



ESA Section Cereals and Pulses SCP

**Position
on
CAP Reform – Durum Wheat – Rice**

Brussels, 28/05/2003

Ref.: ESA_03.0091

1. General

On 22 January 2003 the European Commission has adopted a package of proposals to reform the Common Agricultural Policy (CAP) including the one key element of revisions to the market policy of the CAP.

The ESA Section Cereals and Pulses would like to take position as to the proposed reforms in the durum wheat and rice sector with the proviso to deliver a general position on the other key elements as proposed in view of decoupling, cross-compliance, rural development policy and degression at a later stage.

2. Durum wheat

Besides the general measures single farm payment and decoupling the proposed measures as to durum wheat foresee

- the reduction to 250 €/ha over three years of the support granted in traditional zones;
- the suppression of the specific subsidy granted in other areas;
- the introduction of a quality premium of 40 €/ha for production in traditional zones and within the limits of maximum guaranteed areas for the use of a certain quantity of certified seed.

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The consequences of the proposed measures as to durum wheat are as follows:

- the decrease of the supplementary payment will considerably affect the cultivation of durum wheat as such due to the lower production expectation in comparison with other cereals or crops; the premium as foreseen would not constitute the necessary equalizing factor;
- the suppression of the specific subvention granted in other than traditional areas will certainly result in the abandon of cultivation of durum wheat; the taking over of at least part of these areas by other cereals will nevertheless result in a considerable loss for seed industry due to the lower use of certified seed in these crops and therefore lower royalty income;
- the quality premium linked to the obligation to use a certain quantity for certified seed in the amount as proposed would not constitute an incentive for farmers to use certified seed instead of farm saved seed without quality guarantee.
lower use of certified seed will directly affect negatively the return on investment necessary for plant breeders to finance their ongoing research activities in view of the creation of new plant varieties responding the respective actual needs of the food industry.

3. Rice

According to Regulation (EEC) n.2358/71 - providing for the Common Market Organisation in the seeds sector – an aid to herbage, flax, hemp and rice seeds is granted. Subsidies are paid per tonne of produced and certified seeds.

Rice seeds benefit of this subsidy since 1979 harvest (regulation EEC n.2878/79).

The mid term reform of CAP, presented at the end of January by the Commission, also involves the common organisation of the seeds market (reg. 2358/71). Aid given on certified seeds should be attracted in the de-coupling system and integrated into the single farm payment.

Expected consequences connected to the decoupling system

The application of decoupling system to rice seeds subsidy will have a de-stabilizing effect on the whole sector, as far as concerns:

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a) The seed production

In fact:

- Without the aid, the price of seeds will raise considerably, with a consequently strong reduction of use of certified seeds. In Italy, the use of certified seed could fall down to 30%, that is the situation before 1979;
- Many seed companies should cut down or close their activities, not only for the production, but also for rice seed research. The sector of rice, one of the few where the Community is self-sufficient as far as concerns varietal research and breeding, as well as the seed production, would be dangerously reduced;
- Also the farmers multiplying rice seeds would be forced to find alternative solutions, with a severe loss in professionalism, a possible farm detriment (crop rotation is necessary in order to produce quality and healthy seed) and an increased competition in the rice production destined to the industry;

b) The rice and industrial production

Because:

- A reduced use of certified seed will involve more phytosanitary problems in paddy-fields management, with an increase in the use of chemical products and a yield reduction;
- A quality decline of the productions devoted to alimentary and transformation industries will occur, with a consequent rise in industrial costs and consumer prices. This result is clearly in contrast with some purposes of the CAP reform proposals, finalized to improve the quality and healthiness of the productions, as well as the eco-sustainability of the crops;
- With the lower use of certified seed, the production traceability would be vanifed or would have to be realized with higher costs; from 2005 on, the traceability of the productions will concern all agro-alimentary products in conformity with regulation (EC) n. 178/2002.

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Considered that Commission proposals are designed to improve the quality and health of agricultural products and to help farmers to realize a more sustainable agriculture, it is preferable to transform the aid currently paid on produced and certified seeds in a “quality premium”. This premium should be paid to farmers using a certain quantity of certified seeds.

The proposal to introduce a “quality premium” for rice production is similar to the Commission proposal of a new premium to improve the quality of durum wheat. Besides, this proposal would have no financial impact on the Community budget.

4. The ESA Section Cereals and Pulses therefore strongly recommends:

4.1 As concerns durum wheat

- to maintain the actual level of the supplementary payment linked with the obligatory use of certified seed
- to assure, in case of the introduction of the quality premium,
 - the amount is higher than the 40 €/ha,
 - the obligation to use 100% certified seed is a prerequisite,
 - it will apply to seed production as well,
 - it will enter into force only after a transitional period sufficient to protect the seed sector having taken multi-annual contractual multiplication obligations.

4.2 As concerns rice

To introduce a quality premium for the rice production by transforming the aid currently paid on produced and certified seeds in such a quality premium.