



Joint Degree in Political Economy
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11. The Fischler reform 2003 and 2004 - the second big bang

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Why a proposal ?

- No budget or market crisis but more than a Mid-Term Review
- The Commission willing to anticipate a new WTO deal
- Learning from the past: EU agriculture and CAP can not again be the final obstacle to an agreement
- In order to maintain community preferences (border protection) as much as possible, has to be offensive on the other issues.

The second radical reform I: decoupling

- *Moving agricultural support from the blue to the green box (as the US had done)*
- *Decoupled from production but coupled with environmental and other concerns (cross-compliance)*
- *Freedom to farm*
- *Many options at MS level: partial decoupling possible; historical, regional or mixed systems + simplified system in new MS*

The second radical reform II: cross-compliance

A "funny" debate: how is it possible that farmers have to respect so many rules!

The wild bird directive is from 1979; the nitrate one from 1991!

Cross compliance represents a major shift: now MS have to control and can be (are) penalised if they do not do so. Clearance of accounts.

Farmers can be penalised with reduction in their direct payments and additional penalties.

The second radical reform III: Farm Advisory services

Cross compliance is the stick, the FAS is the carrot.

Help farmers become aware of material flows and on-farm processes relating to the environment, food safety, animal health and welfare and occupational safety standards.

Included in the risk analysis done by the control authorities.

The second radical reform IV: Budget

- *Financial discipline to apply if forecast expenditure is close to Pillar I ceiling (300 M€)*
- *Compulsory modulation from Pillar I to Pillar II: 3% (2005) up to 5% (2012)*

The second radical reform V: Rural development

Increased budget (through modulation)

*ALL RD expenditure (including agri-environmental)
to FEADER*

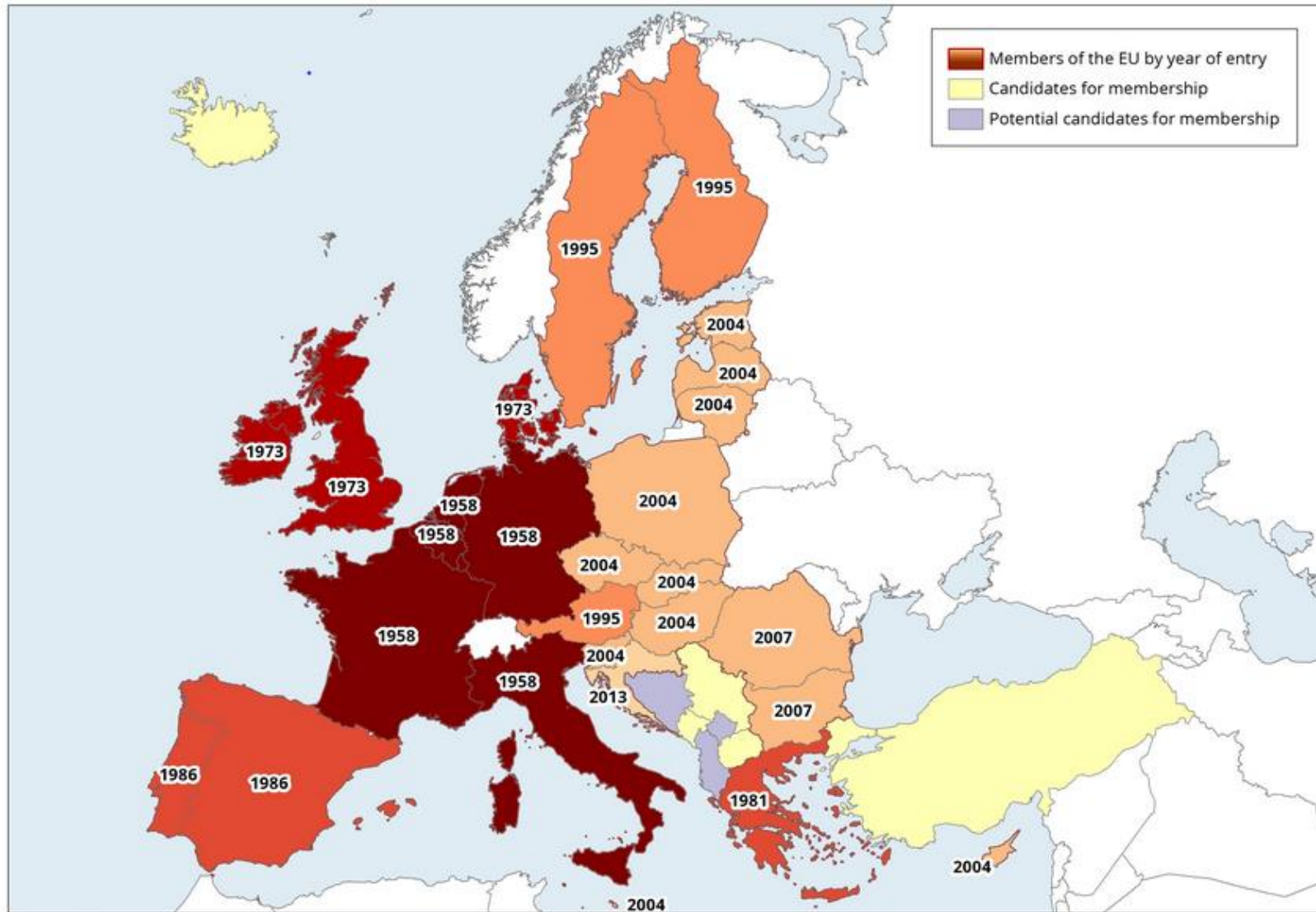
4 axes:

- *competitiveness and investment*
- *environment (at least 25% of expenditure)*
- *Rural world and economic diversification*
- *LEADER (at least 5%)*

*Why such a radical reform when
there was no budget or market
pressure?*



ENLARGEMENTS OF THE EU, 1958 - 2013



If you want to know more ...

DG AGRI webpage:

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

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