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REPORT

on the proposal for a Council regulation extending the financing of quality and marketing improvement plans for certain nuts and locust beans approved under Title IIa of Regulation (EEC) No 1035/72 and providing for a specific aid for hazelnuts

(COM(2001) 667 – C5-0652/2001 – 2001/0275(CNS))

Committee on Agriculture and Rural Development

Rapporteur: Carlos Bautista Ojeda

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 6 December 2001 the Council consulted Parliament, pursuant to Article 37 of the EC Treaty, on the amended proposal for a Council regulation extending the financing of quality and marketing improvement plans for certain nuts and locust beans approved under Title IIa of Regulation (EEC) No 1035/72 and providing for a specific aid for hazelnuts (COM(2001) 667 - 2001/0275(CNS)).

At the sitting of 13 December 2001 the President of Parliament announced that she had referred this proposal to the Committee on Agriculture and Rural Development as the committee responsible and the Committee on Budgets for its opinion (C5-0652/2001).

The Committee on Agriculture and Rural Development had appointed Carlos Bautista Ojeda rapporteur at its meeting of 4 December 2001.

It considered the Commission proposal and the draft report at its meetings of 8 January, 22 January and 19 February 2002.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Joseph Daul, chairman; Friedrich-Wilhelm Graefe zu Baringdorf, Albert Jan Maat and María Rodríguez Ramos, vice-chairmen; Carlos Bautista Ojeda, rapporteur; Danielle Auroi, María del Pilar Ayuso González (for Michl Ebner), Niels Busk, Giorgio Celli, Arlindo Cunha, Anne Ferreira (for Vincenzo Lavarra), Christel Fiebiger, Francesco Fiori, Christos Folias, Georges Garot, Lutz Goepel, Willi Görlach, Liam Hyland, Elisabeth Jeggle, Salvador Jové Peres, Hedwig Keppelhoff-Wiechert, Heinz Kindermann, Dimitrios Koulourianos, Wolfgang Kreissl-Dörfler (for María Izquierdo Rojo), Véronique Mathieu, Hans-Peter Mayer (for Neil Parish), Xaver Mayer, Jan Mulder (for Giovanni Procacci), Emilia Franziska Müller (for Agnes Schierhuber), Karl Erik Olsson, Mikko Pesälä, Encarnación Redondo Jiménez, Dominique F.C. Souchet (for ...) and María Esther Herranz García (for Robert William Sturdy, pursuant to Rule 153(2)).

The Committee on Budgets decided on 22 January 2002 not to deliver an opinion.

The report was tabled on 20 February 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

LEGISLATIVE PROPOSAL

Proposal for a Council regulation on extending the financing of quality and marketing improvement plans for certain nuts and locust beans approved under Title IIa of Regulation (EEC) No 1035/72 and providing for a specific aid for hazelnuts (COM(2001) 667 – C5-0652/2001 – 2001/0275(CNS))

The proposal is amended as follows:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 2

The specific aid granted towards the drawing up and implementation of the quality and marketing improvement plan as specified in Article 14(d)(2) of Regulation (EEC) No 1035/72 is restricted to a period of 10 years *to allow a shift of financial responsibility on to the producers.*

The specific aid granted towards the drawing up and implementation of the quality and marketing improvement plan as specified in Article 14(d)(2) of Regulation (EEC) No 1035/72 is restricted to a period of 10 years *and shall remain constant for all the proposed actions except for those involving grubbing-up, new planting or reconversion. At the same time, it has been established that pressure from imports is preventing full exploitation of high-quality varieties and is seriously undermining producers' incomes.*

Justification

The original wording should be corrected on the grounds that the aids remain constant over different periods. In the case of measures involving grubbing-up, new planting or varietal reconversion the sum payable in aid is EUR 573.57 per hectare for the first five years and EUR 241.50 per hectare for the remaining period. For the rest of the actions, the sum payable is EUR 241.50 per hectare for the duration of the plan.

¹ OJ C (awaiting publication).

Amendment 2
Recital 6

In accordance with Regulation (EC) No 2200/96, the Commission forwarded to the Council a report on the state of implementation of Regulation (EC) No 2200/96 on the common organisation of the market in fruit and vegetables¹. This report includes *an assessment* of the results of the specific measures for nuts and locust beans carried out under Title IIa of Regulation (EEC) No 1035/72.

In accordance with Regulation (EC) No 2200/96, the Commission forwarded to the Council a report on the state of implementation of Regulation (EC) No 2200/96 on the common organisation of the market in fruit and vegetables². This report includes *a description* of the results of the specific measures for nuts and locust beans carried out under Title IIa of Regulation (EEC) No 1035/72, ***but does not put forward final proposals for a permanent support framework for the sector.***

Justification

The Commission's report to the Council on the implementation of the COM in fruit and vegetables does not include any assessment of the results of the specific measures contained in the improvement plans. It is purely descriptive: it neither analyses the results obtained nor makes proposals to ensure continuity in the sector. Parliament's resolution of 5 July 2001 affirms the need to make an assessment of the sector and to present a final proposal.

Amendment 3
Recital 7

It is appropriate, for the year 2001, and in recognition of the important environmental ***and social*** role played by the nut sector, to grant to those producer organisations whose improvement plans expire in 2001, and who continue to fulfil the recognition criteria, continued financing of their plans within the 2002 budget. This should include those producer organisations whose original improvement plans expired in 2000 and which were extended under Regulation (EC) No 558/2001.

In recognition of the important environmental role played by the nut sector ***in protection against erosion, fire prevention and preservation of indigenous genetic material, and of its important social role in keeping people on the land and thus furthering preservation of the countryside, it is appropriate, for the year 2001,*** to grant to those producer organisations whose improvement plans expire in 2001, and who continue to fulfil the recognition criteria, continued financing of their plans within the 2002

¹ COM(2001) 36

² COM(2001) 36

budget. This should include those producer organisations whose original improvement plans expired in 2000 and which were extended under Regulation (EC) No 558/2001.

Justification

The ecological and social importance of production in this sector needs stressing: it helps promote biodiversity and prevent erosion and fires. In social terms, it keeps people on the land, provides the main base of numerous rural incomes and contributes to rural development and to the maintenance of cohesion between different rural areas in the EU.

Amendment 4 Recital 10

In order to simplify administrative procedures, aid should be limited to a maximum of those areas ***for which an aid application was made*** in the final year of the plan.

In order to simplify administrative procedures, aid should be limited to a maximum of those areas ***covered by the plan for which the certified area is not exceeded*** in the final year of the plan.

Justification

The aid should be extended on the basis of the certified area as established under the plans of the final year, not the area for which aid was requested. Adding the word 'certified' makes it clear that aid is not to be received by farmers belonging to producer organisations which, thanks to whatever unforeseen circumstances (illness; error or omission) did not receive aid the previous year.

This amendment ensures that there will be no increase in the budget and that the gap left by the disappearance in the final year of certified plots which no longer meet the conditions can be filled by plots which could not be certified in the final year but do meet the conditions in the year of extension.

Amendment 5
Recital 11

The period of up to one year is not sufficient to complete work of grubbing operations followed by replanting and/or varietal reconversion as referred to in Article 2(1) of Council Regulation (EEC) No 790/89 of 20 March 1989 fixing the level of additional flat-rate aid for the formation of producers' organisations and the maximum amount applied to aid for quality and marketing improvement in the nut and locust bean growing sector¹. The maximum aid per hectare therefore should be paid in respect of other operations as specified in Article 2(2) of that Regulation ***with a maximum Community contribution of 75%.***

The period of up to one year is not sufficient to complete work of grubbing operations followed by replanting and/or varietal reconversion as referred to in Article 2(1) of Council Regulation (EEC) No 790/89 of 20 March 1989 fixing the level of additional flat-rate aid for the formation of producers' organisations and the maximum amount applied to aid for quality and marketing improvement in the nut and locust bean growing sector². The maximum aid per hectare therefore should be paid in respect of other operations as specified in Article 2(2) of that Regulation.

Justification

There is no justification in the financial statement for the proposed reduction in the Community cofinancing level from 81.82% to 75%. This would imply disengagement of Community support from a sector which has a significant impact on employment, the environment, the landscape and regional planning. In the context of agricultural expenditure, the percentage corresponding to nuts is very low and certainly does not justify any cutback in cofinancing, especially if one compares the treatment of other agricultural sectors which are exclusive beneficiaries of the EAGGF (Guarantee). As in the case of Regulation No 558/2000, any new prolongation should not modify the original conditions of implementation.

Amendment 6
Recital 13

In order to deal with the economic situation in the hazelnut sector, flat-rate aid should be granted for hazelnuts harvested in the 2001/02 marketing year, for ***those producer organisations not eligible for an extension to improvement plans under this Regulation.***

In order to deal with the economic situation in the hazelnut sector, flat-rate aid should be granted for hazelnuts harvested in the 2001/02 marketing year, for ***the producer organisations.***

¹ OJ L 85, 30.3.1989, p. 6

² OJ L 85, 30.3.1989, p. 6

Justification

The current crisis on the hazelnut market, with a significant fall in prices over the 2001 marketing year, affects all producer organisations in the same fashion, whether or not they have benefited from extension of the improvement plans. The provision as proposed could lead to discrimination between different producer organisations within the EU and between Member States, putting some but not others in a position of disadvantage. Aid to the hazelnut sector should therefore be granted to all producer organisations: any higher cost to the budget will be minimal.

Amendment 7
Recital 13a (new)

In order to improve awareness and reinforce controls with respect to the production of nuts and locust beans at producer level, account should be taken of existing experience, on the basis of the integrated management and control systems established for other crops. The Commission must lay down the measures to be adopted and the rules and criteria to be followed with a view to establishing a geographical information system.

Justification

Self-explanatory.

Amendment 8
Recital 14 (new)

The general measures provided for under the existing common organisation of the market in fruit and vegetables are insufficient and are not adapted to the needs of nut production, which benefits from minimal external protection. It is necessary to preserve the benefits achieved in the sector with the implementation of the improvement plans, with respect to sectoral organisation, introduction of technology into production and improvement of quality and varieties.

Justification

The Council regulation must clearly establish a permanent support framework, in order to dispel the current uncertainty in the sector and ensure the preservation of production, as required on environmental, economic and social grounds.

Amendment 9
Recital 14a (new)

In view of the importance of preserving production on environmental, economic and social grounds, especially in less-favoured regions, it is necessary to institute a permanent support regime for the sector, in the form of a per-hectare aid which will guarantee the preservation of producers' incomes and is channelled through the producer organisations within the framework of the common organisation of the market in fruit and vegetables. This permanent regime could be conditional on the application of sound agricultural practices in a context of sustainable and environment-friendly production and on farmers' membership of producer organisations having the

objective of the obligatory marketing of their products in accordance with binding quality standards. The regime could also be extended to cover additional products, such as chestnuts.

Justification

The Council regulation must clearly establish a permanent support framework, in order to dispel the current uncertainty in the sector and ensure the preservation of production, as required on environmental, economic and social grounds.

Amendment 10 Article 2(a)

The aid shall:

a) be paid in regard to, and limited to, those areas ***for which an aid application was made*** in the final year of the plan.

The aid shall:

a) be paid in regard to, and limited to, those areas ***covered by the plan for which the certified area is not exceeded*** in the final year of the plan.

Justification

The aid should be extended on the basis of the certified area as established under the plans of the final year, not the area for which aid was requested. Adding the word 'certified' makes it clear that aid is not to be received by farmers belonging to producer organisations which, thanks to whatever unforeseen circumstances (illness; error or omission) did not receive aid the previous year.

This amendment ensures that there will be no increase in the budget and that the gap left by the disappearance in the final year of certified plots which no longer meet the conditions can be filled by plots which could not be certified in the final year but do meet the conditions in the year of extension.

Amendment 11 Article 2(b)

b) be limited to a maximum of EUR 241,50 per hectare, *of which the maximum Community participation shall be 75%.*

b) be limited to a maximum of EUR 241,50 per hectare, *as laid down in Article 2(1), third subparagraph, and 2(2) of Regulation (EEC) No 790/89.*

Justification

There is no justification in the financial statement for the proposed reduction in the Community cofinancing level from 81.82% to 75%. This would imply disengagement of Community support from a sector which has a significant impact on employment, the environment, the landscape and regional planning. In the context of agricultural expenditure, the percentage corresponding to nuts is very low and certainly does not justify any cutback in cofinancing, especially if one compares the treatment of other agricultural sectors which are exclusive beneficiaries of the EAGGF (Guarantee). As in the case of Regulation No 558/2000, any new prolongation should not modify the original conditions of implementation.

Amendment 12 Article 4

Article 4

Article 55 of Regulation (EC) No 2200/96 is replaced by the following:

"For hazelnuts harvested during the 2001/02 marketing year, aid of EUR 15/100 kg shall be granted to producer organisations, recognised pursuant to Regulation (EEC) No 1035/72 or to this Regulation, which implement a quality improvement plan within the meaning of Article 14d of Regulation (EEC) No 1035/72 or an operational programme within the meaning of Article 15, **and do not benefit from the aid provided for in Articles 1 and 2 of Regulation (EC) No..../2001.**"

Article 4

Article 55 of Regulation (EC) No 2200/96 is replaced by the following:

"For hazelnuts harvested during the 2001/02 marketing year, aid of EUR 15/100 kg shall be granted to producer organisations, recognised pursuant to Regulation (EEC) No 1035/72 or to this Regulation, which implement a quality improvement plan within the meaning of Article 14d of Regulation (EEC) No 1035/72 or an operational programme within the meaning of Article 15."

Justification

The current crisis on the hazelnut market, with a significant fall in prices over the 2001 marketing year, affects all producer organisations in the same fashion, whether or not they have benefited from extension of the improvement plans. The provision as proposed could lead to discrimination between different producer organisations within the EU and between

Member States, putting some but not others in a position of disadvantage. Aid to the hazelnut sector should therefore be granted to all producer organisations: any higher cost to the budget will be minimal.

Amendment 13
Article 4a (new)

The Commission shall submit, no later than 1 June 2002, a final proposal on the specific support measures for the nut and locust bean sector in the context of the common organisation of the market in fruit and vegetables. The Council shall decide on the permanent support regime for the nut and locust bean sector on the basis of this proposal.

This permanent support regime for the sector shall include a flat-rate aid per hectare which shall ensure the preservation of producers' incomes and shall be channelled through all recognised producer organisations. This aid may be made conditional on the application of sound agricultural practices in a context of sustainable and environment-friendly production and on farmers' membership of producer organisations with the objective of the obligatory marketing of their products in accordance with binding quality standards. The regime could also be extended to cover additional products, such as chestnuts.

Justification

The Council regulation must clearly establish a permanent support framework, in order to dispel the current uncertainty in the sector and ensure the preservation of production, as required on environmental, economic and social grounds.

1. A Geographical Information System (GIS) shall be created for nuts and locust beans, no later than the end of 2002. The additional data shall be obtained from the improvement plans implemented up to the end of 2002. The information contained in the GIS shall be defined in geographical terms on the basis of digital aerial photographs.

2. The Member States shall verify the proper correlation of the information in the improvement plans and the information in the GIS. Should no correlation exist, the Member State concerned shall carry out on-the-spot monitoring and checks.

The Commission shall establish the rules and criteria for the correlation referred to in the first subparagraph, as well as the admissible margins of tolerance. It shall also establish appropriate arrangements and provisions on detail for the on-the-spot checks and monitoring activities to be undertaken in each marketing year.

3. The Commission shall adopt the necessary measures, arrangements, criteria and provisions on detail pursuant to this article employing the procedure laid down in Article 46 of Regulation No 2200/1996/EEC.

Justification

In order to improve awareness and reinforce controls with respect to the production of nuts and locust beans it is necessary to establish an integrated management and control system. The Commission must lay down the measures to be adopted and the rules and criteria to be followed with a view to establishing a geographical information system.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council regulation on extending the financing of quality and marketing improvement plans for certain nuts and locust beans approved under Title IIa of Regulation (EEC) No 1035/72 and providing for a specific aid for hazelnuts (COM(2001) 667 – C5-0652/2001 – 2001/0275(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2001) 667¹),
 - having been consulted by the Council pursuant to Article 37 of the EC Treaty (C5-0652/2001),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A5-0029/2002),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

¹ OJ C (awaiting publication).

EXPLANATORY STATEMENT

I. BACKGROUND

The nut sector in the European Union is of major social, economic and environmental importance. It accounts for more than 1m ha of cultivation in the Mediterranean Member States, for the most part located in less-favoured regions characterised by difficult agricultural conditions (drought, marginal or hillside soils, etc). These structural determinants mean that nut production tends to offer only a low level of competitiveness (low yields, high production costs in international terms and low profit margins).

The products of this sector thus encounter considerable difficulties in maintaining their market share and economic viability without direct support from the public authorities. This situation is compounded by intense and increasing competition from the outside. The EU currently imports between 45% and 60% of the nuts which it consumes: it is, then, a net importer, as well as being the world's biggest consumer of nuts. The main import competition which EU producers have to face comes from Turkey (hazelnuts) and the US (almonds): both those countries' industries operate under conditions of production which cannot be compared to those prevailing in the EU. In addition, both countries benefit from tariff concessions under international agreements. The preservation of the nut sector should, in this context, be considered to be in the EU's strategic interest, as its disappearance would lead to a third-country monopoly on the Community market.

Besides all this, nut production should be recognised as a perfect example of multifunctional production, if one considers its undoubted social and economic value (it provides a living for numerous households in the EU's most remote rural areas), its fulfilment of regional planning requisites (in most cases no alternative crops exist) and its environmental role (protection against erosion and fires and preservation of indigenous genetic material).

2. THE QUALITY AND MARKETING IMPROVEMENT PLANS

In view of these low-productivity, low-competitiveness circumstances, in 1989 the Council adopted a package of specific measures for the nut sector, the main objective being to facilitate the formation and operation of producer organisations (POs) in the sector in order to tackle the lack of production and marketing resources and thus contribute to improving the quality and competitiveness of the products. The measures operated since 1989 comprise a series of aids to POs which are conditional on the submission and approval of a *Quality and Marketing Improvement Plan* for a ten-year period. The most important measure consists of the financing of these plans; in addition, there is provision for flat-rate aid for the formation of producer organisations, and for aid for the establishment of a revolving fund. 55% of the funding is provided in public aid and the remaining 45% by the POs themselves.

The specific measures were repealed by Regulation (EC) No 2200/1996, which laid down a new regulatory framework for the CMO in fruit and vegetables. Nonetheless, the POs' acquired rights were maintained, including those under the improvement plans. This means that the plans still in force can continue for the whole of the ten years up to their expiry (2006-2007). Those plans which expired in 2000 were granted an extension up to 15 June 2001. The present Commission proposal provides for a further extension up to 15 June 2002.

The plans have achieved a degree of success over their years of operation: there have been significant improvements in production and marketing in the sector. However, the goal of improving competitiveness has not been attained, thanks to the difficult nature of the initial structural conditions. The problems are compounded by the fact that this sector, unlike others, suffers from both a very low level of customs protection and inherently inadequate support levels, in circumstances in which its very survival is by no means certain. Meanwhile, it is becoming increasingly difficult to maintain cultivation, and the oft-repeated declarations of the Community institutions in favour of multifunctional agriculture are, once again, liable to be perceived as empty words.

3. THE PRESENT SITUATION AND THE COMMISSION'S PROPOSAL

As is made clear in the proposal's explanatory memorandum, the Commission is aware that, in general terms, the aid received over ten years has not enabled the nut sector to reach a level that would make it competitive on the world market. The Commission also recognises the position of numerous less-favoured regions which could be defined as 'chronically non-competitive', and stresses the positive role played by nut cultivation in environmental and social terms.

In January 2001 the Commission submitted to the Council a report on the state of implementation of Regulation (EC) No 2200/96 on the COM in fruit and vegetables, in which it described the situation of the nut sector but did not put forward concrete proposals for a permanent aid regime. This report was criticised by the sectors concerned on the grounds of its incomplete and purely descriptive nature, and it led to the EP resolution of 5 July 2001, which proposed 'establishing a permanent framework of support measures for nuts and locust beans, ensuring a transition by extending current support measures'.

In July 2001 Commissioner Fischler, addressing the Council of Agriculture Ministers, promised that a detailed study of the Community nut sector would be undertaken, that, if necessary, concrete proposals would be made for action in support of the sector, and that a solution would be found to the problem of the expiry of the improvement plans in 2001 (i.e. their tenth year, or eleventh year in the case of POs benefiting from an extension under Regulation (EC) No 558/2001).

The Commission now, against this background, proposes a further one-year extension of the improvement plans. Your rapporteur welcomes this measure, but stresses that it should be seen purely as a transitional instrument, to apply until there is a proposal which provides for permanent means of ensuring continuity in the sector for the future and tackling the difficulties facing nut producers in the EU.

In the light of the above, the Commission proposal consists of the following elements:

1. The improvement plans are extended up to 15 June 2002;
2. The Community contribution to the public aid component (55% of the total) is reduced from the present 82% to 75%, on the basis of an aid of EUR 241.50/ha;
3. Concerning hazelnuts in particular, the aid of EUR 15/100 kg is maintained for the 2001/2002 harvest, but is only granted to farmers who are members of POs which are not beneficiaries of the extension.

4. RAPPORTEUR'S COMMENTS

Your rapporteur considers that the extension proposed by the Commission should be considered as purely a transitional measure, to apply until there is a proposal for a definitive regime which institutes specific and permanent support measures for the nut sector with the objective of preserving its activities on social, economic and environmental grounds.

Your rapporteur has identified the following aspects of the Commission proposal as unsatisfactory:

a) *Conditions governing aids to hazelnut production.* In the context of a correct perception of *specific aid for hazelnut production*, it is not acceptable to exclude those producer organisations which wish to benefit from the extension of the improvement plans. The reason for the existence of this aid for hazelnut production is the need for counter-measures against the crisis in the sector created by imports of cheap hazelnuts from Turkey. The 2001 marketing year saw a considerable fall in hazelnut prices: in these circumstances, to grant aid to some producer organisations in the EU and not to others would be discriminatory and would place the organisations affected at a disadvantage in the face of those Turkish imports.

b) *The level of national cofinancing.* There is no justification for the increase proposed in the *national cofinancing* of the extended plans as compared with those now in force. The Commission proposes that the extension should be funded 75% by the EU and 25% by the Member States. As already stressed, the previous levels were 82% from the EU budget and 18% from the national budgets. No justification for this reduction in cofinancing appears in the financial statement. Even allowing for the systematic cuts in agricultural spending decided by successive Councils of Finance Ministers, there is still a margin of almost EUR 2 bn vis-à-vis the Berlin forecasts. In such a context the percentage devoted to the nut sector can only be called modest in the extreme, and cannot in any circumstances be invoked as a reason to justify a reduction in cofinancing - even less so if one considers the treatment given to other agricultural sectors (financed exclusively from the EAGGF (Guarantee)).

c) *Surface areas included in the improvement plans.* It would be desirable for aid to be paid for the surface areas covered by the plan provided the total area of the plan is not exceeded in the final year.

d) *Transitional nature of the proposal.* Your rapporteur believes that the new regulation must make it absolutely clear that there is a commitment to establish a permanent support framework for the sector. The present proposal makes no reference to the institutional support offered by Parliament in its numerous resolutions calling for permanent support arrangements in the form of per-hectare aid, thus guaranteeing the maintenance of producers' income levels.

It follows that the extension needs to be linked up to permanent aid arrangements, and the long-term objective should be the consolidation of a definitive system of aids, to be channelled through the producer organisations within the framework of the COM in fruit and vegetables. This should make it possible to dispel the present climate of uncertainty in the sector, preserve existing nut cultivation and, ultimately, enable the sector to fulfil its social function in the countryside and its environmental role in a manner consistent with the formally stated objectives of the European agricultural model.