



European Economic and Social Committee

NAT/217
Aid rates for seeds - 2004/05
marketing year

Brussels, 10 December 2003

OPINION

of the European Economic and Social Committee

on the

Proposal for a Council Regulation setting aid rates in the seeds sector
for the 2004/05 marketing year

COM(2003) 552 final - 2003/0212 (CNS)

On 7 October 2003 the Council decided to consult the European Economic and Social Committee, under Articles 36 and 37 of the Treaty establishing the European Community, on the

Proposal for a Council Regulation setting aid rates in the seeds sector for the 2004/05 marketing year

COM(2003) 552 final - 2003/0212 (CNS)

On 23 September 2003, the Bureau of the European Economic and Social Committee instructed the Section for Agriculture, Rural Development and the Environment to undertake the preparatory work.

In view of the urgency of the matter, at its 404th plenary session held on 10 and 11 December 2003 (meeting of 10 December 2003), the European Economic and Social Committee appointed **Mr Bros** as its rapporteur-general and adopted the following opinion by 63 votes in favour and 3 abstentions.

1. Introduction

1.1 On 26 October 1971, the Council of the European Communities established a common organisation of the market in seeds (Regulation 2358/71)¹. This CMO provides, in particular, for the possibility of giving aid to the production of certain types of seed, according to how they are produced.

1.2 The amount of aid is determined taking into account the need, on the one hand, to ensure a balance between the volume of production required in the Community and the amount that can be marketed in the light of prices for these products on third-country markets and, on the other, to ensure a fair income for seed producers.

1.3 Within the framework of CAP reform, and in accordance with Article 37 and Annex VI of Regulation 1782/2003 of 29 September 2003², the amount of aid to seed production is included in the calculation under the single payment scheme. However, Article 70 gives Member States the option of not applying the single payment scheme to one or more species listed in Annex XI of the regulation. This new scheme should be implemented by the 2005/06 marketing year at the latest.

¹ OJ L 246, 5.11.71, p. 1-5

² OJ L 270, 21.10.03, p. 1-69

2. The Commission proposal

2.1 The Commission proposes extending the validity of Article 3 of Regulation 2358/71 to the 2004/05 marketing year and to freeze the amount of production aid, taking into account the situation on the European Union market.

3. General comments

3.1 The seed sector is of primary importance for the agricultural sector in that it is the guarantor of quality and consistency of plant produce in future years. For this reason, the **Committee draws the Commission's attention to the risks inherent in abolishing production subsidies for seeds** given the costs of seed production. Certain plants could be grown mainly from imported seeds, which would not necessarily be subject to the same standards of production and inspection as those applicable in the European Union. This fear is all the more justified by the statement under "Whereas (2)" in the Commission proposal.

3.2 There is a risk that reform of the CAP will introduce significant distortions into the seed sector in terms of competition between farmers and between Member States.

3.2.1 On the one hand, the choice given to Member States as to whether or not to apply the single payment scheme to the species covered by the common organisation of the market in seeds will lead to differences in the level of aid between Member States. These differences could lead to the penalisation of some national sectors for species that can easily be traded between countries because of their low density.

3.2.2 Production of **garden** and **beet seed** do not attract Community subsidies under the current arrangements. As these seeds are produced in arable regions, the Committee finds it regrettable that the Commission has not taken into consideration the risk that the application of the new single payment scheme may distort competition. The Commission should have ruled out the possibility of producing these types of seed with payment entitlement by including these crops in the list of exceptions in Article 51 of Regulation 1782/2003. In order to avoid these distortions, **the Committee proposes that the Member States harmonise their position in the context of the implementing regulations.**

4. Specific comments

4.1 Due to the development of agro-environmental (inter-crop and anti-erosion) or sanitary measures (e.g. nematode traps), demand for seed of the species *Brassica napus* and *Sinapis alaba* has increased and, in the absence of subsidies, this has led to an increase in imports. For this reason, the Committee requests **that these species be included in the annex to the proposed regulation.**

5. Conclusions

5.1 The Committee takes due note of the Commission's proposal aimed at extending the regime of production aid for seeds (Article 3 of Regulation 2853/71) until the 2004/05 marketing year.

5.2 The Committee draws the attention of the Council and the other institutions to its comments concerning, on the one hand, the risks of distorting competition carried by the application of Regulation 1782/2003 to seeds of species affected by Regulation 2358/71 and to garden seeds and beet seed, and, on the other, the inclusion of two species (*Brassica napus* and *Sinapis alba*) in the regime of production subsidies for seeds.

Brussels, 10 December 2003

The President
of the European Economic and Social
Committee

The Secretary-General
of the European Economic and Social
Committee

Roger Briesch

Patrick Venturini
