Fruit and vegetable CMO reform

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Olive oil and horticultural produce
GD Agriculture and Rural Development European Commission
Presentation Layout

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A confirmed sector diagnosis
Organised Production

- Producer organisation levels stagnate
- Weak sector organisation in new Member States
Organisation levels vary greatly according to MS (Part of PO in national production 2004,%)
Pressure from large scale retailers has increased over the last decade

- Large scale retailers chains made up for 70-90% of household food shopping in DE, DK, FR, NL, UK, SE. Their share increased: from 20% to 35% in IT, from 60% to 75% in FR, from 50% to 75% in UK from 1995 to 2005. Hard discounts went from 25% to 40% in DE

- Private standarts development
Objectives that have guided this reform

- Simplification (« better regulation »)
- Flexibility
- Concentration on most efficient measures
- Make POs more attractive and increase sector organisation levels
- Deepening the 2003 reform (decoupling)
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Main reform items
More attractive Producer Organisations I

- Greater flexibility: POs are considered to be fully fledged economic actors which are not to be under constant supervision.
- PO by products: Producers organise themselves as they wish.
- Subsidiarity: Recognition criteria
More attractive Producer Organisations II

- Obligation to provide technical means only if necessary. Outsourcing possible
- Financing flexibility
- Prevention and crisis management by POs
More attractive Producer Organisations II

- An increased role for PO associations
- Co-finance of Operational Programs increased to 60% for different cases (New PO Association, PO merger, etc..)
On organic agriculture favourable approach

- Extension of regulations only if wanted by the majority of organic producers
- Co-finance of up to 60% for organic activities within the Operational Programme framework.
Prevention and crisis management I

- Prevention and crisis management will be carried out within the framework of Operational Programmes (max. 33% of expenses)
- Crisis Prevention will take into account the diversity of situations: all eligible products, different measures available
Prevention and crisis management II

- The POs may use different measures according to their needs.
- New resources for crisis management: community support ceiling for Operational Programmes has risen to 4.6% of the VMP for crisis management measures.
- «Old fashioned» withdrawal has been cancelled, free distribution has been maintained.
Prevention and crisis management III

- The possibility to take out loans adds a supplementary flexibility to the arrangement allowing POs to face even the hardest of situations

- The measures: Green harvesting or no harvesting, withdrawal and free distribution, harvesting insurances, promotion and communication, training, administrative cost support for the setting up of mutual funds
Prevention and crisis management IV

- Regulation increase is more lenient on rules with an impact on crisis prevention and management
- National assistance for independant producers is possible for three years within the « conventioning » frame with a PO
Reinforced support within the new Member States

- Operational Programmes of new POs will benefit from Community support of up to 60%
- Producer Group lump sum aids are doubled
- Existing provisions regarding national aid for the MS with a low organisation rate (and the Commission partial repayment scheme) have been increased
Strawberries and raspberries for processing

- Aid per hectare of €230 (with the possibility of a national top-up to a maximum of €400)
- System limited to 5 years
- 52 700 hectares maximum (the majority of which in Poland)
Freedom and responsibility: decoupling from transformation aids I

- Transition period 4 years max. For tomatoes (50% minimum decoupling)
- Transition period 5 years max. for multiannuals (25% minimum decoupling the last two years)
Freedom and responsibility: decoupling from transformation aids II

- Industry contract compulsory during the transition period
- MS may retain criteria for eligibility (e.g. PO membership)
Freedom and responsibility: eligibility for single payment scheme.

- The prohibition to grow fruits and vegetables and potatoes on land eligible for SPS is lifted.
- This land and nurseries become eligible for SPS.
- Meanwhile, the MS may decide to maintain the current SPS rules (exclusion) for a maximum of 3 years.
The fruit and vegetable sector in society: Rural development

- Compulsory national strategy, which must be in line with rural development (RD)
- Eligible measures within RD and CMO: No double financing for the same actions
The fruit and vegetable sector in society: The environment I

- Compulsory inclusion of two environmental actions or at least 10% of total expenditure in Operational Programmes
- If at least 80% of the members of a PO take part in an environmental RD action, that will also count for the CMO
The fruit and vegetable sector in society: The environment II

- National environmental framework for Operational Programmes
- No environment threatening investment
The fruit and vegetable sector in society: Promotion and consumption

- Co-finance of up to 60% of consumption promotion measures targeting school age youngsters (within operational programmes and also regulation 2826/2000 promotional programmes)
- The promotional budget for fruit and vegetables has gone up 6 million euros
The fruit and vegetable sector in society: Promotion and consumption

- The Council invites the Commission to propose a school fruit and vegetable distribution programme in the shortest possible time
Thank you for your attention!