



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 13 March 2008**

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**REPORT**

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from : Special Committee on Agriculture  
on : 10 March 2008  
to : Council

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Subject : **COMMUNICATION FROM THE COMMISSION "PREPARING FOR  
THE "HEALTH CHECK" OF THE CAP REFORM"**  
- Adoption of Council Conclusions

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1. The Commission submitted the above mentioned Communication to the European Parliament and the Council on 20 November 2007.
2. The Communication was presented by the Commission to the Council at its session of 26 November 2007 and was discussed at the Council sessions of 21 January and 18 February 2008.
3. At its meetings on 3 and 10 March 2008, on the basis of a text drawn up and revised by the Presidency, the Special Committee on Agriculture prepared draft Council conclusions.
4. The Presidency therefore invites the Council to adopt the draft conclusions as set out in Annex.

**DRAFT****COUNCIL CONCLUSIONS ON THE COMMISSION COMMUNICATION  
"PREPARING FOR THE "HEALTH CHECK" OF THE CAP REFORM"**

The Council:

1. RECALLING its intention to gauge the effectiveness of the CAP reforms agreed in 2003/2004, and in particular to appraise their impact with respect to their objectives and to analyse their effects on the relevant markets.
2. WELCOMES the Commission's Communication entitled 'Preparing for the «Health Check» of the CAP reform'.
3. NOTES the context within which the decisions taken in the Health Check will be taken, notably:
  - the European Council's decisions on the Financial Perspectives for 2007 - 2013;
  - the Commission's description of the Health Check as constituting a preparatory action in view of the budgetary review 2008/2009, without prejudging the outcome of this review.
4. CONSIDERS that the Commission's Communication correctly analyses both the principal evolutions since the reforms agreed in 2003/2004 and identifies the main challenges to the CAP in the years ahead, notably in addressing three main questions: firstly, the effectiveness, efficiency and simplification of the Single Payment Scheme; secondly the role of market support instruments and improving market orientation; and thirdly responding to new and ongoing challenges of risk management, climate change, bio-fuels, water management and biodiversity.

5. CONSIDERS that a balance must be found between the imperative of adapting policy responses to new challenges and changing circumstances, while allowing farmers and other operators a clear and stable planning framework for their business decisions.
6. BELIEVES that the Health Check should help better to align the CAP with general societal expectations and with global market trends while preserving the European model of agriculture.
7. RECALLS the emphasis placed by the European Council on reducing administrative burdens as an important measure for boosting Europe's economy, especially through its impact on small and medium size enterprises, and INVITES the Commission to identify within the Health Check concrete measures to pursue this goal.
8. WELCOMES the prospect of simplifying and improving the efficiency and effectiveness of the Single Payment Scheme, and in this regard:
  - WELCOMES the suggestion in the Communication that Member States should be allowed to maintain or adjust their chosen model of implementation of the Single Payment Scheme towards a flatter rate in the period up to 2013 thus allowing Member States to take into account their specific situation.
  - ENCOURAGES the Commission to take note of the suggestions made by Member States and INVITES it to propose measures to further simplify the operation of the Single Payment Scheme.
  - CONCURS with the suggestion in the Communication to allow Member States applying the Single Area Payment Scheme to continue to do so until 2013.
9. ACKNOWLEDGES that the introduction of cross-compliance constitutes a major component of the reformed CAP and is key to ensuring public support for the new policy. RECALLS its conclusion of June 2007 that the overall administrative burden for farmers and public administration should not be increased and, where possible, should be reduced.

10. CONCURS with the Communication that experience has shown the clear need for simplification of the cross compliance requirements, and in particular:
- WELCOMES the Commission's intention to examine with a view to excluding those provisions within the current Statutory Management Requirements which are not directly relevant to sustainable farming and to take account of the specific and diverse conditions in individual Member States with regard to the Good Agricultural and Environmental Conditions.
  - REITERATES the importance of reducing the overall administrative burden, ENCOURAGES the Commission where appropriate to propose amendments to the present list of Statutory Management Requirements and to the Good Agricultural and Environmental Conditions, and UNDERLINES the possible implications that any changes could have for the implementation of approved rural development programmes in the present programming period.
  - DRAWS ATTENTION to the request of those Member States currently applying the SAPS for consideration to be given to the further prolongation of the phasing-in period for the Statutory Management Requirements.
11. WELCOMES the suggestion in the Communication concerning the administrative cost of managing very small payments, and ASKS for consideration to be given to allowing Member States the discretion to introduce a minimum level of payments and/or minimum area requirement, in such a way that would not affect genuine farmers and with due respect for the principle of subsidiarity.
12. CONSIDERS however that any substantial reduction of the higher level of payments could cause significant undesirable consequences in some Member States.
13. RECALLS that decoupling was a central part of the 2003 CAP reform model, while NOTING the Commission's view that coupled support may retain relevance, where production is important economically or environmentally.

14. INVITES therefore the Commission on the basis of a case-by-case analysis to identify the potential balance of benefits and risks of further decoupling and to present the possible alternatives.
15. WELCOMES the Commission's suggestion to establish specific support measures under a revised Article 69 of Regulation (EC) No 1782/2003 in order to allow the possibility for Member States including those applying the SAPs to tackle specific needs in certain regions and/or sectors in a flexible and transparent manner.
16. UNDERLINES the importance to farmers of ensuring that the CAP comprises mechanisms that serve as an effective safety net.
17. AWAITS further details of the Commission's intentions regarding the possible adaptation of market support instruments of the CAP, notably those in the cereals sector, and in particular a detailed impact assessment in order to gauge the possible consequences of these adaptations including for both demand and security of supply.
18. NOTES that the present system of dairy quotas is due to expire in 2015 and WELCOMES the suggestion in the Communication of ensuring a 'soft landing' for the European dairy sector thus assuring a smoother transition to a more market-oriented dairy policy and predictability for the sector.
19. CONSIDERS that achieving this 'soft landing' would require a gradual quota increase together with possible accompanying measures, as well as the appropriate use of market management measures, and measures to assist particularly vulnerable areas where the expiry of the milk quota system would endanger continued milk production. INVITES the Commission to consider all appropriate means in this regard and to continuously monitor and to report on progress towards the soft landing.
20. WELCOMES the Commission's intention to propose the removal of the set-aside requirement whilst at the same time taking steps to preserve the environmental benefits accrued from set-aside.

21. ACKNOWLEDGES the importance of ensuring that agriculture adapts effectively to a changing competitive environment, and of managing the associated risks, and in particular NOTES:
- the Commission's intention to propose the possibilities for developing optional risk management measures, including through the active participation of farmers, the private sector and through professional and industry organisations, and this without prejudice to Member States' current activities in this area.
  - the Commission's intention to carry out a more general examination of risk management for the period after 2013.
22. ENDORSES the assessment that agriculture faces new and ongoing challenges in the area of climate change, bio-energy, water management and biodiversity, and in particular:
- CONSIDERS that a comprehensive response is required, taking account of the effects of European policies other than the CAP, and of policies at national and regional level.
  - UNDERLINES the importance of the role of innovation.
  - STRESSES the significant contribution to be made by the CAP, including within the framework of existing rural development measures, in responding to new challenges.
  - DRAWS ATTENTION to the possible difficulties of addressing new challenges through the broadening of the overall scope of cross compliance.
23. CONSIDERS that attention should be given to effective ways of encouraging the EU bio-energy sector.
24. INVITES the Commission to consider all funding possibilities, including modulation, in order to address new and ongoing challenges including through rural development measures.
25. INVITES the Commission to bring forward its legislative proposals for the Health Check in May 2008 and WELCOMES the intentions of the Slovenian and French Presidencies to conclude the Health Check, taking account of the opinion of the European Parliament, before the end of 2008.
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