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Food and farming: Health Check will modernise the CAP and free farmers to respond to growing demand

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IP/08/762

Brussels, 20 May 2008

Food and farming: Health Check will modernise the CAP and free farmers to respond to growing demand

The European Commission today proposed to further modernise, simplify and streamline the Common Agricultural Policy and remove remaining restrictions on farmers to help them respond to growing demand for food. The so-called CAP Health Check will further break the link between direct payments and production and thus allow farmers to follow market signals to the greatest possible extent. Among a range of measures, the proposals call for the abolition of arable set-aside and a gradual increase in milk quotas before they are abolished in 2015, and a reduction in market intervention. These changes will free farmers from unnecessary restrictions and let them maximise their production potential. The Commission also proposes an increase in modulation, whereby direct payments to farmers are reduced and the money is transferred to the Rural Development Fund. This will allow a better response to the new challenges and opportunities faced by European agriculture, including climate change, the need for better water management, and the protection of biodiversity.

"The Health Check is all about freeing our farmers to meet growing demand and respond quickly to what the market is telling them," said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. "It also aims to simplify, streamline and modernise the CAP and give our farmers the tools to handle the new challenges they face, such as climate change."

Abolition of set-aside: The Commission proposes abolishing the requirement for arable farmers to leave 10 percent of their land fallow. This will allow them to maximise their production potential.

Phasing out milk quotas: Milk quotas will be phased out by April 2015. To ensure a 'soft landing', the Commission proposes five annual quota increases of one percent between 2009/10 and 2013/14.

Decoupling of support: The CAP reform "decoupled" direct aid to farmers i.e. payments were no longer linked to the production of a specific product. However, some Member States chose to maintain some "coupled" – i.e. production-linked – payments. The Commission now proposes to remove the remaining coupled payments and shift them to the Single Payment Scheme, with the exception of suckler cow, goat and sheep premia, where Member States may maintain current levels of coupled support.

Moving away from historical payments: Farmers in some Member States receive aid based on what they received in a reference period. In others, payments are on a regional, per hectare basis. As time moves on, the historical model becomes harder to justify, so the Commission is proposing to allow Member States to move to a flatter rate system.

Extending SAPS: Ten of the 12 newest EU members apply the simplified Single Area Payment Scheme. This is supposed to expire in 2010, but the Commission proposes extending it to 2013.

Cross Compliance: Aid to farmers is linked to the respect of environmental, animal welfare and food quality standards. Farmers who do not respect the rules face cuts in their support. This so-called Cross Compliance will be simplified, by withdrawing standards that are not relevant or linked to farmer responsibility. New requirements will be added to retain the environmental benefits of set-aside and improve water management.

Assistance to sectors with special problems: Currently, Member States may retain by sector 10 percent of their national budget ceilings for direct payments for environmental measures or improving quality and marketing of products in that sector. The Commission wants to make this tool more flexible. The money would no longer have to be used in the same sector; it could be used to help farmers producing milk, beef, goat and sheep meat in disadvantaged regions; it could be used to support risk management measures such as insurance schemes for natural disasters and mutual funds for animal diseases; and countries operating the SAPS system would become eligible for the scheme.

Shifting money from direct aid to Rural Development: Currently, all farmers receiving more than €5,000 in direct aid have their payments reduced by 5 percent and the money is transferred into the Rural Development budget. The Commission proposes to increase this rate to 13 percent by 2012. Additional cuts would be made for bigger farms (an extra 3 percent for farms receiving more than €100,000 a year, 6 percent for those receiving more than €200,000 and 9 percent for those receiving more than €300,000). The funding obtained this way could be used by Member States to reinforce programmes in the fields of climate change, renewable energy, water management and biodiversity.

Intervention mechanisms: Market supply measures should not slow farmers' ability to respond to market signals. The Commission proposes to abolish intervention for durum wheat, rice and pig meat. For feed grains, intervention will be set at zero. For bread wheat, butter and skimmed milk powder, tendering will be introduced.

Payment limitations: Member States should apply a minimum payment per farm of €250, or for a minimum size of 1 hectare or both.

Other measures: A series of small support schemes will be decoupled and shifted to the SPS. For hemp, dried fodder, protein crops and nuts this would happen immediately. For rice, starch potatoes and long fibre flax, there would be a transitional period. The Commission is also proposing to abolish the energy crop premium.

http://ec.europa.eu/agriculture/healthcheck/index_en.htm