

Citizen Summary

Legal proposals on the Health Check of the CAP

Why a health check of the CAP?

On 20 November 2007 the Commission adopted the Communication "Preparing the Health Check of the CAP reform". The idea behind the Health Check is not to re-invent or re-reform the Common Agricultural Policy (CAP), but to assess if it is working as well as it could in a larger European Union and in a shifting international context. The Health Check is therefore not a major reform but an effort to streamline and to modernise the CAP.

Having gained the experience of implementing the 2003 CAP reform, we are now in a good position to assess whether the reformed CAP is working as effectively, efficiently and simply as it can and should. Also, where there is a need to do so, the CAP should be adapted to better meet new challenges, such as climate change, water management and bioenergies.

Following a public consultation in which the Commission received a significant number of contributions (85) with wide-spread representation across Member States and stakeholders, from farm and environmental groups to industries, legal proposals have been presented.

What does the Commission propose?

The Commission has proposed modifications of three main areas:

- Direct aid system
- Market instruments
- Rural development policy

On the direct aid system, we need to look at ways to make the system simpler and more efficient for farmers. To do so, Member States will be given the opportunity to change their implementation models by moving towards a flatter rate of aid. The linkage between the payments farmers receive and the farmers' obligations in the areas of environment; public, animal and plant health; and animal welfare, also has to be made clearer for farmers.

The direct aid scheme should also be adjusted to provide for the possibility of using public support in the case of natural disasters and animal and plant diseases.

The Commission has also focused on the existing market support tools. Intervention – the public buying of surplus production – must revert to its original purpose as a real safety net, particularly today when market prices are in a very good shape. The set aside obligation is obsolete and will be abolished. Milk quotas will expire in 2015. In order to ensure an appropriate transition for producers, a gradual increase in quotas between now and then is proposed. Measures to help dairy farmers in the regions of the EU – for example mountainous areas – which depend heavily on dairy production, are also proposed.

The agricultural sector faces challenges in 2008 that were not as pronounced in 2003. These challenges include the increased need for management of production risks, fighting climate change, more efficient management of water, making the most

of the opportunities offered by bioenergy and the preservation of biodiversity. Adjusting the CAP to meet these challenges will cost money. And the best way of meeting them is through Rural Development policy.

This is why we are proposing to increase the transfer of direct payments to the Rural Development budget by 8%. The budget obtained from this additional 'modulation' will remain within the Member State that has generated it. New Member States will also be eligible for modulation in 2012. Bulgaria and Romania will be exempted.

Why at EU level?

Managing agricultural policy at EU level ensures a level playing field for farmers across the EU.

It keeps a lid on spending and ensures that the CAP's new priorities are respected in all Member States. We must continue to strengthen the competitiveness of EU farming.

Our agri-food sector provides 19 million jobs and global demand for food is growing on a daily basis. The policy ensures the highest standards of environmental care in farming and forestry, as well as for related activities. Rural Development policy helps develop the economic and social fabric of our rural areas. And the CAP and Rural Development policy have a vital role to play in confronting new challenges like climate change.