

## Common agricultural policy CAP: direct support schemes and support schemes for farmers, as regards set aside for year 2008 (derog. Regulation (EC) No 1782/2003)

2007/0194(CNS) - 26/09/2007 - Final act

**PURPOSE:** to encourage farmers to produce additional quantities of cereals to ease market tensions.

**LEGISLATIVE ACT:** Council Regulation (EC) No 1107/2007 derogating from Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, as regards set-aside for the year 2008.

**BACKGROUND:** following a trend of over-production in the mid-1980's, the Community adopted the set-aside scheme the purpose of which is to limit the production of cereals in the EU. For the sake of simplifying the regulatory environment, the rate of obligatory set-aside was set permanently at 10% in 2003 by Regulation (EC) No 1982/2003.

However, at the beginning of the 2007/2008 marketing year the cereals markets experienced exceptionally high prices ? both at Community level and on the global markets due. The low level of Community 2006/2007 closing stocks was a consequence of a smaller than expected 2006 harvest. Preliminary forecasts for 2007 indicate another low harvest the result of which is further uncertainty regarding the rebuilding of stocks.

At an international level, closing stocks in 2007/2008 are expected to fall to a historically low level, especially in the major exporting countries. Against this background, even if the 2008 harvest were normal, stocks would not increase significantly, while a poor harvest would expose the internal market to potentially serious risks.

**CONTENT:** based on the above analysis, the Council unanimously adopted a Regulation derogating from Regulation (EC) No 1782/2003 that reduces the set-aside rate for sowing this autumn and in the spring of 2008 from 10 % to 0 % of agricultural land. The Regulation was published in the Official Journal as a matter of urgency to allow its implementation for the earliest autumn sowings.

This measure, which is on a voluntary basis and without prejudice to stricter national provisions on environmental protection, should enable European cereal production to be increased from 10 million to 17 million tonnes.

The Commission has undertaken to examine the future of the mandatory set-aside system in depth during the "CAP Health Check", particularly as regards its positive effects on the environment. The return of land to cultivation remains optional, and those farmers who wish to do so may continue with environmental programmes.

The European Parliament delivered its opinion on 26 September, having accepted the use of the urgent procedure.

**ENTRY INTO FORCE:** 5 October 2007.