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# EU Negotiating Room in Domestic Support after the 2003 CAP Reform and Enlargement

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WORKING PAPER

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## EXECUTIVE SUMMARY

The European common agricultural policy (CAP) is under fire at the Doha round and the EU is the target of many criticisms. According to many WTO members, the offers made by the Europeans do not match the level of ambition of the Doha Development Agenda. On the other hand, some EU member states have accused the EU Trade Commissioner of making too ambitious proposals that exceed its negotiating mandate.
Actually, the limits of the EU negotiating position are complex to evaluate because the EU level of domestic support in the medium run remains unknown. Two elements contribute to this uncertainty: the effect of the 2003 CAP reform package and the impact of the enlargement on the level of domestic support. The objective of this paper is to estimate the level of trade-distorting domestic support measures in EU-25 until 2013, and to assess the EU room for negotiation at the Doha round, taking into account the impact of the 2003 reform package and of the enlargement process.

***EU room for negotiation in amber box***

Our findings show that applied AMS will decrease from 43’838 million euros (EU-15) at the end of the implementation period of the Uruguay Round Agreement on Agriculture (2000/2001) to 22’634 million euros (EU-25) by the year 2013. The market price support component of AMS will face the biggest reduction (from 31’037 million euros in 2000/2001 to 10’920 million euros in 2013), mainly due to the drop of market price support for the beef sector, olive oil and sugar. EMS and non-exempt direct payments will decrease slightly from 12’810 millions euros in 2000/2001 to 11’714 million euros in 2013. But some flexibility could be gained with the reform of the fruits and vegetables common market organizations (CMO). This sector has been left untouched by the last CAP reform; however it will account for 44% of the total AMS by the year 2013 and for 86% of the EMS and non-exempt payments. The 2003 CAP reform does not have either affected the wine sector. EMS for wine will represent 10% of total EMS and non-direct payments by 2013. This means that, in the absence of a substantial reform, the fruits and vegetables and the wine sector will together account for 50% of total AMS at the end of the period under consideration. The European Commission has recently launched consultations on the forthcoming reform of these sectors. However, in absence of clear elements, it is currently impossible to assess neither the magnitude of the reform nor its impact on the future EU-25 AMS level.

Because cuts in AMS are based on final bound level, the EU will be able to decrease its total AMS by 69%, from approximately 73’228 million euros[1] to 22’634 million euros in 2013.

At the Doha round, WTO members have expressed their willingness to impose caps on product-specific AMS, based on the average support granted to each product during a reference period. Our findings show that the introduction of ceilings by products will not be constraining for the EU, with the exception tomatoes, apples, triticale and sorghum. This result emphasizes the necessity to deeply reform the fruits and vegetables CMO.

The “*de minimis*” component of the amber box should also be further disciplined as a result of the Doha round. The EU last proposal is to cap “*de minimis*” at 2% of the value of production (1% for product specific, 1% for non-product specific). The EU offer is

[1] Commitments for EU-15 (67'900 million euros) plus for the ten new member states (approximately 5’328 million euros)

ambitious because the total “*de minimis*” component has never exceeded 0.5% of the EU value of production during the URAA implementation period. At the Doha round, “*de minimis*” ceilings will provide a large margin to the EU, since the caps will be calculated as a percentage of the EU-25 value of production.

***EU room for negotiation in blue Box***

It is on blue box notifications that the largest impact of the 2003 CAP reform package is observable because all the direct payments previously classified in the blue box are eligible for decoupling. Our findings show that blue box notifications will decrease from 22’222 million euros in 2000/2001 to 4’474 million euros in 2013. The effect of the reform on blue box notifications will be noticeable since the very first year of its application (2005). Although the blue box payments for the new member states are more complicated to evaluate, our estimates reveal that their impact on the total blue box payments will be marginal. The EU proposes to put a ceiling on the blue box equivalent to 5% of the value of production. Our findings show that the EU has still some room for negotiation and that a cap at 2% of the value of the production could be accepted by the EU.

***EU room for negotiation in overall trade-distorting support***

In its last negotiating proposal made at the Doha round, the EU offers to cut its overall trade-distorting support (AMS *plus* blue box *plus* “de minimis”) by 70%. Our estimates reveal that the EU could even reduce its overall trade-distorting support by 77%. The large share of the unused “*de minimis*” ceiling will provides the EU with some negotiating space.

***Conclusion***

The findings presented in this study show that the EU proposals fit the 2003 CAP reform package and, in the case of the blue box and of the overall trade-distorting support, the EU still has some room for manoeuvre to offer deeper cuts. In addition, the impact of EU enlargement on the EU negotiating position is relatively marginal since the majority of the support measures to the new member states are placed in the green box. Our estimates reveal that the 2003 CAP reform will have a significant impact on market price support reduction but it will affect only slightly EMS and non-exempt direct payments. As a result, no additional room for manoeuvre in AMS is available in the absence of a far-reaching reform of the wine and fruits and vegetables CMOs. The Commission should take advantage of the WTO pressure to push for an additional and complementary reform to the 2003 CAP package.

## INTRODUCTION

The European Union (EU) is the world major user of domestic support to the agricultural sector and a fervent advocate of protectionist agricultural trade policies. But at the Doha round, the European common agricultural policy (CAP) is under fire and the EU is the target of all the criticisms. According to many WTO members, the offers made by the Europeans do not match the level of ambition of the Doha Development Agenda and the EU is often accused of blocking the negotiations because of its opposition to deep cuts in trade-distorting domestic support measures and tariffs. On the other hand, some EU member states have accused the EU Trade Commissioner of making too ambitious proposals that exceed its negotiating mandate.

The limits of the EU negotiating position are actually complex to evaluate because the EU level of domestic support in the medium run remains unknown. Two elements contribute to this uncertainty: the effect of the 2003 CAP reform package and the impact of the enlargement on the level of domestic support. The objective of this paper is to estimate the level of trade-distorting domestic support measures in EU-25 until 2013 and to assess the EU room for negotiation at the Doha round, taking into account the impact of the last CAP reform and of the enlargement process.

The first section of this paper provides an overview of the 2003 CAP reform on a product by product basis and explains how the CAP will be applied to the EU new member states (NMS). The second section presents our estimates of EU trade-distorting domestic support measures until 2013 based on the WTO classification. In this section we also apply the last EU and United States (US) proposals and we evaluate the EU negotiating room at the Doha round.

## 1. OVERVIEW OF THE 2003 CAP REFORM PACKAGE AND ITS APPLICATION TO THE NEW MEMBER STATES

### *a) Key elements of the 2003 CAP reform package*

Just two years after the entry into force of Agenda 2000, the European Commission undertook a comprehensive Midterm Review of the CAP. What was supposed to be a routine exercise ended in a major agricultural reform adopted in September 2003 and complemented by several texts in 2004 and 2005, especially for the Mediterranean products and sugar.

The main objectives of the 2003 reform are to convert the CAP into a more market oriented and less trade distorting instrument, but also to keep the budgetary costs stable and to ensure the safeguard of the rural economy and the environment.

Reducing market price support

One of the most important elements of the reform is the diminution of price support mechanisms through the reduction of intervention prices for some products. The objective of this measure is to narrow the gap between domestic and international prices.

As a result of the application of the 2003 reform, the intervention price for butter will decrease from 3’282 €/tonne in 2003 to 2’463.9 €/tonne in 2007 (a 25% reduction) and the intervention price for skimmed milk powder will decline by 15% between 2004 and 2006. Price cuts will be compensated by direct payments (dairy premiums) that will be fully introduced in the single payment scheme (SPS)[2] no later than 2008.

The price support mechanism for rice has also been affected by the 2003 reform. The intervention price has been cut by 50% decreasing from 298.35 €/tonne to 150 €/tonne. To compensate for the price reduction and to maintain the role of rice production in traditional production areas, direct payments have been substantially increased. 58% of these payments become part of the single

[2] Also known as single farm payment.

payment scheme (SPS) in 2006. The remaining 42% keeps the existing form and remains classified in the blue box.

The sugar reform, adopted in February 2006, entails a 36% reduction of the guaranteed price for white sugar over four years, starting 2006/2007. As a result, the sugar guaranteed price will decrease from 631.9 €/tonne to 404.4 €/tonne. Producers will be compensated for, on average, 64.2% of the price cut, through a decoupled payment that will be added to the single farm payment. In addition, countries which give up more than half of their production quota will be entitled to pay an additional coupled payment of 30 percent of the income loss for a temporary period of five years.

The support scheme for olive oil has been also deeply affected by the last CAP reform. The target price has been replaced by a storage scheme available in order to regularise the market in the event of serious disturbance. This may be implemented when the average price recorded on the market during a representative period is less than 1’710 €/tonne for virgin olive oil.

It is important to underline that, under the 2003 CAP reform, the intervention price for cereals was not reduced. However, the monthly increment in the intervention price that is applied as the marketing season progresses has been halved and intervention for rye was abolished. The intervention price for cereals had been cut by 15% under the Agenda 2000 reform.

<u>Decoupling direct payments – the Single Payment Scheme</u>

The second important change introduced by the 2003 CAP reform package – and undoubtedly the most salient element of this reform – is the introduction of a SPS to EU farmers, in replacement of some existing coupled direct aids. The new single farm payment aims at supporting farmers’ income, independently of the type of commodity and of the quantities produced. In fact, there is no obligation to produce to receive the single farm payment. The amount of payment is calculated on the basis of the direct aids a farmer received in a reference period (2000–2002). In order to ensure continued land management activities throughout the EU, beneficiaries of direct payments will be obliged to keep their land in good agricultural and environmental condition. Farmers who fail to comply with this requirement will face reductions in direct payments. The SPS came into operation on 1 January 2005. Member states may delay implementation up to 2007. The majority of EU member states have started to apply the SPS in 2005. Only Greece, Spain, France, the Netherlands and Finland have opted for applying the SPS one year later.

**Table 1**
**National ceilings for single farm payments**

| (Millions euros) | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | subsequent years |
|---|---|---|---|---|---|---|---|---|---|
| Belgium | 411,1 | 530,6 | 530,1 | 530,1 | 530,1 | 530,1 | 530,1 | 530,1 | 530,1 |
| Denmark | 943,4 | 996,2 | 996,0 | 996,0 | 996,0 | 996,0 | 996,0 | 996,0 | 996,0 |
| Germany | 5 148,0 | 5 492,2 | 5 492,0 | 5 492,0 | 5 492,0 | 5 496,0 | 5 496,0 | 5 496,0 | 5 496,0 |
| Greece | 838,3 | 1 701,3 | 1 723,3 | 1 723,3 | 1 723,3 | 1 761,3 | 1 761,3 | 1 761,3 | 1 761,3 |
| Spain | 3 266,1 | 4 065,1 | 4 263,1 | 4 263,1 | 4 263,1 | 4 275,1 | 4 275,1 | 4 275,1 | 4 275,1 |
| France | 7 199,0 | 7 231,0 | 8 091,0 | 8 091,0 | 8 091,0 | 8 099,0 | 8 099,0 | 8 099,0 | 8 099,0 |
| Ireland | 1 260,1 | 1 322,3 | 1 322,1 | 1 322,1 | 1 322,1 | 1 322,1 | 1 322,1 | 1 322,1 | 1 322,1 |
| Italy | 2 539,0 | 3 464,5 | 3 464,0 | 3 464,0 | 3 464,0 | 3 497,0 | 3 497,0 | 3 497,0 | 3 497,0 |
| Luxembourg | 33,4 | 36,6 | 37,1 | 37,1 | 37,1 | 37,1 | 37,1 | 37,1 | 37,1 |
| Netherlands | 386,6 | 386,6 | 779,6 | 779,6 | 779,6 | 779,6 | 779,6 | 779,6 | 779,6 |
| Austria | 613,0 | 614,0 | 712,0 | 712,0 | 712,0 | 712,0 | 712,0 | 712,0 | 712,0 |
| Portugal | 452,0 | 493,0 | 559,0 | 559,0 | 559,0 | 561,0 | 561,0 | 561,0 | 561,0 |
| Finland | 467,0 | 467,0 | 552,0 | 552,0 | 552,0 | 552,0 | 552,0 | 552,0 | 552,0 |
| Sweden | 637,4 | 650,1 | 729,0 | 729,0 | 729,0 | 729,0 | 729,0 | 729,0 | 729,0 |
| United Kingdom | 3 697,5 | 3 870,4 | 3 870,5 | 3 870,5 | 3 870,5 | 3 870,5 | 3 870,5 | 3 870,5 | 3 870,5 |
| Czech Rep. | 228,8 | 266,7 | 343,6 | 429,2 | 514,9 | 600,5 | 686,2 | 771,8 | 857,5 |
| Estonia | 23,4 | 27,3 | 40,4 | 50,5 | 60,5 | 70,6 | 80,7 | 90,8 | 100,9 |
| Cyprus | 8,9 | 12,5 | 16,3 | 20,4 | 24,5 | 28,6 | 32,7 | 36,8 | 40,9 |
| Latvia | 33,9 | 39,6 | 55,6 | 69,5 | 83,4 | 97,3 | 111,2 | 125,1 | 139,0 |
| Lithuania | 92,0 | 107,3 | 146,9 | 183,6 | 220,3 | 257,0 | 293,7 | 330,4 | 367,1 |
| Hungary | 350,8 | 420,2 | 508,3 | 634,9 | 761,6 | 888,2 | 1 014,9 | 1 141,5 | 1 268,2 |
| Malta | 0,7 | 0,8 | 1,6 | 2,1 | 2,5 | 2,9 | 3,3 | 3,7 | 4,1 |
| Poland | 724,6 | 881,7 | 1 140,8 | 1 425,9 | 1 711,0 | 1 996,1 | 2 281,1 | 2 566,2 | 2 851,3 |
| Slovenia | 35,8 | 41,9 | 56,1 | 70,1 | 84,1 | 98,1 | 112,1 | 126,1 | 140,2 |
| Slovakia | 97,7 | 115,4 | 146,6 | 183,2 | 219,7 | 256,2 | 292,8 | 329,3 | 365,9 |
| *Total EU-15* | *27 891,9* | *31 320,8* | *33 120,6* | *33 120,6* | *33 120,6* | *33 217,6* | *33 217,6* | *33 217,6* | *33 217,6* |
| *Total NMS-10* | *1 596,6* | *1 913,4* | *2 456,2* | *3 069,4* | *3 682,5* | *4 295,5* | *4 908,7* | *5 521,7* | *6 135,1* |
| **TOTAL EU-25** | **29 488,4** | **33 234,3** | **35 576,8** | **36 189,9** | **36 803,1** | **37 513,1** | **38 126,3** | **38 739,3** | **39 352,7** |
| **CAP budget (heading 1) proposed in 2005** | **42 838,0** | **43 700,0** | **42 698,7** | **42 698,7** | **42 698,7** | **41 252,3** | **41 252,3** | **41 252,3** | **41 252,3** |
| *SFP ceiling as a % of the CAP budget* | *69%* | *76%* | *83%* | *85%* | *86%* | *91%* | *92%* | *94%* | *95%* |

Notes: * For the NMS, the data represents the ceilings for the Single Area Payment Scheme (SAPS from 2005 to 2007 and for Single Farm Payments for the other years. The exceptions are Malta and Slovenia that will apply the Single Farm Payment directly.
* Budgets for 2007 to 2013 have not been officially adopted yet but are part of the financial framework proposed by the Commission.

Sources: Reg. (EC) 118/2005, EU budget s for 2005 and 2006, EU financial framework 2007-2013.

To ensure that the total level of support and entitlements to single farm payments does not exceed current budgetary constraints at Community or national level, national ceilings have been established. The national ceilings have been calculated as the sum of all funds granted in each member state for the payment of aids under the relevant support schemes, during the reference period (2000-2002) and other factors. Proportional reductions of the payments should be applicable if the ceiling is overshot. National ceilings for decoupled payments have also been established for NMS. The national ceilings that apply to EU member states are presented in table 1. The share of decoupled payments will increase progressively. In 2005, the community ceiling for the SPS accounted for 69% of the CAP budget (heading 1) while during the period 2010-2013 it is expected to reach 95%. However, the national ceilings do not represent the actual level of decoupled payments since member states have the option to maintain some of the eligible payments partially coupled.

To be eligible for the full single farm payment, farmers will be required to meet "cross compliance" criteria on environmental practices, food safety, animal and plant health and animal welfare standards. Farmers must also maintain their land in good agricultural and environmental condition. It is now compulsory for member states to apply the cross compliance provisions, with cuts in direct payments to be imposed for noncompliance with the relevant standards. It is also interesting to note that although the SPS is decoupled from production – there is no obligation to produce to receive the single farm payment – farmers receiving the single farm payments will not be permitted to grow fruits and vegetables, table potatoes or beet sugar on land that is eligible for those payments. By limiting the production decisions of the farmers, this constraint is in contradiction with the objective of helping farmers to become more market-oriented.

The SPS does not replace all the direct payments. It applies to the compensatory payments (area aids) for arable crops and for rice. It affects also the premiums for sheep and goats and for the bovine sector. Before the reform, all these direct payments were classified as blue box payments. In addition, the SPS includes the payments to farmers producing potatoes intended for the manufacture of potato starch and dried fodder, the aids for seeds production, the area aids for grain legumes and for hops, as well as the tobacco premiums and the compensatory premiums for the cut in the intervention price of dairy products and sugar. The direct payments integrated into the SPS will be notified to the WTO as green box measures.

However, only direct payments for grain legumes, sugar, dairies and tobacco are fully decoupled with no option to retain part of the aid out of the SPS[3], except in the case of the application of article 70 of Reg. (EC) 1782/2003 that states that member states may retain up to 10 % of the component of national ceilings for specific types of farming and quality production purposes.

For the rest of the products mentioned above, member states have the possibility to keep a percentage of the payments in the previous form. This percentage varies from product to product.

Direct payments in the dried fodder sector have been redistributed between growers and the processing industry, on an approximately 50/50 basis. Direct support to growers is integrated into the SPS, based on their historical deliveries to the industry (within national ceilings). But the processing aid, fixed at 33€/tonne within the maximum guaranteed quantity system, is not integrated into the SPS. In the case of hops, member states may retain up to 25 % of the payments out of the SPS. Regarding potatoes intended for the manufacture of potato starch, 40 % of the existing payment of starch is included into the SPS on the basis of historical deliveries to the starch industry. The remaining 60% of the payment (EUR 66.32/tonne) is maintained in the previous form from the marketing year 2005/2006 onwards. Member states have also the option to exclude seeds production aid from the SPS. For all these products, the share of payments that is not included in the SPS will be notified as amber box measures.

Regarding the cotton sector, extensive changes have been made to the aid arrangements, with a partial move to the SPS. 65% of aid will be provided as a single farm payment while 35% will be given in the form of an area payment that will probably be notified as a blue box measure because the aid is based on fixed areas and yields. The application of the cotton reform will start in 2006. As regards the aids to the olive oil sector, a minimum of 60% of the average production-linked payments during the marketing years 1999/2000, 2000/01, 2001/02 and 2002/03 will be converted into entitlements under the SPS for holdings larger than 0.3 hectares. Four years are being used as a reference period to take account of the fact that olive yields fluctuate significantly in

[3] A transition period applies to tobacco (2005-2009) and dairy premiums (2005-2007).

alternate years. Member states would retain 40% of the payments in the olive oil sector, for the reference period, as national envelopes, for the granting to producers of an additional olive grove payment, calculated on a per hectare or per tree basis. This payment is not linked to production but is intended for maintaining the olive trees, preserving the soil and the environment while taking into consideration the local traditions and culture. The purpose of this additional payment would be to ensure the permanence of olive trees in marginal areas or low-output olive groves by contributing significantly to the maintenance cost of olive groves in those areas. This new payment will probably be classified as a green box environmental program by the EU. Areas of olive trees planted after 1 May 1998, except those included in approved new planting schemes, will be excluded from the single farm and olive grove payment schemes. The reform will come into effect from the 2005/06 campaign.

EU member states have also the option to keep part of the direct aids in the existing form where they believe there may be disturbance to agricultural markets or abandonment of production as a result of the move to the single payment scheme. The reform offers the following options for retaining some payments coupled:

- 25% of arable payments or, alternatively, 40% of the supplementary aid for durum wheat;
- 50 % of sheep and goat premiums;
- 100% of the suckler cow premium; and 100% of slaughter premium for calves; and 40% of the slaughter premium for bovine animals other than calves; or alternatively 100% of the slaughter premium for bovine animals other than calves; or instead 75% of the special male premium.

In addition, a new specific quality premium for durum wheat produced in traditional areas has been introduced in 2004/2005. This payment of 40 €/hectare does not qualify for the SPS. The share of these payments that are not fully decoupled will remain classified as blue box measures.

The payments made under the POSEI[4] programs for the beef and veal sectors (and for the sheep and goats sectors in the case of the Canary Islands) are also included in the list of payments that may be decoupled. However, France, Portugal, Spain and Greece (Aegean Islands) can retain 100% of the aids to outermost regions in the existing form. It has to be noticed that these payments have always been classified as green box regional assistance programs. Finally, as mentioned earlier in this section, member states can also use up to 10% of their national envelope for single farm payments for environmental purposes, for marketing or product quality improvement (Reg.(EC)1782/2003, art.70). However, these amounts have to remain within the limits above mentioned for coupled payments for each sector. The options retained by EU member states are presented in table 2.

The 2003 CAP reform has also introduced new payments, not integrated into the SPS, for nuts and energy crops. An aid of 45 €/hectare is available for farmers who produce energy crops. It is applied on a maximum guaranteed area of 1.5 million hectares for EU-25. For nuts, a new payment of 120.75 €/hectare is introduced and it is applied to a maximum guaranteed area of 815’600 hectares for EU-25. These payments will be classified as amber box measures.

Finally, it has to be noticed that some sectors, such as fruits and vegetables, silkworms, hemp and flax fibres[5] and wine have not been affected by the 2003 CAP reform package.

A summary of the application of the 2003 reform package on a product by product basis is presented in annexe 1.

[4] POSEI programs are specific measures concerning agricultural products to assist the French Overseas Departments ("POSEIDOM"), the Azores, Madeira ("POSEIMA"), the Canary Islands ("POSEICAN") and the Aegean Islands.
[5] The 2003 CAP reform did not entail any change for the processing aid for hemps and flax fibres. However, area payments to growers are fully integrated into the SPS.

## Table 2

## Implementation of the Single Payment Scheme in the member states

| | Starting date for SPS implementation | Starting date for dairy payments decoupling | Sectors that remain coupled |
|---|---|---|---|
| **Belgium** | 2005 | 2006 | • Suckler cows 100% (for the Nord region + the South region)<br>• Slaughter premium calves 100% (for the Nord region)<br>• Seeds (partial) 100% (for the Nord region + the South region) |
| **Denmark** | 2005 | 2005 | • Special male premium 75%<br>• Ewe premium 50% |
| **Germany** | 2005 | 2005 | • Hops payments 25%<br>• Tobacco payments (until 2009) 60% |
| **Greece** | 2006 | 2007 | • Seeds<br>• Article 69:<br>• 10% of the national envelope for arable crops<br>• 10% of the national envelope for the beef sector<br>• * 5% of the national envelope for the sheep and goat sector |
| **Spain** | 2006 | 2006 | • Seeds<br>• Arable crops 25%<br>• Sheep and goat premiums 50%<br>• Suckler cows 100%<br>• Slaughter premium calves 100%<br>• Adult slaughter premium 40%<br>• Article 69:<br>• 7% beef and veal premiums<br>• 10% dairy payments<br>• Outermost regions 100% |
| **France** | 2006 | 2006 | • Arable crops 25%<br>• Suckler cows 100%<br>• Slaughter premium calves 100%<br>• Adult slaughter premium 40%<br>• Ewe premium 50%<br>• Outermost regions 100% |

| | | | |
|---|---|---|---|
| **Ireland** | 2005 | 2005 | None |
| **Italy** | 2005 | 2006 | • Seeds 100%<br>• Article 69:<br>• 7% in arable crops<br>• 8% in bovine sector<br>○ * 5% in ovine sector |
| **Luxemburg** | 2005 | 2005 | • None |
| **Netherlands** | 2006 | 2007 | • Slaughter premium calves 100%<br>• Adult slaughter premium 100%<br>• Seeds for linseed 100% |
| **Austria** | 2005 | 2007 | • Suckler cows 100%<br>• Slaughter premium calves 100%<br>• Adult slaughter premium 40%<br>• Hops payments 25% |
| **Portugal** | 2005 | 2007 | • Suckler cows 100%<br>• Slaughter premium calves 100%<br>• Adult slaughter premium 40%<br>• Ewe premium 50%<br>• Seeds 100%<br>• Outermost regions 100%<br>• Article 69: 1% (arable crops, rice, bovine and ovine sectors) |
| **Finland** | 2006 | 2006 | • Sheep and goat premiums 50%<br>• Special male premium 75%<br>• Article 69:<br>• 2.1% of the national envelope for arable crops<br>• 10% of the national envelope for the bovine sector<br>• Seeds (timothy seed) 100% |
| **Sweden** | 2005 | 2005 | • Special male premium 74.55%<br>• Article 69: 0.45% of the total envelope |
| **United Kingdom** | 2005 | 2005 | • Article 69: 10% (bovine sector) for the region of Scotland |

Source: European Commission, DG Agriculture. Information available 08.09.2005

### b) *The application of the CAP to the new member states*

The 2003 CAP reform took place after the conclusion of the accession treaty of the NMS to the EU, but before the effective enlargement of the EU to the ten new members. As a result, the accession treaties had to be modified in 2004 to take into account the changes provided by the 2003 CAP reform and the texts of the CAP reform had to be adapted since the 2003 version did not include provisions applicable to the NMS.

From the beginning of the negotiations of adhesion, it was clear that the CAP would not be fully applied immediately to the NMS. If the CAP were to be fully implemented in the NMS, it would substantially increase the CAP budgetary cost. At the Copenhagen Summit in December 2002, an agreement on CAP application after enlargement was reached with the candidates to the adhesion. The agreement states that direct payments are to be gradually phased in over a 10-year transitional period.

As a consequence, during the transitional period, NMS receive only a percentage of the direct payments applicable in the EU-15. Only direct payments are phased-in; market support payments, such as payments for processing agricultural products, are paid at 100% of the EU right away. The phasing-in approach will apply to all new direct payments introduced before 2013 and include therefore the direct payments approved under future CAP reform initiatives. However, financial discipline does not apply until their level of payments is 100% of the EU-15 level.

In order to bridge the difference in direct payment levels between the EU-15 and the NMS during the phasing-in period, the latter can (in agreement with the Commission) top up EU direct payments, using complementary national direct payments, via one of two following options:

Option 1: NMS can top-up EU payments by a maximum of 30 %, providing the combined amount does not exceed the level applying in the EU.

| (%) | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **National direct payments** | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 20 | 10 | 0 |
| **EU financed direct payments** | 25 | 30 | 35 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| **Total** | 55 | 60 | 65 | 70 | 80 | 90 | 100 | 100 | 100 | 100 |

Option 2: NMS can top-up EU payments up to the level that applied before accession in a particular country, plus 10 %, providing the combined amount does not exceed the level applying in the EU.

| (%) | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **National direct payments** | 45 | 40 | 35 | 30 | 20 | 10 | 0 | 0 | 0 | 0 |
| **EU financed direct payments** | 25 | 30 | 35 | 40 | 50 | 60 | 70 | 80 | 90 | 100 |
| **Total of EU-15 payments** | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 80 | 90 | 100 |

As it has been mentioned earlier in this paper, the 2003 CAP reform introduced a new scheme of payments for EU-15 members entirely decoupled from production – the single farm payment. Entitlements for SPS are based on aids claimed in the 2000–02 reference period. Because the new member states did not receive direct payments during the reference period and because the administrative burden of implementing direct payments is high, the NMS will be able to opt for the Single Area Payment Scheme (SAPS) instead. The SAPS involves payment of a uniform amount per hectare of agricultural land, independently of the nature of the agricultural production. In fact, there is no obligation to produce to receive the single area payment, but land must be maintained in good agricultural conditions. This payment is therefore fully decoupled from production and will be classified in the green box. The level of per hectare payments is calculated by the total amount of direct payment funds available for a given member state in the calendar year, divided by the utilized agricultural area of the member state. NMS may apply the SAPS until 2008. After this date, they will have to revert to the SPS used by the other EU members. If they cannot demonstrate that they have the management and control systems in place to do so, they will continue to apply the SAPS but their aid percentage will be frozen at 50% of the EU level.

All of the NMS, except Malta and Slovenia, have opted for the SAPS. Malta and Slovenia have opted for the CAP as applied in the EU-15 because, previous to their adhesion to the EU, both countries had a support scheme comparable to the CAP. In addition, they have the management and control systems in place to implement the SPS. In any case, for all the NMS, the direct aids are paid at the phasing-in rates described above.

## 2. ASSESSING DOMESTIC SUPPORT FOR EU-25 BY 2013

### *a) Methodology*

Our analysis is limited to the year 2013 because it corresponds to the last year of the EU financial framework set for the period 2007-2013 and it is also the first year of full application of the CAP to the NMS.

Amber Box

- *Market price support*

To assess the level of market price support, the WTO methodology has been used. For each product, the external reference price for the period 1986-1988 adopted at the Uruguay round has been subtracted to the domestic intervention price and then multiplied by the estimated production for the respective years. The external reference price for each product has not been changed since its modification is not currently on the negotiation table at the WTO. The production data for the year 2003 has been taken from the European Commission "*Agricultural situation in the European Union – Report 2004*".

For the majority of the products benefiting from price support mechanisms, the estimated levels of production for the years 2004 to the year 2012 are those published for EU-25 by the DG Agriculture of the European Commission[6]. These estimates take into account the last CAP reform and the effect of enlargement. However, no data is available beyond 2012. As a consequence, the projections presented for 2013 are the identical to the 2012 estimates. However, for oats, triticale, sorghum, sugar, rye, rice and olive oil, no production projections are available.

In the case of oats, triticale and sorghum, the production levels have been estimated as follows. We calculated the average share of each crop in the total production of cereals for the marketing years 1998/1999 to 2000/2001, based on production levels notified to the WTO. Then we applied the percentages to the estimates for total cereals production in order to get the production levels for each of the three products.

For sugar, no estimates of production are available except for the year 2012/2013. So, we applied to the production data the same rate of cut than for prices (-20% in 2007, -27.5% in 2008, -35% in 2009 and - 36% in 2010), assuming that the production decrease will be proportional to the price cuts. For the year 2011, we have applied a decrease of production equivalent to the difference between our projections for 2010 and the estimate made by the European Commission for the year 2012/2013. The price cuts apply to marketing years but we have applied them to fiscal years[7].

Regarding rye, the production projections are available until 2010 but not beyond. So, the level of production has been kept constant from 2010 to 2013. As concerns olive oil, no projection of production is available. Since the production level for olive oil has been stable during the past 5 years, we have kept the production data for the year 2003 constant for the following years.

Finally, no trustable estimate is available for paddy rice production. The projections made by the European Commission in the *"Prospects for Agricultural Markets and Income in the European Union 2003-2010"* and those available in

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[6] DG Agriculture, European Commission *"Prospects for Agricultural Markets and Income 2004-2011"*, July 2004, and *"Prospects for Agricultural Markets and Income 2005-2012"*, July 2005.
[7] For example: 2006/2007, we apply the cut to the year 2007 because the marketing year for sugar starts in November.

the OECD report "*Analysis of the 2003 CAP reform*" published in 2004, show contradictory trends. As a result, the production data for rice used to make the market price support estimates until 2013 is the average of the rice production level for the last fours years available (2000/2001-2002/2003).

- *Equivalent measures of support (EMS) and non-exempt direct payments*

As concerns the estimates of future EU notifications for EMS and non-exempt direct payments, the following methodology has been applied. For 2003 and 2004, the data has been taken from the financial report of the EAGGF[8] for the corresponding years, except for fruits and vegetables. This sector benefits from a complex mix of support measures not fully identifiable in the EAGGF reports. Therefore, for these products, the average of the amounts notified to the WTO in 2000/2001 and 2001/2002 has been taken and increased (in 2004) by the share of the EU NMS production in EU-25 total production for these products. The 2004 data has been kept constant until 2013. Apples and tomatoes have been separated from the fruits and vegetables categories because EMS for these products accounts for a very large percentage of fruits and vegetables total support (75% for tomatoes and 40% for apples).

Non-exempt direct payments for dried fodder, potatoes for processing to starch, dairies, and hemp and flax fibres have been calculated by multiplying the rate of payment per tonne by the maximum guaranteed quantity (or the quota volume) fixed by the corresponding legislation for EU-15 until 2007 and then for EU-25[9]. The same methodology has been applied to non-exempt direct payments for nuts and energy crops, but taking hectares as unit of reference since those are area payments. Because they are based on maximum guaranteed quantities or areas, the estimated payments are probably slightly over-estimated.

Since EMS for wine and silkworms have not been affected by the 2003 CAP reform and because we do not have production estimates for these products, the average of EMS for the years 2003 and 2004 has been kept constant until 2013.

[8] EAGGF: European Agricultural Guidance and Guarantee Fund
[9] Before 2008, these payments are included into the SAPS for NMS.

Payments for tobacco, hops and seeds for sowing should be included into the single farm payment. However, member states have the option to keep part of the payments in their previous form. Germany is the only country that will keep 60% of the tobacco premium coupled until 2009. To calculate the estimated payments for tobacco, we have taken 60% of the average premiums received by Germany during the reference period (2000-2002). Germany and Austria have also decided to keep 25% of hops payments coupled to production. The estimated payments until 2013 have been calculated taking 25% of the average payments received by Germany and Austria during the reference period (2000-2002). Regarding seeds for sowing, six countries have decided to exclude payments from the SPS. However, they have not stated which categories of seeds will remain coupled. As a consequence, in our payments estimates for seeds, we have kept 100% of the average payments received by these countries during the reference period.

According to the 2003 CAP reform, the payments for grain legumes are included in the SPS. However, Greece, Spain and France will start to apply the decoupling in 2006. To estimate the payments for 2005, the average payments for 2003 and 2004 minus 10% (corresponding to the share of Italy and Portugal that started to apply SPS in 2005) have been taken.

Finally, pigmeat payments have been eliminated since those payments were exceptional. However, state aids for sugar in Italy have been maintained at a constant level. Because the sugar reform (2005) might jeopardize the sugar sector, Italy could decide to keep this type of payment.

<u>Blue Box</u>

WTO notifications for blue box have been complemented with data from the EAGGF financial reports for the years 2003 and 2004. From the year 2005, the options chosen by EU member states (EU-15) regarding the starting year of application of the reform and the options for partial decoupling are applied. The estimated payments that will remain classified as blue box measures are maximum payments since they are calculated based on the maximum share of 2000-2002 amounts that can be excluded from the SPS.

The estimates for EU-25 are more difficult to calculate because until 2013, NMS can top-up EU direct payments with complementary national direct payments. National payments allowed represent 30% of the EU payments until 2010, then 20% in 2011, 10% in 2012. In 2013, NMS will perceive 100% of the EU payments. However, no data is available on how NMS will use those complementary national direct payments. Because of the financial constraints faced by NMS and because the Commission has to approve explicitly any complementary national payments, our hypothesis is that NMS will not contribute up to 30% of EU payments, but rather up to 10%. We have placed this 10% in the blue box (even though they can make contributions to direct payments in the amber box or as part of the SPS), because this is the box where the majority of EU direct payments are concentrated. Finally, NMS will switch to the SPS in 2008. Therefore, they will have the same options than the other member states to keep part of the direct payments coupled. But we do not have any information on what sectors will remain partially coupled. We have assumed that the share of payments that will be excluded from the SPS by the NMS will be equal to 10% as it is the case for the other EU member states (EU-15).

No projections have been made for the period 2007-2012 because the estimated payments for EU-15 will remain constant after 2006 and payments for the NMS are impossible to estimate precisely on a year to year basis.

### *b) EU-25 future notifications in trade-distorting domestic support and room for negotiation*

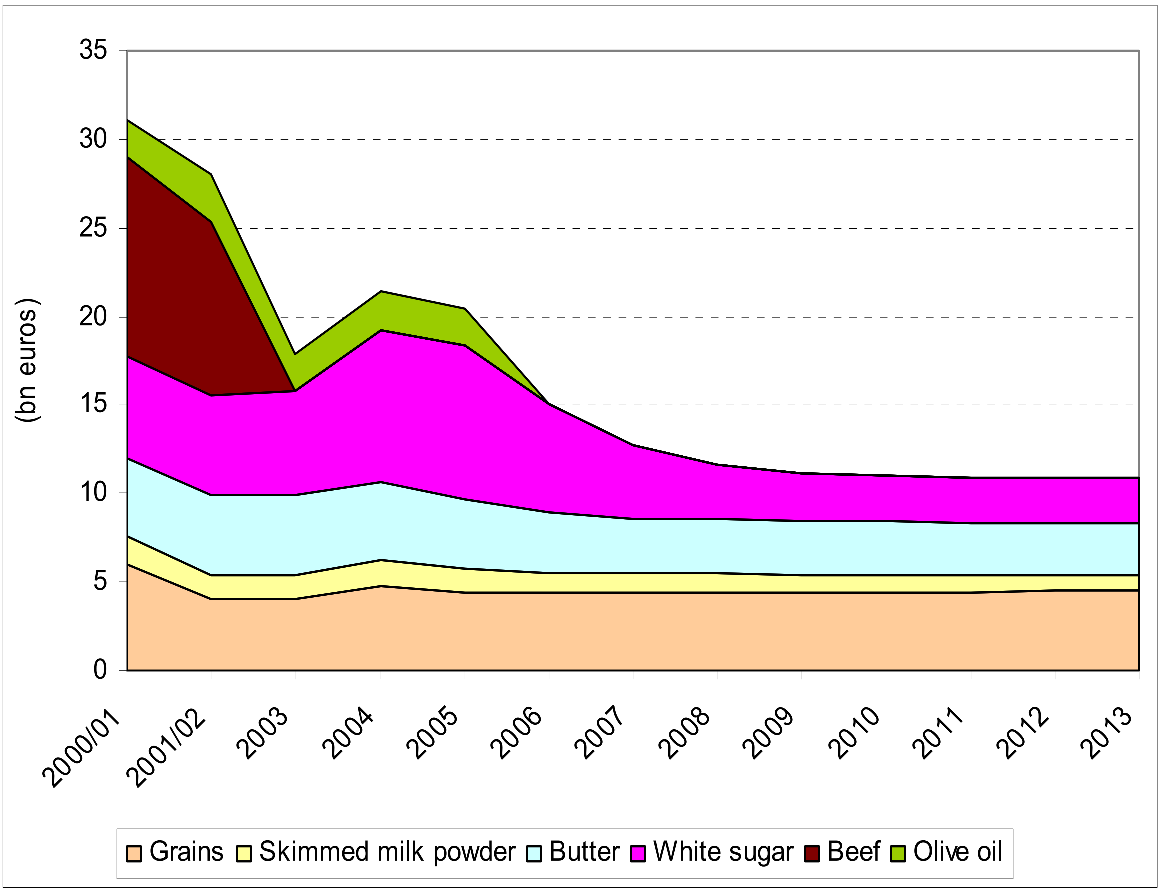
<u>Amber box</u>

According to our estimates, AMS will decrease from 43'838 million euros at the end of the implementation period of the URAA [10] (2000/2001) to 22'634 million euros by the year 2013. It is interesting to note that this is the market price support component of AMS that will face the biggest reduction. In 2000/2001, market price support represented 31'037 million euros (70.8% of total AMS). In 2013, estimated market price support will be around 10'920 million euros, accounting for 48% of total AMS. EMS and non-exempt direct payments will decrease slightly from 12'810 millions euros in 2000/2001 to 11'714 million

[10] URAA: Uruguay Round Agreement on Agriculture

euros. As shown in figure 1, the decrease of AMS is mainly due to the drop of market price support for the beef sector, olive oil and sugar. Following the application of the Agenda 2000 reform has been replaced by a private and public storage system (2002/2003). The contribution of the beef sector to the reduction of the total level AMS is outstanding (56%). The 2003 CAP reform package removed the intervention price for the olive oil sector and replaced it by a storage system. Finally, the impact of the cut in the guaranteed price for white sugar on AMS notifications is significant (16%).

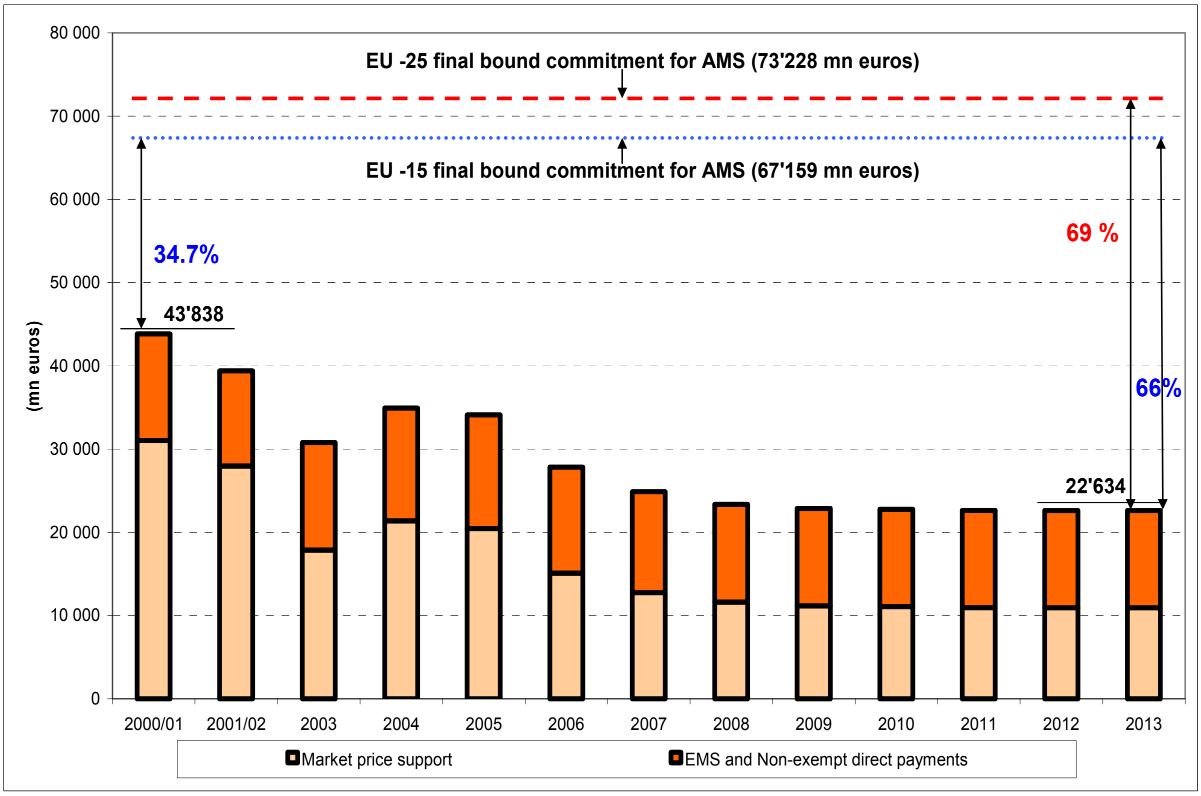
**Figure 1**
**Estimates of market price support by products in EU-25**




Sources: WTO notifications and author's calculations

At the Doha round, cuts in AMS will be based on the AMS final bound level set in the URAA (2000/2001) which is 67'900 million euros for EU-15. Figure 2 proves that the EU margin for negotiation is huge. In fact, thanks to the application of the 2003 CAP reform package and of Agenda 2000, the EU can cut its AMS commitment by 66%. This percentage is a little bit lower than the one proposed by the EU in its last offer made on October 28, 2005 (a cut by 70%). However, the commitment for the enlarged EU will be the sum of those for the old EU-15 and the ten new members. As a result, EU-25 final bound commitment should be approximately 73'228 million euros. In this case, our estimates show that the EU can decrease its AMS by almost 70% – as proposed in its last offer – and will not have to roll back the last CAP reform.

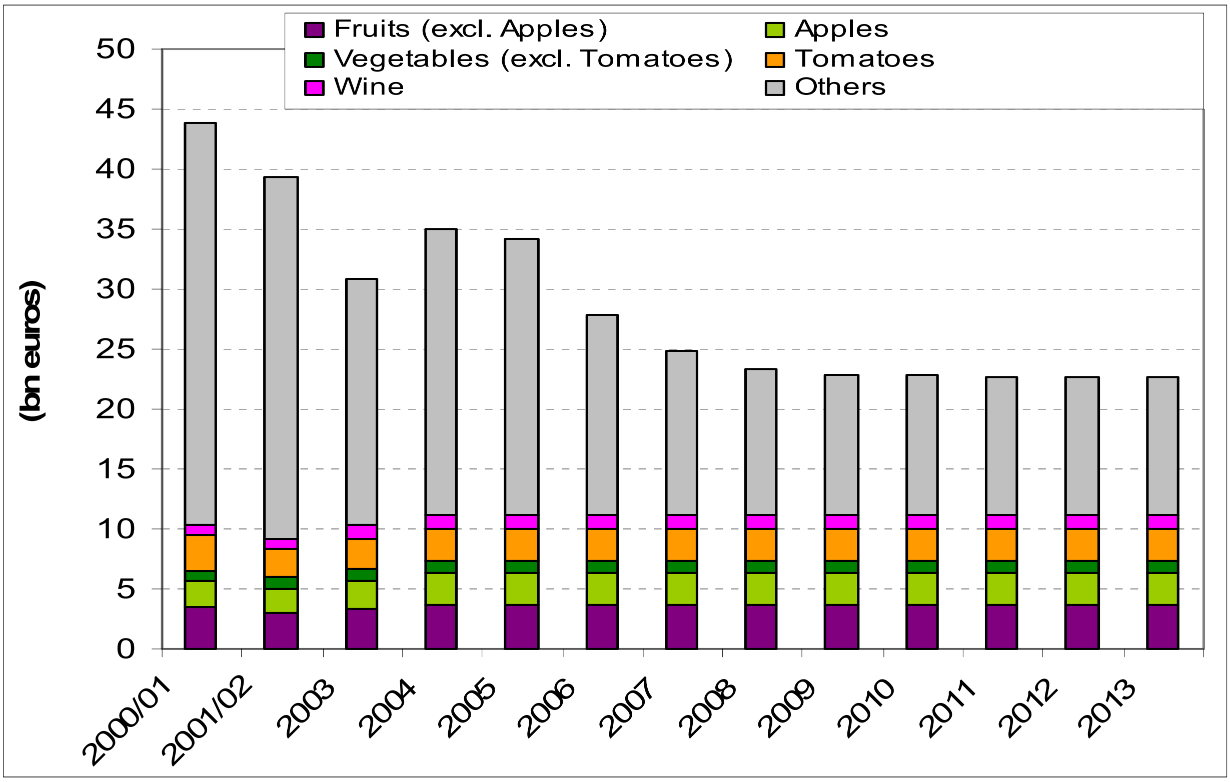
**Figure 2**
**Estimates of EU-25 AMS notifications**




Sources: WTO notifications, EAGGF financial reports and author's calculations

However, even though some of our projections tend to be overestimated because they are based on maximum guaranteed quantities and/or areas, the room for manoeuvre of the EU will be sharply reduced in case of unexpected circumstances (increase of production, etc). In any case, our projections reveal that the 2003 CAP package does not enable the EU to accept the US offer to cut AMS bound level by 83%. To match the US offer, the EU would have to reduce its AMS by an additional 10'185 million euros. The US proposal is hardly acceptable for the EU. On the other hand, some flexibility could be gained with the reform of the fruits and vegetables common market organizations (CMO). This sector has been left untouched by the last CAP reform; however it will account for 44% of the total AMS by the year 2013 and for 86% of the EMS and non-exempt payments. The 2003 CAP reform does not have either affected the wine sector. EMS for wine will represent 10% of total EMS and non-direct payments by 2013. This means that, in the absence of a substantial reform, the fruits and vegetables and the wine sector will together account for 50% of total AMS at the end of the period under consideration. The Commission has launched a consultation process on the wine sector reform in February 2006. An impact assessment report that will cover several options and their likely effect should be finalized by mid-2006 and a legislative proposal should be issued at the end of the year. Regarding the reform of the fruits and vegetables sector, consultations have been opened on May 18 and the impact assessment report is expected to be completed during the fall 2006.

**Figure 3**
**Estimates of AMS for fruits and vegetables and the wine sector**




Sources: WTO notifications, EAGGF financial reports and author's calculations

At the Doha round, WTO members have expressed their willingness to impose caps on product-specific AMS. For the EU, the basis for calculation of the ceilings should be the whole implementation period of the URAA (1995/1996 to 2000/2001) while for the US the reference period for the caps should be the average of 1999-2001. Based on the EU and the US proposals, table 3 shows what would be the caps for a selection of EU products and compare the ceilings to the estimated AMS for 2013. The proposed caps might be underestimated since they are calculated on AMS notifications for EU-15 and not for EU-25. The results presented in table 3 show that the introduction of ceilings by products will not be constraining for the EU, no matter the reference period chosen. The only exceptions are tomatoes, apples, triticale and sorghum. The estimated support for these products is higher than the proposed caps. This result emphasizes the necessity to deeply reform the fruits and vegetables CMO.

**Table 3**
**EU and US offers on product-specific AMS caps**

| | Proposed caps | | Estimated support |
|---|---|---|---|
| | EU proposal 95/96-00/01 | US proposal 99/00-01/02 | 2013 |
| **Common wheat** | 2 783,6 | 2 143,6 | 1 795,6 |
| **Durum wheat** | 0,0 | 0,0 | 0,0 |
| **Barley** | 2 509,1 | 2 125,2 | 1 860,9 |
| **Maize** | 904,9 | 696,4 | 501,7 |
| **Rye** | 297,3 | 247,1 | 0,0 |
| **Oats** | 9,9 | 0,0 | 0,0 |
| **Sorghum** | 19,5 | 15,4 | 17,8 |
| **Triticale** | 211,4 | 205,1 | 292,8 |
| **Rice** | 463,7 | 394,2 | 17,4 |
| **Sugar** | 5 816,1 | 5 764,7 | 2 581,5 |
| **Dairy** | 5 885,1 | 5 932,1 | 3 879,4 |
| **Beef** | 13 154,8 | 11 329,3 | 0,0 |
| **Olive oil** | 1 909,9 | 2 272,2 | 0,0 |
| **Apples** | 2 155,0 | 2 166,9 | 2 714,3 |
| **Tomatoes (fresh + for processing)** | 3 903,6 | 2 708,8 | 2 737,2 |
| **Pigmeat** | 20,0 | 34,7 | 0,0 |
| **Wine** | 1 711,1 | 1 250,2 | 1 152,5 |
| **Tobacco** | 962,4 | 966,8 | 0,0 |
| **Cotton** | 752,7 | 664,6 | 0,0 |
| **Dried fodder** | 304,7 | 312,2 | 163,4 |
| **Potatoes for processing to starch** | 165,8 | 183,6 | 128,0 |
| **Hemp+flax fibre** | 115,7 | 79,0 | 29,3 |
| **Silkworms** | 0,4 | 0,5 | 0,4 |
| **Hops** | 14,6 | 12,5 | 2,6 |
| **Seed for sowing** | 99,7 | 103,8 | 28,6 |
| **Chick-peas, lentils and vetches** | 69,8 | 70,3 | 0,0 |

Sources: WTO notifications, EAGGF financial reports, and author's calculations

The "*de minimis*" component of the amber box should also be further disciplined as a result of the Doha round. Under the URAA, developed countries may exclude from AMS the support that does not exceed 5% of the value of production (5% for product specific support and 5% for non-product specific support). The EU proposal currently on the negotiating table is to cap "*de minimis*" at 2% of the value of production (1% for product specific, 1% for non-product specific), while the US offer is to set a ceiling at 5% of the production value (2.5% for product specific, 2.5% for non-product specific). The low utilisation rate of the "*de minimis*" provisions explains why the EU offer is more ambitious than the one made by the US. In fact, the total "*de minimis*" component has never exceeded 0.5% of the EU value of production during the URAA implementation period. At the Doha round, "*de minimis*" ceilings will provide a large margin to the EU, as pointed out in table 4, since the caps will be calculated as a percentage of the EU-25 value of production.

**Table 4**
**Utilisation of *"de minimis"* in the EU (in million euros)**

| | | 99/00 | 00/01 | 01/02 | Average |
|---|---|---|---|---|---|
| EU-15 | Product specific | 171 | 207 | 468 | 282 |
| | Non product specific | 291 | 538 | 574 | 467 |
| | **Total applied de minimis** | **461** | **745** | **1 042** | **749** |
| | Production value EU-15 | 250 406 | 259 969 | 252 208 | 254 194 |
| | Production value EU-25 | 274 335 | 287 748 | 278 720 | 280 268 |
| EU-25 | Uruguay Round ceiling | 27 434 | 28 775 | 27 872 | 28 027 |
| | EU proposed cap (80% cut) | 5 487 | 5 755 | 5 574 | 5 605 |
| | US proposed cap (50% cut) | 13 717 | 14 387 | 13 936 | 14 013 |

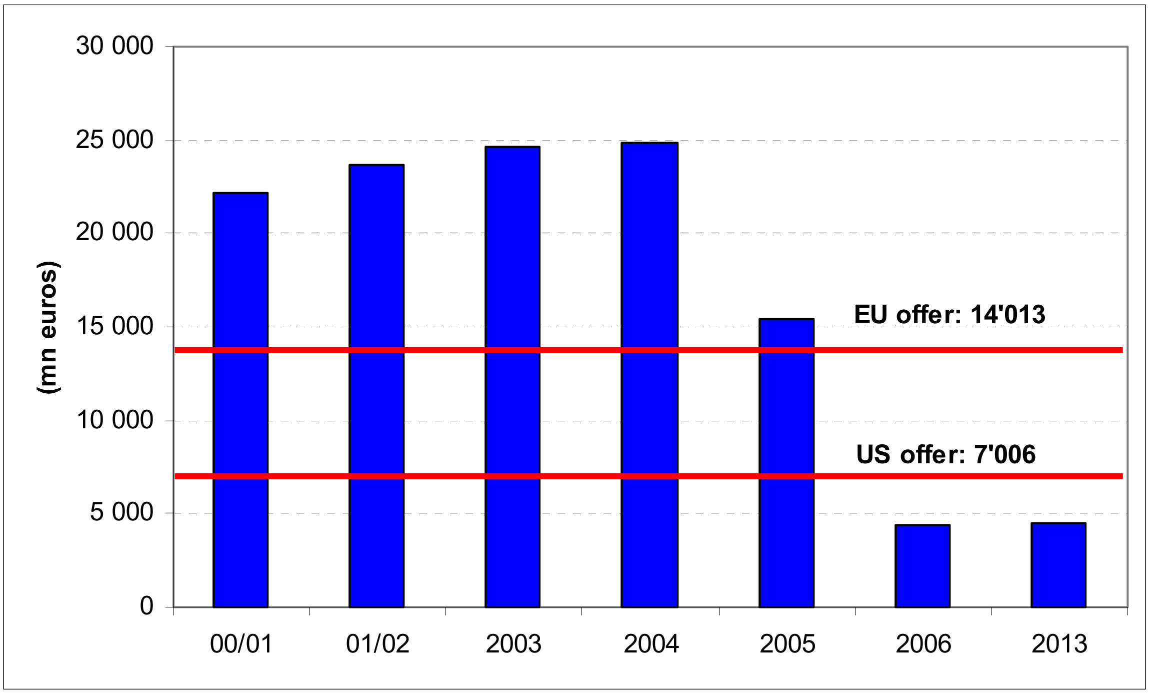
Sources: WTO notifications, "Agriculture in the European Union: statistical and economic information 2004"for the values of production, author's calculations.

The detailed estimates for the amber box, by products, are provided in annex 2.

<u>Blue box</u>

It is on blue box notifications that the largest impact of the 2003 CAP reform package is observable. In fact, all the direct payments previously classified in the blue box are eligible for decoupling. However, since member states have the option to retain part of these payments partially coupled, blue box aids will not disappear. Figure 4 shows that blue box notifications will decrease from 22'222 million euros in 2000/2001 to 4'474 million euros in 2013. The effect of the reform on blue box notifications will be noticeable since the very first year of its application (2005). By the year 2006, the whole impact of the reform on EU-15 will be visible and the variation of the notifications should be marginal after this date. As explained in the section dedicated to the description of the methodology, the blue box payments for NMS are more complicated to evaluate since we do not have any information yet about how they will use the additional national payments and the options for partial decoupling. However, by 2013, they will not use the additional national aids anymore since they will receive the totality of the EU payments and we estimate that they will not exclude more than 10% of the national envelopes from the SPS.

**Figure 4**
**Estimates of EU-25 blue box notifications**




Sources: WTO notifications, EAGGF financial reports, and author's calculations

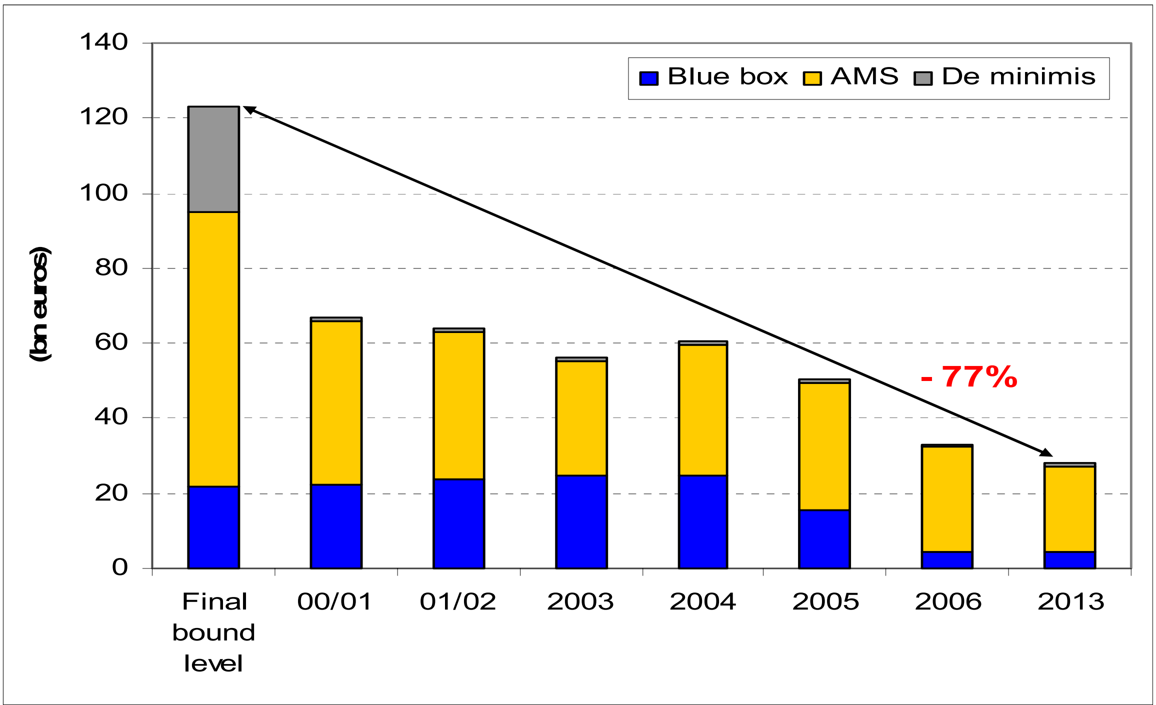
In its last negotiating offer made at the Doha round, the EU proposes to put a ceiling on the blue box equivalent to 5% of the value of production while the US suggests a cap corresponding to 2.5% of the value of production. Although the parties have not mentioned any reference period, we have estimated that 5% of the EU-25 average value of production for the years 2000, 2001 and 2002 amounts to 14'013 million euros and that 2.5% is equal to 7'006 million euros. Figure 4 shows that the 2003 CAP reform package match both proposals and provides some additional room for negotiation to the EU.

The detailed estimates for blue box payments are provided in annex 3.

Overall reduction in trade-distorting support

In its last negotiating proposal made at the Doha round, the EU offers to cut its overall trade-distorting support (AMS *plus* blue box *plus* "de minimis") by 70%. Figure 5 displays our estimations concerning the overall trade-distorting support in EU-25 by the year 2013.

**Figure 5**
**Estimates of EU-25 notifications of overall trade-distorting support**




Sources: WTO notifications, EAGGF financial reports, and author's calculations

For AMS, cuts will be based on the EU-25 AMS final bound level at the end of the implementation period of the URAA (2000/2001). For "*de minimis"* and blue box payments, no modalities have been established yet. Our results are based on the hypothesis that for "*de minimis*", cuts will apply on 10% of the EU-25 average value of production[11] for the years going from 2000 to 2002. For blue box, we have assumed that cuts will be made on EU-15 average payments for the marketing years 1999/2000, 2000/2001 and 2001/2002. Figure 5 shows that the 2003 CAP reform enables the EU to match its proposal with some room for manoeuvre. In fact this is the large share of the unused "*de minimis*" ceiling that

[11] 5% of the value of production for product-specific and 5% of the value of production for non-product specific.

provides the EU with some negotiating space. The Europeans could even accept the US offer to cut EU overall trade-distorting support by 75% but very little room for negotiation would be left to the EU.

**CONCLUDING REMARKS**

In the last months of negotiations at the Doha round, several EU member states have expressed concerns on the fact that the offers put on the table by the EU Commissioner for Trade could exceed the negotiating mandate given to the European Commission. Based on the findings presented in this paper, we can conclude that the EU proposals fit the 2003 CAP reform package and, in the case of the blue box and of the overall trade-distorting support, the EU still has some room for manoeuvre to offer deeper cuts. It is interesting to note that the impact of EU enlargement on the EU negotiating position is relatively marginal since the majority of support measures to the NMS are decoupled from the production and therefore placed in the green box.

The 2003 CAP reform will have a significant impact on market price support reduction; however it affects only slightly EMS and non-exempt direct payments. The two sectors – fruits and vegetables and wine – that benefit from this type of trade-distorting measures have not been addressed by the last CAP reform package but should be reformed soon. In addition, two new non-exempt direct payments, although marginal, have been put in place by the reform. Our estimates show that the 2003 CAP reform does not provide any additional room for manoeuvre in AMS. If more far-reaching reforms are not undertaken (in the wine and fruits and vegetables sectors for instance), the EU will not be able to accept any further cut in AMS. The Commission is probably very conscious of this limitation. Our findings show that the own EU offer is hardly applicable if no further reform is made. The Commission will probably take advantage of the WTO pressure to push for an additional and complementary reform to the 2003 CAP package.

On the other hand, the 2003 CAP reform provides the EU with a large degree of flexibility regarding the blue box. The EU can go much further than the proposed ceiling equivalent to 5% of the value of production. The EU could even accept the

US proposal. In addition, the EU has some room for negotiation in overall trade-distorting support. But the margin is limited to 6% and the EU could hardly accept to apply the US proposal. Finally, this is mainly the "unused" share of domestic support commitments that provide the EU with some room for manoeuvre that will not force it to roll back the 2003 CAP reform. In fact, there is a lot of water between the AMS and *"de minimis"* ceilings and their applied level. 40% of its AMS commitments are not actually utilized by the EU. In the case of "*de minimis*", less than 8% of the ceiling value is used. This finding reduces significantly the scope of the offers made by the EU at the Doha round and it points out that the EU should and could propose deeper cuts in trade-distorting support measures.

# ANNEXES

# Annex 1a
# The 2003 CAP reform applied to the arable crop and rice sectors

| Arable crops and rice | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| **Soft wheat, barley, oats, sorghum, triticale** | Intervention price: 101,31 €/t | Amber | Intervention price: 101,31 €/t | Amber | | Reg. (EC) 1784/2003 |
| | Monthly increases from 0.93 €/t (november) to 6,51 €/t (May/June) | | Monthly increases from 0.46 €/t (november) to 3.22 €/t (May/June) | | 2004/2005 | |
| | Per Hectare compensatory payments to producers of cereal not subject of the base area for maize, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat | Blue | 2005 to 2007 | |
| **Durum wheat** | Intervention price: 101,31 €/t | Amber | Intervention price: 101,31 €/t | Amber | | Reg. (EC) 1784/2003 |
| | Monthly increases from 0.93 €/t (november) to 6,51 €/t (May/June) | | Monthly increases from 0.46 €/t (november) to 3.22 €/t (May/June) | | 2004/2005 | |
| | Per Hectare compensatory payments to producers of cereal not subject of the base area for maize, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | 2005 to 2007 | |
| | Supplements to per hectare compensatory payments for durum wheat producers | Blue | Integrated into the SPS. | Green | 2005 to 2007 | |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | 2005 to 2007 | |
| | | | Quality premium for durum wheat producers (40 €/ha) | Blue | 2004/2005 | |
| **Rye** | Intervention price: 101,31 €/t | Amber | Elimination of the intervention price | | 2004/2005 | Reg. (EC) 1784/2003 |
| | Monthly increases from 0.93 €/t (november) to 6,51 €/t (May/June) | | | | | |
| | Per Hectare compensatory payments to producers of cereal not subject of the base area for maize, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | 2005 to 2007 | |

| | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| **Maize** | Intervention price: 101,31 €/t | Amber | Intervention price: 101,31 €/t | Amber | | Reg. (EC) 1784/2003 |
| | Monthly increases from 0.93 €/t (november) to 6,51 €/t (May/June) | | Monthly increases from 0.46 €/t (november) to 3.22 €/t (May/June) | | 2004/2005 | |
| | Per Hectare compensatory payments to producers of maize, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | 2005 to 2007 | |
| **All cereals** | Compensation for set-aside requirements related to the per hectare aid, equivalent to the compensatory aid per hectare for cereals calculated on a regional level | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | | |
| | Voluntary Set-aside | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| **Oilseeds** | Per Hectare compensatory payments for producers of soya beans, colza seed and sunflowerseed, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | | |
| **Protein crops** | Per Hectare compensatory payments for producers of peas, beans, field beans and sweet lupines, based on regional base areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | | |

| | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| Flax and hemp | Per Hectare compensatory payments for producers of non-textile flax seed, textile flax and hemp, based on regional areas | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | | |
| | Processing aid applies to a max. guaranteed quantity of 146 296 tons (hemps + short flax fibre). Rate: 90 €/t. A report shall examine the possibility of putting on to a permanent footing, beyond the 2005/2006 marketing year, processing aid. Processing aid for long flax fibres applies to a max. guaranteed quantity of 80 823 tons. Rate: 160 €/t until 2006/2007 and then 200 €/t. | Amber | Processing aid applies to a max. guaranteed quantity of 146 296 tons (hemps + short flax fibre). Rate: 90 €/t. A report shall examine the possibility of putting on to a permanent footing, beyond the 2005/2006 marketing year, processing aid. Processing aid for long flax fibres applies to a max. guaranteed quantity of 80 823 tons. Rate: 160 €/t until 2006/2007 and then 200 €/t. | Amber | | Reg. (EC) 1672/2000 + Reg. (EC) 1673/2000 |
| All arable crops | Per hectare payments for grass silage | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may retain 25% of the payments in the previous form or 40% of the supplementary aid for durum wheat. | Blue | | |
| Rice | Intervention price: 298.35 €/t | Amber | Intervention price: 150 €/t | Amber | 2004/2005 | Reg. (EC) 1785/2003 |
| | Per hectare compensatory payments for producers of rice | Blue | Integrated into the SPS. | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Crop specific payment for rice | Blue | 2004/2005 | |

Note: When amendments are mentioned, please refer to the consolidated version of the text.

## Annex 1b
## The 2003 CAP reform applied to the dairy sector

| Dairies | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| **Butter** | Intervention price: 3 282 €/t | Amber | Intervention price is decreased by 25% over 4 years. Price in 2007/08: 2 463.9 €/t | Amber | 2004/2005 | Reg. (EC) 1787/2003 |
| | | | Dairy premium + dairy additional payments. Full decoupling starts in 2007. Before this date, payments classified in the amber box. | Green | 2004/2005 | Reg. (EC) 1782/2003 + amendments |
| **Skimmed milk powder** | Intervention price: 2 055.2€/t | Amber | Intervention price is decreased by 15% over 3 years. Price in 2006/07: 1 746.9 €/t | Amber | 2004/2005 | Reg. (EC) 1787/2003 |
| | | | Dairy premium + dairy additional payments. Full decoupling starts in 2007. Before this date, payments classified in the amber box. | Green | 2004/2005 | Reg. (EC) 1782/2003 + amendments |

Note: When amendments are mentioned, please refer to the consolidated version of the text.

## Annex 1C
## The 2003 CAP reform applied to the meat sector

| Meats | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| Bovine sector | Intervention price: 1 560 €/t since the Agenda 2000 reform. Application date: July 2002 | Amber | Internvention price: 1 560 €/t since the Agenda 2000 reform. Application date: July 2002 | Amber | | Reg. (EC) 1254/1999 + amendments |
| | Payments to producers keeping suckler cows, compensating for intervention price reduction, limited on the number of animals in accordance with the reference years (suckler cow premiums) | Blue | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Partial decoupling option: 100% of the suckler cow premium and 40% of the slaughter premium; or alternatively 100% of the slaughter premium; or instead 75% of the special male premium | Blue | | |
| | Special premium for producers holding male bovine animals, within regional ceilings under a reference year (special premium beef and veal) | Blue | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Partial decoupling option: 100% of the suckler cow premium and 40% of the slaughter premium; or alternatively 100% of the slaughter premium; or instead 75% of the special male premium | Blue | | |
| | Slaughter premium within nationally fixed number of head | Blue | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Partial decoupling option: 100% of the suckler cow premium and 40% of the slaughter premium; or alternatively 100% of the slaughter premium; or instead 75% of the special male premium | Blue | | |
| | Beef supplementary payments | Blue | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Partial decoupling option: 100% of the suckler cow premium and 40% of the slaughter premium; or alternatively 100% of the slaughter premium; or instead 75% of the special male premium | Blue | | |
| Ewe and goats | Compensatory payments for ewes and goats, limited per producer in accordance with reference numbers (ewe and goat premium) | Blue | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | Partial decoupling option: 50 % of sheep and goat premiums | Blue | | |

Note: When amendments are mentioned, please refer to the consolidated version of the text.

# Annex 1d
# The 2003 CAP reform applied to the other sectors

<table>
<tr><th></th><th>Domestic support measures before the 2003 reform</th><th>WTO box classification</th><th>Domestic support measures after the 2003 reform</th><th>WTO box classification</th><th>Starting date of the reform</th><th>Legislation</th></tr>
<tr><td rowspan="6">White sugar</td><td rowspan="6">Intervention price: 631.9 €/t</td><td rowspan="6">Amber</td><td>Intervention price:</td><td rowspan="5">Amber</td><td></td><td rowspan="6">Not pubished yet. Reference: IP/1473 released on 24/11/05</td></tr>
<tr><td>505.52 €/t</td><td>2006/2007</td></tr>
<tr><td>458.12 €/t</td><td>2007/2008</td></tr>
<tr><td>410.74 €/t</td><td>2008/2009</td></tr>
<tr><td>404.42 €/t</td><td>2009/2010 onwards</td></tr>
<tr><td>Compensatory payments for price reduction</td><td>Green</td><td>2006/2007</td></tr>
<tr><td rowspan="3">Olive oil</td><td>Intervention price: 3837.7 €/t</td><td>Amber</td><td>Intervention price abolished. It has been replaced by a storage system triggered at 1710 €/t</td><td>Amber</td><td>2005/2006</td><td>Reg. (EC) 865/2004</td></tr>
<tr><td rowspan="2">Production aids</td><td rowspan="2">Not notified</td><td>60% of the average payments received between 99/00 and 02/03 integrated into the SPS</td><td>Green</td><td>2005/2006</td><td>Reg. (EC) 865/2004</td></tr>
<tr><td>40% given as additional payment to ensure the permanence of olive trees in marginal areas or low-output olive groves by contributing significantly to the maintenance cost of olive groves in those areas.</td><td>Green</td><td>2005/2006</td><td>Reg. (EC) 865/2004, Reg. (EC) 864/2004, Reg. (EC) 1782/2003 + amendments</td></tr>
<tr><td rowspan="2">Cotton</td><td rowspan="2">Guide price + minimum price + production aid</td><td rowspan="2">Amber</td><td>65% of payments integrated into the SPS</td><td>Green</td><td rowspan="2">2006</td><td rowspan="2">Reg. (EC) 864/2004, Reg. (EC) 1782/2003 + amendments</td></tr>
<tr><td>35% of payments based on fixed areas and yields</td><td>Blue</td></tr>
<tr><td rowspan="2">Hops</td><td rowspan="2">Hectare aid</td><td rowspan="2">Amber</td><td>Integrated into the SPS</td><td>Green</td><td rowspan="2">2005</td><td rowspan="2">Reg. (EC) 864/2004, Reg. (EC) 1782/2003 + amendments</td></tr>
<tr><td>25% of payments may remain coupled</td><td>Amber</td></tr>
</table>

| | Domestic support measures before the 2003 reform | WTO box classification | Domestic support measures after the 2003 reform | WTO box classification | Starting date of the reform | Legislation |
|---|---|---|---|---|---|---|
| **Tobacco** | Premiums | Amber | Integrated into the SPS<br>60% may remain coupled | Green<br>Amber | 2006-2009 | Reg. (EC) 864/2004, Reg. (EC) 1782/2003 + amendments |
| | | | Integrated into the SPS | Green | 2009 | |
| **Dried fodder** | Production aid | Amber | Integrated into the SPS | Green | 2005/2006 | Reg. (EC) 1786/2003 + amendments published in OJ L236 23.09.2003+ Reg. (EC) 1782/2003 |
| | Processing aid | | Payments based on a maximum guaranteed quantity | Amber | | |
| **Seeds for sowing** | Production aid | Amber | Integrated into the SPS | Green | 2005/2006 | Reg. (EC) 1782/2003 + amendments |
| | | | Member states may exclude seeds from SPS | Amber | | Reg. (EC) 1782/2003 art. 70 + amendments, Reg. (EC) 2358/1971 |
| **Potatoes for processing to starch** | Compensatory Payments | Amber | 40% of the payments integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| | | | 60% of the payment remain coupled | Amber | | |
| **Grain legumes** | Hectare aid | Amber | Integrated into the SPS | Green | 2005 to 2007 | Reg. (EC) 1782/2003 + amendments |
| **Nuts** | n.a | n.a | New payment. Hectare aid based on a maximum guaranteed area | Amber | 2004/2005 | Reg. (EC) 1782/2003 + amendments |
| **Energy crops** | n.a | n.a | New payment. Hectare aid based on a maximum guaranteed area | Amber | 2004/2005 | Reg. (EC) 1782/2003 + amendments |
| **Silkworms** | Production aid | Amber | Not affected by the 2003 reform | Amber | | Reg. (EC) 845/1972 + amendments |
| **Wine** | Private storage aid, distillation, aids for specific uses | Amber | Not affected by the 2003 reform | Amber | | Reg. (EC) 1493/1999 + amendments |
| **Fruits and vegetables** | Various measures of support | Amber | Not affected by the 2003 reform | Amber | | Reg. (EC) 2200/1996+ amendments and Reg. (EC) 2201/1996+ amendments |

Note: When amendments are mentioned, please refer to the consolidated version of the text.

## Annex 2
## Estimated AMS for EU-25

| | | Last WTO notifications | | FEOGA data/Est. for MPS | | Projections | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Product | 2000/01 | 2001/02 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Market price support | Common wheat | 2270,7 | 1236,6 | 1233,3 | 1844,7 | 1766,2 | 1709,0 | 1718,4 | 1726,2 | 1729,1 | 1749,8 | 1772,6 | 1795,6 | 1795,6 |
| | Durum wheat | (339) | (383) | (394) | (553) | (409) | (453) | (459) | (464) | (470) | (474) | (480) | (483) | - |
| | Barley | 2194,5 | 1640,4 | 1634,5 | 2072,6 | 1886,4 | 1886,8 | 1889,7 | 1890,6 | 1884,1 | 1872,5 | 1868,9 | 1860,9 | 1860,9 |
| | Maize | 706,7 | 379,6 | 383,0 | 499,8 | 448,1 | 466,7 | 466,4 | 473,3 | 474,8 | 486,2 | 489,4 | 501,7 | 501,7 |
| | Rye | 238,0 | 212,9 | 214,3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0,0 |
| | Oats | (15) | (70) | (82) | (149,1) | (121,2) | (121,1) | (121,5) | (122,0) | (121,5) | (123,5) | (124,6) | (126,6) | - |
| | Sorghum | 16,2 | 10,2 | 10,1 | 20,9 | 17,0 | 17,0 | 17,0 | 17,1 | 17,0 | 17,3 | 17,5 | 17,8 | 17,8 |
| | Triticale | 210,1 | 179,4 | 164,3 | 344,9 | 280,2 | 280,1 | 280,9 | 282,2 | 280,9 | 285,6 | 288,1 | 292,8 | 292,8 |
| | Rice | 393,1 | 396,5 | 417,1 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 | 17,42 |
| | White sugar | 5796,6 | 5720,1 | 5879,7 | 8630,6 | 8630,6 | 6140,9 | 4165,7 | 3097,8 | 2695,9 | 2653,8 | 2569,5 | 2569,5 | 2569,5 |
| | Skimmed milk powder | 1507,6 | 1370,5 | 1378,7 | 1390,6 | 1279,3 | 1125,9 | 1089,0 | 1058,7 | 1030,6 | 1002,6 | 977,9 | 959,5 | 959,5 |
| | Butter | 4443,5 | 4443,5 | 4431,8 | 4437,3 | 3996,6 | 3457,0 | 3103,6 | 3060,3 | 3020,1 | 2986,8 | 2942,3 | 2904,9 | 2904,9 |
| | Beef | 11190,3 | 9708,7 | (1 274) | (1 364) | (1 346) | (1 366) | (1 357) | (1 346) | (1 330) | (1 313) | (1 300) | (1 292) | - |
| | Olive oil | 2070,4 | 2675,7 | 2119,7 | 2119,7 | 2 119,7 | (2 455) | (2 455) | (2 455) | (2 455) | (2 455) | (2 455) | (2 455) | - |
| | **Subtotal for MPS** | **31 037,7** | **27 974,1** | **17 866,6** | **21 378,6** | **20 441,5** | **15 100,7** | **12 748,1** | **11 623,7** | **11 149,8** | **11 072,0** | **10 943,5** | **10 920,0** | **10 920,0** |
| EMS + Non-exempt direct payments | Fruits (excl. Apples) | 3445,1 | 2982,8 | 3291,2 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 | 3599,6 |
| | Apples | 2248,9 | 2059,5 | 2386,9 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 | 2714,3 |
| | Vegetables (excl. Tomat | 808,1 | 900,7 | 933,1 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 | 965,5 |
| | Tomatoes (fresh + for p | 2952,8 | 2311,1 | 2524,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 | 2737,2 |
| | Pigmeat | **9,6** | **2,7** | **10,4** | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| | Wine | 806,6 | 891,6 | 1213,0 | 1 092,0 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 | 1 152,5 |
| | Tobacco | 963,9 | 951,6 | 949,6 | 923,8 | 936,7 | 21,2 | 21,2 | 21,2 | 21,2 | 0,0 | 0,0 | 0,0 | 0,0 |
| | Cotton | 795,0 | 575,1 | 872,6 | 835,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| | Dried fodder | 306,3 | 317,2 | 317,9 | 313,3 | 160,2 | 160,2 | 160,2 | 162,0 | 162,3 | 162,7 | 163,0 | 163,4 | 163,4 |
| | Potatoes for processing | 184,3 | 212,4 | 223,4 | 160,9 | 116,9 | 116,9 | 116,9 | 123,1 | 124,3 | 125,5 | 126,8 | 128,0 | 128,0 |
| | Hemp+flax fibre | 92,6 | 7,9 | 17,5 | 17,9 | 26,1 | 26,1 | 29,3 | 29,3 | 29,3 | 29,3 | 29,3 | 29,3 | 29,3 |
| | Silkworms | 0,5 | 0,6 | 0,4 | 0,3 | 0,4 | 0,4 | 0,4 | 0,4 | 0,4 | 0,4 | 0,4 | 0,4 | 0,4 |
| | Hops | 12,5 | 12,5 | 12,5 | 10,5 | 2,6 | 2,6 | 2,6 | 2,6 | 2,6 | 2,6 | 2,6 | 2,6 | 2,6 |
| | Seeds for sowing | 102,7 | 99,0 | 88,3 | 107,4 | 55,8 | 28,6 | 28,6 | 28,6 | 28,6 | 28,6 | 28,6 | 28,6 | 28,6 |
| | Energy crops | - | - | - | - | 67,5 | 67,5 | 67,5 | 67,5 | 67,5 | 67,5 | 67,5 | 67,5 | 67,5 |
| | Nuts | - | - | - | - | 97,0 | 97,0 | 97,0 | 98,5 | 98,5 | 98,5 | 98,5 | 98,5 | 98,5 |
| | Dairy premiums | - | - | - | - | 970,4 | 1032,2 | 425,5 | 15,0 | 15,0 | 15,0 | 15,0 | 15,0 | 15,0 |
| | Grain legumes | 69,3 | 72,9 | 71,8 | 69,5 | 63,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| | Italy State aid for sugar | 12 | 12 | 12,0 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12,0 |
| | **Subtotal EMS & DP** | **12 810,2** | **11 409,6** | **12 924,9** | **13 559,5** | **13 678,2** | **12 733,6** | **12 130,3** | **11 729,1** | **11 730,7** | **11 711,1** | **11 712,7** | **11 714,3** | **11 714,3** |
| | **TOTAL AMS** | **43 838,3** | **39 381,0** | **30 781,1** | **34 938,1** | **34 119,7** | **27 834,4** | **24 878,3** | **23 352,9** | **22 880,6** | **22 783,1** | **22 656,2** | **22 634,3** | **22 634,3** |
| | ***De Minimis*** | 206,8 | 438,1 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,45 | 322,5 |
| | **NPS AMS** | 537,7 | 573,5 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 | 555,6 |
| | **Total *De Minimis*** | 744,5 | 1011,6 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 | 878,1 |
| | **TOTAL Amber box (with De Minimis)** | **44 582,8** | **40 392,6** | **31 659,1** | **35 816,1** | **34 997,7** | **28 712,4** | **25 756,4** | **24 230,9** | **23 758,6** | **23 661,1** | **23 534,3** | **23 512,3** | **23 512,3** |

Note: Values in red are "*de minimis*" values

Sources: WTO notifications, EAGGF financial reports and author's calculations.

## Annex 3
## Estimated Blue Box payments for EU-25

| Blue Box | 2000/01 | 2001/02 | 2003 | 2004 | 2005 | 2006 | 2013 |
|---|---|---|---|---|---|---|---|
| **Payments based on fixed area and yields** | | | | | | | |
| Per Hectare compensatory payments to producers of maize, based on regional base areas | 1 486,4 | 1 613,6 | 1 580,0 | 1 197,8 | 694,9 | 148,3 | 148,3 |
| Per Hectare compensatory payments to producers of cereal not subject of the base area for maize, based on regional base areas | 10 018,7 | 10 717,9 | 10 183,5 | 10 801,7 | 4996,9 | 1075,0 | 1075,0 |
| Per Hectare compensatory payments for producers of soya beans, colza seed and sunflowerseed, based on regional base areas | 1 984,3 | 1 846,2 | 1 200,1 | 1 361,2 | 701,2 | 230,9 | 230,9 |
| Per Hectare compensatory payments for producers of peas, beans, field beans and sweet lupines, based on regional base areas | 449,6 | 514,8 | 473,8 | 506,1 | 261,8 | 61,9 | 61,9 |
| Per Hectare compensatory payments for producers of non-textile flax seed, textile flax and hemp, based on regional areas | 113,1 | 91,1 | 63,5 | 69,9 | 38,9 | 7,6 | 7,6 |
| Compensation for set-aside requirements related to the per hectare aid, equivalent to the compensatory aid per hectare for cereals calculated on a regional level | 1 527,1 | 1 893,3 | 1 609,2 | 1 842,3 | 866,9 | 0,0 | 0,0 |
| Supplements to per hectare compensatory payments for durum wheat producers | 1 074,3 | 1 241,5 | 912,1 | 1 173,4 | 489,0 | 88,9 | 88,9 |
| Quality premium for durum wheat producers | | | | | 127,6 | 127,6 | 127,6 |
| Voluntary Set-aside | - | 37,70 | 57,8 | - | 0,0 | 3,1 | 3,1 |
| Per hectare payments for grass silage | 58,5 | 75,1 | 73,5 | 70,0 | 28,1 | 0,0 | 0,0 |
| Per hectare compensatory payments for producers of rice | 113,1 | 112,8 | 117,5 | 110,2 | 430,2 | 182,3 | 182,3 |
| Cotton. 35% will remained coupled based on fixed areas | | | | | | 275,1297 | 275,1297 |
| *Subtotal* | *16 825,1* | *18 144,0* | *16 271,0* | *17 132,6* | *8 635,6* | *2 200,8* | *2 200,8* |
| **Livestock payments made on a fixed number of head** | | | | | | | |
| Payments to producers keeping suckler cows, compensating for intervention price reduction, limited on the number of animals in accordance with the reference years (suckler cow premiums) | 1 776,9 | 1 959,2 | 2226,082 | 2091,7 | 1211,0 | 1072,5 | 1072,5 |
| Special premium for producers holding male bovine animals, within regional ceilings under a reference year (special premium beef and veal) | 1 530,0 | 1 748,4 | 1945,963 | 1928,4 | 697,1 | 116,9 | 116,9 |
| Slaughter premium within nationally fixed number of head | 493,7 | 1 024,8 | 1718,539 | 1727,1 | 707,9 | 197,7 | 197,7 |
| Beef supplementary payments | 147,8 | 295,3 | 482,872 | 489,6 | 165,2 | 6,0 | 6,0 |
| Compensatory payments for ewes and goats, limited per producer in accordance with reference numbers (ewe and goat premium) | 1 449,2 | 553,8 | 2011,952 | 1471,5 | 3398,7 | 260,3 | 260,3 |
| *Subtotal* | *5 397,6* | *5 581,5* | *8 385,4* | *7 708,3* | *6 179,9* | *1 653,4* | *1 653,4* |
| Article 69 (% of total enveloppe) | | | | | 6,4 | 6,4 | 6,4 |
| ***TOTAL BLUE EU-15*** | ***22 222,7*** | ***23 725,5*** | ***24 656,4*** | ***24 840,9*** | ***14 821,8*** | ***3 860,5*** | ***3 860,5*** |
| ***Total Blue NMS*** | | | | | ***557,6*** | ***557,6*** | ***613,5*** |
| **TOTAL BLUE EU-25** | | | | | **15 379,4** | **4 418,1** | **4 474,0** |

Sources: WTO notifications, EAGGF financial reports and author's calculations.