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The Presidency presented to the ministers its progress report on the reform of the common agricultural policy (CAP) ([8949/12](#)).

Member states broadly welcomed the progress report and overall considered it a fair and accurate reflection of the debate in the Council, which would lay a solid foundation for the next steps in the process under the Cypriot and Irish Presidencies. They also noted that the next presidencies had to deepen discussions on the open issues. Some delegations commented on issues of importance to them, particularly in relation to capping, convergence of direct payments and greening.

This progress report highlights the progress achieved during the first half of 2012 on the CAP reform proposals. It has been drawn up under the responsibility of the Presidency on the basis of the positions expressed within the Council and its preparatory bodies during this semester. It makes clear that nothing is agreed until everything is agreed.

The report highlights the efforts made by the Presidency, especially on increased flexibility, simplification and greening. It indicates the main amendments suggested to the Commission proposals and on which the Presidency has noted broad support from delegations.

The Presidency's suggested amendments aim to resolve a number of issues raised by delegations, particularly with a view to ensuring that future CAP legislation is workable in practice and can be implemented in a cost-effective manner.

This report also identifies for each of the proposals the key issues which remain outstanding as at June 2012, including issues contained in the negotiating box for heading 2 of the Multiannual financial framework (MFF).

The report distinguishes between three categories of issues:

- issues on which there is broad support among delegations for the amendments suggested by the Presidency to the Commission proposals;
- issues which remain outstanding as at June 2012;
- issues which are included in the negotiating box of the Multi-Annual Financial Framework and which the European Council will ultimately decide upon.

Single CMO proposal: the key issues raised on the proposal are :

- the scope of the future market management measures,
- the exceptional support measures,
- the reserve for crises in the agricultural sector,
- the future of the sugar quota regime and the system of vine planting rights,
- measures to improve the functioning of the food supply chain, and Lisbon alignment.

Delegations generally support the safety net function of the market management measures proposed by the Commission. Delegations also broadly support the amendments included in the Presidency text to resolve issues relating to carcase classification, apiculture, the provisions on school fruit and school milk; wine; trade; state aid rules; competition; sugar sector agreements; communication and reporting; market and exceptional measures, reserve for crisis as well as the provisions on the sectors of olive oil and table olives, fruit and vegetables, wine.

Delegations also broadly support the intention of incorporating the milk package as adopted into the main body of the text.

A number of delegations call for further adjustments, particularly the introduction of a mechanism to update the level of reference prices on which other delegations support the proposal. Some delegations also request to keep public intervention for durum wheat and sorghum, and keep mandatory private storage aid for butter.

Several delegations want to change the proposed definition of adult bovine by increasing the age. Some delegations call for the phasing-out of export refunds irrespective of the outcome of WTO discussions, but others consider export refunds as a useful and justified tool, which should be used as long as the EU's international obligations allow so.

There is broad support for the proposed extension of exceptional support measures to all sectors.

The issue of the reserve for crises in the agricultural sector is included in the Negotiating Box of the Multiannual Financial Framework (MFF).

The proposal does not provide for a prolongation of the current sugar quota regime due to expire on 30 September 2015. A majority of delegations oppose the end of this regime, and would like it extended, while some support the planned expiry.

A large number of delegations call for the continuation of the existing system of vine planting rights beyond 2015. Other delegations have reserves on this request recalling that the expiry of the regime was an integral part of the 2008 wine sector reform. The Commission has set up a High Level Group to examine this issue, which is expected to present its recommendations in November 2012.

To strengthen the bargaining power of farmers and the functioning of the food supply chain, the Commission proposes to extend current provisions for the fruit and vegetables sector to producer organisations (POs) and inter-branch organisations (IBOs) in all sectors. A majority of delegations oppose the proposed obligatory recognition of these organisations in all sectors, and hence support the Presidency suggested amendment whereby recognition is voluntary.