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Subject:	Post-2020 CAP reform package <i>- Presidency discussion paper on types of interventions in other sectors</i>

Delegations will find in the [Annex](#) a Presidency discussion paper on types of interventions in other sectors for an exchange of views at the Special Committee on Agriculture on 25 November 2019.

Presidency discussion paper on types of interventions in other sectors – forms of cooperation

On 16 September and 21 October 2019, the Special Committee on Agriculture (SCA) discussed the Presidency's drafting suggestions on types of interventions in certain sectors. The discussion showed that one of the substantial policy issues is the scope for flexibility in forms of cooperation. The positions on this issue can be summarised as follows:

The Commission proposed to follow what is known as the 'fruit and vegetable model', meaning that types of interventions under 'other sectors' are to be implemented by producer organisations (PO) recognised under Regulation (EU) No 1308/2013. The Commission's intention was to enhance the economic structure of producers and strengthen their position in the supply chain if Member States identify this as a need in certain sectors following their SWOT analysis. This would exclude support for both individual producers and interbranch organisations. The Commission has reminded delegations that the implementation of types of interventions in 'other sectors' is an option for Member States and that funds would have to be transferred from farmers' income support envelopes.

Many Member States have called for greater flexibility in forms of cooperation. Concerns have been raised especially by Member States where there are no or very few POs or where POs are small and newly established. Some Member States have requested the possibility to support individual producers via national support programmes (as it is the case in the beekeeping sector). This was opposed by other Member States, due to potential market distortion effects, and the Commission, arguing that the scope for flexibility in the forms of cooperation should not be too wide and interventions should only be implemented by POs. The Commission has also argued that opening the scheme to any types of cooperation among farmers would hamper the ability of Member States' authorities to control the scheme. Furthermore, other elements such as the relationship between this type of intervention and the competition rules of the Treaty and the need for an operational programme to receive support should still be clarified.

The Presidency has continued the work done by previous Presidencies and explored different possibilities for providing Member States with the necessary flexibility, while preserving the effectiveness of interventions in 'other sectors' and the possibility for Member States to perform the necessary controls, as well as adding legal clarity to Article 60a. To this end, **the Presidency is suggesting an alternative drafting (see annex) for the consideration of Member States.**

The main novelty is the introduction of a four-year transitional period (in square brackets in the annex, as it might be necessary to further discuss the specific duration) in which cooperatives and other forms of cooperation that have been established by producers based on national law and are recognised by the competent authority of the Member State and aim to obtain recognition as a PO, could be eligible for support under Article 60a.

This alternative solution includes that the types of interventions are implemented through approved operational programmes drawn up not only by POs but also by cooperatives and producer groups as mentioned above. These producer groups should have the objective of fulfilling the requirements for recognition as producer organisations at the end of the 4-year period. Member States would define the activities, objectives and the recognition requirements for the producer groups to ensure that they meet the objective of obtaining recognition as producer organisations.

This alternative solution could bring more legal clarity to the system while ensuring a smooth transition for other forms of cooperation to progressively obtain the status of recognised producer organisation. It could also provide a workable system for Member States which do not yet have an extensive structure of producer organisations.

The Presidency would like to ask Member States if, in their view, this alternative solution provides them with enough flexibility when implementing the types of intervention in other sectors while ensuring legal clarity, simplification and a more neutral system from the point of view of competition.

Article 60a

Types of interventions in other sectors

1. For each sector selected according to the first paragraph of Article 59, Member States shall choose one or more of the types of interventions referred to in Article 41b, to be implemented through approved operational programmes drawn up by:
 - a) producer organisations and their associations, recognised under Regulation (EU) No 1308/2013 or under paragraph 6 in the cotton sector, or
 - b) cooperatives and other forms of cooperation that have been established by producers based on national law and are recognised by the competent authority of the Member State as producer groups in accordance with paragraph 2, for a transitional period of up to [four] years from the start of an approved operational programme ending on 31 December 2027 at the latest.
2. For the purpose of this Section, in one or more sectors from among those referred to in point (f) of Article 39, Member States may, on request, recognise producer groups constituted at the initiative of producers and controlled by them. The producer group shall have the objective of fulfilling, within the transitional period referred to in point (b) of paragraph 1, the requirements laid down in Articles 152 to 154 of Regulation (EU) No 1308/2013 for recognition as producer organisations. Member States shall define the activities, objectives and the recognition requirements for the producer groups to ensure that these producer groups meet the objective of obtaining recognition as producer organisations under Regulation (EU) No 1308/2013.

Operational programmes referred to in paragraph 1 drawn up by producer groups recognised under this paragraph, shall set intermediate targets and milestones that ensure their progress towards obtaining recognition as producer organisations by the end of the transitional period referred to in point (b) of paragraph 1 at the latest.

3. Member States shall substantiate their choice of types of interventions referred to in paragraph 1.
4. Types of interventions referred to in points (c) and (e) to (h) of paragraph 2 of Article 41b shall not apply to cotton, rape and colza seeds, sunflower seeds and soya beans included in Annex [X].
5. The operational programs referred to in paragraph 1 shall fulfil the conditions laid down in Articles 44(2) and (3) to (6) of this Regulation. By derogation to Article 44(2) operational programs of producer groups recognised under paragraph 2 shall have a maximum duration of [four] years ending on 31 December 2027 at the latest.
6. Member States, which choose to implement sectoral types of interventions in the cotton sector, shall recognise producer organisations in the cotton sector and associations of such producer organisations based on the requirements and using the procedures laid down in paragraph 1 of Article 152 and in Articles 153 to 156 of Regulation (EU) No 1308/20131. Producer groups of cotton and federations of such producer groups recognised by Member States based on the Protocol No 4 to the 1979 Act of Accession of the Hellenic Republic before the entry into application of this Regulation are, for the purposes of this section, deemed to be considered as producer organisations or associations of producer organisations, respectively.
7. Support for interventions by associations of producer organisations shall not cover the same interventions as those by their member organisations. Member States shall consider interventions by associations of producer organisations together with interventions of member organisations.

To that end, Member States shall ensure that:

- i) the interventions of an association of producer organisations are entirely financed by contributions of member organisations of that association;
- ii) there is no duplication of funding;

8. Member States shall ensure that the support for the interventions referred to in points (e), (f) and (g) of paragraph 2 of Article 41b does not exceed one third of the total expenditure of the chosen sector(s) as set out in their CAP Strategic Plan.
 9. Member States which choose to implement sectoral area-based interventions for rape and colza seeds, sunflower seeds or soya beans included in Annex [X], shall ensure that any area supported under these interventions is counted against the maximum support area referred to in Article 33, pursuant to that Article.
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