



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 30 June 2003**

**10961/03**

**ADD 2**

**AGRI 217  
AGRIFIN 87**

**ADDENDUM TO THE NOTE**

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from : Presidency

to : Delegations

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No. prev. doc. : 10777/1/03

No. Cion prop. : 5586/03 - COM(2003) 23 final

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Subject : CAP Reform

- Presidency Compromise (in agreement with the Commission)

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Delegations will find attached statements from Acceding Countries on the above subject.

**1. JOINT STATEMENT BY ACCEDING COUNTRIES CONCERNING  
THE APPROACHING CONCLUSIONS ON THE DEBATE  
ON CAP REFORM**

Since the debate on the reform of the CAP enters the final stage the undersigned Accessing States stress again that the decisions which are of fundamental character to farm sector will apply to all the countries of the enlarged EU. Therefore the Accession States stress again all the views they have contributed so far in the debate, both jointly and individually, using the status of active observer.

The Accession States expect that these views find a proper reflection in the final compromise solution on the CAP reform and in the process of technical adaptation of the *acquis communautaire*. In particular, the undersigned Accessing States expect that the final compromise paper will include a formal declaration of the Commission and the Member States concerning, among others: (i) full compensation of the intervention price cuts in cereals and dairy sectors (without phasing-in approach to the additional compensation payments), (ii) increase of milk quota in the New Member States in the case of increases in the current Member States, (iii) option for a transition period for the New Member States for the Cross-Compliance up to the end of the phasing-in of the full direct payments.

Ministers of Agriculture and on their behalf:

Czech Republic

Lithuania

Cyprus

Malta

Estonia

Poland

Hungary

Slovakia

Latvia

Slovenia

## 2. STATEMENT BY POLAND CONCERNING CAP REFORM

Polish Delegation welcomes progress in the discussion on a reform of CAP as well as maintaining of the key elements of the initial Commission's proposal. It particularly concerns decoupling of payments and excluding Candidate Countries from financial discipline mechanism until they reach full payments. Using the status of the active observer Poland presents below its position on issues crucial for the Polish agriculture and for European agriculture hoping that the position will find understanding among the Member States.

1. Compensation of intervention price reductions of cereals, SMP and butter should be done according to the same rule for the present and future Member States. It would be not acceptable for Poland if this compensation would be subject to phasing-in. The application of phasing-in principle to compensation of price reduction would considerably deteriorate the competitive position of Polish agriculture against the EU 15.
2. Poland should have a choice whether it is participating in modulation from 2007. The rules for modulation shouldn't differ from those used at the same time to present Member States. It is important to maintain the cohesion principle in the division of funds redirected to rural development as the result of modulation. Poland would not agree to weaken this principle by the presented proposal suggesting that at least 80% of the modulated funds should remain in the country of origin.
3. If the Council is going to decide to increase milk quota for certain Member States, Poland will also require an increasing of its milk quota. It would be highly justified by ongoing structural changes in the sector resulting in an increasing marketed volume of milk, which is not subject of quotation. This has to do with a large number of farmers resigning from milk production for own consumption.
4. Poland objects to the withdrawal of intervention purchases of rye. If intervention purchases of rye is withdrawn, all rye producers from EU 25 should obtain appropriate financial compensation. Because of specific soil and climatic conditions, rye production is one of the main sources of income for Polish farmers. The potential withdrawal of Community intervention should be phased in time and accompanied by growing support for alternative ways to utilize rye. The Polish side is of the opinion that solutions compensating withdrawal of intervention cannot lead to discrimination of Polish producers against producers from the EU-15.
5. A transition period for full implementation of *Cross-Compliance* should be extended from three years proposed by Council to the end of phasing-in period for direct payments for Poland.

## **Additional information concerning rye production in Poland**

1. In Poland, rye is the second important grain following wheat although its importance is slowly declining. In 1989/1990 – 1991/92, area under rye accounted for 27,0% of the total area under cereals and in 2000/01 - 2002/03 it decreased to only 22,2%. During this period rye production decreased by about 1 million tonnes (from around 6 million tonnes to nearly 5 million tonnes).
2. Rye is grown on weak soils (grade IV and lower in 6-grade soil quality scale) which in Polish climatic conditions cannot be substituted by other grain (demand for oats is very limited). It also cannot be replaced by other plants. In Polish agriculture like in agriculture of other European states potatoes are no longer used as feed in pig production. Cultivation of other plants on a large scale is not possible. Generally, soils under rye are too dry to use them as pasture. In regions with weak soils Polish agriculture has no other options than rye cultivation. These are mostly regions in central Poland (Mazowieckie, Lodzkie, Wielkopolskie, Swietokrzyskie and Podlaskie voivodships).
3. In Poland, rye is covered by intervention scheme. Its intervention price is lower than intervention price for wheat. Although the total production of rye amounts to 5 million tonnes, only 0,7 million tonnes is subject to intervention. Feed rye is sold to neighbours or used on farm, rye for consumption is sold directly to processing (milling).
4. Polish farmers, particularly in regions with weak soils would be severely affected by removal of intervention buying of rye, because of lack of a substitute crop. Lack of intervention would result in a visible reduction in market price for rye and consequently in a drop in agricultural income. It would affect particularly certain regions. Withdrawal from rye cultivation by some farmers could lead to an increase in idle land area, and this would in turn have unfavourable effect on environment and maintaining rural production area.

### 3.

## STATEMENT BY POLAND

(CAP Reform – Final Presidency Compromise, 26 June 2003 – DS 223/03)

### **Market Regulation - Dairy**

Poland reiterates its request that compensation of intervention price reductions of butter should be done according to the same rule for the present and future Member States. It would be not acceptable for Poland if this compensation is subject to phasing-in mechanism. The application of this mechanism would considerably deteriorate the competitive position of Polish agriculture against the EU-15.

### **Horizontal Regulation - Modulation**

Poland reiterates its position that it should have a choice whether it is participating in modulation from 2007. The rule for modulation shouldn't differ from those used at the same time to present Member States. It is important to maintain the cohesion principle in the distribution of funds redirected to rural development as the result of modulation.

Poland fully supports the position of Austria, Finland and Luxembourg presented to the Council of the European Union and to the Commission in their written declaration. According to the declaration, the allocation of funds deriving from modulation to Member States according to the criteria laid down in Article 12 will not present a precedent for future allocation of funds based on Council Regulation (EC) No 1257/99 or any succeeding legal framework. The allocation in question concerns only funds deriving from modulation between 2004 and 2006.

### **Market Regulation - Rye**

Poland reiterates its position that after withdrawal of intervention purchases of rye all rye producers in EU 25 should obtain appropriate financial compensation. Because of specific soil and climatic conditions, rye production is one of the main sources of income for Polish farmers. The withdrawal of Community intervention should be accompanied by the increased support for alternative ways to utilize rye. The Polish side is of the opinion that solutions compensating withdrawal of intervention cannot lead to discrimination of Polish producers against other producers from the EU-15. The quantity of rye produced in Poland is comparable with the production of Germany – the biggest rye producer in EU15.

Polish farmers, particularly in regions with poor soils would be severely affected by removal of intervention purchases of rye, because of lack of a substitute crop. In Polish climatic and soil conditions rye cannot be substituted by other grain or replaced by other plants. Lack of intervention would result in a visible reduction in market prices for rye and consequently in a drop in agricultural incomes. It would affect particularly certain regions of Poland. Withdrawal from rye cultivation by some farmers would lead to an increase in idle land area, and this would in turn have unfavorable effect on environment and maintaining rural production area.

### **Single Farm Payment - Use of the Land (Art. 53 of the Commission proposal)**

Poland reiterates its position supporting flexible approach to cover land under fruit and vegetables by the Single Farm Payment. Decision, whether to cover fruit and vegetables by the system of Single Farm Payment should be left to the Member State.

### **Horizontal Regulation - Cross Compliance**

Poland reiterates its position that new Member States should have the option for transition period for the introduction of Cross Compliance. The transition period should last up to the end of the phasing-in of direct payments.

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