

# EUROPEAN PARLIAMENT

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*Committee on Agriculture and Rural Development*

14.3.2005

## **OPINION**

of the Committee on Agriculture and Rural Development

for the Committee on Budgets

on the 2006 budget: the Commission's annual strategic report  
(2004/2270(BUD))

Draftsman: Katerina Batzeli

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## SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas 2006 is a crucial, transitional year in the implementation of the most ambitious reform of the CAP in the EU's history; whereas the agricultural policy is developing simultaneously with significant changes within the WTO, the Generalised System of Preferences (GSP) and other multilateral agreements of the European Union; whereas the new Member States must adapt and the European Union must prepare for its further enlargement;
- B. whereas huge uncertainty prevails concerning the consequences of the new CAP, since political choices of each Member State will lead to a different degree of decoupling of aid throughout the Union; whereas such differentiation may give rise to problems in terms of distortion of competition on the internal market in agricultural produce and obstacles to aid for the promotion of rural development, as provided in many instances by the individual common organisations of markets (COM) and the implementation of modulation;
- C. whereas the conduct and choices of producers during their period of adjustment to the new system cannot be predicted to a satisfactory degree owing to the fluctuations and pressures on the markets in a number of product sectors; whereas, in particular, in the event that farmers do not produce products for compensation on the basis of partial decoupling, a problem will arise with utilising Community appropriations in 2006; whereas, moreover, in the event of products being incorporated into the full decoupling scheme, a situation may be created which is at variance with the forecasts of market development made up to the reform of the CAP;
- D. whereas the consolidation of Community resources per Member State on the basis of the 2000-2002 period allows the Member States the possibility of redistributing the unused resources for 2006 through the national reserve in order to offset any imbalances arising from the past, and from the new system, while the transfer of part of the resources from the first to the second pillar by way of modulation may strengthen rural development measures,
  1. Strongly believes that the EU's 2006 budget should contain the maximum level of resources permitted by the current financial perspective adjusted for the requirements of enlargement; stresses that there must be no arbitrary cuts during this crucial year either by the Commission or the Council, as was attempted during management of the 2005 financial year;
  2. Asks for the single farm payment to be made to farmers in good time, as early as December 2006, even if this results in delays in allocating the funds; calls, therefore, for

arrangements to be made, where necessary, for advance or part payment;

3. Calls on the Commission to clarify as soon as possible the amount of modulation resources to be deducted from direct aid; calls also for clarification as to what portion of those resources will be transferred to the second pillar of the CAP for financing rural development programmes; stresses the need to make clear how long a period of time those amounts will be available under the second pillar and the method of using them, taking into account that expenditure planning is on an annual basis under the first pillar of the CAP but on a multiannual basis under the second pillar;
4. Stresses that implementation of the rural development programmes cofunded from modulation resources must be monitored more closely by the Commission so as not to jeopardise the effectiveness of the measure as a result of the national level opting not to make the necessary public expenditure; also stresses that unused Community resources for the year should remain at the disposal of the Member States as additional Community support for rural development measures;
5. Stresses the need to make provision in the 2006 budget, within the annual financial constraints, for more funding for measures to promote agricultural products within the Community and in third countries, and for additional measures to educate and inform, primarily young farmers, about current developments and the new specifics of the CAP;
6. Insists that the 2006 budget should make provision for the resources required to finance detailed and thorough studies to assess the impact of the CAP reform, enlargement and the European Union's international obligations; considers that those studies should be drawn up by sector for all the Member States with the emphasis on the more vulnerable sectors and regions of the Union in order to provide a clear indication of market trends and associated problems and a basis for planning viable rural development;
7. Points out that new management tasks and control measures - principally concerning farmers' observation of cross-compliance rules relating to environmental, phytosanitary and other obligations from 2005 - are linked to the operation of the reformed CAP; believes that there may be serious problems during the first few years of implementing the system, both for farmers and Member States; calls on the Commission to ensure that the resources derived from any penalties imposed under the cross-compliance system remain in their entirety with the Member States and are used to finance information programmes for the parties involved and programmes to help farmers adapt to the new requirements of the CAP, in cooperation with the Commission and in a manner which ensures simplification, effective implementation of the CAP and transparent management of resources; asks the Commission and the Member States to cooperate to decrease the administrative burden of the reformed CAP, for example by using certification schemes to verify the fulfilment of cross-compliance obligations;
8. Is deeply concerned about the unsatisfactory absorption capacity for funds under the SAPARD instrument prior to the planned accession of Romania and Bulgaria in 2007; urges the Commission to work closely together with the two candidate countries to achieve optimal use of the instrument, since important inadequacies in the structural and technical preparedness of the two countries are still not resolved;

9. Believes that strong focus should be kept on rural development; demands clarification of the amount of Community appropriations relating to non-implementation of rural development programmes per Member State which were returned under the n+2 rule;
10. Welcomes the commitment to create new jobs in rural areas made in the communication from the President of the Commission on "Working together for growth and jobs"<sup>1</sup>; considers that synergies between the rural development policy and the Lisbon Strategy should be further explored;
11. Notes that the 'Doha Round' of the WTO could lead to a substantial change in EU support for export of agricultural commodities; insists that the resources saved through the gradual reduction of export subsidies be used to support those sectors affected by the new commitments and agreements within the WTO, with additional measures to promote market equilibrium;
12. Calls for the restoration of adequate measures for the commercial promotion of European agricultural products in all relevant sectors;
13. Reiterates the urgent need for the creation of a European fund for crises in agriculture; believes that such a fund should be used to provide compensation in the event of market crises, natural disasters, animal disease and other negative impacts on Europe's competitiveness in agricultural products, such as those arising from fluctuating currency exchange rates; considers that this fund should have more financial resources at its disposal than those deriving from a part of modulation in order to be effective and essentially meet the needs of producers;
14. Will carefully monitor the progress of the pilot projects on European food quality labelling and the EU insurance schemes for animal disease costs, which Parliament has initiated for the 2004 and 2005 budgets; expects the Commission to inform Parliament in good time to enable it to assess the follow-up needed for the 2006 budgetary procedure;
15. Calls for a considerable strengthening of financial resources in the 2006 budget for young farmers;
16. Considers energy efficiency and development of alternative energy sources of utmost important in the medium and long run; recalls encouraging projects in the agricultural sector, such as energy producing greenhouses, and intends to propose a pilot project to further research and development in this area;

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<sup>1</sup> COM(2005)0024.

## PROCEDURE

<b>Title</b>	The 2006 budget: the Commission's annual strategic report
<b>References</b>	(2004/2270 (BUDG))
<b>Committee responsible</b>	BUDG
<b>Committee asked for its opinion</b> Date announced in plenary	AGRI 1.1.2005
<b>Enhanced cooperation</b>	--
<b>Draftsman</b> Date appointed	Katerina Batzeli 20.1.2005
<b>Discussed in committee</b>	3.2.2005      14.3.2005
<b>Date amendments adopted</b>	14.3.2005
<b>Result of final vote</b>	for:                    20 against:                1 abstentions:           --
<b>Members present for the final vote</b>	Joseph Daul (chairman), Friedrich-Wilhelm Graefe zu Baringdorf (vice-chairman), Katerina Batzeli (draftswoman), Filip Adwent, Niels Busk, Albert Deß, Duarte Freitas, Ioannis Gklavakis, Elisabeth Jeggle, Stéphane Le Foll, Albert Jan Maat, Mairead McGuinness, Neil Parish, María Isabel Salinas García, Csaba Sándor Tabajdi, Marc Tarabella, Jeffrey Titford, Kyösti Tapio Virrankoski
<b>Substitutes present for the final vote</b>	Milan Horáček, Wiesław Stefan Kuc, Jan Mulder
<b>Substitutes under Rule 178(2) present for the final vote</b>	--