening life of the quota regime and this is actually the case in a majority of Member States where the quota price is very low or equal to zero.

The report concludes that **whilst medium and long-term prospects are favourable for the dairy sector, this does not prevent short-term market fluctuations**. Price developments since the publication of the first soft landing report show a trend towards higher levels with some ups and downs along the curve. Within the latter, the current difficulties endured by dairy farmers in certain areas more severely hit by the hike in the price of feedstuffs cannot hide the overall positive picture of the sector.

In the long run, the balance between supply and demand depends on a large variety of factors, ranging from economic parameters to policy decisions. In this respect, the Milk Package, which has been fully applicable from 3 October 2012, offers tools for operators in the dairy supply chain to attune their supply to the market.

Both the evolution of milk production versus milk quotas, and the downward trend in quota prices show that “soft landing” is on track. In the vast majority of Member States, quotas are no longer relevant to limiting production and the quota price has already reached zero or is approaching it.

Against this analysis, the Commission is of the view that **no change is required in the existing framework,** which has been providing certainty to milk producers since 2008 and is proving its efficiency in securing a smooth phasing-out towards a quota free environment.

Aside from the very concept of soft landing, some concerns are voiced with regard to rural areas in which milk production is playing a central role, in particular in the context of milk quota expiry. In this respect, the inclusion of the milk sector in the "new challenges" under the second pillar of the CAP is providing further support to dairy farmers in preparing for the end of quotas.

The CAP reform proposals contain instruments that could mitigate potential impacts. Furthermore, the Commission has issued an open call for tenders for an analysis by independent experts of future developments in the milk sector from 2015 onwards, and will report to the European Parliament and the Council by 30 June 2014 on the concrete operation of the Milk Package provisions, assessing, in particular, the effects on milk producers and milk production in disadvantaged regions in connection with the general objective of maintaining production in such regions, and covering potential incentives to encourage farmers to enter into joint production agreements.

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

2006/0269(CNS) - 18/12/2012 - Follow-up document

In accordance with Council Regulation (EC) No 1234/2007 (CMO) Regulation), this Commission report concerns the implementation of the European School Fruit Scheme over the first three years of its functioning in the period running from 1 August 2009 to 31 July 2012.

The key elements of the Scheme are as follows:

- distribution of products in educational establishments, ranging from nurseries to secondary schools;
- accompanying measures to raise awareness about the importance of fruit and vegetable consumption as well as healthy eating habits;
- networking, monitoring and evaluation of the implementation of Schemes in individual Member States.

The initiative, fully endorsed by the European Parliament, paves the way for **EUR 90 million** of European funds to co-finance the purchase and distribution of fresh and processed fruit and vegetables and bananas to school children every year, as well as for a number of related measures.

Evaluation of the scheme’s functioning and its impact on children’s eating habits: after only three years of the European School Fruit Scheme, it is **still too early to draw definitive conclusions**, particularly with respect to its sustainable impact on children’s eating habits.

The report notes, however, that it may nevertheless be established that, judging by the initial evaluation results and the Commission figures from the monitoring exercise, **the Scheme has been successfully embedded in the Member States** and that its **efficiency is increasing** in terms of the budget used and the benefits for children (over 8 million) compared to the start-up phase.

The results of most of the national and regional evaluations indicate that **the Scheme has led to an increase in the amount of fruit and vegetables consumed by children**. By way of an example, Poland recorded a 21% increase in consumption.

- In some cases, encouraging children to eat more fruit and vegetables also has a positive spill-over effect outside the official distribution times in schools.
- The differences were observed in relation to gender, with girls consuming more fruit and vegetables than boys, as well as in types of products, where fruit is preferred to vegetables.
- Some evaluations have furthermore observed the Scheme's positive impacts, particularly in relation to socio-economically disadvantaged groups, which have warmly welcomed the Scheme.
- Other evaluations indicate that the impact of the Scheme was positive as regards parents' attitudes towards their children's diets.

As regards the Scheme's effectiveness, national evaluations indicate that **the Scheme has strong potential** and is an appropriate tool to exercise a positive influence on the eating habits of children and parents alike, encouraging them towards consuming more fruit and vegetables in the future.

Recommendations: several recommendations and proposals for improvements were put forward in the evaluations carried out by the Member States and the external contractor, as well as by the European Court of Auditors special report published in 2011. Some of the most important recommendations have already been addressed with the proposed changes to the Scheme in the context of the CAP 2020 reform proposals.

Thus, in order to enable even more children to benefit from the Scheme, the Commission has proposed **further strengthening it by raising the overall EU budget available for the Scheme to EUR 150 million**.

It is also proposed to:

- **increase the EU co-financing rate**, as the current 50% and 75% are seen as obstacles to higher uptake;
- aim at **sustained distribution** (35 school weeks) as only sufficiently long participation can generate a sustainable impact with respect to improving children's eating habits;
- offer at least **5 to 10 different products** to keep children interested;
- continue to distribute products **free of charge**;
- offer products **more often**, ideally three times a week;
- **extend the Scheme's target group** to allow more children to benefit from it;
- adopt a targeted approach to more '**vulnerable**' groups;
- **make the accompanying measures eligible** for EU aid by providing a minimum level of funding with a view to strengthening their role and ensuring consistent implementation.

Perspectives: given this positive feedback concerning the Scheme's effectiveness and efficiency after the first three years of implementation, it is important at this stage to start thinking about the future. Moreover, the ECA report called for **greater coordination and synergy between the School Fruit and School Milk Schemes** to make sure that they present a harmonised approach to nutrition and that they are managed efficiently.

In this respect, the Commission :

- has launched an **impact assessment process** which will build on the findings of the evaluations, the improvements already made, and take into account the ECA report;
- will assess the impact of the existing schemes and analyse if and how they should evolve in the future by considering different options, including a possibility of a new wider scheme;
- will examine the role and design of accompanying measures which are an important tool for informing and educating children about the importance of agricultural products, agriculture and farming, as well as about healthy eating habits and lifestyle.

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

2006/0269(CNS) - 16/08/2013 - Follow-up document

This Commission report concerns the implementation of the measures concerning the apiculture sector of Council Regulation (EC) No 1234/2007. It meets the obligation, under the Regulation, to submit a report every three years on the implementation of national apiculture programmes in the Member States. It covers the years 2009/2010, 2010/2011 and 2011/2012 and corresponds to the last year of the previous triennial apiculture programmes (2008-2010) and the first two years of the current programme (2011-2013). This is the fifth such report presented by the Commission.

All Member States notified a national apiculture programme in respect of the periods 2008-2010 and 2011-2013. This shows the strong interest of Member States as well as the needs of European apiculture, a small sector dominated by non-professional beekeepers that faces serious challenges due in particular to bee colony losses, increased production costs and cheap imports. In 2012, the Commission asked for an external evaluation of the measures for the apiculture sector. This report includes the main outcomes of this evaluation.

Main conclusions:

1. Both from the point of view of the Member States and the operators, the national **apiculture programmes have been beneficial** for the beekeeping sector. The measures allow for the maintenance of the production of high quality honey in the EU despite a difficult context with rising production costs, threats to bee survival and fierce international competition by cheap honey imports from third countries.

2. In light of the information presented in this report and the outcomes of the evaluation of the apiculture measures, the **Commission does not envisage modifying the list of measures eligible for apiculture** in Council Regulation (EC) No 1234/2007. However, it will propose to amend the implementing Regulation (EC) No 917/2004 in order to ensure that **apiculture measures can be applied and funded all year round and to improve their management**.

3. The Commission will work towards **better coordination between the national applied research projects and the Union research projects** in order to optimize the use of their results and to improve their dissemination to the beekeeping sector.

4. Lastly, the Commission will seek to **improve further the efficiency of the existing measures** by looking for potential synergies between the apiculture measures and the rural development programmes. This could involve rural development measures such as supporting young beekeepers' installation and modernisation of holdings, as well as the use of agro-environmental measures to increase the availability of melliferous plants for honey bees.

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

2006/0269(CNS) - 04/03/2014

In accordance with Council Regulation (EC) No 1234/2007, the Council presented a report on the implementation of the provisions concerning producer organisations, operational funds and operational programmes in the fruit and vegetables sector since the 2007 reform.

The 2007 reform aimed to strengthen the producer organisations (POs) further. A wider range of tools was made available to enable them to prevent and manage market crises. For the first time, Member States had to establish a national strategy for sustainable operational programmes, integrating a specific environmental framework. The report is based primarily on information Member States provided on the implementation of the EU fruit and vegetables scheme on their territory and, in particular, on information in the annual reports and evaluation reports sent to the Commission. These are mainly based on data for 2008-2010.

In 2008-2010, at EU level, there were positive trends regarding the organisation rate of the F&V sector, the share of total F&V producers who are members of POs and the number of POs members of APOs.

The annual reports and the 2012 evaluation reports also offer a more contrasting picture :

Low number of producer organisations: in 2010, there were 1599 recognised POs in 23 Member States. In 2010, the organisation rate was about 43.0 % (43.9% if producer groups are also included). The share of total F&V producers that are member of POs has continued to increase (from 10.4 % in 2004 to 16.5 % in 2010).

A crucial issue is the persistently low degree or lack of organisation in some Member States. This needs careful analysis with a view to identifying, where appropriate, **additional measures** to encourage not only: (i) a further rise in the degree of organisation of producers in the whole EU but also; (ii) a decrease of the imbalance of F&V producers' organisation within the EU.

- A low degree or lack of organisation also means that **most F&V producers do not belong to a PO**, so they do not directly benefit from specific EU aid for the sector. This proportion is highest in some southern Member States and some MSs that joined the EU in 2004 and later. Those producers, frequently the smallest, cannot even benefit from the services that POs could provide, have very weak bargaining power within the supply chain and are more exposed to the risks linked to market globalisation and climate change.

- **Increasing the rate of organisation of the F&V sector remains crucial** especially in Member States where the organisation is still very low. In this respect, there is also the need to explore measures to stimulate forms of cooperation to help PO's and non-organised producers to better deal with those challenges.

Contribute more to key objectives: operational programmes could contribute more to key objectives such as improving attractiveness of POs, boosting products’ commercial value, optimising production costs, and stabilising producer prices.

Crisis prevention and management instruments: between 2008-2010, the annual expenditure for operational programmes (EUR 1 252.1m on average) mainly concerned actions to improve marketing (24.0 % of the total) and environmental actions (23.8%), followed by actions to plan production (22.2 %) and to improve or maintain product quality (20.3%).

The use of crisis prevention and management instruments was very low (EUR 35.6m; 2.8% of total average annual expenditure). These instruments should be improved.

Weaknesses in the setting-up of national strategies: the reports have identified two important weaknesses in the national strategies of some Member States: (i) too wide a range of objectives was adopted, instead of focus on a few priorities; (ii) precise pre-defined targets were lacking for the different objectives set.

In most Member States, expenditure for ‘strategic’ measures, such as **research and experimental production**, remains negligible. Therefore, it could be relevant to reinforce the application of the resources available on certain priority measures, which have a stronger impact on competitiveness, income stability and market demand.

Complexity of rules and lack of legal certainty: these elements have also been indicated as weaknesses of the current regime. Simplification and securing the legal framework need to be a priority in a future revision, also for reducing the red tape for farmers and managing authorities.

Introduction of new measures for the sector: these might require the reallocation of some financial resources without increasing the overall amounts available for the sector in order to ensure the budget neutrality within market measures in pillar 1.

To address the above-mentioned shortcomings, the **current EU F&V regime needs to be reviewed** to ensure that support for producer organisations is better focused so that it can achieve the overall objectives set for the 2007 reform and CAP 2020 in all Member States.

The Commission could build upon the results of this report and the upcoming debate to present at a later stage **legislative proposals** to revise the Union aid scheme for the fruit and vegetables sector.

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

2006/0269(CNS) - 18/11/2011 - Follow-up document

In accordance with Council Regulation (EC) No 1234/2007, the Commission presents a report on implementation of the measure for the promotion of wines on third-country markets.

Promotion on third-country markets is one of the key measures under the reform of the CMO in wine adopted in 20081 and incorporated into Council Regulation (EC) No 1234/2007. Implementation: the budget allocation for the national programmes is EUR 5.2 billion for the 2009-13 period (updated figure as at 2011) and, as decided by Member States, the promotion measure represents 15.6% of this amount, i.e. EUR 768 million.

This sum has been on an upward trend over the course of the period, from EUR 35 million committed in 2009 to a planned total of EUR 265 million in 2013. The reasons for the progressive increase include the fact that market measures such as potable alcohol distillation, crisis distillation and support for the use of concentrated musts will expire on 31 July 2012, as well as the need for the sector to adapt gradually to the new wine CMO.

During the first two years of the reform, nine Member States (France, Spain, Italy, Portugal, Greece, Austria, Slovenia, Germany, Romania) have actually implemented the promotion measure, for an overall total of around EUR 35 million in 2009 and EUR 87 million in 2010, corresponding to 6.7% of the total value of the national allocations for the same period.

2 781 actions were carried out in 2009-10. The actions in 2009 and 2010 concerned 42 third countries, with the United States market the most frequently targeted, with 22% of the actions being aimed at it and eight of the nine Member States that participated in the measures targeting it most.

Member States assessments: all Member States that participated in the promotion measure consider it to be very beneficial for the wine sector. They have pointed out that, after the 2008 crisis, the period since 2009 has seen a rise in exports, in particular on the markets targeted by the promotion measure. However, the **following weaknesses have been cited**:

- the difficulty of managing the measure from an administrative viewpoint, a problem highlighted in particular by Portugal, Italy and Austria (particularly the complexity of examining the supporting documents for costs). On developing markets, the reaction times may be too slow (changes to programmes when they are underway);
- the lack of logistical infrastructure, technical knowledge and support in the emerging markets;
- certain Member States, such as Italy and Portugal, have stressed that micro, small and medium-sized enterprises have encountered more difficulties in satisfying the conditions for accessing the measure (availability of products, technical capacity for exporting and limited funds).

Assessment: the report states that after only two years of implementation of the promotion measure by the Member States, it is **too early to draw definitive conclusions**, particularly in terms of an increase in competitiveness and presence on third-country markets. Although wine exports to some countries, especially the target markets, have been on the increase since 2009 the complexity of the factors influencing trade patterns (exchange rate variations, the economic crisis, local political crises, changes of legislation in the target countries, etc.) means that it is not possible to determine the extent to which the results obtained stem directly from the promotion measure.

It may nevertheless be stated that, with EUR 122 million being spent in the first two years, the **measure has been very successful** and is very much appreciated by operators. The forecast expenditure of EUR 768 million for the 2009-13 period indicates a growing interest in the measure, resulting in its becoming the second most important measure under the aid programmes, in financial terms, after that on the restructuring and conversion of vineyards. The promotion measure seems to have made it possible, initially at least, to consolidate the presence of enterprises from the Union on the traditional export markets and seems to have given an opportunity, through market studies, to explore and access new markets.

It is above all the flexibility and subsidiarity of the implementation of the promotion measure that allow the wine sectors in the various Member States, or the various regions, to fine-tune it to the specific characteristics of the target countries.

What is more, the possibility of creating new contacts and of obtaining the necessary knowledge to adapt to markets (new products, labelling, etc.) provides an enormous boost to the sector.

Suggestions from Member States: in order to improve the cost effectiveness of the promotion measure, some Member States, while not putting forward concrete proposals for amending Union legislation, have suggested:

- extending the measure to the internal market, given that it is the leading world market for wine and that third countries have gained a significant market share; this should be done in such a way as to avoid competition between wines from the Union or, possibly, by restricting the actions to information provision;
- prioritising, in an effective manner, access to the measure for micro, small and medium-sized enterprises;
- encouraging studies of new markets and assessments of the actions carried out. These are fundamentally important for obtaining technical and marketing information that will serve as a basis for other actions;
- creating synergies with other, more structural measures, with a view in particular to facilitating and bolstering the presence of EU operators on new markets (mainly with a view to creating the initial channels together with importers);
- increasing the efficiency of administrative checking, in particular by providing for lump-sum payments for actions entailing standard costs, such as travel expenses.

In the light of some comments from the Member States, routes that can be explored include:

(1) possibly strengthening the synergies between the various actions and beneficiaries;

(2) better tailoring the market studies in order to reduce the future dependence of exports on a limited number of markets;

(3) a more targeted selection of beneficiaries in order to optimise the measure;

(4) providing the Member States with guidelines on the criteria for accepting projects.

In the report to be submitted to the Council and the European Parliament in 2012, the Commission will give further consideration to the 'micro, small and medium-sized enterprises' criterion and to the eligibility conditions for the measure.

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

2006/0269(CNS) - 08/12/2010 - Follow-up document

Council Regulation (EC) No 1234/2007 (Single CMO Regulation) provides for the Commission to present a report before 31 December 2010 and 31 December 2012 regarding the evolution of the market situation and the consequent conditions for smoothly phasing out the milk quota system. This present report is the first of the two reports. It is made up of two parts: the first part describes the evolution of the market situation for cow milk from 2008, the year when the Health Check was decided, till the middle of 2010 and outline medium term prospects. A second part examines the phasing-out of the milk quota system.

Evolution of the market situation for milk: after a significant fall in prices and producers' incomes in 2008-09 that followed the price spike of 2007, the dairy market situation has recovered in the second half of 2009 and continuously improved in the first half of 2010. The report notes that the milk sector went through a period of high price volatility from 2007 to 2009. Since then, the market situation has improved and prospects are broadly positive. Overall, the milk sector is gradually heading towards more market orientation. The process has been affected by the economic crisis in 2008 and 2009. Volatility, which is a standard phenomenon in a market oriented sector, has become more pronounced and therefore damaging due to the convergence of exogenous factors, among which the fall in household consumption for lack of purchasing power in the wake of the economic crisis.

With regard to medium term prospects, milk production is projected to return to an increasing path from 2011 onwards, driven by a fairly optimistic demand outlook based on improved macroeconomic prospects. EU-27 milk production in 2020 would exceed the 2009 level by about 3%. Milk deliveries would be expected to increase by a slightly higher rate, the difference being due to gradually declining on-farm consumption in the EU-12. In the context of quota abolition, the EU-27 milk production is projected to depict a very modest reaction to the end of the quota regime with EU deliveries. The outlook appears favourable for higher value added dairy commodities, driven by growing demand for cheese and fresh dairy products. Production of fresh dairy products (including drinking milk, cream, yoghurts, etc.) is projected to increase by about 8% (from 2009 to 2020) and cheese output is depicted to grow by about 10%. Prospects for cheese exports can be deemed as favourable, notwithstanding an assumed gradual strengthening of the Euro currency, with the EU maintaining a steady share in global cheese exports above 30%.

Phasing out of milk quota system: the Council decided to increase milk quotas by 2% on 1 April 2008. The Health Check decisions of November 2008 resulted in an annual increase in milk quotas by 1% over 5 consecutive years, beginning on 1 April 2009, plus an adjustment of the fat correction factor which resulted in a further de facto 1% increase in quotas. There remains 3 times 1% annual increase until the expiry of the quota system on 1 April 2015 (except for Italy where it was decided to frontload the 5% increase already as of 1 April 2009).

Year on year, milk quotas are gradually becoming less relevant, as milk production falls short of quota in an increasing number of Member States. While surplus levy had to be paid by 6 Member States in quota year 2008/09, only 3 are on course to pay one in quota year 2009/10. According to official notifications by the Member States, the 2009/10 quota year is estimated to have ended with EU milk deliveries approximately 7% under quota.

EU milk production grew only marginally in 2008 despite the 2% quota increase decided for the 2008-09 quota year and the relatively favourable milk price paid to producers over the calendar year. The economic recession impacted negatively EU and global demand for value added dairy commodities, which put dairy product prices under pressure and led to a significant fall in milk producer prices in 2009. These low milk prices contributed to a slight contraction in EU milk production in 2009 and early 2010. As a consequence, the 2008-09 quota year finished with a record undershoot of EU deliveries in relation to quota. This undershoot increased even further in the 2009-10 quota year. EU milk production recovered in the course of 2010, but remained significantly below quota level.

The slow response to quota increase is linked to economic recession, which triggered lower demand for dairy products, but also to higher production costs and resulting lower margins. Experience gained from the impact of the 2008/09 quota increase indicates that the response of milk production at the aggregate EU level remained fairly modest, despite a significantly higher average producer price for milk. Latest figures until July 2010 show a stronger production response to increased milk prices.

Milk quotas becoming less and less relevant, EU milk supply can better respond to market opportunities, farmers' response to price signals is less distorted and efficiency gains can be achieved through restructuring.

"Soft landing" is on track in an overwhelming majority of Member States. Milk quota prices have a very low value, already at zero in some Member States, and decreasing in most of the others with a view to reach zero in 2015. Milk quotas have ceased to work as a production limit in most Member States, especially in the new Member States, and market orientation is already the leading principle in a number of them.

The conclusion is that **under these circumstances there is no reason to revisit the Health Check decisions** with regard to the gradual increase in quotas and the end of the quota regime on 1 April 2015. In order to pave the way towards quota abolition in 2015, the Commission would like to raise for consideration a further step to assist in the process of soft landing: in order to increase awareness and reinforce the responsibility of operators in the dairy chain to better take into account market signals and adapt supply to demand, transparency should be enhanced, as pointed out by the High Level Group on Milk. In addition to the information systems already in place, meetings would be organised for the experts of the Management Committee for the single CMO jointly with the Advisory group on milk to follow market developments in order to assess the market situation and prospects. In case of serious imbalance, as a further tool to stabilise the market and as an exceptional measure if other measures available under the single CMO appeared insufficient, the Commission could consider a system based on Article 186 of the single CMO ("disturbance clause") that would allow milk producers, on a voluntary basis, to reduce their deliveries against compensation. Experience gained during the milk crisis shows that it may be sufficient to take 1 or 2% of overall milk production out of the market to correct imbalances and restore stability. A further report will be tabled by the end of 2012.

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

2006/0269(CNS) - 22/10/2007 - Corrigendum to final act

This text does not concern the English version.

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

2006/0269(CNS) - 30/09/2010 - Follow-up document

The Commission presents a Staff Working Document reporting on the recovery of export refunds for live animals in 2009. In their joint declaration of 22 November 2001 on the recovery of export refunds for beef and veal, the Parliament and Council requested the Commission to submit an annual report to the budgetary authority. The report highlighted the implementation of and compliance with EU legislation, on the recovery of refunds in the event of a failure to comply with Commission Regulation (EC) No 615/98 laying down specific detailed rules of application for the export refund arrangements as regards the welfare of live bovine animals during transport. Parliament and the Council issued another joint declaration along the same lines on 25 November 2002.

Since then the Commission submitted summary annual reports to the Council and the European Parliament which are based on the annual reports submitted by the Member States.

The report notes that the total amount of export refunds paid on live bovine animals in the EU in 2009 amounted to 10 156 599.

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

2006/0269(CNS) - 24/05/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Niels **Busk** (ALDE, DK) by 468 votes to 14 with no abstentions, and confirmed the position taken by its Agriculture Committee. (Please see the document dated 08/05/2007.) Whilst approving the Commission's proposal to simplify the EU's common agricultural policy by merging the 21 existing sector-specific market organisations (CMOs) into a single regulation, MEPs stated that this decision should be solely an act of technical simplification and must not introduce reforms through the back door.

Parliament considered that any **decision of a political nature** must continue to be adopted by the Council, after consulting the European Parliament. Accordingly, it opposed the Commission's proposal to remove the option of public intervention for pigmeat in the context of this simplification. Members do not want provisions concerning fruit, vegetables and wine to be incorporated in the common organisation of agricultural markets until the completion of the reforms under way in these sectors, as this would prejudge the outcome of the reforms.

Parliament also felt that establishing a single management committee for all agricultural sectors, as suggested by the Commission, would raise doubts as to how to ensure that the necessary sectoral expertise is available. The report therefore calls for the setting up of **four management committees**, one for meat, one for dairy products, one for vegetables and one for perennial crops.

It went on to recommend that the **carcass classification system** should continue to be established by the Council and not by the Commission.

Mandatory import licenses should continue to be required for cereals, sugar, rice, flax and hemp, as well as products from the milk, beef and veal sectors and the olive sector, with derogations only for cereal products, sugar or rice and then only under certain conditions.

MEPs felt that framework rules governing contractual relations between buyers and sellers of sugar beet should only lay down **minimum guarantees** because of the difficulty of providing for uniform purchase terms throughout the Community.

Lastly, they suggested that the new regulation should refer to "organisations of an interbranch" nature rather than "interbranch organisations" to ensure that all sectoral bodies are targeted, whatever their designation or status.

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.

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

2006/0269(CNS) - 22/10/2007 - Final act

PURPOSE: simplify the Common Agricultural Policy by replacing the 21 Common Market Organisations (CMOs) with a single CMO.

LEGISLATIVE ACT: Council Regulation (EC) N° 1234/2007 on the establishment of a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).

CONTENT: the Council adopted a Regulation on the establishment of a common organisation of agricultural markets and on specific provisions for certain agricultural products.

This Regulation is the centrepiece of the Commission's action plan, which aims to simplify and rationalise the Common Agricultural Policy. This instrument brings together, in one Regulation, the 21 existing CMOs and the 23 acts of the Council covered by it, by a horizontal approach.

The Single CMO combines and harmonises, as far as possible, the Council acts in the classic areas of market policy into one single Regulation. This covers the rules on intervention, private storage, marketing and quality standards, import and export rules, safeguard measures, competition, state aid and the communication and reporting of data.

Whilst remaining a technical exercise, which is neither intended to change the underlying policy decisions taken by the Council nor to alter the current scope of the existing CMOs, the regulation also aims to create a horizontal legal framework, thus requiring re-drafting and a reduction in the detail, which could then be covered by implementing legislation.

This type of technical simplification is not a way to introduce reforms through the back door and should not lead to the policy decisions that have been taken over the years in the CAP being called into question. Policy changes are happening in parallel, for example in the ongoing discussions on reforming the CMOs for fruit and vegetables and wine. These changes will be incorporated into the single CMO once the Council has reached final agreement on these two reforms.

The CMO can also serve as the basis for future political simplification. With improved transparency and better accessibility, a better view will be achieved of sector specific exceptions, allowing a judgment on whether these are necessary and justified. The upcoming 'Health Check' of the 2003 reforms will provide an occasion to study potential policy changes which could help further the simplification drive.

ENTRY INTO FORCE: 23/11/2007. The Regulation applies as from 01/01/2008. Some are held back, during 2008, according to the sector in question.

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

2006/0269(CNS) - 28/05/2010 - Follow-up document

The Commission presents a report on the implementation of Articles 105 et seq of Council Regulation (EC) No 1234/2007 on measures improving the general conditions for the production and marketing of apiculture products.

Council Regulation (EC) No 1234/2007 states that a report is to be submitted to the European Parliament and the Council, once every three years, on the application of measures to improve the conditions for the production and marketing of apiculture products, as provided for in Articles 105 et seq of that Regulation. This report meets that obligation, covering the marketing years 2006/07, 2007/08 and 2008/09. These three years correspond to the last year of the previous three-year period (2005-07) and the first two years of the current three-year period (2008-2010).

In keeping with the provisions of Community legislation, Member States have provided notification of their national programmes in respect of the period 2008-10. It is important to note that all Member States, without exception, have provided notification of an apiculture programme.

In March 2007, the Commission adopted the third report on the implementation of Council Regulation (EC) No 797/2004, evaluating the last three years of its implementation. Given that good use was made of these national programmes and in view of the general satisfaction of both Member States and operators, that report was not accompanied by any legislative amendments. However, since the last report, simplification measures have been introduced to Commission Regulation (EC) No 917/2004 on detailed rules.

Situation in the sector: the report notes that the **commercial context in which these programmes are applied has not changed significantly since 2007**. The European market is still very dependent on imports (imports account for over 40% of produce consumed), albeit to a lesser extent than in the past. The most noticeable change on the world market is the significant increase in prices. These higher price levels, especially in Argentina (where production has fallen), which used to be the European Union's main supply source, has resulted in an increase in imports from China.

In additional to commercial factors, the sector continues to suffer from the problem of fewer bee colonies.

According to figures provided by Member States in 2007, the total number of beekeepers in the EU was 595 775, 19 025 of whom were considered to be professional beekeepers (over 150 hives). Although the number of beekeepers has increased slightly since 2004, this is due to EU enlargement to include Bulgaria and Romania. Without beekeepers from these countries, the figure would have been considerably less.

The total number of hives is 13 602 719, of which 4 461 606 belong to professional beekeepers (3.2% of beekeepers have around 33% of hives). The number of hives in the EU has increased by 1 971 419 since the 2004 census. This is partly due to EU enlargement in 2007, as the number of hives recorded in the two new Member States was 1 646 736. The Member States with the largest number of hives are Spain (17.06%), Greece (10.8%), France (10%) and Italy (8.5%). Spain, with approximately 130 000 fewer hives than in 2004, has seen its share of the Community total population fall significantly (17.1% as opposed to 21.9%).

Allocation of expenditure: since the last report, the aims of the eligible measures remain unchanged. With regard to the period 2007-09, the two most common measures continue to be **varroasis prevention and technical assistance**. Even though technical assistance expenditure continues to be relatively stable, accounting each year for approximately 26-27% of the budget used, a sharp reduction in the share of the budget used for varroasis prevention has been seen (this fell from 37% in 2007 to 27% in 2009).Measures designed to ensure rationalisation of transhumance continued to be the third most common measure, accounting for 18% of expenditure. Measures in favour of honey analysis and applied research are used less than in the past, and now only account for 6-7% in 2009.

Measures in favour of honey analysis and applied research are used less than in the past, and now only account for 6-7% in 2009.

Since 2009, we have been pleased to notice a **significant increase in the use of the budget** (88%). Bulgaria and Romania have significantly improved usage rates, even if Romania's rate (54%) was well below the Community average. Of the major beneficiaries of the Community budget, France significantly improved its performance compared to 2008.

Suggestions by the Member States: overall, Member States are very satisfied with the way in which the programmes are run and there have been no persistent requests to amend Regulation (EC) No 1234/2007. Very often there are calls for measures to ensure that these programmes can continue. However, the Commission has received a number of requests from Member States in anticipation of the drafting of this report: (i) increase measures to support laboratories conducting analyses of the physico-chemical properties of honey to be extended to other apiculture products; (ii) improve the statistical instrument; (iii) make it possible to carry out projects of a European nature across several Member States; (iv) the ability to recover amounts which have not been used by certain Member States by others, or to extend payment deadlines; (v) inform beekeepers more effectively on the results of applied research; (vi) more specific description of aid for investments which can be accepted.

Suggestions made by those working in the sector: a number of improvements have been proposed, many of which have already been relayed by Member States: (i) improve collaboration between Member States and beekeeping organisations at the time of preparing programmes; (ii) technical assistance measures should not be used to promote research activity; (iii) the introduction of a technical assistance sub-measure to finance the implementation of a European platform for beekeeping, in order to encourage synergy; (iv) more effective distribution of the results of applied research; (v) introduction of a definition of other beekeeping products; (vi) the increase in the budget and the share of Community financing; (vii) Annex II to the relevant Regulation should be amended in order to include statistics on bee mortality.

The main conclusions of the report are as follows:

- as was also the case in 2007, the mechanism for setting up national programmes in order to improve production and marketing in the European Union has been very beneficial for the beekeeping sector, both from the point of view of the Member States and beekeepers themselves;
- the priority measures in Regulation (EC) No 797/2004, although being limited from a budget point of view, have been valuable in terms of quality for the beekeeping sector;
- the simplification measures introduced by the Commission in 2007 have enabled Member States to easily adapt currently existing programmes in order to respond appropriately to difficulties that were not envisaged or which were underestimated when the programmes were notified.

In order to avoid a further amendment to the Regulation, which would require a period of adaptation on the part of Member States, and would risk a less effective usage rate in the short term, the Commission considers that **it is not appropriate to amend Council Regulation (EC) No 1234/2007**. However, it will assess in due course whether a positive answer to the requests by Member States and operators vis-à-vis the implementing rules is possible.