



## LMC Brussels Update – November 2013

**CAP reform** – The European Parliament voted through the CAP reform package and CAP transitional measures for 2014 at the November Plenary. Both files are expected to be formally adopted by the Agriculture Council on December 16<sup>th</sup>. Meanwhile, the Commission is still drafting delegated acts clarifying technical rules for the implementation of the new CAP, to be published beginning of 2014. The Parliament and the Council also adopted the Regulation laying down the EU long-term budget (MFF) for 2014-2020, with a total budget for the CAP 2014-2020 of €278 billion for Pillar1 (Direct Payments and market measures) and €89 billion for Pillar2 (Rural Development). Details on the CAP funding for 2014-2020 are available at: [http://ec.europa.eu/agriculture/cap-funding/budget/index\\_en.htm](http://ec.europa.eu/agriculture/cap-funding/budget/index_en.htm)

**Rural Development** - The European Court of Auditors published a report on the Rural Development policy. The EU allocated almost €100 billion to rural development in 2007-2013, and Member States committed €58 billion of national resources to co-finance the rural development programmes (RDPs). The Court finds that Member States and the Commission have focused too much on spending the RD budget and not enough on efficiently achieving results. Weaknesses in monitoring and evaluation have failed to provide timely and reliable information to inform decisions on which are the most efficient measures for the preparation of the 2014-2020 RD policy. The Court therefore recommends that the Commission and Member States ensure that the 2014-2020 RDPs provide a better foundation for sound financial management. The report is available at:

[http://www.eca.europa.eu/Lists/ECADocuments/SR13\\_12/SR13\\_12\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/SR13_12/SR13_12_EN.pdf)

**Coupled support** – The European Court of Auditors also published a report on the implementation of Article 68 of Regulation 73/2009 on direct support schemes, which extends certain production-linked support measures introduced under the Single Payment Scheme in 2003. The audit was conducted at the Commission's services and in Greece, Spain, France and Italy, which together represent 68 % of the budgetary allocation for these measures in 2010-2013. Work focused on a selection of 13 measures including aid for sheep/goats in Spain and France. The audit revealed that the implementation of Article 68 was not always fully aligned with the CAP and there was insufficient evidence that the measures introduced were always necessary or relevant, as the Commission has little control over the justification for such cases and Member States had a large degree of discretion in making these payments. The Court recommends that these shortcomings are addressed in the context of the new CAP in which specific support is to be maintained in the form of coupled payments. The report is available at: [http://www.eca.europa.eu/Lists/ECADocuments/SR13\\_10/SR13\\_10\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/SR13_10/SR13_10_EN.pdf)

**Promotion** - The Commission published legislative proposals for a reform of the promotion policy for agricultural products. The new promotion policy aims at opening up new markets and simplifying administrative procedures. Under the reform, the EU budget for promotion should increase from €61 million in 2013 to €200 million in 2020. The review also seeks an increase in the number of programmes aimed at third countries and multi-country programmes (programmes represented by organisations from several Member States) through a higher co-financing rate for these two categories: 60% of EU co-financing instead of 50% currently. Eligible beneficiaries of promotion programmes would now also include producer organisations, whose structure is encouraged in the CAP reform. Administrative procedures would be greatly simplified, as selection would be taking place in one phase at the Commission, rather than in two phases at the Member State and then the Commission as is currently the case. The proposal will now be submitted to the European Parliament and to the Council. It is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0812:FIN:EN:PDF>

**State aid** – As part of the modernisation of state aid policy, the Commission is inviting comments on a guidance paper to help Member States better evaluate the efficiency of public support schemes and their impact on markets and competition. It contains information on methodologies, best practices and examples on how to carry out ex-post evaluations. The guidance document is in particular intended for assessing aid schemes with large budgets since those are likely to have the biggest impact on the market and the highest efficiency gains. Comments can be submitted until 24 January 2014. The guidance paper and information on the consultation are available at: [http://ec.europa.eu/competition/consultations/2013\\_state\\_aid\\_modernisation/index\\_en.html](http://ec.europa.eu/competition/consultations/2013_state_aid_modernisation/index_en.html).

**COOL for meat** – The Commission published the results of an external study on mandatory origin labelling for pig, poultry, sheep & goat meat. The study looks at different options for COOL for meat and

finds that mandatory origin labelling for the places of “birth, rearing and slaughter” (option2) or mandatory origin labelling for the places of “rearing and slaughter” (option4) would offer the information most valued by consumers at a limited additional cost to the meat supply chain and with modest impact on intra-EU and third country trade. Option 2 provides the most information and corresponds with existing beef origin labelling legislation, but it is assessed to increase meat operators’ production costs – by 2.3% of wholesale price for pigs, and by 0.64% for sheep/goats – as well as administrative costs for companies (mainly official controls). It is estimated that most of the additional costs would be passed back to the producer (10%) or on to the consumer (90%). The study is available at: [http://ec.europa.eu/agriculture/external-studies/2013/origin-labelling/fulltext\\_en.pdf](http://ec.europa.eu/agriculture/external-studies/2013/origin-labelling/fulltext_en.pdf)

**Cloning** – The Commission could consider legislation to label bovine meat produced from first-generation offspring of clones, but has ruled out labelling of milk from offspring because of disproportionately high costs. On November 27<sup>th</sup> the Commission College discussed a paper by Commissioner Tonio Borg, in advance of the publication of a proposal on cloning expected before the end of the year. These measures would require amending the regulation on beef labelling and two Directives on trade in deep-frozen semen and embryos. The Commission appears set to maintain the ban on cloning activity for farm animals in the EU on welfare grounds (for 5 years to allow for technological developments), to ban the import of live clones (also for 5 years) and to ban the use of food from clones themselves.

**Antimicrobial resistance (AMR)** – At the European Antibiotic Awareness Day on November 18<sup>th</sup>, the Commission announced the funding of 15 new research projects on AMR for a total EU budget of €91 million. Seven of new projects aim to develop novel antibiotics, vaccines or alternative treatments for drug-resistant microbial infections. Other projects seek to identify better methods to use currently available antibiotics, study antibiotic resistance within the food chain, or utilise novel nano technology for the delivery of antimicrobial drugs. Other initiatives under the Commission’s 2011 Action Plan on AMR include the revision of the directives on veterinary medicinal products and medicated feed, to be published early next year. The list of new projects is available at: [http://europa.eu/rapid/press-release\\_MEMO-13-996\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-996_en.htm) The Roadmap on the implementation of the AMR Action Plan is available at: [http://ec.europa.eu/dgs/health\\_consumer/docs/road-map-amr\\_en.pdf](http://ec.europa.eu/dgs/health_consumer/docs/road-map-amr_en.pdf)

**Animal health** – The Commission commits over €160 million in 2014 to support eradication and monitoring programmes that aim to eliminate animal diseases and zoonoses and further strengthen the protection of human and animal health. Overall 142 programmes have been selected for EU funding on Bovine Tuberculosis (about €56 million); TSE (about €42 million); Rabies (€27.5 million); Salmonellosis (about €17.5 million); Bovine Brucellosis (about €10 million); Classical Swine Fever (€3 million); Bluetongue (€1.5 million); African Swine Fever and Swine Vesicular Disease in Italy (about €350.000). More information is available at: [http://ec.europa.eu/food/animal/diseases/index\\_en.htm](http://ec.europa.eu/food/animal/diseases/index_en.htm)

**Genetic resources** – The Commission published a communication on agricultural genetic resources, highlighting the need to go beyond conservation and to increase sustainable use of genetic resources such as traditional or endangered breeds of animals. The current Community Programme on the conservation of genetic resources in agriculture co-funded 17 actions, involving around 180 partners located in 25 Member States and 12 non EU countries, with a budget around €8.9 million. From 2014, the number of tools supporting efforts to better use genetic resources is increased, both under the CAP rural development measures and under the EU Research and Innovation Framework "Horizon 2020", so that by 2020 greater financial resources are available. The Communication is available at: [http://ec.europa.eu/agriculture/genetic-resources/pdf/com-2013-838\\_en.pdf](http://ec.europa.eu/agriculture/genetic-resources/pdf/com-2013-838_en.pdf)

**Organic** - The Commission published an analysis of trends in organic agriculture in the EU. The report shows that the organic sector has been developing rapidly in the recent years, from 5.7 million hectares in 2002 to 9.6 million in 2011. The whole organic area represents 5.4% of total utilised agricultural area in the EU, cultivated by more than 186 000 organic farms. Organic holdings are overall bigger than conventional farms and their managers are younger. Data for 2011 shows that sheep (46%) and cattle (30%) are the most important types of organic animal production at European level – with the exception of poultry – while pigs represent 10% and goats 6%. The report is available at: [http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013\\_en.pdf](http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf)

**Sustainable beef farming** – The Sustainable Agriculture Initiative (SAI) Platform, a food industry initiative, launched a set of ‘Principles for Sustainable Beef Farming’. The document provides 39 Principles covering Sustainable Farming Systems, Economic Sustainability, Social Sustainability and Environmental Sustainability. It applies from birth to farm gate, including the production of forage and/or maintenance of pastures. Transport of live animals off the farm is excluded. The next phase will be the

development of a set of practices to help the adoption of the principles on farms. The principles are available at:

<http://www.saiplatform.org/uploads/Pressroom/SAI%20Platform%20Principles%20for%20Sustainable%20Beef%20Farming%20FINAL.pdf>

**EU-USA** – Early November, the US announced it would align its BSE legislation with international standards. Exports of EU beef will again be allowed to the US market, closed since 1998 when the US imposed import restrictions on beef and their products on the basis of BSE concerns. The EU expects that the remaining import restrictions on EU sheep and goat products will be lifted soon.

**EU-Central America** - As of 1 December 2013, trade barriers are lifted between the EU and Guatemala, when the trade pillar of the EU–Central America Association Agreement is applied. The trade deal has been applied with Honduras, Nicaragua and Panama since 1 August 2013 and with Costa Rica and El Salvador since 1 October 2013. With Guatemala joining, the whole region of Central America can now benefit from the agreement. The text of the EU-Central America Association Agreement can be found here: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=689>