

Procedure file

Basic information		
CNS - Consultation procedure Regulation	2003/0010(CNS)	Procedure completed
Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008		
Amended by 2005/0225(CNS)		
Subject 3.10.03 Marketing and trade of agricultural products and livestock 3.10.06.04 Fodder plants		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		23/01/2003
		NI SOUCHET Dominique F.C.	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		19/02/2003
		PPE-DE HERRANZ GARCÍA Esther	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2528	29/09/2003
	Agriculture and Fisheries	2516	25/06/2003
	Agriculture and Fisheries	2494	17/03/2003
	Agriculture and Fisheries	2481	27/01/2003
European Commission	Commission DG	Commissioner	
	Agriculture and Rural Development		

Key events			
21/01/2003	Legislative proposal published	COM(2003)0023	Summary
27/01/2003	Debate in Council	2481	
13/02/2003	Committee referral announced in Parliament		
17/03/2003	Debate in Council	2494	
20/05/2003	Vote in committee		Summary
20/05/2003	Committee report tabled for plenary, 1st reading/single reading	A5-0175/2003	

03/06/2003	Debate in Parliament		
05/06/2003	Decision by Parliament	T5-0259/2003	Summary
29/09/2003	Act adopted by Council after consultation of Parliament		
29/09/2003	End of procedure in Parliament		
21/10/2003	Final act published in Official Journal		

Technical information

Procedure reference	2003/0010(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2005/0225(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037-p2; EC Treaty (after Amsterdam) EC 036
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/5/19134

Documentation gateway

Legislative proposal	COM(2003)0023	21/01/2003	EC	Summary
Economic and Social Committee: opinion, report	CES0585/2003 OJ C 208 03.09.2003, p. 0041-0044	14/05/2003	ESC	
Committee report tabled for plenary, 1st reading/single reading	A5-0175/2003	20/05/2003	EP	
Text adopted by Parliament, 1st reading/single reading	T5-0259/2003 OJ C 068 18.03.2004, p. 0332-0557 E	05/06/2003	EP	Summary
Committee of the Regions: opinion	CDR0066/2003 OJ C 256 24.10.2003, p. 0018-0023	02/07/2003	CofR	
Court of Auditors: opinion, report	RCC0012/2003 OJ C 298 08.12.2003, p. 0001-0020	24/09/2003	CofA	Summary

Additional information

European Commission	EUR-Lex
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Final act

Regulation 2003/1786 OJ L 270 21.10.2003, p. 0114-0120 Summary

Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

PURPOSE : to repeal Regulation 603/95/EC and establish the organisation of the market in dried fodder for the marketing years 2004/05 to 2007/08. CONTENT : the main part of fodder production under the scheme established by Regulation 603/95 relies on the use of fossil fuel for dehydrating and, in some Member States, on the use of irrigation. Due to concerns about its effects on the environment, the scheme will be discontinued. In order to ensure a transition to the industry that scheme should be maintained until the 2007/08 marketing year. The two aid rates set by Regulation 603/95 are reduced to a single rate applicable to both dehydrated and sun-dried fodder and decreased by steps for the three last marketing years. Support in the dried fodder will be redistributed between growers and the processing industry. Direct support to growers will be integrated into the single farm payment, based on their historical deliveries to the industry. (Please refer to CNS/2003/0006). National ceilings will apply to take into account current National Guaranteed Quantities. During a transitional period of 4 years, a simplified single support scheme for the dehydrated and sun-dried fodder industry will apply with a degressive aid, starting from EUR 33/t in 2004/05. The respective National Guaranteed Quantities will be merged. The aid will be as follows: - EUR 33 per tonne for the 2004/05 marketing year, - EUR 24.75 per tonne for the 2005/06 marketing year, - EUR 16.50 per tonne for the 2006/07 marketing year, - EUR 8.25 per tonne for the 2007/08 marketing year. A maximum guaranteed quantity per marketing year of 4 855 900 tonnes of dehydrated and/or sun-dried fodder for which the aid is proposed.?

Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

The committee adopted the report by Dominique SOUCHET (NI, F) amending the proposal under the consultation procedure. It was opposed to the idea of discontinuing the CMO at the end of the 2007/08 marketing year and instead wanted it to be made permanent. It proposed that the total amount of aid should be EUR 68 per tonne with effect from the 2004/2005 marketing year, which would be distributed on a 50-50 basis for processing and production. Other amendments aimed to: - ensure that efforts to reduce fossil fuel consumption are continued, by means of "contracts for progress" to be concluded with dehydration units; - encourage partial sun-drying with a view to making additional fuel savings; - establish a European research fund for the dried fodder sector, to be financed from a levy of EUR 1 per tonne of dehydrated fodder. ?

Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

The European Parliament adopted a resolution drafted by Dominique SOUCHET (IND, France) and amended the Commission's proposal. (Please see the document dated 20/05/03.) Parliament stated that fodder production reduces the European Union's vegetable protein deficit, helps to conserve soils in areas which are highly vulnerable to erosion, reduces the need for fertilisers and has stimulated the creation and development of an industrial sector and related activities, thereby diversifying economic activities in disadvantaged areas. Owing to the positive effects that the sector has on the EU's protein balance, the environment and rural development, the sector has achieved a high degree of multifunctionality. Hence the support scheme should be made permanent, so that the sector can acquire the viability it needs. Nonetheless, certain reforms should be carried out in order to improve the energy balance of the activity. The 'contract for progress' to be signed with the competent authority of the Member State concerned, requires reduction of fossil fuel consumption per tonne of final product by 15% by 2010, on the basis of the 2000/02 reference period, without reducing the quality of the final product. The competent authority of the Member State concerned may grant derogations from this reduction to: - undertakings consuming less than 80% of average national fossil energy consumption per tonne of evaporated water; - undertakings where renewables account for more than 20% of energy consumption. Parliament specified the measures that the Commission could take in the event of disruption to the internal market. These include: - the use of safeguard clauses to step up border protection; - the introduction of a market compensatory payment (marketing loan); - aid for private storage; - any other appropriate measure. Finally, processing undertakings that apply for aid under this Regulation will be entitled to an advance payment of EUR 20.40 per tonne or EUR 27.20 per tonne if they have lodged a security of EUR 6.80 per tonne. ?

Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

Special Report No 12/2003 on the sound financial management of the Common Market Organisation for dried fodder. The audit focused on the three largest producers Spain, France and Italy and one smaller scale producer Germany. The Court found that: - the measures introduced by the 1995 reform had been successful in keeping overall expenditure within budget. But some states had been able to exceed their share of the MGQ by as much as 60 % before penalty as other states consistently produced less than their share; - the rates of aid set by the Council in 1995, particularly for artificially dried, were higher than those recommended by the Commission. This encouraged processors to switch from sundrying and produce artificially dried to the maximum extent possible; - despite the investment in supporting the industry, dried fodder remains of limited economic significance for protein consumption in the EU; - lack of clarity in Commission regulations has created opportunities for different interpretations and practices in Member States. The Court welcomes the Commission's current efforts to reform the market. The Court recommends that the Commission address the following points when implementing the reform and notes the compromise reached by the Council: - emphasise the importance of prioritising checks on the basis of formal risk assessment; - define more specifically what it is prepared to accept as meeting the key criteria of fodder 'leaving the premises' in order to qualify for aid; - introduce checks on the plants actually used to produce the fodder to ensure compliance with those specified; - specify the nature and extent of checks on suppliers and operators to whom fodder is supplied; - specify and define the inspections of stock records and financial records of processors that are required in order to ensure reconciliation of the information as far as possible with the quantities being claimed for aid. The Commission has agreed to examine the situation during their forthcoming examination in the context of their work on clearance of EAGGF accounts. Planned evaluation of the CMO was postponed twice. But the market was reviewed for other purposes. Following the BSE crisis, the supply and demand situation was reviewed for determining how, processed animal protein which is now banned could be replaced. This suggested that importing more soya was preferable to increasing production of dried fodder. More recently the mid-term review of the CAP resulted in a proposal by the Commission to phase out aid for processing, which would have resulted in budget savings, and integrate aid for fodder cultivation into the single farm payment scheme. The Commission has informed the Court that, following the compromise solution reached in

Council in June 2003 in relation to the various proposals following CAP review, the Council has rejected phasing out aid for processing. It has agreed to transfer part of the aid for fodder into the single farm payment scheme, and to introduce a single and lower rate of aid for processing of euro 33/tonne. The Council has asked the Commission to submit a report to it on the fodder sector by September 2008 on the basis of a formal evaluation of the CMO for dried fodder.?

Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

PURPOSE : to repeal Regulation 603/95/EC and establish the organisation of the market in dried fodder for the marketing years 2004/05 to 2007/08. **LEGISLATIVE ACT :** Council Regulation 1786/2003/EC on the common organisation of the market in dried fodder. **CONTENT :** the Council formally adopted the Regulations on reform of the Common Agricultural Policy, without debate and by a qualified majority, the Portuguese delegation voting against the "horizontal" Regulation and the Regulation establishing a levy in the milk and milk products sector. Statements by the Council, Belgium, France, the Netherlands, Luxembourg, Austria, Finland, the United Kingdom, Portugal (giving reasons for voting against) and the Commission are appended to the legal texts adopted. Initially based on principles (Articles 32 to 38 of the Treaty) intended to ensure self-sufficiency in food for the European Community by increasing agricultural productivity, to guarantee a high income to farmers, to stabilise markets and to provide agricultural products at a reasonable price to consumers, the reformed CAP henceforth introduces a new key element, a pillar of the reform, which is the partial decoupling of production-related aid, based on a reference period (2000-2002); it now makes payment of such aid conditional on compliance with rules on the environment, animal welfare, hygiene standards and preservation of the countryside. The key elements of the new, reformed CAP in a nutshell: - a single farm payment for EU farmers, independent from production; limited coupled elements may be maintained to avoid abandonment of production, - this payment will be linked to the respect of environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ("cross-compliance"), - a strengthened rural development policy with more EU money, new measures to promote the environment, quality and animal welfare and to help farmers to meet EU production standards starting in 2005, - a reduction in direct payments ("modulation") for bigger farms to finance the new rural development policy, - a mechanism for financial discipline to ensure that the farm budget fixed until 2013 is not overshoot, - revisions to the market policy of the CAP: - asymmetric price cuts in the milk sector: The intervention price for butter will be reduced by 25% over four years, which is an additional price cut of 10% compared to Agenda 2000, for skimmed milk powder a 15% reduction over three years, as agreed in Agenda 2000, is retained, - reduction of the monthly increments in the cereals sector by half, the current intervention price will be maintained, - reforms in the rice, durum wheat, nuts, starch potatoes and dried fodder sectors. Concerning support in the dried fodder sector will be redistributed between growers and the processing industry. Direct support to growers will be integrated into the single farm payment, based on their historical deliveries to the industry. National ceilings will apply to take into account current National Guaranteed Quantities. During a transitional period of 4 years, a simplified single support scheme for the dehydrated and sun-dried fodder industry will apply with a degressive aid, starting from EUR 33/t in 2004/05. The respective National Guaranteed Quantities will be merged. A maximum guaranteed quantity (MGQ) per marketing year of 4855900 tonnes of dehydrated and/or sun-dried fodder for which the aid provided may be granted is hereby established. The maximum guaranteed quantity provided for in paragraph 1 shall be divided among the Member States as follows: - Belgo-Luxembourg Economic Union (BLEU) : 8 000 tonnes; - Denmark : 334 000 tonnes; - Germany : 421 000 tonnes; - Greece : 37 500 tonnes; - Spain : 1 325 000 tonnes; - France : 1 605 000 tonnes; - Ireland : 5 000 tonnes; - Italy : 685 000 tonnes; - Netherlands : 285 000 tonnes; - Austria : 4 400 tonnes; - Portugal : 30 000 tonnes; - Finland : 3 000 tonnes; - Sweden : 11 000 tonnes; - United Kingdom : 102 000 tonnes. Processing undertakings who apply for aid under this Regulation shall be entitled to an advance payment of EUR 19,80 per tonne, or EUR 26,40 per tonne if they have lodged a security of EUR 6,60 per tonne. Member States shall make the necessary checks to verify entitlement to the aid. Once entitlement has been established the advance shall be paid. However, the advance may be paid before entitlement has been established provided the processor lodges a security equal to the amount of the advance plus 10 %. This security shall also serve as security for the purposes of the first subparagraph. It shall be reduced to the level specified in the first subparagraph as soon as entitlement to aid has been established and shall be released in full when the balance of the aid is paid. Before 30 September 2008 the Commission shall, on the basis of an evaluation of the common market organisation for dried fodder, present a report to the Council on this sector dealing in particular with the development of areas of leguminous and other green fodder, the production of dried fodder and the savings of fossil fuels achieved. The report shall be accompanied, if needed, by appropriate proposals. **ENTRY INTO FORCE :** 28 October 2003. It shall apply from 1 April 2005.?