



*EU Environmental Policy Briefing**

European Parliament releases Rural Development funds following Voluntary Modulation agreement at March Agriculture Council

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Voluntary modulation deal finally brokered

EU Agriculture Ministers reached a political agreement on the German Presidency's compromise proposal for voluntary modulation at the Council meeting on 19 March 2007. Under the terms of the Presidency, voluntary modulation will be allowed in two Member States, the UK and Portugal. The proposal was backed by all ministers except for the Latvian delegate who abstained. Members of the European Parliament then unanimously agreed to release 20 per cent of EU Rural Development funds following a meeting by the Budget Committee on 21 March 2007. The European Parliament had been blocking the release of these funds in order to extract concessions from the Commission on voluntary modulation. The deal means that Member States will now be able to finalise Rural Development programmes for the 2007-2013 period, which had been delayed due to uncertainty about the level of funding available. The final voluntary modulation texts will now be examined by the Special Committee on Agriculture (SCA) of the Council and could be formally adopted at the meeting of the Economic and Financial Affairs (Ecofin) Council on 27 March 2007. The issue of compulsory modulation is not covered by the compromise proposal but will be addressed in the 2008 Health Check.

Single Common Market Organisation

The Council also held a debate for the first time on the Commission's proposals to replace the existing 21 Common Market Organisations (CMOs) with a single CMO for all agricultural products. There was general support amongst ministers for the objective of simplification. However, with regard to the inclusion of the fruit and vegetable and wine sectors, there was disagreement as to whether these should be integrated into the Single CMO from the beginning or whether they should be reformed first and then integrated at a later date. The latter was the preferred option for 10 Member States (Belgium, Czech Republic, France, Hungary, Italy, Luxembourg, Poland, Romania, Slovenia and Spain). On the issue of transfer of competences from the Council to the Commission, a clear majority of delegates

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thought that these should be examined on a case by case basis with some issues considered to be too political for the Commission.

Employment in rural areas

The Council adopted conclusions on the Commission report on employment in rural areas which was published just before Christmas 2006. The report predicts that four to six million jobs will be lost in rural areas across the EU within the next seven years. The conclusions focus on the need to improve economic competitiveness in rural areas and provide improved and more ‘family-friendly’ infrastructure. Areas where new jobs would need to be created include the renewable energy sector, environmental management and tourism.

Thematic Strategy for soil protection

Concerns over the Commission’s proposals for a Thematic Strategy for soil protection, unveiled last September, were raised by several Member States. Eight Member States (Austria, Finland, France, Germany, Luxembourg, the Netherlands, Poland and Portugal) pointed out that cross compliance, Rural Development measures and the Water Framework Directive already addressed soil protection. The need for national flexibility on this issue, through subsidiarity, was stressed by these Member States in order to minimise the amount of unnecessary bureaucracy imposed on farmers.

WTO update

The Council was updated by Agriculture Commissioner Mariann Fischer Boel on the latest state of play in the Doha World Trade Organisation (WTO) talks. Ministers were informed that little progress had been made since the last Council meeting in January. The Commissioner reiterated that the Commission would not table a new offer on agriculture and that they were ‘waiting for the US to engage’ by putting an offer on the table.

References

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