Procedure file

Basic information

CNS - Consultation procedure Decision 2008/0106(CNS)	Procedure completed
Strategic guidelines for rural development 2007-2013 Amending Decision 2006/144/EC 2005/0129(CNS) Subject 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD)	

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		01/04/2008
		PSE CAPOULAS SANTOS Luis Manuel	
	Committee for opinion	Rapporteur for opinion	Appointed
	ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	REGI Regional Development	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2918	19/01/2009
	Agriculture and Fisheries	2904	18/11/2008
	Agriculture and Fisheries	2900	27/10/2008
	Environment	2898	20/10/2008
	Agriculture and Fisheries	2892	29/09/2008
	Agriculture and Fisheries	2884	15/07/2008
	Agriculture and Fisheries	2881	23/06/2008
European Commission	Commission DG	Commissioner	
	Agriculture and Rural Development	FISCHER BOEL Mariann	

Key events

20/05/2008	Legislative proposal published	COM(2008)0306	Summary
19/06/2008	Committee referral announced in Parliament		
23/06/2008	Debate in Council	2881	Summary
15/07/2008	Debate in Council	2884	Summary
29/09/2008	Debate in Council	2892	
07/10/2008	Vote in committee		Summary
09/10/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0377/2008	
	Debate in Council		

20/10/2008		2898	
27/10/2008	Debate in Council	2900	
18/11/2008	Debate in Parliament		
19/11/2008	Results of vote in Parliament		
19/11/2008	Decision by Parliament	T6-0552/2008	Summary
19/01/2009	Act adopted by Council after consultation of Parliament		
19/01/2009	End of procedure in Parliament		
31/01/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/0106(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
	Amending Decision 2006/144/EC 2005/0129(CNS)
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/63400

Documentation gateway

Legislative proposal		COM(2008)0306	20/05/2008	EC	Summary
Document attached to the procedure		SEC(2008)1885	20/05/2008	EC	
Document attached to the procedure		SEC(2008)1886	20/05/2008	EC	
Committee draft report		PE407.830	24/06/2008	EP	
Amendments tabled in committee		PE412.028	01/09/2008	EP	
Committee of the Regions: opinion		CDR0162/2008	08/10/2008	CofR	
Committee report tabled for plenary, 1st reading/single reading		A6-0377/2008	09/10/2008	EP	
Economic and Social Committee: opinion, report		CES1670/2008	23/10/2008	ESC	
Text adopted by Parliament, 1st reading/single reading		T6-0552/2008	19/11/2008	EP	Summary
Commission response to text adopted in plenary		SP(2008)7295	12/12/2008	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

Decision 2009/61

OJ L 030 31.01.2009, p. 0112 Summary

Strategic guidelines for rural development 2007-2013

PURPOSE: to amend Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013)

PROPOSED ACT: Council Regulation.

CONTENT: this proposal follows the Commission Communication "Preparing the Health Check of the CAP reform" of 20 November 2007. It should be noted that this proposal is closely linked to the following procedures: CNS/2008/0103, CNS/2004/0104, and CNS/2008/0105.

It is recalled that in recent months, there has been a sharp rise in the price of many agricultural commodities to exceptional levels. Their steady increase in 2006 and 2007 had already supported the conclusion that any remaining supply controls of the CAP (namely, dairy quotas and set-aside) should be removed. The Commission proposes further to break the link between direct payments and production and thus allow farmers to follow market signals to the greatest possible extent. Among a range of measures, the proposals call for the abolition of arable set-aside and a gradual increase in milk quotas before they are abolished in 2015, and a reduction in market intervention. These changes will free farmers from unnecessary restrictions and let them maximise their production potential. The Commission also proposes an increase in modulation, whereby direct payments to farmers are reduced and the money is transferred to the Rural Development Fund. This will allow a better response to the new challenges and opportunities faced by European agriculture, including climate change, the need for better water management, and the protection of biodiversity.

The main points of the proposals are as follows:

Abolition of set-aside: the Commission proposes abolishing the requirement for arable farmers to leave 10 percent of their land fallow. This will allow them to maximise their production potential. However, under the proposals for cross compliance and Rural Development, Member States are given the appropriate tools to ensure that the present environmental benefits of set aside can be retained.

Phasing out milk quotas: milk quotas will be phased out by April 2015. To ensure a 'soft landing', the Commission proposes five annual quota increases of one percent between 2009/10 and 2013/14.

Decoupling of support: the CAP reform "decoupled" direct aid to farmers i.e. payments were no longer linked to the production of a specific product. However, some Member States chose to maintain some "coupled" ? i.e. production-linked - payments. The Commission now proposes to remove the remaining coupled payments and shift them to the Single Payment Scheme, with the exception of suckler cow, goat and sheep premia, where Member States may maintain current levels of coupled support (as it exists currently) in order to sustain economic activity in regions where other economic alternatives are few or do not exist.

Moving away from historical payments: farmers in some Member States receive aid based on what they received in a reference period. In others, payments are on a regional, per hectare basis. As time moves on, the historical model becomes harder to justify, so the Commission is proposing to allow Member States to move to a flatter rate system.

Extending SAPS: ten of the 12 newest EU members apply the simplified Single Area Payment Scheme. This is supposed to expire in 2010, but the Commission proposes extending it to 2013.

Cross Compliance: aid to farmers is linked to the respect of environmental, animal welfare and food quality standards. Farmers who do not respect the rules face cuts in their support. This Cross Compliance will be simplified, by withdrawing standards that are not relevant or linked to farmer responsibility. In particular, the proposals aim at withdrawing certain Statutory Mandatory Requirements that are considered not relevant or linked to farmer responsibility, and to introduce into Good Agricultural Environmental Conditions requirements that retain the environmental benefits from set aside and address issues of water management.

Assistance to sectors with special problems: currently, Member States may retain by sector 10 percent of their national budget ceilings for direct payments for environmental measures or improving quality and marketing of products in that sector. The Commission wants to make this tool more flexible. The money would no longer have to be used in the same sector; it could be used to help farmers producing milk, beef, goat and sheep meat in disadvantaged regions; it could be used to support risk management measures such as insurance schemes for natural disasters and mutual funds for animal diseases; and countries operating the SAPS system would become eligible for the scheme.

Shifting money from direct aid to Rural Development: currently, all farmers receiving more than EUR 5,000 in direct aid have their payments reduced by 5 percent and the money is transferred into the Rural Development budget. The Commission proposes to increase this rate to 13 percent by 2012. Additional cuts would be made for bigger farms (an extra 3 percent for farms receiving more than EUR 100,000 a year, 6 percent for those receiving more than EUR 200,000 and 9 percent for those receiving more than EUR 300,000). The funding obtained this way could be used by Member States to reinforce programmes in the fields of climate change, renewable energy, water management and biodiversity.

Intervention mechanisms: market supply measures should not slow farmers' ability to respond to market signals. The Commission proposes to abolish intervention for durum wheat, rice and pig meat. For feed grains, intervention will be set at zero. For bread wheat, butter and skimmed milk powder, tendering will be introduced.

Payment limitations: 46.6% of the total direct payment beneficiaries in the EU-25 receive less than EUR 500. This number essentially includes small farmers, but it also includes in certain Member States recipients whose value of payment is below the administrative cost of managing it. In order to simplify and reduce the costs of administration of direct payments, it is proposed that Member States shall either apply a minimum amount of payments of EUR 250 or apply a minimum size of eligible area per holding of at least 1 hectare or apply both. Nevertheless, special provision is made for those Member States whose agricultural sector is mainly composed of very small holdings.

Other measures: a series of small support schemes will be decoupled and shifted to the SPS. For hemp, dried fodder, protein crops and nuts this would happen immediately. For rice, starch potatoes and long fibre flax, there would be a transitional period. The Commission is also proposing to abolish the energy crop premium.

Budgetary impact: proposals for modulation in the Single Payment Scheme and Rural Development are neutral with the respect to the EU budget, as it is a simple compulsory transfer between the second and the first pillar of the CAP. For national budgets the increased modulation could lead to additional national expenditure in view of the necessary co-financing needed in Rural Development. This would mean that some Member States have the possibility of returning to the (higher) level of national expenditure originally provided for before the decision on the Financial Framework 2007?2013. As regards the transfer of measures into the Single Payment Scheme there could be moderate financial consequences for the EU-budget, but most of the transfers are also budgetary neutral. The expiry of the dairy quota will bring additional pressure on butter under all options. These proposals, by initiating a gradual process of a quota phasing-out, are more beneficial for the sector and for the long-term developments of the CAP. However, the need for some limited additional expenditure on butter exports cannot be excluded. Whether this materialises will depend on factors that are at this stage unknown (Doha Development Agenda, world market developments). Therefore the present proposals include a review clause in 2012 that would allow developments in dairy markets to be assessed to determine if additional measures will be needed to avoid any increase in the budget. Some savings are foreseen as a consequence of abolition of existing measures. However, the biggest budgetary effect of the soft-landing on the milk quota is a loss of budgetary revenue due to the decrease in milk levy.

Strategic guidelines for rural development 2007-2013

The Council held a policy debate on the proposed legislative package for the "Health Check" of the CAP since the 2003 reform. The debate focused on two questions drawn up by the Presidency, one on the proposal for further decoupling, and the other on the proposal for specific support measures under a revised version of Article 69 of Regulation 1782/2003.

- Most delegations welcomed the proposal for further decoupling, which is in the spirit of the 2003 reform, In their opinion, decoupling provides the necessary impetus to allow farmers to respond to market signals. However, several delegations considered that for certain vulnerable sectors coupled or partial coupled payments may still be necessary at least over a transitional period. In this context they highlighted the risks of land abandonment, loss of biodiversity and/or serious irreversible social impacts. With regard to the specific support provided for under a " revised Article 69" (new Article 68 in the proposal), several delegations reiterated their request for this to be simpler and more flexible so that each member state can choose how to target the support appropriately. Other delegations underlined the importance of ensuring that the measures would not distort trade or competition or reintroduce coupled payments and that to this end the measures envisaged should only be transitional.

- Delegations also had concerns about the proposed restrictions on the financing of this measure. Some delegations considered that there were other possible financing solutions such as using unused funds earmarked for direct payments, reclassifying some of the measures under rural development, and increasing the ceilings imposed). Some delegations also criticised the proposal on mutual funds to provide financial compensation to farmers as a result of animal or plant disease crises and considered that the current text set out in Article 44 of the Single CMO Regulation (Regulation 1234/2007) was a more satisfactory tool.

The future French Presidency indicated its intention to take forward its preparatory work, with the aim of reaching political agreement in November. To that end, it will table policy debates Council level on this item, in July and September 2008.

Strategic guidelines for rural development 2007-2013

The Council held a policy debate on the Health Check of the CAP, as reformed in 2003-2004. (See Council doc.9656/08). The debate was structured by a Presidency questionnaire relating to 4 important aspects of the proposal: modulation, market management mechanisms, dairy quotas and cross-compliance.

Regarding the increase in the rate of compulsory modulation proposed by the Commission, several delegations wanted to continue exploring the other options for the funding needed to meet the new challenges. Some Member States reiterated their preference for keeping a strong Pillar I, while others considered that Pillar II already took on board the new challenges. The co-financing of funds derived from modulation also raises questions from a number of Member States.

The discussion on market management mechanisms showed that maintaining a real safety net was a common objective. Nevertheless, a number of delegations expressed doubts regarding the abolition of intervention and the mechanism of buying-in under a tendering procedure.

Several delegations wished to maintain aid for private storage in the dairy sector, as well as intervention for pigmeat.

The "soft landing" principle for the phasing out of milk quotas is accepted by a majority of delegations, but on the other hand there is not yet any consensus on how to achieve it.

A number of delegations thus considered the level of the proposed annual increases (5 times 1 %) inadequate. The report envisaging a reassessment of the situation by the end of June 2011 was welcomed by some Member States, while others thought an immediate decision should be taken. The concern to provide for suitable accompanying measures was expressed by several Member States, especially in vulnerable areas.

All delegations welcomed the effort made to simplify the cross-compliance rules and pressed for the process to continue, making the rules more transparent both for operators and for the authorities monitoring their application.

A large number of delegations felt that good agricultural and environmental practices (GAEP) should remain indicative, in order to take account of the specific situations in the individual Member States.

The Council instructed the preparatory bodies to continue their technical and political proceedings with a view to reaching agreement on this matter in November 2008.

Strategic guidelines for rural development 2007-2013

The Committee on Agriculture and Rural Development adopted a report drafted by Luis Manuel CAPOULAS SANTOS (PES, PT), and, in the framework of the consultation procedure, it amended the proposal for a Council decision amending Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013).

The sole amendment stipulates that, in the agrifood chain and forestry sector investment support should help to develop innovative and more sustainable ways of replacing fossil fuels and reducing greenhouse-gas emissions, including by means of second-generation agrofuels, whereby it must be ensured that food production is not reduced in consequence and that the energy balance of the farm concerned is improved overall.

Strategic guidelines for rural development 2007-2013

The European Parliament adopted, by 552 votes to 67 with 6 abstentions, a legislative resolution approving the proposal for a Council decision amending Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013).

The report had been tabled for consideration in plenary by Luis Manuel CAPOULAS SANTOS (PES, PT) on behalf of the Committee on Agriculture and Rural Development.

The sole amendment, adopted in the framework of the consultation procedure, stipulates that, in the agrifood chain and forestry sector investment support should help to develop innovative and more sustainable ways of replacing fossil fuels and reducing greenhouse-gas emissions, including by means of second-generation agrofuels, whereby it must be ensured that food production is not reduced in consequence and that the energy balance of the farm concerned is improved overall.

Strategic guidelines for rural development 2007-2013

PURPOSE: to amend Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013)

LEGISLATIVE ACT : Council Decision of 19 January 2009 amending Decision 2006/144/EC on the Community strategic guidelines for rural development (programming period 2007 to 2013)

CONTENT: the Council adopted, by qualified majority, a legislative package resulting from the "Health Check" of the reformed Common Agricultural Policy conducted during the second half of 2008. The Estonian and Slovak delegations voted against the four acts, the Latvian delegation voting against the "Direct Support" Regulation and the Regulation and Decision on Rural Development, and the Czech delegation abstaining on the whole package. (Please also refer to the following procedures: CNS/2008/0104, CNS/2008/0105, and CNS/2008/01033.)

The purpose of these measures is to simplify the single farm payment scheme and improve its effectiveness, to bring agricultural production more into line with global markets, and through rural development programmes to be better able to meet the new challenges of climate change, renewable energies, water management and preservation of biodiversity with innovation underpinning these 4 points, as well as those in the dairy sector.

The main elements of the legislative package can be summarised as follows:

1) Farm payments:

Compulsory modulation, i.e. transfer of a percentage of funds earmarked for farm payments to the Rural Development Fund. In order to reinforce the financing of the new challenges faced by agriculture, the amount of this transfer will be increased in two ways:

- for the EU 15, the current 5% transfer rate will be raised by 2% in 2010 and by a further 1% each of the following three years so as to reach 10% in 2013. In addition, a further "progressive modulation" rate of 4% will apply to farm payments above EUR 300 000 from 2009 (budget year 2010) onwards;
- for the new Member States compulsory modulation will only apply in the year when the level of direct payments will be at least equal to the level paid in the EU 15.

The exemption for the first EUR 5 000 of farm payments will continue to apply.

Cross compliance rules: the list of environmental, health and animal welfare requirements which are conditional for payment of the full amount of farm payments has been adjusted so as to correspond better to the work of the farmer and to the farm. Moreover the standards for maintaining land in good agricultural and environmental condition have been strengthened as regards protection of the landscape (which was necessary as a consequence of the abolition of the set aside requirement) and water management.

The Council and the Commission have undertaken to continue to work towards further simplification of the cross compliance rules for farmers as well as for the national administrations.

Minimum thresholds applicable to the amount of farm payments: in order to reduce the administrative cost incurred in disbursing small amounts of farm payments, farm payments will be subject to minimum thresholds per farm payment amount or per eligible area size. However, the fixed standard thresholds (EUR 100 and 1 hectare) may be adjusted according to the particular situation of the individual countries (in the case of Hungary, for example, Hungary will have the flexibility to set the threshold up to EUR 200 or down to 0.3 hectare, while France may increase the threshold up to EUR 300 or 4 hectares).

Choice of regional or historical reference basis for farm payments: in order to allow Member States more flexibility in the distribution of farm payments and to target better those payments, the new rules allow them to gradually level out the amounts of farm payments within their territory, and to change the basis for distribution of farm payments from a historical basis to a regional basis. In the framework of the discussion on the future of the CAP after 2013, the Council and the Commission are committed to examining thoroughly the possibilities for development of the farm payment system and addressing the differing level of farm payments between Member States.

Most farm payments will be decoupled between 2010 and 2012:

- aid for arable crops, durum wheat, olive groves and hops as well as for some payments for sheep and goat, and beef and veal on 1 January 2010;

- for other payments for beef and veal (with the exception of suckler cows), rice, nuts, seed, protein crops and starch potato cultivation on 1 January 2012 at the latest;
- for the processing of dried fodder on 1 April 2012, and for the processing of potato starch and flax and hemp on 1 July 2012.

All these aids will be integrated into the single farm payment scheme.

The Commission will draw up a report by 31 December 2012 on the implementation of the "Health Check", particularly with regard to progress on decoupling.

Specific support measures, especially for sectors in difficulty as well as for insurance and mutual funds ("Article 68 support"): Member States will be allowed to use up to 10 % of their national single farm payment ceilings to grant targeted support to farmers in clearly defined cases. This support may concern specific types of farming important for the protection or enhancement of the environment, measures to improve the quality of agricultural products or their marketing as well as for the practice of enhanced animal welfare and for agri-environment purposes.

It may also be used to address specific disadvantages in the beef and veal, sheep meat and goat meat, dairy, and rice sectors in economically vulnerable or environmentally sensitive areas, or, in the same sectors, for economically vulnerable types of farming. However, support of this kind is subject to several conditions, in particular excluding any increase in coupled aid compared to the previous situation.

Moreover, the specific support may take the form of a financial contribution towards the payment of crop, animal and plant insurance premiums covering financial loss caused by adverse climatic events and animal or plant diseases or pest infestation, or to mutual funds for animal or plant diseases or environmental incidents.

The new Member States not yet participating in the single farm payment scheme may continue to apply the single area payment scheme, which was due to expire in 2010, until the end of 2013.

2) Market management: the compulsory set-aside scheme for arable land is abolished. To compensate for the protection it offered for special landscape features such as buffer strips along water courses, provisions under cross-compliance have been strengthened in this respect. In addition, milk quotas are increased by 1% annually from 2009 to 2013, to prepare for the expiry of the milk quota regime in 2015. In the case of Italy, a 5% increase will take place as from 2009 in a single instalment in order to allow Italy to address the situation of excess quota production in its country.

The Commission will assess the situation in this sector in two reports to be presented by the end of 2010 and 2012. Further decisions regarding the dairy sector include the abolition of the aid for the private storage of cheese and the maintenance of the aid for the private storage of butter.

Public intervention: the measures for butter and skimmed milk powder will be continued in a simplified form. For soft wheat, a new ceiling is introduced, with purchase by tender beyond that ceiling. For durum wheat, rice, barley and sorghum, the intervention mechanism will be maintained as a market management instrument, but with ceilings set at zero, as in the case of intervention for maize.

For long and short fibre hemp and flax, new aid amounts have been fixed. They will remain in force until the total decoupling of this aid in 2012.

The restructuring of the tobacco sector will be supported by rural development funds.

The energy crop aid is abolished since this specific support is no longer warranted in view of the strong demand for such products on international markets and the introduction of binding targets for the share of bio-energy in total fuel by 2020. The EUR 90 million saved will be made available to the new Member States.

3) New challenges under rural development programmes: the additional funds generated by the increase in modulation (EUR 3 billion) are to be used by Member States to address the challenges in the areas of climate change, renewable energy, management of water and biodiversity as well as to finance innovation in the areas mentioned above or accompanying measures for restructuring in the dairy sector. Co-financing for resources stemming from modulation and allocated to those priorities under rural development programming will be at a rate of 75 % (or 90 % for regions falling under the "convergence" objective).