



Procedure file

Basic information	
CNS - Consultation procedure Regulation	2007/0194(CNS) Procedure completed
Common agricultural policy CAP: direct support schemes and support schemes for farmers, as regards set aside for year 2008 (derog. Regulation (EC) No 1782/2003)	
Repealed by 2009/0103(CNS)	
Subject 3.10.06.03 Cereals, rice 3.10.14 Support for producers and premiums 3.10.14.04 Set-aside and conversion of land	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development	PPE-DE PARISH Neil	24/09/2007
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2819	26/09/2007
European Commission	Commission DG	Commissioner	
	Agriculture and Rural Development	FISCHER BOEL Mariann	

Key events			
13/09/2007	Legislative proposal published	COM(2007)0523	Summary
24/09/2007	Committee referral announced in Parliament		
24/09/2007	Vote in committee		
25/09/2007	Debate in Parliament		
26/09/2007	Results of vote in Parliament		
26/09/2007	Decision by Parliament	T6-0411/2007	Summary
26/09/2007	Act adopted by Council after consultation of Parliament		
26/09/2007	End of procedure in Parliament		
28/09/2007	Final act published in Official Journal		

Technical information

Procedure reference	2007/0194(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Repealed by 2009/0103(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037-p2
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/53136

Documentation gateway

Legislative proposal	COM(2007)0523	13/09/2007	EC	Summary
Text adopted by Parliament, 1st reading/single reading	T6-0411/2007	26/09/2007	EP	Summary
Commission response to text adopted in plenary	SP(2007)5401	18/10/2007	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2007/1107](#)
[OJ L 253 28.09.2007, p. 0001](#) Summary

Common agricultural policy CAP: direct support schemes and support schemes for farmers, as regards set aside for year 2008 (derog. Regulation (EC) No 1782/2003)

PURPOSE: to encourage farmers to produce additional quantities of cereals to ease market tensions.

PROPOSED ACT: Council Regulation.

BACKGROUND: following a trend of over-production in the mid-1980's, the set-aside scheme was introduced to limit the production of cereals in the EU. Initially voluntary, set aside was made obligatory in 1992, and requires farmers to set aside a defined percentage of their declared areas in order to be eligible for direct payments. The current area under obligatory set-aside amounts to 3.8 million hectares.

For the sake of simplifying the regulatory environment, the rate of obligatory set-aside was set permanently at 10 % in 2003 ([Regulation \(EC\) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy](#)). Farmers from the new Member States, who have opted for the Single Area Payment Scheme (SAPS), are exempted from the obligation of set-aside (Poland, Czech Republic, Slovak Republic, Hungary, Lithuania, Latvia, Estonia and Cyprus).

Set aside is a measure that seeks to discourage the over-production of agricultural goods. However, the 2006 cereal harvest yielded a historically low crop resulting in a considerably decreased intervention stock ? down from 14 million tons to 2.5 million tons (mostly composed of maize held in Hungary). The 2007 European harvest is expected to be similarly bad. Dry and unusually hot weather in April damaged yield potential whilst other countries (Romania and Bulgaria in particular) suffered from historical droughts. Thus the preliminary forecast for the 2007 harvest remain close to that of 2006 leading to a further reduction in the EU of private cereal stocks by the end of the 2007/2008 marketing year.

At a global level, closing stocks in 2007/2008 are expected to fall to their lowest level in 28 years, at 111 million tons, including only 31 million tons in the five major exporters. Exceptionally high prices are likely to persist due to a combination of bad harvests in important cereal producing countries as well as growing demand for cereals. Further, the strong development of the bio-ethanol industry in the United States is having a snowball effect on the price of other cereals.

CONTENT: the purpose of this proposal, therefore is to allow for a derogation of the 10% set aside scheme as provided for in Regulation (EC) No 1782/2003. A 0 % set-aside rate should encourage EU farmers to produce an additional quantity of about 10 to 17 million tons in 2008, which could contribute to easing market tension. The proposal concerns autumn 2007 and spring 2008 sowings only. A decision on a permanent basis would require a global grain policy review and an analysis on how and by which means the EU can address the positive environmental side effects of set aside, which will be conducted during the CAP health-check review.

The expected increase in production for 2008 arising from a 0% set aside, combined with the return to trend yields for the harvest in general, would help re-establish a more balanced situation and ensure the supply of food and feed within the EU. Private stocks could thus be replenished. Taking account of the current tight market as well as foreseeable developments, the proposal, under normal climatic conditions, should not lead to an over production of cereal nor should it lead to extra intervention stocks. It is not expected to increase budgetary expenditure in 2009 and 2010.

Common agricultural policy CAP: direct support schemes and support schemes for farmers, as regards set aside for year 2008 (derog. Regulation (EC) No 1782/2003)

The European Parliament responded to a request for urgent procedure from the Council and Commission and adopted a resolution on the proposal for a Council regulation derogating from Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, as regards set aside for year 2008. The European Commission had proposed to set at 0% the obligatory set-aside rate for autumn 2007 and spring 2008 sowings, in response to the increasingly tight situation on the cereals market. The request was approved subject to the following amendments :

- Parliament proposed to allow the use of land set aside for agricultural purposes for the year 2009 as well as 2008 ;
- a clause was inserted stating that, to assist the development of the Common Agricultural Policy, the Commission shall assess the environmental impact of abandoning set aside. A new recital states that the set aside system has positive effects on soil quality and biodiversity. The consequences of abandoning set aside and the means by which the positive effects thereof may be preserved should therefore be examined.

Common agricultural policy CAP: direct support schemes and support schemes for farmers, as regards set aside for year 2008 (derog. Regulation (EC) No 1782/2003)

PURPOSE: to encourage farmers to produce additional quantities of cereals to ease market tensions.

LEGISLATIVE ACT: Council Regulation (EC) No 1107/2007 derogating from Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, as regards set-aside for the year 2008.

BACKGROUND: following a trend of over-production in the mid-1980's, the Community adopted the set-aside scheme the purpose of which is to limit the production of cereals in the EU. For the sake of simplifying the regulatory environment, the rate of obligatory set-aside was set permanently at 10% in 2003 by Regulation (EC) No 1982/2003.

However, at the beginning of the 2007/2008 marketing year the cereals markets experienced exceptionally high prices ? both at Community level and on the global markets due. The low level of Community 2006/2007 closing stocks was a consequence of a smaller than expected 2006 harvest. Preliminary forecasts for 2007 indicate another low harvest the result of which is further uncertainty regarding the rebuilding of stocks.

At an international level, closing stocks in 2007/2008 are expected to fall to a historically low level, especially in the major exporting countries. Against this background, even if the 2008 harvest were normal, stocks would not increase significantly, while a poor harvest would expose the internal market to potentially serious risks.

CONTENT: based on the above analysis, the Council unanimously adopted a Regulation derogating from Regulation (EC) No 1782/2003 that reduces the set-aside rate for sowing this autumn and in the spring of 2008 from 10 % to 0 % of agricultural land. The Regulation was published in the Official Journal as a matter of urgency to allow its implementation for the earliest autumn sowings.

This measure, which is on a voluntary basis and without prejudice to stricter national provisions on environmental protection, should enable European cereal production to be increased from 10 million to 17 million tonnes.

The Commission has undertaken to examine the future of the mandatory set-aside system in depth during the "CAP Health Check", particularly as regards its positive effects on the environment. The return of land to cultivation remains optional, and those farmers who wish to do so may continue with environmental programmes.

The European Parliament delivered its opinion on 26 September, having accepted the use of the urgent procedure.

ENTRY INTO FORCE: 5 October 2007.