



Joint Degree in Political Economy
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10. Agenda 2000

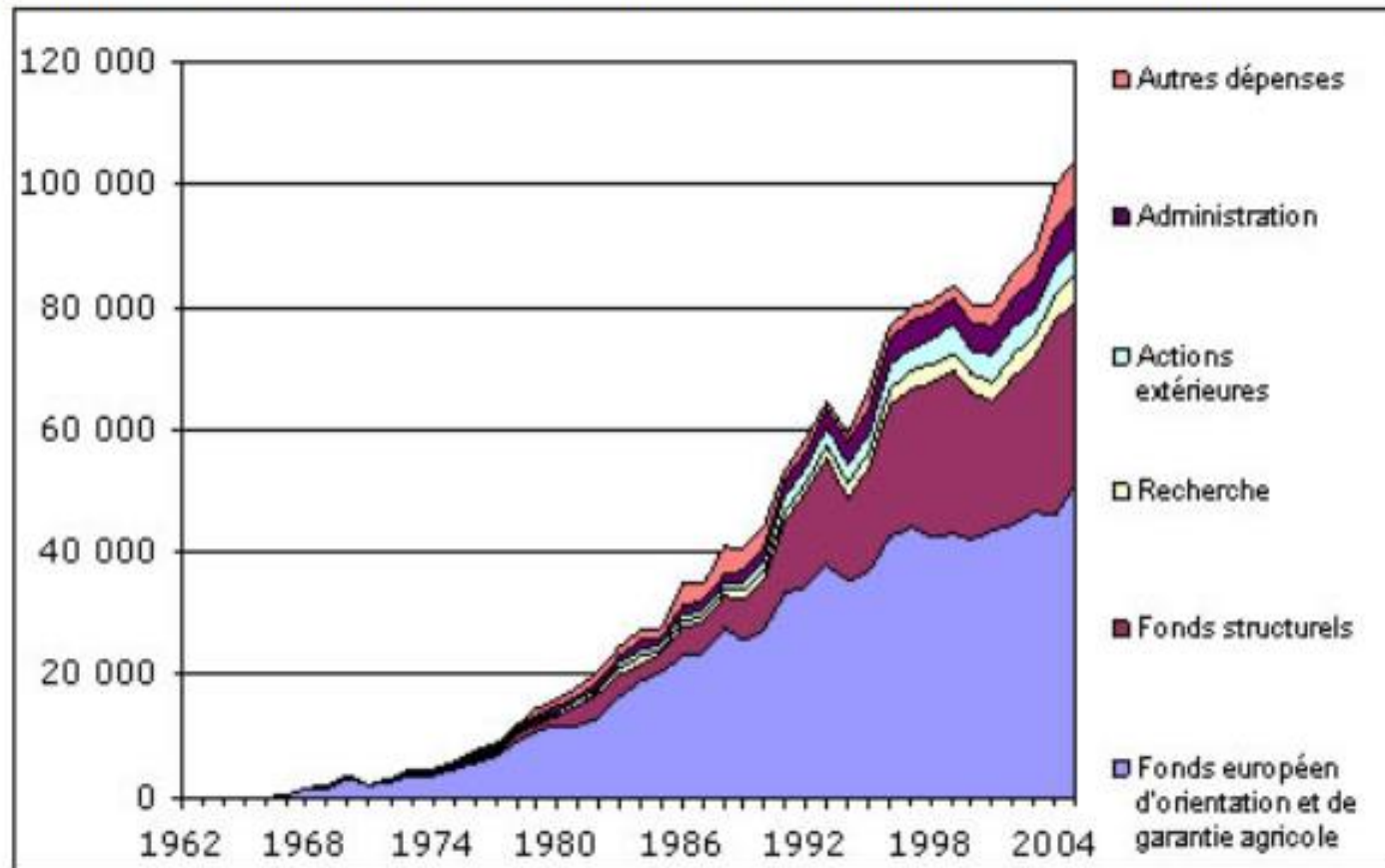
Tomás García Azcárate

The preparation

- *Commission document on agricultural strategy: paving the way for the "big bang" enlargement*
- *A new Commissioner, Franz Fischler, from 1995*
- *The Cork conference, 1996. Good intentions but useless, even negative, impact. Huge reaction from the associated DGs.*

Reduction of agricultural budget

Evolution des dépenses inscrites au budget européen millions d'euro, période 1962-2005

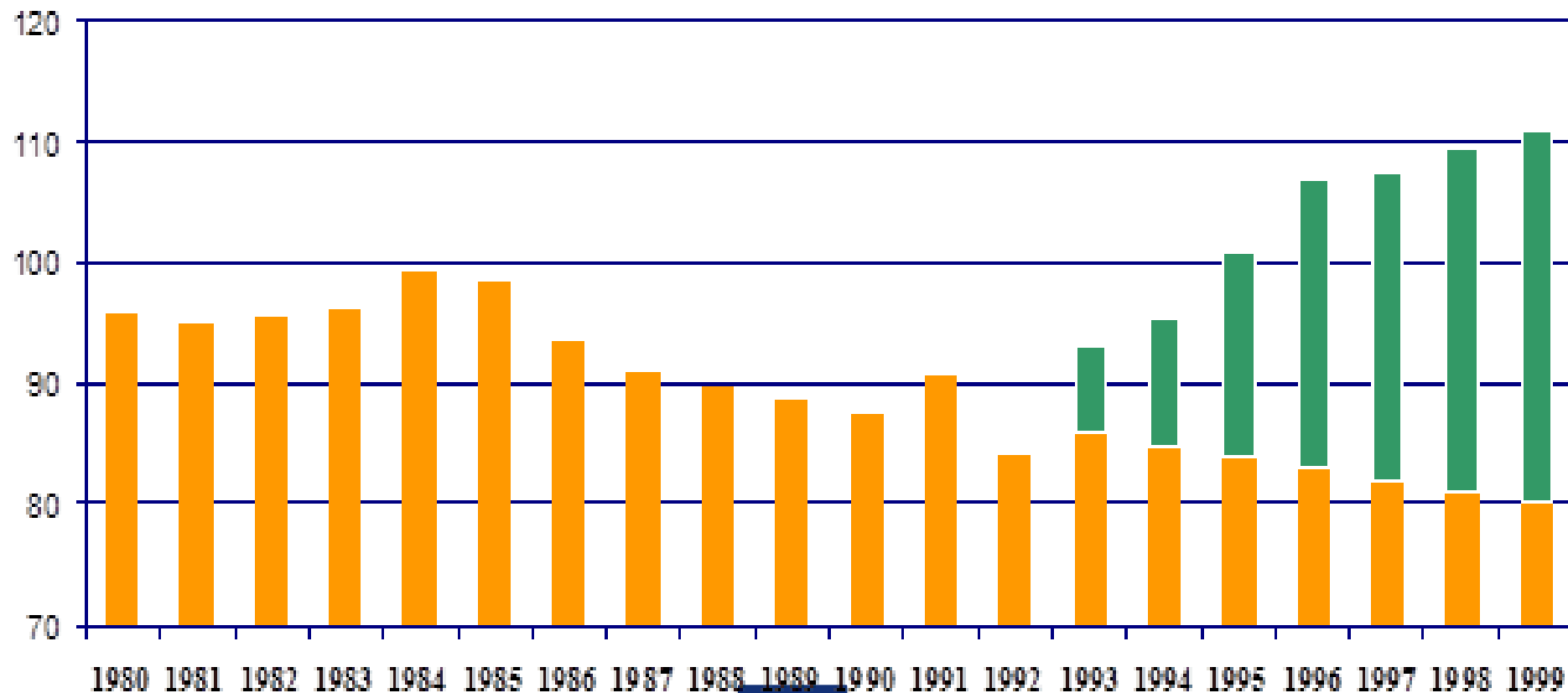


Source : Commission européenne, 2006.

A balanced cereals market

I: +140 MT feed cereal consumption

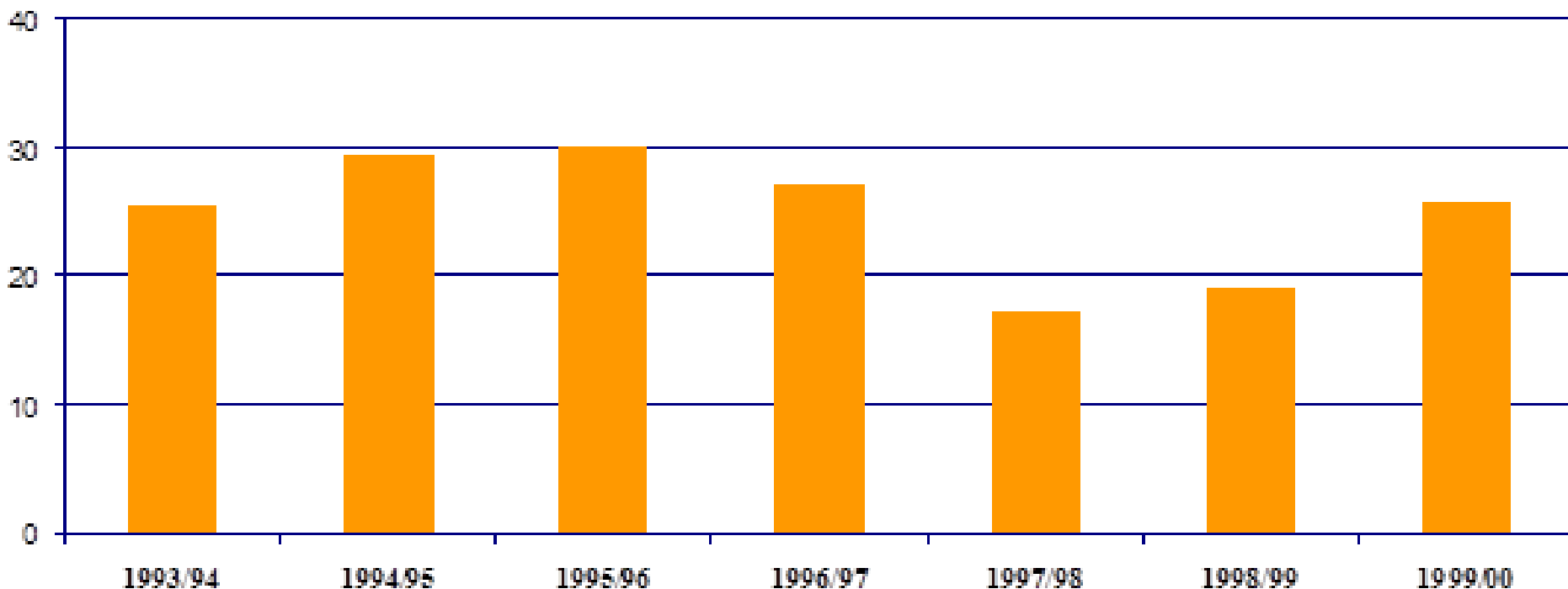
(EU cereal feed use in mio t)



A balanced cereals market

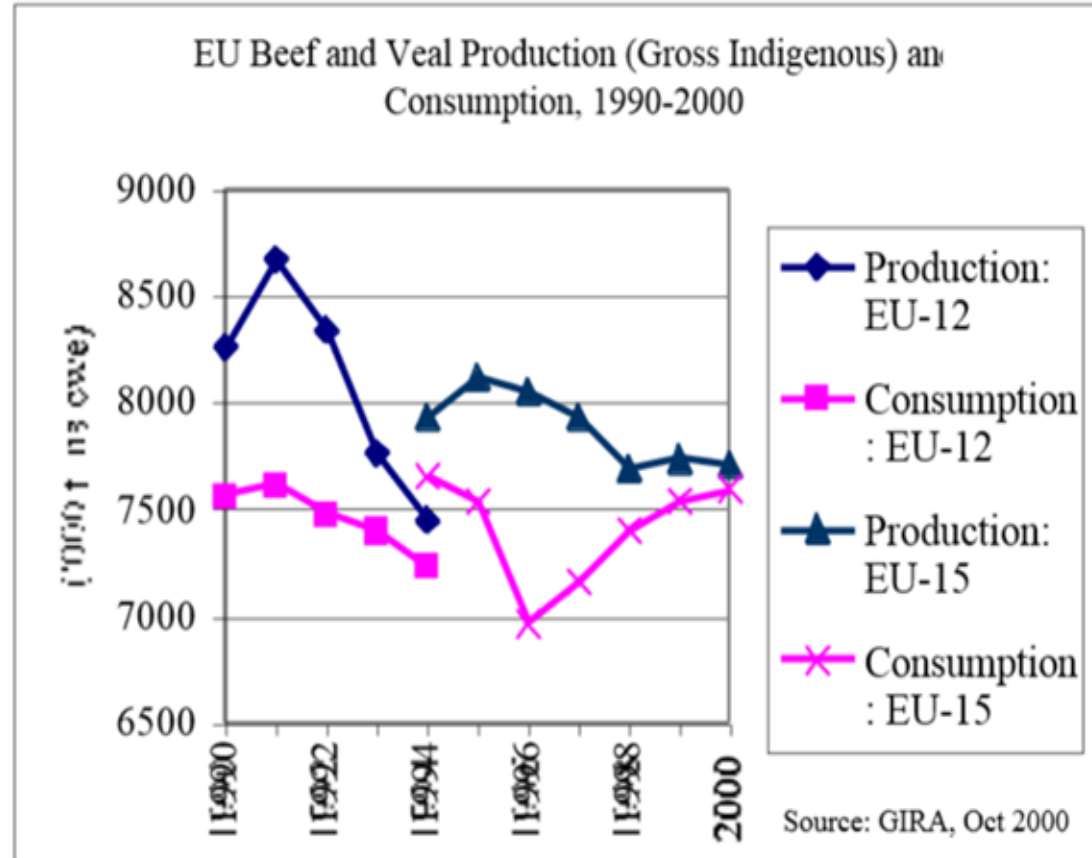
II: - 175 MT production

(impact of set-aside in terms of reduction in EU cereal production in mio t)



But... I

Beef: long term trend of falling consumption + BSE crisis.



But... II

Milk: Increased discipline on export subsidies + no margin for maintaining EU regime if we have a new WTO round

Wine: EU supply control limits EU production, increases market price and promotes plantings in third countries and EU imports

BUT... III

Rural development: too complex, measures eligible depend on the administrative classification of the region; diversification of the local economy a real issue; conflictive definition of the less favourable area support "to compensate production handicaps"

Agenda 2000

First big discussion on all issues:

- *Pluri-annual financial perspectives*
- *CAP*
- *Structural funds*
- *Enlargement*
- *New political priorities*

A moderate Commission proposal

"If it works, don't fix it".

The Commission proposed to maintain the current financial arrangements.

No change in the agricultural budget guideline but Rural Development outside Objective 1 regions included => even more budget available for other policies

Agricultural enlargement also financed inside the guideline

Agricultural proposals I

Cereals: -20% intervention price, only 50% compensation

Oilseeds: same support as cereals => no more specific support

Set aside: same support as cereals => no specific stimulus to produce

Beef: 30% price cut and 70% compensation

Agricultural proposals II

Milk: *beginning of the end of the quotas. Prolonged until 2006 but 10% price cut; same premium per cow as for suckler cows*

Rural development: *The second pillar of the CAP is born. Menu approach; evaluation logic (analysis, challenge identification, measures proposed, target defined, mid-term and final evaluation).*

Agricultural proposals III

Horizontal regulation: NEW.

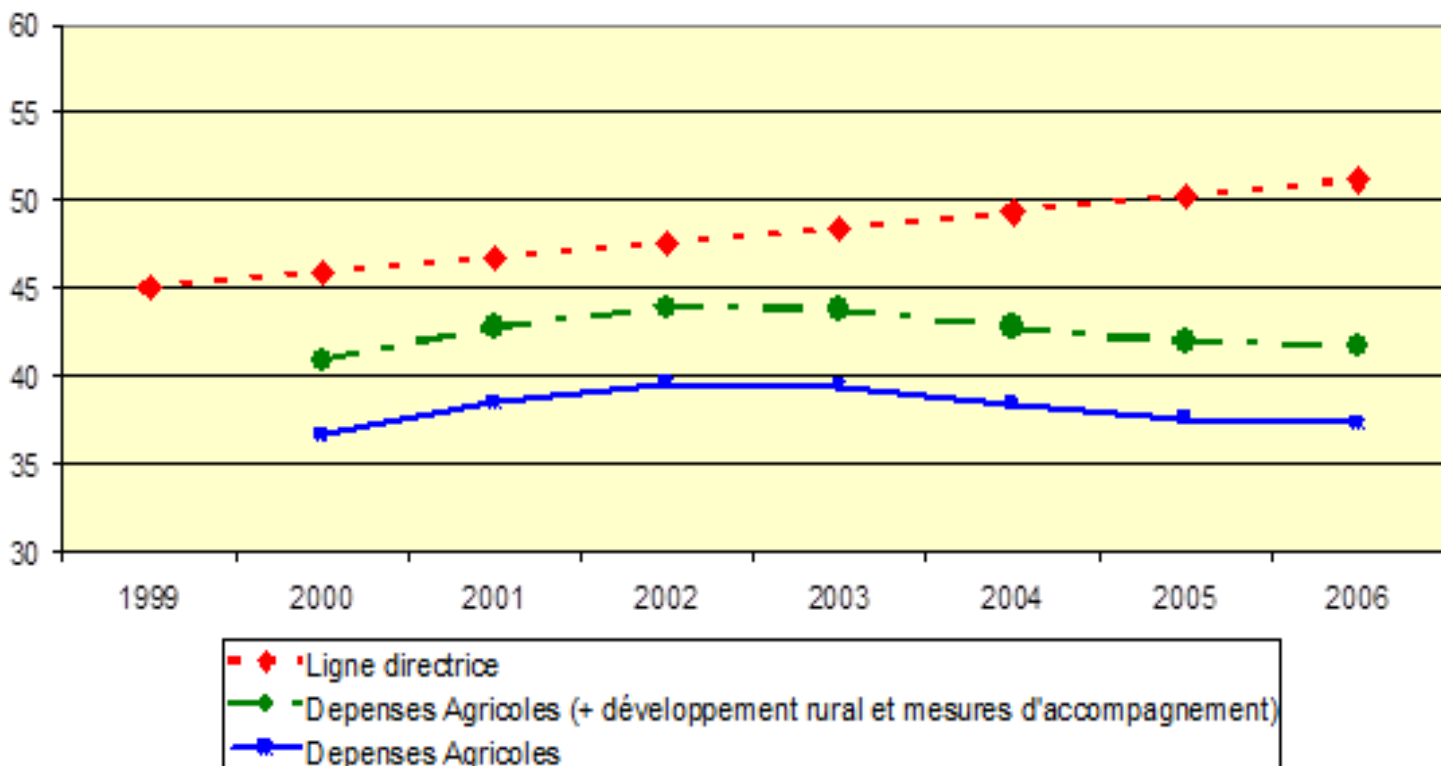
- *Compulsory modulation at MS level to finance RD programmes.*
- *All farmers have to respect code of good practice.*
- *Eco-conditionality compulsory in regions where environmental problems exist.*

Budget decisions I

- *Put a ceiling on agricultural expenditure*
- *Build a "Berlin wall" within FEOGA between market and agri-environment and rural policy expenditure*
- *Enlargement should be financed from the reduced agricultural envelope*

Budget decisions II

Cadre financier 2000-2006 (Mrd d'écus) (prix 1999)
suite au Compromis de Berlin



Agricultural decisions I

Cereals: -15%

Protein crops: *bonus of 9.5 € per historical cereal references*

Beef: -20%

Milk: *no reform until at least 2006. But limited increase in milk quota for Spain and Italy now and for the other MS from 2005.*

Agricultural decisions II

Rural development: OK

***Horizontal regulation: Voluntary modulation
(in practice only UK and F).***

If you want to know more ...

DG AGRI webpage:

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

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