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Agriculture and Rural Development



Aid regime for the Fruit & Vegetables sector in the EU: state of play

Emmanuel JACQUIN

Olive oil & horticultural products

DG Agriculture and Rural Development - European Commission

« L'avenir de l'Organisation Commune de Marché Fruits et Légumes », Bruxelles, 21 October 2010



Outline

1. The reform of 2007
2. The evolution of Producer Organizations and Producer Groups
3. The post-2013 CAP



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1. THE REFORM OF 2007



Impact analysis

➤ The reform was based on an impact analysis which examined the following options:

- « **transfer option** »: almost total dismantling of the CMO and transfer of the EU contribution to POs to the second pillar and to the Single Payment Scheme
- « **PO+ option** »: reinforcement of POs
- « **status quo scenario** »

➤ Several difficulties were identified as concerns the « transfer option »:

- the problem of including new operations at that stage of rural development programming,
- the obligatory national co-financing in the second pillar
- and the unequal distribution of support at that time (reflecting the uneven grouping of supply through POs) between the Member States, which would have been perpetuated.

➤ The impact analysis concluded that the « PO+ » option gathered the maximum of advantages.



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Aims of the reform

- Enhance competitiveness and market orientation
- Make POs more attractive
- Increase flexibility and reduce administrative burden
- Reduce fluctuations in producer incomes, resulting from crises
- Increase consumption of fruit and vegetables in the EU
- Continue the sector's efforts to maintain and protect the environment
- Simplify the legislation



Budget redistribution

- Abolition of export refunds
- Abolition of Community Withdrawal Compensation (CWC)
- Limit of Community financing for Operational Funds kept at 4.1% of the VMP, but with a possibility to go up to 4.6% if the excess is used solely for crisis prevention and management. No total EU budget ceiling.
- 50% EU financing (60% in some cases)
- Increase in national financial assistance and corresponding Community reimbursement
- € 6 mio increase for promotion (in the horizontal regulation)



Aims of the operational programmes

- planning and adjustment of production to demand
- optimising production costs and stabilising producer prices,
- concentration of supply and the placing on the market of the products produced by the members of the PO,
- improvement of product quality,
- boosting products' commercial value,
- promotion of the products, whether in a fresh or processed form,
- environmental measures and methods of production respecting the environment, including organic farming,
- crisis prevention and management.



Further steps (2008/2009)

- Integration into the Single CMO: Council Regulation No 1234/2007
- School Fruit Scheme: 90 million € per year, 25 Member States participating in 2010/11
- Simplification of marketing standards in 2008:
repeal of 26 of the 36 specific marketing standards (SMS) for fresh fruit and vegetables and maintained the SMS for 10 products which represent approximately 75% of trade in value terms.
For most of the other fresh F&V products, the General Marketing Standard has been introduced.
- EU expenditure for fruit and vegetables (excluding direct aids): 793,7 million € in 2009



EU expenditure for fruit and vegetables (in million €)

Million €	2007	2008	2009
Expenditure F&V	1.250	1.153	794
Of which, operational programmes of POs	577	582	681

NB excluding direct aids



Recent developments

➤ Ongoing recast of the implementing rules in the fruit and vegetables sector – Commission Regulation (EC) No 1580/2007.

➤ Commission Regulation (EU) No 687/2010 of 30 July 2010

A priority was given to a shorter amendment of the same regulation focusing on

- calculation of the value of the marketed production for processed products,
- crisis prevention and management: provisions to encourage free distribution as preferred destination of withdrawn products and to allow for more flexibility on the quantitative limit for withdrawals.

➤ Report of the High Level Group on milk, influenced by concepts already present in the Fruit and Vegetables regime (e.g. contractual relations, strengthening of producer negotiating power, interprofessional organisations), to be followed by Commission proposal by the end of 2010.



Next steps

- Alignment of the sCMO to the Lisbon Treaty, Commission proposal by December 2010 (delegated acts vs implementing acts)
- Review of the EU quality policy, Commission proposal by December 2010
- School Fruit Scheme: evaluation in 2012 and possible review.
- Report to the European Parliament and the Council on the implementation of the regime as regards producer organisations, operational funds and operational programmes, to be presented by the Commission by December 2013.
- Post-2013 CAP



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2. THE EVOLUTION OF PRODUCER ORGANISATIONS AND PRODUCER GROUPS

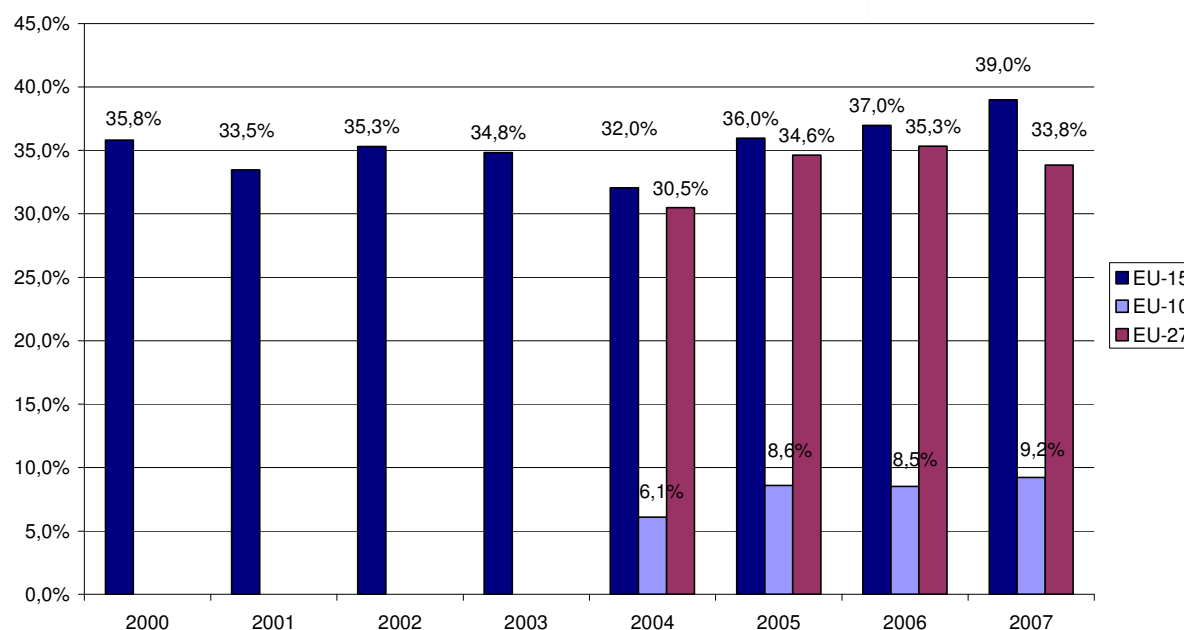


Remarks

- Source: Annual Reports transmitted by the Member States
- Data on the impact of the 2007 reform are not available yet
- Provisional data, to be submitted to further checks



Organization rate of POs, APOs and PGs in EU

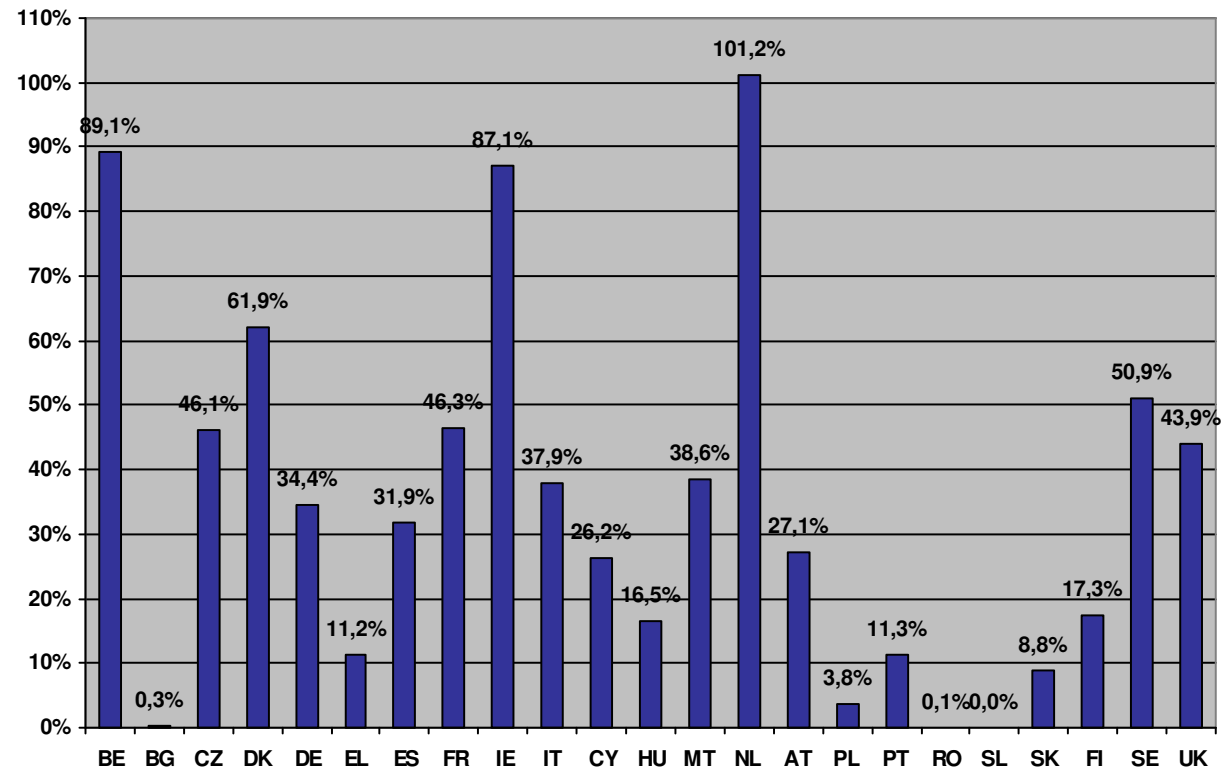


➤ Increasing trend of the organization rate over the past years for EU 15 and EU 10

➤ Apparent overall decrease, after the enlargement of 2007, due to the low organization rate in EU 2 (<1%)



Organization rate of POs, APOs and PGs by Member State in 2007



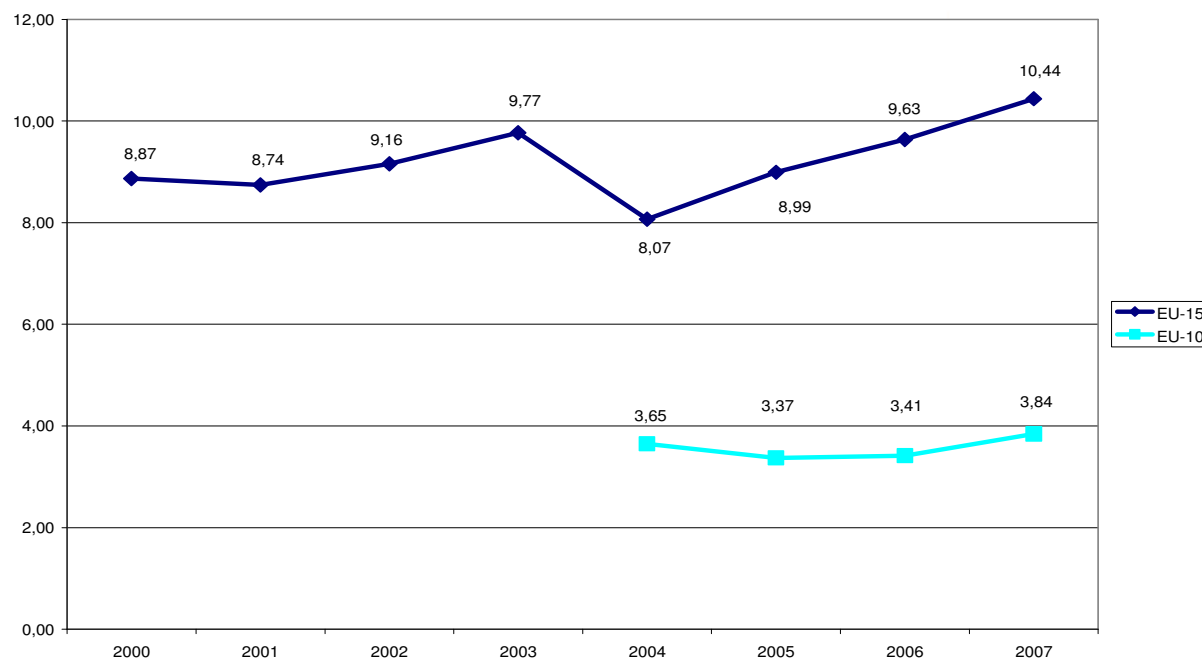
➤ EU 27 average: 33,8%

➤ Organization rate varies greatly between MS

➤ Highest organization rates in NL, BE and IE (NL > 100% due to transnational members)



Average VMP of POs in EU (mio€)



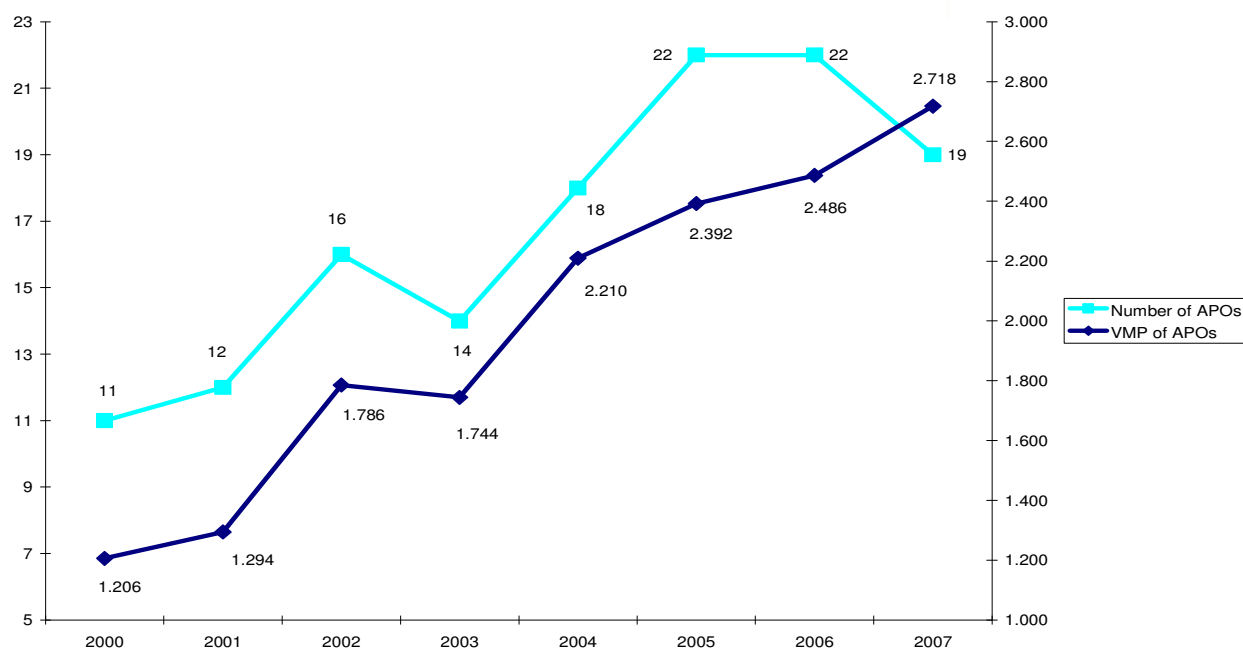
➤ 1.506 POs in 2007 with a total VMP of 15.458 mio €

➤ Graduated increase of the average VMP, both for EU15 and EU10

- EU15: +8,4% in 2007 vs 2006
- EU10: +12,6% in 2007 vs 2006



Comparison between VMP (mio€) and number of APOs in EU-27

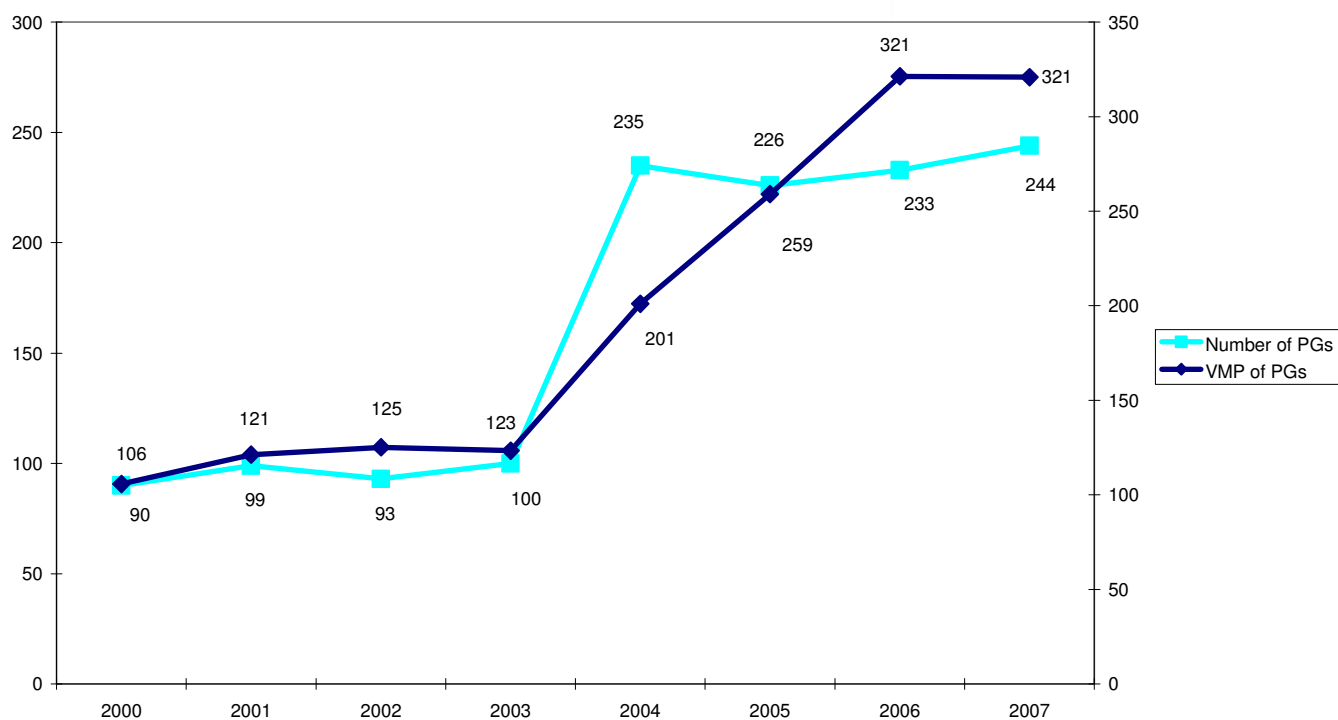


➤ Constant increase of the VMP of APOs, in parallel with the growth of their number

➤ The VMP increased by 9,3% in 2007 whereas the number of APOs decreased by 13,6% => higher concentration/stronger APOs (?)



Comparison between VMP (mio€) and number of PGs in EU-27

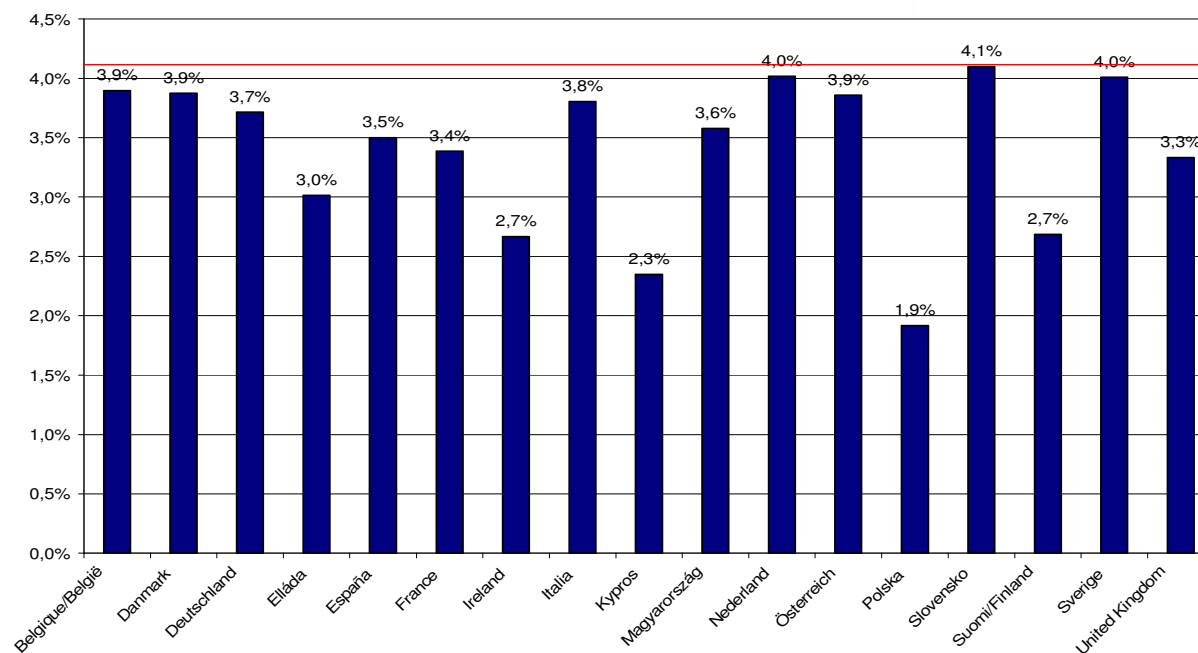


➤ Constant increase of the VMP and the number of PGs

➤ In particular after 2004 (enlargement EU10)



Share of EU support in total VMP of the reference period in EU-27 in 2007 (POs)



➤ Limit of 4.1% not reached in general

➤ Reached only by NL, SK and SE



Better organization of the sector

- Larger number of POs and bigger VMP
 - 1506 POs in 2007 with a total VMP of 15.458 mio €
 - Average VMP of 10,44 mio € at EU-15 and 3,84 mio € at EU-10 level in 2007
- Organization rate varies greatly between MS
 - High increase for new MS (EU-10) : from 6% in 2004 to 9% in 2007
 - Increase from 2004 in old MS (EU-15) : from 32% in 2004 to 39% in 2007
 - Apparent status quo at EU level over the period 2000-2006 and decrease in 2007 because of very low rate in RO.



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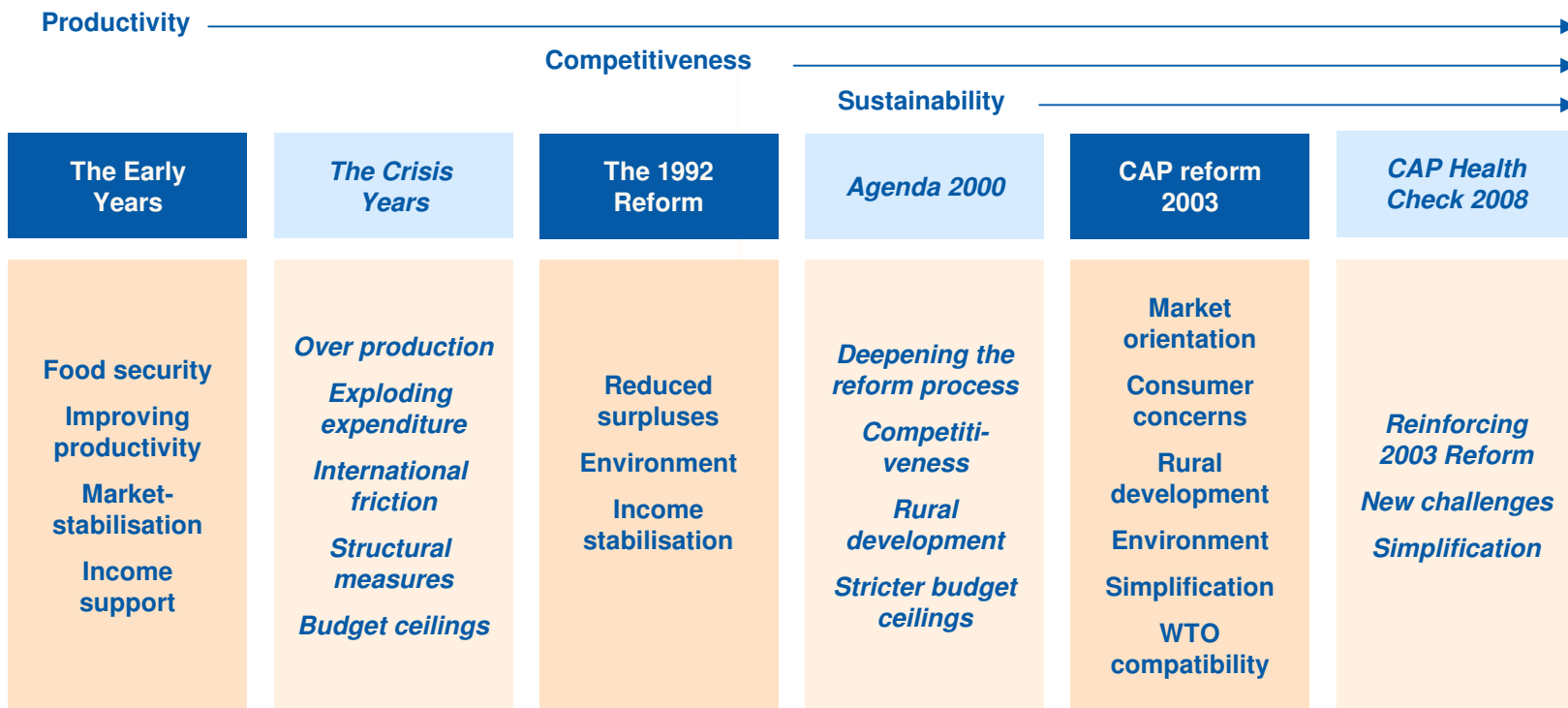
3. THE POST-2013 CAP

What have we achieved so far?



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From market intervention to policy innovation



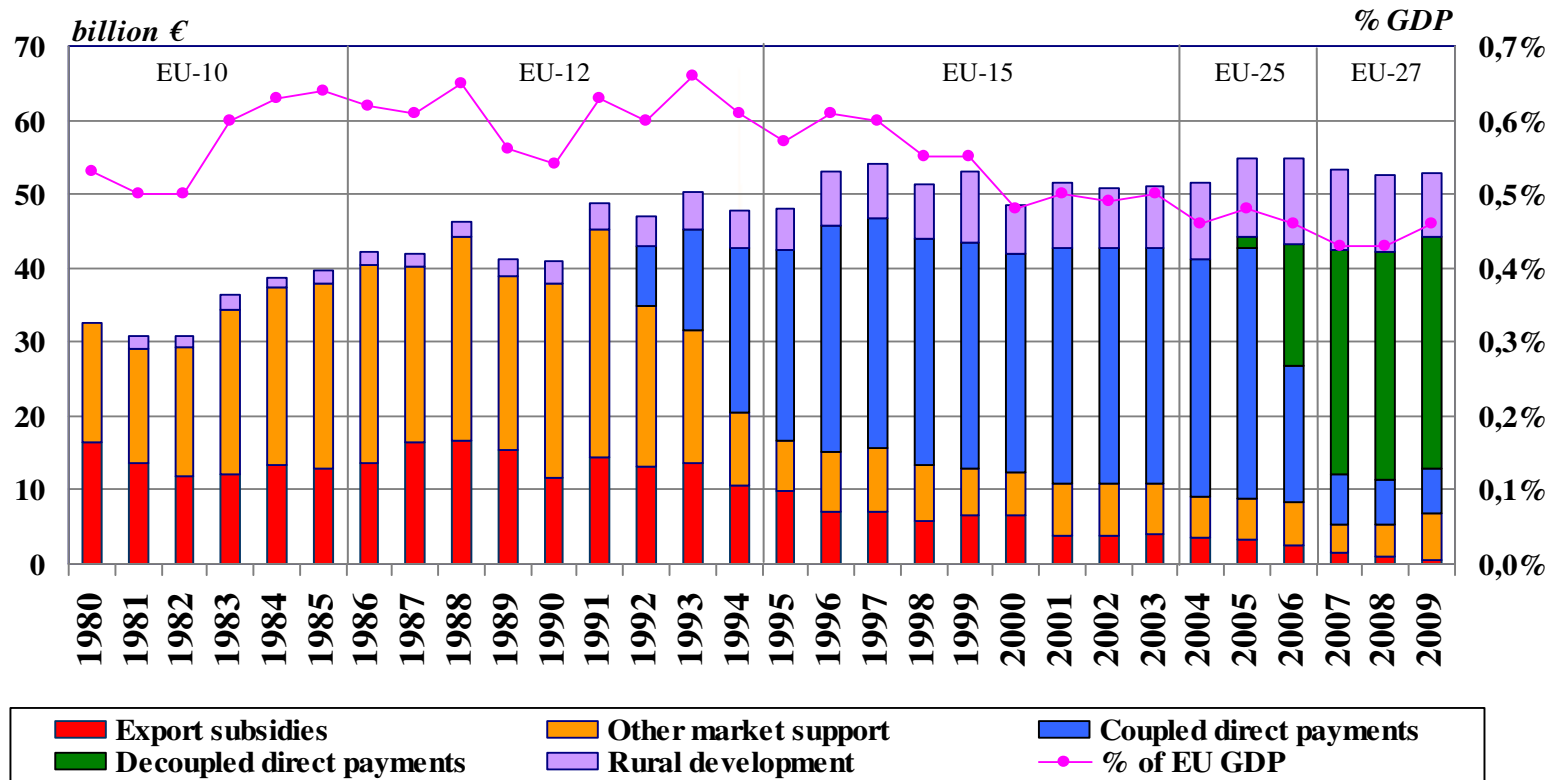
What have we achieved so far?



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... within a stabilised and improved spending framework

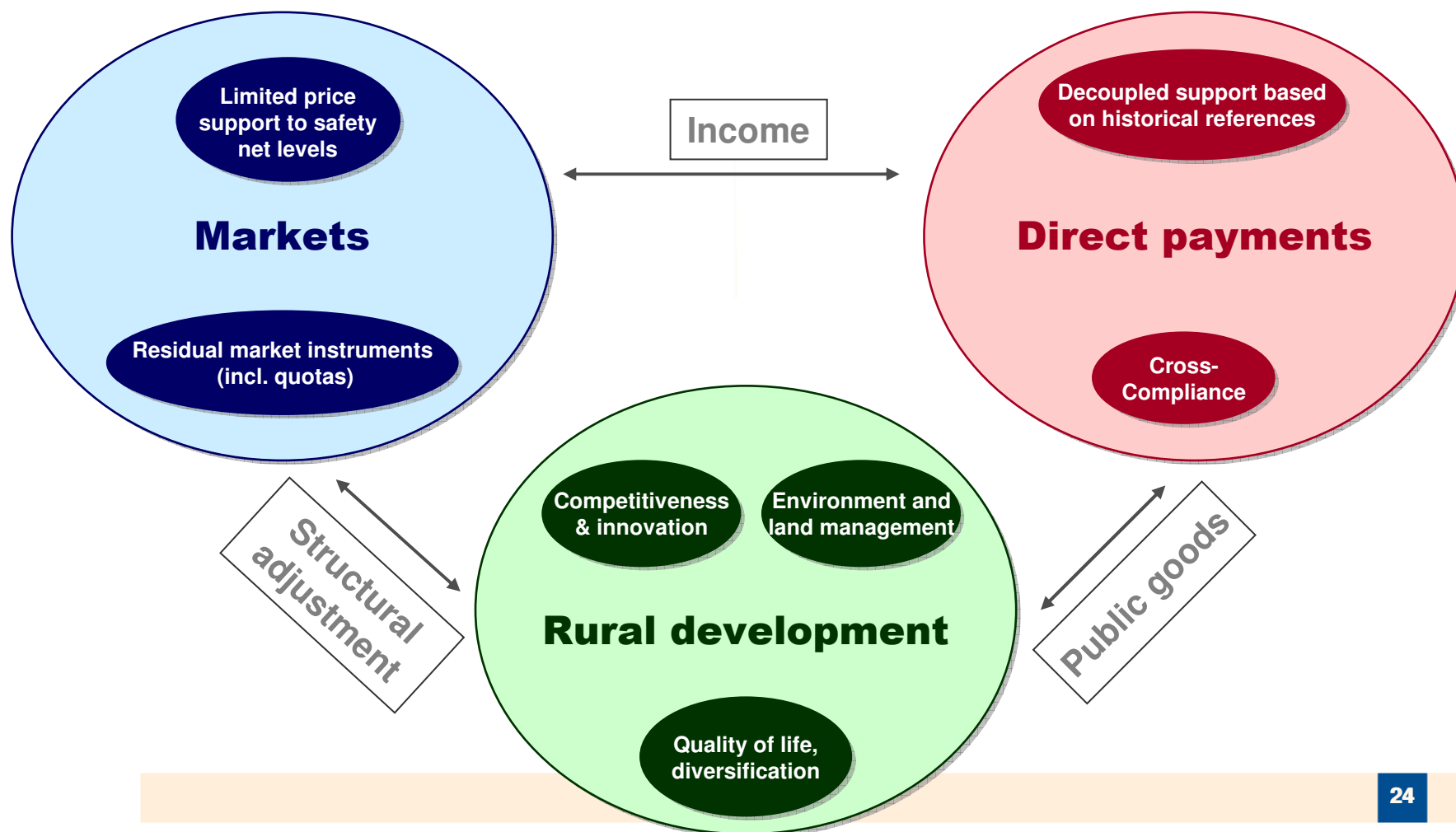
(2007 constant prices)



Source: European Commission - DG Agriculture and Rural Development



Current structure of the CAP instruments



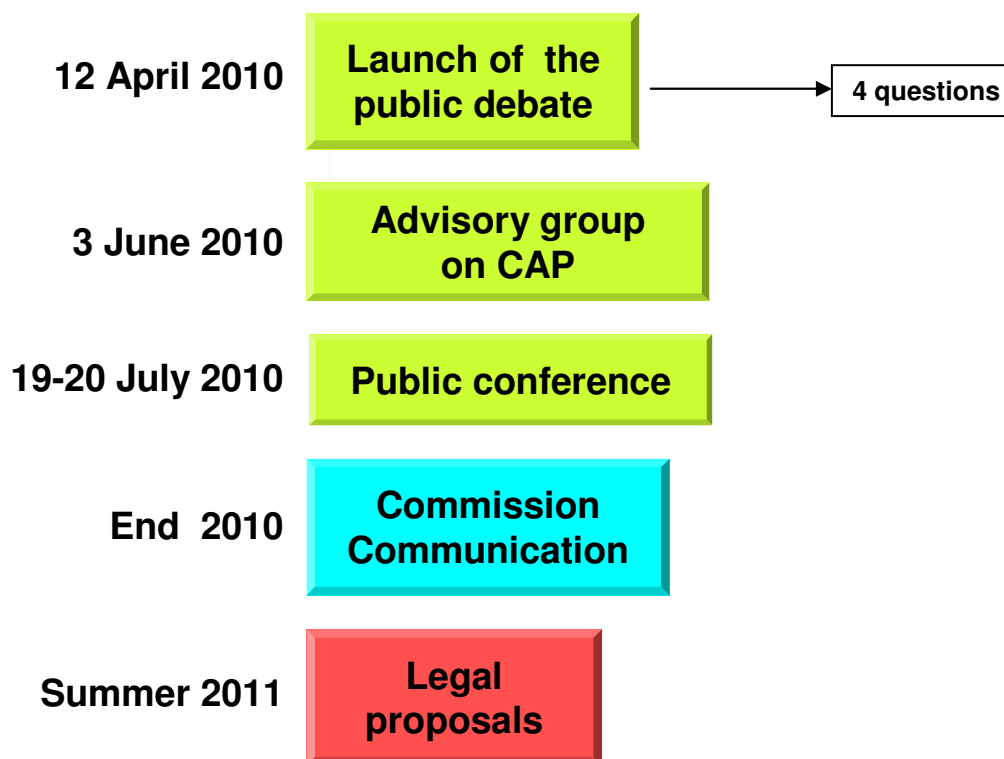


Main challenges

- **Globalisation**
 - the EU must contribute to ensuring global food security, but it must not block the progress of the emerging agricultural sectors in developing countries.
- **Food challenge**
 - research and innovation, progress on yields
- **Environmental challenge:**
 - quality of soil and water, biodiversity, climate change
- **Economic challenge**
 - strengthen our common risk prevention and crisis management rules. Beyond direct aid, a solid safety net will also be necessary. New instruments for the excessive fluctuations in incomes.
- **Territorial challenge**
 - the future of agriculture and rural areas is intimately linked
- **Diversity**
 - as a result of enlargement, the EU has become more diverse.
- **Simplicity**
 - the CAP needs to be simple and understandable



The CAP beyond 2013: the debate





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Thank you for your attention

AGRI-HORT-COMGES@ec.europa.eu