



## **CAP reform: Fruit and Vegetable reform will raise competitiveness, promote consumption, ease market crises and improve environmental protection**

The reforms will improve the competitiveness and market orientation of the F&V sector; reduce income fluctuations resulting from crises, promote consumption and thus contribute to improved public health, and enhance environmental protection. The changes aim to encourage more growers to join Producer Organisations; offer POs a wider range of tools for crisis management; integrate the F&V sector into the Single Payment Scheme; require a minimum level of spending on environmental measures; increase EU funding of organic production and promotional measures; and abolish export subsidies for F&V. The reform will enter into force in 2008.

*“I am delighted with the outcome, which will make the sector more competitive and market-orientated and hopefully encourage people to eat more fruit and vegetables,” said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. “I am particularly pleased that all Member States gave the reform their backing. The old-fashioned production-linked payments will be replaced with decoupled payments. There will be incentives for producers to club together and thus become stronger. There will be specific schemes to help in times of crisis and much greater emphasis on protecting the environment. We have also introduced a number of measures to boost consumption, and will now propose a fruit and vegetable scheme for schools based on a detailed impact assessment.”*

### Details of the reform

#### **Producer Organisations:**

POs will gain greater flexibility and their rules will be simplified. There will be additional support (60 percent Community co-financing rather than of 50 percent) in areas where production covered by POs is less than 20 percent, and, in particular, in the new Member States, to encourage the creation of POs. Member States and POs will develop Operational Programmes based on a national strategy.

#### **Crisis Management:**

This will be organised through Producer Organisations (50 percent financed by the Community budget). Tools will include green harvesting/non-harvesting, promotion and communication tools in times of crisis, training, harvest insurance, help in securing bank loans and financing of the administrative costs of setting up mutual funds. Withdrawals can be carried out by POs with 50 percent co-financing. Withdrawals for free distribution to schools etc will be 100 percent paid by the Community. Community aid to POs will remain limited to 4.1 percent of the total value of marketed produce, but this may rise to 4.6 percent provided that the excess is used only for crisis prevention and management. For three years, state aid may be granted to extend crisis management measures to non members who enter into a contract with a PO. Compensation for non members will be no more than 75 percent of the Community support received by PO members.

#### **Inclusion of fruit and vegetables in the Single Payment Scheme:**

Land covered by fruit and vegetables will become eligible for payment entitlements under the decoupled aid scheme which applies in other farm sectors. All existing support for processed F&V will be decoupled and the national budgetary ceilings for the SPS will be increased. The total amount that will be transferred to the SPS is around €800 million. For tomatoes, Member States will be allowed to apply transitional payments for a four-year transitional

period (2008-2011), provided that the coupled proportion of the payment does not exceed 50 percent of the national ceiling. For non-annual crops, they will be allowed to apply transitional payments for five years, provided that after 31 December 2010, the coupled proportion does not exceed 75 percent of the national ceiling. Member States may if they so choose postpone the distribution of fruit and vegetable entitlements for up three years.

#### **Environmental measures:**

The inclusion of F&V in the SPS means that Cross Compliance (i.e. mandatory environmental standards) will be compulsory for those farmers receiving direct payments. In addition, POs must devote at least 10 percent of expenditure in each Operational Programme to environmental measures. There will be a 60 percent Community co-financing rate for organic production in each Operational Programme.

#### **Encouraging greater consumption:**

Higher consumption of F&V was one of the goals identified in the Commission's White Paper on Nutrition, published in May. POs will be able to include promotion of F&V consumption in their operational programmes. There will be an additional €6 million under the general promotion regulation for the promotion of F&V targeted at children in educational establishments. There will be an €8 million budget for free distribution of F&V to schools, hospitals and charitable bodies, which will be 100 percent financed by the Community up to a limit of 5 percent of the quantity marketed by a PO. The Council asked the Commission to carry out a feasibility study into the creation of a school fruit and vegetable scheme. This work will begin as soon as possible.

#### **Transitional soft fruit payment:**

To allow producers of strawberries and raspberries for processing to adapt to market circumstances, they will receive a transitional direct payment worth €230 per hectare for maximum period of 5 years for a set number of hectares. Member states may pay a national top-up so that the total shall not exceed €400/hectare.

#### **Separate F&V payment for SAPS countries:**

Countries applying the Single Area Payment Scheme will be able to introduce a decoupled F&V payment to historical producers of F&V. They will have to decide by 1 November 2007 the amount to be deducted from the SAPS envelope to cover this and the criteria used for the allocation of the F&V payment.

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[http://ec.europa.eu/agriculture/capreform/fruitveg/index\\_en.htm](http://ec.europa.eu/agriculture/capreform/fruitveg/index_en.htm)

<http://blogs.ec.europa.eu/fischer-boel>