



Commission publishes studies on impact of CAP reform proposals

In March 2003, the European Commission published a report on the impact on agricultural markets and farm incomes of the CAP reform proposals adopted in January 2003. The report is based on two different analyses carried out within the Commission's services, one relating to EU-15 and the other to EU-25.

The Commission's CAP reform plans ('CAP reform - a long-term perspective for sustainable agriculture') aim to make European agriculture more competitive and market-oriented. They also aim to promote environment-friendly farming, to facilitate the enlargement process, and to help better defend the CAP in the World Trade Organisation negotiations. They are now being discussed by Member States.

The proposals for decoupling should minimise the link between agricultural support paid to farmers and the actual level of production. Farmers could fully concentrate on market requirements and sustainable agriculture, while qualifying for direct payments. The studies clearly show that decoupling would positively affect agricultural markets, mainly in the livestock sector, without causing significant changes in agricultural production and farm income.

The analyses published by the Commission show that market imbalances should be reduced following the implementation of the CAP reform proposals. In particular, the balance for rye, rice and beef would be significantly improved.

According to the studies, the Commission's new reform package would also secure a significant rise in farmers' incomes. Farmers' incomes in the 15 current Member States are forecast in earlier Commission studies to rise 8.5 % by 2009 following the Agenda 2000 CAP reforms. In the accession countries, increases in farmers' incomes — forecast by the Commission in earlier studies to rise significantly as a result of enlargement — should become more secure as a result of the reform proposals. In addition, positive effects of the CAP reforms on land markets could further improve the income situation of farmers.

Agriculture Commissioner Franz Fischler, outlining the studies' findings on 25 March, said:

'The studies clearly show that the reform will secure our farmers a higher income while gearing farm production away from surpluses towards less intensive and more sustainable farming. Cutting the link between production and farm aids will not lead farmers to abandon their land or stop producing. Market orientation will improve, as farmers would have the choice to produce what the consumers want — not what the subsidies dictate to them.'

The report containing both impact studies can be found at:

http://europa.eu.int/comm/agriculture/publi/reports/reformimpact/index_en.htm

The Commission's CAP reform proposals are at:

http://europa.eu.int/comm/agriculture/mtr/index_en.htm

Commission to 'plough on' with agricultural trade talks

The European Commission will redouble its efforts in the World Trade Organisation's (WTO) agricultural negotiations, despite the failure to meet the 31 March 2003 deadline for a deal on the framework of a new agreement on agriculture.

European Commissioners for Trade, Pascal Lamy, and Agriculture, Rural Development and Fisheries, Franz Fischler, expressed regret at the failure to meet the deadline, but stressed that EU efforts to reach a satisfactory deal on agriculture will be redoubled.

Speaking in London on 31 March, Commissioner Fischler said:

‘Now we will have to plough on. More important than a deadline is real effort to inject new dynamism into the negotiations, to keep working to narrow existing gaps.’

WTO members were due to agree by 31 March the main lines of an agreement, including timetables for reductions in subsidies and tariffs and the extent of those cuts. However, the compromise proposals on the table were deemed unacceptable by most WTO members. The Commission’s main criticism was that the proposals were substantially unbalanced, as they required deep cuts in EU support schemes and tariff barriers while foreseeing very little for other members, and failed to address sufficiently the needs of developing countries.

The EU wants these negotiations to address the interests of EU consumers and farmers, as well as the interests of the developing world. EU aims include the recognition of non-trade concerns, such as food safety, the environment, rural development and animal welfare, and ensuring that the concerns of developing countries are taken into account, for instance by offering better access for their products to developed country markets.

The failure to reach agreement by the March deadline means attention now shifts to the WTO ministerial

meeting to be held in Cancun in September this year. Commission officials are working hard to gain support, especially from developing countries, for an agreement by then. The WTO will hold technical discussions in the coming months to try to narrow differences between negotiators.

The agricultural negotiations are part of a whole package of different agreements which make up the WTO’s Doha Development Agenda, due to be agreed by January 2005. The EU’s aims in these negotiations are:

- further substantial liberalisation on a fair and equitable basis;
- to promote sustainable development; and
- the right to maintain a model of agriculture which addresses the need to ensure environmental protection, rural development, food safety and other consumer concerns.

These objectives are consistent with the domestic reforms that the EC has carried out over the past 10 years.

A description of the EU’s proposals to the WTO can be found on:

http://europa.eu.int/rapid/start/cgi/guesten.ksh?_action.gettxt=gt&doc=IP/03/126|0|RAPID&lg=EN&display=

News in brief

□ Seminar on rural development measures for accession countries

In March, the Commission hosted a two-day information seminar for officials from the accession countries to explain the rural development measures that are available to them as they complete their preparations to join the EU. This was a personal initiative of Commissioner Fischler, who opened proceedings.

The seminar addressed two phases.

- Until accession in May 2004, the Sapard ⁽¹⁾ programme of pre-accession measures will continue to run. It plays an essential role in setting up the necessary administrative structures and in helping to train staff through practical experience. Without competent staff working in established structures, EU financial assistance would never reach rural areas.
- After accession, rural development programmes will be put in place for the period 2004–06. These reinforced programmes will offer considerable opportunities for farmers in the new Member States to improve their efficiency and diversify their income sources. They can be tailored to the specific needs of each region.

The Commission presented guidelines for the switch from Sapard to post-accession rural development instruments at the seminar. It was also announced that there would be continuity for certain measures launched under Sapard and implemented in the post-accession period.

⁽¹⁾ Special pre-accession programme for agriculture and rural development.

