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Enlargement and agriculture: Commission tables amendments to take account of CAP reform

The CAP reform package agreed formally by the Agriculture Council in September involves substantial changes to the *acquis communautaire* in the agricultural field. This means that some alterations have had to be proposed to maintain the results of the accession negotiations in the field of agriculture. On 27 October, the Commission published proposals for such changes.

While the CAP reform agreement was reached at political level in June, regulations were not adopted by the Council until September. With the reforms now on the 'statute book' ([1]) the Commission is acting swiftly to render the Act of Accession compatible with the CAP reform. The need for adaptation arises because the accession negotiations were concluded on the basis of the CAP as it was at end-2002.

Two proposals are on the table.

Firstly, the CAP-related annexes to the Act of Accession will have to be adapted to fit with the reformed CAP. For example, the Commission has proposed that the new direct payments introduced by the CAP reform (e.g. for energy crops, nuts and dairy products) should be subject to the same phasing-in schedule as other EU direct payments in the new Member States.

The proposal maintains the option for the new Member States to apply a hectare-based single area payment scheme (SAPS) and foresees that new Member States applying the SAPS move directly from that to the new single payment scheme, rather than backwards to the classical direct payment scheme.

Among other things, the proposal includes additions and modifications to take account of the fact that, in the milk sector, the CAP reform replaces the regulation establishing a levy with a new regulation and amends the regulation on the common market organisation for milk and milk products.

The opinion of the European Parliament must be sought before the Council takes a unanimous decision on the Commission's proposal to amend the Act of Accession.

Secondly, the CAP regulations introducing the reform will need revision. The new single payment scheme poses a problem for the new Member States as it is not possible to calculate payment entitlements for their farmers on the basis of the same historical reference period as used in EU-15 (2000–02). Consequently, the proposal foresees that the new Member States apply the 'regional implementation option' decided in the CAP reform for EU-15. This means that uniform per hectare entitlements would be granted within any one region from regional financial envelopes.

On cross-compliance, farmers in the new Member States will become subject to the CAP reform rules from 2005 onwards. The proposal foresees two exceptions, however. First, the transition periods negotiated by some countries, for example that concerning the habitat directive, will remain intact. Second, for those new Member States choosing to apply the SAPS, the existing cross-compliance arrangements of the 'old' CAP remain as a baseline, but the new CAP rules are not compulsory under SAPS in so far as the statutory management requirements are concerned. They are instead optional under the SAPS from 2005 onwards.

In addition, the Commission's proposal reflects its declaration of 26 June 2003, that the 'modulation' and the 'financial discipline' mechanisms introduced by the reform should not apply to the new Member States until the level of direct payments in these countries has reached the EU level.

This second proposal requires a decision of the Council by qualified majority.

In both cases the new Member States will be fully consulted, thanks to the rights afforded to them under the information and consultation procedure.

Franz Fischler, EU Commissioner with responsibility for agriculture, has stated: 'Today's proposal makes sure that the terms of accession are maintained and that the fundamental character and principles of the agreed package are not altered. Obviously, the acceding countries will be extensively consulted. However, this is not about reopening the negotiations. This is to ensure that the new Member States will be smoothly integrated into the reformed farm policy.'

For more information, including a description of the main details of the accession provisions for agriculture and rural development, go to:

http://europa.eu.int/comm/agriculture/capreform/enlarge/index_en.htm

([1]) OJ L 270, 21.10.2003.

Sapard report — highlighting quality as well as quantity

The Commission has just published its latest report (covering 2002) on the Sapard programme — the EU measure aimed at assisting candidates for EU accession to adapt their rural economies in preparation for EU membership. In addition to showing the quantitative side of Sapard, the report highlights several qualitative aspects.

The Commission produced its third report on the 'Special accession programme for agriculture and rural development' (Sapard) on 7 October. For the first time, Sapard was operating broadly as intended across all east European accession States and candidate countries, allowing a better assessment to be made of its effectiveness. A 'mid-term' evaluation of Sapard was also carried out for completion by the end of 2003.

In quantitative terms, budgetary expenditure under the instrument has increased markedly since the 2001 report was produced. Payments to final beneficiaries rose sharply. For the last quarter of 2002, they exceeded EUR 20 million. This was double the amount for the previous quarter (itself some three times that of the quarter before), despite the fact that Poland and Romania, which account for nearly two thirds of the total funding under the instrument, had only been able to submit claims for token level of payments during 2002.

But payments made do not tell the full story of Sapard's effectiveness, not least because the payments are actually made well after the commitment to the beneficiary has been made. Thus, useful rural development measures were being put in place but the time lag meant they did not show up fully in 2002 in payments.

Also, one of Sapard's aims is the creation of administrative structures that will allow more efficient future use of EU-funded measures. The existence of these structures will have a positive impact on the ability of each beneficiary country to use rural development funds post-accession. The decentralised way in which Sapard functions, with beneficiary countries managing the instrument, subject to the Commission's *ex post* control as in the Member States, is another useful preparation for EU accession. In any case, the Commission could not manage all measures centrally (there were some 10 000 contracts for Sapard funding concluded by October 2003).

Nevertheless, the Commission continued to play an important role in the control and auditing process in order that public funds can be seen to be correctly spent.

Specific examples of measures benefiting from Sapard funding are: investments in agricultural holdings and technological improvements; improving product processing and marketing; diversification of economic activities; training programmes for interested parties. In addition, in 2002, Sapard funds were used to assist rural areas of the Czech Republic (including forests) severely affected by flooding.

The full report can be found at:

http://europa.eu.int/comm/agriculture/publi/reports/sapard2002/full_en.pdf

News in brief

❑ CAP reform legal texts adopted

The legal texts of last June's CAP reform agreement were adopted by Ministers for Agriculture at the Council meeting of 29 September. The new regulations have subsequently been published in Official Journal L 270 of 21 October 2003 ([1]).

Publication represents the formal part of the reform agreement. The package of measures approved in June in Luxembourg was a political agreement only. In order to enter into force, legal texts setting out the deal and all its detailed elements had to be drawn up and formally approved by the Council. The process of examining draft legal texts prepared by the Commission took place over the summer months in various Council committees and working groups and culminated in the publication of the agreed regulations.

It is now up to Member States to decide on how to implement the new provisions within their territories — the CAP reform agreement provides for several elements of flexibility, notably over the application of the new single payment scheme and, in particular, the decoupling provisions.

A task force has been created within the European Commission's Directorate-General for Agriculture to deal with issues related to implementation of the CAP reform.

([1]) See also:http://europa.eu.int/comm/agriculture/capreform/index_en.htm

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