

# Weekly Newsflash

A weekly newsletter to the member organisations of Copa-Cogeca  
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## **EU Commission proposal on future CAP unveiled**

The EU Commission will open inter-service consultation at the beginning of September on its proposal on the future CAP. The proposal is set to be officially released on October 12. The draft proposal on direct payments suggests a further greening of the CAP's first pillar without any increased financing. Copa-Cogeca is concerned that this threatens EU farmers economic viability and competitiveness and has expressed its concerns on this in a recently approved position paper.

In particular, the draft Commission proposal suggests a mandatory **"greening"** component of direct payments by supporting environmental measures applicable across the whole of the EU territory. Farmers would have to perform 3 mandatory measures that go beyond cross-compliance requirements – crop diversification (of at least 3 different crops each covering over 5% of their arable land); maintenance of permanent grassland and designation of 5% of land to ecological purposes eg buffer strips – if they want to receive aid over and above the basic income support. This would make **30% of direct payments** dependent upon complying with greening measures.

The proposal also suggests **capping or putting an upper ceiling on direct payments** received by bigger individual farmers, which again penalises competitiveness. The phased-in capping rate would start at 20% for amounts between 150,000 to 200,000 euros; 40% for amounts between 200,000 -250,000 euros; 70% for amounts between 250,000 to 300,000 euros; with a total cap at 300,000 euros. In addition, the proposal maintains **voluntary coupled support** in sectors and regions where it is vital to maintain production. Member states should be allowed to use 5 or 10% of their national ceilings for this, depending on the current situation. In some situations, member states could use more than 10% of the said ceiling. A review is scheduled before August 1 2016. The Commission has also proposed moving away from the **historical reference model** for direct support, setting a deadline of January 1 2019 by which national or regional payments should be based on a uniform unit value. A **simplified scheme for small farmers** is also proposed.

## **Commission increases EU co-funding rate to 95% for EU schemes for Member States in difficulty**

The EU Commission has proposed raising the EU co-funding rate to a maximum of 95% for EU schemes, such as rural development, for countries experiencing financial difficulties. The Member States involved are Greece, Ireland, Portugal, Latvia, Romania and Hungary. The maximum co-funding rate would go up from 75% to 95% in these areas to enable projects which had previously been hampered by a lack of funds to get off the ground.

**Forestry Event:** During the International Year of Forests, MEPs Riikka Manner and her colleagues Gaston Franco and Luis Manuel Capoulas Santos will highlight, during a series of events in the European Parliament from September 5-9, the vital role that Europe's forests and

forest products industries play in contributing to the overall 2020 objective of the European Union of achieving a sustainable bio-economy.

These events are being jointly organised by: COPA-COGECA, FEFCO, CEPI, CEI-Bois, CEPF, EUSTAFOR, ELO, NSF, USSE, ACE. To register online for all or any of the program elements simply follow the following link: <http://bioeconomyevent.cepi.org/contact.php>

**Big surge in Spanish wine sales in UK:** New figures show a sharp increase in Spanish wine sales in Britain. Marks & Spencer has seen a 200% rise in sales of Spanish wines in recent months whilst the UK supermarket Waitrose said year-on-year sales of Spanish reds are up 40%, with Spanish wine sales in general up by a quarter on last year. Experts said the surge was part of a growing movement towards Hispanic culture in the UK as well as an improvement in the quality of the product.

**Invite to Wine Tasting Course:** CIA, the Italian Agricultural Confederation, has launched a wine tasting course which will start in Autumn in Brussels. For details, please see Roberto Scalacci ([cia.bxl@skynet.be](mailto:cia.bxl@skynet.be))

**Cereals Market Situation Update:** Around 55% of EU wheat had been cut by 5 August, similar to last year but less advanced than more normal harvests. Rain has disrupted harvests in parts of central Europe (Germany, Poland, Czech Rep. and Slovakia). At present, the main concerns surround **quality**. Heavy rain in Germany has increased concern and the situation could deteriorate if rain continues. Strategie Grains currently see 82% of German wheat crop of bread quality, down from its previous estimate of 93%. French wheat yields seen higher than initially expected, but below average. On July 1, Copa-Cogeca put this years EU grain harvest at 272 mt.

The release of the USDA report last Thursday confirmed that the **fundamentals for key agricultural commodities are still tight** which then helped to insulate grain and oilseed markets from recent external macroeconomic uncertainty; global equity and energy markets have calmed in recent days. The IGC also stated in its market report that the 2011/12 market outlook for grains remains very tight. The USDA cut 14Mt of maize from US domestic production forecasts which led to CBOT Dec-11 maize finishing Thursday at near-record highs of \$281/t. The USDA cut their estimate of the US soyabean crop by 5% to 83Mt, causing further reductions in global stock estimates, putting further reliance on South American crops in early 2012 as well as palm oil. China's maize crop is estimated up 3% on last season to 182.5Mt and up 1Mt from last month's estimate (CNCOIC). Also the soyabean crop is seen 10.5% lower at 13.5Mt, which is seen to be supportive of imports of soyabeans and palm oil. China's imports of soyabeans in July reached an 8-month high at 5.35Mt, up 24% on June. Vegetable imports were almost 50% higher at 0.7Mt. The IGC also stated in its market report of July 28 that the 2011/12 **market outlook for grains remains very tight**, even though global stock levels are higher than anticipated at the beginning of the year.

**Ban on Conventional Cages for hens:** Belgium has suggested allowing a six-month "period of grace" for egg producers following the introduction of the ban on conventional cages for laying hens on 1 January 2012. In answer to a parliamentary question, Minister Onkelinx suggested that she could grant producers who have not changed to another system a six month extension. Until now, Commissioner Dalli has however said that there will be no postponement or to the deadline for banning these cages. Copa-Cogeca is anxious to ensure that the same rules apply to imports of eggs and egg products from non-EU countries.

### **The EU requests WTO consultations with Canada over Ontario's**

**renewable energy policy:** The European Union has decided to request WTO consultations with Canada regarding the renewable energy policy of one of its provinces, Ontario, which provides subsidies to producers of renewable energy provided they use domestic technology. This is in clear breach of the WTO rules that prohibit linking subsidies to the use of domestic products.

### **Commission welcomes Russia's decision to cancel temporary import**

**requirements for fresh EU vegetables :** The Commission has welcomed Russia's confirmation of its request to cancel the temporary import requirements for fresh EU vegetables as of 9th August 2011. The move came after epidemiological evidence confirmed that the E-coli infection was over, together with a request from the European Commission to Russia to lift the certification system as provided for in the agreement between EU and Russia of the 22nd of June. Copa-Cogeca welcomes the move.

### **EU Compensation package for e.coli outbreak published:**

The EU implementing regulation concerning the temporary exceptional aid package which foresees a co-efficient to pay 100% of demands for compensation from the member states was published in the Official Journal of August 3 JOL 200 page 18.

The move comes after Member States agreed in July to a Commission proposal to increase EU support under the emergency plan for vegetable producers affected by the E-Coli crisis from € 210 million to € 227 million. This will allow the Commission to pay 100% of the demands for compensation from the different Member States. Copa-Cogeca welcomes the move but argues producers must receive 100% compensation for their losses. All fruit and vegetables for which there is proof that the drop in prices is due to the E. coli crisis must be eligible for aid. Copa-Cogeca wants the type of products covered by the aid to be enlarged.

### **Mexican Senate debates policies for agricultural development**

Paulo Gouveia participated on behalf of Copa-Cogeca in the Forum "Successful public policies in the world for agricultural development" organised by the Mexican Senate and the Mexican farmer organisations.

The event took place in Mexico City on 2nd August and brought together a panel of speakers including ex-Agriculture Ministers from Brazil, Chile as well as representatives from the World Bank, FAO, IMF, USDA. Copa-Cogeca and the World Farmers Organisation (represented through its interim President) presented their views in a panel reviewing the necessary measures for an adequate agri-policy development from the producers point of view. The event gathered over 350 participants between members of the Senate and of the Parliament, representatives from the Mexican ministry of Agriculture as well as farm leaders from all States of Mexico."

**Copa-Cogeca invites you to CAP Seminar on October 6-7** Many high-level officials and Copa-Cogeca Presidents will participate in our Seminar on October 6 on "The Future of the Common Agricultural Policy (CAP): What's at Stake" on October 6-7 2011 at Copa-Cogeca offices. We would be delighted if you could come to the event.

The Seminar will look at the future of the CAP and discuss the Commission legislative proposal on this, in a bid to ensure that EU farmers have an economically viable future. The second day of the Seminar will focus on EU rural development policy. In the evening of October 6, a reception will be held which we have great pleasure in inviting you to too. Formal invitations to the event and a programme have been sent out.

**Invite to Copa-Cogeca Communications Seminar on September 9** Copa-Cogeca invites you to a Communication Seminar on September 9. The Seminar aims to

share experiences and know-how on communication tools for our member organisations and to hear from Communication experts from the leading EU institutions about how they communicate and operate. The Seminar will focus in particular on the future Common Agricultural Policy (CAP) post-2013. It comes just before the Commission releases its concrete legislative proposals on this. It will consequently be a good time for Copa-Cogeca and our member organisations to discuss key messages and media strategies for the CAP post-2013. The event is open to our member organisations Communication Representatives and to members of the Policy Coordination Committee (POCC) and Cooperative Coordination Committee (CCC). Please register with Amanda Cheesley by September 5 2011 if you wish to attend.

**TIMETABLE FOR FORTHCOMING MEETINGS**

Pocc/ccc meeting: September 8

Copa-Cogeca Communication Seminar: September 9

Copa-Cogeca CAP Seminar: October 6-7