



Procedure file

Basic information		
CNS - Consultation procedure Regulation	2006/0256(CNS)	Procedure completed
Cereals: common organisation of the market CMO		
Amending Regulation (EC) No 1784/2003 2003/0008(CNS)		
Subject 3.10.03 Marketing and trade of agricultural products and livestock 3.10.06.03 Cereals, rice		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		19/12/2006
		PPE-DE GLATTFELDER Béla	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2806	11/06/2007
	Agriculture and Fisheries	2797	07/05/2007
	Agriculture and Fisheries	2777	29/01/2007
European Commission	Commission DG	Commissioner	
	Agriculture and Rural Development	FISCHER BOEL Mariann	

Key events			
14/12/2006	Legislative proposal published	COM(2006)0755	Summary
18/01/2007	Committee referral announced in Parliament		
29/01/2007	Debate in Council	2777	Summary
12/04/2007	Vote in committee		Summary
16/04/2007	Committee report tabled for plenary, 1st reading/single reading	A6-0141/2007	
07/05/2007	Debate in Council	2797	
23/05/2007	Debate in Parliament		
24/05/2007	Results of vote in Parliament		
24/05/2007	Decision by Parliament	T6-0208/2007	Summary
11/06/2007	Act adopted by Council after consultation of Parliament		
11/06/2007	End of procedure in Parliament		

Technical information	
Procedure reference	2006/0256(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1784/2003 2003/0008(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037-p2
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/44135

Documentation gateway					
Legislative proposal		COM(2006)0755	15/12/2006	EC	Summary
Committee draft report		PE384.235	06/03/2007	EP	
Amendments tabled in committee		PE386.524	23/03/2007	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0141/2007	16/04/2007	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0208/2007	24/05/2007	EP	Summary
Commission response to text adopted in plenary		SP(2007)3179	14/06/2007	EC	

Additional information	
National parliaments	IPEX
European Commission	EUR-Lex

Final act
Regulation 2007/735 OJ L 169 29.06.2007, p. 0006 Summary

Cereals: common organisation of the market CMO

PURPOSE: to discontinue the use of intervention arrangements for maize.

PROPOSED ACT: Council Regulation.

BACKGROUND: the common market for cereals is set out in Council Regulation 1784/2003/EC on the common organisation of the market in cereals. The EU intervention system for cereals is a single floor price of EUR 101.31 per tonne and is applicable to all major cereals across the EU ? including maize.

CONTENT: the purpose of this proposal is to remove maize from the intervention scheme from Regulation 1784/2003/EC, from 2007/08 onwards.

The reasons for doing so are five-fold:

- Firstly, the Commission is concerned that farmers in certain regions of the Community will continue to grow maize for intervention purposes only and, as a result, public stocks will continue to rise unnecessarily. The Commission estimates that by the end of 2013 public stocks of maize could, unless something is done, amount to 15.6 Mt.
- Secondly, and in accordance with recent CAP reforms, the Commission believes that maize farmers need to become more commercially minded and less dependant on public intervention schemes. Experience shows that removing rye from intervention

mechanisms, in 2003, has made it a more dynamic, competitive and market-orientated cereal sector. Moreover, farmers have been receiving better prices.

- Thirdly, possible outlets for the soaring intervention stocks of maize are limited. International maize prices are the lowest of all major cereals and resale on the international market would be costly.
- Fourthly, the disposal of intervention stocks on the internal market is constrained by high transport costs between surplus and deficit areas.
- Fifthly, the long term storage of maize entails a number of difficulties. During storage, the quality of maize declined rapidly. The same can not be said of other cereals such as wheat or barley.

The impact of the proposal on maize farmers would be that:

- the production of maize would not decline significantly;
- maize grown in the surplus Central European regions will regain its competitiveness (both domestically and on world markets);
- the overall level of intervention stocks would diminish substantially;
- stocks would consist exclusively of cereals suitable for long-term storage (soft wheat and barley); and
- the long-term storage solutions would almost certainly be better located for trading purposes.

To complement this proposal, the Commission is submitting a proposed temporary amendment of financing conditions under the EAGF, for the cost of funds mobilised by the Member States for storage operations. This measure will offer some alleviation for the additional costs incurred by the Member States with very high interest rates.

In presenting this proposal the Commission is fulfilling the requirement to offer a simpler and more effective regulatory framework and as such the proposal should be viewed as a contribution towards the simplification of the CAP.

For a more detailed assessment of the budgetary implications of this proposal, please refer to the financial statement.

Cereals: common organisation of the market CMO

The Council took note of Commissioner Fischer Boel's presentation on the abolition of maize intervention and held an exchange of views on this matter.

Several Member States disagreed with the proposed abolition of the intervention system, which they consider necessary for market stability. They invited the Commission to postpone any decision at least until the effects on the market of the changes adopted in 2006 on maize quality requirements, had been gauged.

The Council invited the Special Committee on Agriculture to continue the examination of the proposal and to report to the Council on this matter.

Having noted that there was not a majority in favour of the proposal at this stage, Commissioner Fisher Boel indicated that the situation had changed dramatically since the accession of the new EU Member States. She took note of the worries expressed by some Member States and mentioned that the other proposal on financing intervention was intended to limit the impact on such regions (See: [CNS/2007/0005](#)), pointing out that it was necessary to change the system and indicated that she would co-operate with the Presidency to explore alternatives to abolition.

Cereals: common organisation of the market CMO

In adopting the report drafted by Béla GLATTFELDER (EPP-ED, HU) under the consultation procedure, with 24 votes in favour and 10 against, the Committee on Agriculture and Rural Development favoured the rejection of the European Commission's proposal which seeks to abolish maize intervention from the 2007/08 marketing year onwards. Other amendments proposing a progressive reduction in intervention buying-in of maize down to zero tonnes in 2009/2010 and a reassessment of the situation at the end of 2008 were withdrawn as a result. The rapporteur proposes to reject the Commission's proposal on the following grounds:

- it infringes the legitimate expectations of maize producers;
- it is not justified appropriately by market data;
- it fails to take into consideration the possible negative effects of the removal of maize from intervention on the cereal markets.

Based on experts' estimates, the Rapporteur considers that the Commission's calculations are based on the assumption that intervention stocks will grow in a linear way in the future. This does not tally with market trends such as the currently high market price of 120 euros/tonne, the lower than average harvest last year, a fall in the level of intervention stocks to 4.28 million tonnes by the end of 2006, as well as estimates of an increase in global consumption and the development of the biofuels market which could be an important outlet for maize.

Cereals: common organisation of the market CMO

The European Parliament adopted a resolution on the common organisation of the market in cereals. It departed from the position advocated by rapporteur, Béla Glattfelder (EPP-ED, HU) and the Agriculture Committee, which wanted to reject the Commission's proposal. Parliament instead voted for a package of amendments tabled by Socialist, Liberal and Green MEPs seeking to reduce public buying-in of maize gradually over a three-year period.

MEPs believe the sudden abolition of the intervention scheme as of this year would hit the new Member States hard, when spring sowing has already begun. They propose to cap the amounts of maize bought into intervention at 2 million tonnes for 2007/2008, 1 million tonnes in 2008/2009 and zero tonnes from 2009/2010.

Parliament also calls on the Commission to present by 31 December 2008 a report evaluating trends in the maize market, the economic situation of the sector and the possible abolition or extension of the intervention scheme, accompanied by fresh legislative proposals if appropriate.

Cereals: common organisation of the market CMO

PURPOSE: to amend Council Regulation (EC) 1784/2003 relating to the common organisation of the market in cereals with a view to the discontinuation of the use of intervention arrangements for maize.

LEGISLATIVE ACT: Council Regulation (EC) No 735/2007 of 11 June 2007 amending Regulation (EC) No 1784/2003 on the common organisation of the market in cereals

CONTENT: the Council adopted a regulation introducing a ceiling on the quantities of maize eligible for intervention. Cyprus and Hungary abstained with Bulgaria, Denmark and Greece voting against.

The legal instrument for intervention is maintained pending the review of the functioning of the cereals common market organisation in the framework of the 2008 'health check' of the common agricultural policy (CMO).

The ceilings for Community intervention of maize are set as follows:

? 1.5 million tonnes for the 2007/2008 marketing year;

? 0.7 million tonnes for the 2008/2009 marketing year;

? 0 tonnes, as from the 2009/2010 marketing year.

The Commission issued a statement concerning the monitoring of the maize situation, the review of the cereals CMO and the possibility of increasing intervention quantities should market conditions require it. Poland also issued a statement.

ENTRY INTO FORCE: 02/07/2007. The Regulation will be applicable from the 2007/2008 marketing year.